



City of Nedlands

# Corporate & Strategy Reports

**Committee Consideration – 13 March 2018**  
**Council Resolution – 27 March 2018**

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<b>CPS04.18 List of Accounts Paid – January 2018</b>	
<b>Committee</b>	13 March 2018
<b>Council</b>	27 March 2018
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Vanaja Jayaraman – Manager Finance
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Attachments</b>	1. Creditor Payment Listing January 2018 2. Purchasing Card Payments January 2018 (29 <sup>th</sup> December – 28 <sup>th</sup> January)

## Executive Summary

In accordance with Regulation 13 of the *Local Government (Financial Management) Regulations 1996* Administration is required to present the List of Accounts Paid for the month to Council.

## Recommendation to Committee

**Council receives the List of Accounts Paid for the month of January 2018 (refer to attachments).**

## Discussion/Overview

### Background

Regulation 13 of the *Local Government (Financial Management) Regulations 1996* requires a list of accounts paid to be prepared each month, showing each account paid since the last list was prepared. This list is to include the following information:

1. the payee's name;
2. the amount of the payment;
3. the date of the payment; and
4. sufficient information to identify the transaction.

The list is to be presented to the Council at the next ordinary meeting of the Council after the list is prepared and recorded in the minutes of that meeting.

### Risk Management

The accounts payable procedures ensure that no fraudulent payments are made by the City, and these procedures are strictly adhered to by the officers. These include the final vetting of approved invoices by the Manager Finance and the Director Corporate and Strategy (or designated alternative officers).

## Conclusion

The List of Accounts Paid for the month of January 2018 complies with the relevant legislation and can be received by Council (see attachments)

## Consultation

Required by legislation:

Yes

No

Required by City of Nedlands policy:

Yes

No

## Budget/Financial Implications

Nil.

<b>CPS05.18            2017 Compliance Audit Return</b>	
<b>Committee</b>	13 March 2018
<b>Council</b>	27 March 2018
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Stacey Gibson – PA to Director Corporate & Strategy
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Attachments</b>	1. Compliance Audit Return 2017

## **Executive Summary**

The 2017 Compliance Audit Return is an annual return that is required to be reviewed and adopted by Council prior to submission to the Department of Local Government by 31 March 2018. The City's Audit and Risk Committee have reviewed the return and has recommended Council adopt it.

## **Recommendation to Committee**

**Council adopts the 2017 Compliance Audit Return as per recommendation by the Audit & Risk Committee.**

## **Discussion/Overview**

Local governments are required to complete the annual Compliance Audit Return. The attached return for the City of Nedlands is for the period 1 January 2017 to 31 December 2017. It is required to be considered and adopted by Council, and submitted to the Department of Local Government by 31 March 2018. The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

In accordance with Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 the Compliance Audit Return 2017 must be:

1. Presented to the Audit and Risk Committee for review and then presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department of Local Government by 31 March 2018.

The City's 2017 Compliance Audit Return was completed in February following a review and assessment of :

- Council meeting agendas and minutes;
- Performance plans, media advertisements, procedures and policies, registers, delegation records, local laws; and

- Interviews with responsible officers.

**Key Relevant Previous Council Decisions:**

Not applicable.

**Consultation**

The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

**Budget/Financial Implications**

The 2017 Compliance Audit Return has been conducted using internal resources and there are no other financial impacts.

<b>CPS06.18 Mid-Year Budget Review – 2017/18</b>	
<b>Committee</b>	13 March 2018
<b>Council</b>	27 March 2018
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Vanaja Jayaraman – Manager Financial Services
<b>Director</b>	Lorraine Driscoll – Director Corporate & Strategy
<b>Attachments</b>	1. Revised Rate Setting Statement for the year ending 30 June 2018; 2. List of Changes Required to the Revised Operating Budget 2017/18; and 3. List of Changes Required to the Revised Capital Works & Acquisition Program Budget 2017/18

## **Executive Summary**

Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year, as per Local Government (Financial Management) Regulations 1996. Management carried out this review in February 2018, and the recommendation for changes to the current Budget are submitted for consideration and adoption by Council.

## **Recommendation to Committee**

### **Council:**

- 1. receives and adopts, in accordance with Regulation 33A of the Local Government (Financial Management) Regulations 1996, the mid-year budget review and the revised Rate Setting Statement for the year ending 30 June 2018;**
- 2. notes the brought forward surplus from 2016/2017 Financial Year of \$2,965,451;**
- 3. notes the requested changes to the current 2017/18 Annual Budget listed in Attachments 2 and 3, and summarised in this report;**
- 4. approves the Revised Budget incorporating all the changes listed in Attachments 2 and 3 of this report, providing an estimated net deficit of \$112,886 (Attachment 1).**

**ABSOLUTE MAJORITY REQUIRED**

## Discussion/Overview

### Background

Regulation 33A of the Local Government (Financial Management) Regulations 1996 requires as follows:

- (1) *Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

*\*Absolute majority required.*

### Consultation

Required by legislation:

Yes

No

Required by City of Nedlands policy:

Yes

No

### Budget/Financial Implications

As outlined in this report.

