



**Date:** Tuesday, 22 August 2017  
**Time:** 3pm  
**Location:** Council Chambers, Serpentine

# **AGENDA**

## **Late Reports**

### **Ordinary Council Meeting**

**22 August 2017**

**Order Of Business**

**9 INFORMATION REPORTS .....3**  
9.1 AUGUST 2017 AUDIT COMMITTEE MEETING OVERVIEW ..... 3

**9 INFORMATION REPORTS****9.1 AUGUST 2017 AUDIT COMMITTEE MEETING OVERVIEW**

**File Number:** 06/02/003

**Author:** Sharon Morrison, Director Corporate Services

**Authoriser:** Phil Pinyon, Chief Executive Officer

- Attachments:**
1. Loddon Financial Statements 2016/17
  2. Loddon Performance Statement 2016/17
  3. Loddon Performance Reporting Framework 2016/17
  4. Loddon Performance Reporting Framework Appendix A Part 1
  5. Loddon Performance Reporting Framework Appendix A Part 2
  6. On-cost Report
  7. Outstanding Actions Report Summary
  8. Outstanding Action Report Summary of Recommendations

**RECOMMENDATION**

That Council:

1. receives and notes the August 2017 Audit Committee Meeting Report
2. notes the Financial Statements for the year ending 30 June 2017 as presented to the Audit Committee
3. notes the Performance Statement for the year ending 30 June 2017 as presented to the Audit Committee
4. notes the Local Government Performance Reporting Framework results for the year ending 30 June 2017 as presented to the Audit Committee
5. receives and notes the On-costs Report
6. receives and notes the Outstanding Actions Report

**CONFLICT OF INTEREST**

There is no conflict of interest for any Council staff member involved in the preparation of this report, or involved in the subject matter of the report.

**PREVIOUS COUNCIL DISCUSSION**

Council was provided with a summary of the May 2017 Audit Committee Meeting at the Ordinary Meeting held on 27 June 2017.

**BACKGROUND**

The Audit Committee was created under Section 139 of the Local Government Act 1989, which states that "Council must establish an audit committee".

The committee is made up of four independent community members, and Cr Gavan Holt, as Council's representative. Council's Chief Executive Officer and Director Corporate Services attend the meetings in an advisory capacity.

The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for:

- the enhancement of the credibility and objectivity of internal and external financial reporting
- effective management of financial and other risks and the protection of Council assets
- compliance with laws and regulations as well as use of best practice guidelines
- the effectiveness of the internal audit function
- the provision of an effective means of communication between the external auditor, internal audit, management and the Council
- facilitating the organisation's ethical development
- maintaining a reliable system of internal controls.

In order to provide a structured approach and ensure that the Committee addresses each of its responsibilities, an annual calendar of actions and an internal audit review program are established each year, and these guide the activities of the Committee.

## ISSUES/DISCUSSION

The agenda for the August 2017 meeting included the following:

### Results of financial statements and performance statement for the year ended 30 June 2017

Deanne Caserta and Martin Thompson explained the audit process and presented the results to the committee. It was noted that information from the Goldfields Library was delayed.

Martin Thompson provided an overview of the closing report, and subject to resolution of some outstanding procedural matters, it will be recommended that the audit report will be issued as an unmodified audit opinion.

Key areas of focus included the ability for management to override the control environment, valuation of non-current physical assets, revenue recognition, and the exercise of judgement by management in estimating values. All results were satisfactory in these areas of focus.

Committee members noted that the audit did not identify any risks of fraud, and the accounting policies in place for Loddon Shire are consistent with other councils. It was noted that under new income standards, there may be a future requirement that the services of volunteers need to be valued and recognised by councils. In addition, lease of equipment will need to be recognised on the balance sheet.

The final management letter will note a need to monitor the ability to deliver projects in the annual capital budget.

The Committee congratulated staff on the preparation of financial statements for the audit.

### Audit report – Occupational Health and Safety

This item was deferred to the next meeting. Due to the timing of the audit and staff illness, the management response was not able to be finalised prior to the agenda papers being distributed. It was noted that the report will be finalised and presented to the next audit committee meeting.

### Loddon Performance Framework results to 30 June 2017

Sharon Morrison presented the results to the committee.

The Local Government Performance Reporting Framework component of the Loddon Performance Framework is reported in the annual report across various sections.

### Report on on-costs

Deanne Caserta provided a report explaining how Council labour on-costs are calculated and managed. Calculations are based on hours worked, current and future banding rates, EB increase, allowances and expected overtime.

Committee members noted the difference in treatment of on-costs for indoor and outdoor staff.

### Presentation by staff member

Due to other commitments a presentation by Wendy Gladman was deferred to the next meeting.

#### Outstanding actions report August 2017

Sharon Morrison presented a new version of the report, which is more streamlined and easier to prepare. It shows that 52% of actions have been completed, 41% overdue, and 7% are scheduled.

Committee members provide feedback on the report, and suggested that the breakdown of outstanding actions by risk level might also be valuable. It was noted that completed actions could be removed from the report once a review of the audit recommendations for the year has been completed.

The Committee noted that further work will be done on assessing whether older actions are still relevant for the organisation and which might be able to be removed. The asset management actions may need to be a focus for the organisation given the target of future VAGO audits.

The Committee discussed the risks relating to section 86 committees and noted that a review of committees will be reported to Council in the coming months. A copy of the report will be provided to the Audit Committee for information.

#### Monthly Finance Report

The Committee noted the report for the period ending 31 July 2017, with a current cash surplus of \$579,000. The current capital works program is budgeted at \$17.54 million.

Members discussed how interest on rates and section 181 sales of properties is managed, and the process for Council's investments.

#### Risk management report – Charter 2.5(vii)

Sharon Morrison presented the Risk Management Report, including occupational health and safety incident reports and WorkSafe matters. There are 10 high risks outstanding, and committee members noted that the introduction of policies relating to the Child Safe Standards will address some of the risks.

The Committee noted the risk management report.

#### Fraud report – Charter 2.5(xv)

Sharon Morrison advised there is nothing to report.

#### Review of major lawsuits facing Council – Charter 2.5(xvii)

Sharon Morrison advised there are no major lawsuits to report and reported on one potential law suit.

#### Items raised by Council that may impact the Audit Committee

There was nothing to report in the absence of Cr Holt.

#### Extract VAGO Annual Plan

Committee members noted the VAGO performance audit work program for 2017-2020.

#### General business

Sharon Morrison referred to a press release from Minister Hutchins relating to the investigation of Central Goldfields Shire by the Local Government Inspectorate, and indicated that after reading there may be some matters for the audit committee to consider.

The Chair referred to the Committee's discussions with Mark Holloway and Martin Thompson that were held without staff members present:

- Mark Holloway had no concerns to discuss and confirmed that he was given access to any information requested from the organisation for internal audits performed.
- Martin Thompson advised that he observed good communication with him, and it appears to have improved between the finance and asset management staff, resulting in the

efficient production of financial statements. He raised the matter of reliance on the Manager Financial Services, and suggested that Council should consider succession planning to ensure Council would not be exposed if there were to be an absence of the Manager Financial Services. He advised that the Auditor-General's focus will be on asset management practices, fraud management, cyber security and Council's internal audit structure.

#### Next review

The next internal audit is scheduled to commence 29 August 2017 and will focus on data interrogation.

#### **COST/BENEFITS**

There are costs associated with the Audit Committee and internal audit function.

However, in most cases, actions resulting from audit reviews do not bear any new costs as they are undertaken by current staff.

The benefits that the internal audit function provides Council are:

- business improvement relating to the audit review areas
- standard policy and procedure documents which are developed through the action list
- improvement in knowledge management that will assist with succession planning over time
- a reduction in risk in areas relating to audit reviews.

#### **RISK ANALYSIS**

The internal audit program has been created and is annually updated on a risk basis, ensuring that Council's program addresses the areas of highest risk or greatest concern to Audit Committee members and Council officers.

#### **CONSULTATION AND ENGAGEMENT**

Nil

# LODDON SHIRE COUNCIL

FINANCIAL STATEMENTS  
YEAR ENDING 30 JUNE 2017



## INDEX

Index	2
Comprehensive Income Statement	3
Balance Sheet	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Capital Works	7
<b>Notes to the financial statements:</b>	
Introduction	8
Note 1 Significant accounting policies	9
Note 2 Budget comparison	17
Note 3.1 Rates and charges	21
Note 3.2 Statutory fees, fines and user fees	21
Note 3.3 Grants	22
Note 3.4 Unexpended grants	24
Note 3.5 Contributions	25
Note 3.6 Reimbursements and subsidies	26
Note 3.7 Interest received	26
Note 3.8 Net gain / (loss) on disposal of property, infrastructure, plant and equipment	26
Note 3.9 Investment in associates	27
Note 3.10 Other income	27
Note 4.1 Employee costs	28
Note 4.2 Materials, services and contracts	28
Note 4.3 Depreciation	29
Note 4.4 Borrowing costs	29
Note 4.5 Bad debts expense	30
Note 4.6 Other expenses	30
Note 5 Cash and cash equivalents	30
Note 6 Financial assets	31
Note 7 Trade and other receivables	31
Note 8 Non current assets classified as held for sale	32
Note 9 Investments in associates	33
Note 10 Intangible assets	33
Note 11 Property, infrastructure, plant and equipment	34
Note 12 Trade and other payables	39
Note 13 Trust funds and deposits	39
Note 14 Provisions	40
Note 15 Interest bearing loans and borrowings	43
Note 16 Reserves	44
Note 17 Commitments for expenditure	50
Note 18 Superannuation	51
Note 19 Contingent liabilities	54
Note 20 Related party disclosures	54
Note 21 Financial instruments	56
Note 22 Reconciliation of cash flows from operating activities to surplus / (deficit)	58
Note 23 Reconciliation of cash and cash equivalents	58
Note 24 Financing arrangements	58
Note 25 Operating leases	59
Note 26 Auditors' remuneration	59
Note 27 Events occurring after balance date	59
Certification of financial statements	60

**COMPREHENSIVE INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Income</b>			
Rates and charges	3.1	10,102,693	9,742,761
Statutory fees and fines	3.2	304,599	341,541
User fees	3.2	1,708,805	1,688,762
Grants - operating	3.3	15,307,948	6,051,916
Grants - capital	3.3	3,691,765	6,963,416
Contributions - monetary	3.5	220,134	69,869
Reimbursements and subsidies	3.6	977,236	931,590
Interest earnings	3.7	474,173	507,306
Share of net profits of associates and joint ventures	3.9	-	8,800
Other income	3.10	166	570
<b>Total income</b>		<b>32,787,519</b>	<b>26,306,531</b>
<b>Expenses</b>			
Employee costs	4.1	10,003,078	9,846,785
Materials and services	4.2	9,304,997	8,038,650
Depreciation and amortisation	4.3	8,689,491	8,335,880
Borrowing costs	4.4	-	4,271
Bad debts expense	4.5	34,322	22,107
Other expenses	4.6	287,622	284,299
Net loss on disposal of property, infrastructure, plant and equipment	3.8	30,412	102,681
Share of net profits of associates and joint ventures	3.9	76,086	-
<b>Total expenses</b>		<b>28,426,008</b>	<b>26,634,673</b>
<b>Surplus / (deficit) for year</b>		<b>4,361,511</b>	<b>(328,142)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to surplus or deficit</i>			
Net asset revaluation increment/(decrement)	16a	8,492,798	14,568,074
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	3.9	(12,093)	(655)
<b>Total comprehensive result</b>		<b>12,842,216</b>	<b>14,239,277</b>

The above Comprehensive Income Statement should be read with the accompanying notes.

**BALANCE SHEET  
AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	9,672,238	15,950,711
Trade and other receivables	6	1,232,111	1,250,191
Financial assets	7	13,776,284	2,385,205
Inventories		53,966	65,814
Non-current assets classified as held for sale	8	865,424	190,356
<b>Total current assets</b>		<b>25,600,023</b>	<b>19,842,277</b>
<b>Non-current assets</b>			
Financial assets	6	100	100
Trade and other receivables	7	79,921	162,000
Investments in associates and joint ventures	9	273,945	362,125
Intangible assets	10	1,668,430	1,654,362
Property, infrastructure, plant and equipment	11	309,596,011	302,836,382
<b>Total non-current assets</b>		<b>311,618,407</b>	<b>305,014,969</b>
<b>Total assets</b>		<b>337,218,430</b>	<b>324,857,246</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	642,364	690,923
Trust funds and deposits	13	404,438	277,094
Provisions	14	2,192,670	2,127,212
<b>Total current liabilities</b>		<b>3,239,472</b>	<b>3,095,229</b>
<b>Non-current liabilities</b>			
Provisions	14	1,698,946	2,324,221
<b>Total non-current liabilities</b>		<b>1,698,946</b>	<b>2,324,221</b>
<b>Total liabilities</b>		<b>4,938,418</b>	<b>5,419,450</b>
<b>Net assets</b>		<b>332,280,012</b>	<b>319,437,796</b>
<b>Equity</b>			
Accumulated surplus		37,161,521	56,801,328
Reserves	16	295,118,491	262,636,468
<b>Total equity</b>		<b>332,280,012</b>	<b>319,437,796</b>

The above Balance Sheet should be read with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

2017

	Note	Total 2017 \$	Accumulated surplus 2017 \$	Revaluation reserve 2017 \$	Other reserves 2017 \$
Balance at beginning of the financial year		319,437,796	56,801,328	208,675,726	53,960,742
Surplus/(deficit) for the year		4,361,511	4,361,511	-	-
Net asset revaluation increment/(decrement)		8,492,798	-	8,492,798	-
Transfer to reserves	16	-	(14,271,936)	-	14,271,936
Transfer from reserves	16	-	(9,717,289)	-	9,717,289
Share of other comprehensive income		(12,093)	(12,093)	-	-
<b>Balance at end of financial year</b>		<b>332,280,012</b>	<b>37,161,521</b>	<b>217,168,524</b>	<b>77,949,967</b>

2016

	Note	Total 2016 \$	Accumulated surplus 2016 \$	Revaluation reserve 2016 \$	Other reserves 2016 \$
Balance at beginning of the financial year		305,198,519	81,516,898	194,107,652	29,573,969
Surplus/(deficit) for the year		(328,142)	(328,142)	-	-
Net asset revaluation increment/(decrement)		14,568,074	-	14,568,074	-
Transfer to reserves	16	-	(11,437,487)	-	11,437,487
Transfer from reserves	16	-	(12,949,286)	-	12,949,286
Share of other comprehensive income		(655)	(655)	-	-
<b>Balance at end of financial year</b>		<b>319,437,796</b>	<b>56,801,328</b>	<b>208,675,726</b>	<b>53,960,742</b>

The above Statement of Changes in Equity should be read with the accompanying notes.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 Inflows/ (outflows) \$	2016 Inflows/ (outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		10,027,110	9,718,892
Statutory fees and fines		417,981	196,376
User fees		1,869,048	1,835,363
Grants - operating		14,224,500	6,323,459
Grants - capital		3,781,805	8,131,258
Reimbursements and subsidies		1,049,999	925,307
Interest received		515,595	494,761
Net GST refund (payable)		1,319,883	1,513,735
Trust funds and deposits taken		127,344	-
Payments to employees		(9,965,656)	(10,386,442)
Payments to suppliers		(11,395,648)	(9,689,215)
Trust funds and deposits repaid		-	(49,275)
<b>Net cash provided by (used in) operating activities</b>	23	<b>11,971,961</b>	<b>9,014,219</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(7,783,594)	(9,845,444)
Proceeds from sale of property, infrastructure, plant and equipment		107,726	331,490
Payment for intangible assets		-	-
Payment for investments		(10,654,153)	5,166,596
Loans and advances to community organisations		6,000	-
Repayment of loans and advances from community organisations		73,587	93,800
<b>Net cash provided by (used in) investing activities</b>		<b>(18,250,434)</b>	<b>(4,253,558)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing loans and borrowings		-	(133,293)
Borrowing costs		-	(4,271)
<b>Net cash provided by (used in) financing activities</b>		<b>-</b>	<b>(137,564)</b>
Net increase/(decrease) in cash and cash equivalents		(6,278,473)	4,623,097
Cash and cash equivalents at the beginning of the financial year		15,950,711	11,327,614
<b>Cash and cash equivalents at the end of the financial year</b>	5	<b>9,672,238</b>	<b>15,950,711</b>

The above Statement of Cash Flows should be read with the accompanying notes.

**STATEMENT OF CAPITAL WORKS  
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Buildings</b>			
Buildings - specialised		1,420,958	1,334,056
Work in progress		234,552	2,708,058
<b>Total buildings</b>		<b>1,655,510</b>	<b>4,042,114</b>
Plant, machinery and equipment		328,992	2,043,041
Office furniture and equipment		142,651	58,427
<b>Total plant and equipment</b>	11	<b>471,643</b>	<b>2,101,468</b>
<b>Infrastructure</b>			
Roads		4,584,294	3,057,054
Bridges		301,950	76,968
Footpaths and cycleways		343,551	88,361
Kerb and channel		-	141,506
Drainage		224,043	-
Street furniture		3,530	-
Work in progress		199,076	337,971
<b>Total infrastructure</b>	11	<b>5,656,444</b>	<b>3,701,860</b>
<b>Intangible assets</b>			
Water rights	10	-	-
<b>Total intangible assets</b>		-	-
<b>Total capital works expenditure</b>		<b>7,783,597</b>	<b>9,845,442</b>
<b>Represented by:</b>			
New asset expenditure		560,533	2,739,774
Asset renewal expenditure		2,948,103	2,010,885
Asset expansion expenditure		505,897	2,820,750
Asset upgrade expenditure		3,769,064	2,274,033
<b>Total capital works expenditure</b>		<b>7,783,597</b>	<b>9,845,442</b>

The above statement of capital works should be read with the accompanying notes.

## INTRODUCTION

The Loddon Shire Council was established by an Order of the Governor in Council on 19 January 1995 and is a body corporate. The Council's main office is located at 41 High Street, Wedderburn.

The purpose of the Council is to:

- ▶ provide for the peace, order and good government of its municipal district
- ▶ promote the social, economic and environmental viability and sustainability of the municipal district
- ▶ ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community
- ▶ improve the overall quality of life of people in the local community
- ▶ promote appropriate business and employment opportunities
- ▶ ensure that services and facilities provided by the Council are accessible and equitable
- ▶ ensure the equitable imposition of rates and charges, and
- ▶ ensure transparency and accountability in Council decision making.

External Auditor

Internal Auditor

Solicitor

Banker

Victorian Auditor-General's Office

HLB Mann Judd (Vic) Pty Ltd

MCL Legal

National Australia Bank

Further information about Council can be found at: [www.loddon.vic.gov.au](http://www.loddon.vic.gov.au)

### **Statement of compliance**

These financial statements are a general purpose financial report that consist of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (l))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of employee provisions (refer to note 1 (s)).

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

### (b) Change in accounting policies

There have been no changes in accounting policies from the previous period.

### (c) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

### (d) Accounting for investments in associates and joint arrangements

#### *Associates*

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### *Joint arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

#### *(i) Joint operations*

Council recognises the right to its share of jointly held assets, liabilities, revenues and expenses of joint operations. Council has no joint arrangements at reporting date.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

#### *Rates and charges*

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

#### *Statutory fines and fees*

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

#### *User fees*

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

#### *Grants*

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 3.4. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

#### *Contributions*

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

#### *Sale of property, infrastructure, plant and equipment*

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### *Interest*

Interest is recognised as it is earned.

#### *Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

#### *Other Income*

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

### (f) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(f) Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

**(h) Trade and other receivables**

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

**(i) Other financial assets**

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

**(j) Inventories**

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(k) Non-current assets classified as held for sale**

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (l) Recognition and measurement of property, infrastructure, plant, equipment and intangibles

#### *Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits detailed in Note 1(m) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### *Revaluation*

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 11, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

#### *Land under roads*

Council recognises land under roads it controls at fair value.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(m) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles**

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

*Asset recognition thresholds and depreciation periods*

	Depreciation Period Years	Threshold Limit \$
Property		
land	-	1,000
leasehold improvements	10 - 30	1,000
Buildings		
buildings	50 - 100	1,000
building improvements	10 - 30	1,000
leasehold improvements	10 - 30	1,000
Plant and equipment		
plant, machinery and equipment	5 - 30	1,000
motor vehicles	9 - 10	1,000
minor plant	5 - 30	1,000
fixtures fittings and furniture	10 - 100	1,000
computers and telecommunications	3	1,000
Infrastructure		
road seals	13 - 26	1,000
road pavements - sealed	80	1,000
road pavements - unsealed	30	1,000
road formation and earthworks	-	1,000
road kerb, channel and minor culverts	60	1,000
bridges deck	80 - 100	1,000
bridges substructure	80 - 100	1,000
footpaths and cycle ways	15 - 50	1,000
drainage	50 - 80	1,000
recreational, leisure and community facilities	50 - 80	1,000
waste management assets	20	1,000
parks, open space and streetscapes	15 - 50	1,000
off street car parks	80	1,000
aerodromes	30 - 80	1,000
Intangible assets - water rights	-	1,000

**(n) Repairs and maintenance**

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(o) Investment property**

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

**(p) Impairment of assets**

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**(q) Trust funds and deposits**

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 13).

**(r) Borrowings**

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

**(s) Employee costs and benefits**

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date.

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(s) Employee costs and benefits (continued)***Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value - component that is not expected to be settled within 12 months
- nominal value - component that is expected to be settled within 12 months.

*Classification of employee benefits*

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

**(t) Landfill and quarry rehabilitation provision***Landfills*

Council is obligated to restore eight tip sites to a standard set by the Environment Protection Authority (EPA). A calculation was undertaken based on the EPA's guidelines for rehabilitating tip sites when they are no longer required for use. A review of the provision was carried out at 30 June 2017. The forecast life of the sites is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

*Quarry*

At 30 June 2005, Council made provision for the remediation of quarry pits. Council extracts gravel from the pits for use in roadworks. A calculation was undertaken for remediating the pits when they are no longer required for use. A review of the provision was carried out at 30 June 2017.

Council has two reserves for the remediation of quarries and tip rehabilitation. At 30 June 2017 the combined balance of these reserves was \$1,056,850 (\$983,265 in 2015/16). Details of these reserves are included at Note 16b.

**(u) Goods and services tax (GST)**

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Trade and Other Receivables and Trade and Other Payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **(v) Financial guarantees**

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the Balance Sheet are disclosed at Note 19 Contingent Liabilities and Contingent Assets.

As at 30 June 2017, no such guarantees have been issued by Council.

### **(w) Contingent assets and contingent liabilities and commitments**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and are presented inclusive of the GST payable.

### **(x) Pending accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

#### *Revenue from contracts with customers (AASB 15) (applies 2018/19)*

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

#### *Leases (AASB 16) (applies 2019/20)*

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has no operating leases that will be impacted as a result of this change. This will see no further assets and liabilities recognised.

### **(y) Rounding**

Amounts shown in the financial statements have been rounded to the nearest dollar. Figures in the financial statements may not equate due to rounding.

**NOTE 2 BUDGET COMPARISON**

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Management has adopted a materiality threshold of 10 percent and \$50,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

**(a) Income and expenditure**

	<b>Budget 2017 \$</b>	<b>Actual 2017 \$</b>	<b>Variance 2017 \$</b>	<b>Ref</b>
<b>Income</b>				
Rates and charges	10,083,316	10,102,693	(19,377)	
Statutory fees and fines	228,451	304,599	(76,148)	1
User fees	1,569,315	1,708,805	(139,490)	
Grants - operating	9,500,431	15,307,948	(5,807,517)	2
Grants - capital	7,245,536	3,691,765	3,553,771	3
Contributions - monetary	60,000	220,134	(160,134)	4
Reimbursements and subsidies	1,327,287	977,236	350,051	5
Interest earnings	375,000	474,173	(99,173)	6
Share of net profits/(losses) of associates and joint ventures	-	76,086	76,086	7
Other income	-	166	(166)	
<b>Total income</b>	<b>30,389,336</b>	<b>32,711,433</b>	<b>(2,322,097)</b>	
<b>Expenses</b>				
Employee costs	10,513,098	10,003,078	510,020	
Materials and services	9,127,818	9,304,997	(177,179)	
Depreciation and amortisation	8,757,634	8,689,491	68,143	
Borrowing costs	-	-	-	
Bad and doubtful debts	-	34,322	(34,322)	
Other expenses	299,116	287,622	11,494	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	30,412	(30,412)	
<b>Total expenses</b>	<b>28,697,666</b>	<b>28,349,922</b>	<b>347,744</b>	
<b>Surplus/(deficit) for the year</b>	<b>1,691,670</b>	<b>4,361,511</b>	<b>(2,669,841)</b>	

**NOTE 2 BUDGET COMPARISON (CONTINUED)****(i) Explanation of material variations - income and expenditure**

- 1 The increase in statutory fees and fines relates mainly to additional income received for planning services of \$49K, with an increase in activity and the schedule of fees set. There was also an increase in animal control services of \$17K with more enforcement fines being issues along with higher animal registrations throughout the year.
- 2 Operating grant income is higher than expected mainly due to the receipt of flood recovery income of \$1.07M which was not in the original budget along with the 2017/18 upfront 50% payment from the grants commission which was \$4.2M higher than expected.
- 3 Capital grant income is lower than expected mainly due to a decrease in claims submitted for the Roads to Recovery of \$3.55M.
- 4 Contributions received for the year have resulted in an increase of \$160K mainly due to contributions for training undertaken of \$52K, and project work done at Serpentine Pavilion of \$32K and Billings Road construction of \$40K.
- 5 The main variation to this area is mainly due to a decrease in demand for main road maintenance works of \$392K. This will be offset by savings in expenditure within these cost areas.
- 6 During the financial year, Council had a higher than expected cash balance on hand and therefore was above to earn more interest from investments.
- 7 Council does not budget for the share in net profits/(losses) of associates and joint ventures, therefore there is a variance of \$76K.

