

14.2 Financial Statements - March 2023

Location	Town-wide
Reporting officer	Financial Services Controller
Responsible officer	Chief Financial Officer
Voting requirement	Simple majority
Attachments	1. Financial Activity Statement Report - March 2023 [14.2.1 - 45 pages]

Recommendation

That Council accepts the Financial Activity Statement Report – 31 March 2023, as attached.

Purpose

To present the statement of financial activity reporting on the revenue and expenditure for the period ended 31 March 2023.

In brief

- The financial activity statement report is presented for the month ending 31 March 2023.
- The report complies with the requirements of Regulation 34 (financial activity statement report) of the *Local Government (Financial Management) Regulations 1996*.
- The financial information as shown in this report does not include a number of end-of-financial year adjustments that are still yet to occur, as well as the final approval by the Auditor. The figures stated should therefore not be taken as the Town's final financial position for the period ended 31 March 2023.

Background

1. Regulation 34 of the *Local Government (Financial Management) Regulations 1996* states that each month, officers are required to prepare monthly financial reports covering prescribed information, and present these to Council for acceptance. Number all paragraphs from here on, not including tables.
2. As part of the monthly financial reports, material variances are reported. Thresholds are set by Council and are as follows:

Revenue

Operating revenue and non-operating revenue – material variances are identified where, for the period being reported, the actual varies to the budget by an amount of (+) or (-) \$25,000 and, in these instances, an explanatory comment has been provided.

Expense

Operating expense, capital expense and non-operating expense – material variances are identified where, for the period being reported, the actual varies to the budget by an amount of (+) or (-) \$25,000 and in these instances, an explanatory comment has been provided.

3. For the purposes of explaining each material variance, a three-part approach has been applied. The parts are:

Period variation

Relates specifically to the value of the variance between the budget and actual figures for the period of the report.

Primary reason(s)

Explains the primary reason(s) for the period variance. Minor contributing factors are not reported.

End-of-year budget impact

Forecasts the likely financial impact on the end-of-year financial position. It is important to note that figures in this part are 'indicative only' at the time of reporting and may subsequently change prior to the end of the financial year.

Strategic alignment

Civic Leadership	
Community priority	Intended public value outcome or impact
CL2 - Communication and engagement with the community.	To make available timely and relevant information on the financial position and performance of the Town so that Council and public can make informed decisions for the future.
CL3 - Accountability and good governance.	Ensure the Town meets its legislative responsibility in accordance with Regulation 34 of the <i>Local Government (Financial Management) Regulations 1996</i> .

Engagement

Internal engagement	
Service Area Leaders	All Service Area Leaders have reviewed the monthly management reports and provided commentary on any identified material variance relevant to their service area.

Legal compliance

[Regulation 34 of the Local Government \(Financial Management\) Regulations 1996](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Misstatement or significant error in financial statements.	Moderate	Unlikely	Medium	Low	Treat risk by ensuring daily and monthly reconciliations are completed. Internal and external audits.

Financial	Fraud or illegal transaction.	Severe	Unlikely	High	Low	Treat risk by ensuring stringent internal controls, and segregation of duties to maintain control and conduct internal and external audits.
Environmental	Not applicable.					
Health and safety	Not applicable.					
Infrastructure/ICT systems/utilities	Not applicable.					
Legislative compliance	Council not accepting financial statements will lead to non-compliance.	Major	Unlikely	Medium	Low	Treat risk by providing reasoning and detailed explanations to Council to enable informed decision making. Also provide the Payment summary listing prior to preparation of this report for comments.

Financial implications

Current budget impact	Commentary around the current budget impact is outlined in the Statement of Financial Activity, forming part of the attached financial activity statement report.
Future budget impact	Commentary around the future budget impact is outlined in the Statement of Financial Activity, forming part of the attached financial activity statement report.

Analysis

- The Financial Activity Statement Report – 31 March complies with the requirements of Regulation 34 (Financial activity statement report) of the *Local Government (Financial Management) Regulations 1996*. It is therefore recommended that the Financial Activity Statement Report March 2023 be accepted.

Relevant documents

Not applicable.