



## DISTRICT COUNCIL OF KAROONDA EAST MURRAY Internal Financial Control Policy

Policy No	16
Date of Policy Adoption	11.04.2017
Minute Reference	4910
Review Date	April 2017
Next Review	April 2019

### 1. **Introduction**

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

Under Section 125 of the Local Government Act 1999 Council is required to ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to:

- Assist in carrying out its activities in an efficient and orderly manner;
- Ensure adherence to management policies;
- Safeguard Council's assets and resources, and
- Secure (as far as possible) the accuracy and reliability of Council records.

The external auditor places a significant degree of reliance on internal controls when determining whether the amounts of the Council present a fair and true value of the transactions of the business for the relevant timeframe. Section 129 of the Local Government Act 1999 requires that the external auditor is required to provide an audit opinion as to whether the controls used by Council are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with the law.

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

Council is committed to maintaining an effective Internal Control environment and this policy outlines the relevant steps that must be taken to comply with the Act and Regulations.

### 2. **Policy Objectives**

Council's objectives of this Policy are:

- To ensure risks relating to the stewardship of public resources are adequately managed through effective internal controls.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

- To implement a framework for an effective internal control system aligning responsibility with the relevant manager to ensure financial controls are established, documented, maintained and adhered to across the organisation.
- To ensure the propriety of transactions, information integrity and accuracy of financial reporting.
- To ensure accountability to the Council and the community in the provision of services.
- To formulate Council's checklist of Accounting Control procedures throughout the organisation.

**3. Legislative, Corporate Policy and Standards Requirements**

- Local Government Act 1999 – Sections 125, 126, 129 & 130.
- Local Government (Accountability Framework) Amendment Act 2009 – Schedule 1 & 2.
- Local Government (Financial Management) Regulations 2011 R14(e).
- Related Council Policies and Corporate Documents.
- Australian/New Zealand Standard AS/NZS 21000:2009.

**4. LEGISLATIVE, CORPORATE POLICY AND STANDARDS REQUIREMENTS**

**4.1 Risk Management**

Council will maintain an internal control framework, which will be based upon a proactive risk management culture. The level of internal control will depend on risks identified within each Council activity. It is recognised that all risks cannot be eliminated, however the internal controls applied should reduce the likelihood of the risk occurring to within acceptable limits of risk.

The risk management process use will comply with the Australian Standard for Risk Management: Principles and Guidelines (AS/NZ ISO 31000:2009).

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

**4.2 Roles and Responsibilities**

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

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

## **DISTRICT COUNCIL OF KAROONDA EAST MURRAY**

### **Internal Financial Control Policy**

---

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

#### **4.3 Elements of an Internal Control Framework**

The essential elements of an effective internal control framework are:

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

#### **5. Policy Review**

This policy will be reviewed bi-annually, unless circumstances change which warrants alteration to the policy.

#### **6. Availability of Policy**

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

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

**ACCOUNTING AND CONTROL PROCEDURES**

**1. Monies Recieved**

A receipt shall be issued for all monies received by the Council.

The Manager Corporate Services shall cause all cheques received by Council to be crossed 'NOT NEGOTIABLE – A/C DISTRICT COUNCIL KAROONDA EAST MURRAY'.

The original of every cancelled receipt shall be retained and attached to the hardcopy of the receipts for that day.

Receipts are sequentially pre-numbered and issued strictly in numerical sequence.

All receipts issued are to note the receipt of cash, cheque or electronic funds transfer.

Unless specifically requested, receipts for payment to Council will not be posted to Ratepayers, Electors, or other persons or bodies.

Cash floats are to be counted daily and reconciled to receipts listing and banking for the day.

Discrepancies are to be followed by the Manager Corporate Services.

Monies owed to Council must be receipted by an officer independent to the transaction.

**2. Banking of Monies Received**

Monies received by the Council must be banked not more than three business days after it is receipted and in any event before 5.00pm on Fridays.

The monies banked must be reconciled daily with the monies received and receipted.

Cash and cheques received and not banked must be secured in Council's safe, or other approved safe custody that is acceptable by the Council's insurers

**3. Purchasing Procedures**

All goods and services are to be purchased by the Council in accordance with the approved budget of the Council.

Goods and services shall be obtained only by use of a Council Order provided that in urgent cases, goods and services may be ordered subject to confirmation by an official order.

