

26th September, 2017

AUDIT COMMITTEE MEMBERS

NOTICE is given that the Audit Committee will meet in the Civic Centre, Committee Room, Level 4 on Thursday, 28th September, 2017 at 3:30 p.m.

An agenda for the meeting is enclosed herewith.



Mark McSHANE
CHIEF EXECUTIVE OFFICER

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AGENDA OF AUDIT COMMITTEE MEETING

Meeting to be held at the Committee Room, Civic Centre, 10 Watson Terrace, Mount Gambier
on Thursday 28 September at 3:30 p.m.

PRESENT Mr Jeroen Zwijnenburg (Presiding Member)
Ms Vanessa McDonald
Cr Sonya Meziniec
Mayor Andrew Lee (Ex Officio)

GUESTS Mr Tim Muhlhausler - Auditor Galpins (via teleconference call)

COUNCIL OFFICERS Mrs Pamela Lee - General Manager Council Business Services
Ms Kahli Rolton - Management Accountant

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

1. APOLOGY/IES

Apology(ies) received from

That the apology from be received.

Moved: Seconded:

2. CONFIRMATION OF AUDIT COMMITTEE MINUTES

That the minutes of the Ordinary Audit Committee meeting held on 3 July 2017 be confirmed as an accurate record of the proceedings of that meeting.

Moved: Seconded:

3. QUESTIONS

3.1. With Notice

Nil submitted

3.2. Without Notice

4. DEPUTATIONS

Nil

5. COMMITTEE REPORTS

Committee reports commence on the following page.



5.1. Internal Financial Controls – Budget and Procedure Update – Report No. AR17/39233

COMMITTEE	Audit Committee
MEETING DATE:	28 September 2017
REPORT NO.	AR17/39233
RM8 REFERENCE	AF16/164
AUTHOR	Kahli Rolton
SUMMARY	The purpose of this report is to outline the amendments made to the Internal Financial Controls Procedure Manual as part of its continuous improvement review. It also provides an update and recommendations following Council's review of Financial Internal Controls Category 29, Budgets.
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION
(a) That Audit Committee Report No. AR17/39233 titled ' <i>Internal Financial Controls – Budget and Procedure Update</i> ' as presented to the Audit Committee on 28 September 2017 be noted.

Moved:

Seconded:



Background

Section 125, Local Government Act 1999 states that Council must ensure appropriate policies, practices and procedure of internal control are implemented and maintained. Attachment 1 provides an overview of the internal financial control category review progression.

To maintain the relevance of the Financial Internal Controls Procedure Manual and ensure its alignment with Council's continuous improvement approach, quarterly reviews will be completed in the 2017 calendar year and amendments submitted for Management Executive Team approval.

Discussion

The following list provides a summary of amendments made to the Financial Internal Controls Procedure Manual (Attachment 2):

1. Alignment to new structure
 - a. Following the appointment of new General Managers, reference to Director(s) has been replaced with the title of the relevant General Manager appointed.
2. Petty Cash
 - a. To ensure Council is obtaining value for money from suppliers and maintaining efficiency and adherence to its policies and procedures, refinement has been made to ensure that petty cash is only spent on items where Council does not hold an account.
3. Bank Account Authorisations
 - a. Due to the restructure and the addition of new bank account signatories reference to the previous account signatories has been removed and replaced with records manager file number to access the latest authorised list. This will ensure that where account signatories change in the future, no adjustment will be required to the Internal Financial Controls Procedure.
4. Minor Plant
 - a. Due to the addition of new activity/resource codes to assist with tracking minor plant purchases, this has been referenced to ensure staff use the new code.
5. Transfer of Monies (Receipting)
 - a. Further refinement has been made to ensure staff transferring monies from one site to another physically transfer the money from one person to another and do not leave monies unattended (i.e. in a tray).
6. Purchase Orders
 - a. The list of items that purchase orders are not required to be raised for has been reduced significantly. Council's online purchase order system has been in place for a number of years and staff must now be using online requisitions wherever possible. There are still exceptions including credit card, petty cash, payroll and direct debits.

In addition to amendments to the Internal Financial Controls Procedure Manual, the Budget category has been reviewed using the Better Practice Model – Internal Financial Controls for South Australian councils. Attachment 3 contains the Internal Control Findings for review, recommendations and management response to this category. Following the recommendations provided to the Management Executive Team, a project team has been established and has commenced work on the Integrated Planning and Budget Framework for the 2017/2018 financial



year. Two documents have been drafted to guide an integrated approach to the annual planning and budget cycle and process being:

- Integrated Planning and Budget Framework Timeline and
- Integrated Planning and Budget Flowchart.

Once reviewed and approved by the Management Executive Team, these documents will be provided to a future Audit Committee Meeting.

Conclusion

This report provides an update on Council's review of Financial Internal Controls Category 29, Budgets; and notes that Council has formed a project team and begun work implementing an Integrated Planning and Budget Framework.

Council has completed a review of the Internal Financial Controls Procedure Manual (Attachment 2) and made alterations to ensure alignment with the newly formed General Manager Structure and to ensure continuous improvement is maintained.

Attachments

Attachment 1 (AR17/39236): Table of Internal Financial Controls – Category Progression

Attachment 2 (AR17/39347): Internal Financial Controls Procedure Manual 2017 Update

Attachment 3 (AR17/31897): Internal Control Findings 2017/2018



Kahli ROLTON
MANAGEMENT ACCOUNTANT



Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES

25 September 2017



5.2. Annual Financial Statements for 2016/2017 - Report No. AR17/39210

COMMITTEE	Audit Committee
MEETING DATE:	28 September 2017
REPORT NO.	AR17/39210
RM8 REFERENCE	AF11/863
AUTHOR	Kahli Rolton and Pamela Lee
SUMMARY	The purpose of this report is to provide the Audit Committee with the draft Annual Financial Statements (AFS) for the financial year ended 30 June 2017, prepared in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011; and to consider recommending the AFS to Council.
COMMUNITY PLAN REFERENCE	Goal 1: Our People
	Goal 2: Our Location
	Goal 3: Our Diverse Economy
	Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage

REPORT RECOMMENDATION

- (a) That Audit Committee Report No. AR17/39210 titled '*Annual Financial Statements for 2016/2017*' as presented to the Audit Committee on 28 September 2017 be noted.
- (b) That in accordance with Section 126 of the Local Government Act 1999 the Audit Committee advises that it has reviewed the Draft Annual Financial Statements of the Council for the financial year 2016/2017 and is satisfied they present fairly the state of affairs of Council as at 30 June 2017.
- (c) That the Audit Committee recommends to the Council that for the financial year ended 30 June 2017:
 - i. Council adopts the Annual Financial Statements as final subject to any refinements recommended by Council's Auditor; and
 - ii. The Chief Executive Officer and the Mayor of the City of Mount Gambier be authorised to certify the Financial Statement.
- (d) The Presiding Member of the Audit Committee and the Chief Executive Officer of the City of Mount Gambier be authorised to sign Council's Certification of Auditor Independence Statement that will accompany the Financial Statements for the financial year ended 30 June 2017.

Moved:

Seconded:



Background

Section 127 of the Local Government Act 1999 (the Act) requires Council to prepare a report on financial results including annual financial statements (AFS) to be audited by Council's external Auditor each financial year.

The report on financial results is an accountability document for Council to receive audited information on aggregate financial results relative to the estimated financial results set out in the original budget for the previous financial year (the latter being the basis for Council rating decisions).

Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the report on financial results to include the audited financial results for the previous financial year. The results must be presented in a manner consistent with the South Australian Local Government Association model financial statements 2017. This will be presented to Council in October 2017.

Council's AFS have been prepared in accordance with Regulation 12 of the Local Government (Financial Management) Regulations.

Section 126 of the Act requires that the Council's Audit Committee review the AFS to ensure that they present fairly the state of affairs of the Council.

Regulation 16A of the Local Government (Financial Management) Regulations 2011 requires that:

- Council's Auditor must provide a statement to certify that they have maintained their independence in accordance with this regulation.
- A statement confirming that the Auditor has maintained their independence is also required from the Chief Executive Officer and the Presiding Member of the Audit Committee. A copy of this statement is included in Attachment 2 of this report.

Pursuant to Section 131 of the Act, Council must, on or before 30 November in each year, prepare and adopt an annual report relating to the operations of the Council for the financial year ending on the preceding 30 June. A copy of the Annual Report must be submitted to the Presiding Members of both Houses of Parliament. The AFS are an integral part of the Annual Report.

Council has prepared the draft AFS of Council in accordance with the South Australian Local Government Association model set of annual financial statements. Council's external Auditor, Galpins has completed their audit for the financial year ended 30 June 2017.

Discussion

The City of Mount Gambier's AFS for 2016/2017 have been prepared in accordance with the Local Government Act, the South Australian Local Government Association (Financial Management) Regulations 2011, the Australian Accounting Standards and the Local Government Model Annual Financial Statements.

Council's audit partner, Tim Muhlhausler, will be attending the Audit Committee meeting via teleconference, to present his audit report and to receive and respond to any questions from the Audit Committee.

The draft AFS and results for the year will be provided to the Council meeting in October 2017. A copy of the report is provided as Attachment 1 for the Audit Committee's reference and review.



Council's adopted AFS will be published in Council's Annual Report for the 2016/2017 financial year and will be provided to the Minister for Local Government, South Australian Local Government Grants Commission and other key stakeholders.

Conclusion

The AFS are general purpose statements to state the financial performance of the Council for the 2016/2017 financial year and the financial position as at 30 June 2017. The AFS have been prepared in accordance with the Australian Accounting Standards and Local Government (Financial Management) Regulations 1999.

The AFS and financial affairs of Council have been reviewed and audited by Council's auditors, Galpins, in accordance with Section 126 of the Local Government Act 1999.

As the City of Mount Gambier has not engaged its Auditor to provide any services outside the scope of their function as auditor for the 2016/2017 financial year, it is recommended that the Chief Executive Officer and the Presiding Member of the Audit Committee co-sign the Certification of Auditor Independence Statement with the following wording:

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the City of Mount Gambier for the year ended 30 June 2017, the Council's Auditor, Galpins, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.'

'This statement is prepared in accordance with the requirements of Regulation 22 (3) Local Government (Financial Management) Regulations 2011'

Contingent upon the satisfaction of the Audit Committee, the Mayor and CEO will sign Council's Certification of Auditor Independence Statement and Council's Auditor will issue their final audit report.

The Audit Committee recommends that draft AFS to Council for adoption following which the AFS becomes the final version.

Attachments

[Attachment 1 \(To be provided\): Draft Annual Financial Statements for financial year ending 30 June 2017](#)

[Attachment 2 \(AR17/39635\): Certification of Auditor Independence Statement](#)



Kahli ROLTON
MANAGEMENT ACCOUNTANT



Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES

25 September 2017



5.3. Local Government Risk Services Member Update – 2017 Special Distribution Payments and New Member Risk Fund - Report No. AR17/39227

COMMITTEE	Audit Committee
MEETING DATE:	28 September 2017
REPORT NO.	AR17/39227
RM8 REFERENCE	AF11/863
AUTHOR	Pamela Lee
SUMMARY	<p>This report provides information regarding the Local Government Risk Services:</p> <ul style="list-style-type: none"> • Member update and scheme 2017 Special Distribution Payments and New Member Risk Fund. • Scheme bonuses and rebate.
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION
<p>(a) That Audit Committee Report No. AR17/39227 titled '<i>Local Government Risk Services member Update – 2017 Special Distribution Payments and New Member Risk Fund</i>' as presented to the Audit Committee on 28 September 2017 be noted.</p>

Moved:

Seconded:



Background

Local Government Risk Services (LGRS) provides insurance protection through various risk schemes and funds and offers risk management services to councils in South Australia.

Each year, based on the Local Government Association Workers Compensation Scheme (LGAWCS) and the Local Government Association Mutual Liability Scheme (LGAMLS) financial position, the Scheme Boards determine a monetary amount, including other financial benefits are returned to the members through 'Special Distribution Payments' and/or offering other funding for risk management initiatives.

This is reflective in the reduction of claim numbers, claim costs, the results driven by the Schemes and councils commitment to implementing risk management and safety systems.

In making this decision, the Scheme Boards are guided by the actuarially determined financial requirements to cover claims provisions and an accumulated surplus policy. Special Distribution payments are additional to the performance rebates and bonuses already applied to councils insurance premiums for the current financial year.

Discussion

In September 2017, both the LGAWCS and LGAMLS Boards resolved to return a combined total of \$5 million in Special Distribution payments to member councils. This is in addition to a previously approved \$1 million from the Local Government Association Asset Mutual Fund (LGAAMF), totaling \$6 million.

Further to this the LGAWCS Board announced a new initiative with the introduction of a \$1 million 'Members Risk Fund'. These funds are available to all members and apportioned to each member applying the same methodology as the Special Distributions formulated as a percentage of the respective member's contribution to the LGAWCS.

The Members Risk Fund monies are retained in an account held by the LGAWCS and members are encouraged to apply to access funding for specific risk services and resources to enhance their management systems with an ultimate aim of continuous improvement that includes but is not limited to the following:

- Risk management services including work health and safety consulting and/or training services
- Preventative work health and safety services, (e.g. health and well-being programs, influenza vaccinations)
- Costs for contracting specialised risk management resource/discrete risk services
- Funding to support a safety/risk mitigation program
- Purchases/upgrades recommended from a risk audit (including safety equipment, lifting devices, ergonomic equipment, playground, community facility).

The LGRS 2017 Risk Services Highlights for the City of Mount Gambier was received on 25 September 2017 and is Attachment 1 to this report.

The break-down summary in the following table details the apportioned payment by the Schemes/Funds returned to Council for 2017.

Scheme/Fund	Sector	City of Mount Gambier
Local Government Association Workers Compensation Scheme	\$3M	\$34,236
Local Government Association Mutual Liability Scheme	\$2M	\$14,381
Local Government Asset Mutual Fund	\$1M	\$17,774
Total	\$6M	\$66,391



Other key information contained within the report were the details of performance rebates and bonuses already applied to Council. A summary of the different rebates and bonuses are as follows:

Scheme/Fund	Sector	City of Mount Gambier
Local Government Association Workers Compensation Scheme – performance rebate back to Council	\$12.1M	\$206,168
Local Government Association Mutual Liability Scheme – reduction in Council's contribution to the Scheme	\$3.7M	\$27,888
Local Government Asset Mutual Fund - performance bonus reducing Council's contribution to the Fund	\$2M	\$55,086
Total	\$17.8M	\$289,142

Conclusion

Council's rebates and bonus amounts were offset against the premiums invoiced in June 2017 for the 2017/2018 financial year by the LGRS and paid by Council for each line of insurance.

Council's Management Executive Team in consultation with the Human Resource Officers and WHS Committee will consider an application that meets the criteria which must be aligned to a risk reduction / minimisation approach as mentioned previously.

Where the special distribution, rebates and bonuses are a variation to the 2017/2018 budget, adjustment will be incorporated in Council's Quarter 1 Budget Review for the financial year.

Attachments

Nil



Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES



Mark McSHANE
CHIEF EXECUTIVE OFFICER

22 September 2017



5.4. Commonwealth Financial Assistance Grants for 2017/2018 – Report No. AR17/39226

COMMITTEE	Audit Committee
MEETING DATE:	28 September 2017
REPORT NO.	AR17/39226
RM8 REFERENCE	AF11/863
AUTHOR	Kahli Rolton and Pamela Lee
SUMMARY	<p>This report provides an:</p> <ul style="list-style-type: none"> • Update on the South Australia Local Government Grants Commission (the Commission) distribute of the Commonwealth Financial Assistance Grants on behalf of the Commonwealth government to councils; and • Council's allocation for the 2017/2018 financial year.
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

- (a) That Audit Committee Report No. AR17/39226 titled '*Commonwealth Financial Assistance Grants for 2017/2018*' as presented to the Audit Committee on 28 September 2017 be noted.

