



# Extraordinary

## Meeting Notice and Agenda

An Extraordinary Meeting of the Bega Valley Shire Council will be held at Via Zoom on **Monday, 13 July 2020** commencing at 10:00am to consider and resolve on the matters set out in the attached Agenda.

*To:*

Cr Sharon Tapscott, Mayor  
Cr Russell Fitzpatrick, Deputy Mayor  
Cr Tony Allen  
Cr Robyn Bain  
Cr Jo Dodds  
Cr Cathy Griff  
Cr Kristy McBain  
Cr Mitchell Nadin  
Cr Liz Seckold

*Copy:*

General Manager, Ms Leanne Barnes  
Acting Director, Assets and Operations, Mr Chris Best  
Director, Community, Environment and Planning, Dr Alice Howe  
Director, Business and Governance, Mrs Iliada Bolton  
Manager, Communication and Events, Mr Ian Campbell  
Project Lead, Recovery, Rebuilding and Resilience, Mr Chris Horsburgh  
Minute Secretary, Mrs Bec Jones

## Live Streaming of Council Meetings

Council meetings are recorded and live streamed to the Internet for public viewing. By entering the Chambers during an open session of Council, you consent to your attendance and participation being recorded.

The recording will be archived and made available on Council's website [www.begavalley.nsw.gov.au](http://www.begavalley.nsw.gov.au). All care is taken to maintain your privacy; however as a visitor of the public gallery, your presence may be recorded.

## Publishing of Agendas And Minutes

The Agendas for Council Meetings and Council Reports for each meeting will be available to the public on Council's website as close as possible to 5.00 pm on the Thursday prior to each Ordinary Meeting. A hard copy is also made available at the Bega Administration Building reception desk and on the day of the meeting, in the Council Chambers.

The Minutes of Council Meetings are available on Council's Website as close as possible to 5.00 pm on the Monday after the Meeting.

1. Please be aware that the recommendations in the Council Meeting Agenda are recommendations to the Council for consideration. They are not the resolutions (decisions) of Council.
2. Background for reports is provided by staff to the General Manager for presentation to Council.
3. The Council may adopt these recommendations, amend the recommendations, determine a completely different course of action, or it may decline to pursue any course of action.
4. The decision of the Council becomes the resolution of the Council, and is recorded in the Minutes of that meeting.
5. The Minutes of each Council meeting are published in draft format, and are confirmed by Councillors, with amendments if necessary, at the next available Council Meeting.

If you require any further information or clarification regarding a report to Council, please contact Council's Executive Assistant who can provide you with the appropriate contact details

Phone (6499 2104) or email [execassist@begavalley.nsw.gov.au](mailto:execassist@begavalley.nsw.gov.au).

# Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

## Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

## Conflict of interest

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- *Pecuniary* – regulated by the *Local Government Act 1993* and Office of Local Government
- *Non-pecuniary* – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, Councillors can choose to either disclose and vote, disclose and not vote or leave the Chamber.

## The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

## Identifying problems

**1st** Do I have private interests affected by a matter I am officially involved in?

**2nd** Is my official role one of influence or perceived influence over the matter?

**3rd** Do my private interests conflict with my official role?

## Local Government Act 1993 and Model Code of Conduct

For more detailed definitions refer to Sections 442, 448 and 459 of the Local Government Act 1993 and Bega Valley Shire Council (and Model) Code of Conduct, Part 4 – conflicts of interest.

## Agency advice

Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned. Officers of the following agencies are available during office hours to discuss the obligations placed on Councillors, officers and community committee members by various pieces of legislation, regulation and codes.

Contact	Phone	Email	Website
Bega Valley Shire Council	(02) 6499 2222	council@begavalley.nsw.gov.au	www.begavalley.nsw.gov.au
ICAC	8281 5999 Toll Free 1800 463 909	icac@icac.nsw.gov.au	www.icac.nsw.gov.au
Office of Local Government	(02) 4428 4100	olg@olg.nsw.gov.au	http://www.olg.nsw.gov.au/
NSW Ombudsman	(02) 8286 1000 Toll Free 1800 451 524	nswombo@ombo.nsw.gov.au	www.ombo.nsw.gov.au

## Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 451(1) of the *Local Government Act 1993* (pecuniary interests) and Part 4 of the Model Code of Conduct prescribed by the Local Government (Discipline) Regulation (conflict of interests) it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

**The following form should be completed and handed to the General Manager** as soon as practicable once the interest is identified. Declarations are made at Item 3 of the Agenda: Declarations - Pecuniary, Non-Pecuniary and Political Donation Disclosures, and prior to each Item being discussed:

**Council meeting held on \_\_\_\_\_(day) / \_\_\_\_\_(month) / \_\_\_\_\_(year)**

Item no & subject	
Pecuniary Interest	<input type="checkbox"/> In my opinion, <b>my interest is pecuniary and</b> I am therefore required to take the action specified in section 451(2) of the <i>Local Government Act 1993</i> and or any other action required by the Chief Executive Officer.
Significant Non-pecuniary conflict of interest	<input type="checkbox"/> – In my opinion, <b>my interest is non-pecuniary but significant.</b> I am unable to remove the source of conflict. I am therefore required to treat the interest as if it were pecuniary and take the action specified in section 451(2) of the <i>Local Government Act 1993</i> .
Non-pecuniary conflict of interest	<input type="checkbox"/> In my opinion, <b>my interest is non-pecuniary and less than significant.</b> I therefore make this declaration as I am required to do pursuant to clause 5.11 of Council's Code of Conduct. However, I intend to continue to be involved with the matter.
Nature of interest	Be specific and include information such as : <ul style="list-style-type: none"> <li>• The names of any person or organization with which you have a relationship</li> <li>• The nature of your relationship with the person or organization</li> <li>• The reason(s) why you consider the situation may (or may be perceived to) give rise to a conflict between your personal interests and your public duty as a Councillor.</li> </ul>
If Pecuniary	<input type="checkbox"/> Leave chamber
If Non-pecuniary (tick one)	<input type="checkbox"/> Disclose & vote <input type="checkbox"/> Disclose & not vote <input type="checkbox"/> Leave chamber
Reason for action proposed	Clause 5.11 of Council's Code of Conduct provides that if you determine that a non-pecuniary conflict of interest is less than significant and does not require further action, you must provide an explanation of why you consider that conflict does not require further action in the circumstances
Print Name	I disclose the above interest and acknowledge that I will take appropriate action as I have indicated above.
Signed	

**NB: Please complete a separate form for each Item on the Council Agenda on which you are declaring an interest.**

## Agenda

- 1 Apologies and requests for leave of absence
  
- 2 Declarations  
Pecuniary, Non-Pecuniary and Political Donation Disclosures to be declared and tabled.
  
- 3 Staff Reports – Governance and Strategy
  - 3.1 Extraordinary Council Meeting 13 July 2020 ..... 8
  
- 4 Staff Reports – Finance
  - 4.1 Update on Quarterly Budget Review Statement - 31 March 2020 ..... 11
  
- 5 Notices of Motion
  - 5.1 Independent review of financial statements ..... 18
  
- 6 Questions with Notice
  - 6.1 2019 Audited Financial Statements and 2020 March Quarterly Budget Review ..... 22
  - 6.2 March QBR Forecast - Unrestricted Cash ..... 24



## Staff Reports - Governance And Strategy

13 July 2020

3.1	Extraordinary Council Meeting 13 July 2020 .....	8
-----	--	---

### 3.1. Extraordinary Council Meeting 13 July 2020

A formal request was received under clause 3.3 of the Code of Meeting Practice for an Extraordinary Council Meeting

General Manager

#### Officer's Recommendation

That Council note the request for an Extraordinary Meeting and the notification and scheduling of this meeting meet the requirements of the Code of Meeting Practice.

#### Executive Summary

On Tuesday 30 June 2020 the Mayor received a request, in line with the requirements of the Council's Code of Meeting Practice, for an Extraordinary Meeting. This meeting was then scheduled in line with available resourcing and the requirements of clause 3.3 of the Code of Meeting Practice.

#### Background

Crs Nadin and Bain submitted a request for an Extraordinary Meeting on 30 June 2020:

*Pursuant with section 3.3 in Bega Valley Shire Council's Code of Meeting Practice, Councillor Robyn Bain and I request council hold an extra ordinary meeting "as soon as is practicable", but ideally on Wednesday July 8, 2020, to urgently consider the following business:*

*"That Council obtain, as a matter of urgency, an independent assessment of Council's present financial position (as at 30/6/20) prior to final annual audit so as to ground-truth a sound future financial commitment in its Long Term Financial Plan, Resourcing Strategy, Delivery and Operational plan for 20/21 financial year (now commenced).*

*That the assessment include expenditure of all restricted and unrestricted funds and involve where necessary, a forensic audit for financial years 2017, 2018, 2019 and 2020."*

*Madam Mayor, it has become clear the figures in council's financial statement appear to show inconsistencies to the cash flow of externally restricted funds, internally restricted funds and unrestricted funds, resulting from a comparison between the 2018/ 19 audit and the budget predictions and expenditure in the quarterly reports for the 19/20 financial year.*

*Given the fact that council's draft budget is currently on public exhibition, with expected continuing deficits in coming years and proposals to apply for a special rate increase, it is in the public interest to ground-truth Council's actual current financial position in all funds and investment accounts as a matter of urgency.*

*It is important the public and councillors can have confidence in Council's handling of public finances, and we believe the only way for this to occur is to conduct an independent investigation into Council's finances.*

*We trust you see the urgency of this issue and will act quickly to ensure this matter is brought to a head as soon as possible."*

Processes were immediately put in place to establish a date and put in place the process to meet requirements of the Code of Meeting Practice. The date nominated by the two Councillors was unable to be achieved due to support staffing availability with school holiday plans already approved and in place. The closest date to the date requested was identified.