The Council Orders shall be numbered consecutively and stocks of unused Council Orders shall be listed in a register under the control of the Manager Corporate Services. Outstanding orders are to be regularly followed up. All Purchase Orders must be approved by an authorised officer as designated by the Chief Executive Officer.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

It shall not be necessary to issue a Council order for:

- Fees or payments imposed under any Act;
- Professional Services, insurance and freight charges;
- Payments pursuant to any award, legislation or Court Order binding upon a Council;
- Payments of routine accounts to utility companies e.g. AGL, SA Water, Telstra;
- Payments of subscriptions made to industry bodies; eg MMLGA, LGA (and its subsidiaries);
- Goods purchased from petty cash.

Purchase orders shall have the following details:

- Date of order;
- Supplier's name;
- Details of goods ordered;
- Relevant job number(s) to which the cost is to be attributed;
- Agreed prices where available - if prices are not available the purchase order should at least note an ESTIMATE of the amount payable.

The following employees are 'Authorised Officers' to sign a Council Order:

Administration

Chief Executive Officer  
Manager Corporate Services

Works Depot

Works Manager

All purchases duly authorised must be within the approved budget of Council. Any variation to this must be authorised by the Chief Executive Officer in consultation with the Council.

When an employee identifies that a particular good or service is required an Authorised Officer, with an appropriate limit, should be notified of the details so that the purchase can be initiated. (In certain emergency situations approval can be obtained for expenditure by telephoning the Council Office).

The Authorised Officer shall identify the various suppliers of the goods or services required and determine a favoured supplier prior to proceeding to order the goods or services.

In accordance with Council's Purchasing Procedures and WHS Policies and Procedures, consultation should take place between management and employees to determine the qualities and safety aspects appropriate to the goods being purchased and to ensure that goods are satisfactory for the purpose for which they are required.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

Freight Arrangements

- A carrier should, where possible, be nominated for goods purchased from areas outside of the Council area.
- Local purchases can be collected by Council employees using Council vehicles. Employees are to comply with Council's Manual Handling Policy when handling goods.

All goods purchased should comply with Australian Design Standards and meet Council's requirements in terms of Work Health & Safety. For instance, hazardous substances should be treated with extreme care.

Preference for local suppliers is encouraged where the quality and price are competitive.

**4. Receipt of Goods**

All goods and services received shall be checked by the administration Officer acting as Receiving Officer or by the Depot Stores Officer for depot goods to ensure that:

- Goods conform with the order with respect to type and quantity;
- Goods are in good order and condition;
- Price charged in accordance with the order and is fair and reasonable; and
- All calculations are correct.

The receiving officer shall initial invoices or packing documentation to indicate that the appropriate checks have been made.

All documentation (including cart notes) should be retained for matching with invoices when received. Unmatched documentation should be immediately queried with the supplier.

Once the goods have been appropriately accounted for, they can be allocated to the appropriate job or retained in stores for future use.

**5. Accounts for Payment**

All disbursements over two hundred dollars (\$200) shall be by cheque or Electronic Funds Transfer.

All invoices, together with the copy of the Council order, goods received notification, packing notes and cart notes, are to be forwarded on to the Administration Officer without delay.

Invoices and supporting documentation relevant to Works are to be referred to the Works Manager or Administration Officer for allocation of account numbers and verification of invoices for payment.

Invoices are not processed unless a purchase order is attached and receipt of goods validated or expenditure has been approved for payment by an authorised person with appropriate delegation.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

All documentation shall then be returned to the Administration Officer and held for processing for payment.

Every week the Manager Corporate Services will peruse all outstanding invoices and identify which payments are to be made that week. As an audit of Creditors functions, the Manager Corporate Services will regularly check invoices held for payment.

All payments are processed on Friday of each week by the Administration Officer and verified by the Manager Corporate Services.

A payment voucher for the preparation of a payment shall only be prepared when:

- An invoice/statement of account has been presented, which describes the goods or services supplied;
- All invoices are tax compliant, in particular GST elements and an ABN;
- The invoice/statement has been credited by a responsible Officer that the goods or services have been received in accordance with the relevant official order or the invoice matches the authorised signed order;
- The prices charged, or any disparity, are fair and reasonable;
- The calculations and additions are correct;
- The invoice/statement has not been previously paid.

