



Reference: AF11/863

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

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, 25th March, 2014 at 5.30 p.m.

An agenda for the meeting is enclosed herewith.

Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

18th March, 2014
MJT

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

AUDIT COMMITTEE

Meeting to be held on Tuesday, 25th March, 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 Thursday, 10th October, 2013 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. 44/2013 - SA Grants Commission "Database" Reports
- 1.2 CCS Report No. 62/2013 - CCS Policy Review
- 1.3 CCS Report No. 67/2013 - Budget Update - 30th September, 2013
- 1.4 CCS Report No. 76/2013 - Delegation of Powers of Council
- 1.5 CCS Report No. 78/2013 - Council Appointments Register
- 1.6 CCS Report No. 80/2013 and 13/2014 - CCS Policy Review
- 1.7 CCS Report No. 01/2014 - Budget Update as at 30th November, 2013

Audit Committee Agenda, Tuesday 25th March, 2014 cont'd...

1.8 CCS Report No. 4/2014 - Delegation of Powers of Council

RECOMMENDATION NO. 1

moved it be recommended that the above reports be received.

seconded

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
	2. Accounts Held in Trust	Review Reconciliation Processes

RECOMMENDATION NO. 2

moved it be recommended:

- (a) the report be received;
- (b) the identified Audit recommendations continued to be monitored by the Audit Committee.

seconded

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

Audit Committee Agenda, Tuesday 25th March, 2014 cont'd...

- 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

moved it be recommended;

- (a) the report be received;

seconded

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 further report on the progress to date is provided.

RECOMMENDATION NO. 4

moved it be recommended the report be received.

seconded

Audit Committee Agenda, Tuesday 25th March, 2014 cont'd...

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) an update on the Finance Division's progress on this project is provided;
- (d) Council's Auditor, Mr Simon Smith, will also be in attendance and will provide a brief presentation on this matter.

RECOMMENDATION NO. 5

moved it be recommended the report be received.

seconded

6. LONG TERM FINANCIAL PLAN (LTFP)

The Director - Corporate Services reported:

- (a) that Council has completed the annual review of Councils LTFP, initially adopted in December, 2012 (copy provided).

RECOMMENDATION NO. 6

moved it be recommended the report be received.

seconded

7. POLICY REVIEW - B300 BUDGET REPORTING AND AMENDMENT POLICY

The Director - Corporate Services reported:

- (a) the Policy last reviewed in August 2012;
- (b) no change to the exiting Policy has been identified.

RECOMMENDATION NO. 7

moved it be recommended:

- (a) the report be received;
- (b) that Council Policy B300 - Budget Reporting and Amendment be re-adopted with no change to Policy wording.

seconded

8. POLICY REVIEW - I105 INTERNAL CONTROLS

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in May 2013;
- (b) due to the work currently underway on the new legislative provisions associated with Financial Internal Controls and the introduction of an online requisitioning software system it will be recommended that any review of this Policy be deferred.

RECOMMENDATION NO. 8

moved it be recommended:

- (a) the report be received;
- (b) the review of this Policy be deferred until later in 2014.

seconded

9. POLICY REVIEW - F225 FRAUD AND CORRUPTION PREVENTION POLICY

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in August 2012;
- (b) although the introduction of ICAC will ultimately lead to an update of Councils overall Fraud and Corruption Framework, no directions in that regard have been developed.

RECOMMENDATION NO. 9

moved it be recommended:

- (a) the report be received;
- (b) that Council Policy F225 - Fraud and Corruption Prevention Policy be re-adopted with no change to Policy wording.

seconded

10. POLICY REVIEW - W150 WHISTLEBLOWERS PROTECTION POLICY

The Director - Corporate Services reported:

- (a) the Policy was last reviewed in August 2012;
- (b) although the introduction of ICAC will ultimately lead to an update of Councils overall Fraud and Corruption Framework, no directions in that regard have been developed.

RECOMMENDATION NO. 10

moved it be recommended:

- (a) the report be received;

Audit Committee Agenda, Tuesday 25th March, 2014 cont'd...

- (b) that Council Policy W150 - Whistleblowers Protection Policy be re-adopted with no change to Policy wording.

seconded

11. TREASURY MANAGEMENT

The Director - Corporate Services reported:

- (a) following on from the annual review of Councils Treasury Management operations a further report on Councils loan strategy for 2014 was prepared and considered by Council;
- (b) a copy of the report and subsequent recommendation is presented for information/comment.

RECOMMENDATION NO. 11

moved it be recommended the report be received.

seconded

12. ASSETS REVIEW/REVALUATION STRATEGY

The Director - Corporate Services reported:

- (a) Council resolved in November 2013 to refer the proposed Asset Revaluation Strategy to both the Audit Committee and Council Auditor for review and approved;
- (b) the report entitled "Asset Revaluation Strategy" is provided for consideration of the Audit Committee.

RECOMMENDATION NO. 12

moved it be recommended:

- (a) the report be received;
- (b) the Audit Committee endorse the Asset Revaluation Strategy detailed in Corporate and Community Services Report No. 73/2013.

seconded

13. NEXT MEETINGS

- Tuesday, 6th May, 2014
- Tuesday, 5th August, 2014
- Tuesday, 4th November, 2014

The meeting closed at _____ p.m.

AUDIT COMMITTEE

Minutes of Meeting held on Thursday, 10th October, 2013 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: Nil

COUNCIL MEMBERS/
OTHERS AS
OBSERVERS: Nil

COUNCIL EMPLOYEES
IN ATTENDANCE: Mr Grant Humphries, Director - Corporate Services
Mr Gary Button, Finance Manager

OTHER APOLOGIES: Nil

MINUTES: Jeroen Zwijnenburg moved the minutes of the previous meeting held on Tuesday, 6th August, 2013 be taken as read and confirmed.
Cr Lee 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. 42/2013 - Budget Update as at 30th June, 2013
- 1.2 CCS Report No. 43/2013 - Interim Budget Update - September, 2013
- 1.3 CCS Report No. 31/2013 - Community Consultation - Draft 2013/14 Business Plan and Budget.

RECOMMENDATION NO. 1

Cr Lee moved it be recommended that the above reports be received.

Jeroen Zwijnenburg seconded

Carried

2. EXTERNAL AUDITOR - PREVIOUS 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:

Audit Committee Minutes, Thursday 10th October, 2013 cont'd...

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

End of Year	Recommendation	Status
2011/2012	1. Annual Leave Balances	Ongoing Review Process
2012/2013		

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

Audit Committee Minutes, Thursday 10th October, 2013 cont'd...

- AFS authorisation by Presiding Member
- Council Annual Report Compliance

RECOMMENDATION NO. 3

Jeroen Zwijnenburg moved it be recommended;

(a) the report be received;

Cr Lee seconded

Carried

4. RISK MANAGEMENT POLICY REVIEW

The Director - Corporate Services advised:

- previous Audit Management letters have recommended regular review of Councils Risk Management Policy;
- 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.
- a further report on the progress to date will be provided at the meeting.

RECOMMENDATION NO. 4

Cr Lee moved it be recommended the report be received.

Jeroen Zwijnenburg seconded

Carried

5. FINANCIAL INTERNAL CONTROLS

The Director Corporate Services reported:

- amendments made to the Local Government Act will have a significant impact on the scope and cost of annual audits;
- 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);
- there are however no mandated national standards for auditing the internal financial controls of local governments. To keep control of the scope and application of audit activities a framework 'Best Practice Model for Financial Internal Control for SA Councils' has been established;
- a copy of the 'Introduction' section of this Best Practice Model being addressed at a regional level by South East Councils Finance staff, is attached for information / reference.

RECOMMENDATION NO. 5

Cr Lee moved it be recommended the report be received.

Jeroen Zwijnenburg seconded

Carried

Audit Committee Minutes, Thursday 10th October, 2013 cont'd...

6. LONG TERM FINANCIAL PLAN (LTFP)

The Director - Corporate Services reported:

- (a) that Council has commenced a review of Councils LTFP, initially adopted in December, 2012;
- (b) it is intended that a revised LTFP be reviewed and adopted by Council in December, 2013.

RECOMMENDATION NO. 6

Jeroen Zwijnenburg moved it be recommended the report be received.

Cr Lee seconded

Carried

7. 2012/13 AUDITED FINANCIAL STATEMENTS

The Director - Corporate Services reported:

- (a) the Financial Statements pertaining to the operations of the City of Mount Gambier for the financial year ending on 30th June, 2013 have been prepared pursuant to Section 127 (1) & (2) of the Local Government Act 1999 and Section 4 of the Local Government (Financial Management) Regulations 2011;
- (b) the Financial Statements prepared by Council are provided for the Audit Committee's information and review. Additional explanatory notes pertaining to the Financial Statements can also be provided for the Audit Committee's information and review;
- (c) a copy of the Auditors Opinion in relation to the prepared Financial Statements will be provided to the Audit Committee and Council following receipt of a signed Certification of the Financial Statements certificate from Council and final completion of the Auditors review.

RECOMMENDATION NO. 7

Jeroen Zwijnenburg moved it be recommended:

- (a) **the report be received;**
- (b) **that the prepared Financial Statements pertaining to the operations of the City of Mount Gambier for the financial year ending 30th June 2013 be received and noted;**
- (c) **that Council authorise the Mayor and the Chief Executive Officer to sign the Certification of Financial Statements certificate associated with the Financial Statements pertaining to the operations of the City of Mount Gambier for the financial year ending on 30th June, 2013 as presented, pursuant to Section 14 of the Local Government (Financial Management) Regulations 2011;**
- (d) **that part (c) of the recommendation be subject to Audit Committee Members being provided the opportunity to review and have clarified any issues they may have with the Annual Financial Statements prior to the next Council Meeting.**

Cr Lee seconded

Carried

Audit Committee Minutes, Thursday 10th October, 2013 cont'd...

8. TREASURY MANAGEMENT - ANNUAL REVIEW 2013

The Director - Corporate Services reported:

- (a) the annual report on Council's Treasury Management operations, as required in Council Policy TI50 is now presented for adoption.

RECOMMENDATION NO. 8

Cr Lee moved it be recommended:

- (a) the report be received;
- (b) Council re-adopt Policy TI50 - Treasury Management with minor procedural amendments only, as presented with this report.

Jeroen Zwijnenburg seconded

Carried

9. NEXT MEETINGS (for confirmation)

- Tuesday, 4th March, 2014
- Tuesday, 6th May, 2014
- Tuesday, 5th August, 2014
- Tuesday, 4th November, 2014

The meeting closed at 6.48 p.m.

CORPORATE AND COMMUNITY SERVICES REPORT NO. 44/2013

SUBJECT: SA GRANTS COMMISSION 'DATABASE' REPORT

REF: AF11/752, AF11/2164

Goal: Governance
Strategic Objective: (vi) Establish measures for Council's performance and continually compare against community expectations.
 (vii) Engage with national, state, regional and local forums and partnerships to provide solutions and options to continually improve Councils service deliver and performance.

Each year the SA Local Government Grants Commission prepares what is commonly known as 'database' reports which are derived from South Australian Councils Supplementary and General Information Returns.

The Database Reports are as follows:

- Report 1 – General Information;
- Report 2 – Sources of Operating Revenue;
- Report 3 – Operating Expense Information;
- Report 4 – Net Outlays on Non-Financial Assets;
- Report 5 – Summary Balance Sheet Information;
- Report 6 – Council Rating Arrangements;
- Report 7 – Net Financial Liabilities;
- Report 8 – Financial Indicators;
- Report 9 – Operating expenses;
- Report 10– Operating Income.

These detailed reports incorporating a range of financial statistics for all South Australian Councils have now been received for the 2011/2012 financial year.

These reports have traditionally formed the basis of a Report to Council on comparative rates data for selected South Australian Councils.

SA Councils categorised as "urban" (regional or fringe) have been used in the table below for comparative purposes:

Council	ACLG	Population	Total Rates \$	Rates as % of revenue	Res Rates/ Res Prop \$
Mount Gambier	URS	25,911	14,881	66	1,018
Murray Bridge	URS	20,420	16,498	55	1,368
Port Augusta	URS	14,539	13,399	43	1,382
Port Lincoln	URS	14,629	9,729	67	1,156
Victor Harbour	URS	14,291	14,943	77	1,531
Whyalla	URS	22,734	14,114	55	1,082
Mount Barker	URM	31,011	25,912	75	1,692
Alexandrina	UFS	24,539	26,826	77	1,559
Barossa	UFS	22,611	22,726	78	1,373
Gawler	UFS	21,270	14,952	73	1,357
State Average				67	1,200
URS/URM/UFS Average				67	1,352

Corporate and Community Services Report No. 44/2013 cont'd...

The Australian Classification of Local Governments (ACLG) categorises Councils using the population, population density and the proportion of the population that is classified as urban for the Council.

All Local Governments who receive general purpose financial assistance grants via Grants Commission are classified according to ACLG categories.

The above categories are defined as:

URS: Urban Regional Small
URM: Urban Regional Medium
UFS: Urban Fringe Small

The majority of other SA Councils are classified in "Rural" or "Urban" large (metro) categories.

Councils residential rates per residential property in the previous (2010/2011) financial year were approximately 77% of the State average residential rates per rateable property.

For the 2011/2012 financial year Mount Gambier's average residential rates per rateable property has risen from 77% to 85% of the state average.

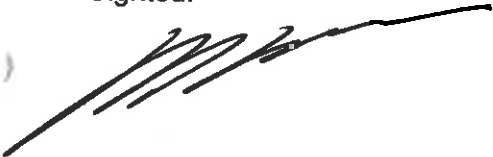
RECOMMENDATION

Corporate and Community Services Report No. 44/2013 be received for information.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

9th August, 2013
FM

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES REPORT NO. 62/2013

SUBJECT: POLICY REVIEW

REF: AF11/1950

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

BACKGROUND

Council's activities are administered under the direction and guidance of various State (and in limited circumstances – Commonwealth) legislation, regulations, plans and policies, as well as Council's own Plans, Policies and By-Laws.

At an Elected Member workshop held on 3 September 2013, Elected Members considered the necessity for a comprehensive review to be undertaken of Council's 198 formal policies.

This report recommends that a comprehensive review of Council Policies be undertaken, utilising Council's Standing Committee and Sub-Committee structure, Elected Member Portfolio holders, and relevant Council staff to review policies that fall within the scope of their functions and duties, for subsequent presentation of recommendations on each policy to Council.

REPORT

Council periodically considers and (re)adopts various strategic and policy documents, including where necessary, the outcomes from public consultation.

Good Governance dictates that Council policies should provide relevant and useful direction and guidance to Elected Members and staff, without being overly prescriptive.

Council Policies have been identified as an integral component in Council's management of risk. A separate report encapsulating the range of documents, processes, procedures and tools that contribute to Council's risk management is to be presented through Council's Audit Committee.

POLICY REVIEW PROCESS

It is recommended that Council commence a critical review of all its policies to confirm their necessity, compliance and usefulness, and any policies that are redundant or may be merged.

Council's Policy index is currently categorised to match Council's Standing Committee structure (Operational Services and Community and Corporate Services), and by further sub-categories (Administration, Community, Personnel, Council & Committees, Finance, Engineering, Health & Environment, Inspectorial, Planning, and Recreation).

It is proposed that a review of policies commence with the presentation to each Standing Committee of its relevant policies, with each Committee to determine an appropriate action for the review of each policy, including referral to a relevant sub-committee, portfolio holder, staff member, informal workshop, or a combination.

A particular emphasis is placed upon Elected Member involvement with those policies that are required by legislation or relate to Council and Committees.

To assist the Standing Committees, an initial assessment of each policy will be undertaken by staff, with a recommendation (with reasons) to be provided for each policy, including the identification of those policies that:

- are required by legislation
- are discretionary and should be considered for retention
- should be considered for merging with another policy
- should be considered for rescinding (and relevant content incorporated into procedures)

Corporate and Community Services Report No. 62/2013 cont'd...

- should be considered for rescinding (redundant - with no further action)

This initial assessment should reduce the total number of Council policies to a more manageable level that will assist a subsequent and continuing review focused on policy content.

It is proposed that the review of content of retained policies be prioritised, based upon a number of factors, including;

- legislative requirements (high weighting)
- relative simplicity/complexity
- relative importance/frequency of use
- date last reviewed

Elected Members should note, with some exceptions, matters that are adequately addressed by prevailing legislation, regulation, plans or policies of other levels of government do not require replication in Council Policy, but may warrant reference in relevant policy or procedural documentation. Further, that any Council Policy that is inconsistent with legislation, regulations, plans or policies of another level of government may be invalid and have no practical application.

The continuing review of policies should be considered an ongoing activity, with each policy to be returned to Council on a periodical basis for review.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 62/2013 be received.
- (b) The Corporate and Community Services and Operational Services Standing Committees be delegated the responsibility of determining appropriate action for the comprehensive and ongoing periodical review of Council Policies, including referral to relevant sub-committees, portfolio holders, staff members and informal workshops, or a combination.
- (c) The Standing Committees present recommendations back to Council for consideration following the comprehensive and periodical review of Council Policies, including any requirement or recommendation for public consultation to be carried out.



Michael McCARTHY
GOVERNANCE OFFICER

Sighted:



Grant HUMPHRIES
ACTING CHIEF EXECUTIVE OFFICER

27th September, 2013
MMcC

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES REPORT NO. 80/2013

SUBJECT: CORPORATE AND COMMUNITY SERVICES POLICY REVIEW

REF: AF11/1950

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

At its meeting held on 15 October 2013 Council considered Corporate and Community Services Report No. 62/2013 with respect to a review of Council's 199 Policies, and resolved:

- (a) *Corporate and Community Services Report No. 62/2013 be received.*
- (b) *The Corporate and Community Services and Operational Services Standing Committees be delegated the responsibility of determining appropriate action for the comprehensive and ongoing periodical review of Council Policies, including referral to relevant sub-committees, portfolio holders, staff members and informal workshops, or a combination.*
- (c) *The Standing Committees present recommendations back to Council for consideration following the comprehensive and periodical review of Council Policies, including any requirement or recommendation for public consultation to be carried out.*

The following tables present proposed recommendations for each of the Corporate and Community Services Policies, to be:

- incorporated with(in) other related policies for re-adoption;
- revoked as formal Council policies, and deleted from Council's Policy Index;
- converted to an administrative document (eg Administrative Procedures); or
- retained and reviewed, and proposed new policies.

The tables include hyperlinks to the current policies that are published on the Council website.

In brief, 30 policies are proposed to be incorporated into 11, 26 policies are proposed to be revoked, 34 policies are proposed for conversion to administrative documents (mostly Human Resources related) and 2 for conversion to Operational Services Policies. It is also proposed that 2 new policies be developed relating to Prudential Management and (Member) Appointment to outside (non-SELGA) Boards and organisations.

The proposed recommendations would reduce Council's current suite of 121 Corporate and Community Services Policies down to a more manageable 44, without any significant impact administratively or on the authority/direction of the Elected Body.

Due to the range and diversity of the Corporate and Community Policies the proposed recommendations are presented for preliminary consideration.

Members and Portfolio Holders are encouraged to review the existing policies and proposed recommendations and to contact the Chief Executive Officer and/or Governance Officer with any queries, concerns or alternative recommendations and actions.

An updated report incorporating any Member feedback will be presented to the February 2014 Corporate and Community Services Committee meeting with further recommendations.

Review of retained Corporate and Community Services Policies will be prioritised and conducted on a case by case or periodical basis, or as otherwise directed by Committee or Council.

Operational Services Policies are to be similarly presented for consideration by the Operational Services Committee at its January 2014 meeting.

Corporate and Community Services Report No. 80/2013 cont'd...

RECOMMENDATION

- (a) Corporate and Community Services Report No. 80/2013 be received.
- (b) Councillors provide any feedback on the proposed recommendations to the Chief Executive Officer/Governance Officer by Friday 24th January 2014 for incorporation into an updated report and tables.
- (c) A further report be presented to the February 2014 Corporate and Community Services Committee meeting for consideration of updated policy review recommendations.



Michael McCARTHY
GOVERNANCE OFFICER

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

2nd December, 2013
MMcC

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES POLICIES - RECOMMENDED TO BE INCORPORATED

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
ADMINISTRATION	P160- Privacy	Both relate to Privacy & Use/Release of information	INCORPORATE INTO SINGLE POLICY PRIVACY & RELEASE OF INFORMATION
	P185 - Property - Provision of Related Information		
	R210 - Reserves - Lease Term and Lease Fee (Declared Figure)	Both relate to Reserve Rental	INCORPORATE INTO SINGLE POLICY RESERVES – Rentals & Lease Fee (Declared Rate)
	R240 - Reserves - Rental where Council Maintains Land		
	Q110 - Quotations and Tenders	All relate to Quotations and Purchasing.	INCORPORATE INTO SINGLE POLICY PROCUREMENT & DISPOSAL OF LAND Section 49 - Guiding Principles & Process
C250 - Consultants - Engagement of			
COUNCIL AND COMMITTEES	Q115 - Competitive Tendering, Contracting, Purchasing, and Disposal of Land and Other Assets Policy	Replicates similar content in Statutory Resolutions (Financial Authorities)	
ADMINISTRATION	C200 - Complaint/Compliment Policy	Both relate to S270 / Internal Review of Council Actions	INCORPORATE INTO SINGLE POLICY COMPLAINT HANDLING & SECTION 270 INTERNAL REVIEW OF COUNCIL ACTIONS
COUNCIL AND COMMITTEES	C290 - Council and Committees - Internal Review of Council's Decisions	S270 does not relate specifically to Council & Committee (Members) M215 Members - Code of Conduct and Complaint Handling Policy addresses Member matters	
	C160 - Coat of Arms	All relate to Corporate Image	INCORPORATE INTO SINGLE POLICY CORPORATE IMAGE
	C190 - Community Identity		
	F130 - Flag - Mount Gambier		
	M260 - Members - Use of Council Letterhead	All relate to Council/Committee meetings and agenda	INCORPORATE INTO SINGLE POLICY Public Access to Meetings and Minutes (s92 Code of Practice) <i>* Public Consultation Required</i>
	C275 - Council and Committees - Access to Council Meetings		
	C300 - Council and Committees - Protocol for common items		
	C310 - Council and Committees - Presentation of Recommendations		
	C315- Council and Committees - Voting En-Bloc	LGA1999 requirements s92 Code of Practice – Public Access to Meetings and Minutes	

Corporate and Community Services Report No. 80/2013 cont'd...

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
COUNCIL AND COMMITTEES	S110 - South East Local Government Association - Delegates	Both relate to SELGA Appointments (Board and Other)	INCORPORATE INTO SINGLE POLICY MEMBERS – SELGA Appointments
	S130 - South East Local Government Assn - Guiding Principle for Appointments		
	M165 - Members - Allowances and Benefits Policy	Both relate to Member Allowances	INCORPORATE INTO SINGLE POLICY MEMBERS ALLOWANCES & BENEFITS With accompanying procedures/documents
	M155 - Members - Allowances - Payments When Acting in a Higher Office		
	M160 - Members - Certificate of Service	Both relate to recognition of Member Service	INCORPORATE INTO SINGLE POLICY MEMBERS – RECOGNITION OF SERVICE
	M230 - Members - Recognition of Service		
	M250 - Members - Training and Development	All relate to Member Induction & Training	INCORPORATE INTO SINGLE POLICY MEMBERS – INDUCTION & TRAINING
	M170 - Members - Conferences, Courses and Seminars		
	M210 - Members - Newly Elected Members		
	M255 - Members - Council Induction Policy		
FINANCE	R110 - Rates - Appeals Against Assessments	All relate to Unpaid Rates/Appeals	INCORPORATE INTO SINGLE POLICY RATES – Appeals & Collection of Unpaid Rates
	R120 - Rates - Fines on Unpaid Rates		
	R160 - Rates - Outstanding		

CORPORATE AND COMMUNITY SERVICES POLICIES - RECOMMENDED TO BE REVOKED

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
ADMINISTRATION	P190 - Pro-formas and Handouts	Relates to design and use of forms Administrative/Procedural in nature – subject to resourcing Unnecessary as a Council Policy	REVOKE
	P170 - Property - Sales, Purchases or Development of Land and Buildings	Dealt with in Q115 (recommended to be incorporated with C250 & Q110) May be dealt with on a case by case basis - as required (Note: Resolution of Council required to affix Common seal to any Lands Titles Office documentation)	REVOKE
	F230 - Frew Park - Trust Deed	Frew Park Trust Deed revoked 8/4/2010 (refer Section 12 of Schedule 8 of LGA1999)	REVOKE
	B110 - Building - Construction Industry Training Fund	Administrative Matter	REVOKE
COMMUNITY	L110 - Lady Nelson - Christmas and New Year Period	Administrative/Operational matter The manner, places and times at which Council offices are open to the public subject to provisions of the LGA1999.	REVOKE
	L190 - Library - Opening Hours	The CEO will first consult with the Council if any significant change are proposed in the hours of any Council offices Policy L190 Library – Opening Hours does not reflect current Library hours of operation	
FINANCE	C240- Controlling Authorities	Relates to (Local Government Accounting) Regulations under the Local Government Act 1934 that have ceased	REVOKE
	S170- Sponsorship	Policy has application only in rare circumstances where Council receives/seeks <u>sponsorship</u> . Relevant matters can be addressed on a case by case basis. Does not apply to 'funding' arrangements.	REVOKE

Corporate and Community Services Report No. 80/2013 cont'd...

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
PERSONNEL	E120 - Employees - Advance on Salaries and Wages	Has no application Not necessary as a Policy	REVOKE
	E130 - Employees - Attendance at Council and Committee Meetings	Covered by CEO's management of staff & workplace agreements	REVOKE
	E140 - Employees - Authority for Overtime	Covered in both Awards and workplace agreements	REVOKE
	E180 - Employees - Industrial Representation - Engagement of Experts	Procurement matter	REVOKE
	E190 - Employees - Meetings and Seminars	Covered by WHS, HR manual & training needs analysis, workplace agreements and budget.	REVOKE
	E125- Employees - Annual Leave Policy	Employee Leave covered by Industrial Awards and workplace agreements	REVOKE
	E150 - Employees - Christmas Leave		
	E165 - Employees - Defence Reserves Forces Leave		
	E175 - Employees - Jury Service/Witness Service		
	E185 - Employees - Long Service Leave		
COUNCIL AND COMMITTEES	C270 - Council and Committees - Agenda Inquiries	Members are encouraged to contact appropriate officers with agenda enquiries – Not a Policy matter	REVOKE
	C295 - Council and Committees - Conduct - Filming and Audio Recording Devices	Replicates provisions in C310 (recommended for conversion into s92 Code of Practice – Public Access to Meetings and Minutes)	REVOKE
	M120 - Media - Access and Availability of Documents	Covered by provisions of LGA1999 & Development Act	REVOKE
	R190 - Refreshments	Administrative matter	REVOKE
	M180 - Members - Copies of Legislation	Not Necessary as a Policy. Members have access via Members Directory & online/web, or may request copies at any time	REVOKE
	M200- Members - Meetings of Electors	Covered by provisions of LGA1999 and Public Consultation/Community Consultation & Engagement Policy	REVOKE
	M220 - Members - Photographs	Not necessary as a Policy – Members can request	REVOKE
	M245 - Members - Induction Policy	Superseded by M255 - M245 not formally rescinded	REVOKE

CORPORATE AND COMMUNITY SERVICES POLICIES - RECOMMENDED TO BE CONVERTED

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
PERSONNEL	A160 - Addresses	Relates to requests for staff to speak to audiences.	CONVERT TO – EMPLOYEE CODE OF PRACTICE
	E245 - Employees - Code of Conduct	E245 to be replaced by Mandatory Code of Conduct	
	E220 - Employees - Superannuation	Covered by State and Federal legislative provisions. Relates to HR Induction process.	CONVERT TO - HR MANUAL
	C380- Council Vehicles - Involved in Accidents	Covered by internal and WHS reporting procedures and employee employment contract (where relevant)	CONVERT TO - HR MANUAL
	E230 - Employees - Telephone	Relates to Senior Staff and employee employment contract (where relevant)	CONVERT TO - HR MANUAL
	E235 - Employees - Voluntary Emergency Service	Adequately covered by HR Volunteers procedures, industrial awards and workplace agreements	CONVERT TO - HR MANUAL
	E170 - Employees - Driver's Licence	Adequately covered by industrial awards and workplace agreements	CONVERT TO - HR MANUAL
	E160 - Employees - Credit Cards	Relates to Internal Controls, Statutory/Budget Authorisation, and Procurement Policy	CONVERT TO – Other Docs
	E215- Employees - Social Club Council Contribution	Relates to Council financial contributions to employee Social Club	CONVERT TO – CEO Determination
ADMINISTRATION	C210 - Contracts (Licenses, Leases etc.)	Both relate to Occupation/Use of Reserves and are operational matters	CONVERT TO Operational Procedure/ Documentation
	C350 - Council Land - Special Events Permit		
	C230 - Correspondence - Outwards	Administrative/Procedural Matter	CONVERT TO - Admin Procedure
	L140 - Legislation - Procedure for Breach of	Procedural Matter - Adequately covered by Delegations, Sub-delegations, Authorisations and legislative provisions	CONVERT TO – Admin Procedure
	P150 - Policy Manual - Distribution	Has no Policy application/necessity	CONVERT TO – Admin Procedure
	R175 - Records Management - Policy and Procedure Statement	Administrative/Procedural matter – adequately covered by State Records Act 1997 Standards.	CONVERT TO –Admin Procedures & Employee Code of Practice

Corporate and Community Services Report No. 80/2013 cont'd...

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
ADMINISTRATION	R260 - Reserves - Work Undertaken by Community Organisations	Both relate to management/administration of volunteers	CONVERT TO - HR MANUAL
	V130- Volunteers		
COMMUNITY	L120 - Lady Nelson Entrance Fees	Relates to Fees & Charges. Not necessary as a Policy	CONVERT TO - Fees and Charges
	A240- Assemblies and Events on Council Land	Convert to Operational Services Policy – Inspectorate	CONVERT TO - OPS POLICY
	C180 - Community Organisations	Review to Operational Services Policy – Inspectorate	CONVERT TO – OPS POLICY
	H120 - Historical Matters- Collection of	Both relate to Operational matters pertaining to Historical Collections	CONVERT TO – OPERATIONAL PROCEDURES (LIBRARY)
	H125 - Historical Matters - Copyright - 'The Les Hill Photographic Collection'		
	L150 - Library - Censorship	All relate to Operational matters pertaining to the Library	CONVERT TO – OPERATIONAL PROCEDURES (LIBRARY)
	L160 - Library - Loans/Borrowers	Note also proposed deletion of L190 – Library Hours	
	L170 - Library - Unattended Children		
	T130 - Tourism - Miscellaneous Matters	Tourism related matters (to be) encapsulated within Strategic and Corporate Plans	Review content for conversion to Strategic and Corporate Plan
	T140 - Tourism - Objectives of Council		
	A225 - Arts and Cultural Policy	Art related matters (to be) encapsulated within Strategic and Corporate Plans	Review content for conversion to Strategic and Corporate Plan & Annual Budget
A230 - Art Works - Council Assistance	Relates to annual budgetary considerations		
COUNCIL AND COMMITTEES	C130 - Citizenship Ceremonies	Administrative/Procedural matter – adequately covered by Australian Citizenship Ceremonies Code	CONVERT TO - Admin Procedure
	M215- Members - Code of Conduct and Complaint Handling Policy	Code of Conduct replaced by Mandatory Code Convert relevant content to Code of Practice	CONVERT TO - Code of Practice for handling complaints against Members
	C260 - Council and Committees - Agenda Deadlines	Adequately covered by legislative provisions	CONVERT TO - Admin Procedure
FINANCE	R150 - Rates - Rebate Register	Convert to administrative register & annual report to Council	CONVERT TO – Administrative Register
	R170 - Receipts	Administrative matter	CONVERT TO – Finance Procedures

CORPORATE AND COMMUNITY SERVICES POLICIES – TO BE RETAINED/REVIEWED

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
COUNCIL AND COMMITTEES	PRUDENTIAL MANAGEMENT	LGA1999 requirement s48	NEW POLICY
	MEMBERS – Appointments (Other)	Appointment to outside (non-SELGA) boards and organisations	NEW POLICY
	F225- Fraud and Corruption Prevention Policy	Reviewed August 2012	Periodic Review
	C360 - Council - Personal Immunity for Individuals	Check legislation/relevance (Policy pre-dates LGA1999?)	REVIEW
	C305- Council and Committees - Caretaker Policy	LGA1999 requirement s91A – Review for 2014 Elections	REVIEW
	M130 - Media - Statements on behalf of Council	To consider development of procedural documentation	Periodic Review & Media Procedures
	C280 - Council and Committees - Appointment to Committees	Relates to procedures at/following Council elections	REVIEW
	C285- Council Committees - Appointment of Independent Members	Check not replicating/inconsistent with legislative provisions	REVIEW
	M205 - Members - Mayor - Anniversary Messages	M205 relates to Anniversary Messages	REVIEW
	M190 - Members - Deputy Mayor		REVIEW
	M240- Members - Access to Information	Check not replicating/inconsistent with legislative provisions & Mandatory Code of Conduct	REVIEW
	M270- Members - Mayor Seeking Legal Advice	Check not replicating/inconsistent with legislative provisions	REVIEW
	P195 - Public Consultation Policy	LGA1999 requirement s50 - Reviewed November 2013 (Community Consultation & Engagement Policy)	Periodic review once adopted
	V140- Council and Committees - Visits by Parliamentary/Governmental Representatives		REVIEW
	C320 - Council Chamber and Reception Area - Use of		Periodic Review

Corporate and Community Services Report No. 80/2013 cont'd...

