

7.10 Recommendations of the Audit Committee - Annual Financial Statements and Performance Statement for the year ended 30 June 2018

Abstract

To present to Council the recommendations of the Audit Committee meeting held on 22 August 2018 pertaining to the Annual Financial Statements and Performance Statement for the year ended 30 June 2018.

Confidential information is contained in Attachments 1-8 inclusive, as circulated in the confidential section of the agenda attachments, in accordance with Section 89(2) of the *Local Government Act 1989*, as premature disclosure of the information could be prejudicial to the interests of Council or other persons. This item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

That Council resolve to:

1. Record its approval in principle of the Annual Financial Statements and Performance Statement for the year ended 30 June 2018 as contained in Confidential Attachment 1 and annexed to the confidential minutes, as approved by the Audit Committee.
2. Authorise the Chief Executive Officer to provide the Annual Financial Statements, and Performance Statement to the Auditor-General.
3. Authorise the Mayor, Councillor Jim Parke and Councillor Lisa Hollingsworth (representing the Audit Committee) to certify the Annual Financial Statements and Performance Statement in their final form.
4. Authorise the Principal Accounting Officer to implement any non-material changes to the Annual Financial Statements and Performance Statement as recommended by the Auditor-General. A summary of these changes if any will be presented at the next Audit Committee meeting.
5. Note that any material changes to the Annual Financial Statements and Performance Statement that may be required by the Auditor-General following his review of the statements will be discussed with the Audit Committee Chair prior to being finalised.

Responsible director: Marilyn Kearney
Director Customer Experience and Business Transformation

1. Purpose

To present to Council the recommendations of the Audit Committee meeting held on 22 August 2018 pertaining to the Annual Financial Statements and Performance Statement for the year ended 30 June 2018. This report also includes an overview of the delivery of all Service Performance Indicators and Council's assessment against the Governance and Management Checklist.

2. Policy implications and relevance to community plan and council plan

The Annual Financial Statements and Performance Statement for the year ended 30 June 2018 have been prepared in accordance with the Local Government (Planning and Reporting) Regulations 2014, the Local Government Act 1989, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and internal accounting policies.

The Financial Statements have been prepared in accordance with the "Local Government Model Financial Report" issued by the Department of Environment, Land, Water and Planning in February 2018.

The results of Service Performance Indicators and the assessment of Governance and Management checklist have been prepared in accordance with the Local Government (Planning and Reporting) Regulations 2014. This report is consistent with the Council Plan 2017-21 and the 10-year Boroondara Community Plan. In particular, the Council Plan theme of Civic Leadership & Governance and the strategic objective "Ensure that ethical, financial and socially responsible decision making reflect community needs and are based on principles of accountability, transparency, responsiveness and consultation".

3. Background

The Audit Committee met on 22 August 2018 to consider the Annual Financial Statements and Performance Statement for the year ended 30 June 2018. Representatives from the Auditor-General's contracted agent HLB Mann Judd were present.

4. Outline of key issues/options

Council's Annual Financial Statements and Performance Statement (**Confidential Attachment 1**) have been successfully finalised in accordance with the timelines set down in the year end timetable.

A commentary on the major components of the 2017-18 Financial Statements has been included with the Financial Statements (**Confidential Attachment 2**).

Detailed analysis of operational financial and non-financial performance for the year ended 30 June 2018 has been included in the June 2018 Quarterly Performance Report (QPR) which will be presented to Council at the Council meeting on 27 August 2018.

An asset revaluation summary for property and infrastructure assets is shown in **(Confidential Attachment 3)**.

The year-end Audit Closing Report presented to Audit Committee.
(Confidential Attachment 4)

Information on all LGPRF Performance Indicators are detailed in **Confidential Attachment 5**. This includes the numerator and denominator used to calculate the reported Service Performance indicators and explanations to any material variations.

An assessment of the Governance and Management Checklist is included in **(Confidential Attachment 6)**.

The Final Management Letter identified no issues and is included in this report.**(Confidential Attachment 8)**.

A copy of the Management Representation Letter signed by Council's Chief Executive Officer is also included as an attachment to this report **(Confidential Attachment 7)**. The purpose of the Management Representation Letter is to provide written confirmation from management to the Mayor about the fairness and completeness of all the financial statements' elements. The letter acknowledges that management has fulfilled its responsibilities in relation to the preparation and presentation of the financial report in compliance with Australian Accounting Standards and the Local Government Act and Regulations. The letter also provides written confirmation of the representations made by management during the audit.

5. Consultation/communication

The agents of the Auditor-General, HLB Mann Judd, have completed the audit of the Annual Financial Statements and Performance Statement for the year ended 30 June 2018. The Audit Closing Report and the Final Management Letter was presented to the Audit Committee on 22 August 2018.

6. Financial and resource implications

Audit fieldwork and examination of the Annual Financial Statements and the Performance Statement has been completed on time within legislative deadlines.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

All related party transactions are fully disclosed in accordance with Australian Accounting Standards in Note 6 of the Annual Financial Statements.

8. Social and environmental issues

Consideration has been given to environmental issues. As a result, Council's Annual Report (which includes the Annual Financial Statements and Performance Statement) is available online to minimise the impact on the environment.

9. Evaluation and review

Following adoption of the above recommendations, the Annual Financial Statements and Performance Statement for the year ended 30 June 2018 will be forwarded to the Auditor-General's office. Final sign-off from the Auditor-General is expected by mid to late September in time to meet the statutory deadline of 30 September 2018 for submission of Council's Annual Report to the Minister.

10. Conclusion

The Auditor-General's agents, HLB Mann Judd, have completed their audit and have found no issues that would warrant a qualification of the Financial Statements. The final audit opinion will be issued by the Auditor-General and final audit clearance in the form of an "unqualified" audit opinion is expected.

Manager: Greg Hall, Chief Financial Officer

Report officer: Anushka Lal, Financial Accounting Coordinator