**NOTE 2 BUDGET COMPARISON (CONTINUED)****b) Capital works**

	<b>Budget 2017 \$</b>	<b>Actual 2017 \$</b>	<b>Variance 2017 \$</b>	<b>Ref</b>
<b>Property</b>				
Land	-	-	-	
Land improvements	648,310	20,122	628,188	8
<b>Total land</b>	<b>648,310</b>	<b>20,122</b>	<b>628,188</b>	
Buildings	591,500	107,843	483,657	9
Building improvements	802,190	788,957	13,233	
<b>Total buildings</b>	<b>1,393,690</b>	<b>896,800</b>	<b>496,890</b>	
<b>Total property</b>	<b>2,042,000</b>	<b>916,922</b>	<b>1,125,078</b>	
<b>Plant and equipment</b>				
Plant, machinery and equipment	1,753,895	328,992	1,424,903	10
Office furniture and equipment	569,500	152,101	417,399	11
<b>Total plant and equipment</b>	<b>2,323,395</b>	<b>481,093</b>	<b>1,842,302</b>	
<b>Infrastructure</b>				
Roads	7,105,986	4,688,552	2,417,434	12
Bridges	810,500	311,870	498,630	13
Footpaths and cycleways	548,974	405,386	143,588	14
Drainage	350,000	224,043	125,957	15
Recreation, leisure and community facilities	1,201,331	280,385	920,946	16
Parks, open space and streetscapes	2,927,000	475,347	2,451,653	17
<b>Total infrastructure</b>	<b>12,943,791</b>	<b>6,385,583</b>	<b>6,558,208</b>	
<b>Total capital works expenditure</b>	<b>17,309,186</b>	<b>7,783,598</b>	<b>9,525,588</b>	
<b>Represented by:</b>				
New asset expenditure	2,802,895	560,533	2,242,362	
Asset renewal expenditure	9,083,826	2,948,103	6,135,723	
Asset expansion expenditure	3,336,500	505,897	2,830,603	
Asset upgrade expenditure	2,085,965	3,769,064	(1,683,099)	
<b>Total capital works expenditure</b>	<b>17,309,186</b>	<b>7,783,597</b>	<b>9,525,589</b>	

**NOTE 2 BUDGET COMPARISON (CONTINUED)****(ii) Explanation of material variations - capital works**

- 8 The budget set for 2016/17 included a project costing \$557K to develop the Pyramid Hill industrial estate which has not yet commenced.
- 9 The budget for 2016/17 included a \$500K community planning strategic fund allocation which was not allocated to a project during 2016/17, this has been carried into 2017/18 for expending.
- 10 The main variation for plant, machinery and equipment relates to the purchase of heavy plant which has been delayed and will be undertaken with the scheduled 2017/18 purchases to help achieve more effective purchasing outcomes.
- 11 The main variation for office equipment relates to the purchase of a new corporate IT system (\$500K) which is currently in the planning phase therefore no expenditure has been spent to date. This is expected to occur during 2017/18 and onwards.
- 12 The reduction in expenditure versus budget relates to local road construction projects that have not yet commenced, or have been partially completed during 2016/17 and will be carried forward to 2017/18. This includes works at Yorkshire Rd of \$918K, and Wedderburn Streetscape works of \$766K.
- 13 The main variation to bridges relates to projects that have commenced design works but have not yet reached the construction phase. These projects are Janevale Bridge (\$197K), Conners Rd (\$20K), Woodstock Rd (\$24K) and Baileys Rd (\$37K). Projects that were not in the original 2016/17 budget includes Ruddocks Rd (\$75K) and Talgitcha St (\$25K).
- 14 The main variation to footpaths relates to projects that have commenced design works but have not yet reached the construction phase. These projects are Victoria St (\$85K), Barber St (\$43K) and Kelly St (\$52K). Albert St was added to the works program during the year and had expenditure of (\$207K).
- 15 The main variation to drainage relates to projects that have commenced design works but have not yet reached the construction phase. These projects included Chapel St (\$220K). Projects such as Houston South St (\$145K) and Chapel St West (\$66K) were added to the works program throughout the year.
- 16 The main variation in this area relates to major projects that were not complete at the end of the financial year but have had remaining funds carried over the 2017/18 for finalisation. These projects include various caravan park works of \$275K, swimming pool works of \$356K and Bridgewater foreshore works of \$376K. Projects that
- 17 The main variation in this area relates to the Wedderburn streetscape project of \$1.67M and the Pyramid Hill streetscape project of \$600K. Wedderburn commenced during the year but was not yet completed. This is expected to be completed during 2017/18. Pyramid Hill is yet to commence.

**NOTE 3.1 RATES AND CHARGES**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
General rates	2,466,974	2,404,782
Rural production rates	5,308,885	5,140,947
Municipal charges	1,132,787	1,094,711
Kerbside recycling charges	303,546	280,029
Garbage charges	852,509	791,484
Interest on rates and charges	37,992	30,808
<b>Total rates and garbage charges</b>	<b>10,102,693</b>	<b>9,742,761</b>

Council uses Capital Improved Value (C.I.V.) as the basis of valuation of all properties within the municipal district. The C.I.V. of a property includes the value of the land and all improvements on the land. The valuation base used to calculate general rates for 2016/17 was \$1,728,095,200. The valuation base used in 2015/16 was \$1,614,506,700.

Differential rates have been used since 2002/03. The rural production rate in 2016/17 was 0.4355% of the C.I.V. (0.4512% in 2015/16), while all other rates were 0.4892% of the C.I.V. (0.5069% in 2015/16).

In 2016/17 municipal charges were \$203, residential garbage charges were \$236, commercial garbage charges were \$320 and kerbside recycling charges were \$89. In 2015/16 municipal charges were \$198, residential garbage charges were \$230, commercial garbage charges were \$312, and kerbside recycling charges were \$87.

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.

**NOTE 3.2 STATUTORY FEES AND FINES AND USER FEES**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Statutory fees and fines</b>		
Animal control	61,214	45,907
Building services fees	91,073	93,398
Election fines	3,042	-
Fire hazards	6,334	3,744
Health Act fees	42,383	44,173
Land information certificates	9,939	7,746
Local laws	6,054	96,737
Town planning fees	84,560	49,836
<b>Total statutory fees and fines</b>	<b>304,599</b>	<b>341,541</b>

**NOTE 3.2 STATUTORY FEES AND FINES AND USER FEES (Continued)**

	2017 \$	2016 \$
<b>User fees</b>		
Aged services fees	619,786	649,439
Caravan park fees	514,993	394,273
Emergency management	12,309	45,634
Gravel pit fees	93,477	136,989
Pre-schools	74,079	34,924
Private works charges	50,137	50,302
Road opening permits	18,260	18,863
Sale of tools and equipment	1,152	9,076
Staff training / educational fees	9,107	-
Standpipes and truck washes	31,773	82,236
Tip and recycling fees	111,443	73,197
Tourism	70,445	42,223
Other	15,301	45,589
<b>Rent received</b>		
Elderly persons units	52,959	64,824
Commercial properties	33,429	28,548
Council residences	155	12,645
<b>Total user fees</b>	<b>1,708,805</b>	<b>1,688,762</b>
<b>Total statutory fees, fines and user fees</b>	<b>2,013,404</b>	<b>2,030,303</b>

**NOTE 3.3 GRANTS**

	2017 \$	2016 \$
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	15,804,261	8,815,960
State funded grants	3,195,452	4,199,372
<b>Total grants received</b>	<b>18,999,713</b>	<b>13,015,332</b>

	2017 \$	2016 \$
<b>Operating grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Victoria Grants Commission - general purpose grant	6,859,499	1,762,116
Victoria Grants Commission - local roads	5,222,295	2,264,736
<b>Non recurrent - Commonwealth Government:</b>		
Flood restoration	1,073,791	-
<b>Total operating Commonwealth Government grants</b>	<b>13,155,585</b>	<b>4,026,852</b>

**NOTE 3.3 GRANTS (Continued)**

	2017 \$	2016 \$
<b>Recurrent - State Government:</b>		
Aged services	885,875	869,817
Pre-schools	481,379	539,030
Families and children	136,690	122,450
Fire Services Property Levy	40,421	39,261
Youth development	99,837	62,184
Community safety	11,526	65,189
Tips and recycling	6,393	5,837
Environment	75,000	125,000
<b>Non recurrent - State Government:</b>		
Staff wellbeing	6,200	-
Economic development	-	4,500
Environment	-	78,745
Community facilities	13,358	37,148
Planning services	28,250	-
Water infrastructure	17,111	-
Community safety	23,145	-
Preschools	104,018	39,500
Recreation facilities	200,550	28,362
Tourism	22,610	8,041
<b>Total operating State Government grants</b>	<b>2,152,363</b>	<b>2,025,064</b>
<b>Total operating grants</b>	<b>15,307,948</b>	<b>6,051,916</b>
<b>Capital grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Roads to Recovery	2,648,676	4,789,108
<b>Total capital Commonwealth Government grants</b>	<b>2,648,676</b>	<b>4,789,108</b>
<b>Recurrent - State Government;</b>		
Nil	-	-
<b>Non recurrent - State Government:</b>		
Community facilities	-	1,348
Recreation facilities	294,897	1,042,074
Playground facilities	-	71,821
Community Halls	340,000	816,084
Road infrastructure	150,000	-
Tips and recycling	140,000	-
Streetscapes	12,000	153,235
Economic development	-	20,500
Environment	-	69,246
Water infrastructure	106,192	-
<b>Total capital State Government grants</b>	<b>1,043,089</b>	<b>2,174,308</b>
<b>Total capital grants</b>	<b>3,691,765</b>	<b>6,963,416</b>

**NOTE 3.4 UNEXPENDED GRANTS**

Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:

	2017 \$	2016 \$
<b>Infrastructure works</b>		
Roads to Recovery program	483,468	1,367,761
Houston South Road drainage	-	214,500
ALCAM rail signage	-	34,291
Billings Road project	190,000	-
<b>Recreation and community facilities</b>		
Local Government Infrastructure Program (LGIP) Inglewood Town Hall	-	88,536
LGIP Serpentine pavilion	26,020	872,255
LGIP Wedderburn streetscape	410,778	727,372
LGIP Pyramid Hill streetscape	110,000	110,000
Flood recovery program flood height markers	-	575
Inglewood historical trail	-	2,575
Bridgewater foreshore	288,697	178,395
Recreational reserve and open space plans	27,000	-
Trails signage	-	9,582
Swimming pool solar power projects	180,000	-
Inglewood swimming pool upgrade	294,451	217,524
Canoe trail	19,363	48,559
Wedderburn Community Centre	-	118,538
Bridgewater Memorial Hall	43,901	7,148
Bridgewater boat ramp	-	147,455
Kelly Street playground	-	48,488
BRIC library extension	238,550	-
Janiember Park shade structure	18,182	-
<b>Environment</b>		
Weed and pest program	217,366	208,638
Flood mitigation survey	79,146	-
Flood height markers	575	-
Sustainable water fund project	106,192	-
Loddon River navigation aids	17,111	-
Environmental sustainability strategy	-	76,000

**NOTE 3.4 UNEXPENDED GRANTS (Continued)**

	2017 \$	2016 \$
<b>Other</b>		
Centenary of ANZAC	42,164	42,754
Inglewood war memorial	13,358	-
Improving liveability project	-	11,000
Tobacco reform	5,750	-
Vulnerable family funding	4,474	4,474
School crossing supervisor	14,923	-
Universal access project	-	3,979
Kinder capital grants	27,198	-
Walk to school program	10,000	10,000
Occasional care program	21,780	12,197
Regional assessment officer	7,940	11,116
General revenue grant - Victorian Grants Commission (VGC)	2,339,975	-
Volunteer co-ordination	15,085	16,543
Local roads funding - Victorian Grants Commission (VGC)	1,780,007	-
Home and community care service development	473,888	112,694
Swan Hill packages funding	-	302,694
ANZAC sculptures	149,040	179,470
Stronger regional communities and drought program	-	27,832
Murray River Group of Councils conference trust	-	8,784
KCM initiative	-	1,000
Pyramid Hill fiesta	-	3,000
Youth engagement project	2,045	-
Freeza	6,732	-
Listen, learn and lead program	5,000	-
Planning streamlining for growth	13,053	-
<b>Total unexpended grants</b>	<b>7,683,212</b>	<b>5,225,729</b>

**NOTE 3.5 CONTRIBUTIONS**

	2017 \$	2016 \$
Contributions - operating - monetary	180,134	7,904
Contributions - capital - monetary	40,000	61,965
Contributions - non-monetary	-	-
<b>Total contributions</b>	<b>220,134</b>	<b>69,869</b>

**NOTE 3.6 REIMBURSEMENTS AND SUBSIDIES**

	2017 \$	2016 \$
Main roads maintenance and construction	638,749	629,581
Insurance claims	5,276	3,003
Workcover	108,273	40,778
Fuel rebate	132,895	130,931
Community and recreational facilities	16,676	-
Industrial estates	-	26,696
Emergency management	6,357	50,648
Heritage projects	27,390	-
Contracted staff	36,620	47,453
Other	5,000	2,500
<b>Total reimbursements and subsidies</b>	<b>977,236</b>	<b>931,590</b>

**NOTE 3.7 INTEREST RECEIVED**

	2017 \$	2016 \$
Interest on investments	436,181	476,498
Rates interest	37,992	30,808
<b>Total interest received</b>	<b>474,173</b>	<b>507,306</b>

**NOTE 3.8 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT**

	2017 \$	2016 \$
<b>Plant and equipment</b>		
Proceeds from sale of plant and equipment	106,999	179,895
LESS : written down value of assets disposed	(137,022)	(305,609)
Profit/(loss) on disposal of plant and equipment	(30,023)	(125,714)
<b>Furniture and equipment</b>		
Proceeds from sale of furniture and equipment	727	1,595
LESS : written down value of assets disposed	(1,116)	(2,621)
Profit / (loss) on disposal of furniture and equipment	(389)	(1,026)
<b>Land and Buildings</b>		
Proceeds from sale of land and buildings	-	150,000
LESS : Written down value of assets disposed	-	(125,941)
Profit / (loss) on disposal of land and buildings	-	24,059
<b>Assets held for sale</b>		
Proceeds from sale of non current assets held for resale	-	-
LESS : written down value of assets disposed	-	-
Profit / (loss) on disposal of assets held for sale	-	-
Total profit / (loss) on disposal of assets	(30,412)	(102,681)
<b>Summary</b>		
Proceeds from disposal of assets	107,726	331,490
LESS : written down value of assets disposed	(138,138)	(434,171)
<b>Net gain / (loss) on property, infrastructure, plant and equipment</b>	<b>(30,412)</b>	<b>(102,681)</b>

**NOTE 3.9 INVESTMENT IN ASSOCIATES****North Central Goldfields Regional Library Corporation**

The Council is a member of the North Central Goldfields Regional Library Corporation. At 30 June 2017 Council's equity was \$273,945. At 30 June 2016 Council's equity in the corporation was \$362,125.

The Council has a 5.21% share of the net assets, and this is calculated on the same ratio as the Shire contributes to the operating costs of the service. At 30 June 2016 the Shire's share of the net assets was 5.39%. Any adjustments required due to the reduction in the share of net assets from 2016 to 2017 is reflected as Variation Account - Change in Equity in the following schedules.

The value of the Council's equity is reflected in Note 9 - Investment in Associates and Joint Ventures. The income or expense for the year is reflected in the Comprehensive Income Statement.

	2017 \$	2016 \$
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	170,325	165,136
Share of reported surplus/(deficit) for year	(76,086)	8,800
Variation account - change in equity	(13,173)	(3,611)
Council's share of accumulated surplus/(deficit) at end of year	<b>81,066</b>	<b>170,325</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	191,800	188,844
Variation account - change in equity	1,080	2,956
Council's share of reserves at end of year	<b>192,880</b>	<b>191,800</b>
<b>Movement in carrying value of share in library</b>		
Carrying value of investment at start of year	362,125	353,980
Share of accumulated surplus/(deficit) for the year	(76,086)	8,800
Variation account - change in equity	(12,093)	(655)
Carrying value of share in library investment at end of year	<b>273,945</b>	<b>362,125</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	15,064	17,873
Capital commitments	4,736	-
	<b>19,800</b>	<b>17,873</b>

**Adjustment to the carrying value of North Central Goldfields Regional Library**

	2017 \$	2016 \$
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	(88,180)	8,145
Total adjustment to the carrying value of North Central Goldfields Regional Library Corporation	<b>(88,180)</b>	<b>8,145</b>

**NOTE 3.10 OTHER INCOME**

	2017 \$	2016 \$
Reversal of impairment of assets	166	570
<b>Total other income</b>	<b>166</b>	<b>570</b>

**NOTE 4.1 EMPLOYEE COSTS**

	2017 \$	2016 \$
Salaries and wages	8,055,547	7,868,749
Annual leave and long service leave	887,007	906,058
Superannuation expense - Vision Super - defined benefits scheme	87,757	143,636
Superannuation expense - Vision Super - accumulation scheme	459,216	425,265
Superannuation expense - other funds - accumulation scheme	308,090	265,727
Fringe benefits tax and Workcover	205,461	237,350
<b>Total employee costs</b>	<b>10,003,078</b>	<b>9,846,785</b>

**NOTE 4.2 MATERIALS, SERVICES AND CONTRACTS**

	2017 \$	2016 \$
<b>Materials and services</b>		
Plant operating costs	736,879	1,040,044
Utility costs	505,528	515,679
Corporate governance	522,842	305,253
Local road materials	247,194	455,283
Flood recovery works	904,284	52,155
Building maintenance	260,899	194,301
Aged care services	249,596	414,245
Training and subscriptions	206,223	258,688
Computer costs and computer programs	375,241	402,331
Office expenses	104,981	117,326
North Central Goldfields Regional Library Corporation	193,801	191,077
Gravel pit operations	2,429	7,508
Community plan projects	49,442	17,776
Recreation reserves allocations	126,952	125,169
Recreation projects	153,736	98,252
Insurances	405,223	413,754
Pool maintenance and strategy	117,562	64,982
Loddon Discovery Tours	41,696	18,587
Main roads materials	46,438	40,213
Parks and gardens maintenance	45,884	97,801
Tips maintenance	98,274	450,162
Families and children	153,800	142,029
Caravan park maintenance	128,386	129,126
Economic development and tourism initiatives	163,503	213,358
Private works materials	33,360	25,079
Public facilities	41,576	-
Community grant projects	223,760	241,086
Community safety	105,795	135,562
Scholarships and leadership programs	13,997	15,624
Workshops and depots	130,594	68,402

**NOTE 4.2 MATERIALS, SERVICES AND CONTRACTS (CONTINUED)**

	2017 \$	2016 \$
<b>Materials and services (continued)</b>		
Youth and transport services	66,551	55,205
Valuations	49,253	17,723
Volunteer services	1,731	2,000
Regulatory services	199,226	109,698
Water services	17,807	112,090
Environment	114,034	40,943
Other materials and services	19,465	50,315
<b>Total materials and services</b>	<b>6,857,942</b>	<b>6,638,826</b>
<b>Contracts</b>		
Flood restoration and design works	101,866	7,700
Building works	1,038,090	-
Economic development and tourism	-	3,771
Garbage collection	651,929	601,336
Pool management	196,115	225,268
Valuations	26,051	153,816
Caravan Parks	121,016	129,274
Cleaning	35,586	35,586
Public facilities	164,889	183,442
Families and children	-	3,500
Corporate governance	84,853	-
Other contracts	26,660	56,131
<b>Total contracts</b>	<b>2,447,055</b>	<b>1,399,824</b>
<b>Total materials, services and contracts</b>	<b>9,304,997</b>	<b>8,038,650</b>

**NOTE 4.3 DEPRECIATION**

	2017 \$	2016 \$
Depreciation expense was charged in respect of:		
Roads	5,575,427	5,230,401
Buildings	1,369,892	1,257,319
Plant and equipment	881,073	794,740
Bridges	332,859	335,457
Urban drains	182,931	184,158
Furniture and equipment	80,024	108,880
Footpaths	129,100	127,819
Kerb and channel	85,753	84,452
Landfills	25,657	186,514
Street furniture	24,691	24,050
Quarries	2,084	2,090
<b>Total depreciation</b>	<b>8,689,491</b>	<b>8,335,880</b>

**NOTE 4.4 BORROWING COSTS**

	2017 \$	2016 \$
Interest - borrowings	-	4,271
<b>Total borrowing costs</b>	<b>-</b>	<b>4,271</b>

**NOTE 4.5 BAD DEBTS EXPENSE**

	2017 \$	2016 \$
Rates debtors	31,171	19,192
Sundry debtors	3,151	2,915
<b>Total bad debts expense</b>	<b>34,322</b>	<b>22,107</b>

**NOTE 4.6 OTHER EXPENSES**

	2017 \$	2016 \$
Councillors' emoluments	206,385	219,013
Internal audit remuneration	39,458	33,120
External audit remuneration - VAGO - Audit of the financial statements, performance statement and grant acquittals	37,900	32,000
Impairment of interest free loans	3,879	166
<b>Total other expenses</b>	<b>287,622</b>	<b>284,299</b>

**NOTE 5 CASH AND CASH EQUIVALENTS**

	2017 \$	2016 \$
<b>Financial</b>		
Cash on hand	4,650	4,650
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	2,663,588	3,552,523
Cash at bank (trust account)	194,837	160,332
Term deposits (original maturity of less than 90 days)	6,805,163	12,229,206
<b>Cash at the end of the period as shown in the statement of cash flows</b>	<b>9,672,238</b>	<b>15,950,711</b>
Comprising:		
Unrestricted cash assets	(124,728)	8,716,165
Cash assets subject to external restrictions	9,796,966	7,234,546
<b>Total cash and cash equivalents</b>	<b>9,672,238</b>	<b>15,950,711</b>

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use.

These include:

	2017 \$	2016 \$
<b>Restricted funds</b>		
Trust funds (refer Note 13)	404,438	277,094
<b>Intended allocations</b>		
Unspent grants (refer to Note 3.4)	7,683,212	5,225,729
Long service leave (refer to Note 14)	1,709,316	1,731,723
<b>Total restricted and intended allocation funds</b>	<b>9,796,966</b>	<b>7,234,546</b>

Although not externally restricted the above amounts have been allocated for specific future purposes by Council.

Refer also to Note 6 for details of other financial assets held by Council.

**NOTE 6 FINANCIAL ASSETS**

	2017 \$	2016 \$
<b>Current</b>		
Accrued income	1,131,879	244,876
Prepayments	240,252	390,329
Term deposits (original maturity of 90 days or greater)	12,404,153	1,750,000
<b>Total current</b>	<b>13,776,284</b>	<b>2,385,205</b>
<b>Non-current</b>		
Maps shares	100	100
<b>Total non-current</b>	<b>100</b>	<b>100</b>
<b>Total financial assets</b>	<b>13,776,384</b>	<b>2,385,305</b>

**NOTE 7 TRADE AND OTHER RECEIVABLES**

	2017 \$	2016 \$
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	352,528	276,945
LESS provision for doubtful debts	(105,537)	(74,366)
	246,991	202,579
<i>Non statutory receivables</i>		
Sundry debtors	610,802	745,005
Other debtors	101,663	104,543
LESS provision for doubtful debts	(5,084)	(4,190)
Net receivable GST	194,126	117,420
Loans and advances to community organisations	83,613	84,834
	985,120	1,047,612
<b>Total current</b>	<b>1,232,111</b>	<b>1,250,191</b>
<b>Non-current</b>		
<i>Non statutory receivables</i>		
Loans and advances to community organisations	79,921	162,000
<b>Total non-current</b>	<b>79,921</b>	<b>162,000</b>
<b>Total trade and other receivables</b>	<b>1,312,032</b>	<b>1,412,191</b>

**(a) Ageing of receivables**

At balance date sundry debtors representing financial assets were past due but not impaired.

The ageing of the Council's trade and other receivables (excluding statutory receivables) was:

	2017 \$	2016 \$
Current (not yet due)	165,269	323,965
Past due by up to 30 days	319,774	122,207
Past due between 31 and 180 days	125,759	298,833
Past due between 181 and 365 days	-	-
<b>Total trade and other receivables</b>	<b>610,802</b>	<b>745,005</b>

**NOTE 7 TRADE AND OTHER RECEIVABLES (CONTINUED)****(b) Movement in provisions for doubtful debts**

	2017 \$	2016 \$
Balance at the beginning of the year	(78,010)	(57,639)
New provisions recognised during the year	(34,322)	(20,107)
Amounts already provided for and written off as uncollectible	1,712	(264)
<b>Balance at end of year</b>	<b>(110,620)</b>	<b>(78,010)</b>

**(c) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$5,084 (2016: \$4,190) were impaired. The amount of the provision raised against these debtors was \$5,084 (2016: \$4,190).

They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

	2017 \$	2016 \$
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	360	1,405
Past due between 181 and 365 days	4,720	2,634
Past due by more than 1 year	4	151
<b>Total trade and other receivables</b>	<b>5,084</b>	<b>4,190</b>

**NOTE 8 NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	2017 \$	2016 \$
<b>Non current</b>		
Land at valuation	896,812	197,260
LESS selling costs	(31,388)	(6,904)
<b>Total non current assets held for sale</b>	<b>865,424</b>	<b>190,356</b>

Non current assets held for sale are carried at fair value less the cost of disposal. The following table provides the fair value measurement hierarchy for non current assets held for sale.