A Payment Voucher must be prepared for each payment and must contain the following information:

- The date;
- Name and address of payee;
- Cost account number, cost account name, total for each cost account;
- Total amount of the payment;
- Signature of Officer authorising payment.

A payment shall be prepared from the information contained on the payment voucher.

The payment, together with the payment voucher and the supporting documentation must be presented to the Authorised Cheque Signing Officers for signature.

## **6. Disbursements**

### **6.1 Payments via Cheque**

- No cheque shall be signed unless accompanied by a duly authorised payment voucher.
- All cheques are issued in sequential order and are crossed as 'Not Negotiable'.
- Documentation, i.e. invoices or statements, are attached to the cheque and evidenced as reviewed by the cheque signatories prior to signing.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

- All cheques shall be signed by any two authorised persons.

**6.2 Payments via EFT (Electronic Funds Transfer)**

- No EFT payment shall be processed unless accompanied by a duly authorised payment voucher.
- EFT Payment Reports must be accompanied by documentation, ie. invoices or statements, which are evidenced as reviewed by the cheque signatories.
- All EFT payments shall be authorised by any two persons authorised to sign cheques (see above), evidenced by the signing of EFT Payment Reports.
- EFT Payment Reports must be reconciled with EFT File printouts by an authorised person (see above) prior to processing, and documented as such on the EFT File printout.
- Signed and authorised EFT Payment Reports and EFT File printouts must be kept with the payment vouchers.
- On processing of invoices all payment vouchers and supporting documentation shall be stamped 'PAID' immediately after the relevant cheque has been drawn or the EFT payment has been processed.

**6.3 Reconciliations**

- Suppliers' statements are reconciled monthly to invoices and payments made. Creditors control account is reconciled monthly to the creditors ledger; and discrepancies/reconciling items are promptly followed up. Creditors ledger balances are regularly reviewed and unusual items such as debit balances are investigated.

**7. Payroll**

No employee should be added to payroll records or paid without receipt of the appropriate forms, including employment declaration forms.

Employee history files are maintained for all employees. Files should contain employment details and contracts, authorisations for payroll or deduction changes, annual leave, long service leave and sick leave entitlements.

No adjustments are made to individual employee records, i.e. names, addresses, deduction details without receipt of written authorisation from the employee.

No adjustments are made to salary or wage classification without written authorisation from the CEO or the person acting in the position.

The Manager Corporate Services shall cause to be maintained a record of all employees and in respect of each employee the gross salary, taxation and all itemised deductions.

All rates of pay must be in accordance with an Award to which the Council is a party; or to an agreement which has been approved by the Council, e.g. enterprise bargaining.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

All salaries and wages paid must be generated by a timesheet which shall be:

- Signed by the employee;
- Signed by the supervisor;
- Marked as evidence of processing.

All salaries and wages shall be payable by electronic funds transfer unless otherwise authorised by the Chief Executive Officer. Listings should be reconciled to the total net pay and total number of employees paid and signed by the Chief Executive Officer or Manager Corporate Services.

Payroll reports are reviewed for unusual rates, salary amounts or employee names and evidenced as reviewed by an officer external to the payroll function.

All employees applying for leave complete a leave application form in advance. This form is authorised by the appropriate responsible official and passed on to the payroll officer.

Leave Application Forms are filed in the employee's history file.

Annual leave and long service leave are not paid without receipt of the appropriate form.

Leave entitlements are immediately updated to reflect annual, sick and long service leave taken.

Annual leave entitlements are regularly reviewed and arrangements made with employees with excessive entitlements to reduce these.

**8. Bank Accounts**

Council shall operate a Trading Bank Account with the Bank of South Australia.

Council shall operate Trading Investment Accounts and Trading Advance Accounts with the Local Government Finance Authority of South Australia.

Council shall approve the establishment and closure of every Bank Account.

The Manager Corporate Services shall cause to be prepared a Bank Reconciliation Statement for every Bank Account each month which is to be presented to Council.

The Chief Executive Officer or Manager Corporate Services shall have authority to invest surplus Council funds with recognised lending authorities to take advantage of available interest rates.

Transfer of monies between Council's bank accounts, general investment account and/or cash advance accounts are to be authorised by two approved bank signatories.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

**9. Loan Register**

The Manager Corporate Services shall cause to be prepared a Register of all loans taken by the Council.

