



WEST ARNHEM

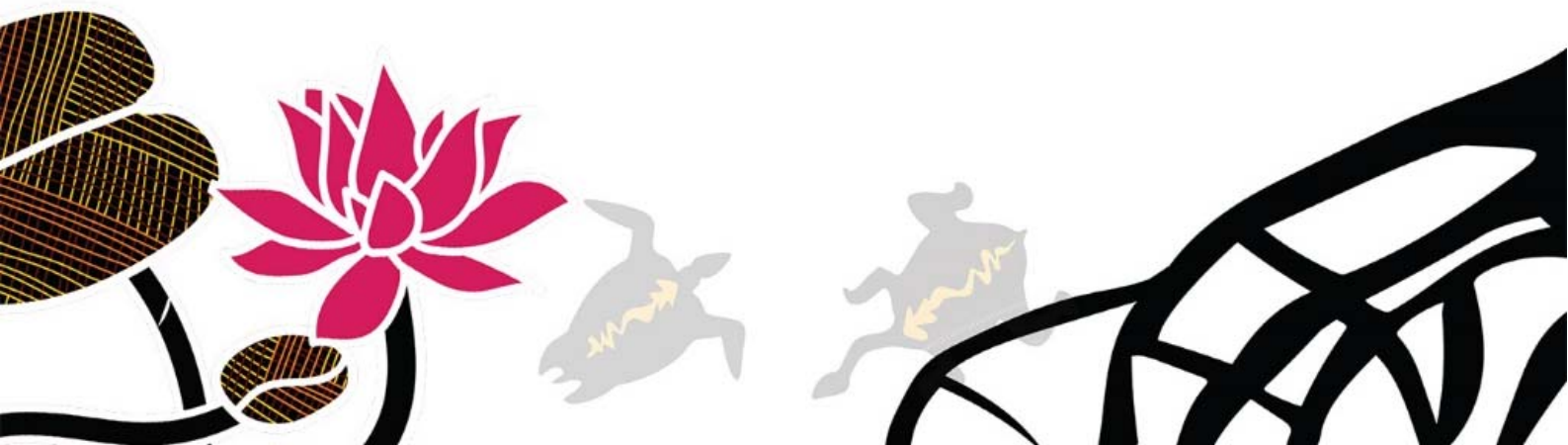


REGIONAL COUNCIL



WEST ARNHEM REGIONAL COUNCIL
RISK MANAGEMENT & AUDIT COMMITTEE MEETING
AGENDA

FRIDAY, 4 NOVEMBER 2022



WEST ARNHEM REGIONAL COUNCIL

Notice is hereby given that Audit Committee Meeting of the West Arnhem Regional Council will be held in on Friday, 4 November 2022 at 10:00am.

Paul Hockings
Chief Executive Officer

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10	CONFIDENTIAL ITEMS	
	The information in this section of the agenda is classed as confidential under section 293(1) of the <i>Local Government Act 2019</i> and regulation 51 of the <i>Local Government (Administration) Regulations 2021</i>.	
10.1	Confirmation of Previous Minutes – Confidential Risk Management and Audit Committee Meeting held on 27 July 2022.....	4
	The report will be dealt with under Section 99(2) of the Local Government Act 2019 and regulation 51(e) of the Local Government (General) Regulations 2021. It contains information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest	
10.2	Audited Financial Statements 2021-2022	Supplementary Report
	The report will be dealt with under Section 99(2) of the Local Government Act 2019 and regulation 51(e) of the Local Government (General) Regulations 2021. It contains information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest	

- 10.3 Nexia Edwards Marshall NT Audit Completion Report, and Financial Statements Analysis 2021-2022Supplementary Report
The report will be dealt with under Section 99(2) of the Local Government Act 2019 and regulation 51(e) of the Local Government (General) Regulations 2021. It contains information provided to the council on condition that it be kept confidential and would, if publicly disclosed, be likely to be contrary to the public interest
- 10.4 Disclosure of Confidential Resolutions and Re-admittance of the Public..... **Error! Bookmark not defined.**

11 NEXT MEETING

Acknowledgement of Country

West Arnhem Regional Council acknowledges the First Nations Custodians, and the many Language and Family groups who are Managers and Caretakers to each of their Traditional homelands and Waters across the West Arnhem Region Wards.

West Arnhem Regional Council pays its respects and acknowledges Elders, past, present and rising.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	3.1
Title:	Apologies and Leave of Absence
File Reference:	1040669
Author:	Charlotte Meneer , Executive Assistant to CEO and Mayor

SUMMARY

This report is to table, for the Risk Management and Audit Committee’s record, any apologies and requests for leave of absence received from Committee members for the meeting held on 4 November 2022.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council’s Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not applicable at this time.

RECOMMENDATION: That the Risk Management and Audit Committee notes members apologies and/or requests for leave of absence for the meeting held on 4 November 2022.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	4.1
Title:	Absent Without Notice
File Reference:	1040670
Author:	Charlotte Meneer , Executive Assistant to CEO and Mayor

SUMMARY

This report is to table, for the Risk Management and Audit Committee’s record, any members that are absent without notice for the meeting held on 4 November 2022.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council’s Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not applicable at this time.

RECOMMENDATION: That the Risk Management and Audit Committee notes members absences without notice for the meeting held on 4 November 2022.
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WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	5.1
Title:	Acceptance of Agenda
File Reference:	1040671
Author:	Charlotte Meneer , Executive Assistant to CEO and Mayor

SUMMARY

Agenda papers are submitted for acceptance by appointed members for the Risk Management and Audit Committee meeting of 4 November 2022.

BACKGROUND

Not applicable.

COMMENT

The Committee is encouraged to review the agenda and to accept or not accept the agenda.

STATUTORY ENVIRONMENT

Section 92(1) *Local Government Act 2019* is relevant to this matter.

POLICY IMPLICATIONS

This report has been prepared in accordance with Council's Scheduling and Conduct of Meetings (Elected, Local Authority and Council Committee Members) Policy.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the agenda for the Risk Management and Audit Committee meeting of 4 November 2022 as circulated be accepted.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	6.1
Title:	Disclosure of Interest of Members or Staff
File Reference:	1040672
Author:	Charlotte Meneer , Executive Assistant to CEO and Mayor

SUMMARY

Elected and Committee Members are required to disclose an interest in a matter under consideration by Council at a Council or Committee meeting:

- 1) In the case of a matter featured in an officer's report or written agenda item by disclosing the interest to the Council as soon as possible after the matter is raised.
- 2) In the case of a matter raised in general debate or by any means other than the printed agenda of the Council by disclosure as soon as possible after the matter is raised.

Under disclosure, the Member must abide by the decision of the Committee on whether he/she shall remain in the Chambers and/ or take part in the vote on the issue. The Committee may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/her to leave the Chambers.

Staff of the Council are required to disclose an interest in a matter at any time at which they are required to act or exercise their delegated authority in relation to the matter. Upon disclosure, the staff member is not to act or exercise his/her delegated authority unless the Council expressly directs him/her to do so.

STATUTORY ENVIRONMENT

Sections 114 (Elected Members) *Local Government Act 2019*.