	Fair value measurement at the end of the period using (1)		
	Level 1	Level 2	Level 2
<b>Carrying value at 30 June 2017</b>			
Land	-	865,424	-

(1) - Classified in accordance with the fair value hierarchy - see Note 11

**NOTE 9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

	2017 \$	2016 \$
Equity in North Central Goldfields Regional Library Corporation	273,945	362,125
<b>Total investment in associates and joint ventures</b>	<b>273,945</b>	<b>362,125</b>

**NOTE 10 INTANGIBLE ASSETS**

	2017 \$	2016 \$
<b>Non-current</b>		
Water rights	1,668,430	1,654,362
<b>Total intangible assets</b>	<b>1,668,430</b>	<b>1,654,362</b>

**Reconciliation of movements in intangible assets for the reporting period**

	2017 \$	2016 \$
<b>Water rights</b>		
Gross carrying amount at beginning of period	1,654,362	1,589,445
Additional water rights obtained during the period	-	-
Water rights disposed of during the period	-	-
Revaluation increment (decrement)	14,068	64,917
<b>Gross carrying amount at end of period</b>	<b>1,668,430</b>	<b>1,654,362</b>

Water rights are revalued at 30 June 2017 to the published water trade market rate applying at that date.

**NOTE 11 PROPERTY, INFRASTRUCTURE PLANT AND EQUIPMENT**

## Summary of property, infrastructure, plant and equipment

	At fair value 30 June 2016	Acquisitions	Revaluation / Transfers	Depreciation	Disposals	At fair value 30 June 2017
Land	10,041,918	-	675,068	-	(674,560)	10,042,426
Buildings	45,751,429	1,420,958	1,952,160	(1,369,892)	246,508	48,001,163
Plant and equipment	6,985,438	471,643	-	(961,097)	(138,138)	6,357,846
Infrastructure	236,189,642	5,457,368	8,974,340	(6,358,502)	-	244,262,848
Work in progress	4,058,311	433,628	(2,694,787)	-	-	1,797,152
<b>Total</b>	<b>303,026,738</b>	<b>7,783,597</b>	<b>8,906,781</b>	<b>(8,689,491)</b>	<b>(566,190)</b>	<b>310,461,435</b>

## Summary of work in progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	3,668,999	234,552	(3,353,996)	-	549,555
Infrastructure	389,312	199,076	659,209	-	1,247,597
<b>Total</b>	<b>4,058,311</b>	<b>433,628</b>	<b>(2,694,787)</b>	<b>-</b>	<b>1,797,152</b>

Land and Buildings	Note	Land	Buildings - specialised	Work in progress	Total land and buildings
At fair value 1 July 2016		10,041,918	80,205,098	3,668,999	93,916,015
Acc depreciation at 1 July 2016		-	(34,453,669)	-	(34,453,669)
		10,041,918	45,751,429	3,668,999	59,462,346
<b>Movements in fair value</b>					
Acquisition of assets at fair value	2	-	1,420,958	234,552	1,655,510
Contributed assets		-	-	-	-
Revaluation increments / (decrements)		330,646	-	-	330,646
Fair value of assets disposed	3.8	(674,560)	-	-	(674,560)
Impairment losses recognised in operating result		-	-	-	-
Transfers between asset classes		344,422	1,952,160	(3,353,996)	(1,057,414)
		508	3,373,118	(3,119,444)	254,182
<b>Movements in acc depreciation</b>					
Depreciation and amortisation	4.3	-	(1,369,892)	-	(1,369,892)
Revaluation (increments) / decrements		-	-	-	-
Acc depreciation of disposals		-	246,508	-	246,508
Impairment losses recognised in operating result		-	-	-	-
		-	(1,123,384)	-	(1,123,384)
At fair value 30 June 2017		10,042,426	83,578,216	549,555	94,170,197
Accumulated depreciation at 30 June 2017		-	(35,577,053)	-	(35,577,053)
<b>Total</b>		<b>10,042,426</b>	<b>48,001,163</b>	<b>549,555</b>	<b>58,593,144</b>

## NOTE 11 PROPERTY, INFRASTRUCTURE PLANT AND EQUIPMENT (CONTINUED)

Plant and equipment	Note	Plant machinery and equipment	Fixtures fittings and furniture	Total plant and equipment
At fair value 1 July 2016		12,635,943	1,113,178	13,749,120
Acc depreciation at 1 July 2016		(5,901,275)	(862,407)	(6,763,682)
		6,734,668	250,771	6,985,438
<b>Movements in fair value</b>				
Acquisition of assets at fair value	2	328,992	142,651	471,643
Contributed assets		-	-	-
Revaluation increments / (decrements)		-	-	-
Fair value of assets disposed	3.8	(376,768)	(31,723)	(408,491)
Impairment losses recognised in operating result		-	-	-
Transfers between asset classes		-	-	-
		(47,776)	110,928	63,152
<b>Movements in acc depreciation</b>				
Depreciation and amortisation	4.3	(881,073)	(80,024)	(961,097)
Acc depreciation of disposals		239,746	30,607	270,353
Impairment losses recognised in operating result		-	-	-
		(641,327)	(49,417)	(690,744)
At fair value 30 June 2017		12,588,167	1,224,106	13,812,272
Accumulated depreciation at 30 June 2017		(6,542,602)	(911,824)	(7,454,426)
<b>Total</b>		<b>6,045,565</b>	<b>312,282</b>	<b>6,357,846</b>

## NOTE 11 PROPERTY, INFRASTRUCTURE PLANT AND EQUIPMENT (CONTINUED)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Kerb and channel	Drainage
At fair value 1 July 2016		304,716,605	33,168,165	6,025,109	5,060,920	14,433,372
Acc depreciation at 1 July 2016		(100,107,764)	(17,034,173)	(1,777,559)	(2,023,316)	(7,255,966)
		204,608,841	16,133,992	4,247,550	3,037,604	7,177,406
<b>Movements in fair value</b>						
Acquisition of assets at fair value	2	4,584,294	301,950	343,551	-	224,043
Revaluation increments / (decrements)		8,329,528	(522,861)	(307,555)	78,078	(92,377)
Fair value of assets disposed	3.8	-	-	-	-	-
Impairment losses recognised in operating result		-	-	-	-	-
Transfers between asset classes		327,809	-	2,337	-	-
		13,241,631	220,911	38,333	78,078	131,666
<b>Movements in acc depreciation</b>						
Depreciation and amortisation	4.3	(5,575,427)	(332,859)	(129,100)	(85,753)	(182,931)
Revaluation (increments)/decrements		337,656	482,393	(80,658)	87,189	231,258
Acc depreciation of disposals		-	-	-	-	-
Impairment losses recognised in operating result		-	-	-	-	-
		(5,237,771)	149,534	(209,758)	1,436	48,327
At fair value 30 June 2017		317,958,236	32,947,254	6,063,442	5,138,998	14,565,038
Accumulated depreciation at 30 June 2017		(105,345,535)	(16,884,639)	(1,987,317)	(2,021,880)	(7,207,639)
		<b>212,612,701</b>	<b>16,062,615</b>	<b>4,076,125</b>	<b>3,117,118</b>	<b>7,357,399</b>

Infrastructure (continued)	Note	Quarries	Street Furniture	Landfills	Work In Progress	Total Infrastructure
At fair value 1 July 2016		58,507	646,845	1,994,306	389,312	366,493,141
Acc depreciation at 1 July 2016		(20,872)	(158,056)	(1,536,481)	-	(129,914,187)
		37,635	488,789	457,825	389,312	236,578,954
<b>Movements in fair value</b>						
Acquisition of assets at fair value	2	-	3,530	-	199,076	5,656,444
Revaluation increments / (decrements)		-	13,129	-	-	7,497,942
Fair value of assets disposed	3.8	-	-	-	-	-
Impairment losses recognised in operating result		-	-	-	-	-
Transfers between asset classes		-	68,060	-	659,209	1,057,415
		-	84,719	-	858,285	14,211,801
<b>Movements in acc depreciation</b>						
Depreciation and amortisation	4.3	(2,084)	(24,691)	(25,657)	-	(6,358,502)
Revaluation (increments)/decrements		-	20,354	-	-	1,078,192
Acc depreciation of disposals		-	-	-	-	-
Impairment losses recognised in operating result		-	-	-	-	-
		(2,084)	(4,337)	(25,657)	-	(5,280,310)
At fair value 30 June 2017		58,507	731,564	1,994,306	1,247,597	380,704,942
Accumulated depreciation at 30 June 2017		(22,956)	(162,393)	(1,562,138)	-	(135,194,497)
		<b>35,551</b>	<b>569,171</b>	<b>432,168</b>	<b>1,247,597</b>	<b>245,510,445</b>

## NOTE 11 PROPERTY, INFRASTRUCTURE PLANT AND EQUIPMENT (CONTINUED)

### Valuation of land and buildings

The valuation of land and buildings was undertaken by LG Valuation Services a qualified independent valuation firm. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and / or unserved) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. A full revaluation of these will be conducted in 2017/18.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Land	-	2,053,018	7,989,408	30/6/2016
Specialised land	-	-	-	30/6/2016
Buildings	-	-	-	30/6/2016
Specialised buildings	-	3,639,586	75,974,582	30/6/2016
<b>TOTAL</b>	-	<b>5,692,604</b>	<b>83,963,990</b>	

### Valuation of infrastructure

A valuation of Council's infrastructure assets was performed by Indivar Dhakal, Asset Engineer of the Loddon Shire Council, as at 30 June 2017.

There were no changes in valuation techniques throughout the period to 30 June 2017.

For all assets measured at fair value, the current use is considered the highest and best use.

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on current unit rates and sample analysis of condition ratings. Full revaluation of all assets are coordinated on a cyclic timeframe.

## NOTE 11 PROPERTY, INFRASTRUCTURE PLANT AND EQUIPMENT (CONTINUED)

### Valuation of infrastructure (continued)

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Unsealed roads formation	-	-	12,709,233	30/6/2017
Unsealed roads pavement	-	-	53,489,717	30/6/2017
Road seal	-	-	15,446,852	30/6/2017
Sealed roads pavement	-	-	214,277,776	30/6/2017
Sealed road formation	-	-	8,642,180	30/6/2017
Footpaths	-	-	6,063,442	30/6/2017
Culverts	-	-	13,392,477	30/6/2017
Bridges	-	-	32,947,254	30/6/2017
Kerb and channel	-	-	5,138,998	30/6/2017
Urban drains	-	-	14,565,038	30/6/2017
Street furniture	-	-	731,564	30/6/2017
Landfills	-	-	1,994,306	30/6/2017
Quarries	-	-	58,507	30/6/2017
<b>TOTAL</b>	-	-	<b>379,457,344</b>	

### Description of significant unobservable inputs into level 3 valuations

*Specialised land and land under roads* is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$120 per square metre.

*Specialised buildings* are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from \$1 to \$420 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 33 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

*Infrastructure assets* are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

### Reconciliation of specialised land

	2017	2016
	\$	\$
Land under roads	-	-
Parks and reserves	-	-
	-	-

**NOTE 12 TRADE AND OTHER PAYABLES**

	2017 \$	2016 \$
<b>Current</b>		
Trade creditors	325,882	61,963
Accrued wages & salaries	143,565	134,243
Accrued expenses	172,917	494,717
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>642,364</b>	<b>690,923</b>

**NOTE 13 TRUST FUNDS AND DEPOSITS**

	2017 \$	2016 \$
<b>Current</b>		
Contract retentions	109,142	26,907
Fire services property levy	55,486	48,232
Building sureties	43,340	39,990
Unclaimed monies	157	157
Other refundable deposits:		
St Andrews church repair fund	1,476	1,476
Wedderburn pre school investment	194,837	160,332
<b>TOTAL CURRENT TRUST FUNDS AND DEPOSITS</b>	<b>404,438</b>	<b>277,094</b>

The nature and purpose of trust funds and deposits held at the reporting date are:

**Contract retentions**

Council collects contract retentions under normal commercial practice. These amounts are refundable to the contractor after the satisfactory completion of a warranty period.

**Fire Services Property Levy**

Council holds these funds on behalf of the State Revenue Office and remits the current holdings quarterly.

**Building sureties**

Under the provisions of the Building Act 1993, Council may issue a Building Permit subject to a condition that the applicant must deposit with the Council a bond, for an amount determined in accordance with the regulations, to secure the complete and satisfactory carrying out of the work authorised by the Building Permit.

**St Andrews church repair fund**

These funds were held by a Section 86 committee which was disbanded in 2012. The funds were returned to Council to use for repairs to the building.

**Wedderburn pre-school investment**

Council is holding funds on behalf of the Wedderburn Pre-school. These funds are invested by Council according to the instructions of the pre-school.

**NOTE 14 PROVISIONS****2017**

	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	732,554	1,731,723	112,295	1,825,773	49,088	4,451,433
Additional provisions	741,021	237,264	559,274	-	5,507	1,543,066
Amounts used	(687,503)	(199,504)	(562,285)	(593,424)	-	(2,042,716)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	(60,167)	-	-	-	(60,167)
Balance at the end of the financial year	<b>786,072</b>	<b>1,709,316</b>	<b>109,284</b>	<b>1,232,349</b>	<b>54,595</b>	<b>3,891,616</b>

**2016**

	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	828,116	1,843,377	106,218	1,790,496	54,360	4,622,567
Additional provisions	656,573	53,369	518,574	35,277	-	1,263,793
Amounts used	(752,135)	(153,923)	(512,497)	-	-	(1,418,555)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	(11,100)	-	-	(5,272)	(16,372)
Balance at the end of the financial year	<b>732,554</b>	<b>1,731,723</b>	<b>112,295</b>	<b>1,825,773</b>	<b>49,088</b>	<b>4,451,433</b>

**NOTE 14 PROVISIONS (CONTINUED)**

**(a) Employee benefits**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Annual leave	786,072	732,554
Long service leave	1,297,314	1,282,363
RDOs	109,284	112,295
<b>Total current</b>	<b>2,192,670</b>	<b>2,127,212</b>
<b>Non-current</b>		
Long service leave	412,002	449,360
<b>Total non-current</b>	<b>412,002</b>	<b>449,360</b>
Aggregate carrying amount of employee benefits		
Current	2,192,670	2,127,212
Non-current	412,002	449,360
<b>Total employee benefits</b>	<b>2,604,672</b>	<b>2,576,572</b>
The following assumptions were adopted in measuring the present value of long service leave:		
Weighted average increase in employee costs	5.69%	7.02%
Weighted average discount rates	2.99%	3.33%
Weighted average settlement period	21 months	21 months

In accordance with the accounting standards, employee benefits that are presently entitled are included as current liabilities, however, the expectation of expenditure for these provisions is:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Within 12 months:</b>		
Annual leave	628,858	595,058
Long service leave	170,932	170,000
RDOs	109,284	112,295
<b>Total within 12 months</b>	<b>909,074</b>	<b>877,353</b>
<b>After 12 months:</b>		
Annual leave	157,214	137,496
Long service leave	1,538,384	1,561,723
Total after 12 months	<b>1,695,598</b>	<b>1,699,219</b>
<b>Total employee benefits</b>	<b>2,604,672</b>	<b>2,576,572</b>

**NOTE 14 PROVISIONS (CONTINUED)**

**(b) Tip rehabilitation**

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the eight landfill sites across the Shire will have all ceased operation by 2035 and restoration work is expected to commence shortly thereafter. The forecast life of the sites are based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected costs of works to be undertaken. The expected cost of works have been estimated based on the current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of a provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council does not expect to receive reimbursement from a third party.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Non-current	1,232,349	1,825,773
<b>Total</b>	<b>1,232,349</b>	<b>1,825,773</b>

The following assumptions were adopted in measuring the present value of tip rehabilitation:		
Weighted average increase in costs	2.32%	1.73%
Weighted average discount rates	1.93%	1.93%
Weighted average settlement period	19 years	15 years

**(c) Gravel pit rehabilitation**

Council is obligated to restore gravel pit sites to a particular standard. Current engineering projections indicate that the Neivandt's quarry site will have ceased operation by 2040 and restoration work is expected to commence shortly thereafter. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for gravel pit restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council does not expect to receive reimbursement from a third party.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Non-current	54,595	49,088
<b>Total</b>	<b>54,595</b>	<b>49,088</b>

The following assumptions were adopted in measuring the present value of gravel pit rehabilitation:		
Weighted average increase in costs	2.32%	1.73%
Weighted average discount rates	1.93%	1.93%
Weighted average settlement period	18 years	19 years

**NOTE 15 INTEREST BEARING LOANS AND BORROWINGS**

	2017 \$	2016 \$
<b>Current</b>		
Borrowings - secured	-	-
<b>Total current</b>	-	-
<b>Non-current</b>		
Borrowings - secured	-	-
Total non-current	-	-
<b>Total interest bearing loans and borrowings</b>	-	-
The maturity profile for Council's borrowings is:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total interest bearing loans and borrowings</b>	-	-

## NOTE 16 RESERVES

## (a) Asset revaluation reserve

2017

	Balance at beginning of reporting period \$	Revaluation increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
<b>Property</b>				
Land	8,034,742	(97,405)	(97,405)	7,937,337
Buildings	31,971,201	-	-	31,971,201
	40,005,943	(97,405)	(97,405)	39,908,538
<b>Infrastructure assets</b>				
Sealed roads	115,781,124	5,179,646	5,179,646	120,960,770
Unsealed roads	42,436,348	3,487,539	3,487,539	45,923,887
Footpaths	2,010,522	(388,213)	(388,213)	1,622,309
Street furniture	85,637	33,483	33,483	119,120
Kerbs	220,378	165,267	165,267	385,645
Bridges	7,040,571	(40,468)	(40,468)	7,000,103
Drains	377,888	138,881	138,881	516,769
Other infrastructure	167,952,468	8,576,135	8,576,135	176,528,603
<b>Total tangible assets</b>	207,958,411	8,478,730	8,478,730	216,437,141
<b>Intangible assets</b>				
Water rights	717,316	14,068	14,068	731,384
<b>Total</b>	<b>208,675,727</b>	<b>8,492,798</b>	<b>8,492,798</b>	<b>217,168,524</b>

2016

	Balance at beginning of reporting period \$	Revaluation increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
<b>Property</b>				
Land	6,910,050	1,124,692	1,124,692	8,034,742
Buildings	25,752,083	6,219,118	6,219,118	31,971,201
	32,662,133	7,343,810	7,343,810	40,005,943
<b>Infrastructure assets</b>				
Sealed roads	112,844,856	2,936,268	2,936,268	115,781,124
Unsealed roads	38,821,855	3,614,493	3,614,493	42,436,348
Footpaths	1,959,459	51,063	51,063	2,010,522
Street furniture	56,231	29,406	29,406	85,637
Kerbs	227,793	(7,415)	(7,415)	220,378
Bridges	6,716,203	324,368	324,368	7,040,571
Drains	166,724	211,164	211,164	377,888
Other infrastructure	160,793,121	7,159,347	7,159,347	167,952,468
<b>Total tangible assets</b>	193,455,254	14,503,157	14,503,157	207,958,411
<b>Intangible assets</b>				
Water rights	652,399	64,917	64,917	717,316
<b>Total</b>	<b>194,107,653</b>	<b>14,568,074</b>	<b>14,568,074</b>	<b>208,675,726</b>

**NOTE 16 RESERVES (CONTINUED)****(b) General reserves**

2017

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Land and buildings reserve	303,400	-	(23,046)	280,354
Capital expenditure reserve	3,037,963	3,141,720	(3,037,963)	3,141,720
Caravan park development reserve	85,982	199,239	(20,254)	264,967
Community planning reserve	476,514	901,067	(476,514)	901,067
Economic development reserve	163,180	2,203	(45,348)	120,035
Fleet replacement reserve	427,424	304,740	(55,319)	676,845
Gravel and sand pit (GSP) restoration reserve	719,738	69,029	(15,064)	773,703
Heritage loan scheme reserve	72,610	27,390	-	100,000
Information technology reserve	977,623	485,000	(236,154)	1,226,469
Little Lake Boort water reserve	17,815	2,488	-	20,303
Landfill rehabilitation reserve	263,527	33,620	(14,000)	283,147
Major projects reserve	95,752	55,000	(50,956)	99,796
Plant replacement reserve	1,075,344	850,000	(155,484)	1,769,860
Professional development reserve	19,919	4,000	(26,037)	(2,118)
Rates reserve	229,206	-	(229,206)	-
Recreation facilities improvement reserve	100,000	-	-	100,000
Skidders Flat water reserve	12,908	-	-	12,908
Swimming pool major projects reserve	-	50,000	-	50,000
Unfunded superannuation liability reserve	1,000,000	-	-	1,000,000
Units reserve	64,994	12,135	-	77,129
Unightly premises enforcement provision reserve	-	100,000	-	100,000
Unspent contributions reserve	-	987	-	987
Unspent grants reserve	5,225,729	7,683,212	(5,225,729)	7,683,212
Urban drainage reserve	528,588	254,650	(78,687)	704,551
Valuations reserve	122,967	95,456	(27,528)	190,895
War memorial reserve	3,000	-	-	3,000
<b>Total</b>	<b>15,024,183</b>	<b>14,271,936</b>	<b>(9,717,289)</b>	<b>19,578,830</b>

**NOTE 16 RESERVES (CONTINUED)****(b) General reserves (continued)**

2016

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Land and buildings reserve	213,400	90,000	-	303,400
Capital expenditure reserve	1,881,189	3,037,963	(1,881,189)	3,037,963
Caravan park development reserve	10,204	239,978	(164,200)	85,982
Community planning reserve	328,302	476,514	(328,302)	476,514
Economic development reserve	436,744	60,000	(333,564)	163,180
Fleet replacement reserve	285,229	291,000	(148,805)	427,424
Gravel and sand pit (GSP) restoration reserve	615,549	105,596	(1,407)	719,738
Heritage loan scheme reserve	72,610	-	-	72,610
Information technology reserve	485,697	750,000	(258,074)	977,623
Little Lake Boort water reserve	19,494	10,420	(12,099)	17,815
Landfill rehabilitation reserve	230,337	33,190	-	263,527
Major projects reserve	600,152	80,000	(584,400)	95,752
Plant replacement reserve	1,956,969	824,000	(1,705,625)	1,075,344
Professional development reserve	51,946	10,000	(42,027)	19,919
Rates reserve	351,469	8,791	(131,054)	229,206
Recreation facilities improvement reserve	100,000	-	-	100,000
Skidders Flat water reserve	18,503	-	(5,595)	12,908
Swimming pool major projects reserve	-	-	-	-
Unfunded superannuation liability reserve	1,000,000	-	-	1,000,000
Units reserve	50,560	14,434	-	64,994
Unightly premises enforcement provision reserve	-	-	-	-
Unspent contributions reserve	-	-	-	-
Unspent grants reserve	7,197,967	5,225,729	(7,197,967)	5,225,729
Urban drainage reserve	429,527	100,000	(939)	528,588
Valuations reserve	197,134	79,872	(154,039)	122,967
War memorial reserve	3,000	-	-	3,000
<b>Total</b>	<b>16,535,982</b>	<b>11,437,487</b>	<b>(12,949,286)</b>	<b>15,024,183</b>

**NOTE 16 RESERVES (CONTINUED)****(b) General reserves (continued)****Purpose of general reserves****Land and buildings reserve**

The land and buildings reserve is used to fund the purchase and improvement of land and buildings. Proceeds received from the sale of Council owned land and buildings are transferred to the reserve.

**Capital expenditure reserve**

The capital expenditure reserve is used to set aside funds that have been budgeted for capital works projects in one financial year but will not be expended by the end of that year. Council transfers to the reserve annually the unexpended budget amounts for capital works and other projects that will be undertaken in the following financial year.

**Caravan park development reserve**

The caravan park development reserve is used to set aside surpluses made from the operations of Council's caravan parks to assist with financing major works carried out at those caravan parks. The annual surplus made on the operations of Council's caravan parks is transferred to the reserve annually, and the funds required to finance major works undertaken at Council's caravan parks are transferred from the reserve.

**Community planning reserve**

The community planning reserve is used to set aside unspent funds for community planning projects. Council transfers to the reserve annually cumulative unspent funds for each ward's community planning projects. Council transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

**Economic development reserve**

The economic development reserve is used to assist with economic development initiatives that Council wishes to financially support. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund economic development initiatives, and proceeds from the sale of industrial land and transfers from the reserve the cost of economic development initiatives during the financial year.

**Fleet replacement reserve**

The fleet replacement reserve is used to fund the replacement of office vehicles. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the fleet replacement program, and transfers from the reserve the net cost of fleet purchases for the year.

**Gravel and sand pit (GSP) restoration reserve**

The gravel and sand pit (GSP) restoration reserve is used to fund the restoration of gravel and sand pits used by Council for the extraction of road building materials. Council transfers from the reserve the annual cost of quarry rehabilitation, and transfers to the reserve profit made from gravel pits.

**Heritage loan scheme reserve**

The heritage loan scheme reserve is used to provide loans to owners of properties located in significant heritage precincts, heritage registered buildings or structures of local heritage significance, to enable repair and maintenance of those buildings with the aims of quality appearance and public safety.

**Information technology reserve**

The information technology reserve is used to assist with the purchase of information technology assets. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund information technology assets, and transfers from the reserve the net cost of information technology assets.

**NOTE 16 RESERVES (CONTINUED)****(b) General reserves (continued)****Purpose of general reserves (continued)****Little Lake Boort water**

The Little Lake Boort water reserve is used to secure the proceeds from sale of temporary water rights relating to Little Lake Boort. Council transfers to the reserve the proceeds from the sale of temporary water rights and unexpended amounts from annual expenditure budget and transfers from the reserve the amounts required to purchase water rights or for any other expenditures relating to Little Lake Boort.

**Landfill rehabilitation reserve**

The landfill rehabilitation reserve has been established to assist with the cost of rehabilitating Council's landfills. Council transfers to the reserve annually \$10 per kerbside collection levy (or a pro-rated amount for a pro-rated collection). Council transfers from the reserve the cost of landfill rehabilitation.

**Major projects reserve**

The major projects reserve is used to assist with the funding of major projects identified by Council. An annual allocation determined during the budget process as sufficient to fund major projects is transferred to the reserve. When a major project is identified and approved, an amount will be transferred from the reserve to assist with funding the project.

