



AGENDA

Victoria Daly Shire Finance Meeting

9AM, MONDAY 30TH MAY 2011

VICTORIA DALY SHIRE COUNCIL REGIONAL OFFICE,
14 KATHERIEN TERRACE, KATHERINE VIA
TELECONFERENCE

Present

Apologies

Disclosure of interest – Councillors and Staff

Confirmation of Minutes

Finance - 15 March 2011 3

Call for Items of General Business

Correspondence In & Out

Reports to Committee

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4 Acceptance of the Acquittal of the Operational Grant for Library Core Services
Funding 08/09.....17

General Business

Confidential



Minutes of the Finance Committee Teleconference, held at the Victoria Daly Shire Council Office, 14 Katherine Terrace, Katherine on Tuesday, 15 March 2011 at 9:01am

PRESENT: Cr. Wilson – Mayor
Cr. King – Deputy Mayor
Cr. Hennessy
Mr. Greg Arnott, Director of Corporate & Community Services
Ms. Sandra Cannon, Chief Executive Officer
Mr. Dave Heron, Shire Services Manager, Wadeye

APOLOGIES:

ABSENT: Cr. Dumoo

OFFICERS: Mr. Paul Kent, Chief Financial Officer
Ms. Rose Peckham, Office Manager

VISITORS:

DISCLOSURES OF INTEREST – COUNCILLORS AND STAFF

There were no declarations of interest at this Finance meeting.

CONFIRMATION OF MINUTES

Minutes of the Finance Committee held on 18 January 2011

RECOMMENDATION:

That the minutes be taken as read and be accepted as a true record of the Meeting.

Moved: Cr. Hennessy
Seconded: Mr. Arnott
Resolution: Carried Unanimously

CALL FOR ITEMS OF GENERAL BUSINESS

- Update of Audit

REPORTS TO COUNCIL

1) Finance Report Month Ending 28th February 2011

Motion:

That Council receives and notes the Finance Report for the period ending 28th February.

Moved: Cr. Hennessy
Seconded: Cr. King
Resolution: Carried Unanimously

GENERAL BUSINESS

2 UPDATE ON AUDIT

DISCUSSIONS

- Income & Expenditure
- Cash Flow
- Ratio
- Date for audit

The meeting terminated at 9:30am.

This page and the preceding page are the minutes of the Meeting of Finance Committee held on Tuesday, 15 March 2011 and are to be confirmed on Tuesday, 30 May 2011.



VICTORIA DALY SHIRE COUNCIL

FOR THE MEETING OF FINANCE COMMITTEE OF 30 MAY 2011

Report for Agenda Item No 1

Prepared by Paul Kent, Chief Finance Officer

Finance Report Month Ending 30th April 2011

Purpose

To provide Council with the Shire's financial management, income, expenditure and debtors report for the period ending 30th April 2011.

Background

The implementation of the remediated Tech One system remains positive.

The remediated finance system will ensure accuracy of data entry and retrieval for the entire 2010/11 financial year.

We continue to analyse existing system information, resulting in journaling and applying miscoded allocations against their correct cost centres. These misallocations occurred as a result of the work order system. This process remains a time consuming and detailed process, however will enable the printing of meaningful acquittal reports for the current financial year.

The data conversion for the 2008/09 financial year remains ongoing, which will enable the production of comparative data reports from 01 July 2008.

Impact for Council

The Cash-flow is as follows:

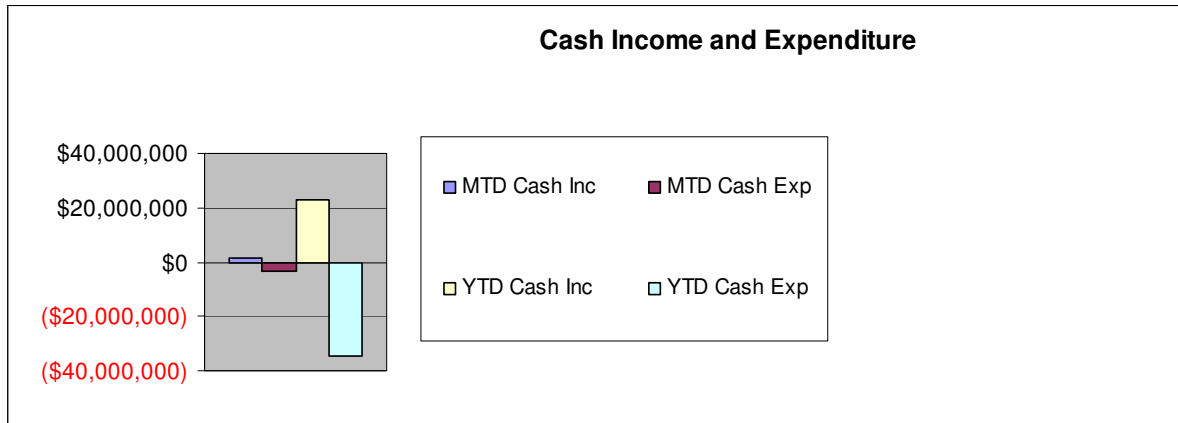
Account Balances as at 30 April 2011		
Trust		\$742,166
Operating		\$188,835
Savings		\$6,225,051
Term Deposits		\$3,739,711
Total		\$10,895,763
Month To Date	MTD Cash Income	MTD Cash Expenditure
Jul-10	\$1,109,611	(\$4,209,105)
Aug-10	\$2,236,920	(\$2,941,823)
Sep-10	\$1,715,120	(\$3,318,540)
Oct-10	\$4,527,741	(\$2,862,050)
Nov-10	\$1,611,100	(\$3,499,972)
Dec-10	\$2,821,614	(\$3,938,533)
Jan-11	\$2,810,235	(\$2,156,174)
Feb-11	\$2,263,685	(\$3,888,558)
Mar-11	\$2,499,783	(\$3,799,193)
Apr-11	\$1,608,090	(\$3,641,229)
May-11		
Jun-11		
Total	\$23,203,900	(\$34,255,178)
	YTD Cash Income	YTD Cash Expenditure
Total YTD	\$23,203,900	(\$34,255,178)

Year to date income totalling \$23.3M is under budget by \$15.3M (\$38.6M-\$23.3), primarily due to timings of grant income received to date. Grant income received in the month of April totals \$1.3M, however income yet to be received includes:

AG Community Patrol	\$ 2,869,080.04
DEEWR	\$ 1,590,173.31
Housing – NTG	\$ 1,209,898.18
Dept of Health & Ageing	\$ 1,247,278.97
FaHCSIA – CDEP	\$ 1,020,160.00
ABA – Palumpa Causeway	\$ 750,000.00
Dept of Housing, Local Gov & RS	\$ 1,274,428.25
DOHA Additional	\$ 525,887.04
NTG Muns Program	\$ 338,585.00
Other Receivables	\$ 175,348.27
Various others	\$ 45,599.28
	\$ 11,046,438.34

Year to date expenditure of \$34.2M is under budget by \$4.4M, (\$38.6M-\$34.2M) while expenditure for the month of April includes creditor payments of:

- D & R Community Services (\$422k)
- Australian Tax Office (\$292k)
- Jardine Lloyd Thompson (\$188k)
- Dept of the PM & Cabinet (\$87k)



To date, income has averaged \$2.3M per month while expenditure has averaged \$3.4M per month. This is due to funding from several grants currently awaiting the audit of grant acquittals for the 2010/11 year.

The grant audit for the 2008/09 and 2009/10 years are expected to be completed by the end of May 2011. Final data on the amount of grant income expected for the 2010/11 year is currently being forecasted by the respective program managers.

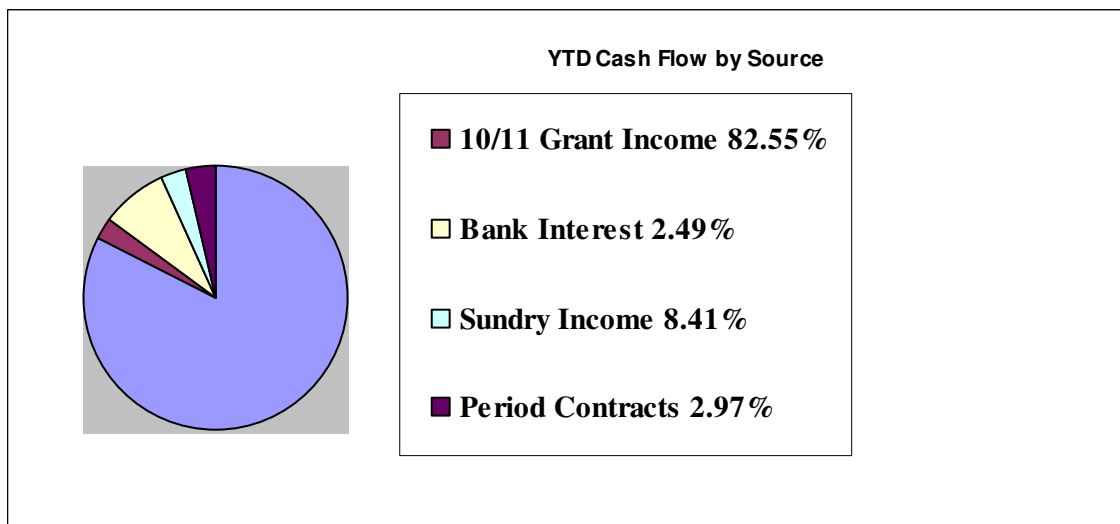
At the time of writing this report, bank reconciliations have made significant progress as at 30th April, with debits and credits continually being reconciled to ensure accuracy – particularly in regard to grant payments received.

An educational initiative will be under way in the coming months to educate staff in remote communities on how to code payments correctly to ensure the General Ledger accurately reflects the transactions of Council.

The focal point of the education program is how account strings work that link location, program, fund and natural account; in particular the relationship between grant funding (income received) and expenditure that relate to a specific program.

YTD CASHFLOW BY SOURCE

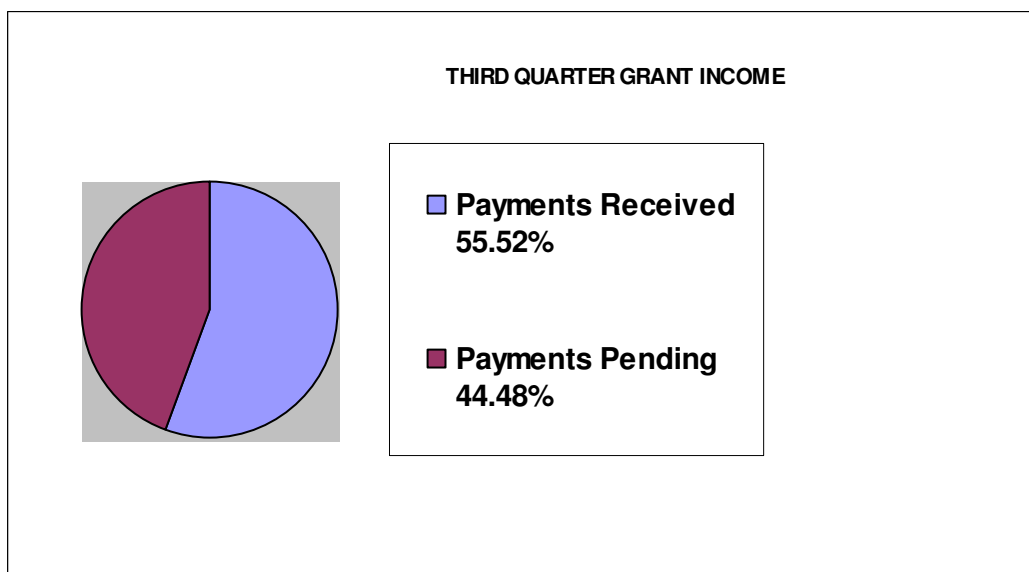
The **\$23,203,899** income received this financial year is broken down as follows:



The cash-flow by source includes Rates received of \$819k for year to date. The better than expected result is due to increased effectiveness of rate collection and payment of \$353k from Territory Housing.

FOURTH QUARTER GRANT INCOME

Grant funding clearly remains our strongest income stream (82.55% of total Income). The Shire has received \$1.37M in grant income in April. This difference between actual and budgeted income is expected as funding agreements are not all in place.



CURRENT RATIO

The Current Ratios (or working capital ratio) identifies the Shire's ability to meet short term financial obligations. The higher the ratio, the more liquid the Shire is. There are two calculations below, one including unexpended grants and the other excluding unexpended grants.

The formula for expressing the Current Ratio including *unexpended grants* is:

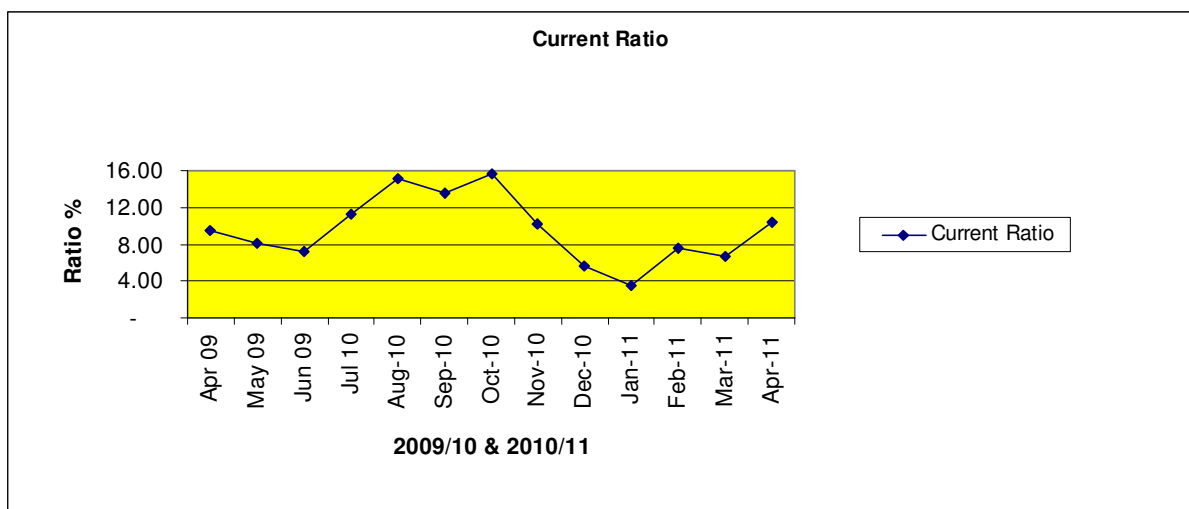
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

This calculation uses the current assets over current liabilities. However outstanding orders have been *excluded* from July onwards due to the non recognition of liabilities since invoices are not being presented for payment to Council¹.

When compared to cash at hand, the Current Ratio including unexpended grants of \$6.8M are as follows:

$$\frac{\$13,545,300.24}{\$1,302,741.24} = 10.40$$

The result of 10.40 indicates that for every \$1 owed by the Council to its creditors, both external and internal (employees); \$10.40 can be used from Current Assets to meet its obligations. Explanation for the rise in the result of this ratio is due to including the Term Deposit balances as Current Assets. This previously wasn't done and April is the first month in which it has been included.



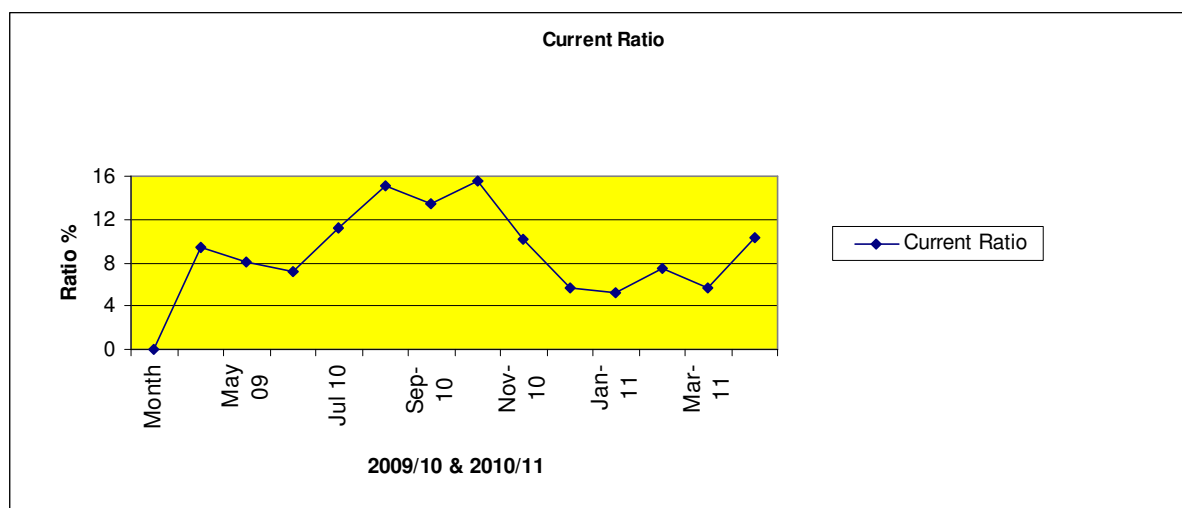
¹ In order for a liability to exist, there must be a legal obligation to pay which comes in the form of an invoice issued from a creditor.

The Current Ratio excluding **Unexpended Grants (\$6.8M)** is expressed as follows:

Current Assets – Unexpended Grants
Current Liabilities

$$\frac{\$13,545,300.24 - \$6,801,077.00}{\$656,681.58} = \mathbf{10.27}$$

The Current Ratio above which excludes unexpended grants consist of tied and untied funding, therefore current liabilities (\$1,302,741.24) have been adjusted down on a proportional basis by 50.4% (\$1.3*0.504) = \$656,681.58. Explanation for the rise in the result of this ratio is due to including the Term Deposit balances as Current Assets. This previously wasn't done and April is the first month in which it has been included.



Income & Expenditure

The Financial Variance Commentary will detail variances greater than \$5,000

The Income and Expenditure Report (attachment 1) does not contain a Budget breakdown at the moment, however the Finance Department is in the process of uploading budgets for each Service Delivery area.

INCOME

Income received of \$24.2M as reported in the Income & Expenditure Report for April YTD differs from the cash at bank figure of \$23.3 by \$0.9M. All income is being allocated as part of the bank reconciliation process. The total grant income received for the financial year 2010/11 YTD is \$18.9M.

EXPENDITURE

Operating expenditure of \$25.6M as reported in the Income & Expenditure Report for April YTD differs to the expenditure figure drawn from the bank statement of \$33.5M (a variance of \$7.9M). This is primarily due to timing differences in invoices paid in the current year that relates to the previous financial year.

NET PROFIT / LOSS

In all, Council is reflecting a year to date loss of \$1.3M which is primarily due to large creditor payments of \$989k to Jardine Lloyd Thompson, Dept of the PM & Cabinet, D & R Community Services and Australian Tax Office.

The early release funding received in June 2010 of \$675k and the expected \$25.9m in grant income identifies that the income streams remain strong and the net effect to Council remains positive.

CAPITAL EXPENDITURE

Capital works expenditure as at April YTD is \$1.1M for motor vehicle fleet, Plant & Equipment purchases and work in progress Infrastructure upgrades.

NET INCOME / EXPENDITURE

The total net result highlights that Council remains in a stable fiscal position, with \$7.2 million cash at bank.

When viewing the Profit and Loss Statement, it must be noted that variances to budget are often reflected in red or in brackets – this can be positive or negative, depending on whether it refers to income or expenditure. For example, a saving in expenses will show in red brackets, because it is in credit. These variances will be noted in the financial variance commentary as required.

Identification of relevant legislation, Council policy and plans

Section 18 of the Local Government Accounting Regulations 2008 outlines the requirements for financial reporting to Council. In particular it states that the actual income and expenditure for the commencement of the financial year to the end of the previous month should be reported plus a statement of the debts owed to the Council.

Consultation

Not applicable

Other Considerations

As outlined in previous Finance Reports to Council, elected members need to remain aware that whilst the Income and Expenditure Statement for this period aligns closely with the remediated Technology One Financial Management System, the sanitisation of the data remains ongoing.

Funding Implications

Council received sufficient grant and sundry income during the period and successfully paid staff and creditors.

Conclusion

The estimated income and expenditure statement shows that Victoria Daly Shire Council has met its financial obligations for the month and has the cash flow to ensure that the delivery of services continues in communities.

Recommendation

That Council receives and notes the Finance Report for the period ending 30th April.

Attachments

1 VDSC - Income and Expenditure Report - Apr 11 - PDF.pdf

20/05/2011 3:11 PM

Victoria Daly Shire Council
Income and Expenditure Report for the Month Ending 30th April 2011

Actual	Year to Date		Revenue	Total Year			
	Budget	Variance		Original Budget	Current Budget	Forecast EOY	Forecast Change
1,013,355	0	(1,013,355)	Rates and Annual Charges	0	0	0	0
17,525,899	0	(17,525,899)	Grants and Subsidies	0	0	0	0
378,783	0	(378,783)	User Fees and Charges	0	0	0	0
573,573	0	(573,573)	Interest	0	0	0	0
182	0	(182)	Profit/Loss on Disposal of Property Plant and Equipment	0	0	0	0
4,723,784	0	(4,723,784)	Other Current Income	0	0	0	0
24,215,576	0	(24,215,576)	Total Revenue	0	0	0	0
Operating Expenditure							
14,556,302	0	(14,556,302)	Employees	0	0	0	0
238,422	0	(238,422)	Councilors	0	0	0	0
10,803,969	0	(10,803,969)	Materials and Contracts	0	0	0	0
1,932	0	(1,932)	Bad Debts	0	0	0	0
1,852	0	(1,852)	Current and Capital Transfer Expenses	0	0	0	0
25	0	(25)	Interest Expenses	0	0	0	0
0	0	0	ReAllocated Expenses	0	0	0	0
2,818	0	(2,818)	SUSPENSE ACCOUNT	0	0	0	0
25,605,322	0	(25,605,322)	Total Expenses	0	0	0	0
(1,389,745)	0	1,389,745	Net Profit / (Loss)	0	0	0	0

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Victoria Daly Shire Council
Income and Expenditure Report for the Month Ending 30th April 2011

Actual	Year to Date		Capital Expenditure	Total Year			
	Budget	Variance		Original Budget	Current Budget	Forecast EOY	Forecast Change
0	0	0	WIP Purchase Land	0	0	0	0
900	0	(900)	WIP Purchase Construct Buildings	0	0	0	0
3,455	0	(3,455)	WIP Upgrade Buildings	0	0	0	0
25,600	0	(25,600)	WIP Purchase/Construct Infrastructure	0	0	0	0
40,000	0	(40,000)	WIP Upgrade Infrastructure	0	0	0	0
470,092	0	(470,092)	WIP Purchase Plant & Equipment	0	0	0	0
8,762	0	(8,762)	WIP Purchase Furniture Fitt	0	0	0	0
580,154	0	(580,154)	WIP Purchase Motor Vehicles	0	0	0	0
2,571	0	(2,571)	WIP Upgrade Motor Vehicles	0	0	0	0
1,131,534	0	(1,131,534)		0	0	0	0
(2,521,279)	0	2,521,279	Net Income / (Expenditure)	0	0	0	0



VICTORIA DALY SHIRE COUNCIL

FOR THE MEETING OF FINANCE COMMITTEE OF 30 MAY 2011

Report for Agenda Item No 2

Prepared by **Naseem Chetty, Community Services Manager**

Funding for Aged Care Bus Wadeye

Purpose

To inform the Finance Committee that Victoria Daly Shire Council has received funding for the purchase of a new Toyota Coaster Deluxe Automatic Bus.

Background

There was an identified need for a bus to provide services to the aged care clients in Wadeye. Negotiations with the Department of Health and Ageing have seen them approve \$130,407.89 funding for Victoria Daly Shire Council to purchase a 22 seater Toyota Coaster Deluxe Automatic Bus.

Impact for Council

The purchase of this bus will improve service delivery for aged care clients in Wadeye. Operational funds are available for the ongoing cost associated with this vehicle.

Recommendation

That Council note the content of this report and except the funding and sign the presented funding agreement.

Attachments

There are no attachments for this report.



VICTORIA DALY SHIRE COUNCIL

FOR THE MEETING OF FINANCE COMMITTEE OF 30 MAY 2011

Report for Agenda Item No 3

Prepared by **Naseem Chetty, Community Services Manager**

Approved funding for Program Support Officer

Purpose

To inform the Finance Committee of funding approval from Department of Employment Education and Workplace Relations for a Program Support Officer.

Background

Due to the complexity of programs funded by DEEWR there was an identified need for a Program Support officer to work at the grass root level of our communities to provide support and guidance to community members in areas of nutrition, hygiene and healthy life choices.

Negotiations with DEEWR have seen them approve funding for Victoria Daly Shire Council to employ a Program Support Officer for a period of 12 months. This funding has been incorporated in the total funding for the School Nutrition Program funding agreement which has already been signed by Council. Further ongoing funding for this position will be subject to future negotiations with DEEWR at the appropriate time.

Impact for Council

The Program Support Officer will enhance and support service delivery in communities across Victoria Daly Shire Council by providing specialist advice and education in areas of Nutrition, Hygiene and Healthy life choices.

Recommendation

That Council note the content of this report and approve this position.

Attachments

There are no attachments for this report.



VICTORIA DALY SHIRE COUNCIL

FOR THE MEETING OF FINANCE COMMITTEE OF 30 MAY 2011

Report for Agenda Item No 4

Prepared by **Jeanette Elliott, Grants Coordinator**

Acceptance of the Acquittal of the Operational Grant for Library Core Services Funding 08/09

Purpose

To advise Council of the Acquittal for the Operational Grant for Library Core Services Funding and to have the financial report signed by a member of Council.

Background

The financials for the 2008/2009 financial year for the NT Library Grant has been audited by Merit Partners, please see attached. The Department of Natural Resources, Environment, The Arts and Sport has also asked that an acquittal form be prepared on their template and passed through Council for signature.

Also attached is the Acquittal Form that is required for signature.

Impact for Council

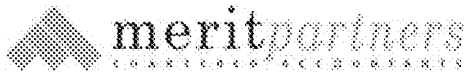
That Council notes the Acquittal for the NT Library Grant.

Recommendation

That Council accept the NT Library Grants Acquittal for the Financial Year ending 30 June 2009 by signing the Acquittal Report.

Attachments

- 1 Acquittals DLGHS 2008.09.pdf
- 2 Acquittal form Operational - 2009.doc



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Independent Auditor's Report to the Department of Local Government Housing and Sport

We have audited the accompanying Income and Expenditure Statements ("Statements") for the year ended 30 June 2009 of Victoria Daly Shire Council (the "Council").

Council's Responsibility for the Statements

The Council is responsible for the preparation and fair presentation of the Statements and have determined that the accounting policies used are appropriate to meet the requirements of the Department of Local Government, Housing and Sport ("DLGHS") funding terms and conditions. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. These policies do not require the application of all Accounting Standards and other mandatory financial reporting requirements in Australia.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statements based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to fulfil the requirements of the DLGHS funding terms and conditions. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatements of the Statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Council's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Members of the Council, as well as evaluating the overall presentation of the Statements.

The Statements have been prepared for distribution to DLGHS for the purpose of fulfilling the funding terms and conditions of the DLGHS funding. We disclaim any assumption of responsibility for any reliance on this Report or on the Statements to which it relates, to any party other than DLGHS, or for any purpose other than that for which it was prepared.

Merit Partners Pty Ltd
ABN 10 107 240 522

Liability limited by
a scheme approved
under Professional
Standards Legislation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.


Basis for Qualified Auditor's Opinion

We have audited the expenditure of the Council as disclosed in the Council's General Purpose Financial Report for the year ended 30 June 2009. However, due to technical difficulties experienced by the Council in relation to its accounting software during the Council's transition period in 2008/2009, we have been unable to obtain sufficient appropriate audit evidence to independently verify the allocation of expenses between various funded projects.

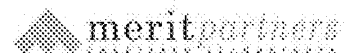
Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation on our scope referred to in the above paragraph not existed, the attached Income and Expenditure Statements present fairly, in all material respects, the expenditures incurred by Victoria Daly Shire Council for the year ended 30 June 2009 and are based on proper accounts and records.

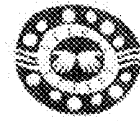

Merit Partners


Matthew Kennon
Director

DARWIN
Date: 11/3/2011



Financial Statement



Victoria Daly
SHIRE COUNCIL

Grantees Name:	Victoria Daly Shire Council
Funding Agreement:	Active Remote Communities
Financial Year:	2008/2009

	Actual	Budget	Variance
INCOME			
Grant Income	\$ 279,468.00	\$ 279,468.00	\$0.00
INCOME TOTAL	\$ 279,468.00	\$ 279,468.00	\$0.00
EXPENDITURE			
Salaries	\$ 31,847.06	\$ 31,847.06	\$0.00
Materials & Equipment	\$ 116,866.17	\$ 160,900.74	\$44,034.57
Employee On costs	\$ 44,800.00	\$ 44,800.00	\$0.00
Administration	\$ 41,920.20	\$ 41,920.20	\$0.00
EXPENDITURE TOTAL	\$ 235,433.43	\$ 279,468.00	\$44,034.57
NET SURPLUS/ DEFICIT			\$44,034.57

Signature: 

Name:

Position:

Date: 13 DEC 2010

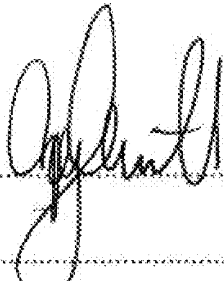
Greg Arnott
Director
Corporate & Community Services
Victoria Daly Shire Council

Financial Statement



Grantees Name:	Victoria Daly Shire Council
Funding Agreement:	NT Libraries
Financial Year:	2008/2009

	Actual	Budget	Variance
INCOME			
Grant Income	\$ 133,536.00	\$ 133,536.00	\$0.00
INCOME TOTAL	\$ 133,536.00	\$ 133,536.00	\$0.00
EXPENDITURE			
Salaries	\$ 133,554.51	\$ 64,964.21	-\$68,590.30
Materials	\$ 35,218.19	\$ 35,218.19	\$0.00
On costs	\$ 61,200.00	\$ 20,000.00	-\$41,200.00
Administration	\$ 13,353.60	\$ 13,353.60	\$0.00
EXPENDITURE TOTAL	\$ 243,326.30	\$ 133,536.00	\$109,790.30

Signature: 

Name: Greg Arnott
Director
Corporate & Community Services
Victoria Daly Shire Council

Position:

Date: 14 DEC 2010

SCHEDULE 5 - NT LIBRARY GRANTS ACQUITTAL FORM
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VICTORIA DALY SHIRE COUNCIL

YEAR ENDING 30TH JUNE 2009ACQUITTAL OF OPERATIONAL GRANT
LIBRARY CORE SERVICES FUNDING

Purpose of Grant: Library Core Services Funding

INCOME AND EXPENDITURE STATEMENT

Special Purpose Grant excluding GST	\$	133,536.00
GST Amount	\$	13,353.60
 TOTAL	 \$	 146,889.60
Expenditure (Specify accounts and attach copies of invoices or ledger entries)		
Total Expenditure	\$	243,326.30
Surplus/(Deficit)	\$	(109,790.30)

 We certify, in accordance with the conditions under which this grant was accepted, that the expenditure shown in this acquittal has been actually incurred and reports required to be submitted are in accordance with the stated purpose of this grant.

Statement prepared by: Jeanette Elliott 03/05/2011Laid before the Council at a meeting held on 17/05/2011Authorised Person: 17/05/2011

DEPARTMENTAL USE ONLY

Amount correct?	YES/NO
Expenditure conforms to purpose	YES/NO
Balance of funds to be acquitted	\$.....
Prepared by...../...../.....

Comments: _____

Manager Business Services _____/...../200