

EC2 – Annual Financial Statements for the Year Ended 30 June 2017

EC2

Annual Financial Statements for the Year Ended 30 June 2017

56

TRIM 234-12

EXECUTIVE SUMMARY

- Council officers have prepared the Annual Financial Statements for the year ended 30 June 2017.
- The statements have been reviewed by Prosperity Audit Services Pty Ltd and the NSW Audit Office and will be presented to the Audit Committee on 10 October 2017.
- The statements are now presented to Council for endorsement and the signing of the "Statement by Councillors and Management" (as attached).
- It is recommended that the 2016/17 Annual Financial Statements be endorsed and an opinion be formed in the prescribed format on the General Purpose Financial Reports and the audited financial reports, together with the Auditor's reports, to be presented to the public at the 20 November 2017 Council meeting.

REPORT

The Local Government Act 1993 requires Council to prepare financial reports for each year and refer them for audit as soon as practicable after the end of that year.

A Council's financial reports must include:

- a general purpose financial report
- any other matter prescribed by the regulations
- a statement in the approved form by the Council as to its opinion on the general purpose financial report.

The Annual Financial Statements are required to be prepared in accordance with the Local Government Act 1993, the Local Government Code of Accounting Practice and Financial Reporting, and the Australian Accounting Standards, including the Australian equivalents to International Financial Reporting Standards (AIFRS).

The legislative requirements under the Local Government Act 1993, relevant to the approval and audit process of annual financial statements are as follows:

Section 413(1) - A Council must prepare financial reports for each year, and must refer them for audit as soon as practicable.

EC2 – Annual Financial Statements for the Year Ended 30 June 2017

Section 413(2) - A Council's financial reports must include:

- a) a general purpose financial report, and
- b) any other matter prescribed by the regulations, and
- c) a statement in the approved form by the Council as to its opinion on the general purpose financial report.

Section 415(1) - Council's auditor must audit financial reports as soon as practicable after receipt.

Section 416(1) - Council's financial reports must be completed and audited within 4 months after year end.

Section 417(1) - A Council's auditor must prepare 2 reports:

a report on the general purpose financial report, a report on the conduct of the audit.

Section 417(2) - The report on the Council's financial reports must include the following:

- a) a statement as to whether, in the opinion of the auditor, the Council's accounting records have been kept in accordance with the requirements of this Division,
- b) a statement as to whether, in the opinion of the auditor, the Council's financial reports:
 - i. have been prepared in accordance with the requirements of this Division, and
 - ii. are consistent with the Council's accounting records, and
 - iii. present fairly the Council's financial position and the results of its operations,
- c) a statement as to whether, in the opinion of the auditor, any information relevant to the conduct of the audit has been unobtainable by the auditor,
- d) a statement setting out particulars of any material deficiency in the accounting records or financial reports that has come to light in the course of the audit.

Section 417(3) - The report on the conduct of the audit may contain such statements, comments and recommendations as to the conduct of the audit of the Council's financial reports as the auditor considers appropriate to include in the report.

Section 417(4) - As soon as practicable after completing the audit, the auditor must send a copy of the auditor's reports to the Director-General and to the Council.

Efficient and Effective Council
Report to the Ordinary Meeting of Council held on Monday 16 October 2017

EC2 – Annual Financial Statements for the Year Ended 30 June 2017

Section 417(5) - As soon as practicable after receiving the auditor's reports, the Council must send a copy of the auditor's report on the Council's financial reports, together with a copy of the Council's audited financial reports, to the Director-General and to the Australian Bureau of Statistics.

Council's Auditors have completed their audit of the financial reports and those financial reports are now formally presented.

Section 413 of the Local Government Act 1993 requires the Council to form an opinion as to whether Council's annual financial reports have been drawn up in accordance with the Local Government Act and associated Codes and Australian Accounting Standards as prescribed by the Regulations. Statements to this effect have been prepared and are presented to Council for signature. Subsequent to these opinions being signed, Council's Auditors will present their audit reports to Council.

Section 418 of the Local Government Act 1993 (as amended) requires that Council, as soon as practical after receiving a copy of the Auditor's reports, fix a date for a meeting at which it proposes to present its audited financial reports, together with the Auditor's reports to the public. The Council must also give public notice of the date so fixed.

It is proposed that the 20 November 2017 Council meeting be set as the date to present the audited financial statements to the public.

Section 420 of the Local Government Act 1993 provides that any person may make submissions to the Council with respect to the financial reports or the Auditor's reports and those submissions must be made in writing and lodged with the Council within seven (7) days of the public meeting.

CONSULTATION

The audited financial reports will be presented to the Audit Committee prior to submission to Council.

The Audit Manager and staff of Prosperity Audit Services and the NSW Audit Office have been consulted throughout the preparation of the annual financial reports.

FINANCIAL IMPLICATIONS

Council is now presented with a set of annual financial reports that have been prepared in accordance with the Local Government Act 1993, Australian Accounting Standards and other professional pronouncements and the Code of Accounting Practice and Financial Reporting. The annual financial reports show Council to be in a sound and stable financial position.

Efficient and Effective Council
Report to the Ordinary Meeting of Council held on Monday 16 October 2017

EC2 – Annual Financial Statements for the Year Ended 30 June 2017

ATTACHMENTS INCLUDED IN A SEPARATE BOOKLET

1. Draft 2016/17 Annual Financial Statements (to be tabled)
2. Statement by Councillors and Management on the General Purpose Financial Report

RECOMMENDATION

1. That Council form an opinion in the prescribed format (as attached) on the General Purpose Financial Reports for the year ended 30 June 2017.
2. That the audited financial reports, together with the Auditor's reports, be presented to the public at the 20 November 2017 Council meeting.