**Plant replacement reserve**

The plant replacement reserve is used to fund plant purchases. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the plant replacement program. Council transfers from the reserve the net cost of plant purchases for the year.

**Professional development reserve**

The professional development reserve is used to fund the professional development undertaken by executive officers of Council. An annual allocation is provided to each executive officer in accordance with their contract of employment, while the cost of the professional development undertaken during the year is transferred from the reserve.

**Rates reserve**

The rates reserve has been established to offset the effect of unbundling of water rights from Council valuations from 1 July 2007, and the subsequent effect that this will have on Council's ability to raise rates on the affected properties in the 2008/09 and future rating periods. Movements are in accordance with Council's Rating Strategy.

**Recreation facilities improvement reserve**

The recreation facilities improvement reserve is an allocation of funds used to provide interest free loans to community groups for improvements at Council reserves.

**Skidders Flat water reserve**

The Skidders Flat water reserve is used to fund major repairs and capital works at the Skidders Flat Water Supply. The surplus on operations of the water supply is transferred to the reserve annually and the cost of major repairs and capital works is transferred from the reserve.

**Swimming pool major projects reserve**

The Swimming Pool Major Projects Reserve is used to fund unplanned major repairs and capital works at the various swimming pool sites across the Shire. Council transfers to the reserve annually an amount determined during the budget process, to a maximum reserve level of \$200K. Council transfers from the reserve the net cost of unplanned major repairs and capital works.

**NOTE 16 RESERVES (CONTINUED)****(b) General reserves (continued)****Purpose of general reserves (continued)****Unfunded superannuation liability reserve**

The unfunded superannuation liability reserve is used to assist with funding any call that may be made on Council as a result of shortfall in the Local Authorities' Superannuation Defined Benefits Plan. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund potential future calls by the superannuation authority in relation to an unfunded superannuation liability. Council transfers from the reserve any funds required to finance a call made upon Council by the superannuation authority.

**Units reserve**

The units reserve is used to fund the purchase or improvement of Council owned elderly persons' units. The net surplus generated from rental income is transferred to the reserve annually. Funds are transferred out of the reserve to cover the cost of capital works undertaken at elderly persons' units.

**Unightly premises enforcement provision reserve**

The Unightly Premises Enforcement Provision Reserve is used to provide funds to assist with the enforcement and

**Unspent contributions reserve**

The unspent contributions reserve is used to set aside contributions received for a specific purpose in one financial year that will not be expended until a later financial year. Council transfers to the reserve contributions received during the financial year that have not been expended, and transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

**Unspent grants reserve**

The unspent grants reserve is used to set aside grants received in one financial year that will not be expended until a later financial year. Council transfers to the reserve grants received during the financial year that have not been expended, and transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

**Urban drainage reserve**

The urban drainage reserve is used to fund urban drainage works in the towns within the Shire. Council transfers to the reserve annually an amount determined during the budget process sufficient to fund the urban drainage program, and transfers from the reserve the annual cost of urban drainage work.

**Valuations reserve**

The valuations reserve is used to fund the cost of Council's bi-annual valuations for rating purposes. Council transfers to the reserve the net surplus of valuations in the years that Council is paid for the provision of its data to state government authorities, and amounts determined during the budget process sufficient to fund the bi-annual revaluation process. Council transfers from the reserve the net cost of the revaluation process.

**War memorial restoration reserve**

The war memorial restoration reserve is used to fund the cost of maintaining and renewing war memorials across the Shire. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the war memorial program, and transfers the cost of works to war memorials from the reserve.

**NOTE 17 COMMITMENTS FOR EXPENDITURE**

At the reporting date Council had entered into contracts with external parties for the following operating and capital expenditure:

**2017**

	Not later than 1 year \$	Later than 1 year and not later than 2 \$	Later than 2 years and not later than 5 \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Environment services	745,588	745,588	1,366,911	-	2,858,087
Insurance services	468,980	-	-	-	468,980
Caravan park operations	139,710	40,000	-	-	179,710
Library corporation	201,226	201,226	201,226	-	603,678
Valuation services	159,656	-	-	-	159,656
Swimming pool services	174,826	174,826	-	-	349,652
HACC recall of funds	109,000	-	-	-	109,000
Cleaning services	159,446	159,446	159,446	-	478,338
Internal audit	27,950	27,950	-	-	55,900
<b>Operating commitments for expenditure</b>	<b>2,186,382</b>	<b>1,349,036</b>	<b>1,727,583</b>	<b>-</b>	<b>5,263,001</b>
<b>Capital</b>					
Wedderburn depot	180,536	-	-	-	180,536
Soldiers Memorial Park sculpture	102,745	-	-	-	102,745
Wedderburn streetscape	1,718,441	-	-	-	1,718,441
Serpentine pavilion	52,578	-	-	-	52,578
Inglewood War Memorial works	13,000	-	-	-	13,000
<b>Capital commitments for expenditure</b>	<b>2,067,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067,300</b>
<b>Total commitments for expenditure</b>	<b>4,253,682</b>	<b>1,349,036</b>	<b>1,727,583</b>	<b>-</b>	<b>7,330,301</b>

**2016**

	Not later than 1 year \$	Later than 1 year and not later than 2 \$	Later than 2 years and not later than 5 \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Environment services	610,101	622,300	1,942,800	-	3,175,201
Insurance services	333,269	-	-	-	333,269
Caravan park operations	10,900	-	-	-	10,900
Library corporation	193,801	193,801	387,602	-	775,204
Cleaning services	11,862	-	-	-	11,862
Internal audit	29,250	27,950	27,950	-	85,150
<b>Operating commitments for expenditure</b>	<b>1,189,183</b>	<b>844,051</b>	<b>2,358,352</b>	<b>-</b>	<b>4,391,586</b>
<b>Capital</b>					
Inglewood Town Hall	400,000	-	-	-	400,000
Nolens Park playground	57,980	-	-	-	57,980
Wedderburn streetscape	1,846,263	-	-	-	1,846,263
Serpentine pavilion	1,116,726	-	-	-	1,116,726
Albert Street Pyramid Hill	198,490	-	-	-	198,490
Ridge and Yelka Street Wedderburn	29,678	-	-	-	29,678
Bridgewater boat ramp	202,115	-	-	-	202,115
Pyramid Hill Hall restumping	25,665	-	-	-	25,665
<b>Capital commitments for expenditure</b>	<b>3,876,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,876,917</b>
<b>Total commitments for expenditure</b>	<b>5,066,100</b>	<b>844,051</b>	<b>2,358,352</b>	<b>-</b>	<b>8,268,503</b>

## NOTE 18 SUPERANNUATION

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

### Accumulation

The Fund's accumulation categories, Vision MySuper / Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% required under Superannuation Guarantee Legislation).

### Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers, as the defined benefit obligation is a floating obligation between the participating employers, and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Loddon Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore the Actuary is unable to allocate benefit liabilities, assets and costs between employees for the purposes of AASB 119.

### Funding arrangements

Council makes employer contributions to the defined benefit category of the fund at rates determined by the Trustee on the advice of the Actuary.

At 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.0% pa
Salary information	4.25% pa
Price inflation (CPI)	2.5% pa

Vision Super has reported that the VBI at 30 June 2017 was 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefits category's funding arrangements from prior years.

### Employer contributions

#### Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/16). This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

In addition, Council reimburses the Fund to cover excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

## NOTE 18 SUPERANNUATION (CONTINUED)

### Employer contributions (continued)

#### *Funding calls*

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre - 1 July 1993 and post - 30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

#### **2016 Interim actuarial investigation surplus amounts**

The Fund's latest actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Loddon Shire Council is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Council was notified of the 30 June 2016 VBI during August 2016.

#### **2017 Full triennial actuarial investigation**

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

#### **Future superannuation contributions**

In addition to the disclosed contributions, Loddon Shire Council has paid no unfunded liability payments to Vision Super in 2016/17 or 2015/16. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined benefit category of Vision Super for the year ending 30 June 2018 is \$80,000.

**NOTE 18 SUPERANNUATION (CONTINUED)****Superannuation contributions**

Contributions paid by Loddon Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2017 are detailed below:

	2017 \$	2016 \$
<b>Defined Benefit Fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision)	87,757	143,636
<b>Accumulation Funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision)	459,216	425,265
<b>Superannuation Fund</b>		
AMP Flexible Lifetime Super	7,122	5,972
Australian Super	31,051	26,653
BT Lifetime Super	5,612	5,491
Cbus	21,400	19,531
Colonial First State Super	13,037	14,636
Commonwealth Super Select	6,591	-
First State Super	19,726	14,656
Health Super Fund	-	440
Hesta Super	14,109	14,764
IOOF Portfolio Super Fund	9,290	8,961
Local Government Super	30,281	10,111
Media Super	5,929	5,972
MLC Personal Super	9,497	2,450
MTAA Superannuation	6,003	6,173
Plum Superannuation Fund	6,253	10,798
Prime Super	14,019	14,272
Pursuit Select Superannuation	10,845	10,941
Quadrant Superannuation	-	7,619
REST Super	14,944	11,880
Tasplan Superannuation Fund	7,564	-
Telstra Super	5,324	5,470
UniSuper Super	11,664	5,438
VicSuper	34,870	50,236
Other minor funds	22,959	13,263
<b>Total - Other superannuation funds</b>	<b>308,090</b>	<b>265,727</b>

Council has paid unfunded liability payments to Vision Super totalling \$0 during 2016/17 (2015/16 \$0).

There were no contributions outstanding to the above schemes as at 30 June 2017.

For more information regarding superannuation, refer to Note 19, Contingent Liabilities.

## NOTE 19 CONTINGENT LIABILITIES

At the reporting date, the municipality was aware of the following contingent liabilities:

(a) Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 18. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists. At this point in time, it is not known if additional contributions will be required, their timing or potential amount.

## NOTE 20 RELATED PARTY DISCLOSURES

### (a) Related parties

Loddon Shire Council is the parent entity. There are no further interests in subsidiaries and associates.

### (b) Key management personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year were:

#### Councillors:

Cr Neil Beattie (Mayor from July 2016 to June 2017)  
 Cr Geoff Curnow (Councillor from July 2016 to June 2017)  
 Cr Gavan Holt (Councillor from July 2016 to June 2017)  
 Cr Colleen Condliffe (Councillor from July 2016 to June 2017)  
 Cr Cheryl McKinnon (Councillor from July 2016 to June 2017)

#### Chief Executive Officer (CEO):

Mrd Marg Allan (From July 2016 to July 2016)  
 Mr Phil Pinyon (From July 2016 to June 2017)

### (b) Remuneration of key management personnel

Total remuneration of key management personnel was as follows:

	2017	2016
	\$	\$
Short-term benefits	455,293	400,593
Long-term benefits	-	-
Termination benefits	-	-
Total	455,293	400,593

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

Income range	2017	2016
	number	number
\$10,000 - \$19,999	1	0
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	0	1
\$60,000 - \$69,999	0	1
\$80,000 - \$89,999	1	0
\$180,000 - \$189,999	0	1
\$230,000 - \$239,999	1	0
	7	7

**NOTE 20 RELATED PARTY TRANSACTIONS (CONTINUED)****(b) Remuneration of key management personnel (continued)**

No officers acted in the role of Chief Executive Officer in 2016/17 (Two people in 2015/16):

All Councillors are ratepayers in the Loddon Shire Council and have completed appropriate Declaration of Interest Forms.

**(c) Transactions with related parties**

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with responsible persons or related parties of such responsible persons during the reporting year (Nil in 2015/16).

**(d) Outstanding balanced with related parties**

There are no outstanding balances outstanding at the end of the reporting period in relation to transactions with related parties (Nil in 2015/16).

**(e) Loans to/from related parties**

No loans have been made, guaranteed or secured by the Council to a responsible person of the Council during the reporting year (Nil in 2015/16).

**(f) Commitments to/from related parties**

No commitments have been made, guaranteed or secured by Council to a responsible person of the Council during the reporting year (Nil in 2015/16).

**(g) Senior officers' remuneration**

A senior officer is an officer of Council, other than Key Management Personnel who has management responsibilities and reports directly to the Chief Executive Officer.

The number of senior officers other than responsible persons, are shown below in their relevant income bands:

<b>Income range</b>	<b>2016/17 number</b>	<b>2015/16 number</b>
Under \$130,000	2	0
\$130,000 - \$139,999	1	0
\$140,000 - \$149,999	0	1
\$150,000 - \$159,999	1	3
\$180,000 - \$189,999	1	0
	<u>5</u>	<u>4</u>

Total remuneration for the reporting period of senior officers included above amounted to \$593,963 in 2016/17 (\$610,725 in 2015/16).

## NOTE 21 FINANCIAL INSTRUMENTS

### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

### (b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

#### *Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes Council to fair value interest rate risk. Council repaid the balance of its loan borrowings in 2015/16, thereby reducing the risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its levels of cash and deposits that are at a floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*.

Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product and financial institutions
- monitoring of return on investment
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in our balance sheet.

To help manage this risk:

- Council may require bank guarantees or security deposits for contracts where appropriate
- Council will only invest surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Council has no such guarantees in place at 30 June 2017. Details of contingent liabilities are disclosed in Note 19.

**NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)****(c) Credit risk (continued)**

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- has historically minimised borrowings in the short to medium term
- reduced its reliance on borrowings with repayment of all borrowings occurring in 2015/16
- have readily accessible standby facilities and other funding arrangements in place
- ensures that surplus funds are invested within various bands of liquid investments
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal or agreed terms. Details of the maturity profile for borrowings are disclosed at Note 15.

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

**(e) Fair value***Fair value hierarchy*

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy. Council's financial assets and liabilities are measured at amortised cost.

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.5% and -1.5% in market interest rates (AUD) from year-end rates of 2.55%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

### NOTE 22 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS / (DEFICIT)

	2017 \$	2016 \$
Surplus / (deficit) for the period	4,361,511	(328,142)
Depreciation	8,689,491	8,335,880
(Profit) / loss on disposal of assets	30,412	102,681
Impairment of financial assets	3,879	166
Reversal of impairment of assets	(166)	(570)
Bad debts expense	34,322	22,107
Share of other comprehensive income of associates	76,086	(8,800)
<b>Change in assets and liabilities</b>		
(Increase) / decrease in receivables (net of advances)	16,859	1,119,656
(Increase) / decrease in accrued income	(887,003)	227,792
(Increase) / decrease in prepayments	150,077	(129,307)
(Increase) / decrease in other assets and liabilities	(122,503)	(7,522)
Increase / (decrease) in trust funds and deposits	127,344	(49,275)
(Increase) / decrease in inventories	11,848	42,314
Increase / (decrease) in payables	(48,559)	(133,482)
Increase / (decrease) in employee benefits	28,100	(201,139)
Increase / (decrease) in other provisions	(587,917)	30,005
(Increase) / decrease in library equity	88,180	(8,145)
<b>Net cash provided by / used by operating activities</b>	<b>11,971,961</b>	<b>9,014,219</b>

### NOTE 23 RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash and cash equivalents (see Note 5)	9,672,238	15,950,711
Less bank overdraft used	-	-
<b>Net cash and cash equivalents</b>	<b>9,672,238</b>	<b>15,950,711</b>

### NOTE 24 FINANCING ARRANGEMENTS

	2017 \$	2016 \$
Bank overdraft	500,000	500,000
Used facilities	-	-
<b>Unused facilities</b>	<b>500,000</b>	<b>500,000</b>

**NOTE 25 OPERATING LEASES**

At reporting date Council had entered into commercial property leases on various land and buildings. These properties, held under operating leases have remaining cancellable lease terms of between 1 and 20 years. Some of the leases include a consumer price index based review of the annual rental charged.

	2017 \$	2016 \$
Not later than 1 year	33,035	26,817
Later than 1 year and not later than 2 years	97,461	21,461
Later than 2 years and not later than 5 years	295,272	67,272
<b>Total leases</b>	<b>425,768</b>	<b>115,550</b>

**NOTE 26 AUDITORS' REMUNERATION**

	2017 \$	2016 \$
Audit fee to conduct external audit - VAGO	37,900	32,000
Internal audit fees	39,458	33,120
<b>Total</b>	<b>77,358</b>	<b>65,120</b>

**NOTE 27 EVENTS OCCURRING AFTER BALANCE DATE**

No matters have occurred after balance date that require disclosure in the financial report.

**CERTIFICATION OF FINANCIAL STATEMENTS**

In my opinion the accompanying financial statements have been prepared in accordance with the **Local Government Act 1989**, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.

**Signed:** ..... **Date:**     /     /  
**SHARON ROSEMARIE MORRISON BA (POLITICS), LLB (HONS), GDLP, DIP BUS, CERT IV HR,**  
**PRINCIPAL ACCOUNTING OFFICER**

In our opinion the accompanying financial statements present fairly the financial transactions of the Loddon Shire Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

**Signed:** ..... **Date:**     /     /  
**NEIL EDWARD BEATTIE, MAYOR**

**Signed:** ..... **Date:**     /     /  
**GAVAN LINDSAY HOLT, COUNCILLOR**

**Signed:** ..... **Date:**     /     /  
**PHILIP LEONARD PINYON, CHIEF EXECUTIVE OFFICER**





# LODDON SHIRE COUNCIL

## PERFORMANCE STATEMENT YEAR ENDING 30 JUNE 2017



## DESCRIPTION OF MUNICIPALITY

Loddon Shire Council is located in central Victoria, about 175 kilometres north-west of Melbourne. It is bounded by the Gannawarra Shire in the north, Shire of Campaspe and City of Greater Bendigo in the east, Mount Alexander Shire and Central Goldfields Shire in the south, and Northern Grampians Shire and Buloke Shire in the west.

Loddon Shire Council is a predominantly rural area, with many small towns and communities. The largest towns are Boort, Bridgewater on Loddon, Inglewood, Pyramid Hill, and Wedderburn.

The Shire encompasses a total land area of about 6,700 square kilometres. Land is used mainly for agriculture and horticulture, particularly grain, sheep, wool, beef cattle, dairy, pigs and poultry. In recent years, there has also been an increase in viticulture, olives, and fodder crops.

The primary source of employment in the Shire is agriculture, forestry and fishing with 37% of employed residents working in those fields, while 10% work in health care and social assistance, 7% in retail trade, and 5% in public administration and safety.

## SUSTAINABILITY CAPACITY INDICATORS

Indicator / measure	Results		
	2015	2016	2017
<b>Indicator: Population</b> <i>Measure:</i> Expenses per head of municipal population <i>Computation:</i> Total expenses / Municipal population	\$3,597	\$3,657	\$3,884
<b>Material variations:</b> No material variations.			
<b>Indicator: Population</b> <i>Measure:</i> Infrastructure per head of municipal population <i>Computation:</i> Value of infrastructure / Municipal population	\$37,810	\$40,202	\$41,204
<b>Material variations:</b> No material variations.			
<b>Indicator: Population</b> <i>Measure:</i> Population density per length of road <i>Computation:</i> Municipal population / Kilometres of local roads	1.56	1.54	1.54
<b>Material variations:</b> No material variations.			
<b>Indicator: Own-source revenue</b> <i>Measure:</i> Own source revenue per head of municipal population <i>Computation:</i> Own-source revenue / Municipal population	\$1,808	\$1,815	\$1,861
<b>Material variations:</b> No material variations.			
<b>Indicator: Recurrent grants</b> <i>Measure:</i> Recurrent grants per head of municipal population <i>Computation:</i> Recurrent grants / Municipal population	\$2,209	\$1,462	\$2,259
<b>Material variations:</b> Recurrent grants have increased by \$5.8M. This is mainly due to the 50% upfront payment of the 2017/18 allocation of funding from the Victoria Grants Commission of \$4.1M.			
<b>Indicator: Disadvantage</b> <i>Measure:</i> Relative socio-economic disadvantage <i>Computation:</i> Index of relative socio-economic disadvantage by decile	1	1	1
<b>Material variations:</b> No material variations.			

**Definitions:**

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website.

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

## SERVICE PERFORMANCE INDICATORS

Service / indicator / measure	Results		
	2015	2016	2017
<b>Aquatic facilities</b> <b>Indicator: Utilisation</b> <i>Measure:</i> Utilisation of aquatic facilities <i>Computation:</i> Number of visits to aquatic facilities / Municipal population	3	4	3
<b>Material variations:</b> Visitation numbers have decreased by 1,200 in 2017.			
<b>Animal management</b> <b>Indicator: Health and safety</b> <i>Measure:</i> Animal management prosecutions <i>Computation:</i> Number of successful animal management prosecutions	7	1	0
<b>Material variations:</b> Council has had no animal prosecutions in 2017.			
<b>Food Safety</b> <b>Indicator: Health and safety</b> <i>Measure:</i> Critical and major non-compliance notifications <i>Computation:</i> Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises x100	0%	83%	100%
<b>Material variations:</b> No material variations.			
<b>Governance</b> <b>Indicator: Satisfaction</b> <i>Measure:</i> Satisfaction with Council decisions <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community	58	56	55
<b>Material variations:</b> No material variations.			
<b>Home &amp; Community Care (HACC)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in HACC service <i>Computation:</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	58%	56%	N/A
<b>Material variations:</b> Indicator no longer required.			
<b>Home &amp; Community Care (HACC)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in HACC service by CALD people <i>Computation:</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	28%	30%	N/A
<b>Material variations:</b> Indicator no longer required.			
<b>Libraries</b> <b>Indicator: Participation</b> <i>Measure:</i> Active library members <i>Computation:</i> [Number of active library members / Municipal population] x100	14%	8%	8%
<b>Material variations:</b> No material variations.			

## SERVICE PERFORMANCE INDICATORS (Continued)

Service / indicator / measure	Results		
	2015	2016	2017
<b>Maternal &amp; Child Health (MCH)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in MCH service <i>Computation:</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	66%	73%	78%
<b>Material variations:</b> No material variations.			
<b>Maternal &amp; Child Health (MCH)</b> <b>Indicator: Participation</b> <i>Measure:</i> Participation in the MCH service by Aboriginal children <i>Computation:</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	60%	25%	67%
<b>Material variations:</b> There was an increase to aboriginal children of 2 and a higher amount participating in the service in 2017.			
<b>Roads</b> <b>Indicator: Satisfaction</b> <i>Measure:</i> Satisfaction with sealed local roads <i>Computation:</i> Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	55	55	50
<b>Material variations:</b> No material variations.			
<b>Statutory planning</b> <b>Indicator: Decision making</b> <i>Measure:</i> Council planning decisions upheld at VCAT <i>Computation:</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0%	0%	100%
<b>Material variations:</b> One VCAT decision throughout 2017.			
<b>Indicator: Waste diversion</b> <i>Measure:</i> Kerbside collection waste diverted from landfill <i>Computation:</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	23%	20%	23%
<b>Material variations:</b> Weight of recyclables has increased by 10% and the weight of garbage has decreased by 2.5%.			

## SERVICE PERFORMANCE INDICATORS (Continued)

### Definitions:

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

**FINANCIAL PERFORMANCE INDICATORS**

Dimension / indicator / measure	Results			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Efficiency</b> <b>Indicator: Revenue level</b> <i>Measure:</i> Average residential rate per residential property assessment <i>Computation:</i> Residential rate revenue / Number of residential property assessments	\$698.23	\$941.22	\$992.71	\$959.77	\$971.86	\$993.02	\$1,014.66
<b>Material variations:</b> Residential rates are forecast to increase by 2.0% each year. 2015 results did not include waste charges.							
<b>Efficiency</b> <b>Indicator: Expenditure level</b> <i>Measure:</i> Expenses per property assessment <i>Computation:</i> Total expenses / Number of property assessments	\$3,409.82	\$3,441.69	\$3,656.49	\$3,709.12	\$3,673.25	\$5,064.53	\$3,922.60
<b>Material variations:</b> Property numbers remain constant with expenditure levels the main variance depending on the scope of works required for that financial year.							
<b>Efficiency</b> <b>Indicator: Workforce turnover</b> <i>Measure:</i> Resignations and terminations compared to average staff <i>Computation:</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.18	12.75	18.12	7.40	7.40	7.40	7.40
<b>Material variations:</b> A restructure to realign directorates in early 2016 and continuation into 2017 has resulted in an increase in staff turnover.							
<b>Liquidity</b> <b>Indicator: Working capital</b> <i>Measure:</i> Current assets compared to current liabilities <i>Computation:</i> [Current assets / Current liabilities] x100	587.88%	641.06%	790.25%	384.10%	290.30%	217.52%	85.73%
<b>Material variations:</b> Major variations can occur in this indicator due to the amount of cash and cash equivalents available for that projected year. The other components are fairly constant.							

## FINANCIAL PERFORMANCE INDICATORS (Continued)

Dimension / indicator / measure	Results			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Liquidity</b> <b>Indicator: Unrestricted cash</b> <i>Measure:</i> Unrestricted cash compared to current liabilities <i>Computation:</i> [Unrestricted cash / Current liabilities] x100	53.70%	281.60%	-3.85%	42.64%	-114.52%	-217.46%	-344.01%
<b>Material variations:</b> Council has a large amount of cash available on hand due to the delay in progression of some capital works projects including the Wedderburn Streetscape. Council also received a 50% upfront payment of \$4.1M for the 2017/18 VGC allocation during 2016/17.							
<b>Obligations</b> <b>Indicator: Asset renewal</b> <i>Measure:</i> Asset renewal compared to depreciation <i>Computation:</i> [Asset renewal expenses / Asset depreciation] x100	42.47%	24.12%	33.93%	38.86%	26.90%	24.68%	25.36%
<b>Material variations:</b> Variations can occur within this indicator depending on the capital works program delivered each year, depreciation increases slightly per year.							
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> <i>Measure:</i> Loans and borrowings compared to <i>Computation:</i> [Interest bearing loans and borrowings / Rate revenue] x100	1.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment of outstanding loans during early 2016.							
<b>Obligations</b> <b>Indicator: Loans and borrowings</b> <i>Measure:</i> Loans and borrowings repayments compared to rates <i>Computation:</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	1.57%	1.39%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Material variations:</b> Council made the last payment of outstanding loans during early 2016.							
<b>Obligations</b> <b>Indicator: Indebtedness</b> <i>Measure:</i> Non-current liabilities compared to own source revenue <i>Computation:</i> [Non-current liabilities / Own source revenue] x100	16.94%	17.58%	12.52%	21.50%	23.84%	25.69%	27.55%
<b>Material variations:</b> Councils non-current liabilities increases each year with own source revenue remaining fairly constant.							