CATEGORY	POLICY NAME	COMMENT	RECOMMENDATION
FINANCE	A130- Accounts - Investment Policy		REVIEW
	B300- Budget Reporting and Amendment Policy	Reviewed August 2012	Periodic Review
	D230 - Donations - Authority to Approve Requests	Guides Administration	Review & compliment with procedural documentation
	I105- Internal Controls	LGA1999 requirement s125 - Reviewed May 2013	Periodic Review
	R105 - Rates - Rating Policy/Statement	Reviewed October 2013	Periodic Review
	R155 - Rates - Rebate Policy Statement and Application Process	Reviewed June 2013	Periodic Review
	T150- Treasury Management	Reviewed November 2013	Periodic Review
ADMINISTRATION	E115 - Elections - Council Entitlement to Vote	Relates to Council as a Ratepayer of DC Grant Guides Administration	Periodic Review
	E105- Elections - Supplementary Elections	Remove content repetitive of LG (Elections) Act	REVIEW
	F140 - Flags - Flying of	Retain portions for Formal Policy Convert remainder to Procedural documentation	Review & compliment with procedural documentation
	R300 - Risk Management Policy	Review - Risk Management Framework	REVIEW
	S140 - Street Numbering	LGA1999 requirements s220	REVIEW
PERSONNEL	C375 - Council Vehicles - Provision and Replacement of	Reviewed November 2012	Periodic Review
	E200 - Employees - Service Awards and Resignation Gifts		Periodic Review
	S175- Safe Environment Policy	Requirement of Children's Protection Act 1993	REVIEW
	W150 - Whistleblower's Protection Policy	Interaction of Whistleblowers legislation & ICAC public officer reporting requirements under review	REVIEW following Whistleblower Act review
COMMUNITY	A270 - Australia Day Awards		Periodic Review
	C140 - City Hall - Hire	Reviewed December 2012	Periodic Review

CORPORATE AND COMMUNITY SERVICES REPORT NO. 13/2014

SUBJECT: CORPORATE AND COMMUNITY SERVICES POLICY REVIEW

REF: AF11/1950

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

At its meeting held on 17 December 2013 Council considered Corporate and Community Services Report No. 80/2013 relating to the review of Council's Corporate and Community Services policies, and resolved:

- (a) *Corporate and Community Services Report No. 80/2013 be received.*
- (b) *Councillors provide any feedback on the proposed recommendations to the Chief Executive Officer/Governance Officer by Friday 24th January 2014 for incorporation into an updated report and tables.*
- (c) *A further report be presented to the February 2014 Corporate and Community Services Committee meeting for consideration of updated policy review recommendations.*

The review process to-date comprised:

- Elected Member Workshop held on 3 September 2013 to consider the necessity and proposed methodology for a comprehensive review of Council Policies.
- Corporate and Community Services Report No. 62/2013 of 15 October 2013 adopting a process for review of policies, including the reduction of the total number of policies and subsequent review of retained policies on a prioritised and continuing basis.
- Corporate and Community Services Report No. 80/2013 of 17 December 2013 presenting and seeking Councillor feedback on proposed recommendations to revoke, convert, amalgamate or retain and review each of Council's 120 Corporate and Community Services Policies.
- This report to action the reduction in Corporate and Community Services policies by revoking those policies identified as redundant and/or containing content to be converted to procedures and other administrative/operational documentation

Limited Councillor feedback has been received on the proposed recommendations as presented to the 17 December 2013 Council meeting, with the only amendment being to retain and review (rather than revoke) the Library and Historical Collections policies (L190, H120 & H125) to demonstrate Council's commitment to this centrepiece of community activity and associated library services and collections.

Should Council support the reduction/revocation of policies as presented in the following recommendations the Administration will proceed to incorporate the relevant content of identified policies into administrative procedures and operational documentation. The revoked policies will act as guiding documents in the intervening period.

The remaining Corporate and Community Services Policies will be prioritised and presented to the Corporate and Community Services Committee on a case by case or periodical basis (or as otherwise directed by Committee or Council) for consideration and to determine appropriate action for their review.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 13/2014 be received.

Corporate and Community Services Report No. 13/2014 cont'd...

- (b) Corporate and Community Services Policies be revoked and removed from the City of Mount Gambier Policy Index, as follows:
1. P190 - Pro-formas and Handouts
 2. P170 - Property - Sales, Purchases or Development of Land and Buildings
 3. F230 - Frew Park - Trust Deed
 4. B110 - Building - Construction Industry Training Fund
 5. L110 - Lady Nelson - Christmas and New Year Period
 6. C240 - Controlling Authorities
 7. S170 - Sponsorship
 8. E120 - Employees - Advance on Salaries and Wages
 9. E130 - Employees - Attendance at Council and Committee Meetings
 10. E140 - Employees - Authority for Overtime
 11. E180 - Employees - Industrial Representation - Engagement of Experts
 12. E190 - Employees - Meetings and Seminars
 13. E125 - Employees - Annual Leave Policy
 14. E150 - Employees - Christmas Leave
 15. E165 - Employees - Defence Reserves Forces Leave
 16. E175 - Employees - Jury Service/Witness Service
 17. E185 - Employees - Long Service Leave
 18. C270 - Council and Committees - Agenda Inquiries
 19. C295 - Council and Committees - Conduct- Filming and Audio Recording Devices
 20. M120 - Media - Access and Availability of Documents
 21. R190 - Refreshments
 22. M180 - Members - Copies of Legislation
 23. M200 - Members - Meetings of Electors
 24. M220 - Members - Photographs
 25. M245 - Members - Induction Policy
- (c) Corporate and Community Services Policies be revoked and removed from the City of Mount Gambier Policy Index, and relevant content incorporated into administrative documentation as specified in CCS Report No. 80/2013, as follows:
1. A160 - Addresses
 2. E245 - Employees - Code of Conduct
 3. E220 - Employees - Superannuation
 4. C380 - Council Vehicles - Involved in Accidents
 5. E230 - Employees - Telephone
 6. E235 - Employees - Voluntary Emergency Service
 7. E170 - Employees - Driver's Licence
 8. E160 - Employees - Credit Cards

Corporate and Community Services Report No. 13/2014 cont'd...

9. E215 - Employees - Social Club Council Contribution
10. C210 - Contracts (Licenses, Leases etc.)
11. C350 - Council Land - Special Events Permit
12. C230 - Correspondence - Outwards
13. L140 - Legislation - Procedure for Breach of
14. P150 - Policy Manual - Distribution
15. R175 - Records Management - Policy and Procedure Statement
16. R260 - Reserves - Work Undertaken by Community Organisations
17. V130 - Volunteers
18. L120 - Lady Nelson Entrance Fees
19. L150 - Library - Censorship
20. L160 - Library - Loans/Borrowers
21. L170 - Library - Unattended Children
22. T130 - Tourism - Miscellaneous Matters
23. T140 - Tourism - Objectives of Council
24. A225 - Arts and Cultural Policy
25. A230 - Art Works - Council Assistance
26. C130 - Citizenship Ceremonies
27. M215 - Members - Code of Conduct and Complaint Handling Policy
28. C260 - Council and Committees - Agenda Deadlines
29. R150 - Rates - Rebate Register
30. R170 - Receipts

(d) Corporate and Community Services Policies be converted to Operational Services Policies, as follows:

1. A240 - Assemblies and Events on Council Land
2. C180 - Community Organisations

(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.


Michael McCARTHY
GOVERNANCE OFFICER

Sighted:


Mark McSHANE
CHIEF EXECUTIVE OFFICER

5th February, 2014
MMcC

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES REPORT NO. 67/2013

SUBJECT: BUDGET UPDATE AS AT 30th SEPTEMBER, 2013

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.

The Budget Update as at 30th September, 2013, as presented with this Report, is now recommended for adoption.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 67/2013 be received;
- (b) the Budget Update as at 30th September, 2013 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

11th September, 2013
MJT

(Refer Item of Corporate and Community Services Minutes)

HIGH LEVEL SUMMARY BY FUNCTION

1. ADMINISTRATION

	Original Budget '000	Revised Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6000)	1,764	1,764	511	0	1,764
OPERATING REVENUE (4100 - 4120)	18,857	18,857	16,661	0	18,857
NET OPERATING - SURPLUS / (DEFICIT)	17,093	17,093	16,150	0	17,093
CAPITAL EXPENDITURE (7500)	50	125	1	0	125
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)		(125)	(1)	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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6010)	2,760	2,797	698	0	2,797
OPERATING REVENUE					
NET OPERATING - SURPLUS / (DEFICIT)	(2,760)	(2,797)	(698)	0	(2,797)
CAPITAL EXPENDITURE (7460)	78	90	28	0	90
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)	(78)	(90)	(28)	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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6100)	1,752	1,810	417	32	1,842
OPERATING REVENUE	148	148	38	0	148
NET OPERATING - SURPLUS / (DEFICIT)	(1,604)	(1,662)	(379)	(32)	(1,694)
CAPITAL EXPENDITURE (7560, 7570, 7620)	80	80	0	0	80
CAPITAL REVENUE (4130)					
NET CAPITAL - SURPLUS / (DEFICIT)	(80)	(80)	0	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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6200)	2,835	2,871	820	0	2,871
OPERATING REVENUE (4140 - 4142)	615	615	29	0	615
NET OPERATING - SURPLUS / (DEFICIT)	(2,220)	(2,256)	(791)	0	(2,256)
CAPITAL EXPENDITURE (7470, 7640, 7650)	199	226	11	0	226
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)	(199)	(226)	(11)	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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6300)	1,478	1,520	343	(32)	1,488
OPERATING REVENUE (4153)	402	402	97	0	402
NET OPERATING - SURPLUS / (DEFICIT)	(1,076)	(1,118)	(246)	(32)	(1,086)
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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6400)	3,762	3,796	819	0	3,796
OPERATING REVENUE (4162)	1,674	1,674	585	0	1,674
NET OPERATING - SURPLUS / (DEFICIT)	(2,088)	(2,122)	(234)	0	(2,122)
CAPITAL EXPENDITURE (7670, 7680, 7800)	2,135	2,391	16	0	2,391
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)	(2,135)	(2,391)	(16)	0	(2,391)
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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6500)	2,402	2,456	615	0	2,456
OPERATING REVENUE (4170)	63	63	30	0	63
NET OPERATING - SURPLUS / (DEFICIT)	(2,339)	(2,393)	(585)	0	(2,393)
CAPITAL EXPENDITURE (7680, 7690, 7700, 7730)	4,593	5,936	131	0	5,936
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)	(4,593)	(5,936)	(131)	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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6600)	1,028	1,138	214	0	1,138
OPERATING REVENUE (4180)	361	361	195	0	361
NET OPERATING - SURPLUS / (DEFICIT)	(667)	(777)	(19)	0	(777)
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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6700)	3,236	3,236	753	0	3,236
OPERATING REVENUE (4192, 4193)	338	338	860	100	438
NET OPERATING - SURPLUS / (DEFICIT)	(2,898)	(2,898)	107	100	(2,798)
CAPITAL EXPENDITURE (7300, 7400, 7450, 7830, 7900)	3,424	4,811	424	1,076	5,887
CAPITAL REVENUE					
NET CAPITAL - SURPLUS / (DEFICIT)	(4,424)	(4,811)	(424)	(1,076)	(3,887)
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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6800)	996	996	363	0	996
OPERATING REVENUE					
NET OPERATING - SURPLUS / (DEFICIT)	(996)	(996)	(363)		(996)
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

11. UNCLASSIFIED

	Original Budget '000	Revised Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6900)	762	842	54	0	842
OPERATING REVENUE (4210, 4230, 4240)	317	317	100	19	336
NET OPERATING - SURPLUS / (DEFICIT)	(445)	(525)	(46)	19	(506)
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 Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised 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	89	0	878
NON OPERATING REVENUE (4250, 4260, 4270, 4280, 4300)	11,437	14,988	43	1,005	15,993
NET NON OPERATING - SURPLUS / (DEFICIT)	10,559	14,110	(46)	1,005	15,115

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

13. SUMMARY

	Original Budget '000	Revised Budget '000	Actual 30/09/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE	22,775	23,226	5,607	0	23,226
OPERATING REVENUE	22,775	22,775	18,595	119	22,894
NET OPERATING BUDGET SURPLUS (DEFICIT)	0	(451)	12,988	119	(332)
CAPITAL EXPENDITURE	10,559	13,659	611	1,076	14,735
CAPITAL REVENUE	0	0	0	0	0
NON OPERATING EXPENDITURE	878	878	89	0	878
NON OPERATING REVENUE	11,437	14,988	43	1,005	15,993
NET CASH BUDGET SURPLUS (DEFICIT)	0	0	12,321	48	48

3. SUMMARY OF REQUESTED BUDGET VARIATIONS

	Original Budget \$	Revised Budget \$	Variation Requested \$	Revised BR1 Budget \$
OPERATING				
Operating Expenditure (Increase) Decrease	22,775,000	23,226,000	0	23,226,000
Operating Revenue Increase (Decrease)	22,775,000	22,775,000	119,000	22,894,000
Operating Surplus/(Deficit)	0	(451,000)	119,000	(332,000)
CAPITAL EXPENDITURE				
Capital Expenditure (Increase) Decrease	10,559,000	13,659,000	1,076,000	14,735,000
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	14,988,000	1,005,000	15,993,000
Revised Cash Budget Surplus/(Deficit)	0	0	48,000	48,000
SUMMARY OF ALTERATIONS : SURPLUS/(DEFICIT)				
Adopted Budget	Operating Budget		Cash Budget	
Revised Budget	0		0	
Budget Update No. 1 (as at 30th September, 2013)	(451,000)		0	
	(332,000)		48,000	

4. BR1 Commentary

- This is the first 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.
- BR1 takes into account most costs for the first 3 months of operating (July, August, September) however the majority of creditors for the month of September are not yet included (processed in October).
- Usually BR1 would make the necessary adjustments to Councils Grants Commission allocations however confirmation of that allocation is still yet to be received.
- Operating Revenue increases by \$119,000 principally due to additional Roads to Recovery Program funding.
- Non-Operating Revenue increases by \$1,005,000 bringing to account the \$750k grant funding for CBD upgrade and \$255k Special Local Roads funding for O'Leary Road (both grants matched by Capital Expenditure).
- Capital Expenditure increases by \$1,076,000 principally due to the offsets of grant funds (as explained in above dot point).
- In overall terms BR1 provides for;
 - No change to Operating Expenditure
 - An increase in Operating Revenue of \$119,000
 - A net benefit to the operating result of \$119,000
- 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 results in a \$332,000 deficit as at 30th September, 2013
- 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

CORPORATE AND COMMUNITY SERVICES REPORT NO. 76/2013

SUBJECT: DELEGATION OF POWERS OF COUNCIL

REF: AF11/1020

Goal: Governance

Strategy: Demonstrate innovative and responsive organisational governance

Delegations - Legislative Provisions

It is not practical or efficient for the Council as a body of elected members to perform the many functions or undertake the many activities that are required in the day to day administration of the Council's roles and functions. Delegations are the way in which the Council enables other people/bodies (usually Council officers) to undertake these steps on its behalf.

Section 44 of the Local Government Act 1999 provides that the Council may delegate a power or function vested or conferred under this or another Act. Other Acts also contain specific power of delegation.

Delegations made by the Council under Section 44 of the Local Government Act 1999 can be made to a Council committee, a subsidiary, an employee, an employee occupying a particular office or position, or an authorised person. Some other Acts specify different delegates.

A delegation made pursuant to Section 44 of the Local Government Act 1999 is revocable at will and does not prevent the Council from acting in a matter.

There are a number of powers and functions of the Local Government Act 1999 which the Council cannot delegate. These are set out in Section 44(3) of the Local Government Act 1999. If the Council purports to delegate any of these powers or functions, that delegation would be ineffective. Any action undertaken in reliance on such a delegation would be unauthorised and may cause legal and administrative problems for the Council.

The powers and functions that cannot be delegated include the following:

- (a) power to make a by-law;
- (b) power to declare rates or a charge with the character of a rate;
- (c) power to borrow money or to obtain other forms of financial accommodation;
- (d) power to adopt or revise a strategic management plan or budget of the council;
- (e) power to approve expenditure of money on works, services or operations of the council not contained in a budget approved by the council;
- (f) power to determine annual allowances under Chapter 5;
- (g) power to approve payment or reimbursement of expenses that may be paid at the discretion of the council and for which the council has not adopted a formal policy or made specific financial provision;
- (h) power to establish a subsidiary, or to participate in the establishment of a regional subsidiary;
- (i) power to make an application or recommendation, or to report or to give a notice, to the Governor or the Minister, being an application, recommendation, report or notice for which provision is made by or under this or another Act;
- (j) power to fix, vary or revoke a fee under section 188(1)(d) to (h);
- (k) a power or function excluded from delegation by the regulations.

Corporate and Community Services Report No. 76/2013 cont'd...

Section 44 of the Local Government Act 1999 sets out various other matters in relation to delegations, including:

- Section 44(6) - that the Council must cause a separate record to be kept of all delegations made under Section 44, and should at least once in every financial year review the delegations for the time being in force under Section 44;
- Section 44(7) - that a person is entitled to inspect (without charge) the record of delegations under Section 44(6) at the principal office of the Council during ordinary office hours.

As a matter of best practice it is usual for delegations to be made by the Council to the Chief Executive Officer, and for the Chief Executive Officer to make further sub-delegations under Section 101 of the Local Government Act 1999.

2013 Delegations Review

Council last conducted a full review of delegations in accordance with Section 44(6) of the Local Government Act 1999 at its meeting held on 18th December 2012. In July 2013 Council considered delegations associated with newly commenced provisions of the Safe Drinking Water Act 2011 and the South Australian Public Health Act 2011 and its associated regulations.

Council's delegations use the Local Government Association delegation template format, and a review process that involves the revocation and (re)adoption of all delegations to ensure that they remain up-to-date with legislative changes over time.

Since the last review a number of the LGA delegation templates have been updated due to legislative/regulatory amendments/adjustments and other administrative matters, for the following Acts:

- Community Titles Act 1996
- Dog & Cat Management Act 1995
- Development Act, Development (Development Plans) Amendments Act 2006 and Regulations
- Fire & Emergency Services Act 2005 and Fire & Emergency Services Regulations 2005
- Local Government Act 1999
- Natural Resources Management Act 2004
- Real Property Act 1886
- Road Traffic Act 1961 and Ministers Instrument of Sub-delegation
- Strata Titles Act 1988
- Supported Residential Facilities Act 1992 and Supported Residential Facilities Regulations 2009
- Work Health & Safety Act 2012

The proposed delegations arising from these updates are provided as attachments to this Report, for Members information.

Council's Delegations Register will be amended to reflect the updates and are now recommended for adoption by Council.

Corporate and Community Services Report No. 76/2013 cont'd...

RECOMMENDATION

- (a) that having conducted its annual review of Councils Delegations Register in accordance with Section 44(6) of the Local Government Act, 1999, the Council;

1. Revocations

- 1.1 Hereby revokes all previous delegations to the Chief Executive Officer of those powers and functions under the following:
- 1.1.1 Community Titles Act 1996
 - 1.1.2 Development Act 1993, Development (Development Plans) Amendment Act 2006 and Development Act Regulations 2008
 - 1.1.3 Dog & Cat Management Act 1995
 - 1.1.4 Electricity Act 1996
 - 1.1.5 Environment Protection Act 1993 and Environment Protection (Waste to Resources) Policy 2010
 - 1.1.6 Expiation of Offences Act 1996
 - 1.1.7 Fences Act 1975
 - 1.1.8 Fire and Emergency Services Act 2005 and Fire and Emergency Services Regulations 2005
 - 1.1.9 Food Act 2001
 - 1.1.10 Freedom of Information Act 1991
 - 1.1.11 Graffiti Control Act 2001
 - 1.1.12 Housing Improvement Act 1940
 - 1.1.13 Land & Business (Sale and Conveyancing) Act 1994
 - 1.1.14 Liquor Licensing Act 1997
 - 1.1.15 Local Government Act 1934
 - 1.1.16 Local Government Act 1999
 - 1.1.17 Local Government (Elections) Act 1999
 - 1.1.18 Natural Resources Management Act 2004, Natural Resources Management (General) Regulations 2005 and Natural Resources Management (Transitional Provisions - Levies) Regulations 2005
 - 1.1.19 Occupational Health Safety & Welfare Act 1986
 - 1.1.20 Public Assemblies Act 1972
 - 1.1.21 Roads (Opening & Closing) Act 1991
 - 1.1.22 Road Traffic Act 1961 (SA), Road Traffic (Miscellaneous) Regulations 1999 and Road Traffic (Road Rules – Ancillary and Miscellaneous Provisions) Regulations 1999
 - 1.1.23 Supported Residential Facilities Act 1992
 - 1.1.24 Unclaimed Goods Act 1987
 - 1.1.25 South Australian Public Health Act 2011 along with the South Australian Public Health (Legionella) Regulations 2013 and South Australian Public Health (Wastewater) Regulations 2013.

Corporate and Community Services Report No. 76/2013 cont'd...

- 1.1.26 Safe Drinking Water Act 2011
- 1.2 Hereby revokes its previous delegations to its Development Assessment Panel under the Development Act 1993 and Development Regulations 2008.
- 2. **Delegations made under Local Government Act 1999**
 - 2.1 In exercise of the power contained in Section 44 of the Local Government Act 1999 the powers and functions under the following Acts and specified in the proposed Instruments of Delegation contained in Appendices 1 - 30 (each of which is individually identified as indicated below) are hereby delegated this Tuesday, 17th December, 2013 to the person occupying the office of Chief Executive Officer subject to the conditions and or limitations specified herein or in the Schedule of Conditions in each such proposed Instrument of Delegation.
 - 2.1.1 Community Titles Act 1996 (Appendix 1)
 - 2.1.2 Dog & Cat Management Act 1995 (Appendix 2)
 - 2.1.3 Electricity Act 1996 (Appendix 3)
 - 2.1.4 Environment Protection Act 1993 (Appendix 4)
 - 2.1.5 Expiation of Offences Act 1996 (Appendix 5)
 - 2.1.6 Fences Act 1975 (Appendix 6)
 - 2.1.7 Fire and Emergency Services Act 2005 and Fire and Emergency Services Regulations 2005 (Appendix 7A and 7B)
 - 2.1.8 Freedom of Information Act 1991 (Appendix 8)
 - 2.1.9 Graffiti Control Act 2001 (Appendix 9)
 - 2.1.10 Housing Improvement Act 1940 (Appendix 10)
 - 2.1.11 Land & Business (Sale & Conveyancing) Act 1994 (Appendix 11)
 - 2.1.12 Liquor Licensing Act 1997 (Appendix 12)
 - 2.1.13 Local Government Act 1934 (Appendix 13)
 - 2.1.14 Local Government Act 1999 (Appendix 14)
 - 2.1.15 Natural Resources Management Act 2004, Natural Resources Management (General) Regulations 2005 and Natural Resources Management (Transitional Provisions - Levies) Regulations 2005 (Appendix 16)
 - 2.1.16 Public Assemblies Act 1972 (Appendix 17)
 - 2.1.17 Roads (Opening and Closing) Act 1991 (Appendix 18)
 - 2.1.18 Road Traffic Act 1961, Road Traffic (Miscellaneous) Regulations 1999 and Road Traffic (Road Rules – Ancillary and Miscellaneous Provisions) Regulations 1999 (Appendix 20)
 - 2.1.19 Unclaimed Goods Act 1987 (Appendix 25)
 - 2.1.20 South Australian Public Health Act 2011 along with the South Australian Public Health (Legionella) Regulations 2013 and South Australian Public Health (Wastewater) Regulations 2013 (Appendix 26)
 - 2.1.21 Real Property Act 1886 (Appendix 28)
 - 2.1.22 Strata Titles Act 1988 (Appendix 29)
 - 2.1.23 Work Health & Safety Act 2012 (Appendix 30)

Corporate and Community Services Report No. 76/2013 cont'd...

- 2.2 Such powers and functions may be further delegated by the Chief Executive Officer in accordance with Sections 44 and 101 of the Local Government Act 1999 as the Chief Executive Officer sees fit, unless otherwise indicated herein or in the Schedule of Conditions contained in each such proposed Instrument of Delegation.
- 2.3 For the purposes of these delegations, all delegations to the Chief Executive Officer extend to any person appointed to act in the position of Chief Executive Officer.
- 2.4 For the purposes of these delegations all delegations made by the Chief Executive Officer extends to any person who is appointed to act in the position of the sub-delegate.

3. Delegations made under Development Act 1993

- 3.1 In exercise of the power contained in Section 20 and 34 (23) of the Development Act 1993, the powers and functions under the Development Act 1993 and the Development Regulations 2008 contained in the proposed Instrument of Delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 21 are hereby delegated this 17th December, 2013 to the person occupying the office of Chief Executive Officer, subject to the conditions or limitations indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Development Act 1993.
- 3.2 Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Development Act 1993.
- 3.3 In exercise of the power contained in Section 20 and 34(23) of the Development Act 1993 the powers and functions under the Development Act 1993 and the Development Regulations 2008 contained in the proposed Instrument of Delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 21 and which are specified in Schedule I, attached to this Report are hereby delegated this 17th December, 2013 to the Council's Development Assessment Panel, subject to the conditions or limitations indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Development Act 1993:

Refer Schedule I (attached) for details of the Council Delegations to the Council Development Assessment Panel.

- 3.4 For the purposes of these delegations, all delegations to the Chief Executive Officer extend to any person appointed to act in the position of Chief Executive Officer.
- 3.5 For the purposes of these delegations all delegations made by the Chief Executive Officer extends to any person who is appointed to act in the position of the sub-delegate.

4. Delegations made under Food Act 2001

- 4.1 In exercise of the powers contained in Section 91 of the Food Act 2001, the powers and functions under the Food Act 2001 contained in the proposed Instrument of Delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 22 are hereby delegated this 17th December, 2013 to the person occupying the office of Chief Executive Officer ("the head of the enforcement agency" for the purposes of the Food Act 2001), subject to the conditions or limitations indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Food Act 2001.

Corporate and Community Services Report No. 76/2013 cont'd...

- 4.2 Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Food Act 2001.
- 4.3 For the purposes of these delegations, all delegations to the Chief Executive Officer extend to any person appointed to act in the position of Chief Executive Officer.
- 4.4 For the purposes of these delegations all delegations made by the Chief Executive Officer extends to any person who is appointed to act in the position of the sub-delegate.

5. Delegations under Supported Residential Facilities Act 1992

- 5.1 In exercise of the power contained in Section 9 of the Supported Residential Facilities Act 1992, the powers and functions under the Supported Residential Facilities Act 1992 contained in the proposed Instrument of Delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 24) are hereby delegated this 17th December, 2013 to the person occupying the office of Chief Executive Officer, subject to the conditions or limitations indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Supported Residential Facilities Act 1992.
- 5.2 Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Supported Residential Facilities Act 1992.
- 5.3 For the purposes of these delegations, all delegations to the Chief Executive Officer extend to any person appointed to act in the position of Chief Executive Officer.
- 5.4 For the purposes of these delegations all delegations made by the Chief Executive Officer extends to any person who is appointed to act in the position of the sub-delegate.

6. Authorisations and Subdelegation under the Road Traffic Act 1961

- 6.1 In accordance with the Instrument of General Approval and Delegation to Council dated 22 August 2013 from the Minister for Transport and Infrastructure (the 'Instrument') the Council authorises the following person(s) pursuant to Clause A.7 of the Instrument to endorse Traffic Impact Statements for the purposes of Clause A of the Instrument provided that such person(s) shall take into account the matters specified in Clause A.7 of the Instrument in respect of Traffic Impact Statements:
CHIEF EXECUTIVE OFFICER – Mark McShane
DIRECTOR OPERATIONAL SERVICES – Daryl Sexton
- 6.2 In accordance with Clause A.7 of the Instrument, the Council is of the opinion that the following person(s) is/are experienced traffic engineering practitioner(s) for the purposes of preparing a Traffic Impact Statement as required by Clause A.7 of the Instrument:
DIRECTOR OPERATIONAL SERVICES – Daryl Sexton
ENGINEERING MANAGER – Daryl Morgan
- 6.3 In exercise of the power contained in, and in accordance with, Clause G.1 of the Instrument, the power contained in Section 33(1) of the Road Traffic Act 1961 and delegated to the Council pursuant to Clause G of the Instrument and contained in

Corporate and Community Services Report No. 76/2013 cont'd...

the proposed Instrument of Sub-delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 20A) is hereby sub-delegated this 17th of December 2013 to the person occupying the office of Chief Executive Officer of the Council subject to:

- (i) the conditions contained in the Instrument; and
- (ii) any conditions contained in this Resolution or in the Instrument of Subdelegation.; and
- (iii) the creation of a separate instrument in writing reflecting such subdelegation under the Instrument and this Resolution.
- (iv) For the purpose of this sub-delegation, the sub-delegation to the Chief Executive Officer extends to any person appointed to act in the position of Chief Executive Officer.

- 6.4 In accordance with Clause E.2 of the Instrument, the Council is of the opinion that the following person(s) has (have) an appropriate level of knowledge and expertise in the preparation of traffic management Plans:

DIRECTOR OPERATIONAL SERVICES – Daryl Sexton

7. Delegations under Safe Drinking Water Act 2011 (of enforcement agency)

7.1 In exercise of the power contained in Section 43 of the Safe Drinking Water Act 2011 the powers and functions of the Council as a relevant authority under the Safe Drinking Water Act 2011 contained in the proposed Instrument of Delegation (annexed to Corporate and Community Services Report No. 76/2013 and marked Appendix 27) are hereby delegated this 17th of December 2013 to the person occupying the office of Chief Executive Officer, subject to the conditions or limitations indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Safe Drinking Water Act 2011.

7.2 Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation under the Safe Drinking Water Act 2011.



Michael McCARTHY
GOVERNANCE OFFICER

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

29th November, 2013
MMcC

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES REPORT NO. 4/2014

SUBJECT: DELEGATION OF POWERS OF COUNCIL

REF: AF11/1020

Goal: Governance
Strategy: Demonstrate innovative and responsive organisational governance

At its meeting on 17th December 2013 Council reviewed delegations to the Chief Executive Officer as required each financial year in accordance with Section 44(6) of the Local Government Act 1999.

On 19th December 2013 the Local Government Association released a standard delegation template and schedule (Appendix 31 - attached) containing delegations under the Heavy Vehicle National Law (SA) Act 2013. This act was assented in September 2013 and is scheduled to commence on 10 February 2014.

Relevant provisions of this Act and Regulations warrant delegation to the Chief Executive Officer, and in some instances sub-delegation to Senior and Authorised Officers.

Delegations under this Act are now recommended for adoption by Council and Council's Delegations and Authorisations Register will be amended accordingly.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 4/2014 be received;
- (b) (i) In exercise of the power contained in Section 44 of the Local Government Act 1999 the powers and functions under the following Act and specified in the proposed Instrument of Delegation contained in Appendix 31 (attached) are hereby delegated this 28th of January 2014 to the person occupying the office of Chief Executive Officer subject to the conditions and or limitations specified herein or in the Schedule of Conditions in the proposed Instrument of Delegation.
- Heavy Vehicle National Law (South Australia) Act 2013 (Appendix 31).
- (ii) Such powers and functions may be further delegated by the Chief Executive Officer in accordance with Sections 44 and 101 of the Local Government Act 1999 as the Chief Executive Officer sees fit, unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation.
- (iii) For the purposes of these delegations, all delegations to the Chief Executive Officer extend to any person appointed to act in the position of Chief Executive Officer.
- (iv) For the purposes of these delegations all delegations made by the Chief Executive Officer extends to any person who is appointed to act in the position of the sub-delegate.



Michael McCARTHY
GOVERNANCE OFFICER

CORPORATE AND COMMUNITY SERVICES REPORT NO. 78/2013

SUBJECT: REGISTER OF STATUTORY RESOLUTIONS AND APPOINTMENTS

REF: AF11/1020

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

The City of Mount Gambier retains statutory resolutions and appointments in accordance with various legislation that ensure that relevant Council activities are both lawful and enforceable. Council also retains non-statutory resolutions and appointments relating to its operations.

A "Register of Statutory Resolutions and Appointments" is maintained and periodically reviewed to ensure these vital instruments reflect any changes to legislation or Council's operations.

Council last reviewed and adopted the Register of Statutory Resolutions and Appointments on 20th November 2012. The Register has been updated and is attached for Member's information.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 78/2013 incorporating the "Register of Statutory Resolutions and Appointments", hereafter known as "The Register", be received;
- (b) all Resolutions (Statutory and Non-Statutory) therein recorded in "The Register", be adopted by Council;
- (c) all Appointments (Statutory and Non-Statutory) therein recorded in "The Register" be re-affirmed or made by Council as appropriate;
- (d) all Appointments (Statutory and Non-Statutory) therein recorded in "The Register" be made at the pleasure of Council and will be terminated:
 - (1) if the person is an officer or employee of Council, upon termination of that persons employment with Council;
 - (2) upon such statutory appointment being revoked by Council;
 - (3) upon the statute under which the appointment is made being revoked.


Michael McCARTHY
GOVERNANCE OFFICER

Sighted:


Mark McSHANE
CHIEF EXECUTIVE OFFICER

18th October, 2012
MMcC

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES REPORT NO. 1/2014

SUBJECT: BUDGET UPDATE AS AT 30TH NOVEMBER, 2013

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.

The Budget Update as at 30th November, 2013, as presented with this Report, is now recommended for adoption.