The Councillors were then asked to specifically outline the resolution to be considered. Staff also brought forward the answers to Questions Without Notice asked at the last meeting by Crs Nadin and Bain to inform the consideration.

### Legal /Policy

The Council's adopted Code of Meeting Practice is based on the NSW Model Code of Meeting Practice for Local Councils in NSW made under section 360 of the *Local Government Act 1993*.

Clause 3.3 of the Code of Meeting Practice cover this request. Two Councillors are required to request an Extraordinary Meeting, and the meeting should be held as soon as is practicable, but in any event, no more than 14 days after receipt of the request.

### Attachments

Nil

## Staff Reports – Finance

13 July 2020

4.1	Update on Quarterly Budget Review Statement - 31 March 2020 .....	11
-----	---	----

## 4.1. Update on Quarterly Budget Review Statement - 31 March 2020

Quarterly Budget Review Statements (QBRs) are prepared and presented to Council in accordance with Section 203 of the *Local Government (General) Regulation 2005*.

**Director Business & Governance**

### Officer's Recommendation

1. That Council receive and note the updated pages for the March 2020 Quarterly Budget Review Statement (QBRs) attached and;
2. That Council note the administrative correction relates to the information contained in the 'Actual 30-Jun-19' column of the Cash and Investments sheet included in the March QBRs and;
3. That the correction be adopted as presented and included in future reporting for FY2020

### Executive Summary

Under the Integrated Planning and Reporting (IPR) Guidelines, a Quarterly Budget Review Statement (QBRs) must be presented to Council for each financial quarter.

The QBRs is presented in a summary format. During the month of June, it was found that there was an administrative error in the 'Actual 30-Jun-19' column of the Cash and Investment Sheet contained in QBRs. This report seeks to correct the record and update the March QBRs Cash and Investment sheet to reflect the externally audited 2019 Financial Statement results.

### Financial and resource considerations

#### **Cash and Investments**

Council had cash and investments of \$82,887k at 30 June 2019, the revised projected cash figure at the 30 June 2020 is expected to be \$65,692k. The impact of this report does not see these figures change.

It is noted that this correction will not see an alignment between the reported ending balances in FY2019 Financial Statements for internal restricted reserves. As part of the finalisation of the FY2019 Financial Statements Council were required to reduce its internal restrictions with insufficient cash to support the level of documented restrictions. These internal restrictions are still recorded in the cash and investment sheet prepared for the March QBRs which provides the current information; the intent is for council to formally review its internal restrictions to inform the FY2020 Financial Statements.

### Legal /Policy

In accordance with Regulation 203(1) of the Local Government (General) Regulation 2005, the Responsible Accounting Officer must prepare and submit to the Council a Budget Review Statement after the end of each quarter.

### Impacts on Strategic/Operational/Asset Management Plan/Risk

#### *Strategic Alignment*

Council's 2017–2021 Delivery Program and 2019-2020 Operational Plan provides the Financial Estimates 2017–2021 which includes the Budget for FY2020.

## Attachments

1. [Updated March QBRS - Cash and Investments](#)



**Quarterly Budget Review Statement**

for the quarter ended 31 March 2020

Cash & Investments	Actual	Original Budget	Approved Changes		Revised Budget	Recommended changes for Council resolution	Projected year end result
	30-Jun-19	30-Jun-20	Sept QBR	Dec QBR	30-Jun-20		
<b>Externally restricted cash &amp; investments</b>							
<b>Unspent Loans</b>	0	-4,000,000	3,980,000	0	-20,000	-	-20,000
<b>Developer Contribution - General</b>	0	0	0	0	0	-	0
S94 - Carparking	744,173	694,418	0	0	694,418	-	694,418
S94 - Community Facilities	127,764	165,764	0	0	165,764	-	165,764
S94 - Land Acquisitions	39,860	46,860	0	0	46,860	-	46,860
S94 - Open Space and Recreation	316,421	207,921	72,000	0	279,921	-	279,921
S94 - Public Reserve Acquisition	418,346	418,346	0	0	418,346	-	418,346
S94 - Roads	775,296	892,296	0	0	892,296	-	892,296
S94 - Streetscapes	44,274	56,774	0	0	56,774	-	56,774
S94A	629,869	629,869	650,000	0	1,279,869	(270,000)	1,009,869
S94- Woodlands Lane	41,000	41,000	0	0	41,000	-	41,000
<b>Developer Contribution - Water</b>							
S64 - Water Headworks	2,165,645	1,665,645	387,916	0	2,053,561	(162,201)	1,891,360
<b>Developer Contribution - Sewer</b>							
S64 - Sewer Headworks	6,514,387	6,514,387	0	0	6,514,387	(863,663)	5,650,724
<b>Unexpended Grants</b>	25,051,972	24,574,454	-6,445,201	85,124	18,214,377	1,441,340	19,655,717
<b>Asset Replacement Reserve [Water Fun</b>	16,165,000	21,058,289	-5,182,787	-761,270	15,114,232	3,754,020	18,868,252
<b>Asset Replacement Reserve [Sewer Fur</b>	22,284,295	29,024,134	-4,476,282	1,170,446	25,718,298	(5,463,020)	20,255,278
<b>Waste Management [Domestic]</b>	4,326,705	3,376,705	0	0	3,376,705	(70,000)	3,306,705
<b>Total externally restricted</b>	<b>79,645,007</b>	<b>85,366,862</b>	<b>-11,014,354</b>	<b>494,300</b>	<b>74,846,808</b>	<b>(1,633,524)</b>	<b>73,213,284</b>



