

Waverley Council

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26 November 2013

A meeting of the **WAVERLEY COUNCIL AUDIT COMMITTEE** will be held in the Bronte Room, Level 2, Waverley Council Chambers, Corner Bondi Road & Paul Street, Bondi Junction at:

10.00AM, FRIDAY 6 DECEMBER 2013

COMMITTEE MEMBERS:

Independent Members: Mr M Bass (Chair)
Mr N Hall

Councillor Member: Cr B Mouroukas
Cr T Kay (Alternate)

ATTENDEES:

Mr Peter Brown – General Manager
Mr I Mead – Divisional Manager, Finance & Information
Systems & Services
Mr S Helweh – Senior Internal Auditor
Mr S Kidnapillai – Senior Internal Auditor

INVITEE: Mr G Mottau – Director, Hill Rogers Spencer Steer:

QUORUM: Two Committee members.

APOLOGIES: By telephone or email to the following:

Peter Brown, General Manager
Ph: 9369 8056 or email peter.brown@waverley.nsw.gov.au

Robert Russo, Governance Manager
Ph: 9369 8121 or email robert.russo@waverley.nsw.gov.au

AGENDA

A-1312.A Apologies

A-1312.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1312.1 Confirmation of Minutes of Previous Meeting – 1 August 2013

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Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 1 August 2013; a copy of which was distributed to each Committee member, be received and that such Minutes be confirmed as a true record of the proceedings of that meeting.

A-1312.2 Matters Arising from Previous Minutes

There are no matters arising from the previous Minutes that have been submitted for the Committee's consideration.

A-1312.3 Final Audit Report for the Year Ended 30 June 2013 (A02/0647-09)

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Report dated 6 November 2013 from the Director, Corporate & Technical Services in relation to Council's 2012/13 Annual Financial Statements (including General and Special Purpose Financial Statements and Special Schedules).

This report was considered by Council at its meeting on 19 November 2013. At that meeting Council adopted the report's recommendation with no amendments.

A full version of the Statements is available on Council's website at the following address:

http://www.waverley.nsw.gov.au/__data/assets/pdf_file/0015/64023/Annual_Financial_Statement_12-13.pdf

Recommendation: That the Committee receive and note this information.

A-1312.4
Internal Audit's Progress Report (A10/0345)

PAGE 21

Report dated 28 November 2013 from Internal Auditor providing an update on progress with the FY2013 Audit Plan.

Recommendation: That the Committee receive and note this progress report.

A-1312.5 **ISSUED SEPARATELY**
CONFIDENTIAL REPORT - Internal Audit Follow-up Report – Payroll

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

Confidential Internal Audit Follow-up report dated 28 November 2013 on Payroll.

The Confidential Internal Audit Report on Payroll has been distributed separately with the agenda.

Recommendation: That:

1. The Committee receive and note the Confidential Internal Audit Follow-up report on Payroll, which has been distributed separately with the agenda.
2. The Internal Audit Follow-up report on Payroll be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reasons:
 - (a). The report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
 - (b). It is not in the public interest to reveal commercially sensitive information about Council's internal operations and business interests, which if disclosed may prejudice Council's effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.

A-1312.6
Proposed Schedule of Meeting Dates for 2014 (A09/1105)

Following is the proposed schedule of meeting dates for the Audit Committee for 2014:

- 10.00am, Friday, 21 February 2014
- 10.00am, Friday, 16 May 2014
- 10.00am, Friday, 18 July 2014
- 10.00am, Friday, 17 October 2014
- 10.00am, Friday, 5 December 2014

Recommendation: That the Committee adopts the schedule of meeting dates for 2014.

A-1312.7

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL
AUDIT COMMITTEE MEETING HELD AT THE
WAVERLEY COUNCIL CHAMBERS ON
FRIDAY, 1 AUGUST 2013**

Voting Members Present:

Mr N Hall	Independent Member (Chair)
Mr M Bass	Independent Member
Cr B Mouroukas	Waverley Council

Also Present:

Ms B Kelly	Director, Corporate & Technical Services (representing the General Manager)
Mr S Helweh	Senior Internal Auditor
Mr S Kidnapillai	Senior Internal Auditor
Mr I Mead	Divisional Manager, Finance & Information Systems & Services
Ms J Reid	Governance & Integrated Planning Officer / Assistant Committee Secretary
Mr R Russo	Governance Manager / Committee Secretary

Invitees:

Mr G Mottau	Director, Hill Rogers Spencer Steer (External Auditors)
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At the commencement of proceedings at 10.05am, those present were as listed above with the exception of Ms B. Kelly who arrived at 10.08am.

