



KEMPSEY
Shire Council

DIRECTOR CORPORATE SERVICES REPORT

10th October 2006

DCS3	FINANCIAL STATEMENTS – YEAR END AUDIT FILE: 321	GBS
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SUMMARY:

Reporting on progress with the preparation of the 2005/06 financial statements in readiness for external audit.



DESCRIPTION:

The Local Government Act (Sec. 416) requires that “A council’s financial reports for a year must be prepared and audited within the period of 4 months after the end of that year” – that is, by 31st October.

Progress towards preparation of the 2005/06 financial statements has been severely hampered by the high staff turnover and absences over the past six (6) months. This has been reported to Council on previous occasions.

The introduction of the new International Reporting Standards (IRS) this year for the first time will add considerable extra workload (estimated at 1 man-month).

At this stage it is anticipated that the statements will not be ready for audit until late October. Council’s auditors, Pricewaterhouse-Coopers, have been advised of this and asked to reschedule alternate dates for the audit.

REPORT IMPLICATIONS:

- *Environmental*

Nil.

- *Social*

Nil.

- *Economic (Financial)*

Nil.

- *Policy or Statutory*

The requirements for preparation of financial reports is set out under Section 413 and 416 of the Local Government Act.

Provision exists for a council to apply to the Director General for an extension to the statutory time for completion of annual statements.

- *Director's Review*

Staff are unlikely to be able to meet the statutory obligations for completion of the financial statements this year.

RECOMMENDATION:

That in view of the extenuating circumstances Council make application to the Director General, Department of Local Government, for a one (1) month extension in the time for preparation and audit of Council's 2005/06 financial statements.

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G B Snape
DIRECTOR CORPORATE SERVICES