Moved:

Seconded:



Background

The South Australia Local Government Grants Commission (the Commission) distribute the Commonwealth Financial Assistance Grants on behalf of the Commonwealth government to councils. The Commission made no significant changes to the distribution methodology for 2017/2018.

The Financial Assistance Grant (FAGs) program consists of two components:

- A General Purpose Grant (GPG) component which is distributed between the states and territories according to population (i.e. on a per capita basis), and
- An Identified Local Road Component (ILRG) which is distributed between the states and territories according to fixed historical shares.

Both components of the grant are untied in the hands of local government, allowing councils to spend the grants according to local priorities.

The local government grants commissions in each state and the Northern Territory recommend the distribution of the funding under the Financial Assistance Grant program to local governing bodies in accordance with the Local Government Grants Commission Act 1992 and the National Principles for allocating grants.

The 2017/2018 Federal budget included the following measures in relation to Commonwealth FAGs to councils for 2017/2018:

- Payment of approximately half the 2017/2018 FAGs were brought forward and paid in late June 2017.
- The freeze on indexation of the FAGs has been lifted and the national pool of funding grew \$78M or 3.4% for 2017/2018. For South Australia the increase was \$4.1M representing 2.7% increase which is below the national average.
- Supplementary Local Road Funding Program would be reinstated 2017/2018 and 2018/2019, providing \$20M each year. This funding is to be provided in recognition of the inequitable share of the Identified Local Road Grants to South Australia.

The General Purpose Grants (GPG) and Identified Local Road Grants (ILRG) are determined using different assessment methods. To calculate the GPG, both the capacity of the councils to raise revenue and their expenditure needs relative to the average or standard council are assessed. Greater funding is directed to councils with less capacity to raise revenue from rates (i.e. those councils with lower than average property values) or where services cost more to provide, for reasons outside the council's control (i.e. those councils with higher than average expenditure needs).

The Identified Local Roads Grants (ILRG) are distributed on the basis of road length, population and in rural councils, the area of the council.

Discussion

In terms of the 2017/2018 FAGs, the total allocation for South Australia is \$155.8M with:

- GPG allocation being \$115,773,190, an increase of 2.5% on 2016/2017, and
- ILRG allocation being \$39,993,501, an increase of 3.42% on 2016/2017.



The funding for 2017/2018 will be paid in four quarterly instalments, with the first instalment having been paid in late June 2017. The remaining instalments will be paid in November 2017 and February and May 2018.

The 2017/2018 payment consists of 2017/2018 estimated entitlement and adjustment created from the difference between the 2016/2017 final entitlement and 2016/2017 estimated entitlement.

The City of Mount Gambier allocation for 2017/2018 is the following table consists of:

Grant Type	Amount
General Purpose Grant (GPG)	\$2,419,637
Roads (Formulae Funding – ILRG)	\$395,943
Roads (Special Local Roads Program – ILRG)	-
Total estimated grants for 2017/2018	\$2,815,580
Add adjustment for 2016/2017 underpayment (GPG) (Note 1)	\$4,130
Add adjustment for 2016/2017 underpayment (ILRG)	\$157
Less brought forward payment paid in June 2017 (GPG)	\$1,129,355
Less brought forward payment paid in June 2017 (ILRG) (Note 2)	\$198,527
Remaining 2017/2018 cash payable	\$1,491,985

Note 1: No monies allocated for work on projects.

Note 2: The ILRG component of the brought forward payment figure above represents the actual allocation of the brought forward paid in June 2017. The remaining cash payable in the table above includes adjustments made to reflect the under or over allocation of the ILRG brought forward payment.

Conclusion

The FAGs payments have been reviewed against Council's 2017/2018 budget. The modest positive variance of \$168,000 for GPG and \$2,000 for ILRG will be reflected in the Quarter 1 Budget Review as at 30 September 2017.

Attachments

Nil



Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES



Mark McSHANE
CHIEF EXECUTIVE OFFICER

22 September 2017



5.5. 2017/2018 Council Insurance Policies Overview – Report No. AR17/39439

COMMITTEE	Audit Committee
MEETING DATE:	28 September 2017
REPORT NO.	AR17/39439
RM8 REFERENCE	AF16/164
AUTHOR	Pamela Lee
SUMMARY	The purpose of this report is to provide the Audit Committee with assurance that appropriate internal controls in the form of insurance, are in place to effectively manage a number of Council's insurable risks to an acceptable level.
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION
(a) That Audit Committee Report No. AR17/39439 titled ' <i>2017/2018 Council Insurance Policies Overview and Premiums</i> ' as presented to the Audit Committee on 28 September 2017 be noted.

Moved:

Seconded:



Background

Council obtains insurance to cover various aspects of its business which is renewed at the beginning of each financial year. The purpose of this report is to provide the Audit Committee with assurance that appropriate internal controls, in the form of insurance, are in place to effectively manage a number of Council's insurable risks to an acceptable level. The following provides a general description of Council's insurance policies.

Discussion

There are some key self-insurance funds which Council is a member of, in addition to a number of other insurance policies held by Council. These are described below.

Civil Liability (Public Liability and Professional Indemnity) – LGA Mutual Liability Scheme (LGA MLS)

Section 142 of the Local Government Act 1999 (the Act), requires councils to take out and maintain insurance to cover its civil liabilities to the extent prescribed by the Regulations. Regulation 24 of the Local Government (Financial Management) Regulations 2011 requires a minimum level of cover of \$50 million (although this is in the process of being amended to \$300 million).

The Local Government Association established the Local Government Association Mutual Liability Scheme (LGA MLS) to provide all councils in South Australia with an option to purchase commercial liability insurance, as part of a self-insurance scheme. The Act states that membership of the LGA MLS constitutes insurance for the purposes of the Act. Cover under this insurance includes public liability and professional indemnity, is unlimited and is governed by the Scheme rules.

Workers Compensation – LGA Works Compensation Scheme (LGA WCS)

The Local Government Association holds self-insurance status subject to the Return to Work Act 2014. Holding self-insured status provides Local Government Employers via the Local Government Association Workers Compensation Scheme (LGA WCS) and its Members greater flexibility in decision making and the opportunity to minimise overall costs of work related injuries. In order to maintain self-insurance status the LGAWCS and its members are expected to comply with the Return to Work Act 2014 and with the Self-Insured performance Standards and Code of Conduct set out by Return to Work SA (formally WorkCover SA).

The LGAWCS is the overall administrator of the claims and return to work management process and holds the overall responsibility of the self-insurance license and maintains appropriate claims and return to work management facilities and expertise.

Assets – LGA Asset Mutual Fund (LGA AMF)

The LGA AMF is a self-insurance scheme that provides discretionary protection for members property assets, motor vehicles, machinery, computers and electronic equipment, personal property as well as fidelity guarantee. The Fund has been specifically tailored to protect the risks of Local Government in South Australia, and covers physical loss or damage to properties and assets owned by Council. This cover includes breakage of glass, loss of money and burglary/theft. General infrastructure (e.g. roads, footpaths, etc.) are generally not covered under insurance.



Journey Injury - LG Risk Services

This policy covers all employees for bodily injury whilst engaged in a journey to and from their residence and place of work and between places of training for work. Cover also includes all private journeys, which is subject to the definition statement.

Personal Accident and Corporate Travel – Elected Members, Committee Members and Volunteers - LG Risk Services

Section 80 of the Act requires councils to take out a policy of insurance insuring every member of the council, and their spouse, domestic partner or another person who may be accompanying a member of the council, against risks associated with the performance or discharge of official functions or duties by members. This is provided in the form of civil liability insurance under the LGA MLS as well as personal accident and corporate travel insurance for Elected Members, Committee Members and Volunteers.

Library Book Stock / Special Risks - LG Risk Services

While the majority of Council's insurable assets are insured under the LGA AMF (as described in this report), material or consequential loss or damage to book stock from the library is insured as a separate type of asset under this insurance policy.

Insurance costs

The associated cost of premiums for each type of insurance is considered by the insurer as commercial in confidence between the insurer and insured.

Conclusion

Council maintains insurance to cover various aspects of its business. These insurances are renewed each financial year. This overview provides the Audit Committee with assurance that appropriate internal controls, in the form of insurance, are in place to effectively manage a number of Council's insurable risks to an acceptable level.

Attachments

Nil



Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES



Mark McSHANE
CHIEF EXECUTIVE OFFICER

25 September 2017



6. MOTION(S)

6.1. With Notice

Nil Submitted

6.2. Without Notice

Meeting closed at pm

AL



REPORT ATTACHMENTS



Table of Financial Internal Controls for Review by Management Executive Team:

- Items highlighted in green are new items for discussion.
- Items highlighted in orange have been presented and are awaiting finalisation.
- Items highlighted in yellow are complete.

FINANCIAL INTERNAL CONTROLS – RISK CATEGORY PROGRESSION					
Category	Element	Description	Risk Rating	MET Meeting	Action
1	-	-			
2	Asset	Cash Floats & petty Cash	Low		
3	Assets	Banking	High	MAY 16	<i>Council Meeting 21/06/2016 Completed per memo AR16/21855</i>
4	Assets	Investments	High	AUG 16	Audit Committee Meeting 4/10/2016 Per memo AR16/39438 MET to review existing
5	Assets	Debtors	Moderate		
6	Assets	Inventory	Low		
7	Assets	Prepayments	Moderate		
8	Assets	Fixed Assets	Moderate		
9	Assets	Project Costing	High	JAN 17	
10	Assets	Loans/Grants to clubs	Low		
11	Liabilities	Accounts Payable	Moderate	JUN 16	<i>Council Meeting 16/08/2016</i>
12	Liabilities	Accrued Expenses	Moderate		
13	Liabilities	Borrowings	Moderate	AUG 16	Audit Committee Meeting 4/10/2016 Completed per memo AR16/39438
14	Liabilities	Employee Provisions	Low		
15	Liabilities	Taxation	Low		
16	Revenue	Rates/Rate Rebates	Moderate	NOV 16	Awaiting Audit Committee Meeting 07/03/2017
17	Revenue	Grants	Moderate		
18	Revenue	Fees for Service	Moderate		

19	Revenue	Investment/Interest Income	Low		
20	Revenue	Receipting	Low		
21	Revenue	Other Revenue	Moderate		
22	Expenses	Purchasing & Procurement	High	MAY 16	<i>Waiting Council Meeting 21/06/2016 Completed per memo AR16/21855</i>
23	Expenses	Payroll	Moderate		
24	Expenses	Elected Member Expenses	Low		
25	Expenses	Credit Cards	Low	MAY 16	<i>Waiting Council Meeting 21/06/2016 Completed per memo AR16/21855</i>
26	Expenses	Employee Reimbursements	Low		
27	Expenses	Other Expenses	Low		
28	External Services	Contracting	Extreme	MAY 16	<i>Waiting Council Meeting 21/06/2016 per memo AR16/21855 part completed and part continuing</i>
29	Strategic Planning	Budgets	Moderate	AUG 17	
30	Strategic Planning	General Ledger	High	SEP 16	Audit Committee Meeting 04/10/2016 Per memo AR16/39435 part completed and part to be completed
31	Strategic Planning	Statutory Reporting	Moderate	JAN 17	
32	Strategic Planning	Management Reporting	Moderate		
Financial Internal Controls Procedure Manual				AUG17	Quarterly Update
Minor Plant Register				JAN 17	Implementation started & pending restructure
Corporate Credit Card Procedure & Corporate Credit Card Use Agreement				AUG17	Update with new titles per organisational review
Cumulative Spend Report				AUG 17	Follow on from category 22 Purchasing & Procurement controls.



City of
Mount Gambier



Internal Financial Controls Procedure Manual

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Introduction

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

IDENTIFY	R	<ul style="list-style-type: none"> • identify and evaluate risks to determine whether (or not) the risk is acceptable and document risk issues • act to prevent risk situations from arising • act to resolve risk situations that arise • refer risks for appropriate management • mitigate risks relating to stewardship of public resources
EVALUATE		
THREAT		
ANALYSE	I	<ul style="list-style-type: none"> • record known/accepted risks (Risk Register) • manage chance/consequences of known/accepted risks • Action/Refer (as appropriate) to: <ul style="list-style-type: none"> ▪ <i>Change Policy/Processes</i> ▪ <i>Business Continuity Plan</i> ▪ <i>LGA Risk Services</i> • Continuously monitoring/recording/report
MONITOR and		
COMMUNICATE		
REVIEW	S	<ul style="list-style-type: none"> • Continuously reviewing processes to achieve improvements in Risk Management and organisational activities
IMPLEMENTATION	K	<ul style="list-style-type: none"> • Reduce the likelihood and consequences of unacceptable risks by discontinuing associated activities
		<ul style="list-style-type: none"> • Action improvements based on practicality and cost benefit analysis

The City of Mount Gambier Internal Financial Controls Procedure Manual provides procedures for financial operations within Council which must be followed by all Employees, Elected Members, Committee Members, Contractors and Volunteers.

This procedure is not intended to replace or overwrite any existing procedure or policy.

City of Mount Gambier endeavours to keep all financial procedures current and relevant. We live and work in an ever changing environment and continuous improvement environment. From time to time it will be necessary to modify and amend some sections of the procedures, or to add new procedures.

Any suggestions, recommendations or feedback on the procedures in this manual are welcome.

Strategic Financial Planning

Guidance: This procedure should be read and carried out by all staff in conjunction with the requirements of the Local Government Act and the Budget Reporting and Amendment Policy B300.

Budgets

Access to Budget Master Files (excluding IT and support access) is restricted to appropriately authorised personnel.

Authorised personnel for access to budgetary information are:

Chief Executive Officer;

General Manager Council Business Services;

Finance Manager;

Management Accountant;

Team Leader Finance;

Budgets shall be based on realistic and achievable assumptions and validated by facts.

Budget Managers are those charged with responsibility for planning, preparing of budget submissions and management of their specific general ledger/area/ function as authorised by the Chief Executive Officer.

Budget Managers are accountable for reviewing their budgets and responsible for completing budget variations and submitting to the General Manager Council Business Services or delegated officer.

The Budgets of Council (including reviews) shall include the following:-

- Budgeted Statement of Comprehensive Income;
- Budgeted Statement of Financial Position;
- Budgeted Statement of Changes in Equity;
- Budgeted Cash Flow Statement;
- Budgeted Uniform Presentation of Finances;
- Budgeted Financial Indicators.

Budget Managers and Senior Managers shall complete on-going review of actual performance against Budget in relation to initiatives/objectives of Annual Business Plan and Strategic Management Plans.

The General Manager Council Business Services or delegated officer shall:

- Be responsible for the preparation of the Annual Budget;
- Complete Budget variations at least every three (3) months (quarterly)_ to allow for changes in operating activities;
- Compare the end of year actual Budget to the original Budget and explain any significant variances;
- Compare Original Budget and any approved changes to the Budgets entered into the financial system for accuracy.

The Finance Manager or delegated officer shall import all Budget figures and variations to the financial system once approved by Council.

