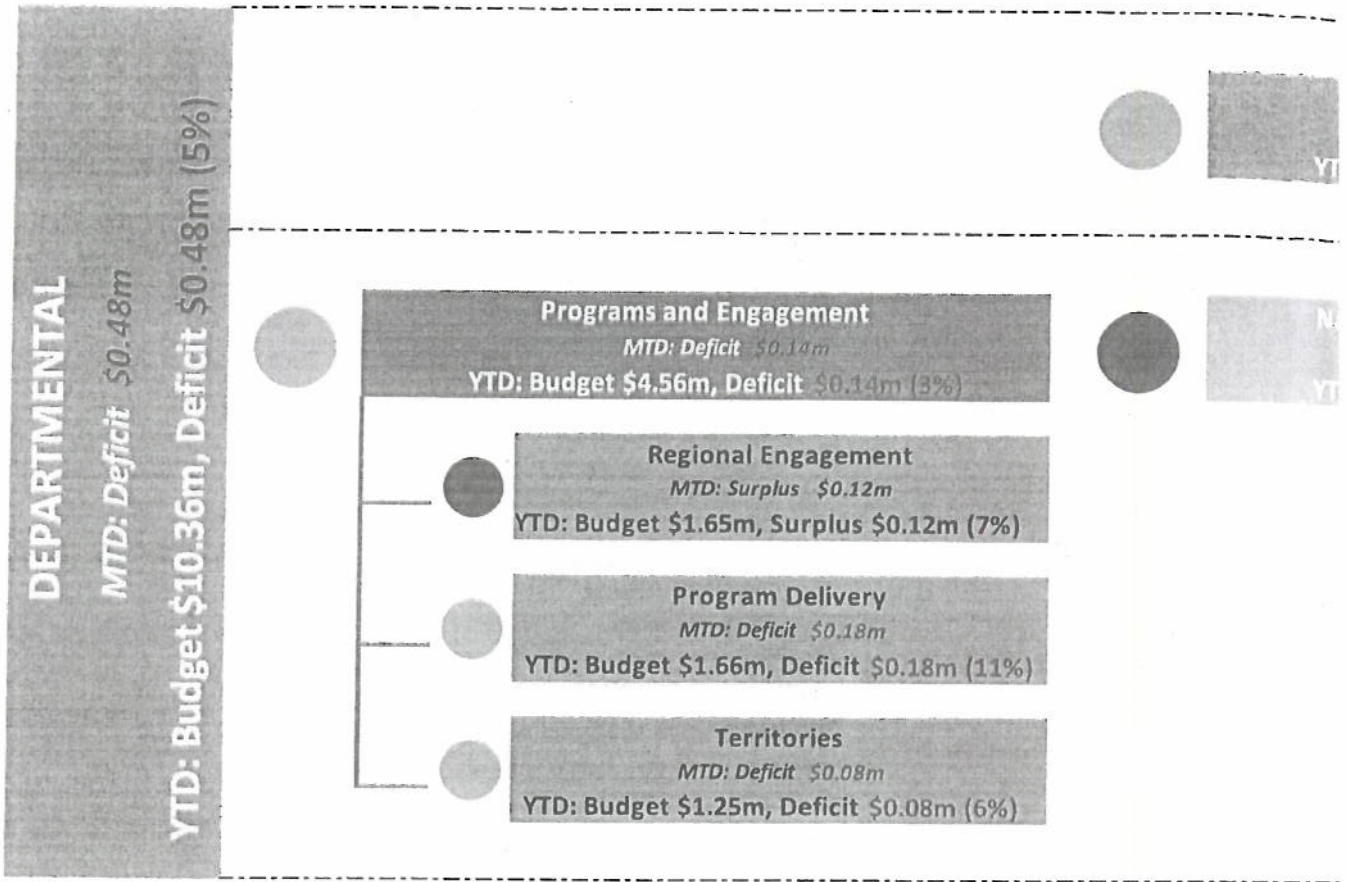


Department of Regional Australia, Regic Departmental Operating Result fo

August 2011



Legend

- On target to achieve deliverables within budget. There are no significant issues or risks emerging that require attention other than usual reporting.
- There are real or potential financial risks that need to be brought to the attention of management. The budget may still be successfully achieved if the right attention and effective solutions are implemented.
- There are real or potential financial risks that require specific and immediate intervention.
- There are real or potential financial risks that need to be brought to the attention of management. It is likely that the budget will not be achieved despite the implementation of effective solutions.
- ADMINISTERED ONLY (Colours dependent on the Legend above):**
- Reflects request for additional funding or movement of funds, is in process or is approved.