Cr B Mouroukas left the meeting at 11.17am and did not return.

**A-1308.A
Apologies**

Apologies were received and accepted from:

Cr T Kay	Waverley Council
Mr T Reed	General Manager

**A-1308.DI
Declarations of Interest**

The Chair called for Declarations of Interest and none were received.

A-1308.1

Confirmation of Minutes of Previous Meeting – 24 May 2013

DECISION: That the Minutes of the Waverley Council Audit Committee Meeting of 24 May 2013; a copy of which was distributed to each Committee member, be received and that such Minutes be confirmed as a true record of the proceedings of that meeting.

A-1308.2

Matters Arising from Previous Minutes

There were no matters arising from the previous Minutes.

A-1308.3

Audit Committee's Bi-annual Report to Council (A09/1105)

Part 5 of the Audit Committee Charter adopted by Council requires that the Committee report to Council twice yearly, preferably in May and November, on its activities.

A copy of the report prepared by the Committee's Chair and included on the Council meeting agenda for 16 July 2013 was attached. At that meeting Council resolved to receive and note the report of the Audit Committee.

DECISION: That the Committee receive and note this information and the Bi-annual report of the Audit Committee.

A-1308.4

CONFIDENTIAL REPORT - Internal Audit Report on the Property Investment Strategy (A10/0632)

Confidential Internal Audit Report dated 23 July 2013 on the Property Investment Strategy.

The Confidential Internal Audit Report on the Property Investment Strategy was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note this information.
2. The Committee receive and note the Confidential Internal Audit Report on the Property Investment Strategy, which was been distributed separately with the agenda.
3. The Internal Audit Report on the Property Investment Strategy be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reasons:

- (a). The report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
 - (b). It is not in the public interest to reveal commercially sensitive information about Council's internal operations and business interests, which if disclosed may prejudice Council's effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.
5. The Committee recommends that Management consider the adoption of an automated system for contract management and other applications which have been previously discussed by the Committee.

A-1308.5
Internal Audit's Progress Report (A10/0345)

Internal Audit provided a verbal report on progress to date.

DECISION: That the Committee receive and note the verbal progress report from Internal Audit.

A-1308.6
Proposed New Format for Internal Audit Reports (A09/1105)

The proposed new format for Internal Audit reports was submitted for the Committee's consideration.

DECISION: That the Committee adopt the new format for Internal Audit reports.

A-1308.7
Proposed Annual Audit Plan for the Financial Year Ending 30 June 2014 (A10/0345)

The proposed Annual Audit Plan for the financial year ending 30 June 2014 is attached for the Committee's consideration.

DECISION: That the Committee:

1. Adopt the proposed Annual Audit Plan for the financial year ending 30 June 2014.
2. Notes that Management considers the Internal Audit function as value adding to the organisation.

A-1308.8

CONFIDENTIAL REPORT – Observations and Suggestions for Improvement from the External Audit Management Letter and Management’s Responses (A04/0630)

Confidential Report on the Observations and Suggestions for Improvement from the External Audit Management Letter of 2 May 2013 and Management’s responses.

The Confidential Report was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the report.
2. The report be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council’s Audit Committee Charter for the following reason:
 - (a). The report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
 - (b). It is not in the public interest to reveal commercially sensitive information about Council’s internal operations and business interests, which if disclosed may prejudice Council’s effective operation of its functions.
3. The correspondence and report relevant to the subject business be withheld from the public as provided by section 6.4 of the Audit Committee Charter.
4. The Committee notes that this is the first External Audit Management Letter and that a subsequent Letter has been received, which will be tabled with Management’s responses, at the next meeting of the Committee.

A-1308.9

Schedule of Meeting Dates for 2013 (A09/1105)

The Committee adopted the following schedule of meeting dates for 2013.