The Register shall record:

- The number of the loan;
- The lending institution;
- The repayment schedule of the loan;
- The purpose for which the loan was taken;
- The date of the loan;
- The interest rate of the loan;
- The term of the loan;
- The date on which the loan will be redeemed.

**10. Petty Cash**

The Manager Corporate Services will cause petty cash accounts to be maintained for the purchase of small items of goods and services for the Council.

All petty cash accounts shall be maintained on the computer system.

Every petty cash transaction shall be recorded and supported by dockets or vouchers.

Cash will not be advanced from the Petty Cash till unless it is for Council business, written authorisation is received from the Chief Executive Officer or Manager Corporate Services and authorisation is kept with the float until the cash is reimbursed.

**11. Stores and Materials**

Stores and materials purchased may be debited direct to the works or services on which they are used.

Suspense stores accounts shall be maintained so as to record all receipts and issues of stores and materials not directly debited to works and services. Documentation includes details of items issued, when and to whom issued and when returned (if applicable).

At least once in every financial year the Manager Corporate Services will cause the stock on hand of all stores and materials to be checked by physical count and to be reconciled with the records of the suspense stock on hand. The Works Manager will oversee the stocktake function at the end of each financial year.

All stores and materials will be accounted for and issued on the 'average price' basis.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

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

Only authorised personnel have the authority to issue stock items. Issues are monitored to ensure timely ordering of stock items and to ensure items are not overstocked.

**12. Loose Tools**

The Manager Corporate Services shall cause to be maintained a Register of all loose tools which are not directly debited to works and services.

The Loose Tools Register shall be segregated into the following worksite areas:

- Works Depot
- Machinery

The Loose Tools Register shall contain the following information:

- Item Number/Description

At least once in every financial year the Manager Corporate Services will cause the register of all loose tools to be checked by physical count and reconciled with the records of the Loose Tools Register.

**13. Minor Plant**

The Manager Corporate Services shall cause to be maintained a Register of all minor plant.

The register shall be segregated in to the following worksite areas:

- Works Depot

The Minor Plant Register shall contain:

- Item Number/Description;
- Date of Purchase;
- Purchase Price;
- Written Down Value.

At least once in every financial year the Manager Corporate Services will cause the register of all minor plant to be checked by physical count and reconciled with the records of the Minor Plant Register.

**14. Plant and Machinery**

The Manager Corporate Services shall cause to be maintained a register of all Plant and Machinery.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

The plant and Machinery register shall contain:

- Item Number/Description;
- Date of Purchase;
- Purchase Price;
- Vendor;
- Use per year - hours/kilometres;
- Amount of Depreciation;
- Written Down Value;
- Charge out rate.

All Plant and Machinery shall be charged out as a determined charge out rate per unit of use.

The sum of the income generated by charging out the Plant and Machinery to works and services should approximately recover the total cost of operating and depreciating the Plant and Machinery for the year.

At least once in every financial year, the Manager Corporate Services shall cause the Register of Plant and Machinery to be checked by physical count and reconciled with the Register.

**15. Furniture and Equipment**

The Manager Corporate Services shall cause to be prepared a register of all furniture and equipment owned by the Council.

The Register shall be segregated into the following worksite areas:

- Council Offices;
- Karoonda Institute;
- Masonic Lodge;
- Karoonda Caravan Park;
- Karoonda Railway Station;
- Depot.

The Register shall contain:

- Item/Description;
- Date of Purchase;
- Serial Number (If Appropriate);
- Written Down Value.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

At least once in every financial year, the Manager Corporate Services shall cause the Register of Plant Furniture and Equipment to be checked by physical count and reconciled with the records of the Register.

**16. Fixed Assets**

The Manager Corporate Services shall cause to be prepared Registers, which contain all fixed assets owned by the Council.

Fixed Asset registers shall be segregated as follows:

- Land and Buildings;
- Streets and Roads;
- Stormwater;
- Common Effluent Drainage.

The Land and Building Register will contain the following information.

- Item Number;
- Lot Number/Section Number;
- Street Address;
- Certificate of Title Reference;
- Date of Acquisition;
- Site Plan;
- Purpose/Use;
- Valuation.

The Streets and Road Register will contain the following information:

- Number;
- Street Name;
- Length of Construction;
- Width of Construction;
- Written Down Value.