General Ledger

Access to General Ledger maintenance (excluding IT and support access) is restricted to the following authorised personnel:

Finance Manager;

Management Accountant;

Team Leader Finance;

Finance Officer(s) – for the purpose of adding activity/resource codes.

All major changes to General Ledger programmes must be tested before implementation to the live financial system. Authorisation by Finance Manager and/or General Manager Council Business Services must be granted prior to such changes being applied to the live financial system.

General ledger accounts must be maintained in accordance with the adopted Budget and approved Budget reviews.

Access to add/delete or amend general ledger accounts is limited to authorised personnel, as listed above.

General Ledger Reconciliations (including clearing accounts) shall be prepared regularly at least every three (3) months (quarterly) per year. All reconciliations shall be independently reviewed by an officer not involved in the processing of transactions or reconciliation. The authorised officer shall incorporate all working papers in a folder and forward this to the reviewing officer who once satisfied that the reconciliation is accurate must sign the documentation.

Journal Entries

Manual journals must be entered by authorised personnel and shall be independently reviewed by the General Manager Council Business Services or delegated officer. All journal entries shall have a date, narration, journal number and posting reference and show evidence that it has been processed. Automatic journal numbering shall be used to ensure all entries are transparent and accounted for. Once posted journals are to be marked to ensure that no journals are overlooked or posted twice.

All journals are to be adequately explained or supported by explanatory documentation. A journal report must be printed and filed in the general ledger journal folder with these supporting documents.

Access and Backups

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

Year End

The end of year rollover will be processed by the Finance Manager or Team Leader Finance once the annual audit has been approved and signed.

Assets

Petty Cash and Cash Floats Procedure

Guidance: This procedure should be read and carried out by all staff where petty cash is requested and issued and by all staff responsible for receipting and reconciling customer service/administration registers.

Purpose of the Procedure

Petty cash should be used to pay for small business expenses up to a maximum of \$100 (including GST) where payments through accounts payable or credit card are not justified or appropriate. Where petty cash is required for an expense greater than \$100, further approval must be sought from the Finance Manager , General Manager(s) or CEO deeming the release of funds appropriate given the extenuating circumstances. This shall be evidenced by the Finance Manager, General Manager(s) or CEO co-signing the petty cash form. It is not appropriate to separate a single purchase (either before or after the expenditure is incurred) for the purpose of circumventing this limit.

Access and Responsibility

Access to petty cash and cash floats are limited to responsible officers only and keys are to be kept secure and separate from the cash at all times. Responsible Officers are:

- Petty Cash – Civic Centre – Team Leader Finance/Finance Personnel
- Travel Fund – Civic Centre – Team Leader Finance/Finance Personnel
- Petty Cash – Library – Library Manager
- Petty Cash – Lady Nelson Visitor Information Centre – Team Leader Visitor Information

Under NO circumstances are employees to borrow cash from any petty cash or cash float. If money is required to be changed for larger or smaller denominations, this must be completed by an independent responsible officer.

Issuing Petty Cash and Travel Fund

A Petty Cash Request Form must be completed and authorised before any cash is taken from the petty cash float. Petty cash shall be used for items that are cumulatively petty in nature, where Council does not hold an account with the supplier. Please also refer to “purchasing procedure” within this document.

A maximum of \$100 can be disbursed at any one time, unless further approval has been sought from the Finance Manager, General Manager(s), CEO for general expenses or Library Manager for library expenses only.

For travel fund disbursements the employee must complete a Training/Travel Request form. This form must be signed by the relevant manager/supervisor and Chief Executive Officer (CEO) before approval is granted. There is no need to obtain further approval from the Finance Manager where the amount requested is greater than \$100.

All Petty Cash Request Forms must be approved (signed) by an appropriate line/budget manager who holds relevant delegated financial authority (Please see Register of Financial Authorisations). Signing officers shall approve petty cash purchases in accordance with Council purchasing policy, P420 Procurement and Disposal of Land and Assets.

Once the petty cash or travel fund monies are spent, appropriate documentation must be returned to a responsible officer (as previously listed) with any balance of monies unspent. All purchases must be evidenced by appropriate proof of purchase documentation. Documents deemed to meet this requirement include:

- a. Tax Invoice for purchases of \$82.50 and over;
- b. Receipt containing supplier details and details of goods or services supplied for purchases under \$82.50.

Failure to provide adequate documentation/records to the satisfaction of the CEO will result in the transaction being deemed as a private expense and any funds previously issued must be reimbursed to Council accordingly.

Should these funds not be reimbursed within 72 hours of request, the Team Leader Finance or delegated officer shall be notified and an invoice raised to the employee for payment. The invoice and receipt of payment will be evidence of such funds being missing from the petty cash reconciliation.

All completed Petty Cash Request Forms must have the following details supplied:

- Date;
- Name and signature of purchaser;

- Amount of monies disbursed;
- Details of expense;
- Name and signature of petty cash issuer;
- Invoice or receipt supplied including unspent monies where applicable ; and
- Signature of approval person,

All Training/Travel Request Forms must have all details completed as stipulated on the form.

Reconciling Petty Cash and Travel Fund

The Petty Cash Floats for each area of council are as follows:

Civic Centre – Level 3 - \$300 – Responsibility: Team Leader Finance or delegated officer

Civic Centre – Level 3 – Travel Fund - \$2000 – Responsibility: Team Leader Finance

Lady Nelson Visitor Information Centre - \$100 – Responsibility: Team Leader Visitor Information

Library - \$200 – Responsibility: Library Manager

Petty cash float are to be reconciled once every month for at least eight (8) months per year or when the amount issued exceeds 80% of the float balance (as listed above). The Responsible Officer shall ensure separation of duties from the issue of petty cash monies, reconciliation to source documents and replenishment of float.

All petty cash expenditure must be entered into the financial system once the petty cash has been reconciled and reimbursed.

The balance of monies and vouchers must equal the petty cash float amount before reimbursement can be made. Any discrepancies are to be investigated fully and reported to the Finance Manager to deal with accordingly.

Reimbursement of petty cash shall be authorised by the Responsible Officer. The receipt of monies shall be counted by a Finance Officer and a responsible Officer to ensure its accuracy prior to forming part of the petty cash float. The Responsible officer shall sign the Cheque Remittance as evidence of receipt of money.

All Petty Cash reimbursement cheques shall be made out to the “City of Mount Gambier – Please pay cash”, to ensure that only Council can cash the cheque in the event it is lost or stolen.

All Petty Cash must be reimbursed back to its original float value as at 30th June of the relevant year.

Balancing Cash Floats (till registers) and Change Balances

The Cash Float for each till is as follows:

Customer Service/Administration - Carinya Gardens Cemetery - \$200

Customer Service – Level 3 – Civic Centre - \$200

Change Bag – Level 3 - Civic Centre - \$800

Customer Service – Level 1 – Civic Centre - \$100

Customer Service – Lady Nelson Visitor Information Centre - \$1,400

Customer Service – Library - \$50

Customer Service – Main Corner - \$400

Change Bag – Main Corner - \$200

Customer Service – Waste Transfer Station - \$400

Each till is to be balanced daily to the receipts report after close of business by the responsible Customer Service/Administration Officer and/or Finance Officer. Discrepancies are immediately investigated by the responsible officer and shall be reported to the Finance Manager. Where manual receipts are processed, these are to be reconciled on daily basis and entered to the corporate accounting system at the next business day.

Till floats and change bags must be stored in a secure location at the end of each day. For the Civic Centre the preferred secure location is the safe located on level 3. For external sites, the preferred secure location is an onsite safe or locked cupboard/drawer.

Please refer to “Revenue, Cash Surplus” section of this document for requirements on clearing out of surplus funds from till registers.

Banking Controls

Guidance: This procedure should be read and carried out by all staff for all authorisations of opening, operating and closing of bank accounts.

Opening Bank Accounts

Any new bank accounts or electronic payment service providers (e.g. BPoint, Paypal, BPay) to be opened and utilised for Council must have the authorisation of at least two account signatories as approved by the CEO.

For each new bank account opened, the financial system must be updated and the bank account registered by the Finance Manager.

Bank Account Authorisations

For monies withdrawn from any bank account, whether by cheque, Electronic Funds Transfer (EFT) or other online payment method, there must be two authorised signatories for each payment. All authorisations must be approved prior to payment being processed.

For withdrawals made via Direct Debit, the initial set up of the Direct Debit agreement shall be approved by two authorised signatories. A register of all Direct Debit Agreements shall be maintained by the Team Leader Finance and reviewed at least annually by Finance Manager and/or General Manager Council Business Services.

The authorised signatories for bank account payments are the person(s) holding the position(s) from time to time as authorised by Council Resolution. Please refer to Records Management file AF11/636 for the latest authorised list.

Access to EFT banking system is to be restricted to designated Finance Personnel and a register shall be maintained by the Finance Manager to detail who has access and to what level. Access for the authorisation of payments is to be restricted to Monday – Friday between 8.30am and 5.15pm. This register shall be signed by the CEO.

Where a person occupying an authorised signatory position listed above, no longer holds that position, it is the responsibility of the Finance Manager or delegated Officer to immediately ensure that:

- Notice of change of authority is completed with the relevant bank to remove the signatory;
- The register of authorised signatories be updated and signed;
- Where a different person will be occupying the position, Notice of Authority be completed and approved by two account signatories prior to application being sent to the relevant

banking corporation. Such application must be scanned to Council's Electronic Document Records Management System.

- The register of authorised signatories by updated.

The preferred method of payment is EFT. Payments made via EFT are to be:

- Reconciled on a batch basis;
- Approved by two authorised signatories;
- Finance Manager or other delegated officer who is separate from the preparation of the EFT batch file to spot check individual payments within each batch bank file to source documents prior to payment being submitted via online banking. Once satisfied the bank file is accurate and does not appear to have been altered, the Finance Manager or delegated person shall complete second authorisation of the bank file.

Where payments are made via cheque, all cheques are to be:

- Held in a secure location (with minimal access) whilst not being printed or signed;
- Printed in sequential order ;
- Marked "Not Negotiable";
- Signed by two authorised signatories.

Transfers of money between bank accounts are to be approved by two authorised signatories.

All payments made must be supported by invoice, receipt or other documentation deemed appropriate by the CEO and the authorisations must be attached to this documentation prior to payment (electronic record via Online Requisitioning is considered acceptable).

Closing Bank Accounts

Where it is decided that a bank account is no longer necessary, the Finance Manager will prepare required closure documentation which will be endorsed by two authorised signatories, prior to lodgement of the paperwork with the banking corporation. All documentation is to be recorded in Council's Electronic Document Records Management System.

The Finance Manager in conjunction with the Team Leader Finance will then be required to complete the following:

- Ensure all transactions with respect to the account (including cheques drawn) have been completed;
- Lodge with the bank a letter, signed by two authorised signatories advising of the closure of the account;
- Meet the bank's requirements with respect to account closure; and
- Update the financial system and bank account register.

Bank Account Transactions

All deposits received must be receipted (where practically possible) on the same day that they are received by Council and banked within two business days (for the purpose of this procedure business days are considered Monday to Friday, excluding public holidays and designated closure of business operations by the CEO). For Council operations located away from the Civic Centre, all deposits must be reconciled and delivered to the Civic Centre, Finance Section or Customer Service within two business days and included as part of Council's next daily banking.

Daily banking is to be kept in a secure area until security personnel arrive to collect it. Upon arrival of security personnel, banking must be handed over in a secure area. Banking must not be handed over in a publicly accessible space, this includes over the service counter.

Unallocated direct deposits of more than five (5) business days will be investigated fully to determine source of deposit. Where the source cannot be identified, the deposit will be allocated to suspense account 9600.9601 Contra General, to be kept separate and identifiable from other transactions until such time as the money can be refunded or recognised. If still unrecognised after 6 months or 30th June, whichever is deemed more appropriate, such contra funds should be cleared to sundry revenue.

Holders of cheques outstanding for more than two months shall be contacted by finance personnel to prompt banking. Where a cheque has not been received by the intended recipient, the cheque shall be cancelled and electronic banking details obtained so that payment can be made promptly.

Where a payment stop on a cheque is required, this will be authorised by Team Leader Finance.

Team Leader Finance will be responsible for carrying out the following duties in regards to payment stop on a cheque:

- Ensuring the cheque has not already been presented at the bank;
- Notify bank of stop payment via online banking facilities;

- Receiving confirmation of action from the bank of the stop payment prior to processing any re-issue of payment; and
- Ensuring the details of the stop payment is attached to the original cheque payment documentation and any subsequent payments;
- For the re-issuing of funds, EFT is the preferred method of transacting.

Reconciliations

Bank Reconciliation Statement for the General Cheque/Overdraft Account shall be prepared at least twice per week with the exception of any designated closure of business operations (for e.g., Christmas/New Year Closure) as directed by the CEO.

Credit Card accounts operated by Council shall be reconciled in accordance with the Corporate Credit Card Procedure.

All other bank, overdraft, investment, line of credit accounts shall be reconciled at least every three (3) months (quarterly) per year by the Finance Manager or delegated officer.

Any discrepancies shall be reported to the Finance Manager, investigated fully and rectified as soon as practicable.

Cash flow monitoring shall be undertaken by the Finance Manager, Team Leader Finance or delegated Officer at least weekly to ensure Treasury Management Policy is adhered to.

Reports

An Expenditure report listing all cheques issued and EFT payments made for a period shall be prepared and presented to Council for the members' general information once every month for at least ten (10) months per year.

Investments

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

- A130 – Investment
- T150 – Treasury Management Policy

General Debtors

Guidance: This procedure should be read and carried out by all staff involved in customer selection.

Appointment of New Customers

All new customers excluding Cemetery, Main Corner hire/bonds, Riddoch hire/bonds, Private Works and additional bin customers must complete a Business Credit Account Application prior to engaging services of Council.

The appointment of a new customer (exclusions listed above) must be authorised by the General Manager Council Business Services or Finance Manager.

All relevant details of the new customer will be entered into the financial system by a Finance Officer once approval has been authorised.

Access to Accounts Receivable Master File (excluding IT and support access) is restricted to the following authorised personnel:

Finance Manager;

Team Leader Finance;

Finance Officer(s).

The Finance Manager or delegated officer will review information entered into the financial system to ensure all information is correct as part of their duties in reviewing master file audit trail reports (when available).

The relevant applying department will be notified within two (2) business days of a new customer being approved by the finance officer responsible for establishing the new client in the system.

Reconciliations

The General Debtors ledger shall be reconciled once every month for at least ten (10) months per year to General Ledger Control Accounts. This Reconciliation shall be signed by the Finance Manager or delegated officer as evidence of review and accuracy. Any discrepancies are to be immediately investigated and corrected at the earliest possible available time.

Audit Trails (when available) are to be generated in line with the above mentioned reconciliations for General Debtors to show any master file changes (excluding raising of invoices, statements and any payments received). Audit Trails Reports shall be compared to source documents by the

Finance Manager or delegated Officer and signed when satisfied that reasonable samples of changes are accurate. The sample size is at the discretion of the Finance Manager, but must ensure that all out of the ordinary transactions are reviewed.

Customer Credit Terms

General Debtor Payment Terms are 30 days from date of invoice. Where an invoice has been raised for the purpose of cemetery goods and services, payment is required prior to the ordering of any stock items and provision of service, excluding Funeral Directors whose provision of credit is not suspended (*see credit limit breached due to outstanding payments for further details*). Finance Officer(s) shall notify Cemetery Administration of payments made to ensure that goods and services can be promptly ordered and supplied. When an Invoice has been raised for the purpose of Riddoch and/or Main Corner hire and/or bond, payment is required prior to the date of the event. Finance Officer shall update the Main Corner invoice register to notify Main Corner employees that the event can proceed. *Please see Bond payments for payment/service standards relating to the repayment of bonds.*

Credit will not be authorised for the purchase of inventory or consigned goods unless under the direction of the CEO.