- 10.00am, Friday, 18 October 2013
- 10.00am, Friday, 6 December 2013

DECISION: That the Committee receive and note this information.

A-1308.10

GENERAL BUSINESS

There were no Items of General Business.

THE MEETING CLOSED AT 12.15PM

REPORT TO COUNCIL

Final Audit Report for the Year Ended 30 June 2013 (A02/0647-09)

Report dated 6 November 2013 from the Director, Corporate & Technical Services in relation to Council's 2012/13 Annual Financial Statements (including General and Special Purpose Financial Statements and Special Schedules).

Recommendation: That:

1. In accordance with Section 419 of the Local Government Act, Council receive and note the Auditor's Report on the Annual Financial Statements for 2012/13 (including General and Special Purpose Financial Statements and Special Schedules).
2. Any public submissions on the Annual Financial Statements for 2012/13 (including General and Special Purpose Financial Statements and Special Schedules) be referred to Council's Auditor, Hill Rogers Spencer Steer Chartered Accountants.

Purpose of Report

As part of the public exhibition process and in order to complete Council's obligations under Section 418 of the Local Government Act, 1993, final consideration of the Audit Report on the Annual Financial Statements for the year ended 30 June, 2013 is required at this Council meeting.

Background / Introduction

At the Council meeting held on 17 September 2013, Council resolved to refer to audit the Draft Annual Financial Statements (including General Purpose and Special Purpose Financial Statements) for the year ending 30 June 2013.

On 21 October 2013 Council received a letter from the Auditor, Hill Rogers Spencer Steer Chartered Accountants confirming completion of the audit.

Council's Annual Financial Statements for 2012/13 and Auditor's Report have been on public exhibition at Council premises across the local government area and on Council's website since 5 November 2013 and are now formally presented to the public as required by Section 419 of the Local Government Act. A copy of the audited 2012/13 Annual Financial Statements has been separately circulated to all Councillors via Asdeqdocs.

Public submissions will be received up until Friday 6 December 2013 and in accordance with Section 420 of the Local Government Act, copies of any submissions received will be referred to Council's auditors.

Analysis

The results for the 2012/13 financial year and the accompanying Audit Report show that Council generated a favourable net operating surplus of \$10.34 million, and continues to maintain a sound financial position as shown by the following summary of the operating result, balance sheet and financial indicators:

REPORT TO COUNCIL

Operating Result (Income Statement) \$000's

Revenue	2012/13	2011/12	Variance \$	Variance %
Residential Rates	25,039	22,033	3,006	13.64%
Business Rates	9,699	8,334	1,365	16.38%
Domestic Waste	12,503	11,202	1,301	11.61%
Commercial Waste	2,235	2,010	225	11.19%
Statutory/Regulatory Fees & Charges	3,104	2,905	199	6.85%
Bus Shelters	1,232	1,209	23	1.90%
Car Parking	5,765	5,628	137	2.43%
Parking Meters	7,307	6,795	512	7.53%
Cemeteries	1,232	1,178	54	4.58%
Child Care & Family Day Care (incl Grants)	5,550	4,373	1,177	26.92%
Park Hire	974	972	2	0.21%
Footpath & Road Restorations	1,166	627	539	85.96%
Temporary Truck Zones	979	820	159	19.39%
Interest & Investments	2,647	3,054	(407)	(13.33%)
Fair Value Adjustment - Investment Properties	5,057	2,996	2,061	68.79%
Property Rents	5,926	5,494	432	7.86%
Parking Fines	11,173	9,404	1,769	18.81%
Recycling (non domestic)	247	241	6	2.49%
Grants	4,420	6,526	(2,106)	(32.27%)
Contributions	6,938	2,958	3,980	134.55%
Gain on Disposal of Assets	189	0	189	0.00%
Other	2,080	1,943	137	7.05%
Total Revenue	115,462	100,702	14,760	14.66%