**Quarterly Budget Review Statement**

for the quarter ended 31 March 2020

	Actual 30-Jun-19	Original Budget 30-Jun-20	Approved Changes		Revised Budget 30-Jun-20	Recommended changes for Council resolution	Projected year end result
			Sept QBR	Dec QBR			
<b>Cash &amp; Investments</b>							
Internally restricted cash & investments	0	0	0	0	0	-	0
Airport Reserve	272,036	272,036	0	0	272,036	-	272,036
Animal Control Reserve	42,106	52,106	-10,000	0	42,106	-	42,106
Asset Replacement Reserve [General Fun	989,474	253,474	417,818	0	671,292	398,182	1,069,474
Brighter Futures [Vehicle Replacement]	30,000	30,000	0	0	30,000	-	30,000
Cemetery Improvements	429,615	507,835	867	-163,214	345,488	-	345,488
Children Services Reserve	526,553	520,944	27,620	0	548,564	(97,106)	451,458
Committee Funds [Halls]	166,314	166,314	0	0	166,314	-	166,314
Election Expenses	110,000	165,000	0	0	165,000	-	165,000
E-Levy Reserve	626,367	597,367	0	0	597,367	(181,900)	415,467
Employee Leave Entitlement	1,582,388	1,932,388	0	0	1,932,388	-	1,932,388
Gallery Donations	10,462	462	-140,000	0	-139,538	150,000	10,462
Information Technology Facilities	205,199	50,199	0	0	50,199	155,000	205,199
Insurance Claims [Unspent]	71,780	71,780	0	0	71,780	-	71,780
Insurance Excess Reserve	100,000	100,000	0	0	100,000	-	100,000
Merimbula Jetty Maintenance and Improve	46,145	46,145	0	0	46,145	-	46,145
Narira Village	106,347	106,347	0	0	106,347	150,872	257,219
Operational Examination Contingency	27,397	27,397	0	0	27,397	-	27,397
Plant Replacement Reserve	46,200	-1,289,687	965,821	0	-323,866	370,066	46,200
Property Development Reserve	182,400	113,872	68,528	0	182,400	-	182,400
Property Sale 73 Upper St	58,215	58,215	0	0	58,215	-	58,215
Quarries and Gravel Pits	724,313	724,313	0	0	724,313	-	724,313
Saleyard Reserve	58,068	58,068	0	0	58,068	-	58,068
SV - Airport	870,481	881,481	0	285,455	1,166,936	(379,236)	787,700
SV - Armco Culvert Restoration	322,400	457,400	0	0	457,400	-	457,400
SV - Collector Roads	13,811	13,811	445,000	0	458,811	-	458,811
SV - Emergency Services	0	0	0	0	0	-	0
SV - Engineering Administration for RFS	0	0	0	0	0	-	0
SV - Footpath Trip Hazard	0	0	0	0	0	-	0
SV - Kerb & Guttering	0	58,000	0	0	58,000	(58,000)	0
SV - Libraries	0	0	0	0	0	-	0
SV - Loan Repayments	0	0	0	0	0	-	0
SV - Ocean Lifeguards	0	3,103	-204	0	2,899	-	2,899
SV - Public Domain and Buildings	1,216,235	836,235	-460,000	0	376,235	(101,500)	274,735
SV - Recreation Facilities	1,696,136	1,068,136	92,000	535,000	1,695,136	-	1,695,136
SV - Road Stabilisation	12,460	12,460	290,000	0	302,460	-	302,460
SV - Sportsground	98,200	98,200	0	0	98,200	-	98,200
SV - Timber Bridge Rehabilitation	131,400	10,400	0	0	10,400	71,314	81,714
SV - Urban Street Construction	296,461	296,461	266,000	0	562,461	(170,000)	392,461