Where a customer has requested longer payment terms than 30 days from date of invoice, this must be referred to and authorised by the Finance Manager and noted on the customer file.

Aged Debtor listings are to be regularly produced and all customer payments are to be reviewed at least once every two (2) months to ensure that payment terms are adhered to.

Invoices are sequentially numbered.

Statements are to be issued on a monthly basis (preferably by email or electronic means) and will be recorded in Council's Electronic Document Records Management system.

Account allocations and GST codes are made or reviewed by an authorised officer.

Invoices must be raised within 72 hours of receipt from an authorised officer to ensure prompt production of invoices.

Credit Notes are to be sequentially pre-numbered and authorised in accordance with delegations. Credit notes can only be processed once approved by the Finance Manager or a delegated officer.

Credit limit is breached due to outstanding payments

When a credit term is breached by 90 days or more (excluding Riddoch, Main Corner and Cemetery invoices whose goods and services are not provided until fully paid), finance officer will notify all relevant staff (this includes Finance Manager and other relevant officers) that Council's provision of credit has been suspended. Any new orders will need to be paid up front on a 'cash basis' until the breach in the credit arrangements has been rectified.

The Finance Officer must ring the customer and explain that further orders/work cannot be processed until the account has been paid.

If the customer is having difficulty making payments, finance officer shall first make a schedule of payments to bring the customer back in line with their credit terms and note this on the customer file. Approval shall be sought by Finance Manager before negotiating such arrangements.

Use the following script to assist with the call:

"Hi _____, how are you? We have noticed that you have fallen behind on your account and are now in breach of our credit terms. These outstanding amounts need to be paid before we can continue providing goods and services to you. Are you able to fix this up today?"

If they cannot pay on the day of the phone call, then get an expected payment date from them and confirm that any outstanding orders/work cannot start until the payment is made.

Cemetery invoices in breach of credit terms by 90 days or more will be terminated. This includes cancellation of any goods or services on hold and or waiting ordering. Where part payment(s) has been received amounts shall be refunded to the customer excluding any cancellation fee for reasonable costs relating to administration and postage. Where no payment has been received, the invoice shall be cancelled and notification sent to the customer.

Customer Debt Collection Procedure

An aging debtor report is to be produced at the time of General Debtor Reconciliation. Where debts become overdue the Finance Officer shall follow the process set out hereunder in order to recover overdue monies. Please note these procedures must be adhered to in line with the Local Government Act, which details specific legislation on the write off and collection of debts owed to Council.

- Within thirty (30) days of a debtor becoming overdue, a reminder notice shall be forwarded requesting that monies be paid in full or alternatively that an acceptable arrangement be entered into within 10 business days of Council sending the notice. Suitable notice may be in the form of a Statement with a With Compliments slip attached or email.

- Where no response has been received within thirty (30) days of the issue of a reminder notice a final demand will be forwarded. Where the final demand is being sent and the customer is already in breach of the 90 day credit terms, the final demand will include notification of stop account procedures.
- Where there has been no response to the final notice within 10 business day's legal action shall be commenced where considered necessary by the Finance Manager except where those debts can be attached to a property(s).
- Customer payments that remain outstanding for 12 months shall be considered to be written off as bad debts excluding those debts that can be attached to a property(s). Finance Manager must obtain authorisation from the Chief Executive Officer to write off general debts in accordance with his/her delegation per the Local Government Act or approval from Council should the write off be greater than the CEO's delegation. Once a customer has been written off as a bad debt no further credit shall be allowed. At this point, Finance personnel must mark the Debtor as inactive and place a note on the file stating the reason for this.

Rates Debtors

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

Access to the Rates Master File (excluding IT and support access) is restricted to the following authorised personnel:

Senior Rates Officer;

Rates Officer/Customer Service Officer.

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

- Within twenty (20) business days from due date a Reminder Notice shall be sent to the Principal Rate(s) Payer.

- If an instalment of rates remains unpaid proceedings for collection of outstanding rates balances to be reviewed quarterly and may be collected by legal process.
- Fines and interest are applied to outstanding rates in accordance with the Local Government Act.

The Rates Debtor Subsidiary Ledger shall be reconciled at least quarterly to General Ledger Control Accounts. This Reconciliation shall be signed by the Finance Manager or delegated officer as evidence of review and accuracy. Any discrepancies are to be immediately investigated and corrected at the earliest possible available time.

All write offs, refunds, transfers, journals and reversals are to be processed by Rate(s) personnel in accordance with delegated authority and independently verified by the Finance Manager and/or General Manager Council Business Services.

Please also refer to Rates located in the Revenue section for further detail.

Stock Control/Inventory Procedure

Guidance: This procedure should be read and carried out by all staff.

Purpose of the Procedure

This procedure provides guidelines for monitoring and managing the amount of stock within Council to ensure that there are suitable levels of stock available to external and internal customers at all times. Suitable stock levels are at the discretion of relevant management, however it is preferred that they are held in line with 'Just in Time' concepts to ensure that Council resources are not tied up with excessive stock on hand levels. This procedure includes, but is not limited to stock located at:

- Lady Nelson Visitor Information Centre – responsibility: Team Leader Visitor Information
- Riddoch Art Gallery – Responsibility: Gallery Director Manager Art and Culture
- Main Corner – Responsibility: Main Corner Coordinator
- Depot Store – Responsibility: Store person

It is the responsibility of relevant employees listed above to ensure that the stock control procedure is adhered to by all employees.

Purchase and Managing of Stock

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

Each Function of Council responsible for Stock (as listed above) shall:

- Identify core stock and ensure that appropriate levels are held at all times;
- Monitor all stock levels and stock turnover;
- For fast-moving stock negotiate with suppliers for 'just in time' deliveries where possible;
- Monitor re-order levels and ensure orders are placed in adequate time to reduce non-availability of core or necessary stock items;
- Regularly review sales budgets and order necessary stock in line with budgets;
- Negotiate with suppliers for best price, quality, delivery methods and returns policy where no formal contract has been engaged (local where possible);
- Order all stock required;
- Ensure that all staff are aware of new product, price changes and procedures for accurate recording of all stock movements;
- Consult with Procurement Officer to comply with and assist with maintenance of the Prequalified Contractor Register;
- Keep up to date with customer and market trends and seek out new product for recommendation;
- Chemicals and Hazardous Substances to be purchased by Council's Storeperson and distributed as required following Council's Hazardous Chemicals Procedure;
- Ensure that there are adequate controls (physical and administrative) in place to minimise theft and/or waste of all stock items;
- Ensure that all stock items are priced in line with Recommended Retail Prices or relevant on-site procedures, whichever is appropriate;
- Where stock has a limited shelf life, maintain good quality control to ensure stock nearing its use-by-date is sold first or discounted to encourage sale and minimise obsolescence;
- Understand the importance of good stock control;

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

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

Receiving Stock

When stock is received from the supplier, the responsible person or person otherwise delegated shall:

- Review delivered items to delivery docket, including quantity, quality and completeness of order;
- Match delivery docket to purchase order;
- Follow up and ensure correct stock order will be received where discrepancies or damage have been incurred;
- For fuel, manual dip readings must be completed before and after a delivery of fuel to independently verify the accuracy of the amount of fuel delivered.
- Store the stock securely and in an appropriate area that is compliant with Work Health Safety Standards. Security arrangements shall be reviewed at least annually by the responsible employee and improved where they have become inadequate. Improvement arrangements may include:-
 - Restricting access to authorised personnel only;
 - Protection from accidental destruction;
 - Protection from theft, fraud or improper use.
- Process Goods Receipt using Council's financial software;
- Record Purchase Order on Tax Invoice and forward to Finance Officer for payment.

Stocktakes

It is the responsibility of relevant employee's (as listed above) to organise and oversee physical stock take at least once per year as at 30th June and match records of stock take to administrative and financial records. Any significant variances in stock must be reported to the General Manager Council Business Services. It is at the discretion of the General Manager Council Business Services to increase the regularity of the stocktakes should there be concern for items of stock going missing.

Due to internal use and allocation of fuel, manual fuel dips are to be completed at the start and finish of each day. Also, the opening and closing reading on the fuel pump must be recorded on the same form to enable finance to check allocation of fuel against manual and pump readings.

Consigned Items

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

A Consignment Master File shall be maintained jointly by finance and the responsible area (for eg, Riddoch Art Gallery). The Master File must at minimum contain the following information:

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

Each month, the responsible employee or delegated officer (from the relevant area listed above) must complete a stocktake and advise finance of any missing items.

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

Prepayments

All invoices paid in June relating to the next financial year should be recorded as prepayments as the goods or services will be received in the next financial year. It is the responsibility of all Council Employees to inform the Finance Manager where they are authorising payment for an item at the conclusion of a financial year where the receipt of such goods or services paid will occur in the following financial year.

The Finance Manager or delegated officer shall:

- Complete periodic checks regarding the likelihood of prepayments being made;
- Review throughout June to identify expenses that should be treated as prepayments;
- Review any large expenses in the last quarter of the financial year to determine if the payment should be classified as a prepayment;
- Maintain documentation/working papers detailing any prepayments and ensure all prepayments reconcile to the general ledger at least on a yearly basis as part of year end procedures;
- After finalisation of the financial statements, complete journal to reverse all prepaid expenses to their appropriate income/expense account in the correct financial year.

Fixed Assets

Fixed assets are only to be purchased in accordance with Council's procurement policy P420 and with reference to this document.

On acquisition or as soon as practical:

- (a) All plant assets are to be added to Council's financial system assets module upon purchase;
- (b) The useful life of the individual asset is to be estimated. Guidance may (as deemed appropriate to the circumstances) be sought from the Australian Taxation Office for the Commissioner of Taxation's discretion in regards to the useful life, Council's qualified Engineers, external Valuer or Council Auditors;

(c) The preferred method of depreciation is the straight line method. However this does not limit the use of Diminishing Value.

New assets created must be set to monthly depreciation and have a quantity entered to ensure depreciation will run accurately.

Assets acquired free of charge (for example, land and infrastructure due to a development) are to be reported to the Finance Manager every financial year by the assets and compliance officer. Consultation with the Senior Rates Officer to obtain land values is pertinent to this process. The Finance Manager must bring to account all assets received free of charge in accordance with relevant accounting standards every financial year.

Depreciation

(a) The rate of depreciation is to be calculated and reconciled to the general ledger at least every 3 months (quarterly) to ensure that expense accounts are kept up to date for budget officers.

(b) Assets are depreciated from date first used or held ready for use;

Useful lives and associated depreciation rates shall be reviewed at least every 3 years by Management Accountant or Finance Manager to ensure that the methods used to value fixed assets are still appropriate.

Disposal of Assets

Finance Manager or delegated officer shall ensure:

- (a) Assets are depreciated to the date of disposal;
- (b) Assets sold or written off are to be disposed of in Council's financial system assets module;
- (c) The profit/loss on disposal is automatically calculated in Council's financial system when the asset is disposed of and appropriately recorded in the General Ledger;
- (d) All disposals of fixed assets are approved in accordance with the Delegations of Authority.

Materiality, Minor Plant and Equipment

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 Administrative procedure.

Establishment and maintenance of a Minor Plant Register shall be maintained by deemed responsible officers and overseen by the Procurement Officer once established. The Register must list all items of plant and equipment that are of a lesser value than \$5,000, their purchase date and value (if known) and where they are located. To capture new data all minor plant purchases must go through the relevant resource/activity code. The procurement officer shall at least annually complete a stocktake of all minor plant and equipment.

Recording/Registers

Fixed Assets Registers are to be maintained for all assets controlled by Council, identifying significant asset components.

Wherever possible assets should be recorded as separate items in the asset register(s).

Fixed Asset Registers are to be reconciled at least annually to balances per the General Ledger.

This reconciliation is to be evidenced as reviewed by the General Manager Council Business Services or delegated officer not involved in the transaction or reconciliation process. All discrepancies are to be promptly investigated and the fixed asset register or general ledger appropriately updated.

Any changes to the Fixed Asset Registers are to be compared to the authorised source documents to ensure accurate input or deletion. Ideally an audit trail of adjustments made to the Plant Master would be periodically run to assist with this process where such a report is available.

A physical count of all fixed assets per the fixed assets register is to be undertaken in line with Council's existing Asset Management Plan by the Asset and Compliance Officer. All discrepancies are to be investigated and the condition of the assets noted.

The Fixed Asset Registers are to be periodically reviewed by Management for accuracy, noting "unusual" items or items included in fixed assets which have been sold or scrapped.

A comparison to the Capital Budget shall be performed periodically and reviewed by Management in line budget revisions.

Authorisation is to be obtained from the relevant General Manager before any items are deleted or removed from the registers (due to sale, obsolescence, control or scrapping).

Security

All staff shall ensure that assets (mainly plant & equipment or those at greater risk of being misappropriated due to their nature) are located in an appropriately secured area, where access is restricted to authorised personnel.

Security arrangements shall be regularly reviewed and improved where they have become inadequate. Arrangements shall include restricting access and protection from accidental destruction, deterioration, theft or fraudulent or illegal use, and protection of the public from injury or hazard.

Insurance

Council's insurance cover is to be the subject of regular review (at least annually) in conjunction with Council's insurance Brokers/Insurers.

The Management Accountant and/or General Manager Council Business Services or delegated officer, with the consent of Council, is to commission a valuation of assets for insurance purposes every year with recognised property valuation organisations. Valuation for insurance purposes may differ from valuations for asset purposes due to factoring in costs of reinstatements of assets.

Asset Valuations

Management regularly reviews valuation of fixed assets (i.e. methodology and useful lives of assets) to ensure that asset valuation is appropriate and in accordance with reporting requirements. Where appropriate, council may engage an expert to perform valuations for unusual or infrastructure assets. For land, the Valuer-General's valuations shall be used.

Council shall abide by its Asset Revaluation Strategy which states the following categories of assets are to be formally revalued at the following intervals:

Land – Annually using Valuer-General data

Buildings and Structures – Every four (4) years

Infrastructure – Every second (2) year

Management compare actual fixed asset balances to budget in line with budget revision processes; significant variances are investigated and approved as part of the Budget review process.

Impairment of Assets

Assets that have an infinite life are not subject to depreciation but are to be reviewed annually for impairment. Assets that are subject to depreciation are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

Year End Considerations

Fixed Assets Registers shall be reviewed to consider:

- (a) Carrying value of assets;
- (b) Existence of assets;
- (c) Condition of assets;
- (d) Relevance of current depreciation rates given the condition of the assets;
- (e) Need for revaluations. All material assets shall be revalued over a three year rolling cycle, with annual adjustments to reflect appropriate indexation inflation in the years where no revaluation occurs;
- (f) Useful life of assets.

The Asset Management Plan (including plans to obtain sufficient funding to cover expected capital investment) is prepared as part of the Strategic Plan. The purpose is to direct programmed maintenance and renewal schedules. All changes to the asset management plan must be approved by Council.

The plant replacement program which derives the annual capital purchases is reviewed at least annually by the General Manager City Infrastructure or delegated officer. This replacement program details heavy plant and vehicles and includes information on cost, useful life, replacement year and the estimated trade in value.

Management undertakes a regular review of useful lives of Fixed Assets and updates the Asset Management Plan to reflect any significant changes (i.e. expected time frame for replacing significant fixed assets).