Expenditure	2012/13	2011/12	Variance \$	Variance %
Employee Costs	50,682	48,500	2,182	4.50%
Borrowing Costs	194	246	(52)	(21.14%)
Materials & Contracts	10,787	9,425	1,362	14.45%
Temporary Staff	1,490	1,272	218	17.14%
Auditors	51	53	(2)	(3.77%)
Fuel & Gas	649	692	(43)	(6.21%)
Legals	1,472	1,521	(49)	(3.22%)
Fine Processing Costs	1,681	1,320	361	27.35%
Operating Leases	1,171	1,479	(308)	(20.82%)

REPORT TO COUNCIL

Depreciation	15,715	15,865	(150)	(0.95%)
Building Impairment	0	775	(775)	(100.00%)
Advertising	567	709	(142)	(20.03%)
Bad/Doubtful Debts & Abandonments	1,461	1,856	(395)	(21.28%)
Bank Charges	359	323	36	11.15%
Cleaning	635	550	85	15.45%
Computer Software	982	749	233	31.11%
Levies to Other Levels of Government	2,479	2,133	346	16.22%
Councillors	334	313	21	6.71%
Donations	646	578	68	11.76%
Electricity & Street Lighting	2,204	1,875	329	17.55%
Family Day Care Subsidy	852	709	143	20.17%
Insurance	1,176	1,252	(76)	(6.07%)
Land Tax	460	581	(121)	(20.83%)
Office Expenses	371	0	371	0.00%
Postage, Printing, Stationery	1,026	1,017	9	0.88%
Subscriptions & Publications	232	200	32	16.00%
Telephone & Communications	192	235	(43)	(18.30%)
Waste Disposal Charges	5,956	4,727	1,229	26.00%
Water Rates	325	334	(9)	(2.69%)
Loss on Disposal of Assets	0	206	(206)	(100.00%)
Other	973	881	92	10.44%
Total Expenditure	105,122	100,376	4,746	4.73%

Net Operating Result	10,340	326	7,310	2242.33%
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Revenue items to note from 2011/12 to 2012/13 include:

- overall increase in residential and business rates of \$4.37 million or 14.39% following the 13.9% special rates variation plus supplementary rates following redevelopment activity
- \$1.3 million of additional domestic waste levy following increase in the domestic waste charge from \$380 to \$420 per annum
- \$1.17 million in child care revenue following opening of the new Mill Hill centre
- additional road restoration revenue of \$539k following works back charged to Ausgrid following the electricity cabling upgrades across the municipality
- a \$5 million in fair value market adjustment for Council investment properties – an increase of \$2 million against 2011/12
- parking fines increased by \$1.76 million
- reduced revenue from grants of \$2.10 million due to receiving funds for construction of Mill Hill Early Education Centre in previous financial year and timing of funds associated with the Federal Assistance (FAG) Grant
- increased contributions of \$3.98 million due principally to revenue from Section 93F planning agreements

REPORT TO COUNCIL

- reduction in interest revenue of \$407k from cash investments due to lower % yields being offered across the market

Expenditure items to note from 2011/12 to 2012/13 include:

- increase in employee costs by \$2.18 million or 4.5% on the back of a 3.25% award increase with employee costs representing 48.2% of total expenditure marginally down on 2011/12
- workers compensation premium increases of 2.29% which is less than the 3.25% award increase
- higher expenditure on Materials and Contracts up by \$1.72 million or 16.04%
- \$218k or 17.4% increase in use of temporary staff hire
- no requirement for an adjustment for building impairment – in the previous financial year brought to account a \$775k impairment relating to the Boot Factory
- reduced provision for bad debt by \$395k following improvements in success around collection of trade debt and parking fine debt
- increase in computer software expenditure of \$233k or 31.1% following upgrades of the document management system, TRIM, and Councils website
- increase in levies and contributions to other levels of government of \$346k or 16.2% – principally state government for planning, fire and SES, taking our annual contribution to over \$2.4 million
- electricity costs up by \$239k or 28.2% due to costs associated with upgrades to infrastructure and carbon pricing, both of which are passed through to customers by electricity retailers
- waste disposal charges up by \$1.2 million or 26% due to additional tipping costs and pass through of carbon pricing associated costs

Balance Sheet \$000's

	2012/13	2011/12	2010/11
Assets	916,375	853,132	854,511
Liabilities	(37,237)	(34,637)	(36,253)
Total Equity	879,138	818,495	818,258

The above table provides a summary of Council's Balance Sheet position as at 30 June 2013 compared to 30 June 2012 and 30 June 2011.

