

9.5 CHIEF EXECUTIVE OFFICER

9.5.1 LATE ITEM: Audit Committee Minutes and Annual Financial Report 2013/2014

Ward:		Date:	11 December 2014
Precinct:		File Ref:	SC243
Attachments:	001 – Audit Committee Minutes 002 – Annual Financial Report 2013/2014		
Tabled Items:	Nil		
Reporting Officer:	Len Kosova, Chief Executive Officer		
Responsible Officer:	Len Kosova, Chief Executive Officer		

OFFICER RECOMMENDATION:

That Council:

1. **RECEIVES** the Minutes of the Audit Committee Meeting held on 8 December 2014, as shown in Attachment 001; and
2. **BY AN ABSOLUTE MAJORITY ACCEPTS** the Annual Financial Report of the City of Vincent for the financial year ending 30 June 2014 and associated Auditor's Report, as shown in Attachment 002.

PURPOSE OF REPORT:

The purpose of this report is for Council to receive the Minutes of the Audit Committee Meeting held on 8 December 2014, at which the Annual Financial Report 2013/2014 and associated Auditor's Report were considered, and also for Council to accept the Annual Financial Report.

BACKGROUND:

In accordance with Section 6.4 of the Local Government Act 1995, the 2013/2014 Annual Financial Report has been prepared and the accounts and the report have been audited by the City's Auditors. The Audit Committee considered the 2013/2014 Annual Financial Report and Auditor's Report at its Meeting held on 8 December 2014 and resolved as follows:

"That the Audit Committee:

1. *RECEIVES* the Annual Financial Report for the Year Ending 30 June 2014 as shown in Attachments 001 and 002 (Appendix 4.1), subject to additional comments being included in Note 9(a) on Page 35 and Note 31 on Page 61 of the Annual Financial Report 2013/2014 to explain why the City has now shifted from 'cost' to 'fair value' valuation, which has caused the \$45,115,695 land revaluation shown in Note 11 on Page 46;
2. *NOTES* the advice received from Administration that the expenditure shown on Page 6 for 'Transport' comprised an amount of approximately \$513,000 that was paid to Western Power for undergrounding power lines in Beaufort Street and *REQUESTS* clarification from the Chief Executive Officer regarding how this payment was budgeted and funded and whether it was approved by Council; and
3. *REQUESTS* the City of Vincent Annual General Meeting be held in the last week of January 2015."

A copy of the Minutes of the 8 December Audit Committee Meeting is included as Attachment 001. Included as Attachment 002 is a copy of the Financial Report and Auditor's Report, as presented to the Audit Committee, but incorporating the minor text changes to the Notes that from part of the Annual Financial Report, as per the Audit Committee's decision. These changes are shown in underlined text in Attachment 002. In every other respect, the Annual Financial Report and Auditor's Report are identical to the versions of those reports presented to the Audit Committee.

DETAILS:

The Annual Financial Report needs to be considered and accepted by Council in order to hold an Annual General Meeting of Electors, at which the City's Annual Report containing the financial report (or at a minimum the abridged version) will be considered (refer separate report as Item 9.5.2 in this Agenda).

Once accepted by Council, a copy of the Annual Financial Report must also be submitted to the Director General of the Department of Local Government.

CONSULTATION/ADVERTISING:

There is no legislative requirement to consult on the preparation of the Annual Financial Report. The Local Government Act 1995 requires an Annual General Meeting of Electors to be held and the City's Annual Report incorporating the financial report (or at a minimum, the abridged version) to be made available publicly. The full Annual Financial Report will also be publicly available.

As in previous years, it is intended to make the Annual Financial Report available on the City's website, with only a limited number of printed, bound colour copies being made available for viewing at the Library and Local History Centre and the City's Customer Service Centre.

LEGAL/POLICY:

Local Government (Financial Management) Regulation 51(2) states:

"A copy of the annual financial report of a local government is to be submitted to the Executive Director within 30 days of the receipt by the CEO of the Auditor's Report on that financial report."

Section 5.53 of the Local Government Act 1995 states:

"5.53 Annual Reports

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain:*
 - (f) *the financial report for the financial year;"*

Section 6.4 of the Local Government Act states:

"6.4 Financial Report

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
 - (2) *The financial report is to –*
 - (a) *Be prepared and presented in the manner and form prescribed; and*
 - (b) *Contain the prescribed information.*
 - (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its Auditor –*
 - (a) *The accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *The annual financial report of the local government for the preceding financial year."*
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RISK MANAGEMENT IMPLICATIONS:

High: Not adopting the 2013/2014 Annual Financial Report would result in non-compliance with the Local Government Act 1995.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's Strategic Plan 2013-2023

"4.1.2 Manage the organisation in a responsible, efficient and accountable manner."

SUSTAINABILITY IMPLICATIONS:

Not Applicable.

FINANCIAL/BUDGET IMPLICATIONS:

The Annual Financial Report identifies a final end of year deficit position of \$4,758,710 at 30 June 2014, which correlates with Administration's previously forecast estimated end of year position of "approximately \$4.8m", which was reported to Council on 23 September 2014 (Item 9.3.3) as part of the June 2014 Monthly Financial Statement. \$3.2m of this estimated deficit will be cancelled out by the budget savings plan and adjustments adopted by Council on 26 August 2014 and 3 September 2014. Therefore, the City will need to identify the remaining budget savings at the mid-year budget review if it is to achieve a zero end of year balance.

The Auditor's total costs are \$21,560 (GST exclusive).

The Financial Report is prepared by the City's Administration; as such these costs are contained in the City's Operating Budget.

COMMENTS:

In order for the City to meet its legislative requirements, it is recommended that Council accepts the Annual Financial Report for the financial year ending 30 June 2014.