Section 179 (staff members) *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

This report is aligned to pillar 6 in the *Regional Plan and Budget 2022-2023* as outlined below:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.2	Records Delivery of storage and retrieval of records processes which support efficient and transparent administration
Goal 6.3	Council and Local Authorities Excellence in governance, consultation administration and representation
Goal 6.4	Risk Management The monitoring and minimisation of risks associated with the operations of Council
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not applicable.

RECOMMENDATION:

That the Committee receives and records declarations of interest for the meeting held on 24 November 2022.

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	7.1
Title:	Confirmation of Previous Risk Management and Audit Committee Minutes - 27 July 2022
File Reference:	1040673
Author:	Charlotte Meneer , Executive Assistant to CEO and Mayor

SUMMARY

Unconfirmed minutes of the 27 July 2022 Risk Management and Audit Committee meeting are submitted to the Committee for confirmation that the minutes are a true and correct record of the meeting.

BACKGROUND

Not applicable.

COMMENT

The minutes as submitted and confirmation of the minutes must comply with section 101 of the *Local Government Act 2019*.

STRATEGIC IMPLICATIONS

The confirmation of previous minutes is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2022 - 2023*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE

Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.

Goal 6.2	Records Delivery of storage and retrieval of records processes which support efficient and transparent administration
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Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes
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VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the minutes of the 27 July 2022 Risk Management and Audit Committee meeting are adopted as a true and correct record of the meeting.

ATTACHMENTS

- 1 2022.07.27 Risk Management and Audit Committee Minutes.pdf



Minutes of the West Arnhem Regional Council Audit Committee Meeting
 Wednesday, 27 July 2022 at 10:00 am
 Council Chambers, Jabiru

Chairperson Carolyn Eagle declared the meeting open at 10:04 am and welcomed all in attendance. Mayor Matthew Ryan did an Acknowledgement of Country.

COMMITTEE MEMBERS PRESENT

Chairperson	Carolyn Eagle (videoconference)
Mayor	Matthew Ryan (videoconference)
Deputy Mayor	Elizabeth Williams (videoconference)
Councillor	James Woods (videoconference)
Councillor	Gabby Gumurdul (videoconference)

STAFF PRESENT

Chief Executive Officer	Daniel Findley (videoconference)
Chief Corporate Officer	David Glover (videoconference)
Governance and Risk Advisor	Doreen Alusa (videoconference)
Finance Manager	Andrew Shaw

VISITORS

Nexia Edwards Marshall NT	Noel Clifford (videoconference)
Nexia Edwards Marshall NT	Vikram Sandhu (videoconference)

APOLOGIES

3.1 APOLOGIES AND LEAVE OF ABSENCE

The Committee considered apologies and leave of absence.

The Risk Management and Audit Committee noted members apologies from Councillors Jacqueline Phillips and Catherine Ralph for the meeting held on 27 July 2022.

ABSENT WITHOUT NOTICE**4.1 ABSENT WITHOUT NOTICE**

The Committee considered absences without notice.

The Risk Management and Audit Committee noted that no members were absent without notice for the meeting held on 27 July 2022.

ACCEPTANCE OF AGENDA**5.1 ACCEPTANCE OF AGENDA**

The Committee considered acceptance of the agenda.

**ACM19/2022 RESOLVED:
On the motion of Deputy Mayor Elizabeth Williams
Seconded Mayor Matthew Ryan**

The agenda for the Risk Management and Audit Committee meeting of 27 July 2022 as circulated was accepted.

CARRIED

DECLARATION OF INTEREST OF MEMBERS OR STAFF**6.1 DISCLOSURE OF INTEREST OF MEMBERS OR STAFF**

The Committee considered the disclosure of interest of members or staff.

**ACM20/2022 RESOLVED:
On the motion of Deputy Mayor Elizabeth Williams
Seconded Chairperson Carolyn Eagle**

The Risk Management and Audit Committee received and recorded a declaration of interest from Mayor Matthew Ryan regarding a confidential agenda item on "Council Issued Credit Cards" for the meeting held on 27 July 2022.

CARRIED

CONFIRMATION OF PREVIOUS MINUTES**7.1 CONFIRMATION OF PREVIOUS RISK MANAGEMENT AND AUDIT COMMITTEE MINUTES - 31 MAY 2022**

The Committee considered the confirmation of previous Risk Management and Audit Committee minutes for the meeting held on 31 May 2022.

**ACM21/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Councillor James Woods**

The minutes of the 31 May 2022 Risk Management and Audit Committee meeting were adopted as a true and correct record of the meeting.

CARRIED

GENERAL ITEMS

8.1 UPDATE ON GENERAL ACTION ITEMS

The Committee reviewed updates on the general action items list.

The Risk Management and Audit Committee reviewed the action items and noted the progress made towards completion of the items on the list.

AUDIT REPORTS

9.1 INTERIM AUDIT COMPLETION REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Committee considered the Interim Audit Completion Report for the year ended 30 June 2022.

ACM22/2022 RESOLVED:

On the motion of Councillor James Woods
Seconded Deputy Mayor Elizabeth Williams

The Risk Management and Audit Committee:

- Received and noted the Nexia Edwards Marshall NT Audit Interim Completion Report for the year ended 30 June 2022;
- Requested Council to direct the administration to review the credit card policy and include the following requirements:
 1. A report on the Mayor's credit card, with attached statements, should be assessed against council policy and presented at each Council meeting for approval highlighting any inconsistencies.
 2. The Mayor and/or Deputy Mayor should approve the CEO's monthly credit card reconciliations.
 3. The CEO and Mayor's credit card statements should be presented at Risk Management and Audit Committee meetings every quarter/ three months for review.

CARRIED

Minute note: Councillor Gabby Gumurdul joined the meeting at 10:50 am.

Minute note: Council staff left the meeting room between 10:36 am and 10:46 am to allow for private discussions between the Committee's members and the external auditors. Upon returning to the meeting, Council staff were given feedback that the external auditors had no matters of concern to report.

Minute note: External auditors Noel Clifford and Vikram Sandhu left the meeting at 10:40 am.

9.1 INTERNAL AUDITS - UPDATE FOR 2021 - 2022

The Committee considered the Internal Audits update for 2021 - 2022.

The Risk Management and Audit Committee noted the updates to the internal audits for 2021-2022.

PROCEDURAL MOTIONS**10.1 CLOSURE TO THE PUBLIC FOR THE DISCUSSION OF CONFIDENTIAL ITEMS**

The Committee considered the closure of the meeting to the public for the discussion of confidential items.

ACM23/2022 RESOLVED:
On the motion of Chairperson Carolyn Eagle
Seconded Deputy Mayor Elizabeth Williams

The Risk Management and Audit Committee approved the closure of the meeting to the public as confidential items were about to be discussed. The meeting was closed in accordance with regulation 51(c) of the *Local Government (General) Regulations 2021* as the matters to be discussed include information that, if publicly disclosed, would be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or (ii) prejudice the maintenance or administration of the law; or (iii) prejudice the security of the council, its members or staff; or (iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

CARRIED

EXCLUSION OF THE PUBLIC

Minute note: The confidential Risk management and Audit Committee meeting started at 11:08 am.

CONFIDENTIAL ITEMS

The information is classed as confidential under Section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021*.