Asset Value Changes

The total assets value has increased by \$63.243 million compared to year end 2011/12. The major contributors to this increase are,

- 1) additional \$8.42 million of cash & cash investments
- 2) increase of \$50.303 million following revaluation of operational land and buildings
- 3) increase of \$7.982 million following the acquisition of new buildings, plant and equipment
- 4) increase of \$5.057 million following revaluation of Councils investment property portfolio

REPORT TO COUNCIL

- 5) reduction of \$10.27 million following the part sale of the Council depot to City of Sydney

Liability Value Changes

The total liability value has increased by \$2.6 million compared to year end 2011/12. The major contributors to this increase are,

- 1) increase of \$2.465 million in liabilities associated with accounts payable due to stricter application of creditor payment terms
- 2) increase in external loans by \$1.1 million following taking of the \$2.5 million in loans for Tamarama Kiosk and Waverley Park Amenities Building coupled with expiry of a number of other loans
- 3) reduced current liability of \$968k associated with an improvement to Council's position relating to the employee leave liability provision

Financial Ratios and Indicators

- **Unrestricted Current Ratio = 5.18:1**

Assesses the adequacy of Council's working capital and its capacity to meet short term debts and obligations as they fall due.

The ratio measures the relationship between our current assets (less externally restricted current assets such as developer contributions and domestic waste reserve) and our current liabilities (less specific purpose current liabilities not expected to be settled within the next 12 months such as employee benefits and bonds/deposits).

At 5.18:1 this represents a very sound and consistent position which exceeds the local government benchmark of 2:1 and the 2011/12 NSW Group 2 Council average of 2.78:1 and the TCorp benchmark of 1.5x.

- **Available Working Capital (Working Funds) = \$8.325 million**

The balance of Available Working Capital should be at a level to adequately cover the day to day operations of the Council including financing of debtors and stores as well as providing a sufficient buffer to meet unforeseen or unbudgeted expenditure.

At 30 June 2013 Council's Available Working Capital was at \$8.325 million which although down from the \$9.365 million at year end 2011/12, is regarded as being sound by the Auditors.

- **Debt Service Ratio = 1.53%**

Reflects the percentage of operating revenue (excluding special purpose grants and contributions) required to service the debt obligation (i.e. loan repayments).

With principal and interest paid of \$1.59 million during the year together with \$2.5 million of new loans the total debt position at 30 June 2013 was \$4.287 million an increase on the \$3.178 million at year end 2011/12. With Income from Continuing Operations of \$103.65 million this translates to a debt service ratio of 1.53% (compared to 1.55% at year end 2011/12) and is below the NSW Group 2 Council average of 2%.

REPORT TO COUNCIL

- **Rates & Charges Outstanding = 2.71%**

Represents the % of rates and charges outstanding at the end of the year compared to the rates and charges collectible during the year.

At year end 2012/13 the amount outstanding was \$1.315 million which on \$48.463 million collectible equates to 2.71% outstanding. This is up from the \$1.037 million and 2.43% at year end 2011/12 however remains very favourable given the increase to rates from the special rates variation.

- **Capital Expenditure Ratio = 1.51x**

This ratio represents the expenditure on new, replacement and renewal of buildings and infrastructure assets compared to the annual depreciation of those assets.

At 1.51 x this compares favourably with the TCorp benchmark of 1.0x and reflects an improvement on the 0.98x reported at year end 2011/12.

- **Infrastructure Backlog Ratio = 0.02x**

This ratio represents the proportion of infrastructure backlog work compared against the value of Council's infrastructure.

At 0.02x this compares favourably with the 2011/12 NSW Group 2 Council average of 0.12x and is on par with the TCorp benchmark of less than 0.02x.

- **Asset Maintenance Ratio = 1.03x**

This ratio compares actual versus required annual asset maintenance spend with a ratio exceeding 1.0x reflecting that maintenance spend is sufficient to stop the infrastructure backlog from growing.

At 1.03x this compares favourably with the TCorp benchmark of 1.0x.