Purchasing Officers are to refer to Finance personnel for guidance on whether items are to be considered as an Asset or Expense in nature.

Project Costing

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

Actual project costs are to be reviewed at least in line with budget revisions, compared to budget and any significant variances are to be investigated.

Before entering into a project, Management are to review the costing methodology used for projects and ensure an appropriate method of full cost attribution is in place.

Overhead rates including Plant Hire Rates and employee oncosts are to be reviewed on an Annual Basis by the Management Accountant or delegated officer.

Project budgets are to be approved in accordance with the Delegations of Authority.

Reports shall be generated at the request of the project manager detailing projects actual performance against budget and any variances investigated.

Any budget overspends are to be detailed in a report to the CEO or relevant General Manager by the relevant project officer.

Liabilities

Creditors

Guidance: This procedure should be read and carried out by all staff who are involved in supplier selection, payment and maintenance.

Purpose of the Procedure

All new suppliers to Council must be reviewed and accepted in accordance with this procedure to ensure that the supplier service is aligned with Council objectives.

Choosing a New Supplier

New suppliers must be selected in accordance with Council's P420 Procurement and Disposal of Land and Assets Policy.

For each new supplier, AR 17/26977 – Request to Add New Supplier form must be completed prior to agreeing to services by the person engaging their services (assistance may be sought from finance personnel or Procurement Officer).

Appointment of Supplier

The appointment of a new supplier will be authorised by the Procurement Officer and/or Management Accountant and/or Finance Manager.

All relevant details of the supplier will be entered into the financial system by finance personnel once approval is obtained from the Procurement Officer and/or Finance Manager.

Access to Accounts Payable Master File (excluding IT and support access) is restricted to the following authorised personnel:

Finance Manager – for the purposes of completing Council's Business Activity Statement;

Team Leader Finance;

Finance Officer(s).

The Finance Manager or delegated Officer will review information entered into the financial system and independently verify the bank account or other details of the supplier to ensure payments made are to the correct account and the supplier exists. All changes made to the Accounts Payable Master File, such as the addition of new suppliers or changes to supplier details shall be reviewed once every month for at least ten (10) months per year by the Finance Manager or delegated Officer against Master File audit trail reports (where available). Finance personnel who make changes to the Accounts Payable Master File must store all copies of original (source) documentation in a separate folder for review.

Supplier Payment Terms

All purchases from suppliers shall be supported by a purchase order – refer to the [Purchasing](#) and [Stock control](#) procedures. It may not be necessary to issue an official order for:-

- Fees or payments imposed under the Act;
- Professional fees, insurance, freight or real estate acquisitions;
- Payments pursuant to an award binding upon Council; or
- Goods purchased from petty cash;
- Goods/services purchased by credit card;
- Utilities for supply of phone services, electricity, water supply etc.;
- Purchases under which Council has contractual relationship, e.g. lawn mowing, waste collection.

Our preferred supplier payment terms are 14-30 days. This ensures Treasury Management is adhered to.

Samples of supplier payments are to be reviewed at least bi-annually by the Finance Manager or delegated officer to ensure that payment terms are adhered to. For payments made to any suppliers earlier or later than the agreed terms a Finance Officer will prepare a report that details the reasons why payment terms have not been adhered to on a per creditor basis (i.e., not per transaction).

This report will be reviewed and authorised by the Finance Manager or delegated Officer.

Bond Payment Refunds

The repayment of any bond monies must be processed within ten (10) business days of the date of execution. Date of execution refers to the date of event or hire. It is the responsibility of the area that requested the initial bond fee to complete a bond/hire refund form and submit to finance officer within 72 hours of execution date in order to process payment inline with creditor payment terms.

The bond/hire refund form must contain the following information:

- Name of hirer;
- Address details of hirer (including telephone, mailing address, email address);
- Bank Details (BSB, Account Number and Account Name);
- Details of what was hired and date it was hired;
- Amount to be refunded including details of adjustments for cleaning or damage;
- Signature of person authorising the bond release. This person must have adequate financial authority.

Team Leader Finance shall ensure bond liability accounts are reconciled at least every three (3) months (quarterly)..

Reconciling Suppliers

Where the supplier provides statements, the Finance Officer shall reconcile those statements to Tax Invoices at the completion of the billing term (generally monthly) and follow up any outstanding items accordingly prior to making payment. No Statement shall be paid in full until all tax invoices are accounted for (this does not exclude part payments where tax invoices have been approved).

The Finance Manager or delegated Officer shall check the Creditors control account is reconciled the creditors' ledger once every month for at least ten (10) months per year. Any discrepancies shall be followed up and corrected immediately.

Please refer to Bank Account Authorisations for procedure on reconciling payments.

Accrued Expenses

Accrued expenses reconciliation are prepared annually as at 30th June by Finance Manager or delegated officer. This includes, but is not limited to Accrued Wages. After finalisation of the

financial statements, journal must be completed to reverse all accrued expenses from their appropriate account.

Borrowings

A loan register is maintained containing a copy of Council resolution approving the loan and a schedule of the loan liability and the loan repayment from the lender. This also includes details of any Cash Advanced Debenture. The register shall include:-

- Loan Account number;
- Lending institution;
- Repayment schedule;
- Purpose for which the loan was taken out;
- Interest and term of loan;
- Commencement and expiry dates.

Debt repayment transactions at, before, and after the end of an accounting period are scrutinised and/or reconciled to ensure complete and consistent recording in the appropriate accounting period.

The loan register and loan approval is subject to management and/or internal audit review at least annually.

All loan journals are independently authorised.

Loan balances in the General Ledger are regularly compared to budget, loan register and statements from financial institutions. Management reviews in line with budget revisions and as appropriate approves significant variances.

All new loan repayment schedules and conditions are checked prior to accepting each loan.

All loans are approved by Council resolution with copy of the Council resolution held in the loan register. All funding approvals are minuted by Council.

Borrowings policy dictates when borrowings are appropriate and approval mechanisms including requirement if any for alternative quotes.

Statements received from lenders are reconciled to the loan register and General Ledger and differences are acted upon immediately.

The loan repayment and covenant schedule, including dates and amounts to be paid is established when loan is setup. Finance Manager or delegated officer reviews this to ensure that all payments are made and recorded accurately and timely. Repayment details on Cash Advanced Debentures is recorded and checked as known.

Council shall be informed on a timely basis of any variance with the loans' terms and conditions that have been prior approved.

All additions, deletions, and other changes to the loan register are independently validated and compared to the loan agreement to ensure that they were input accurately. Identified errors are corrected.

Payments are entered into the system following verification of direct debit from the bank statement.

Details of cash requirements, particularly with capital works, creditors and payroll are discussed by authorised officers. Investments and borrowings are scheduled accordingly.

Finance Manager undertakes a review to identify unrecorded loan liabilities at key reporting dates (namely 30th June).

Interest on loans is predetermined and journals are checked. Interest on Cash Advanced Debentures is checked where applicable to relevant source documents.

Employee Provisions

To minimise any weaknesses associated with segregation of duties in relation to employee entitlements, it is imperative that the recording and processing of leave entitlements are separated

from the initial approval of leave, and that access to the payroll master file is restricted to appropriately designated and qualified staff.

Appropriately designated staff (excluding IT and support access) are:

Finance Manager – for review of calculations and back office set up;

Team Leader Finance;

Finance/Payroll Officer(s);

Standard programmed formulas perform employee provision calculations with Finance Manager or independent delegated officer shall review these rates to ensure consistency with legislative requirements.

Management must approve all requests for leave and leave taken is recorded by staff independent from the approval.

Reconciliation of employee provisions shall be performed at least annually by the Team Leader Finance and these must be independently reviewed and signed off.

Actual balances compared to budget once every month for at least ten (10) months per year and significant variances are investigated.

Leave balances are recorded on pay advices (pay slips) for verification by staff.

Any changes to the payroll master files are independently reviewed by the Finance Manager or delegated Officer to ensure accurate input to source documentation, via Payroll Master Audit Trail.

Payroll master file data is periodically reviewed for accuracy and pertinence by the Team Leader Finance.

Departmental managers periodically review listings of current employees within their departments and notify the Manager of People and Culture of necessary changes.

Taxation

Taxation relevant to Council includes, but is not limited to:

- Goods and Services Tax;
- Fuel Tax Credits;
- Fringe Benefits Tax;
- PAYG withholding (employees).

All taxation statements and returns required for lodging with the Australian Taxation Office must be prepared in accordance with relevant legislative guidelines.

Relevant staff members are provided with regular training in order to keep up to date with all relevant changes in tax legislation and reporting requirements and/or Council obtains tax advice from external tax advisors.

To ensure appropriate tax treatment, the finance Manager or delegated officer independent from the processing of transactions shall spot check transactions when completing the monthly Business Activity Statement(s) to ensure correct taxation treatment has been applied in accordance with relevant legislative requirements.

All balance sheet reconciliations for tax assets/liabilities are performed at least every three (3) months per year; reconciliations are reviewed by an officer independent to the recording of transactions and reconciliations (where resources allow).

Council has a working relationship with an external tax advisor and external auditors and contacts them for advice when required.

General Manager Council Business Services or delegated officer shall review reporting and lodgement of Statements>Returns at least every three (3) months per year to ensure compliance with statutory deadlines. This will also prevent unnecessary interest and fines being applied due to late lodgement.

Revenue

Rates

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

To ensure Council raises the correct amount of rate revenue Rates Officer(s) shall ensure that property Valuations and Land Use codes are downloaded from the LGA Annual Valuation Report to Council's software system. This must be completed at least annually in line with the Local Government Act.

No valuation changes are permitted during the period of Council adopting the valuations for the relevant financial year and the raising of the rates.

The Rates Officer(s) shall check the total value supplied by the Valuer General (per the LGA Annual Valuation Report) reconciles to the value uploaded to Council's financial system (screenshot is acceptable). It is preferred, where possible, that totals are checked against source documents from the Valuer General. These reports shall be filed to Council's Electronic Document Records Management System.

All uploading, modelling and calculation of rates must be tested, signed off and approved by the Finance Manager or General Manager Council Business Services prior to and after adoption of rates.

Total rates generated are compared to budget in line with budget revisions by the Finance Manager or General Manager Council Business Services. All variances are to be investigated.

Rates are automatically calculated and generated by Council's software system. It is the responsibility of the Senior Rates Officer to ensure that Council's software system is set up correctly. A random sample of rates data must be independently reviewed by the Finance Manager or Delegated Officer who is separate from the inputting of rates transactions to ensure:

- Name, address and rate details are correct;
- Valuation uploaded matches to Valuer General report/figures;
- Correct rates have been calculated;
- Rebates, concessions and discounts (where applicable) have been applied correctly.

It is preferred that the independent officer completing the review select the rate data to review. This must be completed annually once rates have been raised, but prior to rates notices being sent for printing. Any variances shall be investigated and corrected immediately.

Rate Rebates are to be reviewed annually by Senior Rates Officers, Finance Manager and/or General Manager Council Business Services annually and authorised in accordance with Council Delegations.

Once independent review has been completed and the officer is satisfied that the sample reviewed is accurate, Rates Officer(s) shall arrange for the printing of notices. Where rates notices are printed externally, the printers are asked to supply details of the number of rates notices used and external tests shall be undertaken to ensure correctness of function and totals raised. Rates Officer(s) in conjunction with another staff member of the Corporate Services Division must approve a sample of rates notices provided by the printers prior to authorising the final print.

All updates received from the Valuer General after the raising of rates are to be processed within seven (7) days of receiving all required information by Rates Officer(s).

Rates Officer(s) shall ensure they do not process their own rate receipt. Payments via electronic banking, customer service or payroll deduction are acceptable.

Rates Officer(s) or delegated officer are responsible for the downloading and importing of all electronically received payments. This process shall be completed at least twice per week excluding public holidays and periods of business closure as deemed by the CEO.

Rates Officer(s) shall once every month for at least ten (10) months per year review Council's Name and Address Register to ensure that details are accurate and match details recorded in Council's rating system.

Grants

Formal Council resolution is required prior to grant funding being applied for amounts over \$50,000.00. CEO must approve all other requests.

Any withdrawal of grant funding will require an assessment of services/program/initiative/infrastructure to determine whether the service is maintained.

A procedure is required to be developed on grant funding to cover the following issues:

- Assessment process;
- Recognition treatment;
- Claim collection;
- Community expectations;
- Funding period;
- Disclosure of any conflicts of interest;
- Strategic alignment with the Community Plan.

A register is to be held in Council's Electronic Document Records Management System. It is the responsibility of the Grant contact person to update this register and ensure that Grant funding is applied and acquitted in a timely manner.

Copy of application/grant agreement is to be provided to Finance prior to any invoices being issued

Register to be maintained for all grant funding applications

To assist with reporting requirements all grants will have job code (Work Order) allocated which will cover income and expenses for each Grant project.

User Pay Income – Fees for Service

Fees and charges are reviewed annually and are adopted by Council.

Cost recovery shall be considered as part of any review.

Fees and Charges Register is to be maintained and published on Council's website for public access.

The use of Council facilities is to be supported by formal lease agreements/licences.

Where possible fees are discounted/subsidised, the full cost of the charges is to be fully recognised via the financial system.

Separate codes to be used per income type (Eg. No sundry codes to apply) when allocation in the General Ledger.

In accordance with Budget reviews, regular reviews to be undertaken of financial performance of past periods (monthly or annually) to ensure income is in line with expectations. Any variances must be investigated.

Standard charges to be programmed into receipting module to minimise data entry errors.

Receipting must be processed by a sequential number system.

A responsible officer shall make periodical checks of the hiring records and the charges raised. This includes the regular reconciliation of the bonds paid to general ledger. *Please refer to Bond payment Refunds.*

Investment/Interest Income

On receipt of statements from Investment provider, interest is to be checked and receipted (at least quarterly).

Investment Bank statements are to be reconciled to general ledger and checked by an independent officer.

Any discrepancies are to be investigated and corrected immediately once they are identified.

Income received is to be compared with budget on a regular basis in line with budget revision process.

An Investment Review must be completed biannually and submitted to Council by the Finance Manager or delegated officer.

Receipting

All receipting is processed via Council's approved electronic financial system excluding exceptional circumstances (such as prolonged software outage) where manual receipt books shall be used.

Off-site receipts are processed manually with pre-numbered compliant receipt books or via approved electronic financial system. Receipting reports must be supplied to Finance department within two business days for either processing of cash/cheques or invoicing via Sundry Debtors system. Any cash transferred from external sites must be stored in a secure area until such time as it is being processed. Physical transfer of monies must be from one person direct to another person (with the receiving party aware of the contents). Monies must never be left unattended in an unsecure area (for example, place in a pigeon-hole or correspondence tray).

Payments made via cheque are only accepted for Rates and General Debtor payments where amounts owed can be easily reinstated should the cheque payment default. Purchases of

inventory or consignment items are to be paid upfront via cash or eftpos (no cheque payments allowed).

Electronic receipts provided to customers must be fully compliant with ATO's statutory requirements for issuing Tax Invoices (please refer to Receipt of Purchases for details on valid tax invoices).

Surplus Cash

Any surplus cash is to be cleared from till/registers to a more secure area on a regular basis. Surplus cash is deemed to be \$2,000 in non-peak receipting times and \$6,000 in peak receipting times. Peak receipting times include:

- Week leading up to, day of and day following rates instalment due date;
- Week leading up to, day of and day following dog registration due date;
- Fortnight leading up to and month following due date for green waste renewal.
- Generally, the months of July and August.

