DEPT OF REGIONAL AUSTRALIA, LOCAL GOVERNMENT, ARTS & SPORT

SPORT

An additional \$0.3m of capital funding

Rephase approved for Regional and

Local Community Infrastructure Program

(RLCIP), \$49.5m, Thornton Car Park, \$2m,

East Kimberley Development Package,

The Secretary signed off on revised

Divisional budgets phased across the

CBMS updated to reflect two recent

Financial Statements signed and an

Movement of funds within Outcome 1

Application to move Territories capital

expenditure from prior years to 2011-12

Estimates update - Territories annual

administered appropriation to reflect

"cost recovery" activity in 2010-11 (req

Stocktake and valuation of Territories

administered assets during October -

Revised CEIs on Travel and Official

Transfer of departmental assets from DIT.

2012-13 Budget Strategy and Letter.

(req Finance Minister/ERC approval).

unqualified audit report issued.

Preparation for Senates Estimates.

delegations for official hospitality.

year for August reports.

Identification of offsets.

(req Ministerial approval).

Finance Minister approval).

Review of credit cards.

November.

Hospitality.

Cabinet decisions.

In the pipeline...

was transferred from DIT for IORA.

Tabled document no: 1 By: Senator Joyce

Date: 24 May 2012

Last month...

Department of Regional Australia, Regional Development and Local Government

Financial inSights.

X & SMG: Please do not forward

Our finances

Departmental accounts

AND THE RESIDENCE OF THE PARTY		
\$'000	MTD	YTD
Executive	(39)	(39)
Programs & Engagement		
Regional Engagement	118	118
Program Delivery	(179)	(179)
Territories	(80)	(80)
Policy & Implementation		
Policy & Coordination	11	11
Corporate Services	(203)	(203)
NDRT	(103)	(103)
Total surplus / (deficit)	(476)	(476)

With total expense of \$10.84m the Department has overspent by \$0.48m against a phased budget of \$10.36m: 15.5% of the full year budget has been spent (against 16.7% if the budget was straight-lined). Programs has spent 21% of its budget to date, Territories 23% and CSD 20%, indicating that activity will need to decrease over the coming months if these divisions are to land within budget.

Overall, total employee expenses of \$6.3m are on budget with an ASL of 336 (FTE 338) against a budget of 346. This result includes back pay for the 3% EA increase and the associated revaluation of employee provisions – further pressure will be felt when the alignment and increments are processed.

Suppliers expense is overspent by \$0.5m reflecting shared service costs which, based upon the revised charges proposed by DIT, are \$1m pa greater than budget (\$0.2m YTD) and increased contractor and travel costs associated with RDAF grant assessments (\$0.2m). Unders and overs by division:

- Executive 9.9% of budget expensed. Slightly over YTD primarily due to unbudgeted travel costs. Full year budget includes the \$1m Departmental Reserve which is fully committed.
- RE 11.9% of budget expensed. Slightly under the phased employee budget and contractor budget (largely relating to work on the Regional Assessment Framework).

ontinued...
• PD - 21% of budget expensed. With 66 ASL, the

August 20

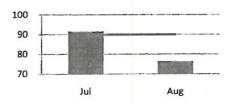
- PD 21% of budget expensed. With 66 ASL, the employee budget is overspent by \$0.13m Additional contractor and travel costs totalling \$0.05m over budget were incurred during the RDAF assessment process.
- Territories 23% of budget expensed. With 58 ASL employee expense is slightly over budget a \$0.05m and contractors over by \$0.03m.
- P&C On track with 7.8% of budget expensed.
- CSD 20% of budget expensed reflecting higher than budgeted shared service costs.
- NDRT 14% of budget expensed temporary overspend of \$0.1m due to a leave provision revaluation which will reverse next month.

Administered accounts

- It is forecast that an AFM will be required in November for RLCIP.
- Movements of funds need to be progressed for some Outcome 1 program items.
- IOT Expense is \$20m (23%) of the \$87.5m full year budget.
- \$14m of offsets is required to cover the cost of a recent Cabinet decision.

Our payments...

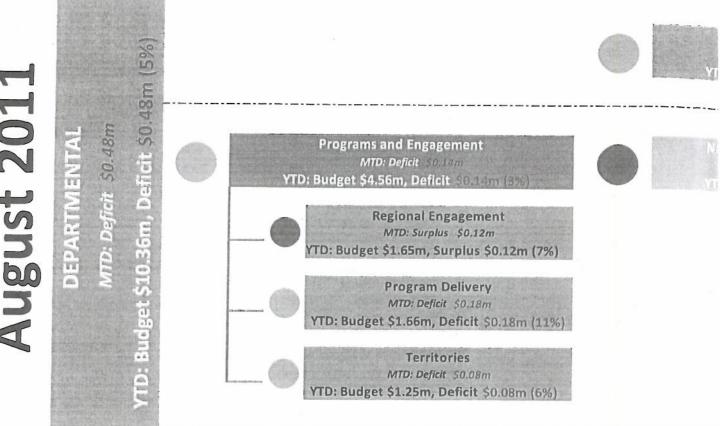
% of Invoices Paid within 30 Days



The number of invoices paid within 30 days declined sharply from 92% to 76% in August following the late payment of 250 Territories administered invoices as Service Delivery Arrangements with WA were finalised and disputed shared service invoices were paid.

Dept - 2011-12	0	(476)	•	•	•				•		-		S. H. Male
(\$'000)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year
Result													Full

Department of Regional Australia, Regional Departmental Operating Result fo







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

MID: Deficit \$0.04m

2: Budget \$0.31m; Deficit \$0.04m (13%)

Idonal Disaster Recovery Task Force

MID: Deficit \$0.10m

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

Policy and Implementation

MID: Deficit \$0.19m

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

Policy and Coordination

MID: Surplus \$0.01m

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

Corporate Services

MID: 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 subcommittee 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?

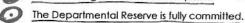
- a) An Executive Assistant up to the limit of their credit card
- b) An EL2, up to \$80,000
- c) An SES Band 1 up to \$2,000
- d) An SES Band 2 up to \$5,000

Risks and pressures...

Departmental

0

Internal budget over-allocation \$2.2m.



- 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
 - Constitutional recognition project.
 - Ministerial Advisory Council.
 - Supporting grants programs where administered funding has bee 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 passe
 ~\$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.





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

2010-11

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

through costs)