nal Development and Local Government

the period ending 31 August 2011

Executive

MTD: Deficit \$0.04m

YTD: Budget \$0.31m, Deficit \$0.04m (13%)

Regional Disaster Recovery Task Force

MTD: Deficit \$0.10m

YTD: Budget \$0.70m, Deficit \$0.10m (14%)

Policy and Implementation

MTD: Deficit \$0.19m

YTD: Budget \$4.79m, Deficit \$0.19m (4%)

Policy and Coordination

MTD: Surplus \$0.01m

YTD: Budget \$1.09m, Surplus \$0.01m (1%)

Corporate Services

MTD: Deficit \$0.20m

YTD: Budget \$3.70m, Deficit \$0.20m (5%)

30 June 2011 Financial Statements...

The Secretary and the CFO signed the Department's first set of financial statements on Monday 12 September 2011.

The Department reported a deficit of \$0.37m after depreciation and amortisation expense. Operating expense totalled \$39.4m of which \$22.7m (70%) represented employee expenses. \$16.27m of supplier costs included contractors, consultants and secondee costs totalling \$4.7m, \$2.3m property lease costs, \$1.9m ICT, \$3.5m of service fees, \$0.7m audit and legal costs and \$2.1m general expense.

As at 30 June 2011 the Department was in a reasonable financial position, with financial assets of \$18.61m being greater than liabilities of \$18.15m. However, being a new Department there are no accumulated surpluses or cash reserves to serve as a buffer going forward. Net equity stood at \$2.4m representing the non-financial assets transferred as part of the machinery of government changes and those purchased during the year (e.g. SAP, IORA, and investment in myregion).

Elements of the financial statement preparation process, such as the risk analysis and CFO questionnaire were flagged by the Chair of the Audit Committee sub-committee as examples of better practice and shared with other departments.

The ANAO issued an unqualified audit report and identified two "Category C" findings in their closing report relating to banking procedures and credit card acquittals.

Delegations...

Who can authorise official hospitality?

- An Executive Assistant up to the limit of their credit card
- An EL2, up to \$80,000
- An SES Band 1 up to \$2,000
- An SES Band 2 up to \$5,000

Risks and pressures...

Departmental

Internal budget over-allocation \$2.2m.

The Departmental Reserve is fully committed.

- Revised 2011-12 shared service costs advised by DIT are \$1m greater than budget.
- Costs of transition to new accommodation or any changes to shared service arrangements will need to be internally funded.
- NI capacity building package, costs to be absorbed by relevant agencies, ~\$1m pa.
- Divisions are reporting increased pressure on budget allocations, particularly in regard to:
 - Constitutional recognition project.
 - Ministerial Advisory Council.
 - Supporting grants programs where administered funding has been rephased.

The Department's budget decreases by \$14.3m in 2012-13 and a further \$5.2m 2013-14.

Administered

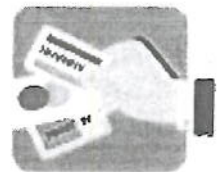
- An AFM will be required for the RLCIP ahead of Additional Estimates bills being passed ~\$49.5m.
- Administered capital budget requirements are under review.
- Offsets are required for all new policy proposals.

Credit Cards...

During the financial statement audit the ANAO reported a Category C finding in regards to the lack of timeliness in acquitting credit card purchases.

Regular monthly reports are being run and the CFO will require explanations for all transactions not acquitted and approval within 60 days - cardholders will also face the risk of having their credit card cancelled. A risk review of the current credit card profile, transaction and card limits, the CEI and guidelines will commence in October.

Queries? Contact Matthew Wronski x6993



Ageing	Count	Value (\$)
DISPUTED	5	1,625
0 to 29 Days	498	131,929
30 to 59 Days	227	38,489
60 to 89 Days	23	10,506
90 days plus	49	8,669
Total	802	191,218

\$153 <i>Incremental cost for a colour cartridge over a black one for a small printer</i>	\$0.22m <i>Was spent on stationary in 2010-11</i>	72 <i>Un-acquitted Credit Card transactions over 60 days as at 31 August 2011</i>	\$0.43m <i>Increase to employee liabilities as a result of the 3% salary increase and average 2% increment</i>
2 <i>Category C findings arising from the 2010-11 FS audit</i>	\$1.96m <i>Credit available on credit cards</i>	\$5.1m <i>Shared service costs in 2010-11 under the LOU (excluding pass through costs)</i>	\$0.8m <i>Cost to implement SAP for Regional Australia's use in 2010-11</i>