- **Building & Infrastructure Renewal Ratio = 0.63x**

This ratio compares the rate at which assets are being renewed relative to the rate at which they are depreciating.

While there has been an improvement in this ratio in recent years it still falls short of the TCorp benchmark of 1.0x. Council's asset management methodology has, however, been noted by TCorp and the DLG as strong and by the Independent Local Government Review Panel as leading edge. Using this methodology we are confident that sufficient funds are being spent on asset renewal and that Council's asset backlog which has been significantly reduced in recent years is budgeted and funded to be extinguished within the next 5 years.

- **Financial**

These financial results and indicators demonstrate a sound financial performance for the 2012/13 financial year and confirm that Council continues to maintain a sound financial position as supported in the Audit Report issued by Council's Auditors Hill Rogers Spencer Steer Chartered Accountants on 21 October 2013.

REPORT TO COUNCIL

- **Delivery Program/Operational Plan**

The proposal is consistent with the adopted strategy in the *Sustainable Governance* chapter of the 2010/13 Delivery Program, to:

G5a - Provide financial services for the Council in an accurate, timely, open and honest manner.

The proposal is consistent with the adopted deliverable action in the *Sustainable Governance* chapter of the 2012/13 Operational Plan, to:

G5a – Ensure end of year accounts are completed.

- **Consultation**

For the week commencing Monday 11 November 2013 an advertisement is being placed in the *Wentworth Courier* containing a summary of Council's Annual Financial Statements and advising that the Audited Financial Statements and Auditor's Report would be available for viewing at the Council Chambers, Customer Service Centre, Waverley Library, Bondi Pavilion and on Council's website and inviting all residents to attend the Council Meeting of Tuesday 19 November 2013 were said statements will be presented to Council.

Submissions, in accordance with Section 420 of the Local Government Act 1993, from members of the public regarding any aspect of the Audited Annual Financial Statements or Auditor's Report will be received up until Friday 6 December 2013. All submissions will be considered by Council and referred to its auditor as required by the Act.

- **Timeframe**

Council's Audited Annual Financial Statements (including General and Special Purpose Financial Statements and Special Schedules) are required to be submitted to the Division of Local Government by 7 November, 2013. Waverley's Audited Annual Financial Statements were received by the Division of Local Government on 24 October 2013.

Recommendation: That:

1. In accordance with Section 419 of the Local Government Act, Council receive and note the Auditor's Report on the Annual Financial Statements for 2012/13 (including General and Special Purpose Financial Statements and Special Schedules).
2. Any public submissions on the Annual Financial Statements for 2012/13 (including General and Special Purpose Financial Statements and Special Schedules) be referred to Council's Auditor, Hill Rogers Spencer Steer Chartered Accountants.

Bronwyn Kelly
Director Corporate & Technical Services
Report Author: Ian Mead

Waverley Council

Income Statement

for the financial year ended 30 June 2013

Budget ⁽¹⁾ 2013	\$ '000	Notes	Actual 2013	Actual 2012
Income from Continuing Operations				
Revenue:				
47,189	Rates & Annual Charges	3a	47,283	41,608
29,672	User Charges & Fees	3b	28,222	25,483
2,375	Interest & Investment Revenue	3c	2,647	3,054
15,194	Other Revenues	3d	23,211	19,002
5,241	Grants & Contributions provided for Operating Purposes	3e,f	7,108	6,641
1,700	Grants & Contributions provided for Capital Purposes	3e,f	6,802	4,914
Other Income:				
46,306	Net gains from the disposal of assets	5	189	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
147,677	Total Income from Continuing Operations		115,462	100,702
Expenses from Continuing Operations				
53,525	Employee Benefits & On-Costs	4a	50,682	48,500
225	Borrowing Costs	4b	194	246
17,136	Materials & Contracts	4c	17,301	15,762
15,167	Depreciation & Amortisation	4d	15,715	15,865
-	Impairment	4d	-	775
20,302	Other Expenses	4e	21,230	19,022
-	Net Losses from the Disposal of Assets	5	-	206
106,355	Total Expenses from Continuing Operations		105,122	100,376
41,322	Operating Result from Continuing Operations		10,340	326
Discontinued Operations				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
41,322	Net Operating Result for the Year		10,340	326
41,322	Net Operating Result attributable to Council		10,340	326
-	Net Operating Result attributable to Non-controlling Interests		-	-
39,622	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		3,538	(4,588)

