

13.6 Presentation of the 2022-23 Annual Financial Statements

CSP Objective: Outcome 12: Public funds and assets are managed strategically, transparently and efficiently

CSP Strategy: 12.1 Manage Public Funds in accordance with Financial Management Standards and the Local Government Act

Delivery Program: 12.1.1 Improved financial reporting and legislative compliance through reporting, scrutiny and oversight processes.

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Summary

Council is required to advertise a summary of Audited Financial Statements for the year and formally present them to the public in accordance with the Local Government Act 1993.

Any person may make a submission with respect to the financial reports within seven days of them being presented to Council.

Financial implication

N/A

Risk implication

Audits provide assurance to Council and the community that the Financial Statements accurately represent Council's financial position at the end of the financial year.

Policy

In accordance with sections 418 and 419 of the Local Government Act 1993, Council is required to advertise a summary of the financial result for the year and formally present the Annual Financial Statements to the public.

Any person may make a written submission with respect to the financial reports within seven (7) days of the reports being presented to the public.

As required under the Local Government Act 1993, Council will provide all submissions to the auditors and, in addition, may take action as considered appropriate.

Consultation (External)

Audit Office of NSW

Consultation (internal)

Audit, Risk & Improvement Committee meeting on 2 April 2024

Mayor and Councillors

Chief Executive Officer

Chief Operating Officer

Communication/Community engagement

Public Notice of a summary of the financials has been advertised locally to give the community an opportunity to provide a submission.

Report of the Chief Executive Officer

13.6 Presentation of the 2022-23 Annual Financial Statements (cont)

Attachments

Nil

Enclosures

1 Financial Statements 2022-23 [⇒](#)

RECOMMENDATION

That Council present the 2022-23 Audited Financial Statements and Audit Reports to the public in accordance with sections 418 and 419 of the Local Government Act 1993.

Background

Kiama Municipal Council's audited 2022-23 Annual Financial Statements have been finalised. The NSW Audit Office has provided their various audit reports, and the Audited Financial Statements were submitted to the Office of Local Government on 30 April 2024.

Report

Council has provided public notice that the Financial Statements and Auditor's reports will be presented at this meeting in accordance with Section 418 of the Local Government Act 1993 and has invited public submissions.

Following formal presentation of the Financial Statements and Auditor's Report to the public at the 21 May 2024 General Meeting, members of the public in accordance with Section 420 of the Local Government Act, have seven days until 28 May 2024, to make submissions about the documents. Such submissions must be in writing and must be referred by Council to the auditor.

The Audit Office has issued a qualified audit opinion for the 2022-23 Financial Statements, signaling considerable advancements from prior year's disclaimer with respect to verification of accounting records and improved compliance, in contrast to the previous 2021/22 financial statements. The conclusion of the 2022-23 audit also signifies that Kiama Council is now up to date and current with the audited financial statement cycle. As we approach year end 30 June 2024, that audit will occur during the ensuing months and Council will submit the 2023-24 financial statements to the Office of Local Government by the usual annual timeline of October 31, 2024.

Management will also continue to work to address the remaining issues and provide the necessary evidence to support all financial statement items in the upcoming audit with the view to improving and removing the current year audit qualification. Details of this was reported to Council on 16 April 2024.

A summary of the Financial Statements is provided below:

Report of the Chief Executive Officer

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	2023 \$ '000	2022 \$ '000
Income Statement		
Total income from continuing operations	87,011	76,707
Total expenses from continuing operations	83,212	102,230
Operating result from continuing operations	3,799	(25,523)
Net operating result for the year	3,799	(25,523)
Net operating result before grants and contributions provided for capital purposes	260	(28,417)
Statement of Financial Position		
Total current assets	56,982	70,205
Total current liabilities	(154,548)	(152,060)
Total non-current assets	711,386	680,015
Total non-current liabilities	(21,118)	(52,197)
Total equity	592,702	545,963
Other financial information		
Unrestricted current ratio (times)	0.64	0.79
Operating performance ratio (%)	(10.01)%	(10.61)%
Debt service cover ratio (times)	0.15	1.26
Rates and annual charges outstanding ratio (%)	2.24%	0.41%
Infrastructure renewals ratio (%)	144.78%	43.07%
Own source operating revenue ratio (%)	73.15%	79.22%
Cash expense cover ratio (months)	5.15	8.62

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Please refer to the attached 2022-23 Annual Financial Statements for details.

Final Management Letter

The Auditors Management Letter on the Final Phase of the Audit for the year ended 30 June 2023 has not yet been received at the time of the preparation of this report.

This letter is deemed by the Audit Office of NSW to fall within the definition of 'excluded information' contained in Schedule 2(2) of the Government Information (Public Access) Act 2009 contains an audit observation, risk assessment, recommendation(s) and managements formal response addressing each matter.

Once the letter is received it will be provided to the Audit, Risk and Improvement Committee for review and ongoing follow-up.