Where receipting is processed using Council's financial system, this cash limit shall be set when opening the tills/registers (where the financial system allows it to do so). Deemed secure areas are locked in the strongroom on Level 3 of the Civic Centre or in a locked cupboard separate to the till location. External sites are to secure surplus cash in a locked cupboard/filing cabinet located separately to the till location.

All cheques received are to be stamped 'Not Negotiable'.

Where possible, only one operator is to be responsible for each till. Due to the shared environment, each officer using a till shall operate on the till they are responsible for. Where an officer is required to receipt and has not been designated responsibility for a till on a particular day, they must process receipt entry using their own identification number (please note the terminal number does not alter, only the cashier).

Money collected on behalf of 3rd party organisations is to be receipted and recorded via general ledger accounts and entered to Cashflow Manager (where appropriate).

Details of further risks and controls associated with cash handling and banking are considered in the 'Cash Floats and Petty Cash' and 'Banking' sections of this manual.

Voids, reversals and deletions

Customer Service/Administration staff must review daily receipting transaction reports to identify any 'negative' receipts or reversals and provide reason for such transaction. The Finance Manager or delegated officer independent of the processing of receipts shall sign off on all receipt voids or reversals and such receipts shall be attached to the end of day reports.

Receipt Reversals shall be processed as a last resort (as Council's financial system does not provide a reasonable audit trail) or where Council has received funds in error that are required to be refunded. The preferred method is to process a receipt reallocation where applicable, rather than reversal and deletion as this provides a distinct audit trail in Council's financial system.

Refunds – Inventory and Consignment

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

Where a customer meets the criteria for a refund, a Refund Request Form must be completed. All refunds will be processed via EFT and deposited direct to the customer bank account. No refunds are to be given direct from the till unless it is a same day transaction.

Other Revenue

Other Revenue received by Council typically includes (but is not limited to):

- Donations;
- Expiation Fees;
- Dog Registrations;

- License Fees;
- Hire Fees;
- Permits;
- Proceeds from the sale of fixed assets.

For guidance as to the disclosure requirements in relation to Other Income, seek advice from Finance Personnel.

For an analysis of the risks and controls in relation to Debtors (i.e. the collection and recovery of other income), please refer to the 'Debtors' Business Process of this Manual.

For any receipting that occurs on any off-site locations an audit trail summary (sales/banking report) is to accompany receipts.

Ensure a Recipient Created Tax Invoice is received (where possible) for disposal of items such as waste metal, etc.

Sequentially numbered receipts are to be issued .

Revenue from this source is to be reviewed on a regular basis in line with budget revisions.

Any permits issued in Council's name to be reviewed regularly to ensure that the correct fees are collected.

Customer Service/Administration staff must ensure that statutory timelines are met to ensure that outstanding infringements are able to be recovered by the State Fines and Recovery Unit.

Fee Waivers

Requests for waivers of fees or expiations by applicants must be in writing and authorised by the General Manager City Growth and once approved the Finance Section be advised to prepare a credit note for any of these fees previously raised.

Refunds – Other Revenue

On occasion a refund is required for development and other applications. The relevant Officer shall complete a 'Requisition for Council Cheque' or 'EFT Request' Form (preferred method of refund is via EFT) and authorisation (by signature) from the General Manager City Growth or Manager Regulatory Services before processing.

Refunds, once authorised are to be processed via Council's financial system in accordance with the creditors section of this procedure.

Expenses

Purchasing Procedure

Guidance: This procedure should be read and carried out by all staff in accordance with Council's Procurement Policy P420.

Request for Purchase

Where no budget has been assigned, no items shall be allocated to that budget line without prior approval of a General Manager or CEO.

All purchases for business items must be requested through Council's Online Requestion software with the exception of the following items where it may not be necessary to issue an official order:-

- Fees or payments imposed under the Act;
- Registration, insurance, real estate acquisitions;
- Payments pursuant to an award binding upon Council (for example, Salaries, Wages and Superannuation);
- Goods purchased from petty cash;
- Goods/services paid by credit card;
- Utilities for supply of phone services, electricity, water supply etc.
- Payroll disbursements;

Purchases made by card facilities or petty cash require manual authorisation until such time as Council's Authority software provides the ability to process online. To ensure that all corporate discounts are utilised, where Council holds an account, purchase orders must be raised. The use of petty cash or card facilities for purchasing goods/services must not be used where Council holds an account.

Manual purchase order books are to be used in exceptional circumstances only (such as prolonged software outage) and kept in a secure location when not in use.

All purchase orders must be in numerical order, authorised in accordance with Council's P420 Procurement & Disposal of Land and Assets Policy and financial authorisations and must contain:

- Supplier Name (and creditor number);
- Date goods ordered;
- Details of goods/services ordered;
- Estimated or Actual Prices;
- GST inclusive or exclusive;
- Work Order or General Ledger Account Allocation;
- Quotations where required in line with Council Policy P420;
- Expected Delivery Date.

Expenses relevant to items of plant shall be allocated to each individual plant alias number.

Where appropriate the quantity column is to be completed when entering the data into accounting system (for e.g. fuel litres, odometer readings etc.).

Receipt of Purchases

All purchases received are to be checked against the purchase order raised and goods receipted via Council's financial software as soon as practicable. Unmatched items are to be immediately queried with the supplier.

Once Goods Receipt has been processed, the Purchase Order shall be recorded on the relevant Tax Invoice and signed as evidence of receipt of goods and then forwarded to the Finance Section. A Finance Officer(s) shall:

- Convert all Goods Receipts to Invoices where a valid Tax Invoice has been received and verified;
 - A Valid Invoice Contains the following items:
 - Name of Supplier;
 - ABN of Supplier;
 - Description of Goods/Services;
 - GST Exclusive or GST Inclusive Total.

- Send via e-mail or printed copy, Tax Invoices to Requisitioner's where a Tax Invoice has been received and no goods receipt processed. Requisitioner shall complete goods receipt and return Tax Invoice to Finance Officer for payment. It should be noted Goods Receipting is an important step in the Accounts Payable process as it authorises the Finance Officer to make payment;
- Check amount of Goods Receipt in comparison to Purchase Order and where the Goods Receipt Amount exceeds the Purchase Order and is outside of the Requisitioner's financial delegation, send Tax Invoice to the Requisitioner's budget/line manager for further approval;
- Check Work Order/ General Ledger Allocation for accuracy and reallocate where necessary;
- Check and correct GST allocation where necessary;
- Check the correct supplier has been selected in the purchase order process;
- Allocate Capital Value Record (CVR) for all asset purchases and ensure details in the financial system are accurate, for e.g., is the asset new or additional and has the correct activity/resource been allocated. The finance officer shall seek guidance from the Team Leader Finance or Finance Manager in regards to obtaining the correct CVR and asset details;
- Liaise with supplier where the Tax Invoice is not a valid Tax Invoice and request revised copy;
- Pay supplier in line with their payment terms and council's desired payment terms as listed at Supplier Payment Terms in this manual.
- Please remember when processing Goods Receipts (in July) for June's transaction to date the Goods Receipt as at June.

Outstanding Purchases

Regular reviews are to be conducted by Finance Officers of outstanding purchase orders as this will ensure that commitments are accurate for budgetary purposes. Finance Officer shall complete quarterly reports per staff member with outstanding purchase orders. It is the responsibility of the purchaser to follow up all outstanding purchase orders and notify the finance department (where relevant) that the purchase order needs adjusting.

All invoices should be directed to accounts@mountgambier.sa.gov.au attention to the officer who completed the purchase request. This ensures that where an individual is unexpectedly indisposed, invoices may continue to be paid on time and any future recovery associated with such invoices can be dealt with promptly without Council's reputation being adversely affected. For these reasons all quotations should be directed to city@mountgambier.sa.gov.au.

Payroll

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

The financial system used has programmed formulas to perform payroll calculations. The Finance Manager or delegated officer independent from the processing of payroll transactions shall at least annually review the set up and calculation for the following items:

- Superannuation guarantee;
- Superannuation – employer additional;
- Leave – annual, medical, long service, paternal;
- Leave without pay;
- Workers Compensation and Income Protection;
- Allowances;
- Deductions.

A folder shall be maintained containing the set up and any relevant Award or Enterprise Bargaining Agreement documentation to support it.

Overtime and Leave

Overtime hours worked and payments for such overtime are authorised by the employee's manager/supervisor. Salaried employees shall complete a Manual Application Form to accrue Time off in Lieu (TOIL) or for payment of additional TOIL hours. Non-salaried employees shall record their extra hours on their timesheet. TOIL will only be granted where management/supervisor has given prior approval.

All employees shall apply for leave using either of the following options, listed in order of preference:-

- Online Leave Application located in Council's financial system;
- Special case leave forms;
- Manual leave form for AWU employees and ASU employees rostered to work weekends (until a time online timesheets and/or introduction of work patterns can allow electronic application via Council's financial system).

An application for Higher Duties and Allocation of Duties Form is to be completed by staff to cover periods of absenteeism of 5 days or more. However, there will be occasions where some staff may need to ensure business continuity in their particular work areas where absences are for less than a week's duration.

Applications for cash out of accrued Long Service Leave can be made in accordance with relevant legislation. Forms are available from finance for this purpose.

Timesheets

Timesheets are reconciled each pay period to the payroll reports to ensure that all time entered is accurately recorded.

All non-salary employees must complete daily or weekly timesheets, which are to be signed by the employee and their supervisor at the end of the relevant period (i.e., daily or weekly).

In respect of all wages paid, timesheets shall be maintained recording:

- Relevant Dates;
- Hours of attendance;
- Allocation of time worked to jobs;
- Plant & Equipment used;
- Type of leave taken.

All timesheets are to be marked as evidence of processing by the Finance Officer completing the data entry.

Timesheets are reconciled each pay to the pay edit listing report, spot checks are carried out by Team Leader Finance or delegated Officer to source documents.

Prior to pays finalisation, Payroll reports are to be reviewed for unusual rates, excess overtime, salary amounts or employee names and evidenced as reviewed by a responsible officer (namely Team Leader Finance) not involved in the pay processing and signed.

Records shall be maintained in respect of each employee showing gross salary or wages, tax withheld and details of all other deductions.

Payment and Payslips

Pay slips will be distributed (preferably via email) to AWU employees within two (2) business days of completion of processing payroll. AWU employee's receiving their payslips via email must notify finance section of any change to their email address immediately. ASU employees can access their payslips via Council's financial system. Please contact a Finance Officer should you require assistance on where to locate your payslip.

Pays are only to be paid by bank transfer. Employees are required to supply their bank details as part of their induction paperwork.

The payment of electronic pays is strictly controlled by selected personnel through Bank facilities. Please refer to Bank Authorisations within this manual for more information.

Once pays have been uploaded via the Internet banking facility a report is to be printed from the site and reconciled to the payroll listing prior to final authorisation.

Reports and Reconciliations

Salary and hourly payroll reports (including compensation / withholding information) are reviewed and approved.

An exception report detailing payroll expense on individual employee basis each pay period by a fixed percentage or dollar amount shall be reviewed each pay period by a person independent to the inputting of payroll information. The Team Leader Finance or delegated officer must review all pays each pay period and sign to authorise processing before any payments made.

Non-standard pays shall be checked by a person independent from the calculation process

including all termination pays and filed in Council's Electronic Document Records Management System.

Actual payroll expense is compared to budget via report prepared by Team Leader Finance once every month for at least ten (10) months per year; significant variances are investigated and noted on the report. The report shall be distributed to the CEO and General Managers for review.

Pays listings should be reconciled to:-

- Net pay total;
- Total number of employees paid;
- Listings received from relevant bank/institution

Payroll disbursements (including any payroll deductions, tax withheld etc.) must be reviewed and signed accordingly by a person independent of the inputting and processing of disbursements (namely, Team Leader Finance) prior to the payment being fully submitted via online banking (or other means where appropriate). Once satisfied the disbursement and bank file are accurate, the independent officer shall complete second authorisation of the bank file. Due to the nature of the superannuation process with the chosen superannuation provider's clearing house, this must be independently reviewed after it has been uploaded to the superannuation provider (where possible, the preferred method is prior to lodgement with the superannuation provider clearing house).

All payroll control accounts are to be balanced and cleared once every month for at least ten (10) months per year. Any discrepancies are to be noted, investigated and rectified.

Finalisation of pay period is run to ensure accounts are cleared at the end of each pay once authorised by a person independent to the processing of payroll transactions.

Monthly Audit Trail Report of adjustments made to the payroll master file is reviewed by the Finance Manager or delegated Officer at least ten (10) times per year and compared to source documents.

All leave entitlements are regularly reviewed by Managers/Supervisors to ensure that leave is taken by employees and is not accruing to excessive levels. Annual leave should not exceed 304 hours, RDO's 22.8 hours and TOIL accrual 38 hours. Sick leave should not be in debit. Team

Leader Finance shall prepare a report showing employee leave balances (including long service leave) once every month for at least ten (10) months per year for management.

Employee Master File and Adjustments

No new employee is to be added to payroll records or paid without receipt of the appropriate forms, including:

- Written Notification authorised by Manager of People and Culture or CEO;
- Employment declaration forms;
- Pre-placement Medical;
- Employee Personal Information Form.

Employee history files are to be maintained for all employees (these may be in electronic format). Files contain:

- Employment details and contracts;
- Job specifications;
- Authorisations for payroll or deduction changes;
- Annual leave, long service leave and medical leave entitlements;
- Hours worked and rate of pay, gross salary or wages, tax and details of all other payments and deductions;
- Superannuation contributions.

No adjustments are made to employee records i.e. names, addresses, and deduction details without receipt of written authorisation from the employee, this may be in the form of an email.

Notification of all adjustments, including commencement and cessation of employees must be sent to Team Leader Finance and Team Leader Records and IT as a priority at least 5 business days prior to date of adjustment, commencement or cessation under normal circumstances (e.g. voluntary resignation, voluntary retirement).

No adjustments are made to salary or wage rates, including higher duties, reclassifications without written authorisation from either Chief Executive Officer or Manager of People and Culture. This excludes incremental increases for years of service or increases due to working on certain plant items that are required to be paid at a higher rate as per the relevant Award.

The Register of Salaries shall be updated by the Team Leader Finance or delegated officer in accordance with the Local Government Act and made available for inspection or purchase of an extract by the public upon request.

Access to Payroll Master File Maintenance is strictly limited to authorised personnel only, and breaches of access will be dealt with according to Councils employee disciplinary procedures. Authorised personnel include:

Finance Manager – to review set up only;

Team Leader Finance;

Finance/Payroll Officer.

All salary sacrifice transactions are limited to superannuation only and written request must be completed by the relevant employee and forwarded to the payroll/finance officer for processing.

Adequate training is provided in relation to legislative changes/updates and enterprise agreements requirements.

Terminations

On the termination of an employee, their payroll records are to be updated as ceased employees immediately.

Manager of People and Culture or delegated officer must at least annually ensure compliance with employee termination policies and procedures, including compliance with legislative, enterprise agreements and union requirements.

Payment Summaries

The totals appearing on payment summaries extract report for the financial year must be reconciled with the general ledger and employee trial balance by delegated officer (namely Team Leader Finance) and presented to the Finance Manager prior to printing. Payment summaries returned or unclaimed are investigated by the Team Leader Finance or delegated officer as per the Australian Tax Office regulations.

Elected Members Expenses

Guidance: This procedure should be read and be carried out in conjunction with Policy M405 – Members – Allowances, Reimbursements, Benefits and Facilities.

