

ITEM 1

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2014

PRESENTER: Brett Hanger – Hill Rogers Spencer Steer – Financial Statements

Council officers have prepared the 2013-14 Annual Financial Statements in accordance with the Local Government Act 1993 (as amended) and the Regulations, the Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.

The draft Financial Statements were presented to the Audit Committee on 2 September 2014. At that meeting, the Audit Committee resolved that the General Purpose Financial Statements and the Special Purpose Financial Statements be recommended to Council for endorsement and the signing of the Statements by the Lord Mayor, Deputy Lord Mayor and Management.

The Statements have been reviewed by Council's Auditors, Hill Rogers Spencer Steer, and are presented to Council for an opinion to be formed in the prescribed format (as attached). Mr Brett Hanger from Hill Rogers Spencer Steer will address the meeting to provide an overview of their Audit Report for the year ended 30 June 2014.

RECOMMENDATION

- 1 The Annual Financial Statements be endorsed and an opinion be formed in the prescribed format (as per Attachments 2 and 3) on the General Purpose Financial Statement and the Special Purpose Financial Statements.
- 2 The audited Financial Statements, together with the Auditor's Report and Financial Commentary (Attachment 5) be presented to the public at the 10 November 2014 Council meeting.

ATTACHMENTS

- 1 Annual Financial Statements
- 2 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the General Purpose Financial Statements
- 3 Statement by the Lord Mayor, Deputy Lord Mayor and Management on the Special Purpose Financial Statements
- 4 Executive Summary
- 5 Financial Commentary
- 6 Flowchart of the Annual Statement Approval and Audit Process

REPORT AUTHORISATIONS

Report of: Tana Ramsden, Manager Finance (Acting)
Authorised by: Greg Doyle, Director Corporate and Community Services – Creative, Engaged and Innovative City

BACKGROUND

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

A council's financial statements must include:

- 1 A General Purpose Financial Statement;
- 2 Any other matter prescribed by the regulations, and
- 3 A statement in the approved form by the Council as to its opinion on the General Purpose Financial Statement.

The Annual Financial Report Approval and Audit Process is outlined in Attachment 6 of this report. This process is largely governed by the requirements of the Local Government Act 1993 (as amended) having regard to the timing of Council meetings. In accordance with this process, the Audit Committee recommends to the Council whether the Financial Statements should be signed based on the Committee's assessment of them.

An Executive Summary and Financial Commentary to the Statements are also prepared to provide an introduction/summary of the Financial Statements. This Commentary is not audited (refer Attachment 5).

PROPOSAL

Section 413 of the Local Government Act 1993 (as amended) requires the Council to form an opinion as to whether Council's Annual Financial Statements have been drawn up in accordance with the Local Government Act and associated Codes and Australian Accounting Standards as prescribed by the Regulations. The Statements have been reviewed by Council's Auditors, Hill Rogers Spencer Steer, and are presented to Council for an opinion to be formed in the prescribed format (see Attachments 2 and 3). Subsequent to these Statements being signed, Council's Auditor will present its Audit Report to Council.

Following the signing of the opinions and receiving the Auditor's Report, a copy of the Audited Financial Statements will be submitted to the Department of Local Government in accordance with Section 417(5) of the Local Government Act 1993 (as amended).

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 Audit Financial Statements, together with the Auditor's Reports, to the public. The Council must give public notice of the date of the meeting. Consequently, an advertisement is scheduled to appear in The Advertiser on Wednesday, 22 October 2014.

Section 420 of the Local Government Act 1993 provides that any person may make submissions to the council with respect to the Financial Statements and/or the Auditor's Reports and those submissions must be made in writing and lodged with the Council within seven days of the public meeting. The date of the Council meeting (public meeting) is 10 November 2014.

CONSULTATION AND COMMUNICATION

The Audit Manager and staff of Hill Rogers Spencer Steer have been consulted throughout the preparation of the Annual Financial Statements. The audit staff has been helpful in ensuring compliance with all accounting requirements.

Executive, senior managers and significant senior officers were requested to ensure that all relevant information with regards to the 2013-14 transactions relating to their area/s of responsibility had either been entered into the financial records or disclosed to the Manager Finance.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 under the objective *our local council has the trust of the community* under the Community Goal *we are a connected and engaged community*.

It specifically addresses the Annual Plan 2014-15 Key Deliverables as detailed in the Financial Services Plan which forms part of the Five Year Action contained within the Revised Delivery Program 2012-17.

RISK ASSESSMENT

The Annual Financial Statements are required to be prepared in accordance with the Local Government Act 1993 (as amended), the Local Government Code of Accounting Practice and Financial Reporting and the Australian Accounting Standards. Council has professionally qualified staff to ensure compliance with the reporting requirements. Council staff have also undertaken additional training in specialised areas. A higher level of assurance is attained from Hill Rogers Spencer Steer's review.

Further to this, Council's Executive, senior management and relevant senior officers each signed a document giving the necessary assurances that:

- 1 No matters or occurrences have come to their attention in respect to their areas of responsibility that would materially affect the Financial Statements or disclosures therein, or which are likely to materially affect the future results or operations of the Council; and
- 2 Should any such matters or occurrences come to their attention after the date of signing the document, the Manager Finance will be immediately advised.

Consequently, there is considered to be a low risk of any material errors or omissions in reporting.

FINANCIAL IMPLICATIONS

Council is now presented with a set of Annual Financial Statements that have been prepared in accordance with the Australian Accounting Standards and other professional pronouncements and the Local Government Code of Accounting Practice and Financial Reporting.