Quarterly Budget Review Page 2



**Quarterly Budget Review Statement**

for the quarter ended 31 March 2020

	Actual 30-Jun-19	Original Budget 30-Jun-20	Approved Changes		Revised Budget 30-Jun-20	Recommended changes for Council resolution	Projected year end result
			Sept QBR	Dec QBR			
<b>Cash &amp; Investments</b>							
SV - VIC and Tourism	174,151	174,151	0	0	174,151	-	174,151
SV - Weeds Management	0	32,203	13,909	-41,523	4,589	-	4,589
Tura Beach Country Club Crown Land	21,611	21,611	0	0	21,611	-	21,611
Waste Management [Other]	482,898	482,898	0	0	482,898	-	482,898
Council Buildings Reserve	0	-350,000	0	0	-350,000	350,000	0
Foreshore Reserves	24,658	24,658	0	0	24,658	-	24,658
Mirador Asset Protection Developmen	150,000	150,000	0	0	150,000	-	150,000
Old Bega Racecourse Development	32,815	32,815	0	0	32,815	-	32,815
Other Contribution - Tathra Estate	41,000	41,000	0	0	41,000	-	41,000
Access Committee Reserve	37,500	37,500	-7,600	0	29,900	-	29,900
<b>Total internally restricted</b>	<b>12,033,596</b>	<b>8,947,098</b>	<b>1,969,759</b>	<b>1,969,759</b>	<b>11,782,575</b>	<b>1,670,597</b>	<b>13,453,172</b>
<b>Unrestricted cash &amp; investments</b>	<b>(8,791,603)</b>	<b>(21,505,302)</b>			<b>(25,701,222)</b>	<b>4,726,975</b>	<b>(20,974,247)</b>
<b>Total cash &amp; investments</b>	<b>82,887,000</b>	<b>72,808,658</b>			<b>60,928,161</b>	<b>4,764,048</b>	<b>65,692,209</b>



## Notices of Motion

13 July 2020

5.1	Independent review of financial statements.....	18
-----	---	----

## 5.1. Cr Mitchell Nadin - Independent review of financial statements

### Notice of Motion

1. That Council commission, as a matter of urgency, a contractor to provide an independent forensic audit of Council's present financial position (as at 30/6/20) prior to the final annual audit 31/10/2020 but as soon as possible so as to ground-truth a sound future financial commitment in its Long Term Financial Plan, Resourcing Strategy, Delivery and Operational plan for 20/21 financial year (now commenced).
2. That the audit identify expenditure from all restricted and unrestricted funds and include the financial years 2017, 2018, 2019 and 2020.
3. That Council call for tenders for the appointment of the external contractor and that a subsequent report be presented to Council to appoint the firm to carry out the work.
4. That council exclude tenders from companies outside NSW, companies in the Bega Valley Shire or the accounting firm Deloitte and the NSW Audit Office/Auditor General that audited Council's financial statements and therefore has a conflict of interest.
5. That the independent investigation and audit of Council's present financial position be funded by an initial contribution of \$50,000 from General Manager's legal allocation noting that additional allocation may need to be identified following the tender process.

### Background

Staff have now confirmed that a large number of figures in Council's recent March quarterly budget review are incorrect. This includes figures from the externally restricted account and also the unrestricted account, many of which staff now recommend Councillors change. It's worth noting the recommended changes in and of themselves are alarming.

These recommended changes follow questions without notice from Crs Nadin and Bain, who identified inconsistencies to the cash flow of externally restricted funds, internally restricted funds and unrestricted funds, resulting from a comparison between the 2019 Audited Financial Statements and the March QBR.

Given the fact that Council's draft budget is currently on public exhibition, with expected continuing deficits in coming years and proposals to apply for a special rate increase, it is in the public interest to ground-truth Council's actual current financial position in all funds and investment accounts as a matter of urgency.

It is important the public and councillors have confidence in Council's handling of public finances, and we believe the only way for this to occur is to conduct an independent investigation into Council's finances.

As this work is needed prior to the annual audit for the 2019/20 year due to be considered by Council in November 2020 external parties need to be engaged to cover both aspects of this work. This work should be funded by allocating funds currently directed to investigations in the 2020/21 draft budget to engage the external contractor. A tender process should be undertaken and a report presented to Council as soon as possible so Councillors can appoint the independent audit company.

**Cr Mitchell Nadin**

## Staff Response

Councillors are referred to the answers to Questions Without Notice:

*Cr Nadin question response:*

Council staff have reviewed its March QBRS and are aware that there are discrepancies between the 2019 Financial Statements the figures in the cash and investments sheet provided in the March QBRS on 27 May 2020. Council's cash position remains unchanged.

Recording the Financial Statements, externally and internally restricted reserves results, is a process usually undertaken in the Quarterly Budget Review templates when they are finalised; however this was missed when preparing the March 2020 QBRS.

*Council confirms that no transfer has occurred within its financial ledgers.*

The inconsistency is an administration error in preparing the QBRS report.

The March QBRS Cash and Investment sheet has been updated to reflect the 2019 Financial Statement results and will be presented to Council for formal adoption to correct the administrative error. This will not see an alignment between the reported ending balances in FY2019 Financial Statements for internal restricted reserves for the reason stated below.

As part of the finalisation of the FY2019 Financial Statements Council were required to reduce its internal restrictions as there was insufficient cash to support the level of documented restrictions. These internal restrictions are still recorded in the cash and investment sheet prepared for the March QBRS which provides the current information; the intent is for Council to formally review its internal restrictions to inform the FY2020 Financial Statements.

*Cr Bain question response:*

The question from Cr Bain relates to cash balances at 30 June 2019 and the reported performance expected at 30 June 2020 recorded in the March *Quarterly Budget Review Statement* (QBRS).