RE-ADMITTANCE OF THE PUBLIC**12.4 DISCLOSURE OF CONFIDENTIAL RESOLUTIONS AND RE-ADMITTANCE OF THE PUBLIC**

The Committee considered the disclosure of confidential resolutions and re-admittance of the public.

ACM27/2022 RESOLVED:
On the motion of Councillor Gabby Gumurdul
Seconded Chairperson Carolyn Eagle

The Risk Management and Audit Committee opened the meeting to the public after the discussion of confidential items, and approved to disclose selected resolutions from the confidential section of this meeting in the non-confidential meeting minutes.

CARRIED

12.1 CONFIRMATION OF PREVIOUS MINUTES - CONFIDENTIAL RISK MANAGEMENT AND AUDIT COMMITTEE MEETING HELD ON 31 MAY 2022

The Committee considered the confirmation of previous minutes for the confidential Risk Management and Audit Committee meeting held on 31 May 2022.

ACM24/2022 RESOLVED:

**On the motion of Chairperson Carolyn Eagle
Seconded Deputy Mayor Elizabeth Williams**

The confidential minutes of the 31 May 2022 Risk Management and Audit Committee meeting were confirmed as a true and correct record of the meeting.

CARRIED

Minute note: Mayor Ryan left the room at 11:09 am as he had disclosed a conflict of interest for the next agenda item titled "Council Issued Credit Cards."

12.2 COUNCIL ISSUED CREDIT CARDS

The Committee considered a report on Council issued credit cards.

ACM25/2022 RESOLVED:

**On the motion of Chairperson Carolyn Eagle
Seconded Deputy Mayor Elizabeth Williams**

The Risk Management and Audit Committee:

- Received and noted the report;
- Recommended that Council direct the administration to provides a written reminder regarding the use of the Mayor's credit card as per legislative requirements and Council's Credit Card Policy; and
- Noted that the administration will update Council's Credit Card Policy to ensure that the following are clearly stipulated:
 - The process for informing Council about the use of Council issued credit cards; and
 - The consequences for the misuse of Council issued credit cards.

CARRIED

Minute note: Mayor Ryan re-joined the meeting at 11:30 am.

12.3 INTERNAL AUDIT REPORT - REVIEW OF 2017 INTERNAL AUDIT "EFFECTIVENESS OF EXISTING CONTROLS ASSOCIATED WITH COMMERCIAL SERVICES"

The Committee considered the Internal Audit Report titled Review of 2017 Internal Audit Effectiveness of Existing Controls associated with Commercial Services.

ACM 26/2022 RESOLVED:

**On the motion of Councillor James Woods
Seconded Mayor Matthew Ryan**

The Risk Management and Audit Committee:

1. Noted the Internal Audit Report.
2. Directed that Management responses be presented at the next meeting of the Committee.

CARRIED

MEETING DECLARED CLOSED

Chairperson Carolyn Eagle declared the meeting closed at 12:21 pm.

NEXT MEETING

The next meeting is scheduled to take place on Wednesday, 26 October 2022.

This page and the preceding five (5) pages are the minutes of the Risk Management and Audit Committee meeting held on Wednesday, 27 July 2022.

Chairperson

Date Confirmed

WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	8.1
Title:	Update on General Action Items
File Reference:	1040674
Author:	Paul Hockings, Chief Executive Officer

SUMMARY

This report is submitted for the Committee to consider the progress on outstanding resolutions from Risk Management and Audit Committee meetings.

BACKGROUND

This report is a standard report submitted to the Committee to note the actions taken with respect to Risk Management and Audit Committee resolutions. The items included on the action items list emanate from resolutions that were passed during previous Risk Management and Audit Committee meetings.

STATUTORY ENVIRONMENT

Not applicable.

POLICY IMPLICATIONS

As per the Risk Management and Audit Committee's Charter, the Committee is responsible for monitoring and evaluating management's responsiveness to matters raised during the course of its meetings.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

The confirmation of previous minutes is aligned to the following goals as outlined in pillar 6 of the *Regional Plan and Budget 2022 - 2023*:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration. Our processes, procedures and policies are ethical and transparent.	
Goal 6.2	Records Delivery of storage and retrieval of records processes which support efficient and transparent administration
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Committee reviews the list, and approves to remove completed item from the list.

ATTACHMENTS

- 1 Risk and Audit Committee Action Items List - Ongoing.pdf

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action Officer/Team
26 May 2021	ACM112/2021	<p>STRATEGIC INTERNAL AUDIT PLAN</p> <p>The Committee:</p> <ol style="list-style-type: none"> Noted the updates made, and after discussion with management about alternative review procedures being available, endorsed the removal of the following auditable areas from the plan: <ul style="list-style-type: none"> Planning and reporting (item 2.4); Strong governance and leadership (item 1.4); and Storage and retrieval of records (item 2.3). Requested that an updated Plan for 2021-22 and 2022-23 be prepared for the Committee's next meeting on 27 July 2021 to include priority areas of significant existing controls. 	In Progress	<p>20 July 2021 A report on this item, including the updated Strategic Internal Audit Plan 2021-2022 has been prepared for this meeting. The 2022-2023 Plan will be prepared for a subsequent meeting after the election of new Council members.</p> <p>19 October 2021 Management is on track to update the Strategic Internal Audit Plan as per the Committee's request, and will provide a report at the first Risk Management and Audit Committee meeting in 2022.</p> <p>10 March 2022 Two-year audit plan topics included in March meeting report. The strategic internal audit plan 2022-23 is to be updated once the regional plan pillars, Goals, Strategies and Measures document becomes final at April 2022 OCM, and subsequent May 2022 Local Authority meetings.</p>	Chief Corporate Officer
	ACM24/2021	<p>The Committee:</p> <ol style="list-style-type: none"> Noted the updates to the Strategic Internal Audit Plan and the revised Audit Review timelines for 2021/22; and Requested that the subsequent 2-year audit plan topics be provided at the Committee's first meeting in 2022. 			

Risk Management and Audit Committee Action Items List - Ongoing

Date Of Meeting	Resolution Number	Action Required	Status	Comment	Action Officer/Team
				<p>24 May 2022 The strategic internal audit plan 2022-2023 is to be updated after Council approves the Regional Plan and Budget, 2022-2023 on 8 June 2022. The audit plan will be presented at the Committee meeting in July 2022.</p> <p>19 July 2022 The strategic internal audit plan 2022-2023 is currently being updated alongside the strategic risk register. The document will be presented at the October 2022 Audit Committee meeting.</p> <p>17 October 2022 Updates have been undertaken to the Strategic and Operational Risk Register taking into account the move to six pillars, each with their goals. This then feeds into the Strategic Internal Audit Plan. The updating remains in draft form and will need to defer to the February 2022 meeting of the RM&AC.</p>	