The Manager Corporate Services will cause the valuation of all material fixed assets to be reviewed in accordance with legislative requirements and the relevant Accounting Standards requirements.

All assets purchased shall on acquisition:

- Be added to the Fixed Assets Register;
- Useful life of the individual asset be estimated;

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

- Basis of depreciation decided (straight line or reducing method);
- Rate of depreciation calculated;
- Asset is depreciated from date first used or ready for use.

On disposal:

- Asset is depreciated to date of disposal;
- Accumulated depreciation and cost of the asset are written back in the general ledger and removed from the Fixed Asset Register;
- Profit/Loss on disposal is calculated. This calculation should be prepared or authorised by a senior responsible officer.

Capitalisation policies are implemented such that Staff is able to distinguish between capital and maintenance expenditure. Minimum thresholds shall apply and systems will be implemented to classify assets based on the functions or activities of which they are used for.

At the end of each year the Fixed Asset register will be reviewed to consider:

- Carrying value of assets;
- Existence of assets;
- Condition of assets;
- Useful life of assets;
- Relevance of current depreciation rates given the condition of the assets;
- Need for revaluations.

#### **17. Depreciation**

The Manager Corporate Services shall cause depreciation to be charged to all non-current assets with limited useful lives. The charge is to be systematically brought to account each year.

The rate of depreciation is to be reviewed annually.

A rate of depreciation is to be applied to non-current assets so that the Written Down Value is similar to Market Value.

A rate of depreciation is to be applied to constructed streets and roads so that the Written Down Value represents the 'useful life' of the street or road.

#### **18. Recovery of Overhead Charges**

The cost of labour has three components. They are:

1. Direct Cost.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

2. Indirect Labour Cost made up of:

- Annual Leave;
- Sick Leave;
- Workers Compensation Insurance;
- Long Service Leave;
- Staff Training;
- Superannuation;
- Protective Clothing.

3. Indirect supporting costs.

There are additional costs associated with the direct employment of labour which, although not directly incurred by the works and services being performed, are incurred to support the direct employment. These costs include:

- Depot expenditure;
- Loose tools;
- Supervision salaries;
- Maintenance of stores;
- Travelling expenses.

The Manager Corporate Services shall cause to be applied an Overhead Charge applied to the cost of direct labour to recover indirect labour costs and costs associated with the direct employment of staff so that the cost of works and services supplied is an accurate full cost of undertaking the works and services.

The percentage of Overhead Charge shall be reviewed annually.

Full cost Attribution

The philosophy of Full Cost Attribution is that the full cost of providing the services must be shown in the accounts. Administration costs must be included and spread across the various functions and activities of Council.

**19. Goods and Services Provided by Council**

The Chief Executive Officer, may cause the Council to provide works and services to the general public on a 'fee for service basis' where the provision of those works and services are beyond the responsibility of the Council.

The Chief Executive Officer in consultation with the Manager Corporate Services may cause the following to occur:

- Provide a written estimate - where the estimate is a guide but actual costs are charged;

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

- Provide a written quotation - where Council will be bound to perform to the written quotation.

All quotations and acceptance of estimated projects over \$10,000 shall be approved by Council.

The Chief Executive Officer/Manager Corporate Services shall cause sufficient credit check/bond provisions to be made to safeguard the Council from performing work for non-payment.

These provisions do not apply to the reinstatement of streets, roads and footpaths undertaken by the Council as a result of construction work by a utility department or authority.

## **20. Debtors**

The Manager Corporate Services shall cause to be prepared a record of all debtors and transactions relating thereto.

Ensure that records are maintained detailing all works undertaken which require invoicing. These records should be reviewed regularly to ensure prompt production of invoices.

Sales invoices are sequentially pre-numbered and issued strictly in order. Missing numbers should be investigated after regular sequence checks.

Work undertaken by the Council will be raised as a Debtor within one month. Account allocations are made or authorised by a responsible officer.

Debtors ledgers (rates and others) are reconciled monthly to the general ledger and discrepancies immediately investigated.

New debtors ledger accounts are not opened without authorisation from an authorised officer.

