

# MINUTES

FOR THE  
GREATER SHEPPARTON CITY COUNCIL

## SPECIAL COUNCIL MEETING

HELD ON  
TUESDAY 23 SEPTEMBER, 2014  
AT 5.30PM

IN THE COUNCIL BOARDROOM

**COUNCILLORS:**

Cr Jenny Houlihan (Mayor)  
Cr Dennis Patterson (Deputy Mayor)  
Cr Dinny Adem  
Cr Les Oroszvary  
Cr Michael Polan  
Cr Kevin Ryan  
Cr Fern Summer

***VISION***

***GREATER SHEPPARTON***  
AS THE FOOD BOWL OF AUSTRALIA,  
A SUSTAINABLE, INNOVATIVE  
AND DIVERSE COMMUNITY  
***GREATER FUTURE***



**M I N U T E S  
FOR THE  
SPECIAL COUNCIL MEETING  
HELD ON  
TUESDAY 23 SEPTEMBER, 2014 AT 5.30PM**

**CHAIR  
CR JENNY HOULIHAN**

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## RISK LEVEL MATRIX LEGEND

**Note: A number of reports in this agenda include a section on “risk management implications”. The following table shows the legend to the codes used in the reports.**

Likelihood	Consequences				
	Negligible (5)	Minor (4)	Moderate (3)	Major (2)	Catastrophic (1)
<b>Almost Certain (A)</b> Event expected to occur several times per year (i.e. Weekly)	Low	Moderate	High	Extreme	Extreme
<b>Likely (B)</b> Will probably occur at some stage based on evidence of previous incidents (i.e. Monthly)	Low	Moderate	Moderate	High	Extreme
<b>Possible (C)</b> Not generally expected to occur but may under specific circumstances (i.e. Yearly)	Low	Low	Moderate	High	High
<b>Unlikely (D)</b> Conceivable but not likely to occur under normal operations (i.e. 5-10 year period)	Insignificant	Low	Moderate	Moderate	High
<b>Rare (E)</b> Only ever occurs under exceptional circumstances (i.e. +10 years)	Insignificant	Insignificant	Low	Moderate	High

**Extreme** CEO’s attention immediately required. Possibly avoid undertaking the activity OR implement new controls

**High** Director’s attention required. Consider suspending or ending activity OR implement additional controls

**Moderate** Manager’s attention required. Ensure that controls are in place and operating and management responsibility is agreed

**Low** Operational, manage through usual procedures and accountabilities

**Insignificant** Operational, add treatments where appropriate

**PRESENT: Councillors Jenny Houlihan, Dennis Patterson,  
Les Oroszvary, Michael Polan, Kevin Ryan and Fern Summer.**

**OFFICERS: Gavin Cator – Chief Executive Officer  
Johann Rajaratnam – Director Sustainable Development  
Rosanne Kava – Acting Director Business  
Kaye Thomson – Director Community  
Stephanie Giankos – Official Minute Taker  
Rebecca Bertone – Deputy Minute Taker**

### **1. ACKNOWLEDGEMENT**

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.”

### **2. APOLOGIES**

**Moved by Cr Polan  
Seconded by Cr Summer**

That the apology from Cr Adem be noted and a leave of absence granted.

**CARRIED**

### **3. DECLARATIONS OF CONFLICT OF INTEREST**

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a “conflict of interest” in a decision if they would receive, or could reasonably be perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

**Disclosure must occur immediately before the matter is considered or discussed.**

## 4. BUSINESS DIRECTORATE

### 4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014

#### **Disclosures of conflicts of interest in relation to advice provided in this report**

Under section 80C of the *Local Government Act 1989* officers and persons engaged under a contract providing advice to Council must disclose any conflicts of interests, including the type and nature of interest.

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### **Council Officers involved in producing this report**

**Author: Team Leader Financial Accounting**

**Proof reader(s): Manager Finance and Rates**

**Approved by: Acting Director Business**

#### **Executive Summary**

The report presents the final financial statements, standard statements and performance statement for the financial year ending 30 June 2014 for in principle approval by the Council prior to submission to the Victorian Auditor-General and the Minister in accordance with the *Local Government Act 1989*.

The Act also requires that the Council authorise two Councillors to certify the financial statements, standard statements and to approve the performance statement in their final form, after any changes recommended, or agreed to, by the auditor have been made.