Risk Management and Audit Committee Action Items List - Ongoing

27 October 2021	ACM35/2021	<p>RECRUITMENT OF INDEPENDENT MEMBER</p> <p>The Committee:</p> <ol style="list-style-type: none"> 1. Noted the report; 2. Appointed the following to the selection panel for the recruitment of an Independent Member for the Risk Management and Audit Committee: <ol style="list-style-type: none"> i. Chairperson Carolyn Eagle ii. Mayor Matthew Ryan iii. Deputy Mayor Elizabeth Williams iv. Councillor Jacqueline Phillips v. Mr David Glover 	In Progress	<p>11 March 2022</p> <p>An update report on the recruitment of an independent member is included in the agenda for the March 2022 meeting.</p>	Governance and Risk Advisor
	ACM4/2022	<p>The Committee:</p> <ul style="list-style-type: none"> • Noted and discussed the report; • Noted that the position of Independent Member will be re-advertised and include the selection criteria that applicants should reside in the NT; and • Approved the revision of the Committee's Terms of Reference to include the provision that at least one of the Committee's Independent Members should reside in the NT at the time of their appointment and membership on the Committee. 		<p>24 May 2022</p> <p>Once Council has approved the Terms of Reference (at the June 2022 meeting), the position will be re-advertised with the condition that the Independent Member should reside in the NT.</p> <p>19 July 2022</p> <p>The position was re-advertised on 21 July 2022 and the Committee will be provided with regular updates.</p> <p>17 October 2022</p> <p>A meeting was held with the Chair of the RM&AC and the WARC CCO on 20 September 2022, where 4 candidates are shortlisted for interview.</p> <p>Interviews with the selection panel are scheduled to take place 3 November 2022 in Darwin whilst</p>	

Risk Management and Audit Committee Action Items List - Ongoing

						the Chair is in the NT. An update can be provided next day, 4 November, when the committee meets.	
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WEST ARNHAM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	8.2
Title:	Local Government Act Guideline 5 Budgets, and Guideline 6 Annual Reports
File Reference:	1043993
Author:	Andrew Shaw, Finance Manager

SUMMARY

This report is to update the Committee on *Guideline 5: Budgets* and *Guideline 6: Annual Reports* made by the Minister under section 342 of the Local Government Act 2019 on 27 July 2022 and 4 August 2022, respectively.

BACKGROUND

The Minister for Local Government may make guidelines for the purposes of the Local Government Act ("the Act"). Guidelines made under the Act now include:

- Guideline 1: Local Authorities
- Guideline 2: Appointing a CEO
- Guideline 3: Borrowing
- Guideline 4: Assets
- Guideline 5: Budgets
- Guideline 6: Annual Reports

COMMENT

The two new Guidelines provide a number of forms (tables) that are to be completed, to satisfy the existing requirements of the Act.

The new Guidelines are attached to this report. Schedule 2 to each Guideline includes a sample of each of the Required forms, whereas Schedule 1 includes annotation to the required forms.

	Commencement Date	Relevance to the Act
Guideline 5: Budgets	Applies from a council's first budget review in the 2022-2023 financial year. This is the budget that is known at West Arnhem Regional Council as "Budget R" (which will be completed before the end of the calendar year).	Section 201(2) sets out the requirements for a budget for a particular financial year.
Guideline 6: Annual Reports	Applies on and from the annual report for the 2022-2023 financial year but councils may early adopt this form for the 2021-2022 financial year. West Arnhem Regional Council has not early adopted these forms for the 2021-2022 annual report.	Section 291(1) sets out the requirements for the annual report for a particular financial year.

The information requirements of the new forms that are additional to the current disclosures made by West Arnhem Regional Council are set out below.

Guideline 5: Budgets	Additional information requirements
Table 1.1 Annual Budget Income and Expenditure	<p>Elected Member Allowances and Expenses, and Council Committee & LA Allowances and Expenses are to:</p> <ul style="list-style-type: none"> • be disclosed as separate line items, and • reconcile to the Total Operating Expenditure.
Table 1.2 Annual Budget Operating Position	<p>Continues existing practice of including a reconciliation of the Budgeted Operating Surplus / Deficit to the cash position, “Net Budgeted Operating Position”.</p>
Table 2.1 Capital Expenditure and Funding by class of infrastructure, property, plant & equipment	<p>Budgeted expenditure is required for an additional year, bringing the total number of years to five (being the budget year and four “outer financial years”)</p> <p>The sources of funding for capital expenditure for each year must now be disclosed, using the categories of:</p> <ul style="list-style-type: none"> • operating income (amount allocated to capital items) • capital grants • transfers from cash reserves • borrowings • sale of assets (including trade-ins) • other funding
Table 3.1 Budget by Planning Major Capital Works	<p>The table is to include a list of individual major capital works projects. The table must show expenditure for each project over the prior year(s), the current budget year, the next three years, and any later years. These amounts must reconcile to the total for each works project, and the expected projection completion date must be shown.</p> <p>** Council must, by resolution, adopt a minimum threshold as the basis for including budgeted major capital works projects in Table 3.1 (e.g. projects in excess of \$150,000).</p>
Statement 4. Budget Assumptions	<p>This is a narrative of the assumptions that the budget is based on.</p> <p>For example, “an estimated CPI increase of X% has been applied to the current and outer 3-year budgeted expenses; an increase in the pay rate for employees of X% has been applied”.</p>
Statement 5. Budget initiatives	<p>This is a narrative of new major projects, plans and decisions that are included or may have a future impact on the budget.</p>
Statement 6. Budget for each Local Authority	<p>A budget for each Local Authority (LA) has been shown in recent budgets at West Arnhem, but the new format for the LA budget requires the same additional disclosure as the main Council budget, viz Elected Member Allowances and Expenses, and Council Committee & LA Allowances and Expenses are to:</p> <ul style="list-style-type: none"> • be disclosed as separate line items, and • reconcile to the Total Operating Expenditure, for each LA.

Guideline 6: Annual Reports – comments

The three populated tables, as listed in the table below, are to be included in the annual report.

These tables are not required to be referred to the auditor for audit, but they must match the information in the council's audited financial statement. Prior year comparative information is not required.

Guideline 6: Annual Reports	Additional information requirements
Statement 1 - Comparison of Actual Performance against Budget	
Table 1.1 Income and Expenditure Statement	<p>The table is in the same format as Table 1.1 Annual Budget Income and Expenditure (see above), that is, there is a line for each item of Operating Income and Operating Expenditure, which nets to Operating Surplus/Deficit.</p> <p>There is a column for Actual Result, Original Budget, Final Budget, and Variation Between Final Budget and Actuals.</p> <p>Elected Member Allowances and Expenses, and Council Committee & LA Allowances and Expenses are to:</p> <ul style="list-style-type: none"> • be disclosed as separate line items, and • reconcile to the Total Operating Expenditure.
Table 1.2 Annual Budget Operating Position	This table shows a reconciliation of Operating Surplus/Deficit to Net Operating Position (cash), and there is a column for Actual Result, Original Budget, Final Budget, and Variation Between Final Budget and Actuals.
Statement 2: Reasons for material variations between Final Budget and Actual Performance	
	<p>Only material variations require an explanation for the variation.</p> <p>(There is no form provided for this requirement).</p>
Statement 3: Total Expenditure for Each Council Committee and Local Authority	
Table 3.1 Local authority expenditure for Each Council Committee and Local Authority	<p>The table has columns to show the Allowances and the Expenses for each Council Committee and each Local Authority. The totals for these columns must reconcile to the total amount shown in Table 1.1 above.</p> <p>Section 291(1)(e) of the Act states that the annual report of a council must include an itemization of any amounts of fees or allowances made to committee members.</p>

STATUTORY ENVIRONMENT

The requirements of the *Local Government Act 2019* include:

Section 201 – the Council must prepare a budget for each financial year, ... and:

Section 201(2)(h) include any other information required by any guidelines that the Minister may make or as prescribed by regulation, and

Section 201(2)(i) be in a form required by any guidelines that the Minister may make or as prescribed by regulation.

