

## 4.6: FINANCIAL ACTIVITY STATEMENT REPORTING VARIANCE 2011-12

**Responsible Officer(s)** : Acting Executive Director Corporate Services

### IN BRIEF

- Local Government (Financial Management) Regulations 1996 require annual adoption of a percentage or value to apply in reporting variances in the Statement of Financial Activity.

### ITEM 4.6: RESPONSIBLE OFFICER RECOMMENDATION

**THAT the value to apply in reporting variances in the Financial Activity Statement for the 2011-2012 Financial Year continue to be \$100,000.**

### BACKGROUND

- At the Ordinary Council Meeting on 20 April 2010, Council at Item 18.1:

*Directed the CEO to provide immediate disclosure to Council, details of any event which may result in a material non recoverable financial loss or financial loss arising from an uninsured event, or budget variation in excess of \$100,000 Year to date.*

- This value has been applied to variance reporting for the 2010-11 Financial Year.

### DISCUSSION

- Nil.

### GOVERNMENT CONSULTATION

- Nil.

### PUBLIC CONSULTATION / ENGAGEMENT

- Nil

### STATUTORY IMPLICATIONS

- Local Government (Financial Management) Regulations 1996, s.6.4 and r.34 (5) states that:

*Each financial year, a local government is to adopt a percentage or value in accordance with the AAS, to be used in statements of financial activity for reporting material variances.*

- In the Local Government (Financial Management) Regulations 1996, AAS means the Australian Accounting Standards made and amended from time to time by the Australian Accounting Standards Board

<b>CEO:</b>	<b>RESPONSIBLE OFFICER:</b>
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**STRATEGIC IMPLICATIONS**

8. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

**Priority Goals and Objectives:**

*Goal 4: Governance..... The City of Albany will be an industry leader in good governance and service delivery.*

*Objective 4.1: The City of Albany will be a cohesive Council delivering ethical and responsible government committed to excellence in board governance.*

**City of Albany Mission and Values Statement:**

*At the City of Albany we apply Council funds carefully.*

**POLICY IMPLICATIONS**

9. Nil.

**RISK IDENTIFICATION & MITIGATION**

10. The risk identification and categorisation relies on the City's Risk Management Framework.

<b>Risk</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Risk Analysis</b>	<b>Mitigation</b>
Percentage or value not agreed to by Council	Unlikely	High	High	Responsible Officer continues to report under adopted variance value until agreement is reached and compliance with Local Government (Financial Management) Regulations 1996 is achieved.

**FINANCIAL IMPLICATIONS**

11. The adopted value will be applied to variance reporting in the 2011-12 year.

**LEGAL IMPLICATIONS**

12. Nil.

**ALTERNATE OPTIONS**

13. Nil.

**SUMMARY CONCLUSION**

14. Continued application of the existing variation reporting amount of \$100,000 is recommended.

<b>Consulted References</b>	Local Government (Financial Management) Regulations 1996
<b>File Number (Name of Ward)</b>	FM.BUG.2
<b>Previous Reference</b>	OCM on 20 April 2010, Item 18.1