RECOMMENDATION

- (a) Corporate and Community Services Report No. 1/2014 be received;
- (b) the Budget Update as at 30th November, 2013 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

26th November, 2013
MJT

(Refer Item of Corporate and Community Services Minutes)



**BUDGET UPDATE: BR2 JANUARY 2014
AS AT 30TH NOVEMBER, 2013**

- 1. HIGH LEVEL SUMMARY BY FUNCTION (PAGES 1 - 13)**
- 2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGES 14 - 16)**
- 3. SUMMARY OF REQUESTED BUDGET VARIATIONS (PAGE 17)**
- 4. BR1 COMMENTARY (PAGE 18)**
- 5. UNIFORM PRESENTATION OF FINANCES (PAGES 19 - 24)**

HIGH LEVEL SUMMARY BY FUNCTION

1. ADMINISTRATION

	Original Budget '000	Revised BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6000)	1,764	1,764	1,764	910	0	1,764
OPERATING REVENUE (4100 - 4120)	18,857	18,857	19,033	17,411	176	19,033
NET OPERATING - SURPLUS / (DEFICIT)	17,093	17,093	17,269	16,501	176	17,269
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6010)	2,760	2,797	2,797	1,169	0	2,797
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(2,760)	(2,797)	(2,797)	(1,699)	0	(2,797)
CAPITAL EXPENDITURE (7460)	78	90	90	37	0	90
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(78)	(90)	(90)	(37)	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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6100)	1,752	1,842	1,846	703	4	1,846
OPERATING REVENUE (4130)	148	148	148	51	0	148
NET OPERATING - SURPLUS / (DEFICIT)	(1,604)	(1,694)	(1,698)	(652)	(4)	(1,698)
CAPITAL EXPENDITURE (7560, 7570, 7620)	80	80	80	21	0	80
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(80)	(80)	(80)	(21)	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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6200)	2,835	2,871	2,871	1,195	0	2,871
OPERATING REVENUE (4140 - 4142)	615	615	615	126	0	615
NET OPERATING - SURPLUS / (DEFICIT)	(2,220)	(2,256)	(2,256)	(1,069)	0	(2,256)
CAPITAL EXPENDITURE (7470, 7640, 7650)	199	226	226	14	0	226
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(199)	(226)	(226)	(14)	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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6300)	1,478	1,488	1,533	557	45	1,533
OPERATING REVENUE (4153)	402	402	402	171	0	402
NET OPERATING - SURPLUS / (DEFICIT)	(1,076)	(1,086)	(1,131)	(386)	(45)	(1,131)
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6400)	3,762	3,796	3,772	1,420	(24)	3,772
OPERATING REVENUE (4162)	1,674	1,674	1,699	857	25	1,699
NET OPERATING - SURPLUS / (DEFICIT)	(2,088)	(2,122)	(2,073)	(563)	1	(3,073)
CAPITAL EXPENDITURE (7670, 7665, 7800)	2,135	2,391	2,391	28	0	2,391
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(2,135)	(2,391)	(2,391)	(28)	0	(2,391)
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6500)	2,402	2,456	2,496	1,036	40	2,496
OPERATING REVENUE (4170)	63	63	63	37	0	63
NET OPERATING - SURPLUS / (DEFICIT)	(2,339)	(2,393)	(2,433)	(999)	(40)	(2,433)
CAPITAL EXPENDITURE (7680, 7690, 7700, 7730)	4,593	5,936	5,936	723	0	5,936
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(4,593)	(5,936)	(5,936)	(723)	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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6600)	1,028	1,138	1,158	442	20	1,158
OPERATING REVENUE (4180)	361	361	361	255	0	361
NET OPERATING - SURPLUS / (DEFICIT)	(667)	(777)	(797)	(187)	(20)	(797)
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6700)	3,236	3,236	3,236	913	0	3,236
OPERATING REVENUE (4192, 4193)	338	438	438	230	0	438
NET OPERATING - SURPLUS / (DEFICIT)	(2,898)	(2,798)	(2,798)	(683)	0	(2,798)
CAPITAL EXPENDITURE (7300, 7400, 7450, 7830, 7900)	3,424	5,887	5,973	690	86	5,973
CAPITAL REVENUE						
NET CAPITAL - SURPLUS / (DEFICIT)	(3,424)	(5,887)	(5,973)	(690)	86	(5,887)
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6800)	996	996	996	422	0	996
OPERATING REVENUE						
NET OPERATING - SURPLUS / (DEFICIT)	(996)	(996)	(996)	(422)	0	(996)
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

11. UNCLASSIFIED

	Original Budget '000	Revised BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE (6900)	762	842	842	123	0	842
OPERATING REVENUE (4210, 4230, 4240)	317	336	387	186	51	387
NET OPERATING - SURPLUS / (DEFICIT)	(445)	500	(455)	63	51	(455)
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 BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised 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	112	0	878
NON OPERATING REVENUE (4250, 4260, 4270, 4280, 4300, 4500)	11,437	15,993	15,993	916	0	15,993
NET NON OPERATING - SURPLUS / (DEFICIT)	10,559	15,115	15,115	804	0	15,115

Financial Report: refer detailed Summary

HIGH LEVEL SUMMARY BY FUNCTION

13. SUMMARY

	Original Budget '000	Revised BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
OPERATING EXPENDITURE	22,775	23,226	23,311	8,890	85	23,311
OPERATING REVENUE	22,775	22,894	23,146	19,324	252	23,146
NET OPERATING BUDGET SURPLUS/(DEFICIT)	0	(322)	(165)	(1,034)	(167)	(165)
CAPITAL EXPENDITURE	10,559	14,735	14,821	1,518	86	14,821
CAPITAL REVENUE	0	0	0	0	0	0
NON OPERATING EXPENDITURE	878	878	878	112	0	878
NON OPERATING REVENUE	11,437	15,993	15,993	916	0	15,993
NET CASH BUDGET SURPLUS/(DEFICIT)	0	463	428	(1,202)	(129)	229

2. DETAILED SUMMARY OF REQUESTED BUDGET VARIATIONS

Account No.	Description	Original Budget '000	Revised BR1 '000	Revised Budget '000	Actual 30/11/2013 '000	Variance now Requested '000	Revised E of Y Budget Forecast '000
	2.1 OPERATING REVENUE						
	ADMINISTRATION						
4120.0201	GRANTS COMMISSION - GENERAL PURPOSE GRANTS (FUNDING INCREASE)	2,038,000	-	2,202,000	580,586	164,000	2,202,000
4120.0202	GRANTS COMMISSION - LOCAL ROADS GRANT (FUNDING INCREASE)	376,000	-	382,000	77,988	6,000	382,000
4120.0203	GRANTS COMMISSION - SUPP. ROAD GRANT (FUNDING INCREASE)	171,000	-	177,000	88,444	6,000	177,000
	ENVIRONMENTAL						
4162.0621	WASTE MANAGEMENT - BIN PURCHASES (EXTRA SALES)	20,000	-	25,000	24,906	5,000	25,000
4162.0623	WASTE MANAGMENT - GREENWASTE COLLECTION (EXTRA SALES)	247,000	-	260,000	258,864	13,000	260,000
4162.0627	WASTE MANAGEMENT - eWASTE (EXTRA SALES)	7,000	-	14,000	13,896	7,000	14,000
	UNCLASSIFIED						
4230.1305	SUNDRY INCOME - LGA SCHEMES SPECIAL DISTRIBUTION	2,000	21,000	72,000	71,189	51,000	72,000
	TOTAL OPERATING REVENUE Increase/(Decrease)					252,000	
	2.2 NON - OPERATING REVENUE						
	NON OPERATING REVENUE Increase (Decrease)					Nil	

3. SUMMARY OF REQUESTED BUDGET VARIATIONS

	Original Budget \$	Revised BR1 \$	Variation Requested \$	Revised BR2 Budget \$
OPERATING				
Operating Expenditure (Increase) Decrease	22,775,000	23,226,000	85,000	23,311,000
Operating Revenue Increase (Decrease)	22,775,000	22,894,000	252,000	23,146,000
Operating Surplus/(Deficit)	0	(332,000)	167,000	(165,000)
CAPITAL EXPENDITURE				
Capital Expenditure (Increase) Decrease	10,559,000	14,735,000	86,000	14,821,000
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	15,993,000	0	15,993,000
Revised Cash Budget Surplus/(Deficit)	0	48,000		129,000
SUMMARY OF ALTERATIONS : SURPLUS/(DEFICIT)				
		Operating Budget		Cash Budget
Adopted Budget		0		0
Revised Budget		(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

4. BR2 Commentary

- This is the second 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.
- BR2 takes into account most costs for the first 5 months of operating (July to November) however the majority of creditors for the month of November are not yet included (processed in December).
- Operating Revenue increases by \$252,000 principally due to additional Grants Commission Funding and the LGA Special Distribution.
- Operating Expenditure increases by \$85,000 principally due to additional funding allocated to the City Development Framework, Aquatic Centre maintenance issues associated with install of the new boiler and planning/building court cases.
- In overall terms BR2 provides for;
 - An increase in Operating Expenditure of \$85,000
 - An increase in Operating Revenue of \$252,000
 - A net benefit to the operating result of \$167,000
- 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
- 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.

STATEMENT OF COMPREHENSIVE INCOME

2012-13 ACTUAL \$'000	INCOME	2013-14 ORIGINAL BUDGET \$'000	2013-14 REVISED ESTIMATE \$'000
15,772	Rates		
357	Statutory Charges	16,272	16,272
3,393	User Charges	361	361
2,232	Grants Subsidies and Contributions	2,623	2,648
31	Investment Income	3,253	3,529
191	Reimbursements	10	10
476	Other	229	229
		-	70
22,452	TOTAL REVENUES	22,748	23,119
	EXPENSES		
8,318	Wages and Salaries	8,491	8,491
7,837	Materials, contracts & other expenses	7,683	8,219
336	Finance Costs	369	369
5,662	Depreciation, amortisation & impairment	6,232	6,232
22,153	Total Expenses	22,775	23,311
299	OPERATING SURPLUS/(DEFICIT)	(27)	(192)
(1,838)	Net gain (loss) on disposal or revaluation of assets	-	-
835	Amounts specifically for new or upgraded assets	27	1,032
		-	-
(704)	NET SURPLUS/(DEFICIT)	-	840
-	Changes in Revaluation Surplus	-	-
(704)	NET SURPLUS/(DEFICIT)	-	840

CASH FLOW STATEMENT

2012-13 ACTUAL \$'000 Inflows (Outflows)		2013-14 ORIGINAL BUDGET \$'000 Inflows (Outflows)	2013-14 REVISED ESTIMATE \$'000 Inflows (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES		
	RECEIPTS		
24,446	Operating Receipts		
63	Investment Receipts	22,738	23,109
	PAYMENTS	10	10
(18,456)	Operating payments to suppliers & employees	(16,174)	(16,710)
(342)	Finance Payments	(369)	(369)
5,711	Net Cash provided by (or used in) Operating Activities	<u>6,205</u>	<u>6,040</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
	RECEIPTS		
835	Grants specifically for new or upgraded assets		
212	Sale of Assets	27	1,032
106	Repayment of Loan by Community Groups	224	224
	PAYMENTS	100	100
-	Loans Made to Community Groups		
(5,010)	Expenditure on renewal/replacement of assets	(10)	(10)
(1,022)	Expenditure on new/upgraded assets	(3,850)	(7,462)
(4,879)	Net Cash provided by (or used in) Investing Activities	<u>(6,709)</u>	<u>(7,359)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
	RECEIPTS		
	Proceeds from Borrowings	4,588	4,588
(1,138)	PAYMENTS	(600)	(600)
	Repayment of Borrowings		
(1,138)	NET CASH USED IN FINANCING ACTIVITIES	<u>3,988</u>	<u>3,988</u>
(306)	NET INCREASE (DECREASE) IN CASH HELD		
981	CASH AT BEGINNING OF YEAR	(25)	(3,447)
675	CASH AT END OF YEAR	<u>675</u>	<u>675</u>
		<u>650</u>	<u>-2,772</u>

CITY OF MOUNT GAMBIER
BUDGET REVISION 2013/2014 - BR2

BALANCE SHEET

2012-13 ACTUAL		2013-14 ORIGINAL BUDGET	2013-14 REVISED ESTIMATE
\$'000		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
675	Cash and cash equivalents	650	(2,772)
1,149	Trade & other receivables	1,149	1,149
40	Inventories	40	40
-	Other Financial Assets	-	-
<u>1,864</u>	TOTAL CURRENT ASSETS	<u>1,839</u>	<u>(1,583)</u>
NON-CURRENT ASSETS			
248	Financial Assets	158	158
-	Other Non-current Assets	-	-
<u>194,011</u>	Infrastructure, Property, Plant & Equipment	<u>198,114</u>	<u>202,376</u>
<u>194,259</u>	TOTAL NON-CURRENT ASSETS	<u>198,272</u>	<u>202,534</u>
<u>196,123</u>	TOTAL ASSETS	<u>200,111</u>	<u>200,951</u>
LIABILITIES			
CURRENT LIABILITIES			
1,116	Trade & Other Payables	1,116	1,116
356	Borrowings	356	356
<u>1,723</u>	Short-term Provisions	<u>1,723</u>	<u>1,723</u>
3,195	TOTAL CURRENT LIABILITIES	3,195	3,195
NON-CURRENT LIABILITIES			
3,618	Long-term Borrowings	7,606	7,606
257	Long-term Provisions	257	257
<u>3,875</u>	TOTAL NON-CURRENT LIABILITIES	<u>7,863</u>	<u>7,863</u>
<u>7,070</u>	TOTAL LIABILITIES	<u>11,058</u>	<u>11,058</u>
<u>189,053</u>	NET ASSETS	<u>189,053</u>	<u>189,893</u>
EQUITY			
48,060	Accumulated Surplus	47,897	52,274
131,574	Asset Revaluation Reserve	131,574	131,574
9,419	Other Reserves	9,582	6,045
<u>189,053</u>	TOTAL EQUITY	<u>189,053</u>	<u>189,893</u>

STATEMENT OF CHANGES IN EQUITY

2012-13 ACTUAL \$'000		2013-14 ORIGINAL BUDGET \$'000	2013-14 REVISED ESTIMATE \$'000
	ACCUMULATED SURPLUS		
52,707	Balance at end of previous reporting period	48,060	48,060
-704	Net Result for Year	0	840
8	Transfer From Reserves	105	3,642
-3,951	Transfer To Reserves	-268	-268
48,060	BALANCE AT END OF PERIOD	47,897	52,274
	ASSET REVALUATION RESERVE		
131,574	Balance at end of previous reporting period	131,574	131,574
0	Gain on revaluation of infrastructure, property, plant & equipment	0	0
0	Transfer to Accumulated Surplus on sale of infrastructure, property, plant & equipment	0	0
131,574	BALANCE AT END OF PERIOD	131,574	131,574
	Long Service Leave		
724	Balance at end of previous reporting period	724	724
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	-105	-105
724	BALANCE AT END OF PERIOD	619	619
	Off Street Car Park		
267	Balance at end of previous reporting period	267	267
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
267	BALANCE AT END OF PERIOD	267	267
	Plant Replacement		
1,561	Balance at end of previous reporting period	1,561	1,561
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
1,561	BALANCE AT END OF PERIOD	1,561	1,561
	Lady Nelson Park Development		
6	Balance at end of previous reporting period	6	6
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
6	BALANCE AT END OF PERIOD	6	6
	Asset Replacement		
1,296	Balance at end of previous reporting period	1,296	1,296
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
1,296	BALANCE AT END OF PERIOD	1,296	1,296
	Land Division - Outstanding Work		
232	Balance at end of previous reporting period	232	232
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
232	BALANCE AT END OF PERIOD	232	232
	Downstream Drainage		
61	Balance at end of previous reporting period	116	116
55	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
116	BALANCE AT END OF PERIOD	116	116
	Work In Progress		
0	Balance at end of previous reporting period	3,537	3,537
3,537	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	-3,537
3,537	BALANCE AT END OF PERIOD	3,537	0
	City Centre Improvement		
688	Balance at end of previous reporting period	688	688
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
688	BALANCE AT END OF PERIOD	688	688
	Major Capital Works		
482	Balance at end of previous reporting period	482	482
0	Transfer to reserve from accumulated surplus	0	0
0	Transfer from reserve to accumulated surplus	0	0
482	BALANCE AT END OF PERIOD	482	482
	Reserve Funds Total		
0	Balance at end of previous reporting period	0	0
0	Transfer to reserve from accumulated surplus	268	268
0	Transfer from reserve to accumulated surplus	0	0
0	BALANCE AT END OF PERIOD	268	268

Mount Gambier Cemetery Trust

107 Balance at end of previous reporting period
359 Transfer to reserve from accumulated surplus
0 Transfer from reserve to accumulated surplus
466 **BALANCE AT END OF PERIOD**

466
0
0
466

Junior Sporting Foundation

52 Balance at end of previous reporting period
0 Transfer to reserve from accumulated surplus
-8 Transfer from reserve to accumulated surplus
44 **BALANCE AT END OF PERIOD**

44
0
0
44

189,053 **TOTAL EQUITY AT END OF REPORTING PERIOD**

189,053 **189,893**

UNIFORM PRESENTATION OF FINANCES

2012-13 ACTUAL \$'000		2013-14 ORIGINAL BUDGET \$'000	2013-14 REVISED ESTIMATE \$'000
22,452	Income	22,748	23,119
(22,153)	less Expenses	(22,775)	(23,311)
<u>299</u>	Operating Surplus / (Deficit)	<u>(27)</u>	<u>(192)</u>
	Less Net Outlays on Existing Assets		
5,010	Capital Expenditure on renewal and replacement of Existing Assets	3,850	7,462
(5,662)	less Depreciation, Amortisation and Impairment	(6,232)	(6,232)
(212)	less Proceeds from Sale of Replaced Assets	(224)	(224)
<u>(864)</u>		<u>(2,606)</u>	<u>1,006</u>
	Less Net Outlays on New and Upgraded Assets		
1,022	Capital Expenditure on New and Upgraded Assets	6,709	7,359
(835)	less Amounts received specifically for New and Upgraded Assets	(27)	(1,032)
<u>-</u>	less Proceeds from Sale of Surplus Assets	<u>-</u>	<u>-</u>
<u>187</u>		<u>6,682</u>	<u>6,327</u>
976	Net Lending / (Borrowing) for Financial Year	(4,103)	(7,525)

NOTE TO UNIFORM PRESENTATION OF FINANCES STATEMENT

The Local Government Association's General Meeting in March 2006 resolved that Council budgets include a high level summary of both operating and capital investment activities prepared on a uniform and consistent basis, thereby enabling more meaningful comparisons between councils.

It is also intended that annual financial statements and long-term financial plans be summarised on the same basis.

The Uniform Presentation of Finances table includes a measure known as "net lending / (borrowing)" as the bottom line (prepared on a standard and consistent basis by all SA Councils).

Net Lending / (borrowing) is a 'flow' measure that takes account of both operating and capital activities for the financial year. Achieving a zero result on the net lending / borrowing measure in any one year essentially means that Council has met all of its expenditure (both operating and capital) from the current year's income.

**CITY OF MOUNT GAMBIER
BUDGET REVISION 2013/2014 - BR2**

FINANCIAL INDICATORS

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

2012-13 ACTUAL \$		2012-13 ORIGINAL BUDGET \$	2013-14 REVISED ESTIMATE \$
299	Operating Surplus	(27)	(192)
	Being the operating Surplus (Deficit before Capital Amounts)		
2%	Operating Surplus Ratio		
	<u>Operating Surplus</u>	(0%)	(1%)
	Rates - general & other less NRM levy		
	This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM Levy		
4,998	Net Financial Liabilities	9,101	12,523
	Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses)		
23%	Net Financial Liabilities Ratio	41%	55%
	<u>Net Financial Liabilities</u>		
	<u>Total Operating Revenue less NRM Levy</u>		
85%	Asset Sustainability Ratio	62%	120%
	<u>Net Asset Renewals</u>		
	<u>Depreciation Expense</u>		



Accountants, Auditors
& Business Consultants

2

15 October 2013

Laurie Galpin FCPA
David Chant FCPA
Simon Smith FCPA
David Sullivan CPA
Jason Seidel CA
Renaë 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 – END OF YEAR AUDIT 2012-13

We recently completed our final audit processes for the City of Mount Gambier. We thank the staff for their assistance during the audit.

While we assume no responsibility to design audit procedures to identify matters to report to you, we communicate any matters encountered during the course of our audit which we believe should be brought to your attention.

This does not mean that there are no other matters of which you should be aware in meeting your responsibilities, nor does this report absolve you from taking appropriate action to meet these responsibilities.

Our audit findings and recommendations are found on the following pages.

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

Yours sincerely,

Simon Smith FCPA Registered Company Auditor
Partner

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City of Mount Gambier – Audit Findings 2013

Area	Nature of findings	Risk	Recommended action
Annual Leave Balances	<p>As at 30 June 2013, there were 3 staff members whose annual leave balance was greater than 8 weeks, which is the maximum allowed at any one time according to Council policy.</p> <p>This issue has been raised in previous management letters and we have noted a significant improvement in this area.</p>	<p>The taking of leave by staff is an important internal control. The absence of a requirement for staff to take leave regularly provides an opportunity for the concealment of fraud or other inappropriate activity and increases the likelihood that errors will remain undetected.</p> <p>Accruing annual leave over long periods of time also has a financial impact, as employee's hourly rates become higher than when the leave was originally accrued. Furthermore, where employees do not access their annual leave entitlements on a regular basis there is an increased risk of occupational health, safety and welfare issues arising.</p>	Continue to actively monitor leave balances. Staff should be required to take leave on a regular basis.
Accounts held in trust	Reports reconciling funds held on behalf of the Cemetery Trust, Christmas Parade & Mayor's Christmas appeal were not signed as reviewed.	In the absence of appropriate review processes, errors or inappropriate transactions may not be detected in a timely manner. This is particularly important given the nature of the funds ie funds held in trust or for special purposes.	Reconciliation of cash funds should be signed by both the preparer and a reviewer.

City of Mount Gambier – Audit Findings 2013

Immaterial uncorrected misstatements

Auditing standards require us to advise of immaterial uncorrected misstatements. In these cases, we did not request adjustments to the financial statements. Dollar values listed are approximations based on our audit sampling. The following immaterial uncorrected misstatements were present:

➤ NIL

All adjustments that we did request were processed by staff.

Risk Management Framework – Update – March 2014

4

The development of Council's Risk Management Framework is itself a holistic exercise that at its core involves the gradual cultural shift of the organisation to incorporate risk awareness as a natural part of its daily activities, rather than a standalone policy/procedural document attempting to act as a 'coverall' that incorporates all of Council's risk activities.

Notwithstanding this, in reviewing various risk related activities, tools and documents across the organisation the Draft Risk Management Framework and Flowchart diagrams that have previously been presented (Attachments A, B & C) are to be continually reviewed and updated to eventually act as a Risk Management guide, to be incorporated into Council's induction and refresher training.

The following update is provided on the current status of the various identified components in the Draft Risk Management that comprise Council's Risk Management Framework.

Legislation

Various legislative changes have occurred in the last half of 2013 and early 2014, including:

- introduction of the Independent Commissioner Against Corruption (ICAC) Act and associated amendments to various Acts
- commencement of final provisions of the SA Public Health Act and associated Regulations
- changes to the Development Act and Regulations
- introduction and commencement of the Heavy Vehicle National Law (SA) Act
- introduction of the (Statutes Amendment) Fines Enforcement Recovery Act and associated amendments to the Expiation of Offences Act and Regulations
- introduction and commencement of the Community Housing Providers (National Law)(SA) Act
- changes to the Land and Business (Sale and Conveyancing) Act
- replacement of the Local Government (Procedures at Meetings) Regulations 2013

These and other minor legislative changes have resulted in a range of officers being involved in the review of delegations, sub-delegations and authorised officer appointments, and operational procedures and documents to ensure compliance with the various changes.

Such changes provide both risks (associated with non-compliance) and an opportunity for review and improvement of processes and officer knowledge. This is consistent with the holistic vision that all officers be engaged in Risk Management as a part of all activities undertaken by Council.

Decision Making Structure

Following the review of Council's Committee Structure in 2012, only subtle refinements have been made to the agenda preparation/minuting process, including increased transparency in the presentation of tender evaluation/selection items, and an amended format/presentation of in-confidence items and the introduction of a Confidential Items Register.

Continued attention to the Council decision making structure is expected, particularly after the 2014 Local Government Election in terms of reviewing Committee Terms of Reference and membership.

The formality of Management Executive Team and Senior Management Team meetings has continued to improve with regular business items bedded-in and maturity of agenda matter.

The presentation and keeping of Council/Committee and Administrative Agenda and Minutes will be subject to continuing review.

By-Laws

Council's By-Laws remain sound with remaining terms to 2018. No review or changes are anticipated in the immediate future.

Risk Management Framework – Update – March 2014

Policy/Procedures

The comprehensive review of Council Policies is well-underway and at the time of writing the February Council meeting is expected to endorse the revocation of some 55 Corporate & Community Services Policies, and similar expected of Operational Services in March 2014.

The remaining policies (approx 80) will continue to be reviewed on prioritised basis, including some relevant policies presented to Audit Committee for consideration.

As part of the Policy review a new policy template has been developed (refer Policy P195 – Community Consultation & Engagement). The new template contains additional reference to assist users in locating more information relating to the policy, including:

- File, Legislative, Strategic references
- Reference to other related policies, procedures, other documents
- Version control including responsible officer, revision dates, Council minute references

Each retained policy will be converted into this new format as reviewed.

Amongst the revoked policies are several containing matters relating to administrative processes that are to be converted into procedural documentation. This conversion process is expected to be ongoing as the revoked policy content is incorporated and continuously reviewed along with other administrative documentation.

Similar to the policy template, new standards/templates are also to be introduced for the purpose of ensuring consistency in procedural documentation, with similar links/references to other relevant documents or other sources of information.

A range of staff have been involved with the policy and subsequent procedural review, bringing about awareness of the

Delegations/Sub-Delegations/Authorisations

Council reviewed its (Head) Delegations to the Chief Executive Officer at its meeting on 17 December 2013, and a review of sub-delegations from the CEO to Officers has been undertaken for sub-delegations applicable from 18 December 2013.

Updated Delegations were been made in January 2014 as a result of the Heavy Vehicle National Law (SA) Act, and further updates are expected in March/April 2014 as a result of changes to the Expiation of Offences Act and Regulations and several other LGA delegation templates.

Also at its December 2013 meeting, Council reviewed and confirmed its Register of Statutory Resolutions and Appointments. This Register records both Council and CEO made appointments and authorisations to officers on a variety of matters including authorisation under Section 37 to enter into contracts and associated financial limits.

These authorisations have been updated to ensure coverage across the organisation to facilitate the introduction of Online Requisitions. Financial Authorisation Instruments and Notifications have been renewed to ensure that each relevant officer is aware of their financial limitations and other obligations including adherence to Council Policies relating to Contracting/Purchasing and Internal Controls.

Business Continuity Plan

Council's Business Continuity Plan is overdue for review since last being comprehensively reviewed in 2010. A Business Continuity Plan 'Health Check' is a core focus area for the Governance Officer in the first half of 2014, with a subsequent review to focus on any deficiencies identified.

Risk Management Framework – Update – March 2014

Strategic Management Plans

Council's strategic management plans are not formally due for review until the 2 year period following the November 2014 Local Government Election.

Strategic Plan – Beyond 2015

An interim desktop analysis of the Strategic Plan – Beyond 2015 is underway, and together with the outcomes of the City Development Framework will be a platform for the formal Strategic Plan review to be undertaken commencing in 2015.

Corporate Plan 2012

Council's Corporate Plan was adopted in August 2012, and has been included in the interim desktop review that is underway on the Strategic Plan – Beyond 2015

Long Term Financial Plan

The 2013 version of Council's Long Term Financial Plan was developed taking into account Council's 2012/13 Audited Financial Statement, 2013/14 Budget, 2012 Long Term Financial Plan and Infrastructure and Asset Management Plan. The 2013 LTFP was adopted at Council's December 2013 meeting and a community engagement process was undertaken through January 2014 to obtain feedback on the plan.

Infrastructure & Asset Management Plan

Council's 2008 Infrastructure & Asset Management Plan remains under review. Significant work has been undertaken in asset review to inform the update of infrastructure & Asset Management Plan, as evidenced in Operational Services Reports 1/2013 and 2/2014.

Performance Manager

The implementation of Council's Performance Manager system is well underway, incorporating KPI's and reporting on Council's Strategic Plan – Beyond 2015 and Corporate Plan 2012. Business Unit Plans have also been developed for each workgroup to better align activities with Corporate and Strategic Plan Goals & Objectives and assist with improving the recording/reporting process.

The reporting functionality associated with Performance Manager will provide a feedback loop enabling Council's performance against its goals and objectives to be reviewed and better inform its decision making and the future review and development of strategic management plans.

Code of Conduct

Council's own Member and Employee Code of Conduct Policies have become redundant with the gazettal of industry wide (and compulsory) Member and Employee Codes of Conduct in August 2013 (Member) and February 2014 (Employee).

At the time of writing, it is anticipated that the Council will revoke its former Member and Employee Codes of Conduct at its 18 February 2014 Council meeting. The earlier report (CCS80/2013) relating to these proposed that any relevant provisions of these redundant policies be incorporated into a Human Resources Code of Practice (Employees) and a Code of Practice for Handling Complaints Against Members.

Project/Prudential Management/CHAT

Further work is required in the area of project and prudential management, in both the initial assessment of projects/proposals and the subsequent management of adopted projects.

A revised draft Prudential Management Policy is to be presented to Council for adoption in 2014, to provide direction and guidance to the Administration in the preliminary assessment and Council reporting/presentation requirements for significant and minor proposal alike.

The development and implementation of Council's CHAT (Comprehensive Holistic Assessment Tool) provides both an initial introduction to the concepts and reporting requirements associated with the Prudential Management Policy and also a continuing and adaptable recording, assessment and reporting tool to be used in conjunction with the policy.

Risk Management Framework – Update – March 2014

Work, Health & Safety/Induction/Training (Elected/Committee members, Officers, Volunteers)

Significant groundwork has been undertaken in identifying the scope and potential streamlining to meet the needs of induction and training needs of Officers and Volunteers, including exploring opportunities to ensure regional access/delivery of training programs/needs shared by neighbouring/SELGA Councils.

Further work is to be undertaken as part of the preparatory arrangements for the 2014 Local Government Election to develop an induction/training program for newly elected/continuing Members, as well as for a mid-term Member training program to be undertaken in 2016/17.

A significant focus of the development of a documented 'Risk Management Framework' is to provide a source of Council wide information for both new inductees (Officers/Volunteers/Members) and existing Officers, Members and Volunteers, to provide an overview of the extensive tools and processes in place for risk management.

Emergency Management Procedure

Council has adopted the LGA 'One System' template '*Emergency Management*' (Administrative) Policy and has developed a corresponding Emergency Management Procedure. Emergency Management is a continuing agenda item on Council's WHS and Senior Managers meeting agendas.

Registers

Community Land Management Plans

Council has over 400 Community Land Management Plans comprising its 'Community Land Register'. Each CLMP is contained in the Electronic Records Management System (TRIM), is listed in an Index document and a hardcopy is maintained for viewing purposes and held in the Director Operational Services office.

Delegations/Sub-Delegations/Appointments/Authorisations

Council's Delegations to the CEO, sub-delegations, appointments and authorizations have been incorporated into an Excel spreadsheet and Word template documents in Council's Electronic Records Management System (TRIM). It is intended to be further developed into an Access database to assist with their regular management.

Original signed sub-delegation, appointment and authorization documents are maintained in a 'Register' folder in Council's Strong Room, together with copies of current Head Delegation documentation. A hardcopy is also retained in the Governance Officer's office.

Leases

An Access database containing all properties that are leased/licensed by Council to others (and also properties that are leased/licensed from others by Council) has been developed and recorded in Council's Electronic Records Management System (TRIM). Current functionality is limited to lease/licence start/end dates. Further development is planned in 2014 to incorporate renewal terms, lease fees & rent reviews. Subsequent development is to be aimed toward automating workflows for regular matters (eg insurance renewals) and integration with the ERMS(TRIM).

Gifts & Benefits

In accordance with the gazette Member and Employee Codes of Conduct, an electronic record has been developed within Council's Electronic Records Management System for the purpose of keeping and reporting on Gifts and Benefits received. A report is run quarterly for the purpose of publishing on the Council website any gifts or benefits received that exceed the gazette value of \$100.

Conflict of Interest

During 2013 a Conflict of Interest Protocol has been developed and rolled out (to Regulatory Services officers in the first instance) to notify staff of their obligations under Section 120 of the Local Government Act 1999 to declare conflicts of interest. A Register

Risk Management Framework – Update – March 2014

Volunteers

Significant work has been undertaken during 2013 to identify deficiencies and improve Council's induction, training and management of Volunteers in a consistent manner. Community Services & Development Division have undertaken an internal audit of all current and future volunteer requirements and have met with Human Resources Manager to discuss steps forward.

Further work is required toward the development of a useful Volunteer Register and/or management system that can be of value throughout the organisation as a whole.

Contract/Contractors

Council's current Contract/Contractor Management Register relies on both an Excel Spreadsheet and records contained in Council's electronic Records Management System. Significant work was undertaken during 2013 to update small works contracts, including licences and insurances.

Significant further work is anticipated following the next upgrade of Council's Corporate System (Civica) which includes the introduction of a Contracts module, allowing integration across the organisation including financial integration.

Public Roads

Council's Public Road Register is contained electronically within Council's Authority and GIS mapping system Exponare.

Risk & Hazard Register

Significant work has occurred throughout 2012 and 2013 toward the further development of a comprehensive Risk and Hazard Register. The Register is maintained in Excel Spreadsheet form in Council's Electronic Records Management System.

Procurement/Contracting

The development of Contract/Contractor Management and Leasing databases have been separately referenced above under heading of 'Registers'. Similarly, authorisation to enter into contracts and associated financial limitations are referenced above under the heading 'Delegations/Sub-Delegations/Authorisations'.

As per the recommendations arising from the Council Policy Review, Council Policies Q115 - Quotations & Tenders, C250 - Engagement of Consultants and Q115 - Competitive Tendering, Contracting, Purchasing and Disposal of Land and Other Assets are to be reviewed and merged into a single policy governing procurement and disposal.

The Administration considers the procurement policy to be amongst its highest priorities for policy review in 2014. Together with other work in Contract/Contractor Management and Online Requisition systems Council will have increased capacity to report/monitor and be more accountable in procurement activities.