Section 207(1) – A council must prepare a financial statement for each financial year.

Section 207(2) – The annual financial statement must conform with:

- (a) the Australian Accounting Standards; and
- (b) any other requirements prescribed by regulation; and
- (c) any guidelines that the Minister may make.

Section 290(1) – A council must, on or before 15 November in each year, report to the Minister on its work during the financial year ending the preceding 30 June.

Section 291(1) – The annual report of a council must include

(h) any other information prescribed by regulation or in accordance with guidelines made by the Minister.

Section 291(2) – The annual report must be in the approved form.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Nil. This report relates only to matters of disclosure and compliance.

STRATEGIC IMPLICATIONS

In preparing this report, the Committee is mindful of its goals as detailed in the *Regional Plan and Budget 2022-2023* as follows:

PILLAR 6 FOUNDATIONS OF GOVERNANCE	
Integrity is at the heart of everything we do. We are leaders of best practice and excellence in governance, advocacy, consultation and administration.	
Our processes, procedures and policies are ethical and transparent.	
Goal 6.1	Financial Management Provision of strong financial management and leadership which ensures long term sustainability and growth
Goal 6.4	Risk Management The monitoring and minimisation of risks associated with the operations of Council
Goal 6.5	Planning and Reporting Robust planning and reporting that supports Council's decision-making processes

VOTING REQUIREMENTS

Not required.

RECOMMENDATION:

That the Risk Management & Audit Committee:

Note this report on the new Guideline 5: Budgets and Guideline 6: Annual Reports issued by the Minister in relation to information to be disclosed under the *Local Government Act 2019*.

ATTACHMENTS

- 1 Guideline 5 Budgets.pdf
- 2 Guideline 6 Annual Reports.pdf

Guideline 5: Budgets

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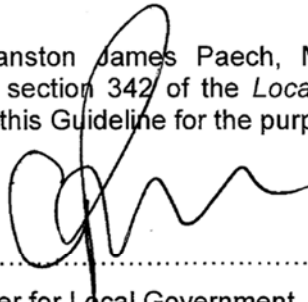
Guideline 5: Budgets

LOCAL GOVERNMENT GUIDELINE NO. 5

Local Government Act 2019

Making of Guideline

I, Chanston James Paech, Minister for Local Government, under section 342 of the *Local Government Act 2019*, hereby make this Guideline for the purposes of the Act.



Minister for Local Government

27 7 / 2022

Guideline 5: Budgets

1 Title

1.1 This Guideline is titled *Guideline 5: Budgets*.

2 Commencement

2.1 This Guideline commences on the day after the day it is made by the Minister.

2.2 The required form prescribed in this Guideline applies on and from a council's first budget review in the 2022 – 2023 financial year.

3 Definitions

Act means the Local Government Act 2019.

General Regulations means the Local Government (General) Regulations 2021.

LA means local authority.

4 Relevance to the Act

4.1 Section 201(2) of the Act states the budget for a particular financial year must:

- (a) *outline:*
 - (i) *the council's objectives for the relevant financial year;*
 - (ii) *the measures the council proposes to take, during the financial year, towards achieving those objectives; and*
 - (iii) *the indicators the council intends to use as a means of assessing its efficiency in achieving its objectives; and*
- (b) *contain the projected statement of income and expenditure for the financial year, differentiating between operating and capital expenditure; and*
- (c) *list the council's fees for services and the estimates of revenue for each of those fees; and*
- (d) *state the amount to be allocated to the development and maintenance of infrastructure for the financial year; and*
- (e) *state the amount the council proposes to raise by way of rates, and set out the rates structure, for financial year; and*
- (f) *include an assessment of the social and economic effects of its rating policies; and*
- (g) *state the allowances for members of the council for the financial year and the amount budgeted to cover payment of those allowances; and*
- (h) *separately provide for a budget for each local authority established by the council (if any); and*
- (i) *include any other information required by any guidelines that the Minister may make or as prescribed by regulation; and*
- (j) *be in a form required by any guidelines that the Minister may make or as prescribed by regulation.*

Guideline 5: Budgets

4.2 Regulation 8(1) of the General Regulations states that a council's budget must:

- (a) *be on an accrual basis; and*
- (b) *include a list of budget assumptions; and*
- (c) *include a list of initiatives in the budget; and*
- (d) *include a list of major capital works and projected costings.*

5 Required form

- 5.1 The required form of the budget is provided in Schedule 2 to this Guideline to satisfy sections 201(2)(b), (d), (g), (h) and (i) of the Act; and regulation 8(1) of the General Regulations.
- 5.2 The required form provides for the minimum information that is required for the sections mentioned in clause 5.1, but does not preclude a council from including additional information.
- 5.3 A council is not required to include in its budget any line item in the prescribed form that has a zero balance.
- 5.4 The required form does not contain all the budget requirements set out in section 201 of the Act and regulation 8 of the General Regulations.
- 5.5 Schedule 1 to this Guideline is an annotated version of the required form that contains explanations and examples for guidance.

Note for clause 5

A template version of the required form (Schedule 2) is available for download on the Department of the Chief Minister and Cabinet's website.

6 Deficit budget

- 6.1 'Net budgeted operating position' in Table 1.2 must not have a negative balance.

Note for clause 6

Section 202 of the Act states that a council must not budget for a deficit except in accordance with the regulations. Regulation 10 of the General Regulations states a council may budget for a deficit if the reason for the deficit can be attributed to: depreciation, amortisation, asset write-downs, expenditure of tied grant funding recorded as income in a prior year, or other non-cash items. See Regulation 10 of the General Regulations.

7 Categorisation of fees for services

- 7.1 For the purposes of the form of the budget, a council may group council's fees for services into appropriate categories, rather than listing as individual fees.

Note for clause 7

Section 201(2)(c) of the Act states that the budget for a particular financial year must list the council's fees for services and the estimates of revenue from each of those fees.

8 Major capital projects

- 8.1 For the purposes of the form of the budget, a council must, by resolution, adopt a minimum threshold as the basis for including major capital works and projected costings in Table 3.1.
- 8.2 The minimum threshold does not preclude a council from reporting on lower value capital projects in Table 3.1.