## FINANCIAL PERFORMANCE INDICATORS (Continued)

Dimension / indicator / measure	Results			Forecasts			
	2015	2016	2017	2018	2019	2020	2021
<b>Operating position</b> <b>Indicator: Adjusted underlying result</b> <i>Measure:</i> Adjusted underlying surplus (or deficit) <i>Computation:</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	10.82%	-37.73%	2.18%	-36.16%	-2.08%	-36.11%	-15.65%
<b>Material variations:</b> In 2016, Council had an underlying deficit compared to a surplus in 2017. The trend forward is expected to have underlying deficit positions.							
<b>Stability</b> <b>Indicator: Rates concentration</b> <i>Measure:</i> Rates compared to adjusted underlying revenue <i>Computation:</i> [Rate revenue / Adjusted underlying revenue] x100	30.88%	50.58%	34.90%	49.38%	37.85%	50.22%	41.93%
<b>Material variations:</b> Council has continued to apply the 2.0% cap to rates and charges for the forecast years. The main variation between years for this indicator is the operating grants.							
<b>Stability</b> <b>Indicator: Rates effort</b> <i>Measure:</i> Rates compared to property values <i>Computation:</i> [Rate revenue / Capital improved value of rateable properties in the	0.57%	0.56%	0.58%	0.60%	0.60%	0.61%	0.62%
<b>Material variations:</b> No material variations.							

**Definitions:**

"adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant "means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

## OTHER INFORMATION

### **Basis of preparation**

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainability capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by Council's Strategic Resource Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the Performance Statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 27 June 2017 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

**CERTIFICATION OF PERFORMANCE STATEMENT**

In my opinion the accompanying Performance Statement has been prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

**Signed:** ..... **Date:**     /     /  
**SHARON ROSEMARIE MORRISON BA (POLITICS), LLB (HONS), GDLP, DIP BUS, CERT IV HR,**  
**PRINCIPAL ACCOUNTING OFFICER**

In our opinion, the accompanying Performance Statement of the Loddon Shire Council for the year ended 30 June 2017 presents fairly the results of Council's performance in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

The Performance Statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainability capacity.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the Performance Statement to be misleading or inaccurate.

We have been authorised by the Council and the Local Government (Planning and Reporting) Regulations 2014 to certify this Performance Statement in its final form.

**Signed:** ..... **Date:**     /     /  
**NEIL EDWARD BEATTIE, MAYOR**

**Signed:** ..... **Date:**     /     /  
**GAVAN LINDSAY HOLT, COUNCILLOR**

**Signed:** ..... **Date:**     /     /  
**PHILIP LEONARD PINYON, CHIEF EXECUTIVE OFFICER**





# LODDON SHIRE COUNCIL

## PERFORMANCE REPORT JULY 2016 TO JUNE 2017





## CONTENTS

1	INTRODUCTION .....	5
2	PERFORMANCE INDICATORS .....	5
3	ROLES AND REPORTING .....	6
4	PERFORMANCE RESULTS .....	6
5	DEFINITIONS .....	6
	APPENDIX A: RESULTS FOR THE PERIOD 1 JULY 2016 TO 30 JUNE 2017 .....	7



## 1 INTRODUCTION

This report has been developed in response to the Local Government Performance Reporting Framework (LGPRF) Governance and Management Checklist which includes requirements for Council to:

- develop a performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)
- undertake performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act).

Version 2 of Council's Performance Reporting Framework (Loddon Performance Framework or LPF) was adopted on 27 June 2017.

The development of this report and its reporting to the Audit Committee and Council on a six-monthly basis satisfies the LGPRF requirements.

## 2 PERFORMANCE INDICATORS

The framework outlines the indicators that will be reported. They include:

- Loddon performance indicators
  - Financial performance indicators
  - Non-financial performance indicators
- LGPRF indicators
  - Service performance indicators
  - Sustainability capacity indicators
  - Financial capacity indicators
  - Governance and management checklist.

The Loddon performance indicators have been developed in consultation with the Council and staff, and are designed to provide an organisational health check.

They are dynamic indicators that can be added to or deleted during annual reviews of the Loddon Performance Framework.

The LGPRF indicators are legislated through the Local Government (Planning and Reporting) Regulations 2014, and cannot be amended.

### 3 ROLES AND REPORTING

Roles and responsibilities have been documented in the framework. There are a number of officers involved in collation of performance results, which are provided to the Director Corporate Services as coordinator of the process.

The Management Executive Group will scrutinise results as presented to interrogate their accuracy and any anomalies that appear in the results, before approving them.

Once approved, this report will be provided to the Audit Committee at the February and August Audit Committee Meetings, and to the Council at the March and September Ordinary Meetings.

### 4 PERFORMANCE RESULTS

Performance results are provided in Appendix A. Where the results are outside tolerance explanations are provided against the results in Appendix A for easier reading.

### 5 DEFINITIONS

Term	Definition
LPF	Loddon Performance Framework which are indicators identified by Council as relevant indicators for the organisation, that can be amended, deleted, or added to over time
LGPRF	Local Government Performance Reporting Framework which is mandated for every Council
Strategic Resource Plan	A statement of Council's financial and non-financial resources including the current year budget and three forecast years
Minister	Current Minister responsible for administering the Local Government Act 1989

**APPENDIX A: RESULTS FOR THE PERIOD  
1 JULY 2016 TO 30 JUNE 2017**

## Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
GPRF Service Performance Measures	Calculation	Expected Range	Frequency	2016/2017 Actual	2015/2016 Actual	2014/2015 Actual	
<b>Aquatic Facilities</b>							
AF1	User satisfaction with aquatic facilities (optional)	na		This is an optional indicator which is not being reported	0.00	0.00	0
AF2	Health inspections of aquatic facilities	[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities	1 to 4 inspections	Annually	1.00	1.00	1.2
AF3	Reportable safety incidents at aquatic facilities	Number of WorkSafe reportable aquatic facility safety incidents	0 to 20 incidents	Annually	0.00	0.00	0
AF4	Cost of indoor aquatic facilities	Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities	-\$3 to \$10	Not applicable as Council does not have indoor facilities	\$0.00	\$0.00	\$0.00
AF5	Cost of outdoor aquatic facilities	Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities	\$3 to \$20	Annually	\$19.01	\$15.60	\$18.65
AF6	Utilisation of aquatic facilities	Number of visits to aquatic facilities / Municipal population	1 to 10 visits	Annually	3.35	3.52	3.03
<b>Animal Management</b>							
AM1	Time taken to action animal management requests	Number of days between receipt and first response action for all animal management requests / Number of animal management requests	1 to 10 days	December and June	2.43	2.20	0
AM2	Animals reclaimed	Number of animals reclaimed / Number of animals collected	30% to 90%	December and June	55.38%	71.43%	66.00%
AM3	Cost of animal management service	Direct cost of the animal management service / Number of registered animals	\$10 to \$70	Annually	\$62.45	\$45.60	\$61.98
AM4	Animal management prosecutions	Number of successful animal management prosecutions	0 to 50 prosecutions	December and June	0.00	1.00	7

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
Food Safety							
FS1	Time taken to action food complaints	Number of days between receipt and first response action for all food complaints / Number of food complaints	1 to 10 days	December and June	1.00	6.50	0
FS2	Food safety assessments	No. of registered class 1 and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / No. of registered class 1 and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	50% to 100%	Annually	97.98%	100.00%	109.00%
FS3	Cost of food safety service	Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984	\$300 to \$1,200	Annually	\$844.59	\$163.78	\$138.27
FS4	Critical and major non-compliance outcome notifications	Number of critical and non-compliance outcome notifications and major non-compliance notifications about a food premise followed up / Number of critical and non-compliance outcome notifications and major non-compliance notifications about food premises	60% to 100%	December and June	100.00%	83.33%	0.00%

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
Governance							
G1	Council decisions made at meetings closed to the public	Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors	0% to 30%	December and June	11.76%	12.41%	13.00%
G2	Satisfaction with community consultation and engagement	Community satisfaction rating out of 100 with how council has performed on community consultation and engagement	40 to 70	Annually	55.00	57.00	60.00
G3	Councillor attendance at council meetings	The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)	80% to 100%	December and June	96.11%	96.00%	96.00%
G4	Cost of governance	The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election) x100	\$30,000 to \$80,000	Annually	\$44,874.20	\$52,789.20	\$43,564.40
G5	Satisfaction with council decisions	Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community	40 to 70	Annually	55.00	56.00	58.00

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

						Full Year Results	
<b>Home and Community Care (HACC)</b>							
HC1	Time taken to commence the HACC service		1 to 30 days	Not applicable	n/a	5.41	0.00
HC2	Compliance with Community Care Common Standards		60% to 100%	Not applicable	n/a	77.78%	78.00%
HC3	Cost of domestic care service		\$40 to \$60	Not applicable	n/a	\$39.87	\$0.00
HC4	Cost of personal care service		\$40 to \$60	Not applicable	n/a	\$42.97	\$0.00
HC5	Cost of respite care service		\$40 to \$60	Not applicable	n/a	\$46.16	\$0.00
HC6	Participation in HACC service		10% to 50%	Not applicable	n/a	56.31%	58.00%
HC7	Participation in HACC service by CALD people		10% to 40%	Not applicable	n/a	30.36%	28.00%
<b>Libraries</b>							
LB1	Library collection usage	Number of library collection item loans / Number of library collection items	1 to 9 items	Annually	2.81	2.05	1.37
LB2	Standard of library collection	Number of library collection items purchased in the last 5 years / Number of library collection items] x100	40% to 90%	Annually	70.59%	61.54%	70.00%
LB3	Cost of library service	Direct cost of the library service / Number of visits	\$3 to \$15	Annually	\$0.00	\$24.54	\$21.34
LB4	Active library members	Number of active library members / Municipal population] x100	10% to 40%	Annually	8.49%	8.24%	14.00%

## Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
<b>Maternal and Child Health (MCH)</b>							
MC1	Participation in first MCH home visit	Number of first MCH home visits / Number of birth notifications received	90% to 110%	December and June	96.23%	108.33%	109.00%
MC2	Infant enrolments in the MCH service	Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received	90% to 110%	December and June	103.77%	100.00%	102.00%
MC3	Cost of the MCH service	Cost of the MCH service / Hours worked by MCH nurses	\$50 to \$200	Annually	\$65.94	\$71.53	\$0.00
MC4	Participation in the MCH service	Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	70% to 100%	Annually	78.22%	72.86%	66.00%
MC5	Participation in the MCH service by Aboriginal children	Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in MCH service] x100	60% to 100%	Annually	66.67%	25.00%	60.00%
<b>Roads</b>							
R1	Sealed local road requests	Number of sealed local road requests / Kilometres of sealed local roads] x100	10 to 120 requests	Annually	18.62	8.72	11.91
R2	Sealed local roads below the intervention level	Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	80% to 100%	Annually	100.00%	99.89%	99.00%
R3	Cost of sealed local road reconstruction	Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed	\$20 to \$200	Annually	\$34.55	\$47.02	\$45.33
R4	Cost of sealed local road resealing	Direct cost of sealed local road resealing / Square metres of sealed local roads resealed	\$4 to \$30	Annually	\$3.46	\$2.62	\$4.12
R5	Satisfaction with sealed local roads	Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	50 to 100	Annually	50.00	55.00	55.00

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
<b>Statutory Planning</b>							
SP1	Time taken to decide planning applications	The median number of days between receipt of a planning application and a decision on the application	30 to 110 days	December and June	25.00	44.00	60.00
SP2	Planning applications decided within 60 days	Number of planning application decisions made within 60 days / Number of planning application decisions made	40% to 100%	December and June	60.00%	54.55%	50.00%
SP3	Cost of statutory planning service	Direct cost of statutory planning service / Number of planning applications received	\$500 to \$4,000	Annually	\$522.47	\$257.23	\$456.32
SP4	Council planning decisions upheld at VCAT	Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications	30% to 100%	December and June	100.00%	0.00%	0.00%
<b>Waste Collection</b>							
WC1	Kerbside bin collection requests	Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	10 to 300 requests	Annually	43.52	39.38	57.00
WC2	Kerbside collection bins missed	Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1 to 200 bins	Annually	0.54	0.83	1.56
WC3	Cost of kerbside garbage bin collection service	[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins	\$40 to \$150	Annually	\$127.31	\$105.62	\$107.98
WC4	Cost of kerbside recyclables collection service	Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins	\$10 to \$80	Annually	\$59.76	\$61.16	\$64.92
WC5	Kerbside collection waste diverted from landfill	Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins	20% to 60%	December and June	22.95%	20.46%	23.00%

## Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
<b>Economic Development (optional)</b>							
ED1	Participation in business development activities	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
ED2	Delivery of planned business development activities	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
ED3	Cost of economic development service	na		This is an optional indicator which is not being reported	\$0.00	\$0.00	\$0.00
ED4	Percent change in number of businesses	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
<b>Immunisation (optional)</b>							
I1	User satisfaction with immunisation service	na		This is an optional indicator which is not being reported	0.00	0.00	0.00
I2	Vaccination of children by council	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
I3	Return of consent cards by secondary children	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
I4	Cost of immunisation service	na		This is an optional indicator which is not being reported	\$0.00	\$0.00	\$0.00
I5	Vaccination of children	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
I6	Vaccination of secondary school children	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%
<b>Sports Grounds (optional)</b>							
SG1	Structured activities on sports fields	na		This is an optional indicator which is not being reported	0.00	0.00	0.00
SG2	Condition of sports fields	na		This is an optional indicator which is not being reported	0.00	0.00	0.00
SG3	Cost of sports grounds	na		This is an optional indicator which is not being reported	\$0.00	\$0.00	\$0.00
SG4	Population per sports field	na		This is an optional indicator which is not being reported	0.00	0.00	0.00

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
Street Sweeping (optional)							
SS1	Street sweeping requests	na		This is an optional indicator which is not being reported	0.00	0.00	0.00
SS2	Frequency of sealed local road sweeping	na		This is an optional indicator which is not being reported	0.00	0.00	0.00
SS3	Cost of street sweeping service	na		This is an optional indicator which is not being reported	\$0.00	\$0.00	\$0.00
SS4	Routine cleaning of sealed local road pits	na		This is an optional indicator which is not being reported	0.00%	0.00%	0.00%

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
GPRF Financial Performance Measures			Expected Range	Frequency	2016/2017 Actual	2015/2016 Actual	2014/2015 Actual
<b>Efficiency</b>							
E1	Average residential rate per residential property assessment	Residential rate revenue / Number of residential property assessments	\$700 to \$2,000	December and June	\$992.71	\$941.22	\$698.24
E2	Expenses per property assessment	Total expenses / Number of property assessments	\$2,000 to \$5,000	December and June	\$3,656.49	\$3,441.69	\$3,409.38
E3	Resignations and terminations compared to average staff	[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	5% to 20%	Annually	18.12%	12.75%	8.18%
<b>Liquidity</b>							
L1	Current assets compared to current liabilities	[Current assets / Current liabilities] x100	100% to 400%	December and June	790.25%	641.06%	587.88%
L2	Unrestricted cash compared to current liabilities	[Unrestricted cash / Current liabilities] x100	10% to 300%	Annually	3.85%	212.64%	53.70%
<b>Obligations</b>							
O1	Asset renewal compared to depreciation	[Asset renewal expenses / Asset depreciation] x100	40% to 130%	Annually	33.93%	24.12%	42.47%
O2	Loans and borrowings compared to rates	[Interest bearing loans and borrowings/ Rate revenue] x100	0% to 70%	Annually	0.00%	0.00%	1.43%
O3	Loans and borrowings repayments compared to rates	[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0% to 20%	Annually	0.00%	1.41%	1.57%
O4	Non-current liabilities compared to own source revenue	[Non-current liabilities / Own source revenue] x100	2% to 70%	Annually	12.62%	17.72%	16.94%
<b>Operating position</b>							
OP1	Adjusted underlying surplus (or deficit)	[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-20% to 20%	Annually	9.86%	-10.70%	1.77%
<b>Sustainability</b>							
S1	Rates compared to adjusted underlying revenue	[Rate revenue / Adjusted underlying revenue] x100	30% to 80%	Annually	32.16%	40.65%	30.88%
S2	Rates compared to property values	[Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.15% to 0.75%	December and June	0.58%	0.56%	0.57%

Appendix 1: Performance Report for the period 1 July 2016 to 31 December 2016

					Full Year Results		
GPRF Sustainable Capacity Indicators			Expected Range	Frequency	2016/2017 Actual	2015/2016 Actual	2014/2015 Actual
C1	Expenses per head of municipal population	Total expenses / Municipal population	\$800 to \$4,000	Annually	\$3,884.17	\$3,657.10	\$3,596.86
C2	Infrastructure per head of municipal population	Value of infrastructure / Municipal population	\$3,000 to \$40,000	Annually	\$41,085.39	\$40,202.45	\$37,810.18
C3	Population density per length of road	Municipal population / Kilometres of local	1 to 300 people	Annually	1.54	1.54	1.56
C4	Own-source revenue per head of municipal population	Own-source revenue / Municipal population	\$700 to \$2,000	Annually	\$1,846.27	\$1,815.37	\$1,807.76
C5	Recurrent grants per head of municipal population	Recurrent grants / Municipal population	\$100 to \$2,000	Annually	\$2,258.61	\$1,461.59	\$2,209.04
C6	Relative Socio-Economic Disadvantage	Index of relative socio-economic disadvantage by decile	1 to 10 decile	Annually	1.00	1.00	1.00



Governance and Management Checklist				
	Governance and Management Item	Compliant as at 31 December 2016? YES or NO	Date/s if YES	Reason(s) if answer is NO Commentary or link to doc if answer is YES
GC1	Community engagement policy	YES	27/05/2014	<a href="http://www.loddon.vic.gov.au/files/acce7756-7e30-40ab-800c-a33a0104b0f4/POL-Communication-and-community-engagement-policy-v3.pdf">http://www.loddon.vic.gov.au/files/acce7756-7e30-40ab-800c-a33a0104b0f4/POL-Communication-and-community-engagement-policy-v3.pdf</a>
GC2	Community engagement guidelines	NO		The guidelines have not yet been developed. It is expected that they will be completed in 2017/18.
GC3	Strategic Resource Plan	YES	27/06/2017	<a href="http://www.loddon.vic.gov.au/files/8ac3377d-8295-416b-a336-a7a200a29e68/STR-Council-Plan-2017-to-2021-v1-Final.pdf">http://www.loddon.vic.gov.au/files/8ac3377d-8295-416b-a336-a7a200a29e68/STR-Council-Plan-2017-to-2021-v1-Final.pdf</a>
GC4	Annual budget	YES	27/06/2017	<a href="http://www.loddon.vic.gov.au/files/b5c0baac-ab5c-4ed9-a67c-a7a100efcd8/FIN-Budget-2017-18-v2.pdf">http://www.loddon.vic.gov.au/files/b5c0baac-ab5c-4ed9-a67c-a7a100efcd8/FIN-Budget-2017-18-v2.pdf</a>
GC5	Asset management plans	YES	Bridges AMP: 26/7/2010 Buildings AMP: 23/11/2009 Footpaths AMP: 24/8/2009 Parks AMP: 22/3/2010 Roads AMP: 28/03/2017 Urban Drainage AMP: not yet developed	
GC6	Rating strategy	YES	24/01/2017	<a href="http://www.loddon.vic.gov.au/files/3eccb647-b24e-4e3f-ba53-a79f00eb012c/STR-Rating-strategy-v1.pdf">http://www.loddon.vic.gov.au/files/3eccb647-b24e-4e3f-ba53-a79f00eb012c/STR-Rating-strategy-v1.pdf</a>
GC7	Risk policy	YES	26/05/2015	<a href="http://www.loddon.vic.gov.au/files/b1a855ee-cdef-4668-be4b-a4b300fb3f6c/POL-Risk-Management-Policy-v4.pdf">http://www.loddon.vic.gov.au/files/b1a855ee-cdef-4668-be4b-a4b300fb3f6c/POL-Risk-Management-Policy-v4.pdf</a>
GC8	Fraud policy	YES	15/12/2015	<a href="http://www.loddon.vic.gov.au/files/b2e6fb79-f20c-49a7-bc10-a58400df2966/POL-Anti-fraud-and-corruption-policy-v3.pdf">http://www.loddon.vic.gov.au/files/b2e6fb79-f20c-49a7-bc10-a58400df2966/POL-Anti-fraud-and-corruption-policy-v3.pdf</a>
GC9	Municipal emergency management plan	YES	25/08/2015	<a href="http://www.loddon.vic.gov.au/files/41f4b384-3bea-4586-bd27-a3c600e6280c/Municipal-Emergency-Management-Plan.pdf">http://www.loddon.vic.gov.au/files/41f4b384-3bea-4586-bd27-a3c600e6280c/Municipal-Emergency-Management-Plan.pdf</a>
GC10	Procurement policy	YES	26/07/2016	<a href="http://www.loddon.vic.gov.au/files/182fe9e2-011b-429b-9430-a66000e86aa1/POL-Procurement-Policy-v6.pdf">http://www.loddon.vic.gov.au/files/182fe9e2-011b-429b-9430-a66000e86aa1/POL-Procurement-Policy-v6.pdf</a>
GC11	Business continuity plan	YES	28/06/2016	<a href="http://www.loddon.vic.gov.au/files/84185937-d099-49a6-ab22-a63c00b0dedb/STR-Business-Continuity-Framework-v2.pdf">http://www.loddon.vic.gov.au/files/84185937-d099-49a6-ab22-a63c00b0dedb/STR-Business-Continuity-Framework-v2.pdf</a>
GC12	Disaster recovery plan	YES	15/06/2016	This is an internal document.
GC13	Risk management framework	YES	26/05/2015	<a href="http://www.loddon.vic.gov.au/files/18f95fd7-6a99-443e-84d0-a4b300dfc82/STR-Risk-Management-Framework-v1.pdf">http://www.loddon.vic.gov.au/files/18f95fd7-6a99-443e-84d0-a4b300dfc82/STR-Risk-Management-Framework-v1.pdf</a>
GC14	Audit Committee	YES	8/11/2000	The Audit Committee reviews its Charter annually following its establishment in 2000.
GC15	Internal audit	YES	28/04/2015	Internal auditor contract is due for review in June 2019.
GC16	Performance reporting framework	YES	27/06/2017	<a href="http://www.loddon.vic.gov.au/files/9deac7cd-a439-4faf-907b-a7b600f80700/STR-Performance-Reporting-Framework-V2.pdf">http://www.loddon.vic.gov.au/files/9deac7cd-a439-4faf-907b-a7b600f80700/STR-Performance-Reporting-Framework-V2.pdf</a>
GC17	Council Plan reporting	YES	11/10/2016 28/3/2017	Available in the Council Meeting minutes for the dates indicated.
GC18	Financial reporting	YES	For the period ending 30/6/2016: 26/07/2016 For the period ending 30/9/2016: 22/11/2016 For the period ending 31/12/2016: 24/01/2017 For the period ending 31 March 2017: 26/04/2017	Available in the Council Meeting minutes for the dates indicated.
GC19	Risk reporting	YES	27/06/2017	A report on all risks - strategic, operational and project - is provided to the Audit Committee and Council quarterly.  The first six monthly report was deferred due to the development of the Council Plan to enable identification of strategic risks related to the new Council Plan vision and strategic objectives.
GC20	Performance reporting	YES	18/08/2016 16/02/2017	Available in the Council Meeting minutes for the dates indicated.
GC21	Annual report	YES	11/10/2016	<a href="http://www.loddon.vic.gov.au/files/c54e1bba-76f7-472b-aa44-a68a009f00f1/STR-Annual-Report-2015-16.pdf">http://www.loddon.vic.gov.au/files/c54e1bba-76f7-472b-aa44-a68a009f00f1/STR-Annual-Report-2015-16.pdf</a>
GC22	Councillor Code of Conduct	YES	14/02/2017	<a href="http://www.loddon.vic.gov.au/files/04f33d49-9787-4847-800b-a71b00f1ca74/STR-Councillor-code-of-conduct-v4.pdf">http://www.loddon.vic.gov.au/files/04f33d49-9787-4847-800b-a71b00f1ca74/STR-Councillor-code-of-conduct-v4.pdf</a>
GC23	Delegations	YES	27/06/2017	Available in the Council Meeting minutes for the date indicated.
GC24	Meeting procedures	YES	26/04/2017	<a href="http://www.loddon.vic.gov.au/files/c4295cbc-6400-436f-8cc1-a76801192857/STR-Local-Law-No-1-Process-of-municipal-government-v1.pdf">http://www.loddon.vic.gov.au/files/c4295cbc-6400-436f-8cc1-a76801192857/STR-Local-Law-No-1-Process-of-municipal-government-v1.pdf</a>





## Internal Audit Committee 18/08/2017

### Oncosts – Budget vs Actual

#### Overview

Council budgets for current staff and any additional vacancy positions in full each financial year. These are broken down by staff name and have calculations based on:

- hours worked
- current banding rate
- future banding rate
- EB increases
- allowances
- expected overtime.

This enables management to have an accurate picture of what labour costs are expected and that they are complying with the 4% salaries and wages cap mandate set by Council.

#### Budget calculation

All staff have a ledger line allocated, along with an option to select an oncost rate type. Outdoor staff and HACC staff have oncosts, indoor staff do not.

With outdoor staff, the budget process includes a percentage split of their total labour amount (based on historical costing data) into separate ledger accounts within the staff oncost area.

For 2017/18 Budget, the below are the percentage splits and other set amounts:

Allocation	Ledger	Ledger Description
78.5%	17000	Unallocated, these costs go direct to the projects / maintenance areas
7.69%	17025	Annual Leave
4.61%	17030	Outdoor Sick Leave
3.84%	17045	Outdoor Public Holidays
2.00%	17096	Outdoor Training
2.00%	17093	Outdoor Meetings
0.50%	17095	Outdoor Other
0.86%	17955	Workshop
Calculate on % of full charge amount	17026	Outdoor Leave Loading
Calculate on allowances	17068	On Call Allowances
Calculate on historical data	17069	Outdoor Workcover Claims
Calculate on % of full charge amount	17070	Outdoor Workcover
Calculate on % of full charge amount	17080	Outdoor Superannuation
Calculate on percentage of team leader splits	17092	Outdoor Timesheets
Calculate on historical data	17094	Outdoor Protective Clothing

### Reconciliation from labour work papers to budget

The labour calculation report gives a total labour figure. This is balanced back to the labour area within the budget (within the specified tolerance range).

The oncost calculation report gives a total oncost figure. This is balanced back to the oncost area within the budget.

Other areas such as leave loading, workcover, superannuation are all balanced back to the original labour work papers.

### Reconciliation of oncosts income vs expenditure

The staff oncost activity must never cost Council, it needs to always be in a slight surplus which ensures that Council are covering oncost amounts.

It should never be in an excessive surplus as this means Council has an oncost rate that is too high.

### Overall results

At the end of June there is usually a decrease in YTD actual labour and where there are savings with staff that have an oncost; this will result in a decrease of YTD actual oncost charges against the budgeted amount.

If there is an over spend in YTD actual labour, it is not usually in the outdoor area unless new additional staff members have been appointed.



*Loddon Shire Council*  
**Progress Status Report (Active Audits -  
Summary)**

*Print Date :* 10/8/2017

Integrated Risk Manager

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## Loddon Shire Council

## Progress Status Report (Active Audits - Summary)

## Audit Record Summary

No of Active Audits	14
No Of Recommendations	261
Completed	135
Not Completed	126

Audit No	Audit Title	No Of Recommendations	Complete	Not Complete
GOV1701-00	14 Review of Asset Management Registers (with financials) 2013/14	25	20	5
GOV1702-00	16 Review of Local Laws 2014/15	20	7	13
GOV1703-00	18 Review of Contract Management 2014/15	22	5	17
GOV1704-00	09 Review of IT Network Security 2012/13	32	31	1
GOV1705-00	24 Review of Building Management Services 2015/16	13	0	13
GOV1706-00	30 Review of Salary Oncost Rate, Project Costing and Budgeting Process 2016/17	6	0	6
GOV1717-00	10 Review of Section 86 Committees 2012/13	14	5	9
GOV1718-00	22 Review of Succession Planning and Workforce Development 2014/15	6	0	6
GOV1719-00	23 Review of Disaster Recovery 2015/16	14	14	0
GOV1720-00	25 Review of Purchases and Issues from Council depot stores (including purchases made on credit cards) 2015/16	26	15	11
GOV1721-00	27 Review of Accounts Payable (including data interrogation) 2015/16	16	13	3
GOV1722-00	28 Review of Privacy Responsibilities 2016/17	57	20	37
GOV1724-00	15 Review of Project Management 2014/15	1	0	1
GOV1725-00	20 Follow-up of July 2012 Planning Review 2015/16	9	5	4





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# Audit Recommendation Summary Report

Loddon Shire Council



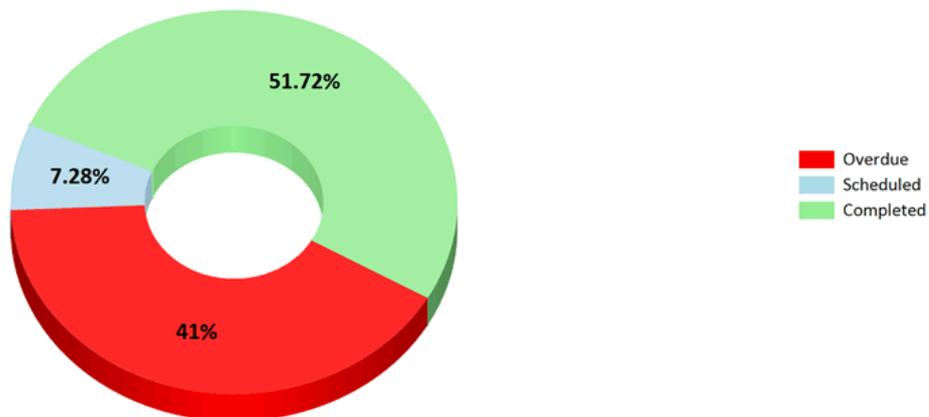
*Print Date: 10-Aug-2017*

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<b>Audit Type</b>	Governance
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<b>Finding Rating</b>	Show All
<b>Directorate</b>	Show All
<b>Department</b>	Show All
<b>Responsible Officer</b>	Show All

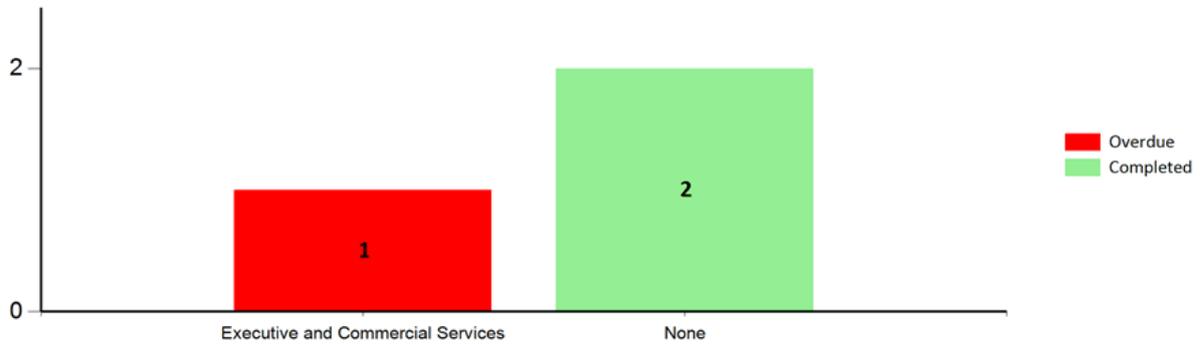
### Audit Recommendation Overview



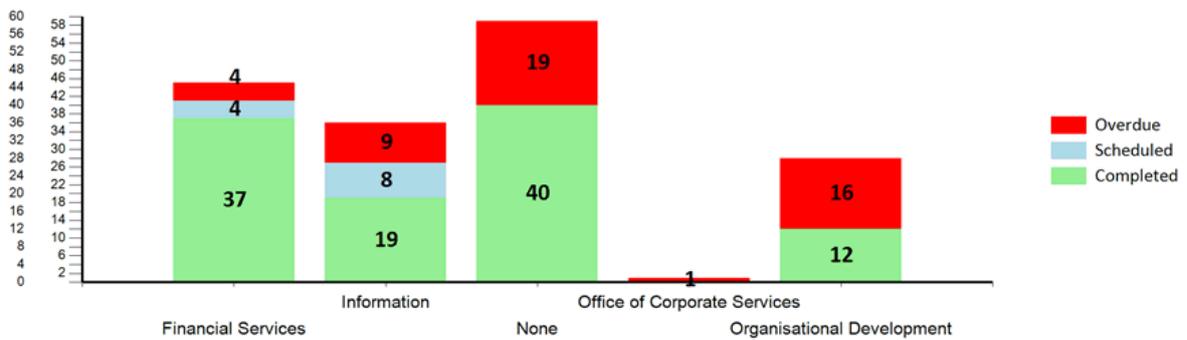
### Audit Recommendation Summary Chart

#### Audit Recommendation by Department

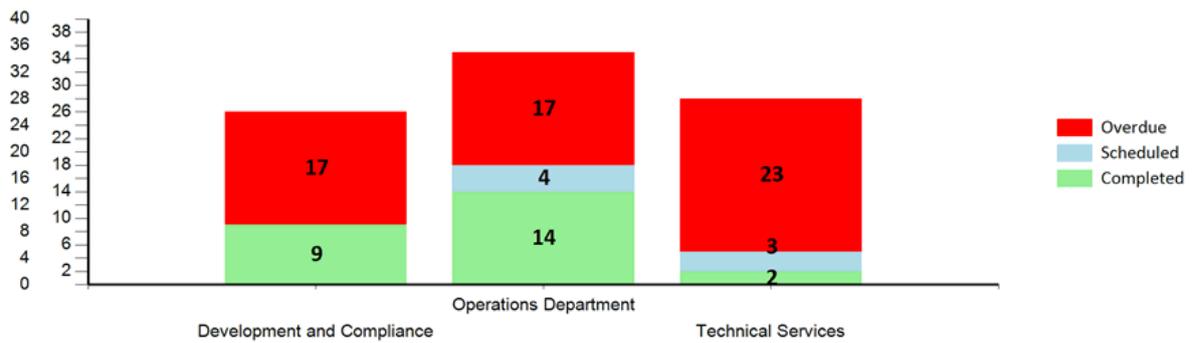
##### Chief Executive Officer



##### Corporate Services

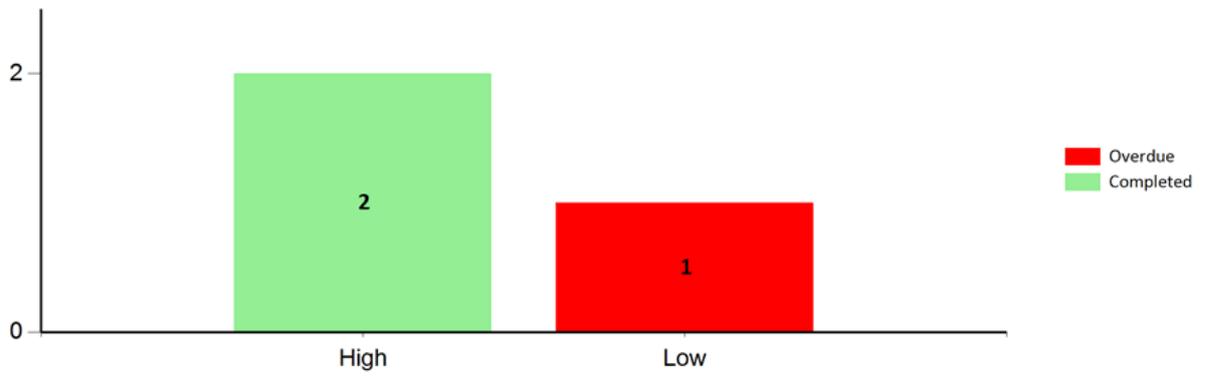


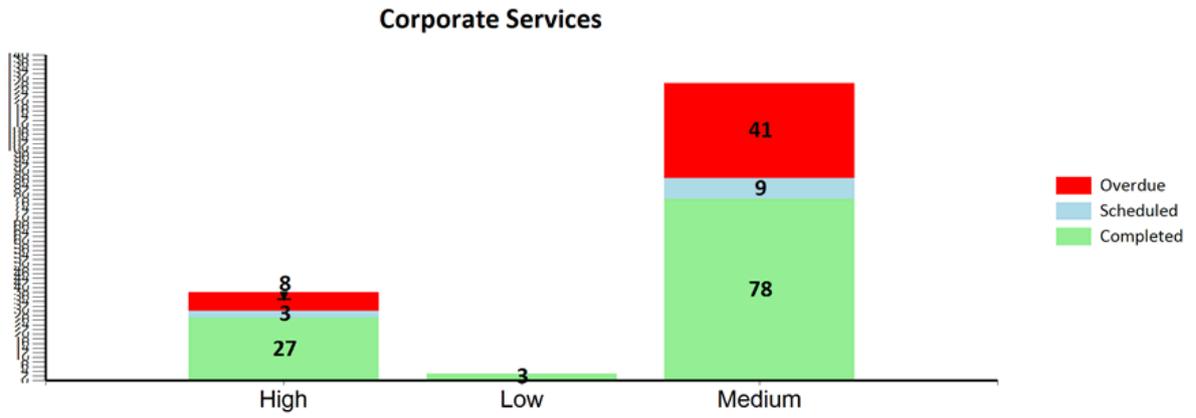
##### Operations Directorate

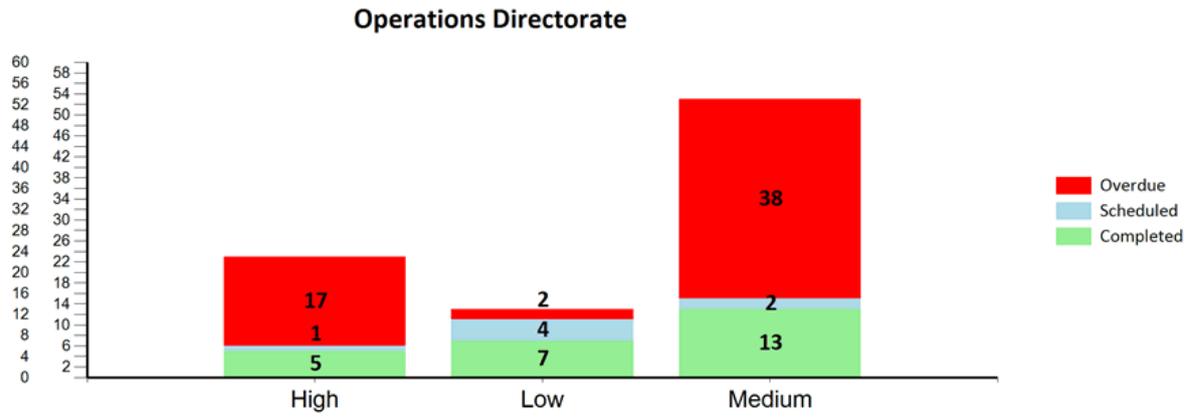


Audit Recommendation by Finding Rating

Chief Executive Officer







**Audit No/Title:** GOV1701-00 14 Review of Asset Management Registers (with financials) 2013/14

**Finding No/Title:** FN01 14.1 Asset Management Policy – Our review of Council documentation revealed that the Council did not have a formal Asset Management policy in place.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 14.1.1 Develops an overarching asset management policy to govern the management of key related activities for its different asset groups;	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2014	1013
<b>FN01-02</b> 14.1.2 Ensure that the policy is stored on the council's intranet, and that all staff are made aware of its location	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2014	1013

**Finding No/Title:** FN02 14.2 Infrastructure Assets – The Council Infrastructure Assets were reported for financial purposes through a manual process.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-02</b> 14.2.2 Upon implementing a new database/system, the Council reviews the access levels provided to its officers and determine whether it is in accordance with their position and level of responsibility	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2014	1105
<b>FN02-03</b> 14.2.3 Formalise and document procedures surrounding the reporting process of infrastructure assets.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2014	1013

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-01</b> 14.2.1 Consider implementing a new database/system that allows for an automated reporting process over infrastructure assets to mitigate risks associated with the manual intervention of spreadsheets currently being practiced	Indivar Dhakal - Technical Services	Operations Directorate	Completed	01-08-2014	N/A

**Finding No/Title:** FN03 14.3 The Council does not have a consolidated asset register in place.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 14.3.1a Consider developing a consolidated asset register that provides adequate detail pertaining to the Council's assets. (E.g. Information pertaining to an assets purchase price, date of purchase, unique asset identifier, location and/or responsible person of asset, depreciation)	Deanne Caserta - Financial Services	Corporate Services	Completed	01-02-2015	N/A

<b>FN03-02</b> 14.3.2 Consider introducing a formal requirement for officers to inform the custodian of the consolidated asset register of any asset movements.	Sharon Morrison	Corporate Services	Completed	01-07-2014	N/A
<b>FN03-03</b> 14.3.1b Consider developing a consolidated asset register that provides adequate detail pertaining to the Council's assets. (E.g. Information pertaining to an assets purchase price, date of purchase, unique asset identifier, location and/or responsible person of asset, depreciation)	Leigh Jardine - Information	Corporate Services	Completed	01-02-2015	N/A
<b>FN03-04</b> 14.3.1c Consider developing a consolidated asset register that provides adequate detail pertaining to the Council's assets. (E.g. Information pertaining to an assets purchase price, date of purchase, unique asset identifier, location and/or responsible person of asset, depreciation)	Sharon Morrison	Corporate Services	Completed	01-05-2015	N/A
<b>FN03-05</b> 14.3.1d Consider developing a consolidated asset register that provides adequate detail pertaining to the Council's assets. (E.g. Information pertaining to an assets purchase price, date of purchase, unique asset identifier, location and/or responsible person of asset, depreciation)	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A

**Finding No/Title:** FN04 14.4 Stock Take – The Council had not performed physical stock takes on all its assets at the conclusion of the fieldwork.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 14.4.1a Upon the Council conducting physical stock takes of its assets at a divisional level, update its asset register to reflect any variances identified.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-05-2015	N/A
<b>FN04-02</b> 14.4.2 Upon developing an Asset Recognition Policy, the Council consider formalising within that policy the requirement and frequency of which stock takes are to be performed and when.	Leigh Jardine - Information	Corporate Services	Completed	01-07-2014	N/A
<b>FN04-03</b> 14.4.1b Upon the Council conducting physical stock takes of its assets at a divisional level, update its asset register to reflect any variances identified.	Leigh Jardine - Information	Corporate Services	Completed	01-07-2014	N/A
<b>FN04-04</b> 14.4.1c Upon the Council conducting physical stock takes of its assets at a divisional level, update its asset register to reflect any variances identified.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-02-2015	N/A
<b>FN04-05</b> 14.4.1d Upon the Council conducting physical stock takes of its assets at a divisional level, update its asset register to reflect any variances identified.	Sharon Morrison	Corporate Services	Completed	01-05-2015	N/A

<b>FN04-06</b> 14.4.1e Upon the Council conducting physical stock takes of its assets at a divisional level, update its asset register to reflect any variances identified.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-11-2014	N/A
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**Finding No/Title:** FN05 14.5 Asset Disposals – The organisation did not have an effective asset disposal process in place.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 14.5.1 Introduces an asset disposal form for all its assets and not only the Fleet, Plant and Minor Equipment assets. The introduction of a comprehensive form will provide guidance to the user on council's approved disposal process, including required authorisations	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A
<b>FN05-02</b> 14.5.2 Introduces an asset disposal form for all its assets and not only the Fleet, Plant and Minor Equipment assets. The introduction of a comprehensive form will provide guidance to the user on council's approved disposal process, including staff members that need to be informed of the asset to be disposed.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A

**Finding No/Title:** FN06 14.6 There were instances where incorrect depreciation charges were applied against certain assets.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN06-01</b> 14.6.1 Reconcile all depreciation values inputted within asset spreadsheets against their respective rates contained within the 2013 Financial Statements (accounting policies section in accordance with AASB116). All errors identified should be corrected	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A
<b>FN06-02</b> 14.6.2 Consider the requirement for the formal review of all depreciation values inputted into spreadsheets on a regular basis (E.g. annually	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A
<b>FN06-03</b> 14.6.3 Consider a review of the useful lives assigned to all its computers and associated equipment to ensure it is in accordance with its accounting policy contained within its 2013 Financial Report.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-07-2014	N/A

**Finding No/Title:** FN07 14.7 There were instances where key documents over the management of assets were not reviewed on a regular basis.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN07-01</b> 14.7.1 Review and update the Council Vehicle policy on a regular basis.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-11-2014	N/A
<b>FN07-02</b> 14.7.2 Review and update the Loddon Shire Plant Replacement Committee Terms of Reference on a regular basis.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-07-2014	N/A

**Finding No/Title:** FN08 14.8 There were instances where non-current assets were not recorded on the Council's register/spread sheet

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN08-01</b> 14.8.1 Reinforce the need to monitor and track infrastructure assets appropriately, including updating the spreadsheet in a timely manner in regards to capital assets	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-02-2015	921

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN08-02</b> 14.8.2 Document and formalise procedures surrounding the monitoring and tracking of its assets.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-02-2015	N/A

**Audit No/Title:** GOV1702-00 16 Review of Local Laws 2014/15

**Finding No/Title:** FN01 16.1 The quarterly report contains too much information and should be enhanced to facilitate proper oversight by the Councillors, CEO and members of the Executive Management Group.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 16.1.1 Obtain feedback from the Councillors, CEO and members of the Executive Management Group on the quarterly report currently available to them	Steven Phillips - Operations Department	Operations Directorate	Completed	01-02-2015	N/A

<p><b>FN01-02</b> 16.1.2 "Amend and provide relevant, straightforward and easy-to-understand performance reports (upon receiving feedback) to enable better management visibility over local laws operations. Examples of information that can be included in the report are (but not limited to):  Number of inspection completed;  Status statistics on local law permit applications;  status statistics on enforcement cases;  Achievement of turnaround time;  Status and comment on open applications or enforcement cases (e.g. actions taken since the last report and the next steps);  Number of animals impounded; and  Document such process formally in the relevant policies and procedures."</p>	Steven Phillips - Operations Department	Operations Directorate	Completed	01-02-2015	N/A
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**Finding No/Title:** FN02 16.2 Inadequate procedures to guide staff on processes required to implement the Council's Enforcement of Local Laws Policy.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 16.2.1 Document and formalise procedure documents on key processes, which govern the administration and enforcement of local laws and animal management to address the shortcomings highlighted under Observation;	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2014	1013
<b>FN02-02</b> 16.2.2 Review procedures on a regular basis to ensure they remain relevant, meet the needs of users, and address any emerging issues that arise.	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2014	1013

**Finding No/Title:** FN03 16.3 Applicable requirements from the Impounding of Livestock Act 1994 and Domestic Animals Act 1994, which impact on the day-to-day activities of Council have not been formally assessed.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN03-03</b> 16.3.3 Provide the details of 2 cases related to menacing and restricted breed dogs to the Department in a timely manner	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2014	1013

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 16.3.1 Perform an assessment regularly on all requirements relating to the Impounding of Livestock Act 1994 and Domestic Animals Act 1994	Sharon Morrison	Corporate Services	Completed	01-11-2014	N/A

<b>FN03-02</b> 16.3.2 Identify the applicable requirements, which impact on the Council's day to-day activities. The assessment outcomes should be documented in the Advent Manager. Note: A risk methodology (consistent with Audit Finding No. 4) should be applied in respect to the timing and allocation of resources to address those requirements	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-11-2014	N/A
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**Finding No/Title:** FN04 16.4 A risk methodology/approach has not been emphasised and formalised in the Council's local laws framework.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN04-01</b> 16.4.1 Develop a risk methodology/approach to be applied consistently to enforcement activities.	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-05-2015	832
<b>FN04-02</b> 16.4.2 Document processes for assessing and prioritising cases within relevant policies and procedures	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-05-2015	832
<b>FN04-03</b> 16.4.3 Obtain adequate approvals before implementing policies and procedures across the organisation	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-05-2015	832

**Finding No/Title:** FN05 16.5 The Council's Local Law No. 4 – Environment (2008) has expired.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-03</b> 16.5.3 Make Local Law No. 4 available to the public (e.g. on the Council's website, or hardcopy upon request)	Glenn Harvey - Development and Compliance	Operations Directorate	Ongoing	01-05-2015	832

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 16.5.1 Review and update the Local Law No. 4, and obtain adequate approvals from Council and key stakeholders	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-05-2015	N/A
<b>FN05-02</b> 16.5.2 Include the Local Law No. 4 in the Victorian Government Gazette	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-05-2015	N/A

**Finding No/Title:** FN06 16.6 An annual audit program to ensure compliance with permit conditions has not been established.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN06-01</b> 16.6.1 Establish an annual audit program to ensure compliance with permit conditions (in line with the Council's policy).  Note: A risk methodology (consistent with Audit Finding No. 4) should be adopted in the development of such program	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-02-2015	921
<b>FN06-02</b> 16.6.2 Conduct the annual audit and provide updates to key stakeholders accordingly for proper oversight	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-02-2015	921

**Finding No/Title:** FN07 16.7 The review and report of the implementation of the Domestic Animal Management Plan 2013-2016 was not conducted.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN07-01</b> 16.7.1 Conduct a review and report exercise to assess the implementation of the Plan	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-02-2015	921
<b>FN07-02</b> 16.7.2 Undertake corrective actions to address any performance gap noted	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-02-2015	921
<b>FN07-03</b> 16.7.3 Provide assessment outcomes to key stakeholders for proper oversight	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-02-2015	921

**Finding No/Title:** FN08 16.8 An action plan with defined milestones to guide the development and introduction of a proactive enforcement program on unsightly and dangerous properties is not in place.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN08-02</b> 16.8.2 Provide progress updates to key stakeholders on the action plan regularly	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2014	1013

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN08-01</b> 16.8.1 Develop an action plan with defined milestones to guide the development and introduction of a proactive enforcement program on unsightly and dangerous properties	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-11-2014	N/A

**Audit No/Title:** GOV1703-00 18 Review of Contract Management 2014/15

**Finding No/Title:** FN01 18.1 A process owner has not been appointed to drive and coordinate tendering and contract management activities across the organisation

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 18.1.1 Appoint a process owner to be responsible for driving Council's tendering and contract management activities across the organisation	Phil Pinyon	Chief Executive Officer	Completed	01-02-2016	N/A
<b>FN01-02</b> 18.1.2 Incorporate responsibilities into the relevant position description to ensure clear communication of council's expectations in this respect	Phil Pinyon	Chief Executive Officer	Completed	01-02-2016	N/A

**Finding No/Title:** FN02 18.2 Procedure documents, which detail the tendering and contract management processes on how to achieve Council's Procurement Policy requirements, have not been established.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 18.2.1 Establish procedure documents, which detail the tendering and contract management required to comply with Council's Procurement Policy requirements	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN02-02</b> 18.2.2 Develop checklists, forms and templates to guide the implementation of procedures	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN02-03</b> 18.2.3 Obtain adequate approvals and endorsements from relevant stakeholders before implementation	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN02-04</b> 18.2.4 Review procedures on a regular basis (i.e. annually or biennially) to ensure they remain relevant, meet the needs of users, and address any emerging issues that arise	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Finding No/Title:** FN03 18.3 The Council's contracts register does not summarise all contracts entered into by the organisation and contains information related to immature tendering or low value purchases.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN03-01</b> 18.3.1 Centralise the assignment of a contract number before a folder is created under the "Contract Management" directory on the shared drive	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-11-2015	648

<b>FN03-03</b> 18.3.3 Update the contracts register accordingly and regularly.	Michelle Hargreaves - Office of Corporate Services	Corporate Services	Ongoing	01-08-2015	740
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**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-02</b> 18.3.2 Request staff across the organisation to provide the following information to the responsible officer if they are currently managing an active contract entered into by Council: - Description of the contract and what it is for; - Name of the contractor; - Date the contract was entered into and the date the contract expires; - The value of the contract; - Location of the actual original copy of the full contract - Who is responsible for managing the contract;	Sharon Morrison	Corporate Services	Completed	01-08-2015	N/A

**Finding No/Title:** FN04 18.4 Key activities (including managing conflict of interest during tender assessment stage, contract mobilisation, KPIs and performance management, contract closure review, and regular reporting of contract information) that reflect good contract management practices under the MAV Procurement – Contract Management Guidelines are not currently performed by Council

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN04-01</b> 18.4.1 We recommend Council management consider introducing activities as highlighted under Observation in its procedure documents, which detail the tendering and contract management processes that are yet to be established	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Finding No/Title:** FN05 18.5 To ensure that proper recording of submitted tenders is carried out, the tender opening process requires that an opening panel of at least 2 persons should be constituted

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-01</b> 18.5.1 Reinforce the requirement that the tender opening process is performed by an opening panel of at least 2 persons	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-02</b> 18.5.2 Ensure this requirement is reflected in revised procedures to be developed.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-02-2016	N/A

**Finding No/Title:** FN06 18.6 Noted a range of 1 to 4 panel members were appointed for the assessment of tender responses.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN06-01</b> 18.6.1 Develop guidelines which specifically address the required membership of assessment panels (e.g. number of members, and competencies)	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN06-02</b> 18.6.2 Ensure these requirements are appropriately communicated and enforced	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Finding No/Title:** FN07 18.7 In 1 of the 13 (or 8%) samples tested, the purchase decision was not performed in accordance with the pre-determined tender assessment criteria in the RFT document because some tender responses were below the set threshold of \$200,000.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN07-01</b> 18.7.1 Prohibit the change of purchasing method during tendering process	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN07-02</b> 18.7.2 Incorporate the above requirement in the procedure documents in order to ensure the integrity of Council's procurement process in all instances.	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Finding No/Title:** FN08 18.8 As stipulated in the Level of Authority:

The CEO is delegated to authorise contract variations of any value for equipment, services, and major capital and building works. Expenditure exceeding the approved budget shall be reported to Council for information at the first Council Meeting following the date when expenditure was incurred; and

Directors are delegated to authorise contract variations with value up to the greater of \$10,000 or 10% for equipment, services, minor capital and building works, and other minor contracts.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN08-01</b> 18.8.1 Reinforce requirements in the Level of Authority with relevant staff members	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN08-02</b> 18.8.2 Introduce accepted practice for the approval of contract variations into the yet to be developed procedure documents	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN08-03</b> 18.8.3 Develop a contract variation form to ensure consistent implementation of the above requirements.	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556

**Finding No/Title:** FN09 18.9 We observed poor record-keeping during our detailed testing where documents (both electronic and hard-copy) were not stored and labelled properly, and some evidentiary documents could not be located due to staff leaving the organisation.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN09-01</b> 18.9.1 Reinforce the need for effective and comprehensive record keeping practices with relevant staff members.	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2016	556
<b>FN09-03</b> 18.9.3 Conduct a periodic self-assessment or peer review on a sample of contract files to assess the performance of contract managers in relation to record keeping.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2015	648

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN09-02</b> 18.9.2 Introduce a contract management checklist to guide good contract administration across the organisation and to ensure each step of the contract management process has been completed and evidenced.	Steven Phillips - Operations Department	Operations Directorate	Completed	01-02-2016	N/A

**Audit No/Title:** GOV1704-00 09 Review of IT Network Security 2012/13

**Finding No/Title:** FN01 9.1 User accounts for terminated employees have not been disabled in a timely manner.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 9.1.1 The network and remote access user accounts belonging to terminated employees should be disabled;	Carol Canfield - Organisational Development	Corporate Services	Completed	31-05-2013	N/A
<b>FN01-02</b> 9.1.2 Council should investigate the last logon date for each user account to ensure that it has not been used after the employee was terminated	Carol Canfield - Organisational Development	Corporate Services	Completed	31-05-2013	N/A
<b>FN01-03</b> 9.1.3 Modify the Human Resources staff termination checklist to include a specific action for notifying DWM to disable network user accounts and business system owners to disable application user accounts (e.g. Attaché and InfoVision)	Carol Canfield - Organisational Development	Corporate Services	Completed	31-05-2013	N/A

**Finding No/Title:** FN02 9.2 No formal Service Level Agreement or contract is in place with the outsourced IT service provider.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-01</b> 9.2.1 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses the service provider is obligated to meet all legal requirements applying to its activities and comply with acts and regulations pertaining to the functions it undertakes on behalf of the Council;	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-02</b> 9.2.2 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses specific performance measures and targets governing the performance level expected by council;	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-03</b> 9.2.3 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses specific and enforceable stipulations in the outsourcing agreement that activities performed by the service provider are subject to controls and review	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-04</b> 9.2.4 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses Inclusion of provisions requiring the service provider to monitor and report on compliance with the SLA and proactively report any incidents or failures of controls.	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-05</b> 9.2.5 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses adherence to the Council's IT policies and procedures.	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-06</b> 9.2.6 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses provision for systems and data protection, including backup and recovery, contingency planning, and redundancy.	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN02-07</b> 9.2.7 Council enters into a formal outsourcing agreement with DWM which sufficiently addresses adequacy of service provider's ability to continue operations in the event of a disaster.	Sharon Morrison	Corporate Services	Completed	01-11-2013	N/A

**Finding No/Title:** FN03 9.3 There is a lack of management reporting for key IT operations and functions.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 9.3.1 A new reporting framework be implemented for key IT operations and functions, which could include summarised backup status and completion reports	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A

<b>FN03-02</b> 9.3.2 A new reporting framework be implemented for key IT operations and functions, which could include internet usage and website access by staff members	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN03-03</b> 9.3.3 A new reporting framework be implemented for key IT operations and functions, which could include malicious or unwanted software identified during a particular period	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN03-04</b> 9.3.4 A new reporting framework be implemented for key IT operations and functions, which could include exception reporting for remote access by third party vendors (except DWM)	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN03-05</b> 9.3.5 A new reporting framework be implemented for key IT operations and functions, which could include list of IT support requests sent to DWM that were not completed within an agreed timeframe	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN03-06</b> 9.3.6 A new reporting framework be implemented for key IT operations and functions, which could include last Logon report to disable Windows Active Directory user accounts that have not logged into the system for a specified duration	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A

**Finding No/Title:** FN04 9.4 There is lack of control over changes to systems and data for mitigating risks associated with unauthorised or defective program changes.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 9.4.1 Specific conditions in third party agreements requiring that changes be managed as per in line with council's expectations, for example upgrades should be adequately tested in a separate test environment and not implemented in the live production environment until all test failures are resolved	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN04-02</b> 9.4.2 Obtain a statement from the vendor providing assurances that the software does not contain undocumented or hidden features that could be used to compromise system security.	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN04-03</b> 9.4.3 Explicit council approval be required prior to any upgrade being implemented in live systems.	Sharon Morrison	Corporate Services	Completed	30-11-2013	N/A
<b>FN04-04</b> 9.4.4 Where this is not possible due to time constraints for emergency changes, testing and approval should be documented post implementation.	Sharon Morrison	Corporate Services	Completed	01-11-2013	N/A

**Finding No/Title:** FN05 9.5 User access management needs to be formalised and inadequate procedures have been implemented for granting, modification and removal of access to the network and key applications.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 9.5.1 Formalises and documents procedures for creating and approving new user accounts for the network and Councils 'applications. This should include the level of access required by the employee to perform their duties;	Carol Canfield - Organisational Development	Corporate Services	Completed	30-11-2013	N/A
<b>FN05-02</b> 9.5.2 Formalises and documents procedures for modifying the level of access granted to a staff member. This process should be driven by the Human Resources department which is responsible for managing higher duties and delegated authority	Carol Canfield - Organisational Development	Corporate Services	Completed	30-11-2013	N/A
<b>FN05-03</b> 9.5.3 Formalises and documents procedures for revoking user access to systems by disabling the accounts for terminated employees. This process should be driven by Human Resources department as part of termination checklist completed for each employee.	Carol Canfield - Organisational Development	Corporate Services	Completed	01-05-2013	N/A

**Finding No/Title:** FN06 9.6 Periodic review of user access for the network and key applications should be performed by Management

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN06-03</b> 9.6.3 Evidence of periodic review and any subsequent action taken be documented and retained.	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2013	1378

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN06-01</b> 9.6.1 Council develops new procedures for reviewing user access for the network and other key systems on a periodic basis	Sharon Morrison	Corporate Services	Completed	01-11-2013	N/A
<b>FN06-02</b> 9.6.2 User access reviews be facilitated by DWM where required and completed by an appropriate business owner for each system	Leigh Jardine - Information	Corporate Services	Completed	01-11-2013	N/A

**Finding No/Title:** FN07 9.7 The IT network is exposed to threats that could be exploited through the gaining of unauthorised access due to a lack of network vulnerability assessment.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN07-01</b> 9.7.1 Uses the deliverables from an IT Project currently being undertaken to map and document all devices and software that form part of the network as a blueprint for conducting a network vulnerability assessment. This would identify and resolve any deficiencies in settings, configuration and hardware that could expose the council to both internal and external security treats.	Sharon Morrison	Corporate Services	Completed	01-11-2013	N/A

**Finding No/Title:** FN08 9.8 IT policies have not been documented for the Council.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN08-01</b> 9.8.1 Develop and implement new IT policies that cover key IT functions, including but limited to the following: Information security, Remote access, Password management, Firewall configuration management, Antivirus application, Mobile devices, Acceptable use of IT equipment and systems, Internet use and Physical security.	Leigh Jardine - Information	Corporate Services	Completed	01-11-2013	N/A
<b>FN08-02</b> 9.8.2 Promotes awareness that it is the responsibility of every staff member, temporary employee, contractor and third party user to ensure they are familiar with the policies and abide by them;	Leigh Jardine - Information	Corporate Services	Completed	01-11-2013	N/A
<b>FN08-03</b> 9.8.3 Regularly monitor and review the policies to ensure that they remain relevant to the Council's aims and objectives.	Leigh Jardine - Information	Corporate Services	Completed	01-11-2013	N/A

**Finding No/Title:** FN09 9.9 Naming conventions should be implemented and standardised for all user ID and user names.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN09-01</b> 9.9.1 Existing remote access user account details should be updated with full staff names	Sharon Morrison	Corporate Services	Completed	01-05-2013	N/A
<b>FN09-02</b> 9.9.2 All remote access user accounts created going forward should follow a standard naming convention for user IDs and user names.	Sharon Morrison	Corporate Services	Completed	01-11-2013	N/A

**Audit No/Title:** GOV1705-00 24 Review of Building Management Services 2015/16

**Finding No/Title:** FN01 24.1 A comprehensive, centralised and accurate register of public buildings was not maintained.

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 24.1.1 Undertake a review of all 3 separate registers of public buildings to ensure all public buildings for which the Council has direct or indirect responsibility for have been identified and captured.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374
<b>FN01-02</b> 24.1.2 Consolidate these 3 registers into one comprehensive, centralised and accurate register of public buildings and distribute accordingly across the Council to relevant departments.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374
<b>FN01-03</b> 24.1.3 Implement a system of periodic review and update of the public building register by a delegated staff member to ensure ongoing completeness.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374

**Finding No/Title:** FN02 24.2 There was an absence of routine building condition inspections undertaken

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 24.2.1 Ensure that routine building condition inspections are completed as per the requirements of the Building Asset Management Plan.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-05-2017	101
<b>FN02-02</b> 24.2.2 Develop an appropriate building condition inspection schedule which outlines all required routine building condition inspections for all buildings which the Council has direct or indirect responsibility.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2017	9
<b>FN02-03</b> 24.2.3 Review the building condition inspection schedule on an ongoing basis to ensure inspections occur as per the outlined time frames (no longer than a 2 year cycle).	Indivar Dhakal - Technical Services	Operations Directorate	Ongoing	01-05-2017	101

**Finding No/Title:** FN03 24.3 The Building Asset Management Plan review cycle did not allow for appropriate legislative updates to be incorporated in a timely manner.

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN03-01</b> 24.3.1 Implement a bi-annual review process which focuses on updating any legislative and/or regulatory changes in the Building Asset Management Plan, in addition to the 4 year review cycle of the Building Asset Management Plan as a whole.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-02-2017	190

**Finding No/Title:** FN04 24.4 Inadequate investment to meet identified future liability and a lack of follow up actions relating to previous gap analysis undertaken.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN04-01</b> 24.4.1 Perform a comprehensive assessment as part of its budget preparations to formulate an accurate required investment figure based on: New and existing buildings to be maintained, upgraded, refurbished or have components replaced; and Existing assets identified for inclusion in special maintenance or capital works programs or scheduled for disposal	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-02-2017	190
<b>FN04-02</b> 24.4.2 Develop a priority listing of works that can be undertaken with available funds, and plans to manage any buildings in need of works that cannot be undertaken due to insufficient funds.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-02-2017	190
<b>FN04-03</b> 24.4.3 Perform an annual review to identify if previous investment has been adequate and to update work priorities.	Indivar Dhakal - Technical Services	Operations Directorate	Ongoing	01-02-2017	190

**Finding No/Title:** FN05 24.5 Absence of Contractor performance review prior to the payment of invoice received.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-01</b> 24.5.1 Formalise and document a Council inspection process to assess the completeness and quality of work performed prior to the payment against the Contractor invoices. In case of resource constraints, these inspections can be prioritised based on predetermined criteria (such as the nature of the work undertaken and/or PO value thresholds).	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374

**Finding No/Title:** FN06 24.6 Policies and procedures surrounding the building management process had not been reviewed and updated periodically.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN06-01</b> 24.6.1a Identify, review and update all outdated policies and procedures as a matter of priority to ensure they remain relevant and reflect current internal processes.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374
<b>FN06-02</b> 24.6.1b Identify, review and update all outdated policies and procedures as a matter of priority to ensure they remain relevant and reflect current internal processes.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2016	374

**Audit No/Title:** GOV1706-00 30 Review of Salary Oncost Rate, Project Costing and Budgeting Process 2016/17

**Finding No/Title:** FN01 30.1 . The salary oncost rate calculation was not updated

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 30.1.1 Review the salary oncost rate calculations to ensure that they are updated and justifiable	Deanne Caserta - Financial Services	Corporate Services	In Progress	06-06-2017	65

**Scheduled Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN01-02</b> 30.1. 2. Institute a process to review the salary oncost calculations once every 2 to 3 years, or when there is a significant change in the components, to ensure that the percentage applied is up-to-date and justifiable.	Deanne Caserta - Financial Services	Corporate Services	In Progress	30-09-2017	51

**Finding No/Title:** FN02 30.2. No formal review process in place to ensure that the project costing prepared by individual departments was reasonable and justifiable.

**Scheduled Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN02-01</b> 30.2.1 Develop and implement a process for Finance to review the project costing methodology, together with the relevant departmental manager, to ensure that the costing is reasonable and justifiable.	Steven Phillips - Operations Department	Operations Directorate	In Progress	28-02-2018	202
<b>FN02-02</b> 30.2.2. Develop and implement a process for Finance to review the project costing methodology, together with the relevant departmental manager, to ensure that the costing is reasonable and justifiable.	Deanne Caserta - Financial Services	Corporate Services	Not Started	28-02-2018	202

**Finding No/Title:** FN03 30.3. The budget development and management process was centralised at Finance; and The individual departments within the Council did not have visibility of their financial performances.

**Scheduled Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN03-01</b> 30.3.1 Review the budget development and management process to ensure that individual departments take ownership of their own budget where possible	Deanne Caserta - Financial Services	Corporate Services	Not Started	31-12-2017	143
<b>FN03-02</b> 30.3.2 Reassign relevant costs/revenues by department whenever possible so that individual departments can have full visibility of their costs as compared to revenues and determine exactly if there is a surplus/deficit on projects/services and the department's overall financial performance.	Deanne Caserta - Financial Services	Corporate Services	Not Started	28-02-2018	202

**Audit No/Title:** GOV1717-00 10 Review of Section 86 Committees 2012/13

**Finding No/Title:** FN01 10.1 There are no formal policies, procedures or manuals to govern the establishment and ongoing management of Section 86 Committees.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-02</b> 10.1.2 Finalise a Section 86 Committees manual or handbook, which contains advice on how to carry out functions in line with Council's expectations, and to assist committee management in performing their roles more effectively. The following key areas should be incorporated, but not be limited to: Purpose and duties; Code of conduct; Meetings and meeting conduct (including requirements of the Act under Section 89, 90-93 as well as declaring and managing of conflicts of interest); Any applicable Council policies and legislative obligations; Facility usage and hire; and Risk management of Council's facilities.	Sharon Morrison	Corporate Services	In Progress	01-05-2013	1562
<b>FN01-03</b> 10.1.3 Review the policies, procedures, manual/handbook on a regular basis (i.e. annually or biennially) to ensure they remain relevant, are meeting the needs of users, and to address any emerging issues.	Sharon Morrison	Corporate Services	In Progress	01-05-2013	1562

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 10.1.1 Develop and document policies and procedures for the establishment and on-going management of Section 86 Committees. The following key areas should be incorporated, but not limited to: Planning and assessment of Committee's purposes (with defined key criteria) to ensure alignment with Council objectives before Committees are established, and on a triennial basis from that point on; The appointment and reappointment process of Committees and committee management; Management of the public register of Committees; Co-ordination with Committees for meeting minutes and reports; Operational and financial reporting on performance and outcomes, including the annual transactional audit procedures by the Council's finance staff; and Identification and management of operational risks.	Sharon Morrison	Corporate Services	Completed	01-05-2013	N/A

**Finding No/Title:** FN02 10.2 There are no risk assessment processes to identify and monitor Section 86 Committee related risks.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-02</b> 10.2.2 Identify and record Section 86 Committee related risks in the risk register together with appropriate action plans.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-02-2014	1286
<b>FN02-03</b> 10.2.3 Escalate and report high rated risks to the appropriate management team for resolution; where relevant.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-02-2014	1286
<b>FN02-04</b> 10.2.4 Enforce a requirement that Committees undertake risk management activities in line with the Council's risk management framework.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-02-2014	1286

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-01</b> 10.2.1 Incorporate Section 86 Committees into the Council's risk management framework.	Carol Canfield - Organisational Development	Corporate Services	Completed	01-05-2013	N/A

**Finding No/Title:** FN03 10.3 Section 86 Committees perform the functions of Council that have been delegated to them. Accordingly, it is important that Council is provided with reports on the activities of the Committees in order to: Assess the performance of each Committee, in respect of their management of Council owned or controlled property; and Ensure the safe operation and that effective governance and financial controls are in place.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN03-02</b> 10.3.2 Consider including the formal reports from Section 86 Committees within council papers or at least a summary of key issues	Sharon Morrison	Corporate Services	In Progress	01-02-2014	1286
<b>FN03-03</b> 10.3.3 Enhance the current Council report to include statistics such as: Number of Section 86 Committees by status (i.e. active, potential or disbanded); Number of Instruments of Delegation by status (i.e. reviewed & approved, under review, due for review and overdue for review); and Number of Committees providing the Council with their meeting minutes and reports on a regular and timely basis.	Sharon Morrison	Corporate Services	In Progress	01-02-2014	1286

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 10.3.1 Provide as a requirement to Section 86 Committees that formal reports on their activities (both on-going conduct and financial operations) be provided to Council and senior management on a periodic basis (i.e. annually or more frequently; if required)	Sharon Morrison	Corporate Services	Completed	01-02-2014	N/A

**Finding No/Title:** FN04 10.4 A conflict of interest occurs when personal interests of a public official come into conflict with their duty to act in the public interest. Personal interests that can give rise to conflicts may be pecuniary, involving an actual or potential financial gain, or non-pecuniary without any financial element. As Section 86 Committees represent Council, it is essential that conflicts of interest are managed appropriately.

Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN04-02</b> 10.4.2 Communicate to Section 86 Committee members the requirement to include declarations of conflicts of interest as a standing agenda item at all meetings.	Sharon Morrison	Corporate Services	In Progress	01-11-2014	1013

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 10.4.1 Develop and document formal procedures on declaration and management of conflicts of interest these procedures have to be in-line with the Council's Conflicts of Interest Policy	Sharon Morrison	Corporate Services	Completed	01-11-2014	N/A

**Finding No/Title:** FN05 10.5 As stipulated in the Instrument of Delegation, the Council requires all Section 86 Committees to hold an Annual General Meeting within 90 days of the end of the annual term, meet at intervals of not more than 3 months, and that financial statements and meeting minutes be made available to Council upon request.

Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-01</b> 10.5.1 Include in the Committee manual or handbook the requirements, contained in the Instrument of Delegation	Sharon Morrison	Corporate Services	In Progress	01-11-2014	1013

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-02</b> 10.5.2 Ensure that all Committee members are made aware of the procedures and the need to comply with the requirements contained in the manual.	Sharon Morrison	Corporate Services	Completed	01-11-2014	N/A

**Audit No/Title:** GOV1718-00 22 Review of Succession Planning and Workforce Development 2014/15

**Finding No/Title:** FN01 22.1 An evidence based workforce strategy is not in place to align the Council's workforce with those of its needs and priorities in the short, medium and long term.

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 22.1.1 Assess the need to establish a workforce strategy.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-02-2016	556
<b>FN01-02</b> 22.1.2 Appoint a responsible officer and required management support.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-02-2016	556
<b>FN01-03</b> 22.1.3 Establish a workforce strategy, which should address the shortcomings highlighted under Observation. A guide to workforce planning and management is included in Appendix B, C and D for information purposes; (Note: It may not be feasible to develop strategies and initiatives for all identified gaps. The top three to six gaps may be prioritised and, for each of these, develop at least one strategy or initiative. The impediments to these strategies and initiatives should be identified, as well as any additional benefits. Each strategy should be signed with Council's objectives and behaviours, and assessed on the overall likelihood of their success in addressing the gaps.)	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-05-2016	466
<b>FN01-04</b> 22.1.4 Obtain adequate approval before implementing and executing of such workforce strategy.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-08-2016	374
<b>FN01-05</b> 22.1.5 Monitor the progress of action plans to determine what activities have been completed and those still to be implemented in terms of achieving desired organisational goals;	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-08-2016	374
<b>FN01-06</b> 22.1.6 Evaluate and adjust the workforce strategy regularly to ensure information remains current and is reviewed in light of any developments that may affect staffing issues in the organisation	Carol Canfield - Organisational Development	Corporate Services	Ongoing	01-08-2016	374

**Audit No/Title:** GOV1719-00 23 Review of Disaster Recovery 2015/16

**Finding No/Title:** FN01 23.1 There is currently no capability to recover technology infrastructure in an emergency

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 23.1.1 Proceed with the project plan that has been submitted by the IT manager for de-commissioned Wedderburn servers to be re-located to Serpentine for recovery purposes.	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A

<b>FN01-02</b> 23.1.2 Liaise with the IT consultants DWM regarding the processes to be followed and the timeframes associated with commissioning Serpentine in a disaster situation	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A
<b>FN01-03</b> 23.1.3 Schedule tests of the DR plan at least on an annual basis	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A

**Finding No/Title:** FN02 23.2 Backup data is stored locally in close proximity to the processing facility

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-01</b> 23.2.1a Store backup up files securely at the Serpentine office. The DR project plan makes allowance for a backup server to be purchased and installed at Serpentine. This would allow backup data to be transferred to Serpentine via the Microwave link.	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A
<b>FN02-02</b> 23.2.1b Store backup up files securely at the Serpentine office. The DR project plan makes allowance for a backup server to be purchased and installed at Serpentine. This would allow backup data to be transferred to Serpentine via the Microwave link.	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A

**Finding No/Title:** FN03 23.3 A draft disaster recovery plan has been developed, however, more technical detail is required

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 23.3.1 Update the DR plan to specifically address the DR activation process (CEO to call), staff responsibilities and the tasks required to enable recovery at Serpentine	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A
<b>FN03-02</b> 23.3.2 When the DR plan is completed submit the plan for independent review	Leigh Jardine - Information	Corporate Services	Completed	01-05-2016	N/A

**Finding No/Title:** FN04 23.4 Critical business functions have been identified, however, it is not clear where staff will be located during the recovery process

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 23.4.1 Identify where each critical business function and associated support staff will be located if a disaster is declared	Carol Canfield - Organisational Development	Corporate Services	Completed	01-08-2016	N/A
<b>FN04-02</b> 23.4.2 Ensure that each identified recovery location has the required infrastructure required to maintain critical business functions	Leigh Jardine - Information	Corporate Services	Completed	01-08-2016	N/A

**Finding No/Title:** FN05 23.5 A bushfire in the local community may impact the ability of Council to obtain necessary staff resources to maintain critical business functions

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 23.5.1 Consider where additional resources could be obtained to maintain the critical business functions if Council staff members were not available	Carol Canfield - Organisational Development	Corporate Services	Completed	01-08-2016	N/A

**Finding No/Title:** FN06 23.6 Risk register does not contain risks directly associated with the recovery process

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN06-01</b> 23.6.1 Review the manner in which risks are rated to ensure that the appropriate risk rating is applied to each identified risk	Carol Canfield - Organisational Development	Corporate Services	Completed	01-05-2016	N/A
<b>FN06-02</b> 23.6.2 Critically review the IT environment identifying all risks associated with the delivery of technology services and the risks associated with a failure to recover the technology infrastructure within the business determined timeframes	Leigh Jardine - Information	Corporate Services	Completed	30-04-2016	N/A

**Finding No/Title:** FN07 23.7 The primary server room in Wedderburn needs to be cleaned and secured

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN07-01</b> 23.7.1 Proceed with the project plan as prepared by the IT Manager	Leigh Jardine - Information	Corporate Services	Completed	01-02-2016	N/A
<b>FN07-02</b> 23.7.2 Maintain both the Wedderburn and Serpentine server rooms as secure and clean work environments	Leigh Jardine - Information	Corporate Services	Completed	01-02-2016	N/A

**Audit No/Title:** GOV1720-00 25 Review of Purchases and Issues from Council depot stores (including purchases made on credit cards) 2015/16

**Finding No/Title:** FN01 25.1 Inadequate segregation of duties in the current procurement processes

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 25.1.1 Review the current procurement processes and establish proper segregation of duties to prevent conflicting roles being carried out by the same individual (i.e. strengthening current manual processes or introduction of electronic systems to address shortfalls)	Sharon Morrison	Corporate Services	In Progress	01-11-2016	282

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-02</b> 25.1.2 Formally document established processes in relevant procurement policies and procedures	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A
<b>FN01-03</b> 25.1.3 Communicate and make available the above policies and procedures to all staff	Carol Canfield - Organisational Development	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN02 25.2 Evaluation panel members were not required to complete and signoff conflict of interest and confidentiality declarations prior to opening quotes and/or tendering documents submitted

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 25.2.1 Develop a standard Disclosure of Conflict of Interest and Confidentiality Form for this process to ensure consistency	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-05-2017	101
<b>FN02-02</b> 25.2.2 Communicate and make available the procedures and form to all staff	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-08-2017	9

**Finding No/Title:** FN03 25.3 Instances where blanket POs were being raised and approved to initiate purchasing transactions, and the purchases did not fall within exemption categories where this was permitted

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 25.3.1 Should reinforce the requirements to staff to ensure that blanket purchase orders are not to be raised and approved unless they fall within the exemption categories as per the Procurement Procedure	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN04 25.4 Instances where purchase orders were raised after the tax invoice had been received from the supplier

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 25.4.1 Reinforce the best practice for purchase order processing, train all the relevant staff in these practices	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A
<b>FN04-02</b> 25.4.2 Ensure that purchase orders are raised and approved by the appropriate financial delegate for all purchases prior to receipt of services/goods.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN05 25.5 A supply panel engagement model to be developed by Council's Depot/Operations department for the acquisition of recurring goods or services

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-02</b> 25.5.2 Develop contract templates and processes for supplier panels.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-02-2017	190

#### Scheduled Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN05-03</b> 25.5.3 Appoint a panel of suppliers for the delivery of goods or services in order to improve process efficiency	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2017	83

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 25.5.1 Consider the need to introduce a supply panel engagement model in the organisation. This should be determined via formal analysis with respect to procurement transactions	Indivar Dhakal - Technical Services	Operations Directorate	Completed	01-02-2017	N/A

**Finding No/Title:** FN06 25.6 No register for tracking of movements of small equipment (e.g. hand tools, shovels, gears and equipment) at depot, including small equipment used by staff for personal use at home.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN06-01</b> 25.6.1 Introduce a system (i.e. logbook or periodic stock take) for the recording and tracking of small equipment items movements, including small equipment used for personal use at home	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-05-2017	101

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN06-02</b> 25.6.2 The developed process/system should incorporate a checking mechanism to ensure that assets have been returned or are appropriately accounted for	Steven Phillips - Operations Department	Operations Directorate	Completed	01-05-2017	N/A

**Finding No/Title:** FN07 25.7 Minimum stock levels had not been established to facilitate the ongoing replenishment of materials

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN07-01</b> 25.7.1 Formally analyse past stock data to identify the types of stock items with high turnover and that require management through minimum stock levels	Steven Phillips - Operations Department	Operations Directorate	Completed	01-11-2016	N/A
<b>FN07-02</b> 25.7.2 Establish minimum stock levels for those stock items. The minimum stock levels should be reviewed on a regular basis to ensure they remain relevant	Steven Phillips - Operations Department	Operations Directorate	Completed	01-11-2016	N/A

**Finding No/Title:** FN08 25.8 Credit card processes to be guided by formally documenting procedures

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN08-01</b> 25.8.1 Formally document credit card processes to address the shortcomings highlighted under the "Observation" column	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A
<b>FN08-02</b> 25.8.2 Communicate the procedures to staff and ensure they are made available for staff to access	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN09 25.9 A centralised, accurate plant and equipment database/register to be been fully rolled out.

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN09-02</b> 25.9.2 Ensure the centralised plant and equipment database is reviewed and updated on a periodic basis to ensure it remains relevant, accurate and complete	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-02-2017	190

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN09-01</b> 25.9.1 Ensure the consolidation process of plant and equipment onto the centralised plant and equipment database/register is undertaken in a timely manner, to assist Council in its service delivery	Steven Phillips - Operations Department	Operations Directorate	Completed	01-11-2016	N/A

**Finding No/Title:** FN10 25.10 Absence of a formal replacement schedule/plan for small plant and equipment (e.g. hand tools, gears, chainsaws etc.)

Scheduled Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN10-02</b> 25.10.2 Review the schedule on a regular basis to ensure it remains relevant, is meeting the needs of users, and to address any emerging issues that arise.	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-12-2017	113

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN10-01</b> 25.10.1 Establish an asset replacement system or schedule/plan for small plant and equipment. Council may consider assessing whether it may be incorporated within the existing plant and equipment database. Such a schedule should be endorsed by appropriate management before implementation	Steven Phillips - Operations Department	Operations Directorate	Completed	01-02-2018	N/A

**Finding No/Title:** FN11 25.11 Physical security at depots to be improved to facilitate in monitoring and tracking of visitor movements

Scheduled Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN11-01</b> 25.11.1 "Continue to explore solutions to address shortfalls identified in the "observation" column through the introduction of an electronic swipe access security card mechanisms for its gates; Alternatively: In the event an electronic mechanism cannot be implemented, Council may consider introducing a manual process where a visitor log book is utilised in those instances where visitors are on Council depot premises. Information to be recorded on the visitor log book may include (but not limited to): - Visitor name; - Date visitor is on Council depot premises; - Time in; - Time out; - Person visiting/destination; and - Sign-off."	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-04-2018	234
<b>FN11-02</b> 25.11.2 Ensure the above process is incorporated within key Depot/Operations procedural documents	Steven Phillips - Operations Department	Operations Directorate	In Progress	01-05-2018	264
<b>FN11-03</b> 25.11.3 Ensure procedural documents are communicated and made available to relevant staff for easy access	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-04-2018	234

**Finding No/Title:** FN12 25.12 The key register for keys issued to Depot/Operations staff to be reviewed and as not updated since 2010

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN12-01</b> 25.12.1 Ensure the audit process against the key register is undertaken in a timely manner to ensure the accuracy and completeness of the register	Steven Phillips - Operations Department	Operations Directorate	Completed	01-06-2017	N/A

**Finding No/Title:** FN13 25.13 Instances where monthly credit card statements and/or creditor input forms were not dated and/or signed off by key personnel.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN13-01</b> 25.13.1 Reinforce the requirement for key credit card documents (monthly credit card statements and creditor input forms) to be dated and signed-off by all responsible personnel (cardholder and line Manager) as evidence of reviews being performed and in a timely manner.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Audit No/Title:** GOV1721-00 27 Review of Accounts Payable (including data interrogation) 2015/16

**Finding No/Title:** FN01 27.1 Inadequate segregation of duties in the current procurement processes.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 27.1.1 Review the current procurement processes and establish proper segregation of duties to prevent conflicting roles being carried out by the same individual (i.e. strengthening current manual processes or introduction of electronic systems to address shortfalls);	Sharon Morrison	Corporate Services	Completed	01-11-2016	N/A
<b>FN01-02</b> 27.1.2 Formally document established processes in relevant procurement policies and procedures	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A
<b>FN01-03</b> 27.1.3 Communicate and make available the above policies and procedures to all staff	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN02 27.2 Instances where purchase orders were not raised in line with Council's Purchase Order filling and matching Procedures.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-01</b> 27.2.1 Reinforce required practice for purchase orders as per Council's Procurement policies and procedures, and train all relevant staff in these practices	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A
<b>FN02-02</b> 27.2.2 Ensure that purchase orders are raised and approved by the appropriate financial delegate for all purchases prior to receipt of services/goods	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Finding No/Title:** FN03 27.3 Instances where the compliant supplier check was not performed before placing purchase orders.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN03-01</b> 27.3.1 Reinforce the protocol of checking the Compliant Supplier Database before a purchase order is approved by relevant delegate	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A
<b>FN03-02</b> 27.3.2 Ensure that audit trails relating to the Compliant Supplier Database are created and maintained. Examples of processes could include: - printing of the "Audit Form Suppliers" and attaching with purchase order; or - note the Public Liability ID/Professional Indemnity ID /WorkCover ID/License ID and its expiry date on the Purchase Order and date of checking performed as evidence.	Sharon Morrison	Corporate Services	Completed	01-12-2017	N/A

**Finding No/Title:** FN04 27.4 Maintenance of the vendor masterfile can be improved.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 27.4.1 Implement adequate processes and undertake a review of the current vendor masterfile to address the audit findings and ensure that details captured in the vendor masterfile are valid, complete and up-to-date.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A
<b>FN04-02</b> 27.4.2 Ensure that the specific verification requirements (e.g. ABN /ACN check) and mandatory fields for creating new vendors are documented in related finance procedures as a means of reducing potential duplicated entries and capturing required vendor details;	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A

<b>FN04-03</b> 27.4.3 Implement a process for ongoing periodic review/data cleansing of the vendor masterfile and ensure this process be formally documented.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-06-2017	N/A
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**Finding No/Title:** FN05 27.5 A supply panel engagement model is currently not used by Council for the acquisition of recurring goods or services

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN05-01</b> 27.5.1 Consider the need to introduce a supply panel engagement model in the organisation. This should be determined via formal audit and analysis process with respect to procurement transactions.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-05-2017	101
<b>FN05-02</b> 27.5.2 Establish the panel via supplier selection, appointment, management and performance evaluation processes. Such processes should be formally documented in policies and procedures; and subject to regular review to ensure they remain relevant, are meeting the needs of users, and to address any emerging issues that arise	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-05-2017	101

#### Scheduled Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN05-03</b> 27.5.3 Appoint a panel of suppliers for the delivery of goods or services in order to improve process efficiency.	Indivar Dhakal - Technical Services	Operations Directorate	In Progress	01-11-2017	83

**Finding No/Title:** FN06 27.6 Instances where credit card statements were not reviewed and approved in a timely manner. Further, credit card process were not guided by formally documented procedures.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN06-01</b> 27.6.1 Re-inforce to relevant staff the need to review and approve credit card statements in a timely manner.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A
<b>FN06-02</b> 27.6.2 Formally document credit card processes to address the shortcomings highlighted under the "Observation" column.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-12-2016	N/A
<b>FN06-03</b> 27.6.3 Communicate the newly formalised procedures to staff, and ensure they are made easily accessible.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-11-2016	N/A

**Audit No/Title:** GOV1722-00 28 Review of Privacy Responsibilities 2016/17

**Finding No/Title:** FN02 28.2. Ensure the Council is fully aware and has clearly identified the information that is being collected within the organisation that may be subject to privacy

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 28 2 1. Ensure that the Privacy Policy is developed in a timely manner as part of the Council's privacy framework.	Sharon Morrison	Corporate Services	In Progress	01-05-2017	101
<b>FN02-02</b> 28 2 2. Ensure accompanying privacy procedures are developed to guide staff.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN02-03</b> 28 2 3. Obtain the appropriate approvals for the Policy and accompanying procedures once developed.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN02-04</b> 28 2 4. Ensure the Policy is made available and free of charge to a person or body that may request the document as per the IPP requirements	Sharon Morrison	Corporate Services	In Progress	01-05-2017	101

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN02-05</b> 28 2 5. Ensure the Policy is reviewed and updated on a regular basis (i.e. every 2 years) to ensure it remains relevant and reflects current practice	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A

**Finding No/Title:** FN09 28 9. Privacy controls have been implemented by the Council to ensure that records of personal information are maintained in accordance with the IPPs.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN09-02</b> 28.9.2. Develop procedures to ensure that all existing Council staff and new Council staff are required to sign-off against a confidentiality agreement ! Staff to maintain the privacy, confidentiality and security of personal information they come into contact or have access to and shall not divulge any such confidential information to any person or entity not expressly authorised by the Council	Carol Canfield - Organisational Development	Corporate Services	Not Started	01-05-2017	101
<b>FN09-03</b> 28.9.3. Develop procedures to ensure that all existing Council staff and new Council staff are required to sign-off against a confidentiality agreement ! Failure to comply may result in disciplinary action or prosecution by the law.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-05-2017	101

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN09-01</b> 28.9.1 Develop procedures to ensure that all existing Council staff and new Council staff are required to sign-off against a confidentiality agreement   Relevant Act/legislation that Council staff needs to comply with	Carol Canfield - Organisational Development	Corporate Services	Completed	01-05-2017	N/A

**Finding No/Title:** FN10 28 10. Ensure controls are implemented to ensure management are aware of all complaints relating to personal information

Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN10-01</b> 28.10.1.1 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate objectives	Deanne Caserta - Financial Services	Corporate Services	In Progress	01-08-2017	9
<b>FN10-12</b> 28.10.2. Obtain the appropriate approvals for the Complaints Handling Policy and accompanying procedures	Deanne Caserta - Financial Services	Corporate Services	In Progress	01-08-2017	9
<b>FN10-13</b> 28.10.3. Communicate and make available the above documents to staff.	Deanne Caserta - Financial Services	Corporate Services	In Progress	01-08-2017	9

Completed Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN10-02</b> 28.10.1.2 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate scope.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-03</b> 28.10.1.3 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate guidelines on what constitutes a complaint.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-04</b> 28.10.1.4 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate responsible officers.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-05</b> 28.10.1.5 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate procedures over how complaints can be made (online forms, telephone, in person etc.)	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-06</b> 28.10.1.6 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate information required to be provided by person lodging the complaint.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-07</b> 28.10.1.7 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate procedures for recording of information with respect to complaints (i.e. maintenance of complaints register)	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A

<b>FN10-08</b> 28.10.1.8 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate the lead time for addressing complaints.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-09</b> 28.10.1.9 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate complaints assessments procedure.	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-10</b> 28.10.1.10 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate procedures and/or flowchart surrounding when complaints should be escalated to different stakeholders (e.g. managers, Protected Disclosure Coordinator & CEO etc.)	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A
<b>FN10-11</b> 28.10.1.11 Develop a formal Complaints Handling Policy and accompanying procedures. The documents should incorporate reporting to senior management, other departments and/or Audit Committee on a periodic basis	Deanne Caserta - Financial Services	Corporate Services	Completed	01-08-2017	N/A

**Finding No/Title:** FN14 28 14. Ensure there is a policy specifically directed at security of data which includes security of personal information, collection, processing, storage, security, use, disclosure and disposal of personal information

#### Scheduled Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN14-02</b> 14.2.1 Incorporate data security; Procedures relating to security of personal information stored in manual/hardcopy files	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83
<b>FN14-03</b> 14.2.2 Incorporate data security; Procedures surrounding backup, recovery and redundancy practices;	Leigh Jardine - Information	Corporate Services	In Progress	01-11-2017	83
<b>FN14-04</b> 14.2.3 Incorporate data security; Procedures surrounding collection, processing, storage, use and disclosure of personal information	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83
<b>FN14-05</b> 14.2.4 Incorporate data security; Procedures surrounding disposal of information (i.e. steps to be undertaken when destroying or permanently de-identifying personal information no longer required)	Leigh Jardine - Information	Corporate Services	In Progress	01-11-2017	83
<b>FN14-06</b> 14.3.1 Obtain the appropriate approvals for the respective policies and accompanying procedures	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83
<b>FN14-07</b> 28.14.4. Communicate and make available the above documents to staff	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN14-01</b> 28.14.1. Ensure that key policies identified under the "Observation" column and in draft form are finalised in a timely manner	Leigh Jardine - Information	Corporate Services	Completed	01-11-2017	N/A

Finding No/Title: FN16 28 16. Ensure existing computer applications are subject to review of privacy controls					
Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN16-01</b> 16.1. Conduct a formal review of the access controls for all the Council's systems following the completion of the organisational restructuring to ensure that incompatible IT access is removed	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2017	9
<b>FN16-03</b> 16.3 Implement a checklist for staff that have changed position titles to ensure that their user access to key systems and applications are actioned accordingly	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2017	9
Scheduled Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Due days
<b>FN16-02</b> 16.2 Implement a formal process that is documented in the procedures for conducting user access reviews to systems and applications on a periodic basis	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83
<b>FN16-04</b> 16.4 Evidence surrounding the user access review process should be kept	Leigh Jardine - Information	Corporate Services	Not Started	01-11-2017	83
Finding No/Title: FN18 28 18. Ensure there are controls in place over the security of information handled by third parties					
Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN18-01</b> 18.1. Conduct a review of all existing IT vendor contracts and determine if they cover off on confidentiality and security related matters appropriately;	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2017	9
<b>FN18-02</b> 18.2.1 Ensure that confidentiality agreements are signed-off by respective IT vendors, where required.-to all existing vendors for signing	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2017	9
<b>FN18-03</b> 18.2.2 Ensure that confidentiality agreements are signed-off by respective IT vendors, where required-provided to new vendors for signing	Leigh Jardine - Information	Corporate Services	In Progress	01-08-2017	9
Finding No/Title: FN20 28 20. Ensure sensitivity of personal information is being maintained in accordance with the IPPs					
Overdue Audit Recommendations					
Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN20-01</b> 20.1 Ensure formal processes with respect to the collection and maintenance of sensitive information are incorporated within the Privacy Policy and accompanying procedures in a timely manner	Leigh Jardine - Information	Corporate Services	In Progress	01-05-2017	101
<b>FN20-02</b> 20.2 Communicate and make available the Privacy Policy and accompanying procedures to staff	Leigh Jardine - Information	Corporate Services	In Progress	01-05-2017	101

**Finding No/Title:** FN21 28 21. Ensure processes are in place when responding to breaches identified and staff are fully aware of the resulting consequences

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN21-01</b> 21.1.1 Ensure formal procedures in response to privacy breaches are developed in a timely manner for breach containment and preliminary assessment	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN21-02</b> 21.1.2 Ensure formal procedures in response to privacy breaches are developed in a timely manner for evaluation of the risks associated with the breach	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN21-03</b> 21.1.3 Ensure formal procedures in response to privacy breaches are developed in a timely manner for notification processes over breaches	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN21-04</b> 21.1.4 Ensure formal procedures in response to privacy breaches are developed in a timely manner for prevention processes.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN21-05</b> 21.2 Communicate and make available the procedures stated in 21.1.1 to 24.1.4 to staff.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9

**Finding No/Title:** FN28 28 28. Ensure processes to raise management and staff awareness exist of PDPA requirements and obligations

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN28-01</b> 28.1.1 Incorporate privacy related training within the induction process for new employees. The training should include overview of PDPA requirements and IPP obligations.	Carol Canfield - Organisational Development	Corporate Services	Not Started	01-05-2017	101
<b>FN28-02</b> 28.1.2 Incorporate privacy related training within the induction process for new employees. The training should include overview of Council's Privacy Policy and accompanying procedures.	Carol Canfield - Organisational Development	Corporate Services	Not Started	01-05-2017	101
<b>FN28-03</b> 28.1.3 Incorporate privacy related training within the induction process for new employees. The training should include	Carol Canfield - Organisational Development	Corporate Services	Not Started	01-05-2017	101
<b>FN28-04</b> 28.2.1 Provide refresher training and awareness programs on a consistent and periodic basis to staff on privacy related matters through various means-Refresher training.	Carol Canfield - Organisational Development	Corporate Services	Not Started	01-05-2017	101
<b>FN28-05</b> 28.2.2 Provide refresher training and awareness programs on a consistent and periodic basis to staff on privacy related matters through various means-Reminders regarding annual communication.	Carol Canfield - Organisational Development	Corporate Services	In Progress	01-05-2017	101

**Finding No/Title:** FN31 28 31. The extent to which information is available to, and used by, a wide range of staff

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN31-01</b> 31.1 Consider reviewing controls to ensure that physical access to all the hardcopy files containing personal information is secured and limited to the responsible staff only.	Sharon Morrison	Corporate Services	Completed	01-11-2017	N/A

**Finding No/Title:** FN33 28 33. Ensure the Privacy Contact Officer's background provides for sufficient understanding of PDPA requirements and have they received any privacy training

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN33-01</b> 33.1 Ensure that the Privacy Contact Officer/Protected Disclosure Coordinator identifies and attends training offered by IBAC or any other external training with respect to the management of personal information and protected disclosure.	Sharon Morrison	Corporate Services	Completed	01-08-2017	N/A

**Finding No/Title:** FN38 28 38. Do performance indicators exist to show whether the Council has satisfactorily complied with the PDPA requirements and IPPs?

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN38-02</b> 38.2.1 Consider implementing an annual self-assessment checklist to be completed by all the department heads within Council. The checklist should incorporate-Identification of personal information collected and re-assessment of the need for collection and use	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN38-03</b> 38.2.2 Consider implementing an annual self-assessment checklist to be completed by all the department heads within Council. The checklist should incorporate-Risks identified and controls put in place regarding the privacy of personal information.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9
<b>FN38-04</b> 38.2.3 Consider implementing an annual self-assessment checklist to be completed by all the department heads within Council. The checklist should incorporate-Whether the department has complied with the Privacy Framework and Information Privacy Principles, with reference to this checklist.	Sharon Morrison	Corporate Services	In Progress	01-08-2017	9

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN38-01</b> 38.1.1 Consider developing a formal process where reporting to management, CEO and/or the Council on the organisation's privacy activities is undertaken on a regular basis	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A

<b>FN38-05</b> 38.3.1 Consider developing, adopting and reporting against privacy related KPIs (as relevant to the Council's size), to assist in ensuring organisational objectives and targets are being met. Examples of KPIs that Council may consider reporting against may include-Reported concerns regarding privacy practices;	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A
<b>FN38-06</b> 38.3.2 Consider developing, adopting and reporting against privacy related KPIs (as relevant to the Council's size), to assist in ensuring organisational objectives and targets are being met. Examples of KPIs that Council may consider reporting against may include	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A
<b>FN38-07</b> 38.3.3 Consider developing, adopting and reporting against privacy related KPIs (as relevant to the Council's size), to assist in ensuring organisational objectives and targets are being met. Examples of KPIs that Council may consider reporting against may include	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A
<b>FN38-08</b> 38.3.4 Consider developing, adopting and reporting against privacy related KPIs (as relevant to the Council's size), to assist in ensuring organisational objectives and targets are being met. Examples of KPIs that Council may consider reporting against may include	Sharon Morrison	Corporate Services	Completed	01-05-2017	N/A

**Audit No/Title:** GOV1724-00 15 Review of Project Management 2014/15

**Finding No/Title:** FN01 15.12. A projects register is not maintained for the Council.

**Overdue Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN01-01</b> 15.12..1 Establish a projects register for the Council such that key information on projects are formally captured and used for reporting purposes.	Lynne Habner - Executive and Commercial Services	Chief Executive Officer	In Progress	01-11-2015	648

**Audit No/Title:** GOV1725-00 20 Follow-up of July 2012 Planning Review 2015/16

**Finding No/Title:** FN01 20.1 Planning permit applications are not appropriately monitored and prioritised.

**Completed Audit Recommendations**

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN01-01</b> 20.1.1 Lynx Rating Manager (Lynx) is the primary database for capturing and recording planning permits applications.	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-11-2012	N/A
<b>FN01-02</b> 20.1.2 From that training, and additional assistance from the vendor of Lynx, Council will investigate the ability of Lynx to produce reports for monitoring and prioritising planning permit applications, including statistical analysis.	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-05-2013	N/A

<b>FN01-03</b> 20.1.3 The first option is to use an in-house database development resource (which Council has), to ensure that the system is tailored specifically to Council's needs.	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-05-2013	N/A
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**Finding No/Title:** FN02 20.2 Data integrity of applications in the Lynx system is poor.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN02-01</b> 20.2.1 Independent Review	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2012	1743
<b>FN02-02</b> 20.2.2 Procedure Manual	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2012	1743

**Finding No/Title:** FN03 20.3 There is a lack of policies and procedures to provide guidance to, and consistency for, planning staff.

#### Overdue Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days Overdue
<b>FN03-01</b> 20.3.1 Council will develop a policy and procedures for the Planning Department.	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2012	1743
<b>FN03-02</b> 20.3.2 In the first instance, the policy and a project plan for the procedure manual will be	Glenn Harvey - Development and Compliance	Operations Directorate	In Progress	01-11-2012	1743

**Finding No/Title:** FN04 20. 4. Planning advice is not consistently captured by council.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN04-01</b> 20.4.1 Full implementation of the Merit system.	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	01-02-2013	N/A

**Finding No/Title:** FN05 20.5. There is little ongoing reporting of planning activity.

#### Completed Audit Recommendations

Recommendation/Corrective Action	Responsible Officer	Department	Status	Due Date	Days
<b>FN05-01</b> 20.5.1 Planning Activity Report	Glenn Harvey - Development and Compliance	Operations Directorate	Completed	13-05-2013	N/A