It should be noted that the Manager Finance and Rates will be signatory to the financial statements as Principal Accounting Officer.

**Moved by Cr Polan  
Seconded by Cr Summer**

That the Council:

1. approve in principle the financial statements, standard statements and performance statement for the financial year ended 30 June 2014.
2. authorise the Mayor, Cr Jenny Houlihan and the Deputy Mayor, Cr Dennis Patterson, to certify the financial statements, standard statements and to approve the performance statement in their final form after any changes recommended or agreed to by the auditor, have been made.

**CARRIED.**

#### **Background**

In accordance with the *Local Government Act 1989* (Act), the Council is required to prepare financial statements, standard statements and a performance statement at the end of each financial year.

The Act requires Council to approve in principle the final financial statements, standard statements and performance statement prior to submission to the Victorian Auditor-General and the Minister.

The Act also requires that the Council authorise two Councillors to certify the financial statements, standard statements and to approve the performance statement in their final form, after any changes recommended, or agreed to, by the auditor have been made.

## 4. BUSINESS DIRECTORATE

### 4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014 (continued)

At its special meeting on 17 September 2014 the Council's Audit and Risk Management Committee reviewed the Statements in conjunction with the Victorian Auditor-General's Appointed Auditor and formally recommended that the Council approve in principle the financial statements, standard statements and performance statement for the financial year ended 30 June 2014.

#### **Council Plan/Key Strategic Activity**

The report is consistent with the governance principle contained in Goal 5 of the Council Plan 2013-2017, "High Performing Organisation (Leadership and Governance)".

#### **Risk Management**

Council has addressed any risks associated with the preparation of the reports by applying accepted accounting standards, where applicable.

Risks	Likelihood	Consequence	Rating	Mitigation Action
Risk of material misstatement	Possible	Major	High	Strong internal controls and external audit by LD Assurance.
Council does not approve the Statements in principle	Rare	Major	Moderate	Statements also reviewed by Council's Audit and Risk Management Committee
Signed Statements not submitted to the Minister by 30 September 2014	Unlikely	Major	Moderate	Established process to ensure target date is achieved

#### **Policy Considerations**

The Financial Statements have been prepared in accordance with accounting policies as detailed in note 1 of the Financial Statements.

#### **Financial Implications**

The financial implications are detailed within the financial statements, standard statements and performance statement for the year ended 30 June 2014.

	2013/14 Approved Budget for this proposal*\$	This Proposal \$	Variance to Approved Budget \$	Comments
Revenue	108,290,000	113,719,000	5,429,000	Favourable
Expense	99,477,000	108,299,000	(8,822,000)	Unfavourable
Net Result	8,813,000	5,420,000	(3,393,000)	Unfavourable

\* Amount shown in this column may equal one line item in budget or maybe a component of one budget line item.

## 4. BUSINESS DIRECTORATE

### **4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014 (continued)**

It is important to note that the variance is mainly due to accounting for the write-off of infrastructure assets (\$3.9m) that were replaced through the capital works program but weren't included in the original budget. Further analysis is included with the standard statements.

#### **Legal/Statutory Implications**

This proposal is consistent with sections 131 and 132 of the *Local Government Act 1989* which are detailed below.

#### **Section 131. Annual report**

- (1) A Council must in respect of each financial year prepare an annual report containing—
  - (a) a report of its operations during the financial year;
  - (b) audited standard statements for the financial year;
  - (c) audited financial statements for the financial year;
  - (d) a copy of the performance statement prepared under section 132; and
  - (e) a copy of the report on the performance statement prepared under section 133;
  - (f) any other matter required by the regulations.
- (2) The report of operations must—
  - (a) be prepared in a form and contain information determined by the Council to be appropriate; and
  - (b) contain any other information required by the regulations.
- (3) The standard statements in the annual report and the financial statements must—
  - (a) be prepared in the manner and form prescribed by the regulations;
  - (b) be submitted in their finalised form to the auditor for auditing as soon as possible after the end of the financial year;
  - (c) be certified in the manner prescribed.
- (4) The standard statements in the annual report must show any variations from the standard statements in the budget as prepared under section 127 and, if the variation is material, explain the reason for the variation.
- (5) The auditor must not sign the auditor's report concerning the standard statements or the financial statements unless sub-section (3)(c) has been complied with.
- (6) The annual report must be submitted to the Minister within 3 months of the end of each financial year or such longer period as the Minister may permit in a particular case.
- (7) The Council must not submit the standard statements or the financial statements to its auditor or the Minister unless it has passed a resolution giving its approval in principle to the standard statements and the financial statements.
- (8) The Council must authorise 2 Councillors to certify the standard statements and the financial statements in their final form after any changes recommended, or agreed to, by the auditor have been made.



## 4. BUSINESS DIRECTORATE

### 4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014 (continued)

- (9) If a Council fails to submit its annual report within the time allowed under sub-section (6), the Secretary must ensure that details of the failure are published in the annual report of the Department.
- (10) After the annual report has been submitted to the Minister, the Council must give public notice that the annual report has been prepared and can be inspected at the Council office.
- (11) A copy of the annual report must be available for inspection by the public at—
  - (a) the Council office and any district offices; and
  - (b) any other place required by the regulations.
- (12) After the Council has received a copy of the report of the auditor under section 9 of the Audit Act 1994, the Council must—
  - (a) give public notice that the Council has received the copy and that the copy can be inspected at the Council office;
  - (b) ensure that the copy is available for public inspection at any time that the Council office is open to the public.

#### **Section 132. Performance statement**

- (1) As soon as is reasonably practicable after the end of each financial year, a Council must prepare a performance statement.
- (2) The performance statement must include—
  - (a) the Key Strategic Activities and performance targets and measures specified in the budget under section 127 for that financial year;
  - (b) the actual results achieved for that financial year having regard to those performance targets and measures.
- (4) The statement must –
  - (a) be in the form; and
  - (b) contain the details – required by the regulations.
- (5) The Council must submit the statement to its auditor as soon as possible after the statement has been prepared.
- (6) The Council must not submit the statement to its auditor or the Minister unless the Council has passed a resolution giving its approval in principle to the Statement
- (7) The Council must authorise 2 Councillors to approve the statement in its final form after any changes recommended, or agreed to, by the auditor have been made.
- (8) The approval by the 2 Councillors must be given in the form and manner required by the regulations.
- (9) The Council must submit the statement to the Minister within 3 months of the end of the financial year to which the statement relates.
- (11) If the statement shows that the Council has failed to substantially achieve the performance targets in relation to the Key Strategic Activities set out in the budget, the Council must ensure that the copy of the statement submitted to the Minister is accompanied by a written explanation of why it failed to achieve the performance targets.

## 4. BUSINESS DIRECTORATE

### 4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014 (continued)

#### **Certification of financial statements**

Section 16 of the *Local Government (Finance and Reporting) Regulations 2004* also requires that for the purposes of section 131(3)(c) of the Act, the Principal Accounting Officer, 2 Councillors and the Chief Executive Officer must certify the financial statements contained in the annual report.

It is proposed that Council designate the Manager Finance and Rates as Principal Accounting Officer. Previously the Council had designated the Director Business as Principal Accounting Officer.

#### **Environmental/Sustainability Impacts**

No environmental or sustainability impacts have been identified.

#### **Social Implications**

No social implications have been identified.

#### **Economic Impacts**

No economic impacts have been identified.

#### **Consultation**

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration.

Level of public participation	Promises to the public/stakeholders	Examples of techniques to use
Inform	Keep informed	Council's Annual Report

#### **Strategic Links**

No Strategic Links have been identified in relation to this report.

#### **Options for Consideration**

1. Approve in principle the financial statements, standard statements and performance statement for submission to the auditor, ensuring compliance with the *Local Government Act 1989*. Recommended.
2. Not approve in principle the financial statements, standard statements and performance statement. This option would lead to Council not complying with the *Local Government Act 1989*. Not recommended.

#### **Conclusion**

The report presents the final financial statements, standard statements and performance statement for the financial year ending 30 June 2014 for in principle approval prior to submission to the Victorian Auditor-General and the Minister in accordance with the *Local Government Act 1989*.

#### **Attachments**

1. Financial Statements 2013/2014 Page 11
2. Standard Statements 2013/2014 Page 63
3. Performance Statement 2013/2014 Page 73

**4. BUSINESS DIRECTORATE**

**4.1 Financial Statements, Standard Statements and Performance Statement for year ended 30 June 2014 (continued)**

**MEETING CLOSED AT 5:37 PM**