Elected members must complete and sign a standard expenses reimbursement form and submit to the CEO for authorisation when claiming expenses. The signing of the form confirms that the Elected Members are claiming valid expenses and have excluded all items of a personal nature. All expense reimbursement claims must be accompanied by relevant receipts and/or tax invoice(s).

All Elected Members and other Committee's allowances are in accordance with the remuneration tribunal with delegations of authority and all claims are agreed to supporting documentation (i.e. receipts).

Actual elected members' expenses are regularly compared to budget in line with budget revisions.

Credit Cards

Please refer to Corporate Credit Card Procedure and Corporate Credit Card Use Agreement.

Employee Reimbursements

All claims for Employee reimbursements are submitted for approval along with supporting documentary evidence (i.e. receipts) and confirmation of valid expenses. This is approved by the employee's relevant manager in accordance with Delegations of Authority. When approving, Management will focus on the nature (i.e. type of expense) as well as the amount of the claim.

Before authorising the employee reimbursement management must review the form for mathematical accuracy and ensure appropriate documentation.

It should be noted that reimbursement is not council's desired method of purchasing as it does not ensure value for money or meet our expense purchasing requirements as detailed in this manual.

Corporate Wardrobe

Council employees are entitled to a monetary contribution from Council towards corporate wardrobe as per the relevant Enterprise Bargaining Agreement. A register of corporate wardrobe shall be maintained by finance and contain the following information:

- Full list of current employees;
- Entitlement of employees to receive monetary contribution from Council and how much if applicable;
- Amount spent on corporate wardrobe and any relevant carry-over or amount owed to council;
- Where amounts are owed to council because employee has spent over their allocated entitlement, record of invoice being raised to the employee for payment.

A reconciliation must be completed at least annually by Finance Officers and independently reviewed by a person not involved in the processing or balancing of corporate wardrobe for accuracy.

Employees are entitled to corporate wardrobe in line with conditions listed in the relevant Enterprise Bargaining Agreement. HR must notify finance within five (5) business days once an employee who meets the conditions has completed their probationary period. Finance after receipt of notification shall allocate the appropriate monetary value and liaise with the employee to arrange ordering of uniform.

Other Expenses

Management approves all Other Expenses in accordance with Delegations of Authority.

When approving Other Expenses, management review both the nature and amount of the expense for reasonableness.

Actual expenses are regularly compared to budget; significant variances are investigated by management.

Statements received from suppliers are reconciled to the supplier accounts in the creditor's ledger regularly.

All expenses are authorised as per Councils Procurement and Contract policy and in accordance with delegations of authority.

External Services

Contracting

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

The Management Accountant is responsible for ad-hoc in-house audit of purchasing to ensure commitments are being made within delegation (financial authority) and approved budget. Such in-house auditing should occur at least annually.

Prequalified Contractor Register

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

Tenders and Contracts

The Procurement Officer shall:

- Maintain a register of all Tenders and Contracts including:
 - Name of Business;
 - Description of goods/services provided;
 - Dates of appointment and cessation;
- Be responsible for alerting relevant staff at least three months in advance when contractual arrangements are nearing an end, in order for new tender specifications to be prepared (if required) by the relevant staff member;

- Ensure that once the relevant staff member sets the specifications, all tender documents are in a standard format and appropriate protocols followed for their advertisement or distribution to selected suppliers;
- Ensure that all tenders are executed in accordance with Procurement Policy P420.

The preferred method for receiving Tenders is via electronic lodgement to tenders@mountgambier.sa.gov.au. Use of the manual tender box shall be limited to extenuating circumstances only as deemed necessary by the CEO, General Managers, or Procurement Officer.

Reviewing Tender Applications

Tender submissions must not be accessed by any staff member prior to the date of closing of the tender. Records Officers with access to the email submissions, must ensure that all attachments remain unopened until the closing date of the tender. Once the Tender has officially closed, the Procurement Officer in conjunction with all requirements of Procurement Policy 420 shall:

- Establish standard templates for selected staff to use to analyse the tender submissions and grade them accordingly;
- Collate the selection panel's recommendations and prepare a summary for relevant approval;
- Communicate with all applicants regarding whether their submission was successful or not and provide feedback where necessary;
- Follow up all relevant documentation to ensure the successful applicant meets the minimum requirements of a prequalified contractor;
- Ensure all documentation is scanned and recorded for transparency.

Variations to any external contract must be in writing and authorised by the Contract Superintendent (as signed in the original contract) as per legislative requirement.

Retentions and Contract Requirements

Contractor retentions shall be withheld, where relevant, as security over works carried out. The Team Leader Finance shall maintain a register of retentions and reconcile retentions amount held at least every three (3) months (quarterly) per year, one of these reconciliations being at the end of the financial year.

All staff responsible for engaging contractors must ensure that milestone payments are made in accordance with those contracts and all associated objectives have been met prior to the release of payment in conjunction with the Team Leader Finance.

3: Assets - Banking

MODERATE

Issues	Recommendations	Management Response
<p><u>Issues</u></p> <p>Excess change for cash registers (\$800) is not held in a secure location and access is not restricted to appropriately designated personnel.</p> <p>Online banking system is not restricted to appropriately designated personnel.</p> <p><u>Impact</u></p> <p>It is good practice to ensure that cash funds are securely stored and access restricted to designated staff members. Such practice reduces opportunity risk of theft and improper use of funds.</p> <p><i>PLEASE NOTE REVIEW HAS NOT YET BEEN COMPLETED FOR "OFFSITE" FUNCTIONS SUCH AS LADY NELSON, WASTE TRANSFER, CARINYA</i></p>	<p>Option one: Council instals lock on cabinet in customer area where the \$800 change is currently kept.</p> <p>Option two: \$800 change bag is keptlocked in the safe rather than in the customer service area.</p> <p>Amend procedures to ensure option selected is incorporated.</p> <p>Remove Management Accountant from access to the online banking system.</p>	<p>Finance Manager suspended access for Management Accountant 07/03/2016</p>

Prepared Bu: Kahli Rolton

Date: 22/03/2016

4: Investments

MODERATE

Issues	Recommendations	Management Response
<p><u>Issues:</u></p> <p>Council's investment policy is not clear & comprehensive to assist with conflict of interest and investment decisions.</p> <p><u>Impact:</u></p> <p>Inappropriate investment decisions may result where conflict of interest is not identified or notified.</p> <p><u>Background:</u></p> <p>Council currently has two policies in place that make reference to investments. Policy A130 - Investment and T150 - Treasury Management Policy.</p>	<p>Consider joining policy A130 and T150 to reduce any confusion of conflict between areas duplicated in the two policies in regards to investments.</p> <p>Amend Policy A130 - Investment paragraph 3.2 to exclude requirement for quotation for investments made with the LGFA. Due to the low risk and reduced decision making as it is a closed market (ie specifically for local government only), the risk of conflict of interest is greatly reduced.</p> <p>Include provision in Investment Policy for conflict of interest clause in regards to decision making for the investment of funds, specifically for investments made outside of LGFA.</p>	<p>Management Executive Team support deletion of Policy A130 and incorporate any relevant provisions into Policy T150 which is scheduled for review later this year.</p>

Prepared By: Kahli Rolton
Date: 20/07/2016

9: Assets - Project Costing

MODERATE

Issues	Recommendations	Management Response
<p><u>Issues:</u> Projects are either inaccurately recorded or not recorded at all and over-expenditure on projects may not be detected.</p> <p><u>Impact:</u> Inappropriate costing methods may result in misstatements in both management reports and the financial statements. Over expenditures may result in project objectives not being achieved and restrict Council's ability to commit to funding future projects.</p> <p><u>Background:</u> Project Costing and budgeting are supported by estimates/quotations using spreadsheet application. Some, such as footpath construction are based on historical costings and estimates.</p>	<p>Consideration be given to an investment in resources and/or upskilling/training staff in developing project costing budget software including the production of reports that better assist Budget Officers and staff required to deliver and manage projects.</p> <p>Management Accountant take lead in developing these processes further with the assistance of relevant staff responsible for project costing and management.</p>	<p>Management Accountant has sent email to IT Manager on 16/11/2016 requesting whether Authority has the ability to complete detailed project costing, budgeting and management. Awaiting Response.</p>

Prepared By: Kahli Rolton

Date: 17/11/2016

11: Accounts Payable

HIGH

Issues	Recommendations	Management Response
<p>Issues</p> <p>1: Purchases & refunds are made without proper authority and/or no purchase order raised.</p> <p>2: Where an invoice is more than an original purchase order amount, further authorisation not sought.</p> <p>3: Unauthorised changes are able to made to the Account Payable Master File. AP Master File is not restricted to appropriately designated personnel. Changes to the AP Master File are not being authenticated against source documents.</p> <p>Impact</p> <p>1: Where no purchase orders raised, result in mis-reporting for budgetary officers due to understatement & misallocation of committed expense, inventory &/or asset item(s). This may also damage supplier relationships.</p> <p>1 & 2: Where no purchase order raised or raised for insufficient amount, risk that Council incurs expenditure for items that are inaccurate, unnecessary or of a private nature, for example, goods or services may not actually be received or required to be refunded.</p> <p>3: Where controls are inadequate, unauthorised changes may be made to the Supplier Master File & could result in mis-payment, opportunity for payments being made for non-council purposes &/or fraudulent behaviour. It is good practice to ensure separation of duties between the set up/data entry of suppliers and authorisation/review.</p>	<p>1: Update financial control procedure to ensure that all staff, especially budget officers are required to raise purchase orders for all payments or confirmation orders where an invoice has been received before the purchase order was able to be raised. Suggest email be sent to all suppliers as a "friendly reminder" that purchase orders are essential as they safeguard the supplier to know that the good or service they are providing has been approved for payment. Suggest that the person raising the rates not be the person approving the rate refunds/credits. Finance Manager stipulated that separation of duties must be applied for all types of refunds (eg, Dogs, Greenwaste, DA's etc).</p> <p>2: Implementation of Accounts Payable Workflow. Per conversation with Authority representative, led to believe this additional program will rectify current shortfalls in the system allowing employees to goods receipt items of greater value (\$) than their financial delegation without being redirected to the appropriate person in their hierarchy for approval.</p> <p>3: Management Accountant be removed from access to AP Master File. Due to Finance Manager reviewing the "creditors" process, suggest person reviewing not have access to AP Master File which allows the same person to make alterations. Due to Finance Manager processing BAS monthly, AP Master File access had to be restored. Suggest Management Accountant review all changes Finance Manager makes in AP Master File. Investigate useful report with Authority that tracks changes only (& does not include invoices or payments) to AP Master File. Finance Manager to review changes made in comparison to source documents.</p>	<p>Finance Manager to oversee "Friendly Reminder" in automated remittance advice, rather than seperate email</p> <p>DCS implemented change in procedure with Senior Rates Officer for Finance Manager to approve rate refunds.</p> <p>DCS has allowed \$12,000 in 16/17 budget to implement AP Workflow program.</p> <p>Team Leader Finance arranged access to be removed from Management Accountant 22/03/2016.</p> <p>Finance Officer set up source document folder for changes made to AP Master File. Team Leader Finance lodged request with Authority regarding useful AP Master File changes report.</p>

Prepared By: Kahli Rolton

Date: 14/06/2016

11: Accounts Payable	Continued	MODERATE
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Issues	Recommendations (continued)	Management Response
<p><u>Issues</u></p> <p>4: Employee expense claims do not have adequate substantiation or value for money is not being obtained.</p> <p>5: Accounts are not paid on a timely basis or paid well before their due date.</p> <p><u>Impact</u></p> <p>4: Council May expend its funds on items of a private or personal nature when reimbursing employee expense claims. Council may not be utilising corporate discount or plans.</p> <p>5: Payment of supplier invoices well before their due date may place greater demands on Council's Cashflow & employee resources.</p>	<p>4: Upon checking it was found that High Risk Licence reimbursements have proof of payment, but no proof of what the expense was actually for. Finance Officer to obtain original invoice aswell as proof of payment before expense reimbursed. When Employees act alone in regards to making purchases & seeking reimbursement afterwards, they may not benefit from Council's corporate discounts/plans/agreements in place, but also they are potentially acting outside their financial authority as there is no written evidence of prior approval. Suggest a review be completed of reimbursements for personal mobile phone use and events to ensure value for money obtained. Suggest memo be sent to all staff reminding them of the requirements before reimbursements shall be authorised & that reimbursements should be a last resort/emergency only. Also suggest this be updated as part of the financial control procedure.</p> <p>5: Update Financial Control Procedure with minimum standard for payment of suppliers that results in best time efficiency for finance officers, Council's cashflow (longest time to drawdown on loan funds), whilst utilising any discounts offered and managing good supplier relations. Investigate with Authority potential for a useful Aged Balances report that does not show negatives where payments have been made. Such report would allow Finance Manager to check if any long outstanding/unusual amounts or credits need review or payment.</p>	<p>Employee Expense Reimbursements:</p> <p>Financial Control Procedure:</p>

Prepared By: Kahli Rolton
Date: 15/06/2016

13: Liabilities - Borrowings

MODERATE

Issues	Recommendations	Management Response
<p>Issues:</p> <p>Loan register is not maintained containing details of all loan facilities available and the appropriate approvals for taking out such loans.</p> <p>Impact:</p> <p>It is important to keep an up to date register of all loan facilities available to ensure liabilities are not misstated on the Statement of Financial Position. Council may be exposed to undue financial risk and/or not obtain the most appropriate loan terms and conditions without independent review.</p>	<p>Create a Loan Register as part of the already existing loan schedule spreadsheet created by the Finance Manager. The Loan register shall include all Cash Advance Debenture Loans and Overdraft Facilities to form a full and complete register (this is currently not reflected in the current loan schedule which deals with Fixed Loans only).</p> <p>The Loan register be independently reviewed by management or internal audit.</p>	<p>Management Accountant created new tab in loan schedule spreadsheet to record all loan/drawdown facilities. As part of this, Council Resolutions for the approval of loans have been located and recorded in the register.</p>

Prepared By: Kahli Rolton
Date: 21/07/2016

16: Revenue - Rates / Rates Rebate

MODERATE

Issues	Recommendations	Management Response
<p>Issues:</p> <ol style="list-style-type: none"> 1. Access to the rating system is not restricted to authorised personnel. 2. Employees responsible for processing rate notices are able to process payment of their own rates. 3. Interest flag is switched on for exempt properties. <p>Impact:</p> <ol style="list-style-type: none"> 1. Where access is not adequately restricted, the integrity of data and set up of the rating system may not remain pertinent and result in incorrect calculation and issuing of rates notices. 2. Council may be at risk of cashflow demands where employees inappropriately reduce or receipt thier own rates. 3. Incorrect calculations in rates can lead to ratepayer dissatisfaction. <p>Background:</p> <ol style="list-style-type: none"> 3. Senior Rates Officer suggested changing interest flag to yes for exempt properties would be detrimental to her existing process for raising interest, as the crosscheck is to ensure all properties have interest flag set to yes so that interest is not missed being applied. 	<ol style="list-style-type: none"> 1. The following staff be removed from having access to the Rates Master File: R Tilley, Cashier 1, Cashier 2, S Durbidge, L Little, A Telfer, A Lavia. Please note this is not intended to remove their ability to look up assessments or input Green Waste tags. 2. Inherent risk that employees can process/receipt their own rates payments is mitigated per the Financial Internal Controls and crosscheck of such controls. No Change recommended, just noted for management. 3. In light of this, recommend Senior Rates Officer completes additional check to ensure all non-rateable properties rates are set to \$0. This will ensure no interest penalties are accidentally applied. <p>Overall, nothing significant to report.</p>	<p>Support Recommendation</p> <p>Noted. No further action required.</p> <p>Support Recommendation</p>