### Discussion

Accounts which are anticipated to vary from the adopted Budget are identified and submitted for the Budget adjustment. These submissions are reviewed by the respective directors and submitted for Council approval (Attachment 1, 2 & 3 to this Report).

Any variance between the carried forward surplus from 2016/2017 financial year estimated during the Budget process and actual surplus following the audit of the Annual Financial Statements is also considered as part of this Mid-Year Budget Review.

A Revised Rate Setting Statement incorporating the budget changes requested and the variance in the estimated surplus brought forward is also submitted for Council approval (Attachment 1). It is noted that the net impact of the changes is an estimated deficit to be carried forward at the end of this financial year of \$112,886.

This Mid-Year Budget Review deals mainly with the amendments to the Operating Budget deemed necessary due to changes in the assumptions that were used in developing the Operating Budget towards June of last year. Amendments to the Capital Budget are also requested as some projects have to be deferred due to factors outside the control of the Administration, re-scoped due to additional information available or completed under/over the budget.

### **Operating Revenue (excluding Rates)**

2017/2018 Post Audit Budget	\$9,310,150
Mid-Year Revised Budget	\$9,774,479
Variance (Favourable)	\$464,329

Significant factors contributing to this increased income include:

- Favourable – profit of \$446,000 from the sale of land, which was previously not budgeted for.
- Unfavourable – net reduction in operating grants receipts of \$35,171
- Favourable – additional fees and charges for scheme amendments of \$11,500
- Favourable – parking income from the Hollywood Private Hospital of \$42,000 as contract was extended to December 2017

### **Operating Expenditure**

2017/2018 Post Audit Budget	\$38,483,316
Mid-Year Revised Budget	\$37,094,931
Variance (Favourable)	\$1,388,385

Significant factors contributing to this reduced expenditure include:

- Favourable – reduction in depreciation on non-current assets of \$1,210,200 mainly arising from revaluation of buildings performed as at 30 June 2017 which saw an increase in the remaining useful life of the buildings due to better maintenance program.
- Favourable – net cost savings in ICT expenditure of \$159,000 arising from efficiencies identified and some projects being postponed to the next financial year.
- Favourable – net savings of environmental conservation and parks maintenance of \$39,785 arising from change of scope in programs.
- Favourable – savings in strategic planning project of \$65,000 arising from reduced consultancy fee for this year on the local planning scheme.
- Unfavourable – additional Professional fee of \$53,000 comprising of \$50,000 for the Planning legal fees, and net \$3,000 other professional charges.
- Favourable – reduction in donations for community development of \$35,900
- Unfavourable – cost for Council elections of \$59,300



## Capital Expenditure

2017/18 Post Audit Budget	\$14,226,641
Mid-Year Revised Budget	\$14,270,261
Variance – Increase in Expenditure	\$43,620

The City's 2017/18 capital works budget was developed to align with the four-year priorities within the Strategic Community Plan. The capital works program is on track to deliver almost all of the infrastructure and building works planned for the 2017/18 financial year.

Significant factors contributing to the increased expenditure include:

- Dalkeith Road – reduced expenditure by \$104,820 due to competitive contract
- College Park UG Irrigation System – increased expenditure by \$347,000 as project commencement in 2017/18 and tender will be committed in 2017/18. Completion by 2018/19 and any unexpended funds will be carried forward to 2018/19.
- David Cruikshank Reserve – reduced expenditure by \$97,300 project completed under budget.
- Asquith Park – reduced expenditure by \$278,200 as the project was to be funded by specified area rate which is unlikely to be resolved within this financial year.

In consideration of the above as well as adjustments across the program (identified during the design and construction processes) the capital works program approved in the Post Audit Budget of \$14,226,641 is recommended to be increased by \$43,620 to \$14,270,261.

The detail of the proposed changes to the program are presented in table form in attachment 3.

## Transfer to Reserves

An additional \$1,642,000 is transferred to Reserves. This comprise sales proceed of land \$1,600,000 and parking income of \$42,000.

## Risk Management

Extensive consultation has been performed within the organisation as part of the review process to minimise any significant variation from the Original Budget. Management will continue to monitor and report to Council on a monthly basis variance between the Revised Budget and actual financial performance for the period.

## **Conclusion**

The outcome of the Budget Review shows an estimated end of year deficit of \$112,886, compared with the deficit of \$186,263 in the Post Audit Budget, and a deficit of \$264,279 in the Annual Budget adopted in June 2017.

While there are several individual variations this is not unusual in a rapidly changing landscape in Local Government industry, and the Budget Review process was instituted under Local Government (Financial Management) Regulations 1996 to enable local governments to take into account the changes.

The Budget Review is recommended for adoption and for the above adjustments to be approved.