Debts owing to the Council shall be collected as follows:

1. All debtors are to be issued an Invoice/Statement detailing the service or charge levied by the Council.
2. All debtors two (2) months in arrears to be written a final warning letter advising that legal proceedings to collect the debt will be commenced after 14 days.
3. That on the expiration of the prescribed time of the final warning letter that Council place the debt in the hands of a debt collector.
4. Rates procedures and charges will be administered in accordance with the Local Government Act 1999.
5. Rate debtors not paid by the final instalment due date or satisfactory arrangements not entered in with Council will receive a final warning letter stating that legal action will be taken within 14 days.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

**21. Hiring of Council Property**

The Manager Corporate Services shall cause a Record to be maintained of the hiring of Council buildings.

Separate Records shall be maintained for the:

- Council Chambers
- Karoonda Institute

The Manager Corporate Services shall cause periodical checks to be made to ensure that the charges raised reconcile with the Record of Hiring and that the appropriate Bonds have been paid and refunded.

**22. Tenders**

Service provision and the purchase of goods and services shall be in accordance with Council's Procurement to Payment (PTOP) Policy.

With purchasing options Council may direct purchases, seek quotations, select tender, open tender or any other process in accordance with the Policy.

All invitations to tender must specify a closing date, which may only be extended by the Council.

All tenders received by the Chief Executive Officer prior to the closing date shall be date stamped upon receipt and secured in a locked tender box under the direct control of the Chief Executive Officer.

The tender box shall only be opened after the close of tenders in the presence of two staff members being the Chief Executive Officer, Manager Corporate Services or the Works Manager who shall date stamp and sign all tenders received.

Tenders received shall be presented to Council for consideration.

**23. Long Service Leave and Annual Leave**

The Manager Corporate Services shall cause to be maintained a record of its liability for Long Service Leave and Annual Leave for all employees.

The Council will maintain in a Reserve bank Account an amount equal to the sum of the liability for Long Service Leave for all employees.

Liability to Long Service Leave and the Long Service Leave Reserve Fund shall be reviewed annually.

Long Service Leave taken or long Service Leave entitlement shall be paid from the Long Service Leave Reserve Fund.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

**24. Rates**

*Determination of Rates*

- Rate charges, amounts, minimum values and concessions are authorised by Council;
- Amounts to be charged are Gazetted;
- Property values are down - loaded directly from the disc provided by the Valuer General's Department onto the Council's system;
- All updates received from the Valuer General are promptly processed and site values reconciled;
- Parameters entered (i.e. rate/\$, minimum rate, concession, etc.) are authorised by a responsible official. Any changes to these parameters are made only by authorised persons.

*Rates/Notices/Generation*

A reconciliation is performed to check that the total capital value of properties per the Valuer General's report (print out) equals that per the rates system.

Total value of rates generated is compared to the value as budgeted and approved by Council. Large variances should be investigated.

A sample of rate notices are randomly checked to ensure that:

- Correct rates have been used;
- Concessions have been correctly calculated;
- Discounts (if applicable) are correctly calculated;
- Name, address and rate details are correct.

**25. Council Credit Card Usage**

A credit card is available to the Chief Executive Officer. Whilst this card is issued to pay for business expenses incurred in the performance of duties, the use of the card will be qualified by the following:

- The expectation will be that the expenses incurred on the card will be paid off, cyclically monthly, so as the cardholder can expect that they have a full limit available to them at the beginning of each cyclical month.
- The card is for business use only. Cardholders of the cards **will not** be able to book up personal expenses to reimburse the Council at a later date unless these expenses are costs incurred by partners accompanying Councillors or staff to various Council functions. These costs will then be reimbursed by the relevant persons as soon as appropriate”.
- There are to be no cash withdrawals made on the cards.

**DISTRICT COUNCIL OF KAROONDA EAST MURRAY**  
**Internal Financial Control Policy**

---

- Cardholders are not allowed to withdraw a small amount of cash to cover miscellaneous expenses such as taxi fares or light meals they may incur on a business trip. These are to be charged to the card or else paid out of an employee's own pocket, for which reimbursement can be made upon presentation of receipts.
- Credit cards can be used for over-the-phone or online purchases only if the organisation being dealt with does not extend credit. Exceptions to this shall be accommodation and airfares.
- Council reserves the right to query any transaction made on the card.

**26. Journals**

Journals may only be raised by authorised personnel, and reviewed on a monthly basis by the Manager Corporate Services. Sequentially numbered journal entries will be used.

**27. Policy Review**

This policy shall be reviewed every two years, unless circumstances change which warrants alteration to the policy.

**28. Further Information**

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