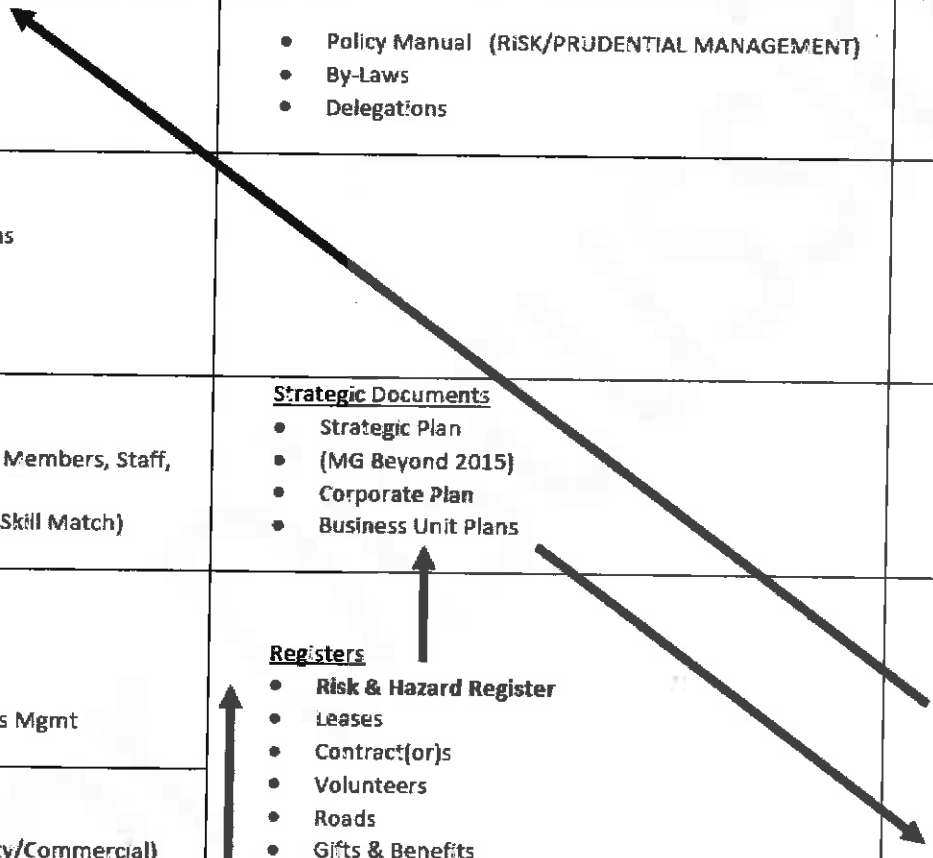
Facility Hire/Event Management

A significant amount of work has been undertaken in relation to Facility Hire and Event Management, particular with the separation and targeted focus on the Community Services and Development area. Both areas have seen improvements in process and documentation and cross organisational coordination to ensure that a range of related matters are pro-actively addressed. These include coordinated booking sites, consistent financial tracking, extended evaluation requirements and collaborative planning. It is anticipated that an organisational Events Manual will be produced by the end of 2014.

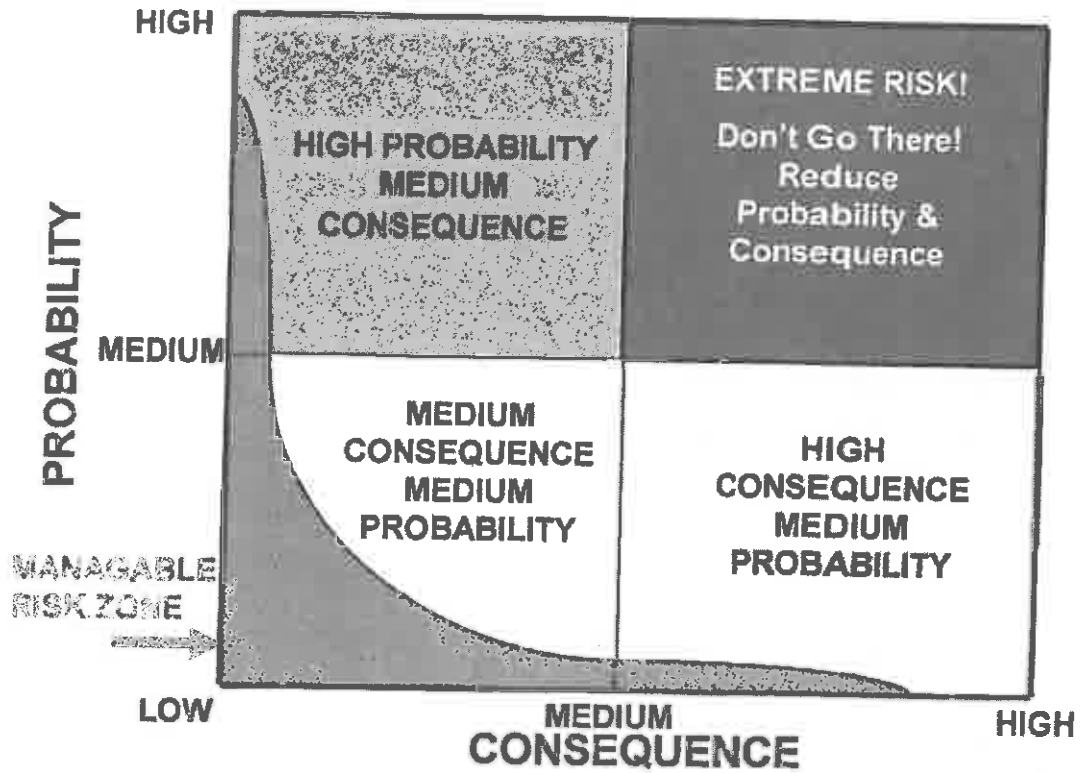
RISK MANAGEMENT FRAMEWORK

EXISTING TOOLS

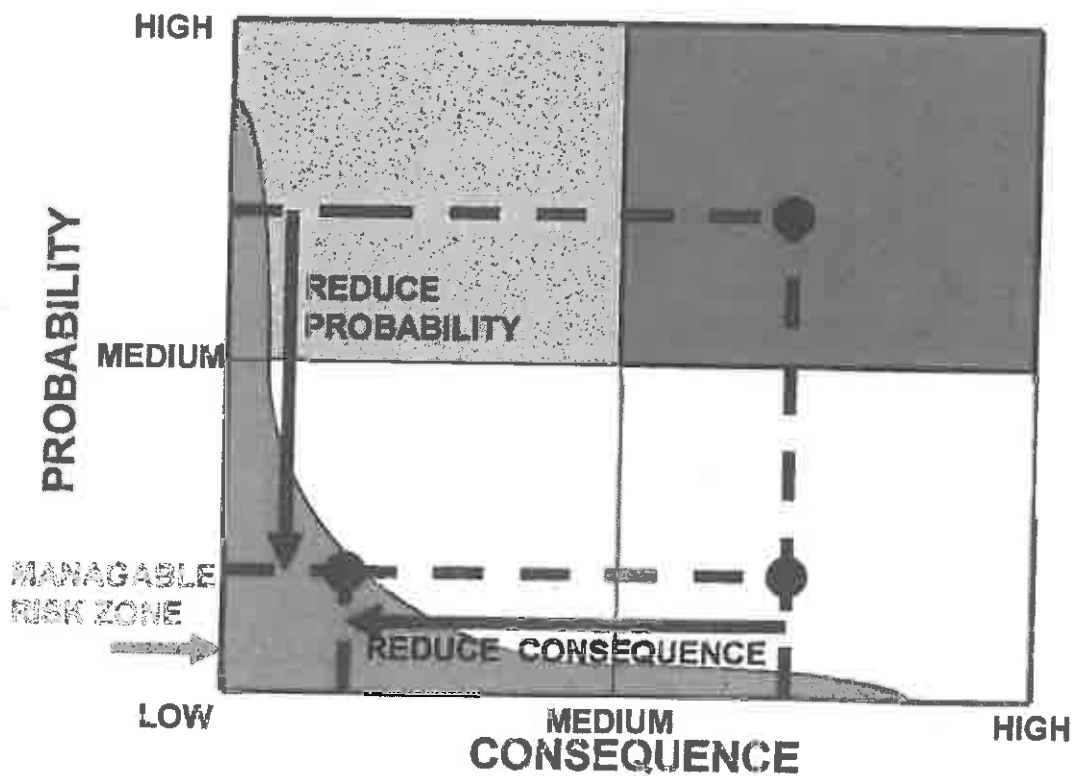
	<u>Legislation</u>	
<u>Decision Making Structure</u> <ul style="list-style-type: none"> • Council/Committee Structure • Mgmt Executive Team • Senior Mgmt Team • Agenda/Reports/Minutes 	<ul style="list-style-type: none"> • Policy Manual (RISK/PRUDENTIAL MANAGEMENT) • By-Laws • Delegations 	<ul style="list-style-type: none"> • Business Continuity Plan • Emergency Mgmt Procedure • Climate/Extreme Weather
<ul style="list-style-type: none"> • Administration Policy • Sub-delegations/Authorisations • Procedures/Guides/Checklists • (Standards/Templates) 		<u>Financial</u> <ul style="list-style-type: none"> • Long Term Financial Plan • Budget • Budget Reporting/Review • Financial Delegations • Internal Controls
<ul style="list-style-type: none"> • Code of Conduct • Work, Health Safety • Induction (Elected/Committee Members, Staff, Volunteers) • Training (Needs Analysis/Plan/Skill Match) 	<u>Strategic Documents</u> <ul style="list-style-type: none"> • Strategic Plan • (MG Beyond 2015) • Corporate Plan • Business Unit Plans 	<ul style="list-style-type: none"> • Annual Report • Asset/Infrastructure Plans (Roads/Bldg etc) (inspections/Maintenance) • Community Land Mgmt Plans
<ul style="list-style-type: none"> • Project Management • Prudential Management • CHAT Tool • Recording/Reporting/Review • Mechanisms Corporate Records Mgmt 	<u>Registers</u> <ul style="list-style-type: none"> • Risk & Hazard Register • Leases • Contract(or)s • Volunteers • Roads • Gifts & Benefits • Interests (Conflict of) 	<ul style="list-style-type: none"> • Audit • Legal Advice • Key Performance Indicators • Reporting/Review • LGA Risk Review • Good Governance
<u>Procurement/Contracting</u> <ul style="list-style-type: none"> • Contract(or) Management • Lease Management (Community/Commercial) • Facility Hire • Event Management • (Procedures/Conditions/Indemnity/Insurances) 		<ul style="list-style-type: none"> • Performance Mgmt System (Layered KP's/Reporting) • COMPLIANCE (Regulatory & corporate)



A SIMPLE RISK MANAGEMENT MATRIX



A SIMPLE RISK MANAGEMENT MATRIX





5

TO: MAYOR PERRYMAN (EX OFFICIO)
DONALD CURRIE (PRESIDING MEMBER)
CR ANDREW LEE
JEROEN ZWIJNENBURG
SIMON SMITH, PARTNER, GALPINS
Email: simon@galpins.com.au
CHIEF EXECUTIVE OFFICER
DIRECTOR - CORPORATE SERVICES
DIRECTOR - OPERATIONAL SERVICES
FINANCE MANAGER

CC: ALL MEMBERS

REF: AF11/863

RE: **INTERNAL FINANCIAL CONTROLS PROCESS - UPDATE**

What is internal financial control?

Internal financial control is a risk management framework that manages the risk to the organisation from error or fraud and therefore assists in the achievement of a Council's activities. A system of internal controls will not remove all risk but is a means of managing risk and reducing the likelihood and consequence of adverse events.

Review process

In June 2013 representatives from the SELGA Council's met to discuss a co-ordinated approach to the pending implementation of Internal Controls from 1 July 2014. It was agreed to use the Deloitte's Better Practice Model that was published in April 2012 as the basis for our approach.

Each Council would be responsible for a Risk Category and would then review and document each process covered by that activity. In total there are ninety three risks that are required to be reviewed as per Attachment 1. We have been meeting on a regular basis to review the progress made by each Council for their allocated task. Tasks that have already been completed are marked accordingly.

Simultaneously, we are also collaborating with DC Grant to risk assess each internal control with the aim to:-

- Examine current procedures;
- Identify key risks threatening the achievement of Council's objectives;
- Identify existing internal financial controls
- Assess current controls for effectiveness
- Identify any new controls needed as well as existing controls requiring adjustment
- Identify relevant officers for each internal control

This is consistent with the advice provided by the LGA's Information Paper 21 on Internal Financial Controls revised in October 2013 as per Attachment 2.

Once our reviews have been completed Council will need to formally adopt the template drawn up by the SELGA group.

We are anticipating that the outstanding Business Processes will be reviewed and completed by May 2014.

For your information.

Gary BUTTON
FINANCE MANAGER

18th March, 2014
GPB

Attachment 1

Risk Category	Business Process	No of Risks	Council
Strategic Financial Planning	<ul style="list-style-type: none"> • Budgets • General Ledger • Statutory Reporting • Management Reporting 	11	Grant
Assets	<ul style="list-style-type: none"> • Cash Floats & Petty Cash • Banking • Investments • Debtors • Inventory • Prepayments • Fixed Assets • Project Costing • Loans/Grants to Clubs/Community Groups 	8 20	Wattle Range
Liabilities	<ul style="list-style-type: none"> • Accounts Payable • Accrued Expenses • Borrowings • Employee Provisions • Taxation 	16	Naracoorte/ Lucindale
Revenue	<ul style="list-style-type: none"> • Rates/Rate Rebates • Grants • User Pay Income – Fee for Service • Investment / Interest Income • Receipting • Other Revenue 	14	Mt Gambier
Expenses	<ul style="list-style-type: none"> • Purchasing & Procurement • Payroll • Elected Members' Expenses • Credit Cards • Employee Reimbursements • Other Expenses 	22	Tatiara
External Services	<ul style="list-style-type: none"> • Contracting 	2	Robe
	Total	93	

Attachment 2



Local Excellence

Councils Working Together for Communities

Financial Sustainability

Information Paper 21

Internal Financial Controls

Revised October 2013



Introduction

This Information Paper is one of a series of Information Papers about Financial Sustainability and Financial Governance in Local Government.

The series of Information Papers was originally published in 2006 to 2011 as part of the Financial Sustainability Program. The history of that program and a complete list of Information Papers and other resources, including a glossary of terms and abbreviations, is provided on the LGA's "Financial Sustainability" web page: <http://www.lga.sa.gov.au/goto/fsp>.

The entire series of Papers was revised in early 2012 to take account of legislative changes and other developments. These Papers are addressed to, and written primarily for the benefit of Council Members and staff, but they are also available as a resource for the general public and students of Local Government. This paper was further revised in October 2013.

Background

Internal controls cover areas including strategic management, business development, project management and finance. This paper is limited to internal financial controls, designed to assist the organisation in addressing risk of fraud and error and improving reliability of financial reporting and compliance with laws, regulations and policies. It focuses on Councils' financial processes and functions that deal with budgeting, financial reporting, transaction processing, financial delegations, treasury management, infrastructure management etc.

The purpose of this information paper is to provide a practical approach to assist Councils when they are reviewing and developing their internal financial controls. It presents:

- an implementation methodology;
- an action plan to implement changes to controls;
- a review process for key internal financial controls; and
- a template 'Model Policy on Internal Financial Control'.

This paper should be read in conjunction with other LGA Financial Sustainability Information Papers which highlight the increasing demands on Councils and the importance of efficiently managing the delivery of services. See: <http://www.lga.sa.gov.au/goto/fsp>.

What does legislation require?

The *Local Government Act 1999* ("the Act") and the *Local Government (Financial Management) Regulations 2011* ("the Regulations") specify roles for:

- Councils (implementing and maintaining); and
- Audit Committees (reviewing the adequacy); and
- external auditors (considering the adequacy); and the
- chief executive officer and principal Member (certifying the adequacy);

of internal controls.

Section 125 of the Act provides:

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

Section 126 (4) (c) of [the Act](#) identifies one of the functions of an Audit Committee as:

“reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.”

Section 129 (1) (b) of [the Act](#) requires the auditor to audit:

“the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.”

Section 129 (3) (b) of [the Act](#) requires the auditor to provide:¹

“an audit opinion as to whether the controls audited under subsection (1)(b) are sufficient to provide reasonable assurance that the financial transactions of the council have been conducted properly and in accordance with law.”

Regulations 14 (e) of [the Regulations](#) requires the chief executive officer and the principal member of the Council and the chair of the board of management of a Council subsidiary or regional subsidiary to sign a statement, certifying that:

“internal controls implemented by the council, council subsidiary or regional subsidiary (as the case may be) provide a reasonable assurance that its financial records are complete, accurate and reliable and were effective throughout the financial year.”

Regulation 19 (1) (b) of [the Regulations](#) requires that:

“an audit of the internal controls of a council referred to in section 129(1)(b) of the Act must be carried out in accordance with the Australian Standards on Assurance Engagements published (and amended from time to time) by the Auditing and Assurance Standards Board established under the Australian Securities and Investment Commission Act 2001 of the Commonwealth.”

Regulation 19 (3) of [the Regulations](#) provides:

“in forming an opinion for a council under section 129(3)(b) of the Act, the auditor must assess the internal controls of the council referred to in section 129(1)(b) of the Act based on criteria in the Better Practice Model – Internal Financial Controls.”

What is internal financial control?

Internal financial control is a risk management framework that manages the risk to the organisation from error or fraud and therefore assists in the achievement of a Council's objectives. A system of internal financial controls will not remove all risk but is a means of managing risk and reducing the likelihood and consequence of adverse events.

Internal financial control will be instrumental in:

- safeguarding Council assets;
- ensuring reliability of both financial and non-financial reporting;

¹ Transitional provisions in the [Local Government \(Accountability Framework\) Amendment Act 2009](#) provided a period of grace before auditors had to comply with the requirements to audit, and to provide an opinion on, internal financial controls. For most Councils, the requirement to have an auditor provide an opinion on internal financial controls is not mandatory until the audit of the 2015-16 financial year. For 17 “prescribed” (i.e. metropolitan) Councils, an auditor’s opinion on internal financial controls must have been provided no later than the audit of the 2012-13 financial year, unless the Council sought and obtained a Ministerial exemption for a 12-month extension of time.

- complying with legislation and Council policies; and
- promoting the effectiveness and operational efficiency of Council.

A sound system of internal financial control is essential for a Council to ensure that its resources are allocated in the most appropriate manner to ensure that operational and financial objectives are being met and to comply with the accountability provisions of the Act. The benefits of a coordinated, systematic approach to risk management² include:

- Council Members, the Audit Committee and senior management having a clear view on key risks facing the Council;
- agreement across Council Members, the Audit Committee and senior management on the priorities to manage the key risks;
- controls operating effectively to reduce risks to an acceptable level;
- cost-savings through an efficient controls environment; and
- Council being confident that its administration is operating effectively.

It is important that an internal control system addresses:

- adequate separation of duties in the financial operations;
- independent checks of changes to key master data files;
- regular key reconciliations (e.g. reconciliation of bank account balance to amount showing in general ledger) which are independently reviewed; and
- documentation and distribution of policies and procedures for all major activities.

Internal financial control framework

In 2002 the [SA Local Government Financial Management Group](#) (SALGFMG) commissioned [Deloitte Touche Tohmatsu](#) (Deloitte) to develop a '*Best Practice Manual - Internal Financial Controls*'.³ This 2002 Deloitte manual was put into use by only 20% of Councils. The low take-up rate most likely was because the system did not support dynamic management of the controls.

More recently, SALGFMG worked with [Deloitte](#) to develop both:

- a new refined database or "framework" of internal financial controls; and
- a web-based system for managing that framework, which provides the ability to assess control activities, develop improvement plans and review, consolidate and analyse results on a real time basis.⁴

In the latter half of 2011 the [SALGFMG](#) (funded by the LGA) arranged for a group review of the internal financial controls of three pilot Councils, with the objective of identifying a feasible strategy to speed up the review of internal controls throughout Local Government. The review was considered by the three Councils to have been successful. It demonstrated that the proposed new framework was viable for Councils

The framework, since reviewed by [SALGFMG](#), was then incorporated into the "2012 SALGFMG *Better Practice Model – Internal Financial Controls*" ("2012 BPM"). It includes both 'core' controls and 'additional' controls. The 'core' controls are the more important controls and it is likely that

² Local Government Financial Sustainability Information Paper 22: '*Risk Management Framework*' at <http://www.lga.sa.gov.au/goto/fsp> encourages Councils to use a risk management approach consistent with the international risk management standards. Internal financial controls are an integral part of a Council's risk management framework.

³ The 2002 Deloitte manual is available at:

http://www.lga.sa.gov.au/webdata/resources/Files/Finance_Internal_Financial_Controls_Best_Practice_Manual_2002_pdf2.pdf

⁴ This system is known as *ControlTrack* (previously *Control Self Assessment System*)

external auditors will place greater significance on these controls when conducting their audit. However, a Council must also consider the 'additional' controls because generally these controls are necessary to reinforce the 'core' controls.

In 2013, at the request of the LGA, the SALGFMG (and with the support of the SA Local Government Auditors' Group) the State Government amended the Regulations so that the 2012 BPM is now mandated as the criteria by which Local Government auditors must assess the internal controls exercised by a council, before providing their formal opinion covering the adequacy of a council's internal controls.

Developing/reviewing internal financial controls

Whether or not a Council is intending to enter its internal controls into a web based system it will need to regularly review and document its current internal controls. The framework within the 2012 BPM has approximately 380 internal financial controls spread over 31 business activities. Reviewing this many controls may seem a daunting task to a Council. However, in practice, most Councils already have the majority of these controls in place, without being documented. The number of controls that would require action at any point in time would be relatively small.

The following sets out a step by step process to assist Councils that may be reviewing (or developing) their internal controls:

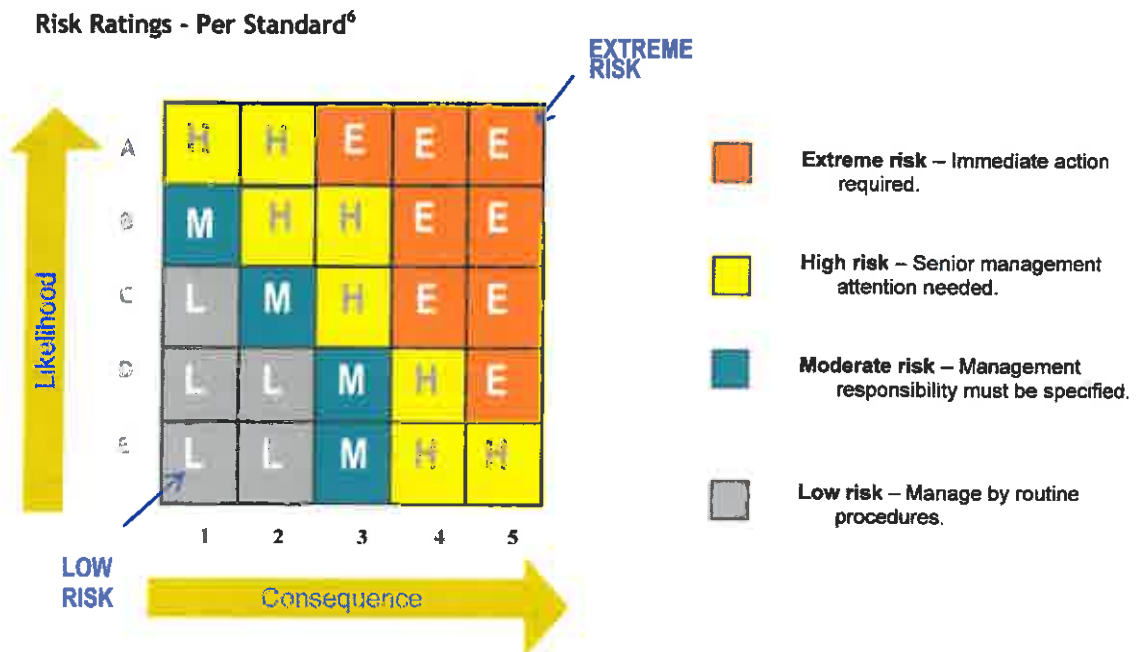
1. Formally adopt (preferably by Council resolution, to remove any doubt) the 2012 BPM as the base document by which internal financial controls will be implemented and maintained;
2. Identify problems and risks that have been raised by the external auditor, Audit Committee, Council staff etc and which should be addressed by internal financial controls;
3. Consult with staff and Council Members regarding the objective of the review and provide an outline of the process - ensure that the senior management team is kept informed of progress;
4. Identify officers responsible for each of the 31 business activities and arrange for them to participate in the review;
5. Undertake an internal financial controls review for each of the 31 business activities to;
 - examine current procedures;
 - identify key risks threatening the achievement of Council's objectives;
 - identify existing internal financial controls;
 - assess current controls for effectiveness;
 - identify any new controls needed as well as existing controls requiring adjustment;
 - identify relevant officers for each internal control.

The review should not be seen as an audit of past transactions. Its objective is to identify, evaluate and document existing internal financial controls and recommend changes and/or new internal controls where necessary;

6. Consistent with the 2012 BPM, establish a database of internal controls in accordance with the hierarchy presented at Attachment 2;
7. Consistent with the example in Attachment 1, the following detail should be recorded for each internal financial control:

Number:	Identification number of internal control for each risk
Description of Control:	Description of the internal financial control
Current Situation:	Current situation in regard to each internal control
Target Date:	Target date allocated to the implementation of the control
Responsible Officer:	Responsible officer for each internal control
Checking Officer:	Checking officer and/or if the internal control is included in the 'Spot Check' process (refer below in the Review Process)

- For each risk identified an assessment of its likelihood and consequence should be undertaken according to the classifications included in Attachment 3 (Note: These measures need to be tailored to meet the needs of an individual Council);
- The final inherent risk is determined by using the two ratings above and applying these to the table below to identify overall risk as L (low); M (moderate); H (high); or E (extreme).



Attachment 1 sets out an example of a business risk analysed according to the approach outlined above. The assessment process should not be considered to be an exact science however there is value in allocating time to considering the likelihood and consequence of each risk.

The strategy above may be implemented by Councils' own staff or by external consultants. However, regardless of who undertakes this work, it is important that the risks to Council are kept in mind and necessary internal controls, even if they are unpopular, are recommended. Resources required to implement new internal controls should be considered and an assessment of these costs against the ensuing benefits from the internal control should be made.

Plan of action

An outcome of an internal financial controls review will be a list of controls for implementation or refinement. It is likely that all staff will be affected by the internal financial controls, not just finance staff. To ensure these controls are actioned and the Council receives the full benefit of the review it is important that Council's senior management team drives the process.

In order to implement these controls Council should prepare an action plan (refer Attachment 4 for an extract example of a plan). The plan identifies the internal controls requiring action by each

staff member responsible for specific tasks, and includes deadlines for completion of each control. The controls which are most critical should be processed first and all timelines identified in the plan should be achievable.

The action plan should be agreed to by all staff members responsible for specific tasks and should be a regular agenda item to the senior management team and Audit Committee meetings, until all controls have been completed.

Following completion of the internal control review a council may decide to upload its controls into a web-based system such as the one developed by Deloitte or any other similar internal control system. By entering its controls and action plans into such a system the Council would set in motion an electronic review process at intervals of three, six or twelve months with automatic reports provided for senior management and the Audit Committee.

Review process

A council will need to factor in a review process. Business risks faced by Council can and do change and a critical element of any comprehensive internal financial control model is regular monitoring and/or review to ensure the internal financial controls remain effective and are functioning properly.

In order to maintain confidence in its internal financial controls, a Council should conduct regular spot checks on key or “core” controls. If spot checks are undertaken regularly the timing for a full review may be extended. Ideally an internal auditor would undertake such checks within an internal audit program but not all Councils have internal auditors. Alternatively a staff member responsible for specific tasks might be required to certify on a regular basis that the internal financial controls relating to his or her position are in place and are being observed.

When a full review is undertaken, the controls that will be subject to a ‘spot check’ should be identified (refer to the last column of the table in Attachment 1). These controls can be removed or new controls added at any time.

If new systems are introduced, or when staff leave the organisation and are replaced, it is essential that any internal financial controls that relate to that position are reviewed within the context of the new system, and/or with new officers.

What are the issues for Councils?

Elected Councils and Chief Executive Officers have a responsibility to ensure that the Councils’ operations are conducted in compliance with appropriate laws, regulations and standards.

An effective suite of internal controls is a vital tool for Elected Councils and Chief Executive Officers to ensure that they carry out their activities in an efficient, compliant, reliable and transparent manner. Effective internal controls help provide a reasonable assurance that Councils’ financial systems produce reliable information for reporting. Councils’ Audit Committees and external auditors take account of internal control practices when forming their advice and opinions.

Councils should establish and maintain a robust and wide-spread internal control regime throughout their organisation. These internal controls should:

- reflect a co-ordinated and systematic approach to risk management;
- be embraced by management and the responsible officers within the organisation;
- be consistently recorded within a whole-of-organisation framework;
- have an associated plan of action to ensure that the controls are correctly implemented;

- include procedures for reporting immediately any significant control failings or weaknesses that are identified together with details of corrective action being undertaken; and
- be subject to periodic review at a frequency appropriate for each control.

Councils should embrace the 2012 BPM to ensure a sound approach to the establishment and maintenance of their internal control framework and strongly consider moving to a web-based system which enhances the manageability of internal controls. The above approach should be embedded in the operations of the Council and form part of its culture.

Acknowledgements

The contribution of Mr Cleve Coyle of Coyle Consulting Services in the preparation of this paper is acknowledged. The development of this information paper has been assisted by funding from the Federal Government's Local Government Reform Fund and the Local Government Research and Development Scheme.

EXAMPLE OF A BUSINESS ACTIVITY RISK - ACCOUNTS PAYABLE

Risk No. 1: Accounts payable amounts are either inaccurately recorded or not recorded at all.

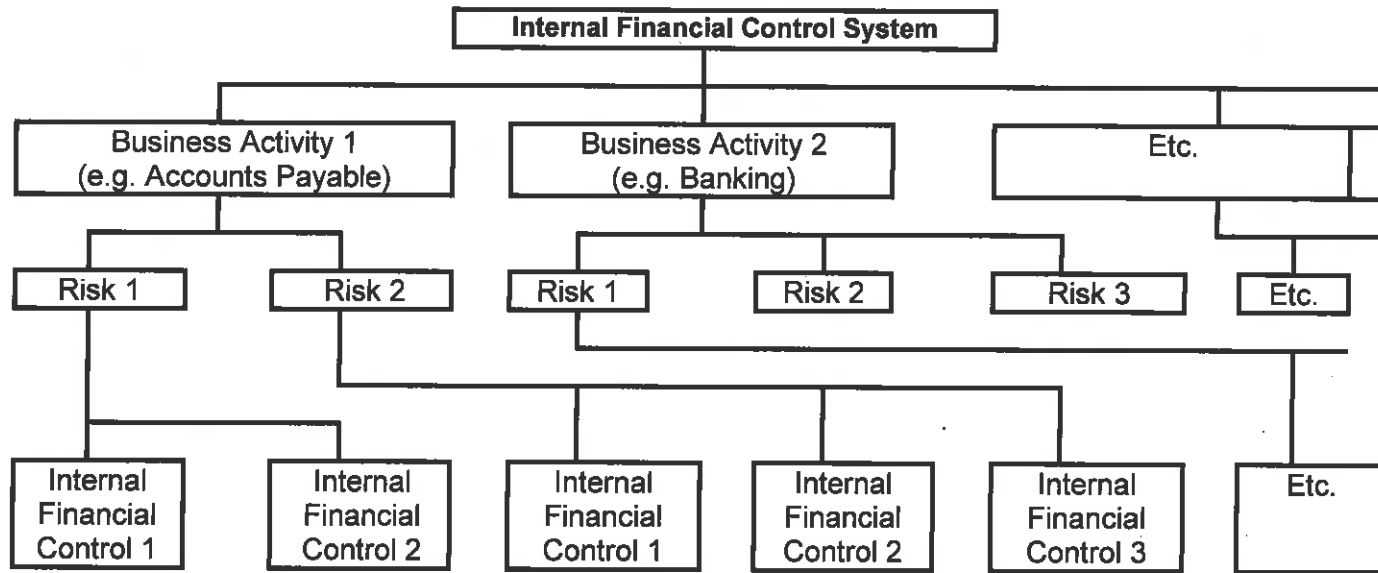
- If invoices are not entered accurately (e.g. amounts posted to incorrect creditors), accounts payable will be misstated, as will the relevant expense, inventory, or asset accounts. Also, erroneous payments may be made to vendors.
- If amounts posted to accounts payable do not represent goods or services received (due to invalid delivery address on purchase order), unauthorised payments might be made and the organisation might incur a financial loss.
- If accounts payable amounts are not recorded at all, accounts payable will be understated, as will the related inventory, expense, or asset accounts. Also, supplier payments will not be made, which may damage supplier relationships.

No	Description of Control	Current Situation	Target Date	Responsible Officer	Checking Officer
1	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated.	Supplier statements are reconciled monthly as are the control accounts in the creditors system.	Monthly	Accounts Officer	
2	Actual expenditures are compared to budget regularly. Management reviews and approves significant variances.	Comparisons are made at the time of budget reviews.	Quarterly	All Managers	
3	Creditors batch listing is checked by independent officer prior to cheque (or EFT) generation for accuracy and credit note verification.	A batch listing report and supporting documentation is available for checking. Checking is required prior to EFT. When a checking officer checks the batch he/she should sign as confirmation that details have been checked.	Continual	Chief Executive Officer, Senior Finance Officer, Finance Officer, Manager Community Services, Manager Infrastructure	Spot Check
4	Invoices for services received are authorised and accompanied by appropriate supporting documentation.	Current practice.	Continual	Officers within Delegations of Authority	Spot Check

5	Where there are variances between Purchase Orders and Invoices, processing is suspended and released by Senior Finance Officer only after verification by the responsible officer.	Invoices are referred back to the relevant Manager for advice prior to processing.	Continual	All Managers	
6	Goods and/or services received are matched on-line or manually with purchase order details and/or invoices.	Goods received are matched manually with purchase orders.	Continual	Accounts Officer	
7	Bank statements are reconciled to the general ledger regularly.	Bank statements are reconciled weekly.	Weekly	Finance Officer	Spot Check
8	Cheques are endorsed by authorised officers separate to the preparer who ensures that they are paid to the specified payee.	Current practice.	Continual	Chief Executive Officer, Senior Finance Officer, Manager Community Services, Manager Infrastructure	
9	Individuals who process electronic funds transfers are authorised by management.	Only certain authorised officers can process electronic funds transfers. The Accounts Officer and Payroll Officer prepare the EFT run and completion is required by a Checking Officer.	Continual	Accounts Officer, Payroll Officer	Chief Executive Officer, Senior Finance Officer, Manager Community Services, Manager Infrastructure

Risk Assessment – With All Controls			
Likelihood	Consequence	Rating	Accept
D	2	L	Y

Internal Financial Control Database Hierarchy



Internal Financial Controls

Likelihood and Consequence Classifications

Likelihood

A	Almost certain	Is expected to occur in most circumstances
B	Likely	Will probably occur in most circumstances
C	Possible	Might occur at some time
D	Unlikely	Could occur at some time
E	Rare	May occur only in exceptional circumstances

Consequence

1	Insignificant	<ul style="list-style-type: none"> • Impact on operating result of \$X • Loss of business capability/failure to meet customer needs for X days • No adverse public/staff reaction and negative publicity • No breach of legislation • No physical injuries
2	Minor	<ul style="list-style-type: none"> • Impact on operating result of \$X • Loss of business capability/failure to meet customer needs for X days • Minor adverse public/staff reaction and negative publicity • Minor breach of legislation • First aid treatment
3	Moderate	<ul style="list-style-type: none"> • Impact on operating result of \$X • Loss of business capability/failure to meet customer needs for X days • Moderate adverse public/staff reaction and negative publicity • Moderate breach of legislation • Medical treatment required
4	Major	<ul style="list-style-type: none"> • Impact on operating result of \$X • Loss of business capability/failure to meet customer needs for X days • Major adverse public/staff reaction and negative publicity • Major breach of legislation • Extensive injuries
5	Catastrophic	<ul style="list-style-type: none"> • Impact on operating result of \$X • Loss of business capability/failure to meet customer needs for X days • Extreme adverse public/staff reaction and negative publicity • Extreme breaches of legislation • Death

EXAMPLE – EXTRACT FROM ACTION PLAN

Senior Finance Officer

No.	INTERNAL CONTROL	ISSUES IDENTIFIED / COMMENTS	ACTION REQUIRED
By December 2011			
3	Senior Finance Officer to review aged payables listing quarterly and investigate where appropriate.		Planned for implementation next quarter.
74	Manually raised orders are periodically sampled to ensure completeness.	Training of staff to input clear descriptions of goods and services.	Current practice although the description of goods/services being purchased should be more detailed.
14	Annual Budgets are approved by the appropriate level of management and by Council, and in accordance with the Local Government Act.	This will require a more comprehensive Budget Schedule, which sets deadlines for the development of the Budget, etc and is strongly supported by management and Council.	Management present the annual budget to Council for adoption. The 2011/12 Budget was approved at the beginning of August. The Budget process will be streamlined to enable the 2012/13 Budget to be approved by the end of June 2012.
By March 2012			
4	Supplier master file data is periodically reviewed by management for accuracy and ongoing pertinence.	Reports available from the system may require upgrading.	To be reviewed by the Senior Finance Officer.
32	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.		The Debtors Ageing profile is reviewed monthly and if greater than 120 days is forwarded to the Collection agency. This should be reviewed with the objective of reducing that time to 60 or 90 days.
By June 2012			
37	Activity recorded in fixed asset register is reviewed by management, including comparison to the capital budget.		Not current practice, but is planned for introduction.
56	<u>Monthly Report</u> Management clearly informed of their duties and responsibilities in relation to reporting.	Managers to have either electronic access to a monthly report or receive a hard copy.	Management reporting is to be upgraded. Managers should receive a monthly report to review their financial situation.

Internal Financial Control Policy [Template]

[Council Name]

POLICY NAME/No.:	Internal Control	No.
APPROVED BY:	[Council] on [Date]	
SUBSEQUENT AMENDMENTS [Date]	[Authorisation]	
REVIEW DATE	[Date of Next Review]	
RESPONSIBLE OFFICER	[Position Responsible for Maintenance of the Policy]	

1. INTRODUCTION

Internal control is part of Council's corporate governance framework and covers areas such as strategic management, business development, project management, finance, etc. It comprises procedures to mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded, legislation and council policies/rulings are complied with and financial reporting is accurate and reliable.

As a first step towards developing a complete risk management and corporate governance framework the financial component of internal controls will be addressed and these are required to ensure council resources are used prudently and in an efficient, effective and economical manner. Examples of the types of activities addressed are accounts payable, payroll, budgeting, management reporting, banking and contracting. Financial internal controls are critical to effective risk management of a Council's operations and promote the achievement of its goals and objectives.

Council is committed to maintaining an effective Internal Control environment.

2. POLICY OBJECTIVES

Council's objectives of this Policy are:

- a) Risks relating to the stewardship of public resources are adequately managed through effective internal controls.
- b) A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the council and to all employees that they are responsible for adhering to those internal controls.
- c) To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Council objectives through operational efficiency.

3. LEGISLATIVE, CORPORATE POLICY AND STANDARDS REQUIREMENTS

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

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

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

Related Council Policies and Corporate Documents.

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

4. POLICY STATEMENTS

4.1 Risk Management Approach

Council will maintain an internal control framework, which will be based upon a proactive risk management culture. The types of risks identified in the framework will be those which may prevent council from meeting its objectives or not maximising its opportunities. The first risk area covered by Council is financial management, for which internal controls will be identified, documented and managed. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.

Council will develop a culture that emphasises integrity, ethical values and competence

4.2 Roles and Responsibilities

The Council is responsible for approval of the Internal Control Policy and the Chief Executive Officer for developing and maintaining an internal control framework, which ensures Council objectives are achieved efficiently and effectively. Updates on changes to the framework will be presented to the Audit Committee.

The Chief Executive Officer and principal member of Council must also sign the financial statements in regard to internal controls as required by *Local Government (Financial Management) Regulations 2011* r14.

The Senior Management Team must adopt a risk management approach to identifying and assessing risks and apply cost/benefit analysis in the development of internal controls. Council employees must conduct their duties in accordance with internal control policies procedures and practices of Council.

4.3 Elements of an Internal Control Framework

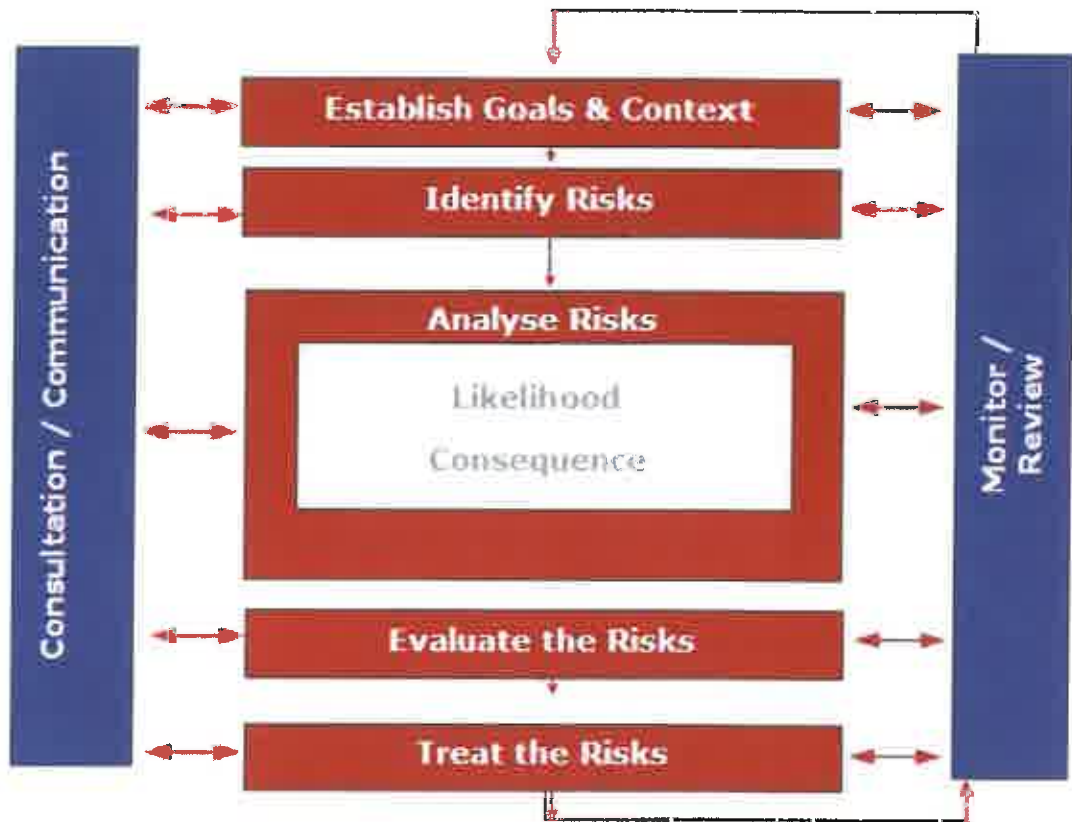
The essential elements of an effective internal control framework are:

- Structure and culture of Council;
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;
- Information Technology controls;
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance;
- Risk identification and assessment.

4.4 The Risk Management Process

The process followed by Council in developing the framework appears below in diagrammatic form extracted from Australian/New Zealand Standard AS/NZS ISO 31000:2009

The Risk Management Process



AS/NZS ISO 31000:2009

Establish Goals & Context – Effective risk management requires a thorough understanding of the goals and context of Council to assist in establishing the assessment criteria for risk management.

Identify Risks – Identify the risks most likely to impact on the achievement of Council's objectives.

Analyse Risks – Assess effectiveness of risks in terms of likelihood and consequence to identify the current risk level.

Evaluate Risks – Determine whether the risks are acceptable or unacceptable and document findings.

Treat Risks – Treat risks by one of the following methods - discontinuing activity that generates it, reducing likelihood of occurrence, reducing consequence of occurrence, transfer the risk or retain the risk.

Consultation/Communication – These are important elements to ensure that all stakeholders understand why actions are required. These stakeholders include all staff and elected members.

Monitor/Review – Responsible officers must be identified for each internal control and provide feedback to managers on progress with controls. The Managers monitor the effectiveness of risk treatments and report progress to the Senior Management Team and the Audit Committee at regular intervals.

5. Review of Policy and Database of Internal Controls

Council's Internal Control Policy will be reviewed annually. The database of internal financial controls will be reviewed at least every twelve months to ensure all controls are current and appropriate and the Senior Management Team and the Audit Committee will be informed of the outcome of each review and updated regularly on progress with action plans identified during the reviews.

6. Support with Development of a Risk Management System

To assist in the development of a risk management system the Local Government Association website should be reviewed to identify the current recommended risk management database of internal controls and supporting documentation.

7. Availability of Policy

This Policy will be made available for inspection at Council offices and persons may obtain a copy of this Policy upon payment of a fee fixed by Council.

CORPORATE AND COMMUNITY SERVICES REPORT NO. 74/2013

SUBJECT: 2013 LONG TERM FINANCIAL PLAN

REF: AF11/1788

Goal: Governance

Operational Activity: Fully integrate long term asset and financial plans with the annual business plan and annual budget

Introduction

Section 122 (1)(a) of the Local Government Act, 1999, requires Council's to develop and adopt LTFP's for a period of at least 10 years, that forms part of it's suite of Strategic Management Plans.

The City of Mount Gambier has declared the following Plans constitute the Strategic Management Plans of Council:

- the Strategic Management Plan
- the Corporate Plan – 2012
- the Long Term Financial Plan
- the Infrastructure and Asset Management Plan

Whilst the development of Long Term Financial Plans is a requirement of Section 122(1)(a) of the Local Government Act, 1999, the purpose is to translate the objectives and strategies of the Council's Strategic Plan into financial terms and to guide the direction of Council in a financially sustainable matter.

This document subsequently reflects an annual review of Council's Long Term Financial Plan 2013/2014 to 2022/2023 and will act as a reference point in the formulation of future Annual Budgets and Business Plans.

Long Term Financial Plan Review

Long term financial planning is an iterative process – it occurs on a regular basis and experience suggests that variations will occur over time. As new information is included in the planning process, from the latest advice on interest rates to information from the community on expected service standards, the Plans are discussed, reviewed and fine tuned.

Long Term Financial plans are created as a guideline for Council to encourage discussion and understanding about nature of Council revenues and expenditures. From this comes a deeper knowledge and understanding of the needs of the community and the Council. The depth of knowledge and understanding contributes to the ability to have adaptive financial responses, when change occurs and Operational Plans need to be revised to cope with the unexpected.

With this in mind, each annual review process provides an opportunity to introduce new assumptions or enhance the information base.

Corporate and Community Services Report No. 74/2013 cont'd...

The financial reports and information used as a basis for this current review of the LTFP include:

- 2012/2013 Audited Financial Statement
- 2013/2014 Council Budget
- 2012 LTFP
- Infrastructure and Asset Management Plan

In particular, since the adoption of the 2012 LTFP, Council has been able to refine;

- costs associated with major capital works projects (most of which have now been subject to tender/contract processes)
- loan borrowings associated with major capital works projects
- inclusion of grant funding received from major capital works projects
- ongoing operating expenditures and revenues
- rate revenue projections

Other than the identified refinements there has been no other material changes to the 2012 version of the LTFP which was the subject of an extensive public consultation process.

Importantly, Council's LTFP continues to assume;

- the continuation of existing services at current service standards
- no internal change to services or investment in new or upgraded assets other than what is already resolved and planned

Long Term Financial Plan Projections

The financial projections contained in this plan are necessarily based on a variety of estimates and assumptions. A modest change in one may have a material effect on the projections. Equally, the level of confidence in projections diminishes with each additional year along the 10 year time horizon. However, they do provide Council and the community with a reasonable indication of Council's capacity to not only continue delivering existing services and programs, but to improve services to meet the needs of it's community.

The projections indicate that, based on current assumptions, Council is in a sound financial position with a favourable outlook over the term of the Plan. Whilst, given the recent major capital infrastructure projects completed by Council and the associated loan to fund those projects the next four (4) years projected operating indicates some deficit returns however the following years of the plan return to Council to surplus (substantial surplus's towards the final years of the plan).

The revised Plan has been the subject of a recent Member's Workshop and is now presented for adoption by Council.

Corporate and Community Services Report No. 74/2013 cont'd...

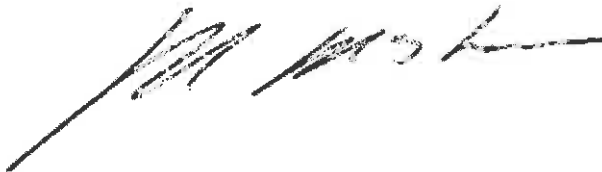
RECOMMENDATION:

- (a) Corporate and Community Services Report No. 74/2013 be received;
- (b) Council adopt the 2013 version of the Long Term Financial Plan, as presented with this Report;
- (c) any public comments received as a result of the release of the 2013 Long Term Financial Plan and community engagement process be referred to Council for consideration.



Grant HUMPHRIES
DIRECTOR – CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

29th November, 2013
FM

(Refer Item of Corporate and Community Services Minutes)

CITY OF MOUNT GAMBIER

LONG TERM FINANCIAL PLAN 2013/2014 TO 2022/2023

DECEMBER 2013



Our Vision:

“Mount Gambier is the most liveable City in Australia, where the people in the community are secure, prosperous, healthy and valued.”

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1. LONG TERM FINANCIAL PLAN FRAMEWORK

1.1 Introduction

In recent years Council has adopted a Long Term Financial Plan (LTFP) to assist in preparing a budget that is within the context of a longer term framework.

Whilst the development of Long Term Financial Plans is a requirement of Section 122(1)(a) of the Local Government Act, 1999, the purpose is to translate the objectives and strategies of the Council's Strategic Plan into financial terms and to guide the direction of Council in a financially sustainable manner.

This document subsequently reflects an annual review of Council's Long Term Financial Plan 2012/13 to 2021/22 and will act as a reference point in the formulation of future Annual Budgets and Business Plans.

1.2 Strategic Planning Framework

Section 122(1)(a) of the Local Government Act, 1999, requires Councils to develop and adopt LTFP's for a period of at least 10 years, that forms part of its suite of Strategic Management Plans.

The City of Mount Gambier has declared the following Plans constitute the Strategic Management Plans of Council:

- the Strategic Management Plan - Beyond 2015
- the Corporate Plan - 2012
- the Long Term Financial Plan
- the Infrastructure and Asset Management Plan

The LTFP has been developed based on a series of assumptions and information available at the time including:

- supporting the achievement of Council's Strategic Management Plan – 'Beyond 2015'
- remaining consistent with Council's Strategic Planning Framework
- maintaining existing Council services at current service levels
- continue to improve the maintenance of Council assets
- ensure Council has the capacity to fund major projects using where practical Treasury Management principles
- manage and monitor reliance on borrowings
- provide a reasonable degree of consistency and stability in Council's rating effort

1.3 Strategic Management Plan - 'Beyond 2015'

Council describes its vision as **"Mount Gambier is the most liveable City in Australia, where the people in the community are secure, prosperous, healthy and valued"**.

The Strategic Plan focuses on those areas that will be crucial to the achievement of this vision through maintaining high quality services and facilities. The following goals were set to achieve this vision.

- **Building Communities:** To maintain and improve the quality of life of our people by fostering an appropriate range of infrastructure, services and activities.

- **Securing Economic Prosperity:** To support our economic generators in meeting opportunities in the local, national and international business environment, to ensure that the city has a viable, sustainable and diverse economic base and continues to be a thriving provincial city.
- **Diversity:** To provide opportunities for the needs of our diverse community groups to fully participate in our community, and to ensure a continuing sense of their engagement, belonging and recognition.
- **Environment:** To incorporate into Council business and the development of our community a commitment to secure the long term integrity of the environmental systems, landscapes and services which support them.
- **Governance:** To conduct Council business with probity, transparency, and accountability, to meet in a timely way all legislative and regulatory requirements; to implement prudent and professional financial and operational management; and to seek active and ongoing engagement in decision making with all stakeholders.
- **Community Well-Being:** To advance the holistic health and well being of all age groups in our community by creating healthy environments, strengthening community relationships, developing health and wellbeing programs and supporting excellence in the delivery of health services.
- **Learning:** To be recognised as a lifelong learning community.

To achieve these goals a series of initiatives and strategies have been developed and underpin each of the key goals.

1.4 Long Term Financial Plan Review

Long term financial planning is an iterative process - it occurs on a regular basis and experience suggests that variations will occur over time. As new information is included in the planning process, from the latest advice on interest rates to information from the community on expected service standards, the Plans are discussed, reviewed and fine tuned.

Long term financial plans are created as a guideline for Council to encourage discussion and understanding about the nature of Council revenues and expenditures. From this comes a deeper knowledge and understanding of the needs of the community and the Council. The depth of knowledge and understanding contributes to the ability to have adaptive financial responses, when change occurs and operational plans need to be revised to cope with the unexpected.

With this in mind, each annual review process provides an opportunity to introduce new assumptions or enhance the information base.

The financial reports and information used as a basis for this current review of the LTFP include:

- 2012/2013 Audited Financial Statements
- 2013/2014 Council Budget
- 2012 Long Term Financial Plan
- Infrastructure and Asset Management Plan

1.5 Infrastructure and Asset Management

As at 30 June 2013, Council owns infrastructure and assets valued at \$194 million comprising the following broad categories:

- Land \$41m
- Buildings \$87m
- Infrastructure \$58m
- Plant, equipment, furniture & fittings \$5m
- Other \$3m

Consistent with the principles of financial sustainability, Council is committed to ensuring its infrastructure and assets remain relevant to the current and future needs of the community. In addition to ongoing repairs and maintenance, it also includes review of service needs, asset conditions and community expectations.

The basis used to determine when an asset is due to be renewed or replaced is when the physical condition rating and remaining useful life of the asset is such that it indicates that the asset requires substantial maintenance or restoration and that the residual life of the asset is negligible. The cost to renew or replace the asset is determined by its current replacement cost.

The annual depreciation rate for an asset is based on the total useful life of the asset. When assets are revalued the accumulated depreciation is recalculated based on the remaining useful life of the asset. There is therefore a direct link between depreciation and the renewal or replacement of assets.

Council has also introduced an annual revaluation strategy which provides for the various asset categories to be revalued on a periodic basis within a rolling program.

1.6 Financial Sustainability

The definition of Financial Sustainability for Local Government emanated from the independent SA Local Government Financial Sustainability Inquiry in 2005.

It is defined as:

"A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

The definition was endorsed nationally at the National General Assembly of Local Government in Canberra in November 2006.

Why is it important?

The importance of financial sustainability is to ensure that each generation 'pays their way', rather than any generation living off their assets and leaving it to the future generations to address the issue of repairing/replacing worn out infrastructure.

The Council is the custodian of infrastructure and assets with a current written down value in excess of \$136 million. Council has the responsibility to ensure that assets are managed efficiently and effectively and that decisions regarding the acquisition of new assets and the sale and maintenance of existing assets are undertaken in an open and transparent fashion.

Sound asset management is the key to financial sustainability. There is clearly a direct link between the development and implementation of Council's Infrastructure and Asset Management Plan and its LTFP. Council expends considerable funds on the acquisition and management of assets. It will be exposed to financial risk over the longer term if budget processes have little regard for ongoing costs associated with the maintenance and renewal of these assets beyond the current budget period. It is incumbent on Council to carefully consider information about the stock of infrastructure and other assets and the contribution that current ratepayers are making to their consumption.

Council is facing new challenges in managing infrastructure and other assets as a result of issues such as increasing community expectations; population growth; replacement of ageing infrastructure; new legislative requirements (e.g. EPA standards) and the growing demands of an ageing population.

The term "asset management" is used to describe the process by which the Council manages physical assets to meet current and future levels of service. The Council determines the policy framework within which existing assets are managed, new assets are acquired and the overall program for the maintenance and disposal of assets. This policy framework typically has regard to the link between the purchase, upgrade and disposal of assets, the delivery of services to communities and consultation processes required to ensure the community is well informed and able to influence the decisions of the Council.

How is it measured?

To ensure that each generation 'pays its way', it is crucial that current ratepayers effectively fund the current net cost of services provided and community assets consumed. Without this being achieved (i.e. an operating deficit), future generations are effectively subsidising the current cost of service provision and asset consumption.

Based on this, the financial sustainability of a Council is measured by the surplus/(deficit) (before capital revenues) disclosed in the Income Statement. A Council's long-term financial sustainability is dependent upon ensuring that on average, over time its expenses are less than its associated revenues.

The following indicators have been developed specifically to focus attention on factors identified as key to securing long-term financial security:

- Operating surplus ratio
- Net financial liabilities ratio
- Asset sustainability ratio

For each indicator, appropriate targets have been nominated to enable meaningful performance measurement. These indicators are consistent with industry standards and are discussed in more detail later in the document.

How is Council addressing the issue?

It is anticipated that over the next 10 years Council will deliver an overall operating surplus.

Significant progress is being made towards comprehensive Infrastructure and Asset Management plans to act as stewardship documents in the effective upkeep and renewal of the \$194 Million community infrastructure assets maintained by Council. As can be seen in the Long Term Financial Plan, Council will need to generate a significant amount of revenue to ensure that the assets are maintained and replaced.

1.7 Chief Executive Officer's Report in Financial Sustainability

As part of the financial sustainability inquiry conducted in 2005, each Council was categorised into one of 6 groups, with Category 1 being Sustainable with a very substantial margin of comfort and Category 7 being Unsustainable.

Mount Gambier's ranking at this time was a Category 4, being sustainable with a minimum margin of comfort. The definition attributed to this category was:

*"If unanticipated financial shocks/risks eventuate on top of known developments, the Council should be able to avoid a substantial per-property rates increase albeit with a minimum margin of comfort **provided** its revenue and spending policies remain unchanged over time."*

To put this into some form of context, 43 of the 68 South Australian Councils (63%) received a rating of 4 or worse.

Over the life of this Plan, Council is projected to maintain a strong financial position and meet all of its financial targets. Over the medium to long term, Council is expected to be financially sustainable in accordance with the information contained within this Plan.

This position can be maintained where Council continues to fund existing services.

1.8 Long Term Financial Plan Risks

This LTFP has been developed based on the best information and assumptions available at the time. Users of information contained in the 2013 LTFP should be aware that there are inherent risks associated with the outcomes reported, as circumstances (i.e. change in legislative requirements) may bring about changes that could materially affect the outcome and projected results of the LTFP. To ensure that the Plan is timely and relevant to Council's forecasts it will be reviewed and updated on an annual basis.

1.9 Long Term Financial Plan

1.9.1 Long Term Financial Plan Key Assumptions

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

Projections are shaped by a variety of underlying and dynamic assumptions.

Council's LTFP assumes:

- the continuation of existing services at current service standards;
- no internal changes to services or investment in new or upgraded assets other than what is already resolved and planned

Some of the other key assumptions and variables that have been applied to the Plan are as follows:

Operating Revenue

- Rates - 5% increase (2013/14 - 2022/23). This assumption has been revised down from the 2012 LTFP and will continue to be monitored in light of economic forecasts, Council's financial commitments and the financial impact on Mount Gambier ratepayers.
- Statutory Charges - annual LGPI increase (2.5% at 30th June, 2013).
- User Charges - annual LGPI increase (2.5% at 30th June, 2013).

Grants, Subsidiaries, Contributions

- Financial Assistance Grant – Annual increase of 5% (previous 3 year average of 10%).
- Local Roads Grant - annual LGPI increase maintained for the term of the LTFP.
- Roads to Recovery Grant - annual LGPI increase maintained for the term of the LTFP.
- Any other Grants - annual LGPI increase.
- Loss of contribution from District Council of Grant towards Library Operating (est. \$125k p.a.).

Operating Expenses

- Employee Costs - annual increase of 4% incorporating indicative EBA increases, Award increments, periodic reclassifications and growth in staffing.
- Materials, Contracts and Other Expenses:
 - Annual increase of LGPI for other expenses
 - Introduction of four (4) yearly election expenses (\$80k in 2014/2015)
 - Commitment of \$300k towards UniSA Mount Gambier new building program - potentially \$100k in years 2014/15, 2015/16 and 2016/17
 - Depreciation, Amortisation and Impairment based on current replacement costs and indexed on an annual basis to account for valuation movements in the various asset categories
 - Asset Maintenance – provision has been made in the latter half of the Plan for increased funding for maintenance of Council assets in accordance with the Infrastructure and Asset Management Plan.
 - Finance Costs (interest repayments on loan borrowings)
 - Fixed loans – Interest rates as per Loan Agreements
 - Variable loans – Interest rate projections calculated at 7%

Capital Expenditure

- Continuation of existing levels of commitment towards Councils ongoing capital asset renewal and replacement programs
- Continuation of Council's major capital works projects as identified in the Strategic Management Plan - 'Beyond 2015'

1.9.2 Long Term Financial Plan Major Capital Works Projects

Included in the forward financial forecasts is provision for major capital works projects that Council is either committed to or considering undertaking.

Previously costs associated with all major capital works projects have been subject to uncertainty and volatility however as some of these projects have now been subject to tender/contract processes there is far more certainty in terms of costs.

Major capital works projects currently committed/resolved by Council:

Year	Capital Works Project	Estimated Cost \$	Funding \$	Comments
2013/14	Caroline Landfill	\$2,000,000	Loan	Tenders let - commenced in 2013
	Former Hospital Precinct	\$2,500,000	Loan	Tenders let - commenced in 2013
	CBD Redevelopment	\$750,000	Grant Funded	Ongoing
	Railway Lands	\$1,650,000	\$1m Grant Funded / Loan / General Revenue	Tenders let - commenced in 2013
2014/15	CBD Redevelopment	\$550,000	Loan	
	Former Hospital Precinct	\$700,000	Loan	
	Railway Lands	\$650,000	Loan	
2015/16	CBD Redevelopment	\$900,000	Loan	
2016/17	CBD Redevelopment	\$500,000	Loan	
2017/18	CBD Redevelopment	\$300,000	Loan	

Major capital works projects known but not committed/resolved by Council:

The following major capital works projects have not been included as they require further Council consideration, detailed costing and financial analysis or are subject to community consultation:

- Indoor Aquatics (noting the consideration previously given to this matter)
- Basketball Stadium expansion
- Civic Centre Courtyard upgrade
- The Lady Nelson "Discovery Centre" review/upgrade
- Frew Park (former Ambulance) building renovations
- Possible Museum development

Major capital works projects for the final five years of the term of the Long Term Financial Plan remain unallocated to allow Council to continually review it's position in this regard. At any point in time future Councils will have the flexibility to determine allocation of further major capital works projects, elect to reduce debt or a combination of both.

1.9.3 Long Term Financial Plan Projections

The financial projections contained in this plan are necessarily based on a variety of estimates and assumptions. A modest change in one may have a material effect on the projections. Equally, the level of confidence in projections diminishes with each additional year along the 10 year time horizon. However, they do provide Council and the community with a reasonable indication of Council's capacity to not only continue delivering existing services and programs, but to improve services to meet the needs of its community.

As already noted, the base case assumes a 'no change' policy (i.e. a continuation of existing services and programs). As Council responds to changing community expectations, it will make decisions to change services and invest in new and improved infrastructure, such as community facilities, that will be funded from the projected strong financial capacity.

Council has the financial capacity to continue meeting our community's service demands plus the flexibility to respond to changing circumstances as well as initiate new and improved services. This can be achieved by:

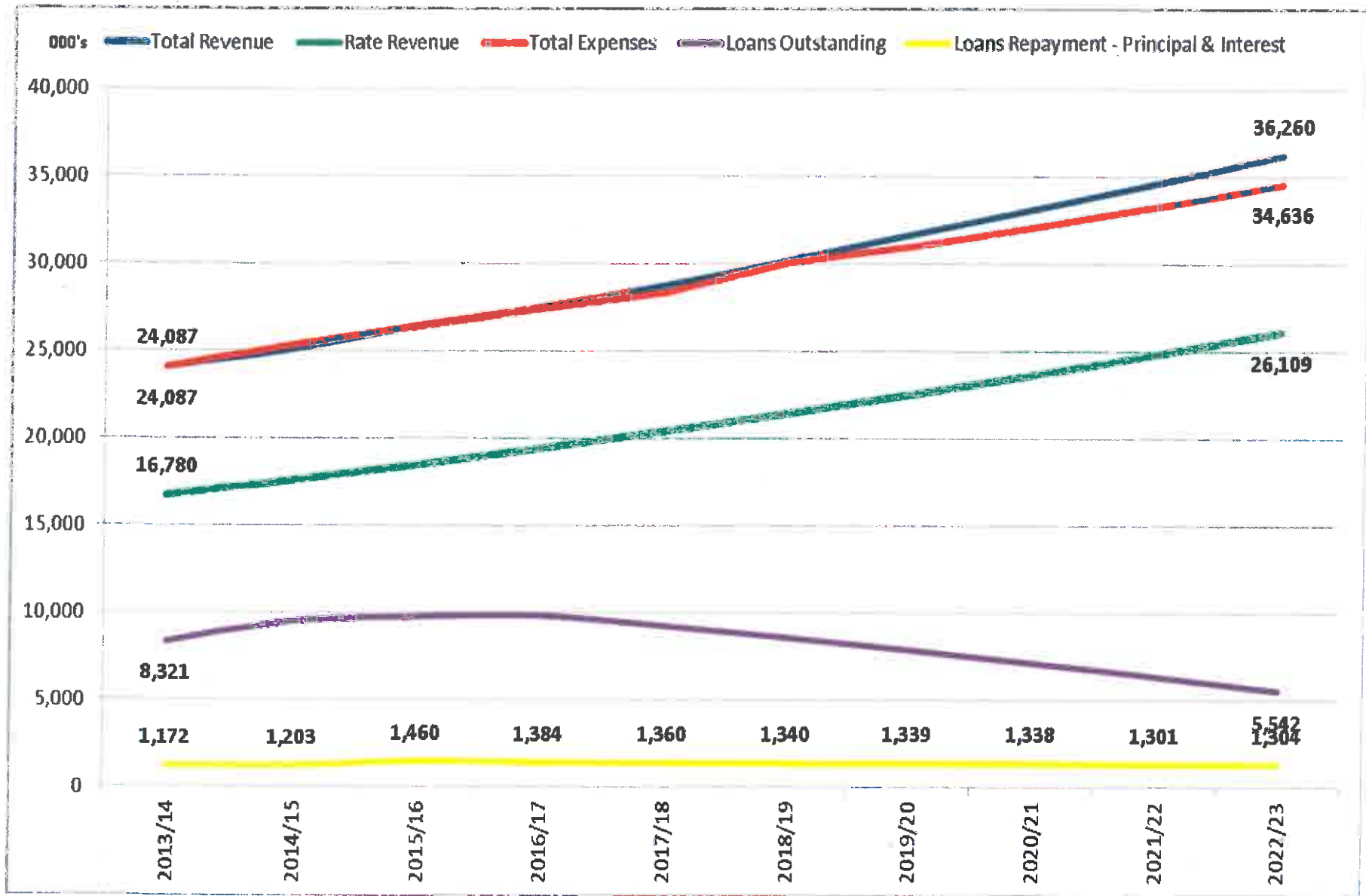
- Continually reviewing and enhancing services to our community;
- Continue to invest in renewal and replacement of our assets and infrastructure to ensure they meet the service needs in the most cost-effective manner;
- Taking advantage of opportunities and respond to emerging issues; and
- Growing "head room" in the latter years of the Plan to use additional borrowings to fund new or upgraded assets.

As with all projections, the view can change as underlying circumstances change. For this reason, Council closely monitor its strategic and financial planning outlook.

The projections indicate that, based on current assumptions, Council is in a sound financial position with a favourable outlook over the term of the Plan. Whilst, given the recent major capital infrastructure projects completed by Council and the associated loan borrowings to fund those projects, the next four (4) years projected operating indicates some deficit returns however the following years of the plan return Council to surplus (substantial surplus's towards the financial years of the plan).

These projections are summarized in the Estimated Comprehensive Income Statement and represented in graphical format on the following pages:

CITY OF MOUNT GAMBIER - LONG TERM FINANCIAL PLAN



1.9.4 Financial Plan Indicators

Following the independent inquiry into the financial sustainability of local government in South Australia completed in 2005 a standard set of financial or key performance indicators were adopted by the local government sector to focus attention on factors that the Inquiry identified as key to securing a Council's long term financial security.

In simple terms, the principle of financial sustainability is that each generation 'pays their way' for the services and assets they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result or better (i.e. where day to day expenses are less than or equal to day to day income).

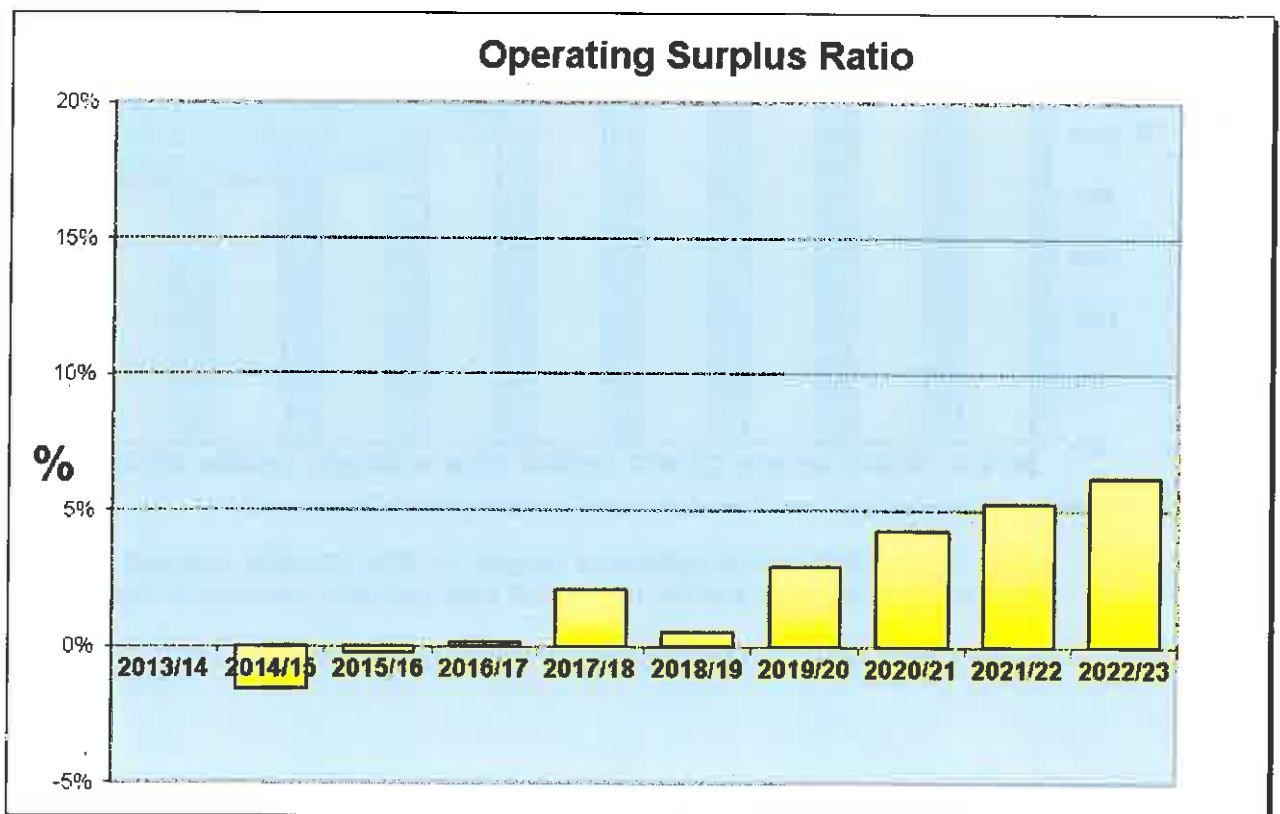
Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

Operating Ratio

The Operating Ratio measures the Operating Surplus as a percentage of rate revenue.

A positive ratio indicates the percentage of rates available to fund current and future capital expenditure. A negative ratio indicates the percentage increase in rate revenue that would have been required to achieve a break-even operating result.

When a breakeven result is achieved it means that ratepayers are meeting the costs of the services they are consuming (including depreciation).



Local Government sector proposed targets for this indicator suggest that a Council should achieve an operating surplus ratio of between 0% and 15% over any five year period.

Whilst this target is 'tight' over the initial period of the plan, targets are forecast to be achieved over the term of the Plan, recognising the impact of one off events that distort an annual ratio.

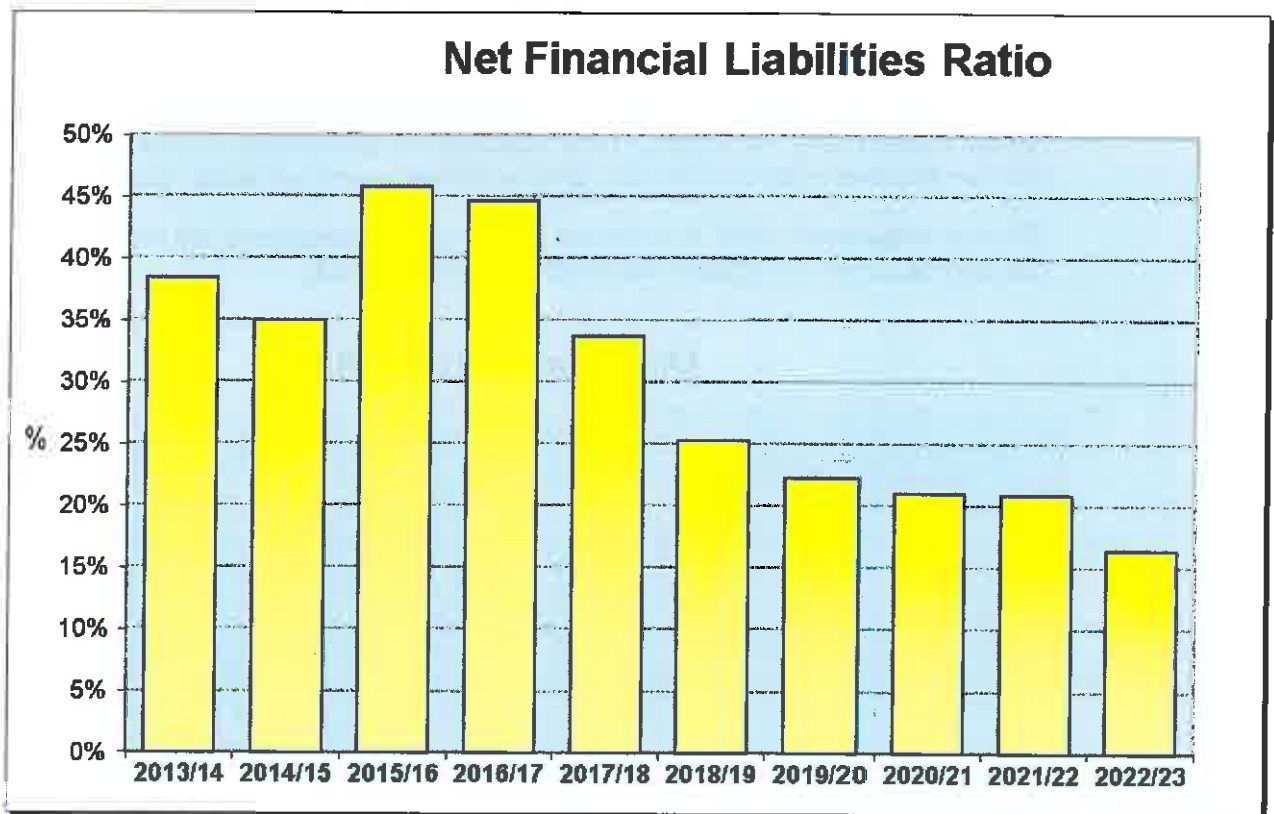
Net Financial Liabilities Ratio

Net financial liabilities is a measure of Council's net debt - what Council owes others less money Council already has or is owed to Council and is calculated as total liabilities less financial assets.

It is a broader and more appropriate measure than just debt and recognises Council's available financial assets (such as cash and investments) and other liabilities (including employee entitlements and creditors).

Where the ratio is falling it indicates the Council's capacity to meet its financial obligations from operating revenues is strengthening.

Where the ratio is increasing it indicates a greater amount of Council's operating revenues is required to service its financial obligations.



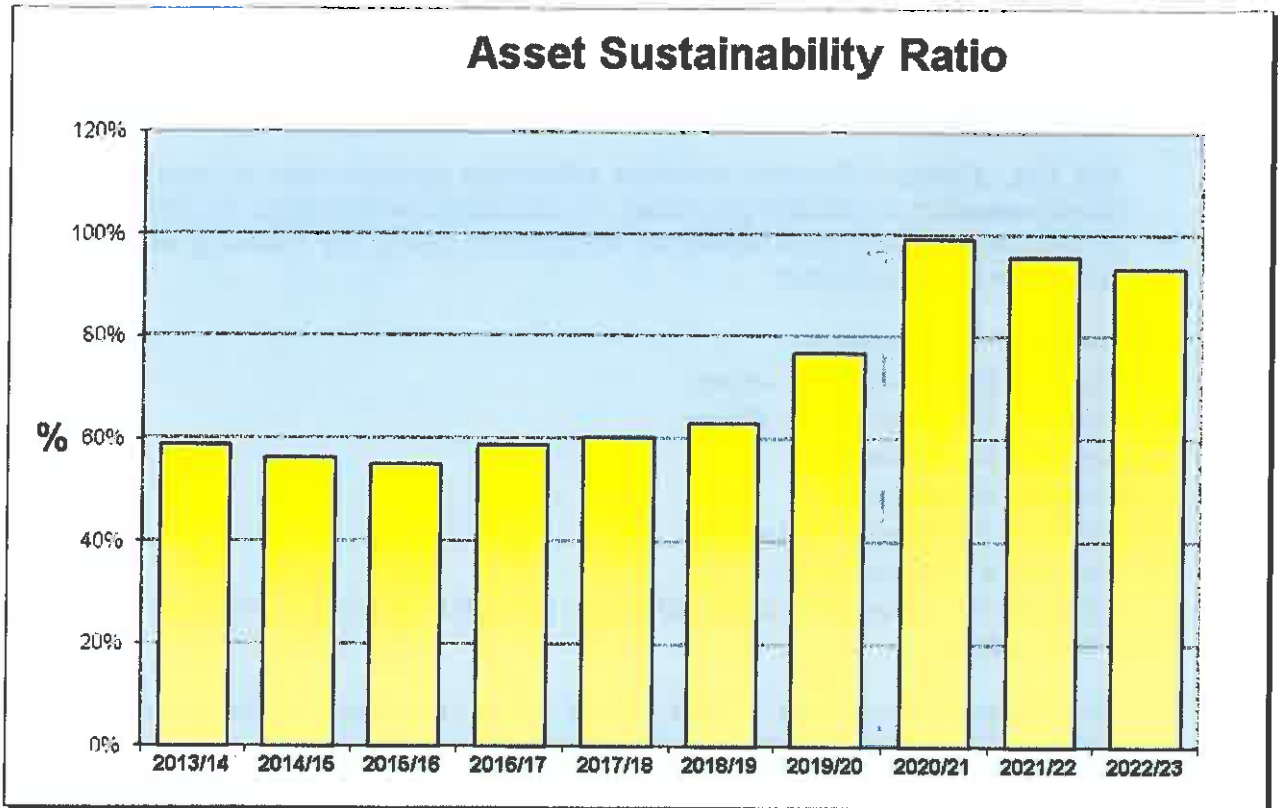
Local Government sector proposed targets for this indicator suggest that a Council's Net Financial liabilities should not exceed total operating revenue or 100%.

Council does not exceed this target for the life of the Long Term Financial Plan.

Asset Sustainability Ratio

This ratio indicates whether the Council is renewing or replacing existing physical assets at the rate at which they are wearing out.

On occasions, the Council will accelerate or reduce asset expenditures over time to compensate for prior events and annual budget fluctuations, or invest in assets by spending more now so that it costs less in the future to maintain.



Local Government sector proposed targets for this indicator suggest that Council's should target a range of between 90% to 100% over any three year period, however this does not allow for the "lumpy" nature of required expenditure on asset renewal, e.g. a drainage pipe requires almost no maintenance expenditure or capital expenditure for many years, however when the pipe fails there can be an immediate and significant expenditure requirement to upgrade or replace the pipe.

2. FUNDING THE LONG TERM FINANCIAL PLAN

2.1 Rating Policy

The rate structure, methodology and rebates offered by Council are incorporated into Council's Rating Policy. This document outlines the policy for setting and collecting rates from its community and has been prepared in accordance with relevant sections of the Local Government Act 1999 – please refer to Council's website to obtain a copy of the Rating Policy.

2.2 General Rates

The City of Mount Gambier endorses differential general rates by land-use based on the capital valuation of rateable properties. In accordance with Clause 10 (Differentiating factors) of the Local Government (General) Regulations 1999, the following land use codes are utilised for rating purposes:

Category 1 - Residential;
Category 2 - Commercial—Shop;
Category 3 - Commercial—Office;
Category 4 - Commercial;
Category 5 - Industry;
Category 7 - Primary Production;
Category 8 - Vacant Land;
Category 9 - Other (any other land use not referred to in a previous category including marina berths).

The Council also applies a fixed charge (as a component of the general rates) to each rateable property to represent an 'administrative' charge that each property contributes towards the day-to-day governance and administrative operations of the Council. The fixed charge applied represents approximately half (45%) of Councils total general rate revenue thus limiting the impact volatile movements in valuations can have.

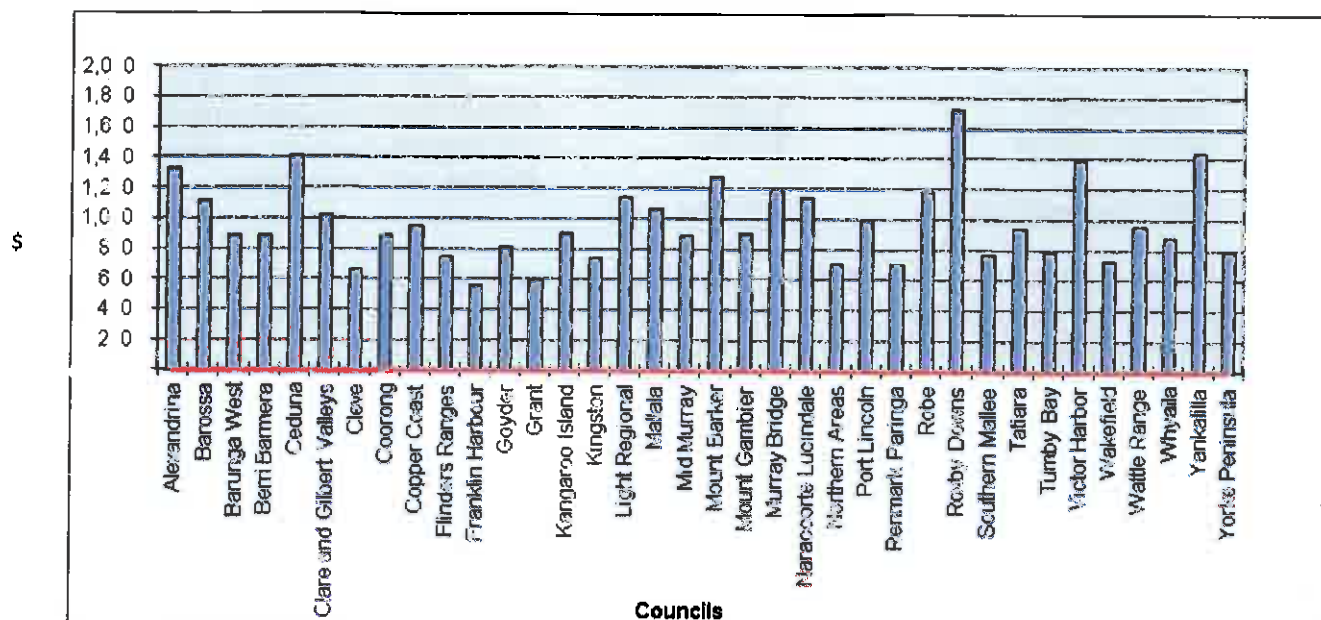
Consistent with the industry norm, Council continues to rely heavily on rate revenue to fund its annual activities (general rate revenue currently contributes 73% of Council's operating revenue).

2.3 Rate Comparisons

The following graphs illustrate that Mount Gambier's average residential rates are comparable with the State average and with both the averages of Metropolitan and Regional Councils.

Average for all SA Council	\$1,079
Average for all SA Metro Council	\$1,286
Average for all SA Regional Councils	\$987
Average for City of Mount Gambier	\$927

Average Regional Residential Rates 2012/13



Source: Local Government Association 2012/2013 Rates Survey.

2.4 Borrowing Strategies

Borrowings provide an alternative source of funding to enable Council to achieve its objectives and a means by which cash flows can be averaged out over a longer timeframe. They should always be reviewed in light of the LTFP and the objective of financial sustainability.

Debt can be considered as an appropriate source of funding:

- (a) In the achievement of strategic objectives of Council and within the context of long term financial sustainability.
- (b) In the creation of long term infrastructure and the cost spread over the life of the asset and future users.
- (c) As a means by which to fund major capital expenditure only and not as a funding source for operating/recurrent expenditure commitments.

Council's Treasury Management Policy stipulates borrowing and investment direction. Existing borrowings are a mixture of fixed and variable interest loans designed to manage liquidity and interest rate risk.

Existing borrowings are with the Local Government Finance Authority (LGFA), being the preferred financial institution guaranteed by the SA Government.

2.5 Forecast Borrowings

In accordance with Council's Treasury Management Policy, Council maintains levels of both fixed interest / term (credit foncier) loans and variable interest (cash advance debenture – CAD) loans

Council's variable interest loans operate on 'Treasury Management' principles (guided by Council's Treasury Management Policy) which enables Council to utilise cash resources in a holistic way and to significantly reduce loan interest expenditure.

To illustrate the effect of treasury management, Council's loan profile as at 30th June, 2013 was:

Loan Type	Outstanding Principal	Interest Repayments (July - December 2013 period)
Fixed Interest	\$3.85m	(as per fixed loan agreement)
Variable Interest	\$6.48m	(nil interest paid as a result of use of internal cash resources)
Total Indebtedness	\$10.33m	

For the purposes of the LTFP variable rate loan interest has been calculated at 7% per annum with approximately half that sum only budgeted to be payable due to the use of Councils cash resources under cash management principles.

Council's 2013/2014 Budget provides for a further \$4.6m in borrowings to assist funding identified major capital works projects that have been incorporated into this LTFP (see major capital works section for project specifics).

Future Loan Schedule in LTFP

Year	Amount	Projects
2013/14	4,600,000	13/14 major capital works
2014/15	1,900,000	14/15 major capital works
2015/16	900,000	15/16 major capital works
2016/17	500,000	16/17 major capital works
2017/18	300,000	17/18 major capital works

Major capital works projects and associated funding for the final five years of the term of the LTFP remain unallocated to allow Council to continually review its position in this regard. At any point in time future Councils will have the flexibility to determine allocation of further major capital works projects, elect to reduce debt or a combination of both.

2.6 Funding Capacity

Capacity to fund Council's Strategic Plan to achieve the declared objectives is limited due the well documented limits on sources of funding placed on Local Government. These include:

- An over reliance on rate revenue
- High level of government regulated fees for statutory services
- Diminishing level of federal funded - untied grant (distributed by S.A Grants Commission)
- The financial impact of the Local Government (Miscellaneous) Amendment Bill 2009, specifically the proposed amendments to the Rate Rebate section (s161) of the Act
- Grants from Federal and State Government

3. ESTIMATED FINANCIAL STATEMENTS

3. ESTIMATED FINANCIAL STATEMENTS

Estimated Statement of Comprehensive Income

City of Mount Gambier

Long Term Financial Plan Model

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2011/12 Actual \$(000)	2012/13 Actual \$(000)	2013/14 Plan Year 1 \$(000)	2014/15 Plan Year 2 \$(000)	2015/16 Plan Year 3 \$(000)	2016/17 Plan Year 4 \$(000)	2017/18 Plan Year 5 \$(000)	2018/19 Plan Year 6 \$(000)	2019/20 Plan Year 7 \$(000)	2020/21 Plan Year 8 \$(000)	2021/22 Plan Year 9 \$(000)	2022/23 Plan Year 10 \$(000)
INCOME												
Rates	14,881	15,772	16,780	17,626	18,513	19,446	20,425	21,454	22,534	23,668	24,859	26,109
Statutory Charges	310	357	361	371	381	391	401	411	421	432	443	454
User Charges	3,157	3,393	3,395	3,331	3,420	3,511	3,603	3,699	3,797	3,899	4,002	4,108
Grants, subsidies, contributions	3,101	2,232	3,248	3,411	3,582	3,761	3,949	4,147	4,355	4,573	4,802	5,042
Investment Income	141	31	10	10	154	10	10	116	192	195	165	121
Reimbursements	598	191	228	234	240	246	252	258	264	270	277	285
Other Revenue	267	476	65	117	120	123	126	129	132	135	138	141
Total Revenues	22,455	22,452	24,087	25,100	26,410	27,488	28,766	30,214	31,695	33,172	34,686	36,260
EXPENSES												
Employee costs	7,983	8,318	8,491	8,831	9,184	9,552	9,935	10,333	10,747	11,177	11,624	12,089
Materials, contracts & other expenses	9,004	7,837	8,995	9,424	9,578	9,830	9,989	11,105	11,296	11,597	11,906	12,223
Depreciation	5,491	5,662	6,232	6,640	6,930	7,325	7,665	7,976	8,353	8,800	9,300	9,838
Finance Costs - Interest	560	336	369	473	756	749	743	681	636	588	538	486
Total Expenses	23,038	22,153	24,087	25,368	26,448	27,456	28,332	30,095	31,032	32,162	33,368	34,636
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	(583)	299	0	(268)	(38)	32	434	119	663	1,010	1,318	1,624
Net gain/(loss) on disposal or revaluations	(162)	(1,838)	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new assets	1,874	835	0	0	0	0	0	0	0	0	0	0
Physical resources free of charge	0	0	0	0	0	0	0	0	0	0	0	0
Non-operating - joint ventures	0	0	0	0	0	0	0	0	0	0	0	0
Operating result from discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
NET SURPLUS/(DEFICIT)	1,129	(704)	0	(268)	(38)	32	434	119	663	1,010	1,318	1,624
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	53,248	0	3,879	4,040	4,108	4,257	4,346	5,489	5,576	5,717	5,883	6,070
Other comprehensive income - joint ventures	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (expense) / recoupments offset to asset revaluation reser	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	53,248	0	3,879	4,040	4,108	4,257	4,346	5,489	5,576	5,717	5,883	6,070
TOTAL COMPREHENSIVE INCOME	54,377	(704)	3,879	3,772	4,070	4,289	4,780	5,608	6,239	6,727	7,201	7,694

Estimated Balance Sheet

City of Mount Gambier
 Long Term Financial Plan Model
 ESTIMATED BALANCE SHEET

Year Ended 30 June:	2011/12 Actual \$('000)	2012/13 Actual \$('000)	2013/14 Plan Year 1 \$('000)	2014/15 Plan Year 2 \$('000)	2015/16 Plan Year 3 \$('000)	2016/17 Plan Year 4 \$('000)	2017/18 Plan Year 5 \$('000)	2018/19 Plan Year 6 \$('000)	2019/20 Plan Year 7 \$('000)	2020/21 Plan Year 8 \$('000)	2021/22 Plan Year 9 \$('000)	2022/23 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	981	675	1,119	2,880	0	0	2,110	3,631	3,692	3,102	2,210	2,788
Trade & Other Receivables	1,130	1,157	1,157	1,157	1,097	1,057	1,057	1,057	1,057	1,057	1,057	1,057
Investments & Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	47	40	40	40	40	40	40	40	40	40	40	40
Sub-total	2,158	1,872	2,316	4,077	1,137	1,097	3,207	4,728	4,789	4,199	3,307	3,885
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	2,158	1,872	2,316	4,077	1,137	1,097	3,207	4,728	4,789	4,199	3,307	3,885
Non-Current Assets												
Receivables	340	240	140	40	0	0	0	0	0	0	0	0
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Equity Accounted Investments in Council Businesses	0	0	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	195,691	194,011	202,023	205,426	212,834	217,328	219,530	223,064	228,708	235,365	242,836	249,259
Inventories	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	196,031	194,251	202,163	205,466	212,834	217,328	219,530	223,064	228,708	235,365	242,836	249,259
Total Assets	198,189	196,123	204,479	209,543	213,971	218,425	222,737	227,792	233,497	239,564	246,143	253,144
LIABILITIES												
Current Liabilities												
Trade & Other Payables	1,231	1,116	1,093	1,180	1,162	1,181	1,186	1,193	1,253	1,233	1,259	1,262
Borrowings	1,138	803	730	704	698	878	659	703	750	763	818	873
Provisions	1,854	1,723	1,863	1,884	1,987	2,053	2,142	2,224	2,315	2,407	2,504	2,604
Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	4,223	3,642	3,686	3,768	3,847	4,112	3,987	4,120	4,318	4,403	4,581	4,739
Liabilities Relating to Non-Current Assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	4,223	3,642	3,686	3,768	3,847	4,112	3,987	4,120	4,318	4,403	4,581	4,739

Non-Current Liabilities												
Trade & Other Payables	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	3,974	3,171	7,591	8,787	9,052	8,935	8,576	7,873	7,123	6,360	5,542	4,669
Provisions	235	257	270	284	299	315	331	348	366	385	405	426
Other Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	4,209	3,428	7,861	9,071	9,351	9,250	8,907	8,221	7,489	6,745	5,947	5,095
Total Liabilities	8,432	7,070	11,547	12,839	13,198	13,362	12,894	12,341	11,807	11,148	10,528	9,834
NET ASSETS	189,757	189,053	192,932	196,704	200,773	205,063	209,843	215,451	221,690	228,416	235,615	243,310
EQUITY												
Accumulated Surplus	52,707	48,060	48,096	47,863	47,859	47,929	48,401	48,569	49,283	50,346	51,720	53,405
Asset Revaluation Reserve	131,574	131,574	135,417	139,422	143,495	147,715	152,023	157,463	162,988	168,651	174,476	180,486
Other Reserves	5,476	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419
TOTAL EQUITY	189,757	189,053	192,932	196,704	200,773	205,063	209,843	215,451	221,690	228,416	235,615	243,310

Estimated Cash Flow Statement

City of Mount Gambier

Long Term Financial Plan Model

ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Rates		15,754	16,780	17,626	18,513	19,446	20,425	21,454	22,534	23,668	24,859	26,109
Statutory Charges		357	361	371	381	391	401	411	421	432	443	454
User Charges		3,090	3,533	3,270	3,454	3,495	3,613	3,695	3,807	3,895	4,006	4,108
Grants, subsidies, contributions		2,232	3,248	3,411	3,582	3,761	3,949	4,147	4,355	4,573	4,802	5,042
Investment Income		63	10	10	154	10	10	116	192	195	165	121
Reimbursements		191	228	234	240	246	252	258	264	270	277	285
Other Revenue		433	61	121	119	124	126	129	134	134	139	141
<u>Payments</u>												
Employee costs		(8,407)	(8,349)	(8,790)	(9,069)	(9,468)	(9,831)	(10,233)	(10,638)	(11,066)	(11,507)	(11,968)
Materials, contracts & other expenses		(7,666)	(9,141)	(9,286)	(9,626)	(9,798)	(9,993)	(11,095)	(11,248)	(11,612)	(11,885)	(12,220)
Finance Costs - Interest		(336)	(369)	(473)	(756)	(749)	(743)	(681)	(636)	(588)	(538)	(486)
Net Cash provided by (or used in) Operating Activities		5,711	6,362	6,494	6,392	7,458	8,209	8,201	9,185	9,901	10,761	11,586
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets		835	0	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets		212	224	250	250	250	250	250	250	250	250	250
Sale of Surplus Assets		0	0	0	0	0	0	0	0	0	0	0
Proceeds of disposals - Invest. Prop.		0	0	0	0	0	0	0	0	0	0	0
Net disposal of Investment Securities		0	0	0	0	0	0	0	0	0	0	0
Pcnds of disposal - Real Estate Devel.		0	0	0	0	0	0	0	0	0	0	0
Repayments of Loans by Community Groups		106	100	100	100	40	0	0	0	0	0	0
Distributions Received from Associated Entities		0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets		(5,010)	(3,880)	(3,989)	(4,061)	(4,561)	(4,871)	(5,271)	(6,671)	(8,990)	(9,140)	(9,440)
Expenditure on New/Upgraded Assets		(1,022)	(6,709)	(2,264)	(6,420)	(3,250)	(900)	(1,000)	(2,000)	(1,000)	(2,000)	(1,000)
Purchase of Investment Property		0	0	0	0	0	0	0	0	0	0	0
Net purchase of Investment Securities		0	0	0	0	0	0	0	0	0	0	0
Acquisitions - Real Estate developments		0	0	0	0	0	0	0	0	0	0	0
Loans Made to Community Groups		0	0	0	0	0	0	0	0	0	0	0
Capital Contributed to Associated Entities		0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities		(4,879)	(10,265)	(5,903)	(10,131)	(7,521)	(5,521)	(6,021)	(8,421)	(9,740)	(10,890)	(10,190)

CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Proceeds from Borrowings		0	5,150	1,900	900	500	300	0	0	0	0	0
Proceeds from Aged Care Facility Deposits		0	0	0	0	0	0	0	0	0	0	0
Payments												
Repayments of Borrowings		(1,138)	(803)	(730)	(704)	(635)	(617)	(659)	(703)	(750)	(763)	(818)
Repayment of Finance Lease Liabilities		0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities		(1,138)	4,347	1,170	196	(135)	(317)	(659)	(703)	(750)	(763)	(818)
Net Increase/(Decrease) in cash held		(306)	444	1,761	(2,943)	(198)	2,371	1,521	81	(589)	(892)	578
Opening cash, cash equivalents or (bank overdraft)		981	675	1,119	2,880	(63)	(261)	2,110	3,631	3,692	3,102	2,210
Closing cash, cash equivalents or (bank overdraft)	981	675	1,119	2,880	(63)	(261)	2,110	3,631	3,692	3,102	2,210	2,788

Estimated Statement of Changes in Equity

City of Mount Gambier

Long Term Financial Plan Model

ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Actual	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$(000)	\$(000)	Year 1 \$(000)	Year 2 \$(000)	Year 3 \$(000)	Year 4 \$(000)	Year 5 \$(000)	Year 6 \$(000)	Year 7 \$(000)	Year 8 \$(000)	Year 9 \$(000)	Year 10 \$(000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	53,620	48,764	48,096	48,131	47,897	47,897	47,967	48,450	48,620	49,336	50,402	51,781
Net Result for Year	1,129	(704)	0	(268)	(38)	32	434	119	663	1,010	1,318	1,624
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to Other Reserves	(2,135)	0	0	0	0	0	0	0	0	0	0	0
Transfers from Other Reserves	93	0	0	0	0	0	0	0	0	0	0	0
Balance at end of period	52,707	48,060	48,096	47,863	47,859	47,929	48,401	48,569	49,283	50,346	51,720	53,405
ASSET REVALUATION RESERVE												
Land	30,511	30,511	31,335	32,175	33,032	33,906	34,798	35,935	37,100	38,294	39,519	40,774
Buildings & Other Structures	73,182	73,182	74,928	76,817	78,713	80,616	82,529	84,930	87,354	89,829	92,365	94,959
Infrastructure, Property, Plant & Equipment	23,718	23,718	24,881	26,040	27,242	28,568	29,961	31,722	33,516	35,365	37,283	39,298
Plant & Equipment	0	0	89	190	290	389	486	610	733	858	984	1,110
Minor Plant	495	495	499	502	506	510	514	519	524	528	533	539
Office Equipment	3,668	3,668	3,684	3,698	3,712	3,724	3,736	3,748	3,762	3,776	3,791	3,806
Balance at end of period	131,574	131,574	135,417	139,422	143,495	147,715	152,023	157,463	162,988	168,651	174,476	180,486
OTHER RESERVES												
Balance at end of previous reporting period	3,434	5,476	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419
Transfers from Accumulated Surplus	2,135	3,951	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(93)	(8)	0	0	0	0	0	0	0	0	0	0
Balance at end of period	5,476	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419	9,419
TOTAL EQUITY AT END OF REPORTING PERIOD	189,757	189,053	192,932	196,704	200,773	205,063	209,843	215,451	221,690	228,416	235,615	243,310

Estimated Summary Statement Including Financing Transactions

City of Mount Gambier

Long Term Financial Plan Model

SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2011/12 Actual \$('000)	2012/13 Actual \$('000)	2013/14 Plan Year 1 \$('000)	2014/15 Plan Year 2 \$('000)	2015/16 Plan Year 3 \$('000)	2016/17 Plan Year 4 \$('000)	2017/18 Plan Year 5 \$('000)	2018/19 Plan Year 6 \$('000)	2019/20 Plan Year 7 \$('000)	2020/21 Plan Year 8 \$('000)	2021/22 Plan Year 9 \$('000)	2022/23 Plan Year 10 \$('000)
Operating Revenues	22,455	22,452	24,087	25,100	26,410	27,488	28,766	30,214	31,695	33,172	34,686	36,260
<i>less Operating Expenses</i>	23,038	22,153	24,087	25,368	26,448	27,456	28,332	30,095	31,032	32,162	33,368	34,636
Operating Surplus/(Deficit) before Capital Amounts	(583)	299	0	(268)	(38)	32	434	119	663	1,010	1,318	1,624
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	3,099	5,010	3,880	3,989	4,061	4,561	4,871	5,271	6,671	8,990	9,140	9,440
<i>less Depreciation, Amortisation & Impairment</i>	5,491	5,662	6,232	6,640	6,930	7,325	7,665	7,976	8,353	8,800	9,300	9,838
<i>less Proceeds from Sale of Replaced Assets</i>	257	212	224	250	250	250	250	250	250	250	250	250
	(2,649)	(864)	(2,576)	(2,901)	(3,119)	(3,014)	(3,044)	(2,955)	(1,932)	(60)	(410)	(648)
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	8,193	1,022	6,709	2,264	6,420	3,250	900	1,000	2,000	1,000	2,000	1,000
<i>less Amounts Specifically for New/Upgraded Assets</i>	1,874	835	0	0	0	0	0	0	0	0	0	0
<i>less Proceeds from Sale of Surplus Assets</i>	0	0	0	0	0	0	0	0	0	0	0	0
	6,319	187	6,709	2,264	6,420	3,250	900	1,000	2,000	1,000	2,000	1,000
Net Lending / (Borrowing) for Financial Year	(4,253)	976	(4,133)	369	(3,339)	(204)	2,578	2,074	595	70	(272)	1,272

In any one year, the above financing transactions are associated with either applying surplus funds stemming from a net lending result or accommodating the funding requirement stemming from a net borrowing result.