Date: 10/11/2016

22: Expenses - Purchasing & Procurement

HIGH

Issues	Recommendations	Management Response
<p>Issues</p> <p>Council's online purchasing system set up with delegated financial authority for authorised officers does not match Council's Policy and Statutory Resolutions.</p> <p>Purchases are made without proper authority and no purchase order raised.</p> <p>Council is not obtaining value for money from suppliers of goods that fall outside of prequalified contractor requirements.</p> <p>Unmatched purchase orders are not actioned or corrected.</p> <p>Impact</p> <p>The online purchasing system has limitations able to be set at system level to safeguard against employees purchasing outside their delegated authority. If the system is not set up correctly, risk that purchases will be made outside financial authority and relevant policies. Risk that Council incurs expenditure for items that are inaccurate, unnecessary or not approved and therefore does not meet its objectives.</p> <p>Poor supplier selection can result in Council not obtaining value for money in regards to purchases of goods. This may result in unnecessary overspending of budget allocation.</p> <p>Should purchase orders remain unmatched in the system, this will result in mis-reporting of committed items against budget lines.</p> <p>Background</p> <p>Purchase orders are unable to be raised using OLR for expenses incurred via Corporate Credit Cards, Woolworths & Coles Cards.</p>	<p>TLF to update financial authority limits in line with council policy P420 & remove workorder limits. Governance Officer to complete Financial Delegation forms for relevant employees to sign.</p> <p>Suggest a refresher for all staff who hold financial delegations, half hour training session on Policy P420 to reeducate on the importance of our Council's purchasing requirements and also prompt to educate suppliers that they will not be paid unless Council have issued a Purchase Order or entered a contractual agreement.</p> <p>Council need to be mindful of cumulative spends where no pre-qualification or contract exists. Due to Council's decentralised purchasing process, to ensure value for money is obtained recommend another section be added to the prequalified contractors list to incorporate "preferred suppliers".</p> <p>Option One: Designated officer to undertake robust review of goods suppliers such as stationery, parts, plants, repair items by obtaining price lists to determine which supplier provides best value for money (note that non-financial specifications such as time & quality also need to be factored in).</p> <p>Option Two: Look at implementing annual (or biennial) tenders for suppliers of goods where Council cumulatively spends to ensure best value for money obtained.</p> <p>Finance Officer currently scheduled to print outstanding purchase order reports quarterly. Suggest these reports are filed in the AP audit file for proof of completion & to authenticate any changes made.</p>	<p>Governance Officer reviewed financial delegations, submitted and approved through Council Meeting.</p> <p>Due to system constraints TLF set up Directors with unlimited financial authority. Support call has been logged with Civica in regards to Directors having the ability to select from two authority options: \$50,000 for general purposes & unlimited for approvals via resolution of Council.</p> <p>Preferred Suppliers:</p> <p>Financial Delegation Refresher:</p>

Prepared By: Kahli Rolton

Date:17/05/2016

25: Expenses - Credit Cards

LOW

Issues	Recommendations	Management Response
<p>Issues Corporate Credit Cards issued to unauthorised employees or council members. Credit Card holders use not compliant with current council policy & procedures.</p> <p>Impact To ensure purchases made on behalf of council are done so with the correct financial authority and policies; Credit Cards issued to unauthorised employees or members risk purchases being being made that have not been approved by managers, particularly where cross divisional use is required. Signed declaration confirming compliance with current council policy & procedure mitigates risks that restrictions placed on credit holders are adhered to and that such restrictions including private use do not result in overstating the operating expenses of council in management and financial reports as well as adverse publicity.</p> <p>Background: Council Policy E160 Corporate Credit Cards was revoked Feb 2014. Due to revocation of policy Mayor currently has no authority to have a credit card and make direct purchases on behalf of Council. Council Policy M405 Members - Allowances, Re-imbursements, Benefits & Facilities does not have provision for Mayor to be granted the facility of a credit card.</p>	<p>Suggest inclusion of Credit Cards as a method of procurement be added to Council Policy P420 or separate Credit Card Policy be re-introduced. Draft procedure to outline use of credit cards is attached for your review.</p> <p>Finance Manager to prepare register of Credit Cards to be signed by the CEO stipulating who has delegated authority to use credit cards at any point in time. Management Accountant to review credit card register as per the internal audit function on a regular basis in line with the financial internal controls better practice model.</p> <p>Management Accountant with assistance of Governance officer has prepared findings to obtain legal recommendation regarding the Mayor having use of a corporate credit card on 14/04/2016. Pending information from Lawyers regarding the amendment of M405 Policy to allow Mayor the facility of a credit card.</p> <p>Amendment to Corporate Card Agreement of Use document to include extra control in relation to the accumulation of points that could be used for personal benefit or gain. New authorities need to be signed by all authorised card holders.</p> <p>Recent Transactions have shown shortfalls with corss-divisional use of credit cards. Finance Officers' have implemented a register template to assist credit card holders in keeping track of purchases made on thier credit cards. Upon discussion Team Leader Finance has implemented an authority slip that requires approval from line/budget manager to ensure that the appropriate budget officers approve purchases in line with their hierarchy. This was presented at the last Senior Managers Meeting by Gary.</p>	<p>Darft Procedure:</p> <p>Credit Card Use Agreement:</p> <p>Mayors Credit Card:</p>

Prepared By: Kahli Rolton

Date: 05/05/2016

28: External Services - Contracting

EXTREME

Issues	Recommendations	Management Response
<p>Issues</p> <p>Independent personnel to select tender/contract to ensure that informed and objective decision made when selecting supplier.</p> <p>Council is maintaining a prequalified contractor register, however it is not council wide and does not include preferred suppliers (ie, suppliers that provide goods such as stationery).</p> <p>Council does not maintain a separate register tracking contracts entered in to, associated obligations & timing with those contracts, eg retentions, meeting contract requirements.</p> <p>Tender Documents are accessible by excessive staff.</p> <p>Impact</p> <p>Poor contract and/or supplier selection can result in Council not obtaining value for money. Without Robust evaluation during the selection process & throughout the term of the contract, objectives may not be delivered and payments made prematurely.</p> <p>The reliability of the prequalified contractors register is essential to ensure that all authorised officers know who they are able to engage. It also ensures that risks are mitigated due to accurate account of insurance & certification documentation.</p> <p>The greater the number of persons who have access to a manual tender box, where there is no electronic log of files being accessed, poses greater risk for collusion & fraud. This may also reduce Transparency, ethical behaviour and fair dealing.</p>	<p>Procurement Officer to set up standard templates for assessments of tenders to ensure transparency & consistency of evaluation.</p> <p>Select handful of senior cross organisational council officers to be trained how to review & assess pre-determined tender criteria as policy P420 states that a panel of 3 persons which at least 1 person is not to have been involved in the development of the tender specifications.</p> <p>It would be beneficial for both the procurement officer & the organisation to have one centralised person who assists with the administration of contracts/Tenders and the subsequent follow up of insurance, accreditation documentation. Also, the centralised role would be responsible for alerting relevant staff members when contractual arrangements are nearing an end & ensure that the correct procedures are followed to implement new tenders/contracts. Each area/function of Council would still be responsible for setting specifications & instructions on the finer details enclosed in the contract/tender. The procurement officer providing centralised administrative support.</p> <p>Daryl Morgan, Chris Tully, Daryl Ferguson and the Metropolitan Fire Service be removed from having access to the Tender Box. This will leave Mark McShane, Daryl Sexton & Grant Humphries as the only persons with access.</p>	<p>Standard Templates:</p> <p>Tender Review Panel:</p> <p>Procurement Officer Centralised:</p> <p>Tender Box Access:</p>

Prepared By: Kahli Rolton

Date 22/03/2016

Other Items Arising from Interim Audit:	Management's Response
<p>Council's interim external audit was held 13th, 14th , 15th April 2016. Further items for review were discussed in regards to procurement and tenders as follows:</p> <p>* Separate Log to be kept of people opening the Tender Box & sign off</p> <p>* Included in this log is a tenders register specifying all tenders received by staff that opened the Tender Box, followed by a sign off of the number of tenders assessed by staff completing the selection process. Separation of duties between staff opening the Tender Box and Assessing the Tender submissions is essential.</p> <p>* Final Column of the Tenders Log/Register should include an evaluation. This will provide a good overall summary from start to finish of the entire process.</p>	
<p>As per discussion with Procurement Officer - goal is to change tender procedure so that all tenders are received electronically only. This will negate:</p> <ul style="list-style-type: none"> * inefficient use of Director time for manual sign off of tenders received * manual scanning & filing of documents * reduce paper, good for environment * automatic audit trail & locking mechanism to ensure tenders received by cut-off date/time & not accessed prior to this date/time * The need to keep a manual log & sign off. 	<p>electronic tenders:</p>

29: Budgets

MODERATE

Issues	Recommendations	Management Response
<p>Issues:</p> <p>1. Access to Budget Master File Maintenance is not restricted to authorised personnel.</p> <p>2. Budget revisions are not referenced back to suite of Strategic Management and Business Plans and Budget Officers are not held accountable for completing budget reviews that align to Council's Strategic Plans.</p> <p>3. Budget are not realistic/achievable and not validated by fact.</p> <p>Impact:</p> <p>1. Where access to Budget Master File Maintenance is not adequately restricted, Council is at risk of not meeting performance requirements due to potential errors (planned or unplanned) in the system arising from either intentional or unintentional actions.</p> <p>2. Where budget revisions are not referenced back to Strategic Management and Business Plans, Council is at risk of not meeting the initiatives and outcomes prescribed in its Strategic Plans.</p> <p>3. Where Budgets are not deemed achievable, this can diminish employee morale. Alternatively, where Budgets are easily achievable, this can result in Council not maximising its performance.</p>	<p>1. The following staff to be removed from access to Budget Master File Maintenance: ML Chuck, W McLean, RS Tilley, L Little.</p> <p>2. To ensure that Budget Officers are referencing budget revisions to Council's Strategic Plans a comprehensive Budget Framework needs to be formulated and appropriate training to inform and educate Budget Officers on their responsibilities. Management Accountant and General Manager Council Business Services to establish a project team to prepare a Budget Framework and ensure linkages to Corporate, Business Units and Individual KPI's.</p> <p>3. Further to the preparation of a Budget Framework, suggest the following budget templates be established:</p> <ul style="list-style-type: none"> * Labour Hours Budget - labour hours are a major driver of one of Council's biggest cost centres (employee's). * Business Unit Budget - list services the business unit provides, alignment of those services to the Community Plan, drivers to achieve provision of those services & associated costs. 	<p>1. Agree</p> <p>2. Agree. Annual Planning and Budget Framework to be documented and implemented for the 2018/2019 ABP and Budget cycle. Business Planning Process implemented in August 2017 with individual plans to be rolled out from September 2017.</p> <p>3. Agree - Staffing complement. Core Services included in 2017/2018 BUP. The Community Plan is aspirational and focuses on driving change. Services will be included in BUP.</p> <p>GMCBS recommends implementing a quarterly budget review process that is robust and drives transparency and accountability.</p>

Prepared By: Kahli Rolton
Date: 16/08/2017

Reviewed By: Pamela Lee
Date: 22/08/2017

30: General Ledger

MODERATE

Issues	Recommendations	Management Response
<p>Issues:</p> <p>1. Access to General Ledger Maintenance is not restricted to authorised personnel.</p> <p>2. Data contained within the General Ledger (& Council's entire operating system) is permanently lost.</p> <p>Impact:</p> <p>1. Where access to General Ledger Maintenance is not adequately restricted, the integrity of data and set up of the General Ledger is at risk of misstatement or error (both intentional and unintentional). Restricted access also ensures that officers in charge of preparing legislated and non-legislated financial reports are central to changes made as these may affect production of such reports.</p> <p>2. Permanent loss of data may result in significant operating inefficiencies, reputational damage, loss of revenue and increased expenses. Such losses could be caused by inadequate back-up procedures, natural disaster, maladministration.</p> <p>Background:</p> <p>2. A Disaster Recovery Plan is in place, however it was last reviewed 22nd November, 2008 and lists staff members who no longer work at Council.</p>	<p>1. The following staff to be removed from access to General Ledger Maintenance: JM Scheidl, VR McDonald, DA Richardson, BG Humphries, BJ Cernovskis, MA McShane, MF McCarthy. It should be noted that removal of General Ledger maintenance is not intended to remove access for employees to be able view and make enquiries on budget lines. Recommend that where these employees do not have ability to make a General Ledger Enquiry that this be allowed & updated.</p> <p>Restrictions and authorised personnel are listed in the draft Financial Internal Controls Procedure. MET to endorse this procedure & consider roll-out/training for staff.</p> <p>2. MET review & update Business Continuity Plan. Suggest utilisation of HR personnel who are well trained in incident reports, the roles & requirements of employees including identifying critical personnel across the various functions of Council.</p> <p>For changes made to existing software (adequate controls already in place for new software & software upgrades), suggest one page proforma be completed (see attached) to keep track of changes, who has authorised them & to create a culture where staff use the test environment before completing any significant changes in the live environment to circumvent any data loss or damage.</p> <p>To ensure that service providers are meeting our service standards, suggest that IT personnel obtain notification/proof from Civica/Authority that back ups are actually being made at regular intervals.</p>	<p>Restrictions and Authorised Personnel to be as identified in Financial Internal Controls Procedure.</p> <p>A) Review of Councils Business Continuity Plan to be Implemented</p> <p>B) A procedure be implemented using the simple pro-forma to track and record any significant changes to Councils "live" software environment</p> <p>C) Proof of Computer systems back up procedures be obtained from Civica (now being recorded in RM on a daily basis)</p>

Prepared By: Kahli Rolton

Date: 31/08/2016

31: Strategic Financial Planning - Statutory Reporting

MODERATE

Issues	Recommendations	Management Response
<p><u>Issues:</u> Council does not comply with statutory reporting requirements and deadlines.</p> <p><u>Impact:</u> Where Council does not comply with statutory reporting requirements and deadlines, Council is at risk of misstating financial information, not fulfilling its statutory obligations which may result in fines and penalties and/or decisions made based on inaccurate information.</p> <p><u>Background:</u> Council is very reliant on the knowledge of a few key staff members to ensure statutory reporting deadlines are met.</p>	<p>Investigation in to an electronic calendar system (or timeline of important dates) that can set reminders to responsible staff members, but is still accessible to the entire group/division of employees would ensure once established that all deadlines are known (especially in the event of staff turnover). Council currently has in place a manual reminder card system, consideration should be given to merging these reminder cards to an electronic system at the same time as there may be a solution to suit both. IT and Records may be able to assist with this.</p> <p>Due to the recurrent nature of legislative changes in regards to GST, FBT & Payroll, suggest that Council commits to an annual (or biannual) training program for relevant staff to ensure they are suitably skilled to meet legislative requirements.</p> <p>Overall, nothing significant to report.</p>	<p>Finance Manager already working on a calendar of dates for customer service and planning to roll this out across the entire division.</p>

CITY OF MOUNT GAMBIER

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of SA Model Council for the year ended 30 June 2017, the Council's Auditor, Galpins Accountants, Auditors & Business Consultants., has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

.....
Mark McShane
CHIEF EXECUTIVE OFFICER

.....
Jeroen Zwijnenburg
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: