

16.4. 2020-2021 FINANCIAL STATEMENT SUBMISSIONS

Report Author	Phil Brennan, Manager Finance
Date of Meeting	23 March 2022
Authorising Director	Steve Embry, Director Corporate Services

SUMMARY OF REPORT

This report presents submissions received from members of the public, in respect of the 2020-2021 Financial Statements, to Council for its information.

RECOMMENDATION

That the submissions be noted.

FINANCIAL / RESOURCE IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

There is no legal requirement to report submissions received from the public in relation to Financial Statements to Council. Council is required to provide these submissions to the auditor (the Audit Office of NSW) for their consideration. This has occurred.

RISK IMPLICATIONS

Nil.

BACKGROUND

Council considered a report at its 2 February 2022 Ordinary Meeting in relation to the presentation of the 2020-2021 Financial Statements and Auditors Reports to it by the Audit Office of NSW.

That report contained information outlining the legislative process for the exhibition of the Financial Statements and Auditors Reports and the process by which members of the public could make a submission on those reports. The relevant paragraphs of that report are reproduced below.

“Section 418 (2) required public notice of at least 7 days be given of the Council meeting date fixed for the presentation of the audited Financial Statements. This notice (prepared in the required format) was published in the Great Lakes Advocate, the Manning River Times and Gloucester Advocate. The notice and a copy of the audited Financial Statements were also made available on Council’s website from 24 December 2021. Printed copies are not available for public inspection at the 3 main Council Administration buildings as part of Council’s COVID-19 procedures.

Section 420 of the Act makes provision for any person to make submissions to Council with respect to the Financial Statements or Auditors Reports. Such submissions must be made within 7 days after the reports are presented to the public. Copies of submissions must be referred to the Auditor and, if required, amendments made to the Financial Statements.”

2 submission were received during the exhibition period and letters of acknowledgment and appreciation have been provided. These submissions were referred to the Auditor (the Audit Office of NSW) on 17 February 2022. Annexure A is the letter of referral to the Audit Office of NSW and includes the submissions.

The submissions do not raise any matters that require an amendment to the Financial Statements. They do comment on matters that have been raised and are being discussed with Council and its Audit, Risk & Improvement Committee (ARIC). Council and the ARIC is aware of (and will be monitoring) the actions that are occurring to address the matters highlighted within the submissions.

No further specific action in relation to the submissions is required or is proposed to be taken.

DISCUSSION

Nil.

ATTACHMENTS

Attachment 1 immediately follows this Report.

CORPORATE SERVICES

ATTACHMENT 1

2020-2021 FINANCIAL
STATEMENT
SUBMISSIONS

ORDINARY MEETING

23 MARCH 2022



17 February 2022

Mr Jan-Michael Perez
Director, Financial Audit
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Enquiries: Phil Brennan

Dear Mr Perez

Submissions Received on the 2020-2021 Financial Statements

Section 420 of the Local Government Act 1993 provides that a person may make a submission to Council with respect to the councils audited financial reports or with respect to the auditor's reports.

Council has placed the audited 2020-2021 Financial Statements on public exhibition (as required by the Act) and has received 2 submissions. The Act requires that copies of all submissions are referred to the auditor.

It is intended to report these submissions to Council for its information. Based on the content of those submissions it is not intended that there will be any amendments required to the 2020-2021 financial reports.

Copies of the submissions are attached.

If you need any more information in respect of this matter please contact me on the number below or by email at phil.brennan@midcoast.nsw.gov.au.

Yours sincerely

Phil Brennan
Manager Finance
02 7955 7287

From: [REDACTED]
Sent: Sun, 6 Feb 2022 17:46:04 +1100
To: "MidCoast Council" <council@MidCoast.nsw.gov.au>
Subject: Make an online submission - MidCoast Council 2020-2021 Financial Statements Form Submission



Make an online submission - MidCoast Council 2020-2021 Financial Statements Form Submission

There has been a submission of the form Make an online submission - MidCoast Council 2020-2021 Financial Statements through your Have Your Say website.

First Name

[REDACTED]

Last Name

[REDACTED]

Your email address

[REDACTED]

Your best contact phone number

[REDACTED]

Document Set ID: 15648040
Version: 1, Version Date: 07/02/2022

Suburb

Taree

Postcode

2430

Please provide your submission here and/or upload your supporting document below.

1. Whilst the net result for the year is a surplus, the net operating result before grants a deficit. This is a significant increase over the previous period. Is this the more realist figure to portray MCC's overall financial position?
2. It is noted that 3 (#2,3, & 6) of the 6 OLG performance benchmarks were met and 3 (1,4, & 5) were not met.
3. It was also noted that of the 3 reaching benchmarks only one (#2) was about the same as the previous period. The other 2 (#3 & 6) were in decline.
4. Those not reaching the benchmark were all worse or worsening.
5. From these points it seems reasonable to say that MCC's overall financial situation not as strong as it needs to be given that only 50% of the indicators were met and that these did not reflect a very strong position for the future as they reflected declines in performance.
6. The NSW government's auditor-general also pointed out the need for more rigour in MCC's financial statements and the necessity for end of month financial reporting as a means of better monitoring and control of the finances.

Finally, MCC's financial position does not appear as healthy as it needs to be into the future and careful management by MCC officers and councillors is critical to gaining improved control and more effective performance.

To view all of this form's submissions, visit

https://haveyoursay.midcoast.nsw.gov.au/index.php/dashboard/reports/forms_new/da

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Version: 1, Version Date: 07/02/2022

From: [REDACTED]
Sent: Mon, 31 Jan 2022 12:23:09 +1100
To: "MidCoast Council" <council@MidCoast.nsw.gov.au>
Subject: Comment on 2021 Financial Statements
Attachments: MCC FinStat ye 30june21comment.doc

Security Notice: The attachments in this email were secured by a Check Point SandBlast.
The original attachments were not modified.

Hi
See attached



Email secured by Check Point

Document Set ID: 15639280
Version: 1, Version Date: 31/01/2022

Introduction

The auditor again refers to adjustments being made during the audit. Yes, the auditor has signed off but MCC should not be just scrapping over the line. MCC should be providing more to the ratepayers and maybe a brief summary or picture so it is easier to follow for the average punter. This repeating matter of adjustments during compilation of the financial statements should be addressed by the Audit and Risk Committee. This committee needs to meet as a matter of urgency. Lets get the annual financial statements out ahead of the statutory deadline and to the ratepayers way before the Christmas break. For Council to just be getting final audited information and submissions nearly seven months after the close of year is a failure in performance. To be just reviewing last years true financial results so late into the current budget setting cycle is beyond belief. Therefore I will not do the detailed analysis on the FS21 as this should be a function of the council officers via the GM.

Conclusion

Urgent Action!

It is up to the council officers to supply a full and complete report to Council on the y/e 30 June 2021. This will give the analysis that is required. This then goes to the ratepayers with the senior officers explaining to the ratepayers. This needs to be addressed and before the budget cycle goes too much further.

The 6 months to 30 December 2021 financial reporting needs to be tabled to Council at the February Council meeting. Both then can be at the same open public meeting. Time for a full open public meeting or a public forum on the true financial position and the action that the senior management intend to rectify. Minutes to be taken.

Comment

1) I could do a full analysis on these financial statements but:

a) The Auditor General of NSW has said it so well. MCC are failing to meet basic financial performance ratios or guidelines. See page 90 of FS21

b) Furthermore, Page 85 of FS21 G5-1 Statement of performance measures – consolidated results. Shows a deterioration in key ratios.

What is being done to arrest this trend?

c) The financial position of the shire council (general fund) is continuing to deteriorate.

d) The checking of the analysis of the financial statements lays within the remit of the Audit and Risk Committee.

2) A couple of items to consider;

a) Materials Expense

Needs an explanation as is an extra \$35.8M or 78% above budget
Particularly as the scheduled delivery program was not achieved.

b) Staff numbers

FTE	Budget	2021	2020	Diff
	?	884	819	65

Can you please point me to the budgeted Staffing? I would be happy for you to say that

you will clearly supply staffing levels for each year of the projected budget. Can you point me to the approved or planned staffing levels?

c) Assets

Schedule at end of FS21.

Overall it indicates poor infrastructure management. .

Regards



20/1/22