A review of the QBRS presented on 27 May 2020 has found an administrative error in the QBRS report, which staff are recommending be corrected.

The interpretation by staff of the Question Without Notice from Cr Bain is for us to provide clarity on the amount of unrestricted cash and investments allocated to deliver services during FY2020. Therefore, the attached report is similar to the table included in the Draft 2021 Operational Plan with additional columns of data showing the projected cash resources required by all services. The attachment is for FY2020 and reflects the expected income, expenses and capital costs at 30 June 2020.

It is noted that in the corrected March QBRS, the actual performance of Cash and Investments at 30 June 2019 in the unrestricted reserve is \$(8,791,603), meaning, for accounting purposes, the unrestricted cash held has been allocated to fund services and projects identified in the internally restricted reserve for financial year 2020. The expected unrestricted cash used to deliver all services for FY2020 is \$12,182,644.

When recording total cash, cash equivalents and investments, as part of the finalisation of the *2019 Financial Statements*\* Council were required to reduce its internal restrictions as there was insufficient cash to support the level of restrictions. These internal restrictions are still recorded in the cash and investment sheet prepared for the *March QBRS* to provide the current information; the intent is for Council to formally review its internal restrictions before preparing the FY2020 Financial Statements.

*\*Note 6(c) of the Financial Statements*

## Attachments

Nil

## Questions with Notice

13 July 2020

6.1	2019 Audited Financial Statements and 2020 March Quarterly Budget Review .....	22
6.2	March QBR Forecast - Unrestricted Cash .....	24

## 6.1. 2019 Audited Financial Statements and 2020 March Quarterly Budget Review

On 24 June 2020 Councillor Nadin asked: “on page 18 of Council’s recently adopted March quarterly budget review, it states Council started this current financial year on July 1, 2019 with a cash position of \$82,887,000 broken into three areas: \$57,850,632 in externally restricted funds, \$12,033,596 in internally restricted funds, and \$13,002,772 in unrestricted cash. However, these figures from the QBR are apparently at odds with the 2019 financial statements (adopted in April), which on page 27 states that as of June 30, 2019 Council had the same gross cash amount of \$82,887,000, but reported \$79,644,000 in externally restricted cash, \$3,243,000 in internally restricted cash, and zero unrestricted cash. Can you explain this apparent discrepancy and confirm which of these figures is correct; and can you confirm if any externally restricted cash has been transferred into Council’s internally restricted or unrestricted cash holdings.

Cr Nadin

### Staff Response

*Cr Nadin Statement:* On page 18 of Council’s recently adopted **March quarterly budget review**, it states Council started this current financial year on July 1, 2019 with a cash position of \$82,887,000 broken into three areas: **\$57,850,632 in externally restricted funds, \$12,033,596 in internally restricted funds, and \$13,002,772 in unrestricted cash.**

However, these figures from the QBR are apparently at odds with the **2019 financial statements** (adopted in April), which on page 27 states that as of June 30, 2019 Council had the same gross cash amount of \$82,887,000, but reported **\$79,644,000 in externally restricted cash, \$3,243,000 in internally restricted cash, and zero unrestricted cash.**

*Question:* Can you explain this apparent discrepancy and confirm which of these figures is correct; and can you confirm if any externally restricted cash has been transferred into Council’s internally restricted or unrestricted cash holdings.

Council staff have reviewed its March QBRS and are aware that there are discrepancies between the 2019 Financial Statements the figures in the cash and investments sheet provided in the March QBRS on 27 May 2020. Council’s cash position remains unchanged.

Recording the Financial Statements, externally and internally restricted reserves results, is a process usually undertaken in the Quarterly Budget Review templates when they are finalised; however this was missed when preparing the March 2020 QBRS.

**Council confirms that no transfer has occurred within its financial ledgers.** The inconsistency is an administration error in preparing the QBRS report.

The March QBRS Cash and Investment sheet has been updated to reflect the 2019 Financial Statement results and will be presented to Council for formal adoption to correct the administrative error. This will not see an alignment between the reported ending balances in FY2019 Financial Statements for internal restricted reserves for the reason stated below.

As part of the finalisation of the FY2019 Financial Statements Council were required to reduce its internal restrictions as there was insufficient cash to support the level of documented restrictions. These internal restrictions are still recorded in the cash and investment sheet prepared for the March QBRS which provides the current information; the intent is for Council to formally review its internal restrictions to inform the FY2020 Financial Statements.

## Attachments

Nil

## 6.2. March QBR Forecast - Unrestricted Cash

On 24 June 2020 Councillor Bain asked *"the March QBR forecast will have \$552,702.00 in its unrestricted cash reserve by next Tuesday. That means Council will have spent more than \$12 million from the \$13,002,772, Council reportedly had in its unrestricted reserve at the beginning of this financial year. Can you please provide detail or a statement of all income and expenditure of Councils unrestricted cash reserve. "*

**Cr Bain**

### Staff Response

Question: "Can you please provide detail or a statement of all income and expenditure of Councils unrestricted cash reserve".