(1) Original Budget as approved by Council - refer Note 16

Waverley Council

Statement of Comprehensive Income
for the financial year ended 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
Net Operating Result for the year (as per Income statement)		10,340	326
Other Comprehensive Income:			
Amounts which will not be reclassified subsequently to the Operating Result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	50,303	-
Total Items which will not be reclassified subsequently to the Operating Result		50,303	-
Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met			
Nil			
Total Other Comprehensive Income for the year		50,303	-
Total Comprehensive Income for the Year		60,643	326
Total Comprehensive Income attributable to Council		60,643	326
Total Comprehensive Income attributable to Non-controlling Interests		-	-

Waverley Council

Statement of Financial Position

as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	9,362	20,824
Investments	6b	35,226	19,344
Receivables	7	7,950	7,085
Inventories	8	255	118
Other	8	567	518
Non-current assets classified as "held for sale"	22	34,685	18,240
Total Current Assets		88,045	66,129
Non-Current Assets			
Investments	6b	7,000	3,000
Receivables	7	2,825	2,124
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	695,625	637,341
Investments accounted for using the equity method	19	-	-
Investment Property	14	122,880	117,823
Intangible Assets	25	-	-
Non-current assets classified as "held for sale"	22	-	26,715
Total Non-Current Assets		828,330	787,003
TOTAL ASSETS		916,375	853,132
LIABILITIES			
Current Liabilities			
Payables	10	13,504	11,039
Borrowings	10	1,252	1,289
Provisions	10	18,958	19,926
Total Current Liabilities		33,714	32,254
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	3,035	1,898
Provisions	10	488	485
Total Non-Current Liabilities		3,523	2,383
TOTAL LIABILITIES		37,237	34,637
Net Assets		879,138	818,495
EQUITY			
Retained Earnings	20	585,069	572,875
Revaluation Reserves	20	294,069	245,620
Council Equity Interest		879,138	818,495
Non-controlling Interests		-	-
Total Equity		879,138	818,495

Waverley Council

Statement of Changes in Equity
for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2013						
Opening Balance (as per Last Year's Audited Accounts)		572,875	245,709	818,584	-	818,584
a. Correction of Prior Period Errors	20 (c)	-	(89)	(89)	-	(89)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/12)		572,875	245,620	818,495	-	818,495
c. Net Operating Result for the Year		10,340	-	10,340	-	10,340
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	50,303	50,303	-	50,303
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	50,303	50,303	-	50,303
Total Comprehensive Income (c&d)		10,340	50,303	60,643	-	60,643
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		1,854	(1,854)	-	-	-
Equity - Balance at end of the reporting period		585,069	294,069	879,138	-	879,138

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non-controlling Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		571,953	245,825	817,778	-	817,778
a. Correction of Prior Period Errors	20 (c)	480	(89)	391	-	391
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/11)		572,433	245,736	818,169	-	818,169
c. Net Operating Result for the Year		326	-	326	-	326
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsve	20b (ii)	-	-	-	-	-
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	-	-	-	-
- Other Movements	20b (ii)	-	-	-	-	-
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income (c&d)		326	-	326	-	326
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		116	(116)	-	-	-
Equity - Balance at end of the reporting period		572,875	245,620	818,495	-	818,495