Guideline 5: Budgets

Schedule 1. Annotated form for guidance

Part 1. Financial reporting requirements for all local government councils

Statement 1. Annual Budget

Table 1.1 Annual Budget Income and Expenditure

EXPLANATION (not required to be published)		Annual Budget \$ *
	OPERATING INCOME	
<i>Estimated rates to be raised</i>	Rates	
<i>Estimated waste charges to be raised</i>	Charges	
<i>Appropriate categories to be determined by council</i>	Fees and Charges	
<i>Untied / tied grants for council operating activities where expenditure will be recorded as an operating expense</i>	Operating Grants and Subsidies	
<i>Interest from cash balances and other investments</i>	Interest / Investment Income	
<i>Any other income in cash or in-kind.</i>	Commercial and Other Income	
	TOTAL OPERATING INCOME	
	OPERATING EXPENDITURE	
	Employee Expenses	
<i>Includes repairs and maintenance expenditure unless reported separately</i>	Materials and Contracts	
<i>Allowances to be set as part of the budget</i>	Elected Member Allowances	(1)
<i>Travel, accommodation and other expenses as approved by council policy</i>	Elected Member Expenses	(2)
<i>Allowances to be set as part of the budget</i>	Council Committee & LA Allowances	(1)
<i>Travel, accommodation and other expenses as approved by council policy</i>	Council Committee & LA Expenses	(2)
	Depreciation, Amortisation and Impairment	
	Interest Expenses	
	Other Expenses	
	TOTAL OPERATING EXPENDITURE	
	BUDGETED OPERATING SURPLUS / DEFICIT	(3)

Guideline 5: Budgets

Table 1.2 Annual Budget Operating Position

EXPLANATION (not required to be published)		Annual Budget \$ *
<i>Total from Statement 1.1</i>	BUDGETED OPERATING SURPLUS / DEFICIT	(3)
	Remove NON-CASH ITEMS	
<i>Non-cash income included in Statement 1.1 operating income</i>	Less Non-Cash Income	
<i>Non-cash expenses included in Statement 1.1 operating expenses</i>	Add Back Non-Cash Expenses	
	TOTAL NON-CASH ITEMS	
	Less ADDITIONAL OUTFLOWS	
<i>Total capital expenditure per Table 2.1</i>	Capital Expenditure	(4)
<i>Principal repayment on leases and loans</i>	Borrowing Repayments (Principal Only)	(5)
	Transfers to Reserves	
	Other Outflows	
	TOTAL ADDITIONAL OUTFLOWS	
	Add ADDITIONAL INFLOWS	
<i>Grants for capital transactions where expenditure is recorded in the balance sheet</i>	Capital Grants Income	
<i>Prior year tied revenue to be used for operating expenses</i>	Prior Year Carry Forward Tied Funding	
<i>To include borrowings</i>	Other Inflow of Funds	
	Transfers from Reserves	
	TOTAL ADDITIONAL INFLOWS	
Must not be a deficit	NET BUDGETED OPERATING POSITION	

* Additional lines can be added to Table 1, for example, Materials and Contracts can be reported in 2 or more separate lines in the budget to provide more detail. However, lines are not to be reduced or combined, but any line with a zero balance is not required to be reported in the form.

Guideline 5: Budgets

Statement 2. Capital Expenditure and Funding

Table 2.1 By class of infrastructure, property, plant and equipment.

CAPITAL EXPENDITURE **	Current Financial Year (Annual) Budget	Outer Financial Year 1 Budget	OFY2 Budget	OFY3 Budget	> OFY3 Budget
Land and Buildings					
Infrastructure (including roads, footpaths, park furniture)					
Plant and Machinery					
Fleet					
Other Assets (including furniture and office equipment)					
Leased Land and Buildings					
Other Leased Assets					
TOTAL CAPITAL EXPENDITURE *	(4)				(8)
TOTAL CAPITAL EXPENDITURE FUNDED BY: **					
Operating Income (amount allocated to fund capital items)					
Capital Grants					
Transfers from Cash Reserves					
Borrowings					
Sale of Assets (including trade-ins)					
Other Funding					
TOTAL CAPITAL EXPENDITURE FUNDING					

* Table 2.1 Total Capital Expenditure amounts is to equal Table 1.2 Capital Expenditure.

** Additional lines can be added to Table 2.1 and lines can be split to provide more detail but not reduced or combined.

Guideline 5: Budgets

Statement 3. Planned Major Capital Works and projected costing (6)

Table 3.1 Budget by Planned Major Capital Works - This budget table is to report major capital works projects that are either in progress, that will continue over more than one financial year or will be completed this current financial year (including projects that are started and completed in the current financial year).

Class of Assets	By Major Capital Project *	Total Prior Year(s) Actuals \$ (A)	Current Financial Year Budget \$ (B)	Outer Financial Year 1 Budget \$ (C)	OFY2 Budget \$ (D)	OFY3 Budget \$ (E)	>OFY3 Budget \$ (F)	Total Planned Budget \$ (G=A+B+C+D+E+F)	Expected Project Completion Date
Example: Land and Buildings	Refurbish Building XXXX Construction Works	175 000	80 000	25 000	-	-	-	280 000	30/9/OFY 1
Example: Infrastructure	XXXXX Road Reseal	-	110 000	-	-	-	-	110 000	30/11/FY
	TOTAL								

* A council must, by resolution, adopt a minimum threshold as the basis for including budgeted major capital works projects in Table 3.1 (for example, Council resolved major capital works projects are projects that are expected to cost more than \$150 000 in total). Nothing precludes a council from including capital works projects lower than the threshold value in Table 3.1 (for example, where a capital project is of significant public interest).

Guideline 5: Budgets

Statement 4. Budget Assumptions - (8)

This is a narrative of the assumptions the budget is based on.

As examples:

An estimated CPI increase of 1.5% has been applied to the current and outer 3-year budgeted expenses and then a 2% increase thereafter.

The Council's employee Enterprise Bargaining Agreement (EBA) is due for renewal in budget outer year 2 and to avoid pre-empting negotiations the same rate increase that exists currently has been applied.

Statement 5. Budget Initiatives (9)

This is a narrative of new major projects, plans and decisions that are included or may have a future impact on the budget.

As examples:

The Council has identified key community access roads that require upgrades to become all weather roads for the long-term wellbeing and economic growth of these communities. Funds have been allocated in the Council's long-term budget to accumulate in a reserve for this purpose and the Council will lobby the Territory and Australian governments for contributions to this project.

Following a review of the age and condition of Council's motor vehicles, the Council has determined the 3-year capital replacement plan will be extended to 4 years, starting this current budget year, to better reflect the need.

Communication and internet connectivity is vital for Council's communities and the Council will begin investigating ways to improve and partner with its two neighbour councils to make improvements. To begin, the Council has budgeted capital expenditure of \$200 000 for a communication tower at community X in budget outer year 2 to be funded from within.

Guideline 5: Budgets

Part 2. Additional financial reports for regional local government councils

Statement 6. Budget for Each Local Authority Area (10)

Table 6.1 Local Authority Area Budget - This table only applies to regional local government councils.

EXPLANATION (not required to be published)	LOCAL AUTHORITY BUDGETS FOR THE YEAR ENDING 30 JUNE 20YY	Unallocated Budget *	LA 1	LA 2	Total Annual Budget **
	OPERATING INCOME				
Estimated rates to be raised in the LA area	Rates				
Estimated waste charges to be raised in the LA area	Charges				
Categories and allocations are to be determined by council	Fees and Charges				
Untied / tied grants for operating activities where expenditure will be recorded as an operating expense – if not clear the allocation to an LA area is to be determined by council	Operating Grants and Subsidies				
Interest from cash balances and other investments – allocation to an LA area is to be determined by council	Interest / Investment income				
Any other income in cash or in-kind as determined by council	Commercial and Other Income				
	TOTAL OPERATING INCOME				
	OPERATING EXPENDITURE				
The allocation to the LA area is to be determined by council	Employee Expenses				
To include appropriate repair and maintenance expenditure unless reported separately	Materials and Contracts				
The allocation is to be determined by council	Elected Member Allowances				
Travel, accommodation and other expenses allocated to the LA area as approved by council policy	Elected Member Expenses				
Allowances to be set as part of the budget	Council Committee & LA Allowances				
Travel, accommodation and other expenses as approved by council policy	Council Committee & LA Expenses				
The allocation to the LA area is to be determined by council	Depreciation, Amortisation and Impairment				
The allocation to the LA area is to be determined by council	Interest Expenses				
The allocation to the LA area is to be determined by council	Other Expenses				
	TOTAL OPERATING EXPENDITURE				
	BUDGETED OPERATING SURPLUS / DEFICIT				

* Unallocated budget would likely include council headquarter costs and other balances not directly related to the LA areas.