Year Ended 30 June:	2011/12 Actual \$('000)	2012/13 Actual \$('000)	2013/14 Plan Year 1 \$('000)	2014/15 Plan Year 2 \$('000)	2015/16 Plan Year 3 \$('000)	2016/17 Plan Year 4 \$('000)	2017/18 Plan Year 5 \$('000)	2018/19 Plan Year 6 \$('000)	2019/20 Plan Year 7 \$('000)	2020/21 Plan Year 8 \$('000)	2021/22 Plan Year 9 \$('000)	2022/23 Plan Year 10 \$('000)
FINANCING TRANSACTIONS												
New Borrowings		0	5,150	1,900	900	500	300	0	0	0	0	0
Repayment of Principal on Borrowings		1,138	803	730	704	635	617	659	703	750	763	818
(Increase)/Decrease in Cash and Cash Equivalents		306	(444)	(1,761)	2,943	198	(2,371)	(1,521)	(61)	589	892	(578)
(Increase)/Decrease in Receivables		(27)	0	0	60	40	0	0	0	0	0	0
Increase/(Decrease) in Payables & Provisions		(224)	130	122	100	101	110	106	169	91	143	124
Other – Including the Movement in Inventories		(2,169)	(1,506)	(1,361)	(1,367)	(1,270)	(1,234)	(1,318)	(1,406)	(1,501)	(1,527)	(1,636)
Financing Transactions		(976)	4,133	(369)	3,339	204	(2,578)	(2,074)	(595)	(70)	272	(1,272)

Estimated Key Financial Indicators

KEY FINANCIAL INDICATORS	2012 Actual	2013 Estimate	2014 Plan Year 1	2015 Plan Year 2	2016 Plan Year 3	2017 Plan Year 4	2018 Plan Year 5	2019 Plan Year 6	2020 Plan Year 7	2021 Plan Year 8	2022 Plan Year 9	2023 Plan Year 10
Operating Surplus / (Deficit) - \$'000	(583)	299	0	(268)	(38)	32	434	119	663	1,010	1,318	1,624
Operating Surplus Ratio - %	(4)%	2%	0%	(2)%	(0)%	0%	2%	1%	3%	4%	5%	6%
Net Financial Liabilities - \$'000	6,321	5,238	9,271	8,802	12,101	12,305	9,727	7,653	7,058	6,989	7,261	5,989
Net Financial Liabilities Ratio - %	28.1%	23.3%	38.5%	35.1%	45.8%	44.8%	33.8%	25.3%	22.3%	21.1%	20.9%	16.5%
Interest Cover Ratio - %	1.9%	1.4%	1.5%	1.8%	2.3%	2.7%	2.5%	1.9%	1.4%	1.2%	1.1%	1.0%
Asset Sustainability Ratio - %	52%	85%	59%	56%	55%	59%	60%	63%	77%	99%	96%	93%
Asset Consumption Ratio - %	80%	78%	77%	75%	73%	72%	70%	68%	66%	65%	63%	62%

4. **GLOSSARY**

Asset Sustainability Ratio

Asset Sustainability Ratio indicates whether the Council is renewing or replacing existing non-financial assets at the same rate as its assets are used or 'consumed'. The ratio is calculated by measuring capital expenditure on renewal and replacement of assets relative to the level of depreciation. Where a Council has a soundly based Infrastructure and Asset Management Plan, a more meaningful asset sustainability ratio would be calculated by measuring the actual level of capital expenditure on renewal and replacement of assets (or proposed in the Budget) with the optimal level identified in the Plan.

Financial Assets

Financial Assets include cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and land held for resale.

Financial Sustainability

Financial Sustainability is where planned long-term service and infrastructure levels and standards are met without unplanned and disruptive increases in rates or cuts to services.

Net Financial Liabilities Ratio

Net Financial Liabilities Ratio expresses Net Financial Liabilities as a percentage of total operating revenue. The ratio allows interested parties to readily equate the outstanding level of the Council's accumulated financial obligations against the level of one-year's operating revenue. Where the ratio reduces over time, it generally indicates that the Council's capacity to meet its financial obligations is strengthening.

Net Lending/ (Borrowing)

Net Lending/ (Borrowing) equals Operating Surplus / (Deficit), less net outlays on non-financial assets. The Net Lending / (Borrowing) result is a measure of the Council's overall (i.e. Operating and Capital) budget on an accrual basis. Achieving a zero result on the Net Lending / (Borrowing) measure in any one year essentially means that the Council has met all of its expenditure (both operating and capital) from the current year's revenues.

Non-financial or Physical Assets

Non-financial or Physical Assets refers to infrastructure, land, buildings, plant, equipment, furniture and fittings, library books and inventories.

Operating Deficit

Operating Deficit is where operating revenues are less than operating expenses (ie. operating revenue is therefore not sufficient to cover all operating expenses).

Operating Expenses

Operating Expenses are operating expenses shown in the Income Statement, including depreciation, but excluding losses on disposal or revaluation of non-financial assets.

Operating Revenues

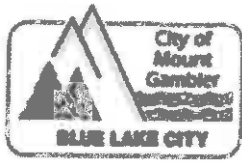
Operating Revenues are incomes shown in the Income Statement, but exclude profit on disposal of non-financial assets and amounts received specifically for new/upgraded assets (e.g. from a developer). For ratios calculated where the denominator specified is total operating revenue or rate revenue, Natural Resource Management (NRM) levy revenue is excluded.

Operating Surplus

Operating Surplus is where operating revenues are greater than operating expenses (ie. operating revenue is therefore sufficient to cover all operating expenses).

Operating Surplus Ratio

Operating Surplus Ratio expresses the operating surplus (deficit) as a percentage of general and other rates.



B300 BUDGET REPORTING AND AMENDMENT POLICY

1. INTRODUCTION

This policy provides clear direction to management and staff in relation to amending, and reporting performance against Council's adopted budget.

2. POLICY OBJECTIVES

The intention 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.

3. POLICY STATEMENTS

3.1 Timing and Content of Budget Reporting to Council

A Budget Update report is 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.

3.2 Approval of Variations outside the scope of the Budget

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

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

3.3 Approval of variations within the scope of the Budget

Where circumstances so warrant the Chief Executive Officer may authorise variations in activity that are within the budget providing that variations made do not:

1. in aggregate exceed threshold value limits for functions outlined in the Budget;
2. materially impact on the quality, quantity, frequency, range or level of service previously provided for or implicitly intended in the original allocation; and
3. impact on any explicit proposals Council has included in its Annual Business Plan or has otherwise publicly committed to and accommodated in its budget.

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

3.4 Guidelines in relation to the carry forward of expenditure authority associated with projects included in the budget for the previous financial year.

Funding approval for budgeted activity not completed at the end of any budget year is forfeited unless identified as a carry over/work in progress.

The scope and funding requirements of capital projects and major operating-type activities that are committed or underway but not completed at the end of one-financial year needs to be reviewed and the projects/activities identified for carrying forward as soon as possible in the following financial year.

4. LEGISLATIVE REQUIREMENTS AND CORPORATE POLICY CONTEXT

Regulations 7, 9 and 10 of the Local Government (Financial Management) Regulations 2011.

Related Council Policies:

I105 Internal Controls

T150 Treasury Management

<i>Issued/Approved:</i>	<i>August 2012</i>
<i>Last Reviewed:</i>	<i>August 2012</i>
<i>Next Reviewed:</i>	<i>August 2014</i>
<i>File Reference:</i>	<i>AF11/722</i>
<i>Responsible Officer:</i>	<i>Director - Corporate and Community Services</i>

Adopted by Council: 21 st August 2012	Reviewed:	Reviewed:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:



I105 INTERNAL CONTROLS

INTERNAL CONTROL PROCEDURES

Definition

Internal control comprises the plan of the organisation and all of the coordinated methods and measures adopted by the Council and contained within the Local Government Accounting manual, to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies. This definition possibly is broader than the meaning sometimes attributed to the term. It recognises that a "system" of internal control extends beyond those matters which relate directly to the functions of the accounting and financial departments and such a system includes budgetary control, periodic operating reports, statistical analysis and the dissemination thereof, a training programme designed to aid personnel in meeting their responsibilities, external and internal audit structures as needed or as prescribed to provide additional assurance to management as to the adequacy of its outline procedures and the extent to which they are being effectively carried out.

Internal Control Policies

It is Council's policy to:-

Develop an adequate system of Internal Control, which will promote a high level of compliance with Council's policies and procedures and allow full compliance with statutory obligations.

Implement and maintain this system to assist the Council in carrying out its activities in an efficient and orderly manner to ensure adherence to management policies, safeguard its assets and secure the accuracy and reliability of its records.

Internal Control Framework

Council shall maintain accounting records and procedures of the following kind:-

1. Purchases and Payments System;
2. Payroll System;
3. General Receipts and Debtor System;
4. Rates;
5. Fixed Assets;
6. Stores;
7. General Ledger;
8. Investment of Funds
9. Loan Borrowings
10. Other



I105 - Internal Controls cont'd...

1. PURCHASES AND PAYMENTS SYSTEM

1.1 Purchase Orders

- Council has, by statutory resolution, authorised certain persons to sign orders and has set conditions and limits on that authorisation.
- Purchase orders are used for the purchase of goods and services and signed as approved by an authorised Council officer.
- Purchase orders are pre-numbered and raised in triplicate to allow copies to be forwarded to the supplier, the accounts department and a copy to be retained for reference.
- Purchase orders include the following details:
 - suppliers name;
 - date goods ordered;
 - details of goods/services ordered;
 - agreed prices where available;
 - account allocation reference (on the duplicate and triplicate copies only).
- Unused purchase order books are held by a responsible officer, with details maintained regarding to whom purchase order books have been issued.

1.2 Receipts of Goods/Services

- On the receipt of goods, delivery dockets/cartnotes are signed as evidence of receipt of the goods noted on the docket.
- Where delivery dockets/cartnotes are not received invoices are signed as evidence of receipt of goods.
- Delivery dockets and invoices are matched to purchase orders promptly to ensure the goods received are those ordered and have been received in good condition. Unmatched documentation is to be immediately queried with the supplier.

1.3 Processing Invoices

- Invoices for purchases are not processed unless a purchase order is attached and/or receipt of goods evidenced and/or the invoice is verified as correct by a senior officer of Council.



1105 - Internal Controls cont'd...

- Invoices for purchases are not to be processed unless the invoice contains the correct information in relation to the GST, i.e. ABN number, the words "Tax Invoice", "GST inclusive" or "GST exclusive".
- Additions, extensions and prices of invoices are evidenced as checked.
- Authorisation for payment is made by the Finance Manager or other responsible senior officer and is evidenced by initialling and dating the invoice.
- The Finance Manager ensures account allocations are made or checked.
- The allocation of GST codes to invoices are to be made by either the Finance Manager or other responsible officer.
- Where invoices are posted in batches, batch totals are reconciled with the totals posted.

1.4 Payments

- Payments are made either by cheque or electronic funds transfer (EFT)
- EFT is the preferred method of payment and all suppliers are encouraged to provide their nominated bank details.
- All cheques are printed/written and issued in sequential order.
- All cheques are crossed "Not Negotiable".
- If requested, documentation, i.e. invoices or statements, are accompanied with the cheque as evidence for review by cheque signatories prior to signing.
- Cheques are signed by two authorised signatories which may include two authorised officers or two Council Members or a combination of the authorised officers and Members.
- EFT payments are to be reconciled and authorised for payment, on a batch basis, prior to being dispatched.
- An expenditure report, listing all cheques issued and EFT payments made for a period, is presented monthly to Council for the Members' general information.



1105 - Internal Controls cont'd...

- Council has formally resolved that the process of Council authorising the payment of accounts/cheques be discontinued.

1.5 Reconciliations

- Supplier's statements are reconciled monthly to creditors ledger and creditor invoices and payments made.
- Creditors control account is reconciled monthly to the creditors ledger and discrepancies/reconciling items are promptly followed up.
- Creditors ledger balances are regularly reviewed and unusual items such as debit/credit balances are investigated.
- All electronic payment amounts recorded against Councils bank account are to be verified by the Finance Manager in conjunction with the creditors staff to ensure the amount invoiced equals the amount paid.

1.6 Other

- Where possible and practical, the following functions are independent of each other:
 - ordering goods;
 - receiving goods
 - invoice authorisation
 - invoice processing
 - cheque signing
 - EFT authorisation

2. PAYROLL SYSTEM

2.1 Changes in Employee Details

- No employee is to be added to payroll records or paid without receipt of the appropriate forms, including employment declaration forms.
- Employee history files are maintained for all employees. Files should contain employment details and contracts, job specifications, payroll deduction authorities, annual leave, long service leave and sick/personal leave entitlements together with hours worked, rates of pay, gross pay details, deductions etc.
The recording of such data or computer records must be strictly controlled and adequate regular backup facilities in place.



1105 - Internal Controls cont'd...

- Other than statutory adjustments, adjustments to classification, salary or wage rates can only be made from either a resolution of Council or on the authorisation of any of the two Chief Executive Officer, Director - Operational Services or Director - Corporate Services.

Adjustments to the employee master file can only be made by payroll staff under the supervision of the Finance Manager.

2.2 Time Recording

- All non-salary staff complete a timesheet which is signed by the employee and their supervisor to authorise hours worked, overtime sick leave etc.
- All timesheets are marked as evidence of processing.
- Payroll reports are periodically reviewed for unusual rates, salary amounts or employee names and evidenced as reviewed by a responsible officer external to the payroll function.

2.3 Leave Entitlements

- All employees applying for leave complete a Leave Application Form in advance. This form is authorised by the appropriate responsible officer and passed on to the payroll office for noting and advising applicant of approval.
- Leave entitlements are updated to reflect annual, sick, personal, family and long service leave taken.
- Annual leave and/or long service leave entitlements are regularly reviewed and arrangements made with employees with excessive entitlements to reduce these.
- Applications for cashout of accrued long service leave can be made in accordance with the Long Service Leave Act and Council policy.

2.4 TOIL Hours

- All TOIL hours either accrued or taken must be authorised by the relevant Supervisor.
- All TOIL hours either accrued or taken, must be submitted on the appropriate form (with the relevant Supervisors authorisation) to the payroll office.



I105 - Internal Controls cont'd...

- TOIL hours are regularly reviewed to ensure compliance with Council's enterprise agreements.

2.5 Payment

- Pays are via direct bank deposit and listings are reconciled to:
 - net pay total;
 - total number of employees paid;
 - listings received from relevant bank/institution
- The payment of electronic pays is strictly controlled by selected personnel (Finance Manager, Team Leader Finance, Finance Officers), through E-Bank facilities. This involved logging into the banks electronic desktop service via password/user ID.
- All payroll control accounts are to be balanced and cleared at least on a monthly basis

2.6 Records

- Records shall be maintained in a secure area in respect of each officer and employee showing
 - hours worked and rate of pay;
 - gross salary or wages;
 - tax and details of all other payments and deductions such as annual and long service leave available and taken; and
 - all pay records shall be retained for periods stated in legislation/regulations

2.7 Payment Summaries

- The totals appearing on the payment summaries for the year shall be reconciled with general and payroll ledgers by a responsible pay officer and presented to the Finance Manager for verification prior to printing.
- Payment summaries returned or unclaimed are received by central records and investigated by the Finance Manager.



I105 - Internal Controls cont'd...

3. GENERAL RECEIPTS AND DEBTORS SYSTEM

3.1 Invoicing

- All invoices are to be printed in the correct format in accordance with the Australian Taxation Office guidelines in relation to the GST i.e. Council's ABN, the words "Tax Invoice", "GST exclusive or inclusive".
- Records are maintained detailing all works undertaken which require invoicing. These records are reviewed regularly to ensure prompt production of invoices.
- Invoices are sequentially numbered and issued in number order.
- Account allocations and GST codes are made or checked by the Finance Manager
- Outstanding debtor balances shall be reviewed at least monthly and appropriate action initiated to recover the debt.
- Outstanding debtor balances shall be reviewed at least annually near year end to ensure doubtful debts are adequately provided for and bad debts written off.
- Debtors ledgers (rates and others) shall be reconciled monthly to the general ledger control accounts. This reconciliation is to be reviewed by an authorised officer. Any discrepancies are immediately investigated.
- New debtor ledger accounts are not to be opened without authorisation from an authorised officer.

3.2 Receipts/Banking

- All monies received by Council at the Civic Centre are the responsibility of Councils Reception Staff. Receipts are only to be issued by/or under the control of such officers.
- All monies received at "The Lady Nelson" Visitor and Discovery Centre are the responsibility of the Team Leader Visitor Information and are to be reconciled and balanced at the Centre. Such monies are then delivered to Councils Reception Staff for receipting and banking.
- All monies received at the Mount Gambier Library are the responsibility of the Library Manager and are to be reconciled at the Library. Such monies are then delivered to Councils Reception Staff for receipting and banking.



I105 - Internal Controls cont'd...

- All monies received at the Main Corner Facility are the responsibility of the Main Corner Co-ordinator and are to be reconciled at the Main Corner Facility. Such monies are then delivered to Councils Reception Staff for receipting and banking.

- Control of Council's petty cash advance is the responsibility of the cashier/teller positions. Council has by resolution, set the following limits on petty cash:

- Civic Centre petty cash	\$300
- Civic Centre cash float	\$1200
- The Lady Nelson	\$1000
- Library	\$250
- Main Corner	\$650
- Waste Transfer Centre	\$400
- Mount Gambier Cemetery Trust	\$200
- travel expenses float	\$2000

Total cash on hand \$6,000

- maximum amount for any one transaction \$150

- All funds received by an officer or employee of Council must be receipted as soon as practicable.
- On receipt, all monies are electronically receipted along with the GST (if applicable), causing banking deposits and relevant ledger accounts to be updated. A copy of the details of each receipt (included in end of day reports) shall be maintained.
- Receipts/Tax invoices are issued for each transaction, with receipts being numbered and issued in numerical sequence.
- All cheques received are crossed "Not Negotiable".
- Cash float balance is counted daily and reconciled to receipts listing and banking for the day. Discrepancies are promptly followed up, notified to and investigated by the Finance Manager and if necessary, reported to the Director - Corporate Services.
- Banking occurs daily. Detailed records of Councils banking is maintained.
- Banking shall be reconciled with receipts with any discrepancies reported to the Finance Manager.



I105 - Internal Controls cont'd...

- The Finance Manager is responsible for the overall control of the receipting and banking processes.
- Excessive cash is removed from the front counter area where practicable, to a more secure area.
- Bank transfers are to be downloaded from the internet by rates staff only with balances reconciled immediately.
- Council shall approve the establishment and closure of every bank and overdraft account.
- Council may operate bank accounts as required with the officers and employees authorised to operate such accounts approved by Council.
- Bank reconciliation statement for each account operated by Council including general cheque account, investment accounts, reserve accounts line of credit, overdrafts and business credit accounts shall be prepared at least once in every month by the Team Leader Finance or Finance Manager.

3.3 Bank and Investment Accounts

- Bank reconciliations are prepared monthly and presented to Council. Any unusual/irregular reconciling items are immediately investigated.

3.4 Other

- Where possible, the following functions are performed independently:
 - invoicing;
 - issuing rate notices .etc.; opening mail
 - receipting;
 - banking:
 - reconciliation of debtors and bank.

4. RATES

4.1 Determination of Rates

- Rate charges, amounts and rebates are adopted annually by Council.
- Amounts to be charged/valuations, attribution of land use codes and budget estimates are Gazetted pursuant to the Local Government Act.



1105 - Internal Controls cont'd...

- Property values are updated via electronic file (and occasionally from hard copy) provided by the Valuer General's Department, onto Council's system and reconciled.
- All updates received from the Valuer General are to be promptly processed and entered into Council's corporate system and reconciled on a weekly basis. Any variations or exceptions are immediately investigated.
- Parameters entered (i.e. rate/\$, concession etc) are authorised by a responsible officer. Any changes to these parameters are made only by a responsible officer.

4.2 Rates Generation

- Total value of rates generated is compared to the value as budgeted by Council. All variances are to be investigated prior to raising of rates.
- Periodic checking of Council's Name and Address Register to be undertaken by the Rates Officers.
- Samples of rate notices are randomly checked to ensure that:
 - correct rates have been calculated;
 - rebates and concessions have been correctly calculated;
 - name, address and rate details are correct.

4.3 Rates Fines

- Fines and interest payable on outstanding rates are charged in accordance with the Act.
- Rates subsidiary ledger is to be reconciled with the General Ledger on a monthly basis.

5. FIXED ASSETS

5.1 Classification and Capitalisation Policies

• **Capital Expenditure**

An item of expenditure is said to be of a capital type nature where:

- it extends the asset's economical life; and/or
- improves the asset's revenue earning capacity, often taking advantage of more modern technology; and/or



I105 - Internal Controls cont'd...

- adds attributes which were not previously part of the asset.

- Maintenance Expenditure

An item of expenditure is said to be of a maintenance type nature where;

- it is part of an ongoing, regular maintenance program; and/or

- it will not significantly increase the useful life of the asset; and/or

- the basic qualities of the asset are not upgraded; and/or

- whilst relating to the acquisition or upgrading of an asset, is not material to the total value of the asset.

- Materiality

The purchase of items of a value (or collective value) of less than \$5,000 are not deemed to be assets for the purpose of this policy.

5.2 Additions and Disposals

- Defined authorisation limits are specified for purchases generally.

- On acquisition:

- assets are added to the relevant asset register;

- useful life of the individual asset is estimated;

- basis of depreciation (i.e. straight line or reducing balance method) is decided;

- rate of depreciation is calculated;

asset is depreciated from date first used or held ready for use.

- On disposal:

- asset is depreciated to date of disposal;

- accumulated depreciation and cost of the asset are written back in the general ledger and the asset is removed from the asset register;



1105 - Internal Controls cont'd...

- profit/loss on disposal is calculated;
- any asset valued at more than \$5,000 which is surplus to Council's needs is to be offered for sale initially by public tender or public auction.

5.3 Recording/Registers

- Asset Registers are maintained for all assets owned or controlled by Council.
- Wherever possible assets are to be recorded as separate items in the registers.
- A physical count of all assets per the asset registers is undertaken periodically. All discrepancies are investigated and the condition of the assets noted.
- Registers are regularly reviewed, noting "unusual" items or items which have been sold or scrapped.
- Authorisation is obtained before any items are deleted from the register (due to sale or scrapping).
- Procedures are implemented to ensure that finance personnel are advised of all acquisitions, disposals, trade-ins and scrappings.

5.4 Year End Considerations

- Asset Registers are to be reviewed to consider:
 - carrying value of assets;
 - existence of assets;
 - condition of assets;
 - relevance of current depreciation rate given the condition of the assets;
 - need for revaluations.

5.5 Other

- Adequate security arrangements exist over premises and storage areas. These arrangements are regularly reviewed and improved where they



1105 - Internal Controls cont'd...

have become inadequate. Arrangements include restricting access to authorised personnel only and protection from accidental destruction, deterioration, theft, and fraudulent or illegal use.

- Adequate security exists to prevent unauthorised access to Councils IT infrastructure.
- Insurance coverage is regularly reviewed by the responsible officer in conjunction with Council's insurance broker, to ensure that it is adequate.
- Maintenance plans are implemented and reviewed to ensure that the asset is:
 - used to maximum capacity;
 - being operated correctly;
 - not deteriorating excessively;
 - maintained to an acceptable level of presentation.

6. STORES

6.1 Stock Policy

Council encourages the direct debit of stocks and materials purchased direct to jobs where possible due to the close proximity to most suppliers the need to hold stock is minimal and investment return is maximised. Only fuel has been classified as stock in hand.

6.2 Physical Storage

All storage areas are adequately secured. These security arrangements are regularly reviewed and improved where they have become inadequate. Arrangements include restricting access to authorised personnel and protection from accidental destruction, theft and fraudulent or illegal use.

6.3 Issues and Returns

- All stock delivered is to be recorded on relevant stock sheets and invoices authorised by responsible officer.
- Systems are implemented which adequately record all issues of stock items. Documentation includes details of items issued, when and to whom issued and for what purpose.



1105 - Internal Controls cont'd...

- Only authorised employees have the authority to issue stock items.
- Issues are monitored to ensure timely ordering of stock items and to ensure items are not over-stocked.

6.4 Stocktakes

- Stocktakes are carried out at least biannually.
- Stocktake is supervised by the Finance Manager or other authorised officer.
- Damaged, obsolete or variances are to be recorded in stock records.
- Any significant variances in stock to be reported to the Director - Corporate Services for a report to Council, if necessary.

7. GENERAL LEDGER

7.1 Passwords

- Authority access is restricted and all users are provided with a unique username and password.
- System passwords should be changed on a regular basis and comprise both alpha and numeric digits.

7.2 Access Rights

- Authority access is limited to the functional requirements of a position.
- Access to programs is managed by the Team Leader Records & IT who co-ordinates access requirements with the external support provider Managed Services.
- The chart of accounts must be maintained in accordance with the adopted budget and approved budget reviews.
- Access to add, delete and amend the General Ledger accounts or the posting of journals is limited to the Finance Manager & Team Leader Finance.
- The ability to view General Ledger transactions should be restricted to Finance Officers, Team Leaders and Senior Management.



1105 - Internal Controls cont'd...

7.3 Access Reviews

- Regular reviews of access should be conducted, particularly with the commencement / cessation of employment or structural changes such as position reviews and internal promotions.

7.4 General Journals – preparation, authorisation and review

- Journals may only be raised or authorised by the Chief Executive Officer, Director Corporate Services, Finance Manager or Team Leader Finance.
- All journals are to be adequately explained or supported by explanatory documentation.
- The Director Corporate Services periodically reviews all journals.
- All journals are sequentially numbered and recorded in the Journal Book.
- Once posted, journals are marked to ensure no journals are overlooked or posted twice.
- A journal report must be printed and filed in the General Ledger Journal Folder with supporting documents.

7.5 Sub-ledger reconciliations and review

- Control and clearing accounts (including the GST control account) are reconciled monthly and clearing and suspense accounts are regularly cleared.
- All reconciliations are to be evidenced by the Finance Manager or Team Leader Finance.
- Prior to submitting Council's monthly BAS return, the GST control account is reconciled to the Authority BAS version.
- The Finance Department is to supply the Chief Executive Officer and Directors with monthly trial balances at a sub-ledger account level to assist in the budget review process.
- A regular review of the trial balance is required to ensure correct account allocations are made.

7.6 Annual Financial Statements

- All Annual Financial Statements must be completed, audited and adopted by Council before the third Monday of October of each year.



I105 - Internal Controls cont'd...

7.7 End of year 'roll forward'

- The end of year 'roll forward' will be processed by the Finance Manager and / or the Team Leader Finance only when the Annual Audit has been approved and signed.

7.8 Budgetary Control

- Budgets are to be prepared, presented and adopted to Council by the end of July each year.
- The budgets of Council (including reviews) shall include the following information:-
 - budgeted operating statement;
 - budgeted statement of financial position;
 - budgeted statement of changes in equity;
 - budgeted statement of cash flows; and
 - budgeted statement as to the basis for the determination of rates.
- All Directors are responsible for allocations, expenditures and revenues made within their areas and reporting of anomalies immediately. These shall be reported to the Chief Executive or Finance Manager.
- The Chief Executive Officer is empowered to make internal variations to allocations made in the Budget Estimates (either the adopted or varied estimates) provided such variations do not increase nor decrease the overall budgeted deficit or anticipated surplus of the Budget Estimates.
- Any variations made by the Chief Executive Officer shall be documented to enable proper internal controls and audit trails to be followed.
- Any variations made by the Chief Executive Officer shall not exceed \$5,000 for any specific or particular budgeted item.

8. INVESTMENT OF FUNDS

- All investments are to be in the name of the City of Mount Gambier.
- Investments are only to be made in authorised investments allowed under the Local Government Act.

Under the direction of the Chief Executive Officer, surplus Council funds are to be invested in accordance with Councils Treasury Management Policy (Policy T150) and the provisions of the Local Government Act 1999.

- All verbal (telephone) requests to transfer funds from any of the above institutions are to be confirmed by written authorisation, signed by any two of the:



I105 - Internal Controls cont'd...

Chief Executive Officer
Director - Corporate Services
Director - Operational Services
Finance Manager

or in accordance with relevant institution operating requirements.

- A copy of all written authorisation's is to be retained for Council's records/audit purposes.
- Performance reviews of Council investments is carried out on an annual basis.
- Interest received on any investments from Reserve Funds of Council be appropriated to the respective Reserve Accounts and not retained in the general revenue of Council.

9. LOAN BORROWINGS

- Any loan borrowing's should take account of and comply with Councils Treasury Management Policy (Policy T150) and the provisions of the Local Government Act, 1999.
- All loan borrowing's shall be as allowed by the budget papers presented and approved by Council.
- All borrowing's including rollovers require a resolution of the Council, including authorisation for the signing and sealing of documents.
- The Local Government Finance Authority is to be given an opportunity to quote for loan borrowing requirements.
- On receipt of loans, details shall be entered in the loan register, appropriate journal entries made and documentation placed in our central records system.
- All loans raised by Council shall be accounted for and identifiable in the accounting records.
- A responsible officer shall maintain a register of loans raised by Council in accordance with Internal Control Policy (registers) which shall be stored on the corporate computer system with loan documents retained in central records.

The register shall record:-

- number of the loan;
- the lending institution;
- the repayment schedule of the loan;
- the purpose for which the loan was taken out;



1105 - Internal Controls cont'd...

- the date of the loan;
- the interest rate of the loan;
- the term of the loan; and
- the date on which the loan will be redeemed.

10. OTHER

10.1 Access Controls - Property

- Access to Council facilities will be controlled by Departmental Directors.
- Only authorised personnel shall be granted access to keys/security systems.
- In respect to other Council owned and controlled properties, Council will maintain a key register, which will be strictly controlled by designated persons.
- All breaches of security are to be reported to Departmental Directors whom will investigate the need for key/lock/password replacement.

10.2 Access Controls - Computer

- The Team Leader Records and IT shall ensure adequate security measures are in place to ensure:-
 - restriction of physical access to hardware to authorised personnel only;

10.3 Computer - Internal Controls

- Individuals access as to software modules within the Managed Services (MSP)_ Environment is restricted to roles considered relevant to their respective needs.
- Security levels assigned to all users and controls are maintained over the availability and knowledge/passwords.
- For all users windows system passwords are changed every three months.
- Attempted breaching of access reported by the system are promptly investigated and appropriate action taken.
- Councils "hosted" Managed Services Environment (MSP) provides for an automated off site back up of data, programs and documentation completed on a daily and fortnightly basis.
- Adequate protection from accidental destruction, deterioration, misplacement and pilferage (secure, fire proof room).



1105 - Internal Controls cont'd...

- All patches, updates and changes to software programs within the MSP environment are authorised, tested and documented by Councils provider and advised to Council on a fortnightly basis.
- Formal disaster recovery plan has been established as part of Councils "hosted" Management Service Agreement.
- Controls are in place for IT equipment issued for out of hours.

Council equipment is not let out or is allowed to be borrowed outside of Council.

10.4 Hiring of Properties

- A record of all hiring of halls and other properties under the care, control and management of Council shall be maintained giving particulars of each hiring and the amount payable thereof.
- A responsible officer shall make periodical checks of the hiring record and the charges raised.

10.5 Records Retention and Destruction

- Records will be captured into Councils Electronic Document Records Management System (TRIM)
- Refer to State Records Disposal Manual (GDS 20,V.4).

10.6 Records Security

- Full details of all Council owned properties shall be maintained with custodial security over certificates of title being independent of accounting functions.

10.7 Insurable Risk

- All identified insurable risks will be covered with a policy of insurance issued by a recognised insurance company. The cover will be equivalent of full replacement.
- The extend of cover, both risk and sum insured, shall be reviewed at least annually by a responsible officer and supported by a report covering the review prepared by the broker in association with a Council Officer.
- Cover will include as appropriate:-
 - local government special risks;
 - consequential loss;
 - public liability;



1105 - Internal Controls cont'd...

- motor vehicle;
- fidelity guarantee;
- house holders; and
- boiler, plate glass, fusion and other.
- The up to date policies and all annexure shall be kept in a secure place.
- general and products liability
- Machinery breakdown
- Computer
- Electronic equipment
- Marine hull
- Personal accident and liability
- Income protection
- householders and local government special risks
- boiler, plate glass, fusion and other special risks
- The up to date policies and all annexure shall be kept in a secure place*

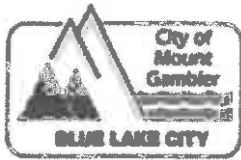
10.8 Machinery Costs and Indirect Expenditure - Allocation

- Machinery costs and charge out rates are to be reviewed at least annually by the Director of Operational Services.
- Overhead recovery rates are to be reviewed annually.

10.9 Register of Interest

- Elected members and identified senior staff must lodge a primary or ordinary register of interest yearly in accordance with the regulations. Such a return shall be lodged with the Chief Executive.

Adopted by Council: 18th February 1999	Amended: 17 th February 2000	Amended: 16 th January 2001
Reviewed: 15 th April 2003	Reviewed: 19 th September 2006	Amended: 27 th February 2007
Amended: 21 st April 2009	Amended: 15 th November, 2011	Amended: 20th November, 2012
Amended: 21 st May, 2013	Amended:	Amended:
Amended:	Amended:	Amended:



F225 Fraud and Corruption Prevention Policy

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1. Introduction

- 1.1 The City of Mount Gambier ("the Council") is committed to acting in the best interest of the community and to upholding the principles of honesty, integrity and transparency, which are all key components of good governance.
- 1.2 The Council recognises that Fraud and Corruption have the potential to cause significant financial and non-financial harm and that, therefore, the prevention and control of Fraud and Corruption should feature predominantly within the systems and procedures of a responsible Council.

2. Policy Statement

- 2.1 This Policy is designed to protect public funds and assets and the integrity, security and reputation of the Council.
- 2.2 This Policy outlines the Council's approach to the prevention, detection and control of fraudulent and/or corrupt activity and, summarises the associated responsibilities of Council Members and Council Employees.
- 2.3 The Council will not tolerate fraudulent or corrupt activity and is committed to its control and prevention by:
 - establishing and maintaining an effective system of internal controls and enforcing compliance with those controls;
 - regularly undertaking risk assessments to identify circumstances in which fraud and corruption could potentially occur;
 - implementing fraud and corruption prevention and mitigation strategies in its day to day operations;
 - establishing formal procedures for the investigation of allegations relating to fraudulent and/or corrupt activity;
 - taking appropriate action in response to allegations of fraudulent and/or corrupt activity including, reporting allegations through appropriate channels and where allegations are substantiated, taking disciplinary action in accordance with the Council's Codes of Conduct;
 - ensuring all Council Employees and Council Members are aware of their obligations in regards to the prevention of fraud and corruption within the Council;



F225 Fraud and Corruption Prevention Policy cont'd...