Waverley Council

Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
Cash Flows from Operating Activities				
Receipts:				
47,028	Rates & Annual Charges		47,019	41,460
29,597	User Charges & Fees		30,082	26,738
2,377	Investment & Interest Revenue Received		2,640	2,935
7,011	Grants & Contributions		13,952	11,765
-	Bonds, Deposits & Retention amounts received		228	1,844
15,230	Other		21,207	17,527
Payments:				
(51,088)	Employee Benefits & On-Costs		(51,944)	(49,681)
(22,612)	Materials & Contracts		(19,389)	(16,223)
(254)	Borrowing Costs		(213)	(262)
-	Bonds, Deposits & Retention amounts refunded		(186)	(1,589)
(18,019)	Other		(23,868)	(20,109)
9,270	Net Cash provided (or used in) Operating Activities	11b	19,528	14,405
Cash Flows from Investing Activities				
Receipts:				
2,708	Sale of Investment Securities		10,136	25,978
46,306	Sale of Infrastructure, Property, Plant & Equipment		10,315	53
-	Deferred Debtors Receipts		28	25
Payments:				
(25,170)	Purchase of Investment Securities		(29,750)	(11,439)
(33,719)	Purchase of Infrastructure, Property, Plant & Equipment		(22,819)	(15,855)
(9,875)	Net Cash provided (or used in) Investing Activities		(32,090)	(1,238)
Cash Flows from Financing Activities				
Receipts:				
2,500	Proceeds from Borrowings & Advances		2,500	-
Payments:				
(1,372)	Repayment of Borrowings & Advances		(1,400)	(1,185)
1,128	Net Cash Flow provided (used in) Financing Activities		1,100	(1,185)
523	Net Increase/(Decrease) in Cash & Cash Equivalents		(11,462)	11,982
8,996	plus: Cash & Cash Equivalents - beginning of year	11a	20,824	8,842
9,519	Cash & Cash Equivalents - end of the year	11a	9,362	20,824
Additional Information:				
	plus: Investments on hand - end of year	6b	42,226	22,344
	Total Cash, Cash Equivalents & Investments		51,588	43,168

Please refer to Note 11 for additional cash flow information

REPORT TO AUDIT COMMITTEE

Internal Audit's Progress Report (A10/0345)

Report dated 28th of November 2013 from Internal Auditor providing an update on progress with the FY2013 Audit Plan.

Recommendation: That the Committee receive and note this progress report.

Progress on Audit Plan

Since the last meeting of the Committee held on the 1st of August 2013, the Senior Internal Auditors have compiled a summary of the reviews and their status in the table below:

Audit Name	Date Commenced	Status					
		Planning	Fieldwork	Reporting	Completed	Finalised	Awaiting Management Response*
Accounts Payable	October 2012	✓	✓	✓	✓	✓	N/A
Asset Management - Kerb and Gutter	August 2012	✓	✓	✓	✓	✓	N/A
Business Continuity Management	October 2012	✓	✓	✓	✓	✓	N/A
Waverley Pavilion	February 2013	✓	✓	✓	✓	x	✓
Property Investment Strategy	February 2013	✓	✓	✓	✓	✓	N/A
Commercial Waste Services	August 2013	✓	✓	✓	✓	x	✓
Accounts Receivable	November 2013	✓	✓	x	x	x	N/A
Follow Up Reviews							
Property Management	April 2013	✓	✓	✓	✓	✓	N/A
On Street Parking	April 2013	✓	✓	✓	✓	✓	N/A
Payroll	August 2013	✓	✓	✓	✓	✓	N/A
S94A	November 2013	✓	x	x	x	x	N/A

Since the last meeting, the Internal Audit function is progressing on track with the annual audit plan. The following is works in progress from both Senior Internal Auditors:

The work in progress for Mr Seyonne Kidnapillai is as follows:

- Payroll Follow Up Review: - a detailed follow up review of the Internal Audit Report of Payroll (FY 2011) has been finalised.
- Section 94A Review: - a detailed follow up review of the Internal Audit Report of Developer Contributions – Section 94A Review is at the planning stage.

REPORT TO AUDIT COMMITTEE

The work in progress/completed for Mr Sam Helweh includes the following;

- Capital Works Management – Waverley Pavilion: - this review has been complete for some time but has not been finalised due to management action plans not being agreed to, and the internal auditor is in continuous discussion with managers for a resolution. This report is still to be finalised due to pending discussions. The likelihood of the report being finalised is now at risk, however, internal audit will continue the discussions to seek agreement on management actions.
- Commercial Waste Services: - the fieldwork has been completed and has now been put on hold due to the change in roles. The draft report will be completed and finalised for a future date.
- Accounts Receivable: - the fieldwork has commenced for this review and all work will be completed before the Christmas holiday break and the report should be available at a future date.

Recommendation: That the Committee receive and note this progress report.

Seyonne Kidnapillai & Sam Helweh

Senior Internal Auditors