** Total budget line item amounts are to equal the Table 1.1 amounts under the equivalent headings.

Guideline 5: Budgets

Annotations

- (1) Section 201(2)(g) of the Act requires the annual budget to state the allowance for members of the council for the financial year and the amount budgeted to cover payment of those allowances. *Note:* Councils must state the allowance for members of the council in the budget (disclosure not included in this Guideline).
- (2) Section 109(3)(a) of the Act requires council, council committee and local authority expenses and benefits (as adopted by policy) to be disclosed in a council's budget.
- (3) Regulation 10 of the General Regulations lists the reasons a council's budget can be in a deficit, including depreciation, amortisation, asset write-downs, expenditure of tied grant funding recorded as income in a prior year, or other non-cash items.
- (4) Section 201(2)(b) of the Act requires the annual budget to contain the projected statement of income and expenditure for the financial year, differentiating between operating and capital expenditure.
- (5) *Guideline 3: Borrowing*, clause 7.6, requires approved borrowings to be reflected in a council's budget.
- (6) Regulation 8(1)(d) of the General Regulations states the council's budget and long-term financial plan must include a list of major capital works and projected costings.
- (7) Regulation 8(2) of the General Regulations states if budgeted capital expenditure for a capital item is expected to be incurred after the period provided in the long-term financial plan, the long-term financial plan must include a statement setting out the remaining budget balance amount and the expected capital expenditure completion date.
- (8) Regulation 8(1)(b) of the General Regulations states the council's budget and long-term financial plan must include a list of budget assumptions.
- (9) Regulation 8(1)(c) of the General Regulations states the council's budget and long-term financial plan must include a list of initiatives in the budget.
- (10) *Guideline 1: Local Authorities*, clause 14.1, requires a regional council to submit to each of the council's local authorities a current financial report of actual results against the latest approved budget for the local authority area.

Guideline 5: Budgets

Schedule 2. Required form

Part 1. Financial reporting requirements for all local government councils

Statement 1. Annual Budget

Table 1.1 Annual Budget Income and Expenditure

	Annual Budget \$
OPERATING INCOME	
Rates	
Charges	
Fees and Charges	
Operating Grants and Subsidies	
Interest / Investment Income	
Commercial and Other Income	
TOTAL OPERATING INCOME	
OPERATING EXPENDITURE	
Employee Expenses	
Materials and Contracts	
Elected Member Allowances	
Elected Member Expenses	
Council Committee & LA Allowances	
Council Committee & LA Expenses	
Depreciation, Amortisation and Impairment	
Interest Expenses	
Other Expenses	
TOTAL OPERATING EXPENDITURE	
BUDGETED OPERATING SURPLUS / DEFICIT	

Table 1.2 Annual Budget Operating Position

	Annual Budget \$
BUDGETED OPERATING SURPLUS / DEFICIT	
Remove NON-CASH ITEMS	
Less Non-Cash Income	
Add Back Non-Cash Expenses	
TOTAL NON-CASH ITEMS	
Less ADDITIONAL OUTFLOWS	
Capital Expenditure	
Borrowing Repayments (Principal Only)	
Transfers to Reserves	
Other Outflows	
TOTAL ADDITIONAL OUTFLOWS	
Add ADDITIONAL INFLOWS	
Capital Grants Income	
Prior Year Carry Forward Tied Funding	
Other Inflow of Funds	
Transfers from Reserves	
TOTAL ADDITIONAL INFLOWS	
NET BUDGETED OPERATING POSITION	
	Annual Budget \$

Guideline 5: Budgets

Statement 4. Assumptions

Statement 5. Initiatives

Part 2. Additional financial reports for regional local government councils

Statement 6. Budget for Each Local Authority Area

Table 6.1 Local Authority Area Budget

LOCAL AUTHORITY BUDGETS FOR THE YEAR ENDING 30 JUNE 20YY	Unallocated Budget	LA 1	LA 2	Total Annual Budget
OPERATING INCOME				
Rates				
Charges				
Fees and Charges				
Operating Grants and Subsidies				
Interest / Investment income				
Commercial and Other Income				
TOTAL OPERATING INCOME				
OPERATING EXPENDITURE				
Employee Expenses				
Materials and Contracts				
Elected Member Allowances				
Elected Member Expenses				
Council Committee & LA Allowances				
Council Committee & LA Expenses				
Depreciation, Amortisation and Impairment				
Interest Expenses				
Other Expenses				
TOTAL OPERATING EXPENDITURE				
BUDGETED OPERATING SURPLUS / DEFICIT				

Guideline 6: Annual Reports

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Guideline 6: Annual Reports

LOCAL GOVERNMENT GUIDELINE NO. 6

Local Government Act 2019

Making of Guideline

I, Chanston James Paech, Minister for Local Government, under section 342 of the *Local Government Act 2019*, hereby make this Guideline for the purposes of the Act.



.....
Minister for Local Government

2 / 8 / 2022

Guideline 6: Annual Reports

1 Title

1.1 This Guideline is titled *Guideline 6: Annual Reports*.

2 Commencement

2.1 This Guideline commences on the day after the day it is made by the Minister.

2.2 The required form prescribed in this Guideline applies on and from the annual report for the 2022 – 23 financial year but councils may early adopt this form for the 2021-22 financial year.

3 Definitions

Act means the *Local Government Act 2019*.

General Regulations means the *Local Government (General) Regulations 2021*.

LA is an acronym for local authority.

Material, in relation to a budget, has the same meaning as in Accounting Standard AASB 1031 of the Australian Accounting Standards.

4 Relevance to the Act

4.1 Section 291(1) of the Act states the annual report of a council must include:

- (a) a copy of the council's audited financial statement for the relevant financial year; and
- (b) an assessment of:
 - (i) the council's performance against the objectives stated in the relevant municipal, regional or shire plan adopted for the relevant financial year (applying indicators of performance set in the plan); and
 - (ii) for a council for a region – the activities of any local authority within the council's area for the relevant financial year; and
- (c) an itemisation of any shared service the council has been involved with for the relevant financial year; and
- (d) details in relation to any delegations of the council's functions and powers to a council committee, local authority or local government subsidiary in force for the relevant financial year; and
- (e) an itemisation of any amounts of fees or allowance made to committee members in the relevant financial year; and
- (f) a report on the consultations undertaken by the council in the relevant financial year; and
- (g) an assessment of the council's performance of service delivery and projects for the relevant financial year, with reference to the advice and recommendations of a local authority or authorities; and
- (h) any other information prescribed by regulation or in accordance with guidelines made by the Minister.