The question from Cr Bain relates to cash balances at 30 June 2019 and the reported performance expected at 30 June 2020 recorded in the March Quarterly Budget Review Statement (QBRS). A review of the QBRS presented on 27 May 2020 has found an administrative error in the QBRS report, which staff are recommending be corrected.

The interpretation by staff of the Question Without Notice from Cr Bain is for us to provide clarity on the amount of unrestricted cash and investments allocated to deliver services during FY2020. Therefore, the attached report is similar to the table included in the Draft 2021 Operational Plan with additional columns of data showing the projected cash resources required by all services. The attachment is for FY2020 and reflects the expected income, expenses and capital costs at 30 June 2020.

It is noted that in the corrected March QBRS, the actual performance of Cash and Investments at 30 June 2019 in the unrestricted reserve is \$(8,791,603), meaning, for accounting purposes, the unrestricted cash held has been allocated to fund services and projects identified in the internally restricted reserve for financial year 2020. The expected unrestricted cash used to deliver all services for FY2020 is \$12,182,644.

When recording total cash, cash equivalents and investments, as part of the finalisation of the 2019 Financial Statements\* Council were required to reduce its internal restrictions as there was insufficient cash to support the level of restrictions. These internal restrictions are still recorded in the cash and investment sheet prepared for the March QBRS to provide the current information; the intent is for Council to formally review its internal restrictions before preparing the FY2020 Financial Statements.

*\*Note 6(c) of the Financial Statements*

Attachments [1](#).

QBRS March 2020 - Cash by Service

### March 2020 Updated QBRS - Cash by Service

	Income	Operating Expense	Capital Spend	Non Cash Transactions	Net Cash	Trans to Reserve	Trans from Reserve	Net Unrestricted cash
					<i>Income - Operating and Capital Expensed + non cash transactions</i>	<i>Contribution of income to reserve for service</i>	<i>Reserve \$ required to deliver service</i>	<i>Net cash + transfer to reserve - transfer from reserve</i>
A&O Coordination	653,000	1,164,537	0		511,537	653,000	53,000	1,111,537
Administration Buildings	328,872	393,294	913,446		977,868	150,872	704,000	424,740
Airport	3,932,271	665,500	3,505,807	-2,000,000	2,239,036		113,781	2,125,255
Animal Control	51,630	209,345	10,000		167,715			167,715
Bag Coordination	0	384,780	0		384,780			384,780
Beach & Lifeguard	0	195,101	0		195,101		195,101	0
Bega Civic Centre	301,780	695,387	0		393,607			393,607
Biosecurity	178,730	613,142	0		434,412		438,411	-3,999
Bridges On Sealed Rural Roads - Local	100,000	74,107	330,000		304,107		184,686	119,421
Bridges On Sealed Rural Roads - Regional	25,000	61,955	480,206		517,161			517,161
Bridges On Sealed Urban Roads - Local	0	9,050	0		9,050			9,050
Bridges On Unsealed Rural Roads - Local	0	237,187	584,201		821,388			821,388
Brighter Futures/New Directions	455,170	424,210	0		-30,960	30,960		0
Building Regulations	1,265,418	808,672	0		-456,746			-456,746
Ccs Coordination	6,942	177,090	0		170,148			170,148
Cemeteries	353,924	438,051	0		84,127		84,127	0
Cep Coordination	0	506,794	50,000		556,794		7,600	549,194
Children's Services	3,043,841	2,782,759	523,657	0	262,575	46,862	281,447	27,990
Commonwealth Home Support Programme	84,000	84,000	0		0			0
Communications And Events	51,942	556,722	0		504,780		14,625	490,155
Community Engagement	30,206	450,113	0		419,907		76,467	343,440
Community Halls	401,557	205,314	531,289		335,046		160,655	174,391
Compliance and Certification	0	41	0		41			41
Council Depots Operations	0	201,931	0		201,931			201,931
Customer Services	1,100	772,873	0		771,773			771,773
Cycleways Not On Road Reserve	1,283,262	100,241	1,587,011		403,990		176,000	227,990
Development & Support Services	0	897,112	0		897,112			897,112
Drainage	295,363	248,659	356,956		310,252			310,252
Economic Development	327,660	716,129	0		388,469	185,000	228,312	345,157
Elected Officials	0	412,000	0		412,000	55,000		467,000

### March 2020 Updated QBRS - Cash by Service

	Income	Operating Expense	Capital Spend	Non Cash Transactions	Net Cash	Trans to Reserve	Trans from Reserve	Net Unrestricted cash
Employee Overheads	0	-1,822,034	0		-1,822,034	350,000		-1,472,034
Enforcement Regulations	244,622	628,348	0		383,726			383,726
Environment & Sustainability	304,852	1,461,924	0		1,157,072		569,226	587,846
Finance Services Administration	4,056	996,030	0		991,974			991,974
Fleet Services Administration	125,000	-2,899,171	3,394,944		370,773			370,773
Footpaths	400,000	100,241	528,000		228,241		7,000	221,241
General Purpose Revenue	28,380,826	6,830,300	0	12,575,000	-34,125,526	6,357,556	3,626,261	-31,394,231
Gm Office	0	756,329	0		756,329			756,329
Governance & IPR	0	307,961	0		307,961			307,961
Information Communication & Technology Administration	4,000	2,043,758	0		2,039,758			2,039,758
Leisure & Rec Coord	6,311	275,028	0		268,717			268,717
Library	248,099	1,547,906	172,795		1,472,602	9,950	307,998	1,174,554
Loan Services	188,000	602,199	2,807,190		3,221,389		561,000	2,660,389
NDIS	3,244,750	3,244,750	0		0			0
Parks Operations Budget	2,902,606	2,142,716	3,001,344		2,241,454	60,000	717,695	1,583,759
People & Gov Coord	0	285,079	0		285,079			285,079
People And Culture	12,000	475,329	0		463,329			463,329
Planning and Sustainability Coord	6,000	195,880	0		189,880			189,880
Planning Services	523,114	960,215	0		437,101	55,000		492,101
Private Works	774,400	664,480	0		-109,920			-109,920
Process Improvement	0	169,033	0		169,033			169,033
Procurement & Contracts	0	307,420	0		307,420			307,420
Project Development Services	23,000	8,450	921,728		907,178		139,950	767,228
Property Services	102,318	351,917	20,000		269,599			269,599
Public Amenities Maintenance And Operations	0	771,428	195,000		966,428			966,428
Public Health	365,521	371,409	0		5,888			5,888
Quarry	0	0	0		0			0
Records Management	0	217,350	0		217,350			217,350
Tathra Recovery Support Service	246,064	297,259	0		51,195		66,827	-15,632
Recovery, Rebuilding and Resilience	1,578,000	344,212	0		-1,233,788	1,233,788		0
Regional Gallery	150,321	307,731	0		157,410	69,937	138,000	89,347
Regional Learning Centre	222,868	221,142	0		-1,726			-1,726
Revenue Team	242,430	1,106,853	0		864,423			864,423

### March 2020 Updated QBRS - Cash by Service

	Income	Operating Expense	Capital Spend	Non Cash Transactions	Net Cash	Trans to Reserve	Trans from Reserve	Net Unrestricted cash
Risk Management	100,000	1,406,069	0		1,306,069			1,306,069
Roads Rural Sealed Local	368,000	1,336,412	562,600		1,531,012			1,531,012
Roads Rural Sealed Regional	3,555,051	1,178,731	1,793,799		-582,521			-582,521
Roads Rural Unsealed Local	1,143,882	2,141,084	2,868,606		3,865,808		1,134,887	2,730,921
Roads Rural Unsealed Regional	1,711,561	114,767	1,650,000		53,206			53,206
Roads Urban Sealed Local	4,711,785	1,410,843	6,900,069		3,599,127		244,397	3,354,730
Roads Urban Sealed Regional	0	193,816	470,403		664,219		58,000	606,219
Roads Urban Unsealed Local	10,000	66,539	67,999		124,538		8,341	116,197
Rural Fire Service	4,006,961	4,485,109	34,761		512,909		583,061	-70,152
Saleyard	502,001	15,000	487,000		-1			-1
Sewer Services	19,675,787	17,358,878	11,227,840	5,225,000	3,685,931		2,742,680	943,251
Sporting Grounds & Facilities	298,531	840,773	698,594		1,240,836		1,260,655	-19,819
Strategic Planning	118,500	587,307	0		468,807		34,183	434,624
Strategy & Assets Services	18,515	1,635,317	0		1,616,802			1,616,802
Street Cleaning	0	635,733	0		635,733			635,733
Street Lighting	52,000	390,000	0		338,000			338,000
Supply Services	0	392,853	0		392,853			392,853
Swimming Pools	518,000	1,803,086	440,441		1,725,527		0	1,725,527
Tourism	0	393,700	4,347		398,047	34,300	336,651	95,696
Town Centre Carparks	0	48,562	100,000		148,562		99,755	48,807
Waste Services	11,678,255	10,439,857	2,305,783		1,067,385		1,098,560	-31,175
Water Supplies	13,838,487	11,586,784	3,472,736	3,700,000	-2,478,967		-2,478,967	0
Wharves, Jetties And Boatramps	155,000	339,023	390,701		574,724		330,000	244,724
Works Administration	11,800	942,228	0		930,428			930,428
<b>Totals</b>	<b>115,944,942</b>	<b>97,500,039</b>	<b>53,389,253</b>	<b>19,500,000</b>	<b>15,444,350</b>	<b>9,292,225</b>	<b>14,304,372</b>	<b>10,432,203</b>
<b>Total Cash and reserves used</b>					<b>15,444,350</b>			
<i>plus</i> Cash received and restricted to reserves					9,292,225			
<i>less</i> Cash used to fund services and capital projects					<b>-14,304,372</b>			
<i>plus</i> repayment of Loans					1,750,441	1,750,441		
<b>Remaining Cash used</b>					<b>12,182,644</b>	<b>12,182,644</b>		