- fostering an ethical environment in which dishonest and fraudulent behaviour is actively discouraged; and
- generating community awareness of the Council's commitment to the prevention of fraud and corruption.

3. Scope

3.1 This Policy is intended to complement and be implemented in conjunction with other Council policies, including:

- Whistleblower Protection Policy;
- Risk Management and Internal Control Procedures;
- Employee Code of Conduct;
- Council Member Code of Conduct; and
- Council Members Allowances and Benefits Policy.

3.2 This Policy applies to all disclosures that relate to the actual or suspected occurrence of fraud and corruption within the Council.

4. Definitions

For the purposes of this Policy the following definitions apply:

4.1 An ***Appropriate Authority*** that receives disclosure of public interest information includes:

- a Minister of the Crown;
- a member of the police force - where the information relates to an illegal activity;
- the Auditor-General – where the information relates to the irregular or unauthorised use of public money;
- the Ombudsman – where the information relates to a public officer;
- a Responsible Officer, where the information relates to a matter falling within the sphere of responsibility of a local Government body; or



F225 Fraud and Corruption Prevention Policy cont'd...

- any other person¹ to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure².
- 4.2 A person makes an **appropriate disclosure** of public interest information if
- (a) the person-
- i. believes on reasonable grounds that the information is true: or
 - ii. is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
- (b) the disclosure is made to the Appropriate Authority.
- 4.3 **Corruption** is conduct of a public official involving a breach of that person's duty and/or the misuse or abuse of their position:
- to gain a reward or benefit; or
 - for any dishonest or improper purpose.
- 4.4 **Deception** means deceiving another to obtain a benefit or to cause detriment to a person.
- 4.5 An **Employee** is any person who is employed by the Council, but also includes any contractors, volunteers and consultants undertaking work for, or on behalf of the Council.
- 4.6 A **False Disclosure** is a disclosure of information involving actual or suspected fraud or corruption that is made by a person who knows the information to be false or, who is reckless as to whether it is false.
- 4.7 **Fraud** is the use of misrepresentations, deception or dishonest conduct in order to obtain an unjust advantage over another or, to cause detriment to the Council. Examples of fraudulent conduct include:

¹ Such a person may include an independent company that offers an anonymous whistleblower call service.

² Where the disclosure relates to fraud and corruption, the Appropriate Authority must pass the information as soon as practicable to the Anti-Corruption Branch of the SA Police.



F225 Fraud and Corruption Prevention Policy cont'd...

- theft of assets;
- unauthorised and/or illegal use of assets, information or services for private purposes;
- misappropriation of funds; and/or
- falsification of records.

4.8 **Maladministration** generally includes impropriety or negligence, which may extend to conduct of a serious nature that is:

- contrary to law; or
- unreasonable, unjust, oppressive or improperly discriminatory; or
- based upon improper motives; or
- a result of acting outside the parameters of recommended practice.

4.9 **Manager** means any Employee of the Council who is responsible for the direct supervision of other Employees, and/or, for the management of a Council Department.

4.10 **Public Officer** includes:

- a Council Member of the Council, including the Mayor;
- an Independent Member of the Council's Development Assessment Panel;
- an Independent Member of a Council Committee or a subsidiary of the Council;
- a member of a Council or regional subsidiary; and
- an Employee or Officer of the Council.

4.11 A **Responsible Officer** is a person (or persons) authorised to receive and act upon information provided by a Whistleblower³.

³ It is recommended that the Responsible Officer is one or two Council Officers and is not the Chief Executive Officer, the Mayor or Council Member or a Council Committee. A Council Member should not be appointed as a Responsible Officer as Council Members are not equipped to properly deal with an appropriate disclosure in terms of the roles and responsibilities of office. Furthermore the Responsible Officer is an administrative role and the principles of good governance require division between the administrative and governing bodies of a Council.



F225 Fraud and Corruption Prevention Policy cont'd...

Each Council must ensure that a member of the staff of the Council (with qualifications by the Regulations⁴) is designated as a Responsible Officer for the Council for the purposes of the Whistleblower Protection Act 1993.

- 4.12 **SAPOL** means the Anti-Corruption Branch of the South Australian Police Force.
- 4.13 A **Whistleblower** is any person who makes an appropriate disclosure of public interest information.
- 4.14 **Waste** refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or, unauthorised use of public resources.

5. Prevention

5.1 The Council recognises that:

- the occurrence of fraud and corruption will prevail in an administrative environment where opportunities exist for waste, abuse and maladministration; and
- the most effective way to prevent the occurrence of fraud and corruption is to promote an ethical environment in which internal control mechanisms have been implemented.

5.2 In general, the Council expects that Public Officers will assist in preventing fraud and corruption within the Council by:

- understanding the responsibilities of their position;
- familiarising themselves with the Councils procedures and adhering to them;
- understanding what behaviour constitutes fraudulent and/or corrupt conduct;
- maintaining an awareness of the strategies that have been implemented by the Council to minimise fraud and corruption;
- being continuously vigilant to the potential for fraud and/or corruption to occur; and

⁴ Regulation 21B of the Local Government Act (General) Regulations 1999, states that the prescribed qualifications are the qualifications determined by the Minister. The Minister has not yet made any determinations.



F225 Fraud and Corruption Prevention Policy cont'd...

- reporting suspected or actual occurrences of fraud or corruption to either a Responsible Officer or directly to SAPOL.

5.3 Specific Responsibilities

5.3.1 Collectively, as the decision making body of the Council, **Council Members** are responsible for ensuring that the **Council**:

- promotes community awareness of the Council's commitment to the prevention of fraud and corruption;
- provides adequate security for the prevention of fraud and corruption. This includes the provision of secure facilities for storage of assets and procedures to deter fraudulent or corrupt activity from occurring;
- provides mechanisms for receiving allegations of fraud or corruption, including by ensuring a Responsible Officer is appointed;
- ensures that, where appropriate, proper investigations are conducted into allegations that involve fraud or corruption;
- forwards information relating to the occurrence of fraud or corruption to SAPOL and facilitates cooperation with any SAPOL investigation;
- ensures that all Employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate and regular training;
- promotes a culture and environment in which fraud and corruption is actively discouraged and is readily reported should it occur; and
- undertakes a fraud and corruption risk assessment on a regular basis.

5.3.2 **Manager's** are responsible for:

- the conduct of any Employees whom they supervise and, will be held accountable for such;
- any property under their control and, will be held accountable for such;



F225 Fraud and Corruption Prevention Policy cont'd...

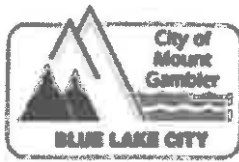
- reporting any suspected or actual occurrences of fraud or corruption within the Council to the Responsible Officer;
- creating an environment in which fraud and corruption is discouraged and readily reported by Employees. Such an environment shall be fostered by the Manager's own attitude to fraud and corruption and, by the accountability and integrity they both display and encourage from other Employees;
- ensuring that new Employees for whom they are responsible are aware of their responsibilities in relation to fraud and corruption and, of the standard of conduct expected from all Employees as outlined in the Council's Employee Code of Conduct;
- identifying potential fraud and corruption risks; and
- leading by example to promote ethical behaviour.

5.3.3 *Employee's* are responsible for:

- performing their functions and duties with care, diligence, honesty and integrity;
- conducting themselves in a professional manner at all times;
- adhering to these guidelines and other Council procedures that have been established to prevent fraud or corruption;
- taking care for Council's property which includes avoiding the waste or misuse of the Council's resources;
- maintaining and enhancing the reputation of the Council;
- remaining scrupulous in their use of the Council's information, assets, funds, property, goods or services; and
- reporting any occurrence of fraud and/or corruption within the Council to a Responsible Officer.

6. Fraud and Corruption Risk Assessment Process

- 6.1 The Council's main objective in the prevention and control of Fraud and Corruption is to minimise the occurrence of Fraud and



F225 Fraud and Corruption Prevention Policy cont'd...

Corruption within the Council. This objective is generally achieved by:

- identifying Fraud and Corruption Risks;
- determining strategies to control those risks; and
- defining responsibility for and, the time frame within which the strategies will be implemented.

6.2 Managers must be alert to the potential of fraud and corruption to occur and remain weary of factors which may leave the Council vulnerable to fraud and corruption, including:

- changes to Council delegations;
- implementation of cost cutting measures;
- contracting out and outsourcing;
- the impact of new technology; and
- changes to risk management practices.

7. Reporting and Investigation

7.1 Managers or Employees who are aware of fraudulent or corrupt activity within the Council are required to report this information to a Responsible Officer.

7.2 Reports of fraud or corrupt activity received by any person who is not a Responsible Officer, are to be forwarded to the Responsible Officer.

7.3 The Responsible Officer must report any allegations involving fraud or corruption to the Anti Corruption Branch of the SA Police.

7.4 The Responsible Officer will ensure that, where appropriate, the Council undertakes an investigation into allegations of fraud or corruption. Investigations will be conducted pursuant to the Investigation and Reporting Procedure outlined in the Whistleblower Protection Policy.

7.5 However, if it is clear that an offence has been committed (i.e. there is sufficient evidence to show that fraud or corruption has occurred), an investigation should not be undertaken by the Council. Rather, the Council will refer the matter to Anti Corruption Branch of the SA Police and will follow the instructions from SAPOL in regards to progressing the matter.



F225 Fraud and Corruption Prevention Policy cont'd...

- 7.6 The Responsible Officer will conduct a review into the area in which the fraud or corruption occurred to determine the cause for the breakdown in controls and, will report the findings of the review and provide recommendations (if any) to the Council.
- 7.7 Following consideration of a report provided to the Council in accordance with clause 7.6, the Council will determine the action that is required to be taken to prevent any reoccurrence of the fraud and/or corrupt activity.
- 7.8 In the event that allegations of fraudulent and/or corrupt activity are substantiated, the Council will take disciplinary action against any Employee who was involved.

8. False Disclosure

- 8.2 A person who makes a false disclosure, is guilty of an offence pursuant to Section 10 of the *Whistleblowers Protection Act 1993*.
- 8.3 An Employee who makes a false disclosure, in addition to being guilty of an offence, will face disciplinary action that may include instant dismissal.
- 8.4 Council Members who make a false disclosure, in addition to being guilty of an offence, may face disciplinary action pursuant to the Council's Council Member Code of Conduct.

9. Educating for Awareness

- 9.1 The Council recognises that the success and credibility of this Policy will largely depend upon how effectively it is communicated throughout the organisation and beyond.
- 9.2 The Council will, therefore, from time to time take proactive steps towards ensuring that the wider community is aware of the Council's zero-tolerance stance towards fraud and corruption.
- 9.3 The Council will increase community awareness by:
 - promoting the Council's initiatives and policies regarding the control and prevention of fraud and corruption on the Council's website and at the Council's offices;



F225 Fraud and Corruption Prevention Policy cont'd...

- make reference to the Council's fraud and corruption initiatives in the Council's Annual Report; and
- facilitating public access to all of the documents that constitute the Council's fraud and corruption framework.

10. Conclusion

10.1 The Council has established a number of procedures to assist with the prevention and control of fraud and corruption. The effectiveness of these procedures will be continuously reviewed and assessed and will remain up to date with any future developments in fraud and corruption prevention and control techniques.

10.2 The Council will review this Policy at least once per Council term.

<i>Issued/Approved:</i>	<i>19th May 2009</i>
<i>Last Reviewed:</i>	<i>August 2012</i>
<i>Next Review:</i>	<i>September 2014</i>
<i>File Reference:</i>	<i>AF11/1740</i>
<i>Responsible Officer:</i>	<i>Director - Corporate and Community Services</i>

Adopted by Council: 19 th May 2009	Reviewed: 18 th October 2011	Reviewed: 21 st August, 2012
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:



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W150 Whistleblower's Protection Policy

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W150 Whistleblower's Protection Policy cont'd...

1. Introduction

1.1 The City of Mount Gambier is committed to upholding the principles of transparency and accountability in its administrative and management practices and, therefore, encourages the making of disclosures that reveal public interest information.

1.2 The purpose of this Policy is to:

- ensure that the City of Mount Gambier properly fulfils its responsibilities under the *Whistleblower Protection Act 1993*;
- encourage and facilitate disclosures of public interest information which may include occurrences of maladministration and waste within the Council, and corrupt or illegal conduct in general, so that internal controls may be strengthened;
- provide a process by which disclosures may be made so that they are properly investigated; and
- provide appropriate protection for those who make disclosures in accordance with the Act.

1.3 The Council will review and update this Policy at least once per Council term.

2. Scope

2.1 This Policy applies to appropriate disclosures of public interest information that concern a public officer that are made in accordance with the Act by Council Members, Employees of the Council, and members of the public.

2.2 The Policy is designed to complement the existing communication channels within the Council, and will operate in conjunction with existing Council policies, including;

- Fraud & Corruption Prevention Policy;
- Employee Code of Conduct;
- Council Members Code of Conduct; and



W150 Whistleblower's Protection Policy cont'd...

- Internal Review of Council Decisions Policy under section 270 of the *Local Government Act 1999*.

2.3 The Council is committed to:

- referring, as necessary, appropriate disclosures to the Appropriate Authority, which, depending on the nature of the disclosure include a Minister of the Crown, the SA Police, the Anti-Corruption Branch of the SA Police, the Auditor-General or the Ombudsman;
- otherwise investigating all appropriate disclosures of public interest information in a manner which promotes fair and objective treatment of those involved; and
- rectifying any substantiated wrongdoing to the extent practicable in all the circumstances.

3. Definitions

For the purposes of this Policy the following definitions apply.

3.1 **Act** means the *Whistleblower Protection Act 1993*.

3.2 An **Appropriate Authority** that receives disclosure of public interest information includes:

- a *Minister of the Crown*;
- a *member of the police force* - where the information relates to an illegal activity;
- the *Auditor-General* – where the information relates to the irregular or unauthorised use of public money;
- the *Ombudsman* – where the information relates to a public officer;
- a *Responsible Officer*, where the information relates to a matter falling within the sphere of responsibility of a Local Government body; or
- any other person¹ to whom, in the circumstances of the case, it is reasonable and appropriate to make the disclosure².

¹ Such a person may include an independent company that offers an anonymous whistleblower call service.

² Where the disclosure relates to fraud and corruption, the Appropriate Authority must pass the information as soon as practicable to the Anti-Corruption Branch of the SA Police.



W150 Whistleblower's Protection Policy cont'd...

- 3.3 A person makes an **appropriate disclosure** of public interest information if –
- (a) the person-
 - i. believes on reasonable grounds that the information is true; or
 - ii. is not in a position to form a belief on reasonable grounds about the truth of the information but believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated; and
 - (b) the disclosure is made to an Appropriate Authority.
- 3.4 **Corruption** is conduct of a public official involving a breach of that person's duty and/or the misuse or abuse of their position to:
- gain a reward or benefit; or
 - for any dishonest or improper purpose.
- 3.5 **Detriment** includes:
- injury, damage or loss; or
 - intimidation or harassment; or
 - discrimination, disadvantage or adverse treatment in relation to a person's employment; or
 - threats of reprisal.
- 3.6 An **Employee** refers to all the Council's employees and includes trainees, work experience students, volunteers, and contractors whether they are working in a full-time, part-time or casual capacity.
- 3.7 **Fraud** is the use of misrepresentations, deception or dishonest conduct in order to obtain an unjust advantage over another, or to cause detriment to the Council. Examples of fraudulent conduct include:
- theft of assets;
 - unauthorised and/or illegal use of assets, information or services for private purposes;



W150 Whistleblower's Protection Policy cont'd...

- misappropriation of funds; and/or
 - falsification of records.
- 3.8 **Immunity** is an undertaking given by the Council (in accordance with the Act) to a Whistleblower in relation to action it does not intend to take against a Whistleblower as a result of receiving an appropriate disclosure of public interest information from the Whistleblower.
- 3.9 **Maladministration** generally includes impropriety or negligence, which may extend to conduct of a serious nature that is:
- contrary to law; or
 - unreasonable, unjust, oppressive or improperly discriminatory; or
 - based upon improper motives; or
 - a result of acting outside the parameters of recommended practice.
- 3.10 **Public interest information** means information that tends to show –
- (a) that an adult person, a Council or other Government Agency, is or has been involved in:
 - i. an illegal activity; or
 - ii. an irregular and unauthorised use of public money; or
 - iii. substantial mismanagement of public resources; or
 - iv. conduct that causes a substantial risk to public health or safety, or to the environment; or
 - (b) that a public officer is guilty of maladministration in or in relation to the performance of official functions.
- 3.11 A **Public Officer** includes:
- a elected Member of the Council, including the Mayor;
 - an Independent member of the Council's Development Assessment Panel;
 - an Independent member of a Council Committee or a subsidiary of the Council, and
 - an Employee or Officer of the Council.



W150 Whistleblower's Protection Policy cont'd...

- 3.12 A **Responsible Officer** is a person authorised to receive and act upon public interest information received from a Whistleblower³. Each Council must ensure that a member of the staff of the Council (with qualifications prescribed by the Regulations⁴) is designated as a Responsible Officer for the Council for the purposes of the Act.
- 3.13 **Victimisation** occurs when a person causes detriment to another on the ground, or substantially on the ground, that the other person (or a third person) has made or intends to make an appropriate disclosure of public interest information.
- 3.14 **Waste** refers to the waste of public resources (including public money), which occurs as a result of the substantial mismanagement, irregular or unauthorised use of public resources.
- 3.15 **Whistleblower** is any person who makes an appropriate disclosure of public interest information.

4. Confidentiality

- 4.1 The identity of a Whistleblower will be maintained as confidential in accordance with the Act. Confidentiality will remain in all circumstances, unless the Whistleblower consents to his/her identity being disclosed, or disclosure is otherwise required so that the matter may be properly investigated.
- 4.2 A Whistleblower may wish to remain anonymous. In the event that an anonymous disclosure is made, the Whistleblower must ensure that the allegation is sufficiently supported by the provision of necessary details and evidence to enable the matter to be properly investigated. Accordingly, if an allegation is not supported by sufficient evidence it will not be investigated under the provisions of the Act.

³ It is recommended that the Responsible Officer is one or two Council Officers and is not the Chief Executive Officer, the Mayor, Council Member or a Council Committee. A Council Member should not be appointed as a Responsible Officer as Council Members are not equipped to properly deal with an appropriate disclosure in terms of the roles and responsibilities of their office. Furthermore the Responsible Officer is an administrative role and the principles of good governance require division between the administrative and governing bodies of a Council.

⁴ Regulation 21B of the Local Government Act (General) Regulations 1999, states that the prescribed qualifications are the qualifications determined by the Minister. The Minister has not yet made any determinations.



W150 Whistleblower's Protection Policy cont'd...

- 4.3 Except for the identity of the Whistleblower, the Act does not expressly require any other information relating to a public interest disclosure (i.e. the nature of the allegations) to be maintained as confidential. However, such information will be treated confidentially, except in circumstances where the investigation process requires this information to be disclosed (i.e. where the allegations must be put to the person who is the subject of the disclosure).

5. Disclosure Process

- 5.1 An appropriate disclosure of public interest information is to be made to the Responsible Officer. A Whistleblower may alternatively choose to disclose public interest information directly to an Appropriate Authority⁵.
- 5.2 An appropriate disclosure made to the Responsible Officer may be made in person, by telephone or in writing. The relevant contact details are:
- Telephone 8721 2502 or 8721 2521
 - Email whistleblower@mountgambier.sa.gov.au
 - Address Confidential
Whistleblowers
P O Box 56
Mount Gambier SA 5290
- 5.3 Where an appropriate disclosure is made by telephone, the Responsible Officer must take notes of the conversation and, where possible ask the Whistleblower to verify and sign the notes.
- 5.4 Upon the receipt of an appropriate disclosure, the Responsible Officer will determine the nature of the public interest information contained within the disclosure and either refer the disclosure to the Appropriate Authority (where it is appropriate to do so), or proceed with an investigation process. For example, where an appropriate disclosure relates to fraud or corruption, the Responsible Officer will refer the matter to the Anti-Corruption Branch of the SA Police.

⁵ In circumstances where appropriate disclosure relates to the Chief Executive Officer, it is recommended that the disclosure be made direct to the Ombudsman.



W150 Whistleblower's Protection Policy cont'd...

6. Reporting and Investigation Procedure

6.1. Investigation Procedure

6.1.1 Any investigation undertaken by the Council will be undertaken in accordance with a two-staged process involving a preliminary investigation undertaken by the Responsible Officer and, in some circumstances, a secondary investigation undertaken by an external person. The objectives of the investigation process are:

- to investigate the substance of the disclosure and to determine whether there is evidence in support of the matters raised or, alternatively, to refute the report made;
- to collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- to consider the information collected and to draw conclusions objectively and impartially;
- to maintain procedural fairness in the treatment of witnesses and the person who is subject of the disclosure;
- to make recommendations arising from the conclusions drawn concerning remedial or other appropriate action; and
- the Responsible Officer and/or external persons will keep notes of all discussions, phone calls, and interviews. It is recommended that the interviewee sign written records of interviews and interviews be taped, but only where the interviewee has consented to this. Witness statements should also be signed.

6.1.2 The Act requires that the Whistleblower assist with any investigation that results from his/her disclosure.

6.1.3 The person to whom the appropriate disclosure relates will be notified of the disclosure and the associated investigation. That person will be given the opportunity to



W150 Whistleblower's Protection Policy cont'd...

respond, and his or her defence will be fairly included in the report.

6.1.4 In performing his/her duties, the Responsible Officer/external person will maintain a confidential file of information (including written documents, disks, tapes, film or other objects that contain information) that relates to a disclosure and/or is a product of the associated investigation/reporting process. All such information will be recorded in a register which is to remain confidential and be securely stored⁶.

6.1.5 The Whistleblower will be notified of the progress of the investigation and, wherever practicable and in accordance with the law, of the final outcome.

6.2. The Role of the Responsible Officer

6.2.1 In the event the Responsible Officer determines to proceed with an investigation, the Responsible Officer will:

- undertake a preliminary investigation into all information received;
- report the outcome of the preliminary investigation to the Chief Executive Officer (or in the event that the disclosure relates to the Chief Executive Officer, to the Principal Member). The preliminary report must include:
 - the allegation(s) and the basis for them;
 - a determination of whether the disclosure is deliberately false, malicious or vexatious;
 - a determination of whether the matter is to be pursued further and the reasons for this decision; and
 - any recommendations arising from the conclusions including any remedial action that should be taken by the Council;

⁶ The Responsible Officer (or external person as the case may be) will ensure all information relating to an appropriate disclosure is maintained as confidential and as such, will be solely responsible for the secure storage of this information. It is recommended that the information be stored separately from the Council's records. In the event that a person's appointment as a Responsible Officer is terminated, the person must provide the information to the newly-appointed Responsible Officer and having done so will continue to be bound by a duty of confidentiality in respect of the Whistleblower's identity and the information received.



W150 Whistleblower's Protection Policy cont'd...

- in the event that the matter is to be pursued further, appoint an external person to undertake a detailed investigation and to prepare a report to submit to the Chief Executive Officer (or in the event that the disclosure relates to the Chief Executive Officer, to the Principal Member).

6.3 Final Report and Recommendation

6.3.1 Upon finalising a detailed investigation the external person is to prepare a report that will contain the following:

- the allegation(s);
- an account of all relevant information received including any rejected evidence, and the reasons why the rejection occurred;
- the conclusions reached and the basis for them;
- any recommendations arising from the conclusions; and
- any remedial action which should be taken by the Council.

The report will be accompanied by:

- the transcript or other record of any verbal evidence taken, including tape recordings; and
- all documents, statements or other exhibits received by the officer and accepted as evidence during the course of the investigation.

6.3.2 The report will not disclose particulars that will or are likely lead to the identification of the Whistleblower.

7. Protection for the Whistleblower

7.1 The Act provides immunity from criminal or civil liability for Whistleblowers, and protection for Whistleblowers against victimisation. Accordingly the Council will take action as appropriate to protect Whistleblowers from victimisation.



W150 Whistleblower's Protection Policy cont'd...

Furthermore, in the event that a Whistleblower is victimised, the Council will, immediately refer the matter to the SA Police.

- 7.2 The Act does not provide any protection to people who knowingly make false disclosures or are reckless as to whether their disclosures are true.
- 7.3 A person who knowingly makes a false disclosure or is reckless as to whether the disclosure is true is guilty of an offence and may be prosecuted.
- 7.4 A public officer who knowingly makes a false disclosure, or is reckless as to whether the disclosure is true, in addition to being guilty of an offence under the Act, may face disciplinary action taken by the Council.

8. Availability of the Policy

- 8.1 This Policy will be available for inspection at the Council's Offices during ordinary business hours and via the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

<i>Issued/Approved:</i>	<i>16th June 2009</i>
<i>Last Reviewed:</i>	<i>August 2012</i>
<i>Next Review:</i>	<i>September 2014</i>
<i>File Reference:</i>	<i>AF11/1745</i>
<i>Responsible Officer:</i>	<i>Director - Corporate and Community Services</i>

Adopted by Council: 16 th June 2009	Reviewed: 18 th October 2011	Reviewed: 21 st August, 2012
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:
Amended:	Amended:	Amended:



SUBJECT: TREASURY MANAGEMENT

REF: AF11/810

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

Introduction

As a result of the annual review of Council's Treasury Management operations it was previously resolved to investigate the possible conversion of part of the current cash advance debenture (variable interest rate) debt to a fixed interest/term loan facility.

In recent years Council has benefited financially due to the use of a cash advance debenture (CAD) variable loan facility, combined with the use of treasury management principles and of course generational low interest rates.

In order to achieve the best financial outcomes Council should consider its loan strategy into the new calendar year.

Some commentators are of the view that there will be at least one further reduction in official interest rates (meaning that Council should maintain its variable loans for as long as possible), others consider that the bottom of the cycle has been reached and interest rates will increase into the new year (meaning that Council should consider 'locking in' a fixed interest rate to avoid projected rate increases).

Extracts from various publications/websites commenting on likely interest rate movements into the new calendar are provided for information and are varied in their outlook.

The Local Government Finance Authority (LGFA) View

A recent LGFA Newsletter provided the following commentary on interest rates movements:

"It is the Authority's view that the RBA is unlikely to further reduce the official cash rate and feel that the RBA have approached the end of the current easing cycle.

Due to improving Australian economic conditions and the US Federal Reserve officially committing to tapering its Quantitative easing program it is likely that long term interest rates in Australia will continue to push up over coming months."

Indicative Borrowing rates currently are:

Cash Advance Debenture (variable)	4.75%
Credit Foncier (fixed)	
5 years	5.00%
10 years	5.80%
15 years	6.10 %
20 years	6.20 %

Treasury Management Policy

Council's Treasury Management Policy (T150) provides for the following in regard to interest rate risk exposures:

Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

Corporate and Community Services Report No. 75/2013 cont'd...

1. *Fixed Interest Rate Borrowings*

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, not less than 30% of its gross debt in the form of fixed interest rate borrowings.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the practically available maturity spectrum.

In circumstances where Council needs to raise new debt it will use the opportunity as necessary to increase its holdings of medium to long term borrowings (3 years or more duration).

Council also will ensure that no more than 25% of its fixed interest rate borrowings mature in any year.

2. *Variable Interest Rate Borrowings*

Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve, and then maintain, not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Council will establish, and make extensive use of either a long-term variable interest rate borrowing facility or the LGFA's Cash Advance Debenture facility that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

Current Loan Profile

As was the situation last year, Council's loan borrowing profile continues to be within the stated Policy limits (not less than 30% fixed interest/not less than 30% variable interest loans).

	\$	%
Balance of Fixed Loans	3,974,000	38
Balance of Variable Loans	6,481,000	62
Gross Debt as at 30 th June, 2013	10,455,000	100

Future Loan Profile

Council's 2013/2014 Budget provides for additional loan borrowings to the value of approximately \$4.5 million - resulting in a gross debt amount of approximately \$15m.

In the event these borrowings are taken on a variable interest rate basis, Council's loan profile will be:

	\$	%
Balance of Fixed Loans	3,618,000	25
Balance of Variable Loans	10,900,000	75
Gross Debt as at 30 th June, 2014	14,518,000	100

Corporate and Community Services Report No. 75/2013 cont'd...

Council at that time may be in breach of its own Treasury Management Policy and may need to consider either:

- any future new borrowings as fixed interest loans,
- given the generational low interest rates that currently prevail, converting some existing variable interest borrowings to fixed interest borrowings,
- amending the percentage of loans policy limits in Treasury Management Policy T150

Amount of Loan to be Converted to Fixed Interest

Given that by the end of the 2013/2014 financial year Council may be in breach of its own Treasury Management Policy limits it will be recommended that a loan amount of \$4m be converted from a variable to a fixed interest rate.

Councils loan profile will be:

	\$	%
Balance of Fixed Loans	7,900,000	53
Balance of Variable Loans	6,900,000	47
Gross Debt as at 30 th June, 2014	14,800,000	100

RECOMMENDATION:

- (a) Corporate and Community Services Report No. 75/2013 be received;
- (b) Council authorise the conversion of \$4m of the existing CAD (variable) loan commitment to fixed interest credit foncier loan with the Local Government Finance Authority on either of the following basis:
 - when Council's Cash Advance Debenture (CAD) variable rate loan facility is drawn to a value of over \$4,000,000
 - or;
 - at a time when the Reserve Bank of Australia reduces the cash rate below the current rate of 2.5%.
- (c) the Mayor and Chief Executive Officer be authorised to sign and seal the loan documentation.



Grant HUMPHRIES
DIRECTOR - CORPORATE SERVICES

Sighted:



Mark McSHANE
CHIEF EXECUTIVE OFFICER

22ND November, 2013
MJT

(Refer Item of Corporate and Community Services Minutes)

CORPORATE AND COMMUNITY SERVICES DRAFT REPORT NO. 73/2013

SUBJECT: ASSET REVALUATION STRATEGY

REF: AF11/713, AF11/2051, AF12/199

Goal: Governance

Strategic Objective: Demonstrate innovative and responsive organisational governance.

Introduction

Arising out of the recent Organisational and Functional Review was a recommendation for Council to review existing asset revaluation practices.

Historically Council has completed an asset revaluation process once every five (5) years to comply with legislation (as do many other Councils).

Given the increased focus in recent years on financial sustainability of local government and the impact revaluations (and increase in depreciation/operating expenditure has on a Council's 'bottom line') it has been recommended that existing revaluation practices be reviewed.

This review has been the subject of internal discussions over recent months and as a result it will be recommended that a revised asset valuation strategy, based on ongoing rolling asset valuation program be implemented to replace the current periodic program.

This revised asset revaluation strategy should receive the consent of Council's Auditor, Audit Committee and Council.

Background

Council now has (8) eight defined asset categories or classes of assets i.e.:

- Land (valuations completed by external valuers)
- Buildings and structures (valuations completed by external valuers)
- Infrastructure (valuations completed by internal staff)
- Plant and equipment (valuations completed by internal staff)
- Minor plant (valuations completed by internal staff)
- Library materials (valuations completed by internal staff)
- Office equipment (valuations completed by internal staff)
- Assets not under Council (introduced May 2013 – refer Corporate and Community Services Report 28/2013)

Council previous revaluation (all asset categories) was completed 30th June 2013, refer Corporate and Community Services Report 38/2012, and then amended to take account of the Assets not under Council control in May 2013.

The previous revaluation to that was completed in 2006.

Corporate and Community Services Report No. 73/2013 cont'd...

Asset Revaluation Strategy

Due to the cost implications associated with completing annual revaluations the recommended strategy will provide for an ongoing rolling revaluation program for the various asset categories on the following basis;

- Land, buildings and structures – continue with a regular ‘full’ revaluation process but during intervening years indexation be applied to replacement costs and demolition values. Council’s External Valuer suggest this indexation be the Building Price Index (BPI) that would reflect the movements in values. Land component updates can also be provided from market evidence from the valuers database at a marginal cost.
- Infrastructure – as Council’s infrastructure is currently ‘condition rated’ every two years, the recommended revaluation will co-incide with that process. For the intervening years infrastructure assets will be endorsed by the Local Government Price Index (LGPI) Note 1.

The most recent LGPI recorded as at 30th June, 2013 was 2.8 % CPI for the same period was recorded as 2.0 %.

- Plant and Equipment – revalued internally on a three (3) yearly basis.
- Minor Plant, Library Materials and Office Equipment – in overall terms, values and material will be reviewed on an ongoing basis.

For future guidance the following indicative asset revaluation scheduling matrix has been developed;

Asset Category	Financial Year									
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Land	x	x	√	x	x	x	√	x	x	x
Buildings and Structures	x	x	√	x	x	x	√	x	x	x
Infrastructure	√	x	√	x	√	x	√	x	√	x
Plant and Equipment	x	√	x	√	x	√	x	√	x	√
Minor Plant	√	√	√	√	√	√	√	√	√	√
Library Materials	√	√	√	√	√	√	√	√	√	√
Office Equipment	√	√	√	√	√	√	√	√	√	√

Legend √ = ‘full’ revaluation

x interim revaluation

¹ The Local Government Price Index (LGPI) measures price movements faced by Local Government in South Australia in respect of their purchases of goods and services. As the mix of goods and services purchased by local Councils is quite different from that typically consumed by households, overall price movements faced by Local Government Councils may differ markedly from those faced by households. Overall price movements indicated by the Consumer Price Index (CPI) - which measures changes in the price of a ‘basket’ of goods and services which account for a high proportion of expenditure by metropolitan households - may therefore not accurately reflect price movements faced by Local Councils.

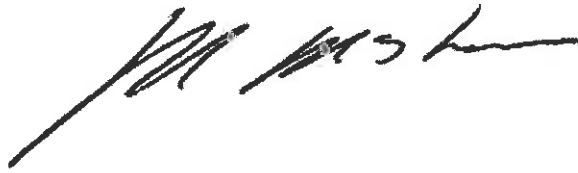
Corporate and Community Services Report No. 73/2013 cont'd...

RECOMMENDATION

- (a) Corporate and Community Services Report No. 73/2013 be received;
- (b) Council refer the proposed Asset Revaluation Strategy to the Council Auditor and the Council Audit Committee for review and approval.



Grant HUMPHRIES
DIRECTOR – CORPORATE SERVICES



Mark McSHANE
CHIEF EXECUTIVE OFFICER

25th October 2013
FM/MJT