4.2 Section 291(2) of the Act states the annual report must be in the approved form.

Guideline 6: Annual Reports

- 4.3 Regulation 12 of the General Regulations requires the annual report to include:

a comparison of the council's original budget, the council's most recently adopted budget and actual results, with a report on the reasons for the material variations between the most recently adopted budget and the actual results.

Note for clause 4

The annual report is to be provided to the Minister only after council resolves to submit the report to the Minister.

5 Required form

- 5.1 Populated tables, to be set out in the required form provided in Schedule 2 to this Guideline, must be included in the council's annual report to satisfy section 291(1)(h) of the Act.
- 5.2 The required form provides for the minimum information that is required for section 291(1)(h) of the Act, but does not preclude a council from including additional information.
- 5.3 The required form does not contain all the annual report requirements set out in section 291 of the Act.
- 5.4 Schedule 1 to this Guideline is an annotated version of the required form that contains explanations and examples for guidance.

Note for clause 5

A template version of the required form (Schedule 2) is available for download on the Department of the Chief Minister and Cabinet's website.

6 Unaudited statement

- 6.1 Statements 1 to 3 are not required to be referred to the auditor for audit but must match the information reported in the council's audited financial statement for the relevant financial year.
- 6.2 Prior year comparative information for Statements 1 to 3 are not required to be published in the annual report, but this does not preclude a council from including comparative information in the annual report for Statements 1 to 3.

Guideline 6: Annual Reports

Schedule 1. Annotated form for guidance Statement 1. Comparison of Actual Performance against Budget Table 1.1 Income and Expenditure Statement

EXPLANATION (not required to be published)	Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
OPERATING INCOME				
Rates				
Charges				
Fees and Charges				
Operating Grants and Subsidies				
Interest / Investment Income				
Commercial and Other Income				
TOTAL OPERATING INCOME				
OPERATING EXPENDITURE				
Employee Expenses				
Materials and Contracts				
Elected Member Allowances				
Elected Member Expenses				
Council Committee & LA Allowances				
Council Committee & LA Expenses				
Depreciation, Amortisation and Impairment				
Interest Expenses				
Other Expenses				
TOTAL OPERATING EXPENDITURE				
OPERATING SURPLUS / DEFICIT				
<i>Copy total to Table 1.2</i>				

* Council committee and LA allowances are to equal the relevant total expenditure line in Table 3.1.

** Council committee and LA expenses are to equal the relevant total expenditure line in Table 3.1.

Guideline 6: Annual Reports

Statement 2. Reasons for material variations between Final Budget and Actual Performance

Only material variations require an explanation for the variation.

As an example:

The \$41 500 increased capital expenditure variation as compared to final budget was a result of an opportunity arising for Council to bring forward a park playground refurbishment and start the planned works in late May rather than August this calendar year. Approval to transfer from reserves the funds required to undertake this project was granted by Council on DD May 20YY.

Statement 3. Total Expenditure for Each Council Committee and Local Authority

Table 3.1 Local authority expenditure only applies to regional local government councils.

FOR THE YEAR ENDING 30 JUNE 20YY (a)	Council Committee & LA Allowances	Council Committee & LA Expenses	Total
Audit Committee			
Council Committee 1			
Council Committee 2			
Council Committee 3			
LA Area Name			
LA Area Name			
LA Area Name			
LA Area Name			
LA Area Name			
Total	*	**	

* Total council committee and LA allowances are to equal the relevant operating expenditure line in Table 1. 1.

** Total council committee and LA expenses are to equal the relevant operating expenditure line in Table 1. 1.

Relevant Legislation Reference:

- a) Section 291(1)(e) of the Act states the annual report of a council must include an itemisation of any amounts of fees or allowances made to committee members in the relevant financial year.

Guideline 6: Annual Reports

Schedule 2. Required form

Statement 1. Comparison of Actual Performance against Budget

Table 1.1 Income and Expenditure Statement

	Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
OPERATING INCOME				
Rates				
Charges				
Fees and Charges				
Operating Grants and Subsidies				
Interest / Investment Income				
Commercial and Other Income				
TOTAL OPERATING INCOME				
OPERATING EXPENDITURE				
Employee Expenses				
Materials and Contracts				
Elected Member Allowances				
Elected Member Expenses				
Council Committee & LA Allowances				
Council Committee & LA Expenses				
Depreciation, Amortisation and Impairment				
Interest Expenses				
Other Expenses				
TOTAL OPERATING EXPENDITURE				
OPERATING SURPLUS / DEFICIT				

Guideline 6: Annual Reports

Table 1.2 Annual Operating Position

	Financial Year Original Budget	Financial Year Final Budget	Actual Result	Variation Between Final Budget and Actuals
OPERATING SURPLUS / DEFICIT				
Remove NON-CASH ITEMS				
Less Non-Cash Income				
Add Back Non-Cash Expenses				
TOTAL NON-CASH ITEMS				
Less ADDITIONAL OUTFLOWS				
Capital Expenditure				
Borrowing Repayments (Principal Only)				
Transfers to Reserves				
Other Outflows				
TOTAL ADDITIONAL OUTFLOWS				
Add ADDITIONAL INFLOWS				
Capital Grants Income				
Prior Year Carry Forward Tied Funding				
Other Inflow of Funds				
Transfers from Reserves				
TOTAL ADDITIONAL INFLOWS				
NET OPERATING POSITION				

Statement 2. Reasons for material variations between the Final Budget and Actual Performance

Only material variations require an explanation for the variation.

Statement 3. Total Expenditure for Each Council Committee and Local Authority

Table 3.1 - Local authority expenditure - only applies to regional councils.

FOR THE YEAR ENDING 30 JUNE 20YY	Council Committee & LA Allowances	Council Committee & LA Expenses	Total
Total			

WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 4 NOVEMBER 2022

Agenda Reference:	10.1
Title:	Closure to the Public for the Discussion of Confidential Items
File Reference:	1040675
Author:	Doreen Alusa, Governance and Risk Advisor

SUMMARY

Pursuant to section 99(2) of the *Local Government Act 2019* and regulation 52 of the *Local Government (General) Regulations 2021*, the meeting is to be closed to the public to consider confidential matters.

STATUTORY ENVIRONMENT

Section 99(2) of the *Local Government Act 2019*
Regulations 51 and 52 of the *Local Government (General) Regulations 2021*

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Committee approves the closure of the meeting to the public as confidential items are about to be discussed. The meeting is closed in accordance with regulation 51(c) of the *Local Government (General) Regulations 2021* as the matters to be discussed include information that, if publicly disclosed, would be likely to cause commercial prejudice to, or confer an unfair commercial advantage on, any person; or (ii) prejudice the maintenance or administration of the law; or (iii) prejudice the security of the council, its members or staff; or (iv) subject to subregulation (3) – prejudice the interests of the council or some other person.

ATTACHMENTS

**WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 4 NOVEMBER 2022**

EXCLUSION OF THE PUBLIC

The information in this section of the agenda is classed as confidential under section 293(1) of the *Local Government Act 2019* and regulation 51 of the *Local Government (Administration) Regulations 2021*.

**WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 4 NOVEMBER 2022**

RE-ADMITTANCE OF THE PUBLIC