

## FROM THE OFFICE OF THE MAYOR

# FAQS FOR 2021/2022 AUDIT REPORT AND FINANCIAL STATEMENTS

### WHY WAS THERE A DELAY IN THE 2021/2022 FINANCIAL STATEMENTS?



The delay in the release of the 2021/2022 Financial Statements can be attributed to a combination of factors.

One significant factor was the occurrence of four separate flood events over the two years. These flood events caused widespread disruptions to Council operations and imposed unforeseen demands on Council resources as we had to manage and mitigate the impact of these events.

These substantial flood events prompted auditors to undertake an extensive analysis to ensure the accuracy and reliability of the financial data presented in the statements.

### WERE THERE ISSUES IDENTIFIED IN THE AUDIT PROCESS?



The audit was conducted by a highly experienced accounting firm contracted by the Audit Office of NSW and conducted in accordance with the Local Government Act 1993 (NSW).

Thorough analysis revealed that there was no evidence of misconduct or misappropriation.

The Financial Audit has highlighted areas that require corrective action and improvement. Whilst Council acknowledges the importance of rectifying these issues as soon as possible, it is vital to understand that they were not identified until after the conclusion of the 2022/2023 financial year.

The delayed identification of these audit issues has put Council in a complex situation, and we recognise the urgency to address them as soon as reasonably practicable.

### WILL THE DELAY IN FINALISING THE 2021/2022 STATEMENTS CAUSE ADDITIONAL DELAYS?



The delay in finalising the 2021/2022 Financial Statements has deferred the commencement of the audit process for the 2022/2023 Financial Statements. Therefore, the finalisation of the 2022/2023 Financial Statements will be delayed. It is anticipated that as a result of these delays, the finalisation 2023/2024 Financial Statements may be impacted.

Rest assured Council is actively working on a plan to course-correct and resume on time financial reporting.

## WHAT STEPS WILL BE TAKEN TO REALIGN OUR FINANCIAL REPORTING?



By increasing our resource allocation, Council aims to enhance our capacity to meet legislated reporting deadlines and implement any improvement processes as identified by the 2021/2022 Audit Report. These additional resources will enable Council to address existing issues and develop, in consultation with Council's Audit, Risk, and Improvement Committee (ARIC), a plan to resolve any issues.

*ARIC is an advisory committee to Council, providing an independent assurance by monitoring, reviewing, and providing oversight of the adequacy and effectiveness of Council's risk management, internal control, internal and external audit, financial management and compliance functions under a Charter.*

Council is aware of what is required to ensure that these issues do not arise again in the future. Unfortunately, there is no fast-tracking these processes and as a result Council anticipates that it will take an extended period to realign our progress. Regular reporting to ARIC and the Council on the progress of implementing this Plan and the process of rectifying these issues through its Quarterly Progress Reports will occur.

## WHERE CAN I FIND THE AUDIT REPORT AND 2021/2022 FINANCIAL STATEMENTS?



Each year, individual local governments across NSW are required to present a set of audited financial statements. In accordance with Section 418 (3) of the Local Government Act, 1993, Narrabri Shire Council advises that the Extraordinary Council Meeting to be held on Tuesday, 12 September 2023 will include the presentation of the audited Financial Reports and the Auditors Reports for the financial year ending 30 June 2022.

The statements set out the financial performance, financial position and cash flows of the council for the financial year ending 30 June 2022. They also contain explanatory notes for the major components of income and expenditure and the financial position of assets and liabilities.

The annual financial statements comprise:

- General purpose financial statements;
- Special purpose financial statements; and
- Special schedules.

**Answer continues on page 3.**

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The Narrabri Shire Council 2021/2022 Financial Statements are prepared in line with Australian accounting standards and interpretations from the Australian Accounting Standards Board, the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting. The Audit Report and 2021/2022 Financial Statements can be found on Council's website.

In accordance with Section 420 of the Local Government Act 1993, any person may make a submission in writing to Council with respect to the Council's Audited Financial Reports or the Auditor's Reports.

Members of the public are invited to make comments on the draft document until 5.00pm Tuesday, 3 October 2023.

Submissions are to be posted to the General Manager, Narrabri Shire Council, PO Box 261, Narrabri, NSW, 2390 or emailed to the General Manager at [council@narrabri.nsw.gov.au](mailto:council@narrabri.nsw.gov.au).

Feedback may be published in publicly available reports at the end of the consultation period. Your name or organisation's name may appear in these reports with your feedback attributed. If you would like your feedback to be kept confidential, please let us know when making your submission.

After this exhibition, the audited financial reports and the auditor's reports will be presented at the Extraordinary Council Meeting on Tuesday, 26 September 2023 at 12.00pm.