

**2012-13 DRAFT CONSOLIDATED FINANCIAL STATEMENTS AND
PERFORMANCE STATEMENT**

Presenter: Phu Nguyen, Chief Financial Officer

Purpose and background

1. The purpose of this report is to seek 'in principle' approval of the Council's draft Consolidated Financial Statements, Standard Statements and Performance Statement for the year ended 30 June 2013 in accordance with sections 131(7) and 132(6) of the *Local Government Act 1989* (the Act) and to seek authorisation of two Councillors to certify the Statements in their final form after any changes recommended or agreed by the Auditor-General have been made, in accordance with sections 131(8) and 132(7) of the Act.
2. Council is required under section 131(1)(c) of the Act to prepare audited Consolidated Financial Statements regarding its operations for the financial year ended 30 June 2013. The draft Consolidated Statements are presented in Attachment 2 and have been prepared in accordance with Australian Accounting Standards. Reporting requirements have been audited by the Victorian Auditor-General's Office (VAGO).
3. Council is required under section 131(1)(b) of the Act to prepare audited Standard Statements as presented in Attachment 3. These statements comprise the income statement, balance sheet, statement of cash flow and statement of council works and provide a comparison of the performance of the Council compared to the adopted budget for the year ending 30 June 2013.
4. The draft Performance Statement and accompanying notes are presented in Attachment 4. The Performance Statement provides a summary of performance against Key Strategic Activities.
5. In accordance with best practice guidelines issued by the Australian Stock Exchange, the Chief Executive Officer and Principal Accounting Officer have made a declaration on the financial statements presented to Council (refer Attachment 5). The statement gives Council greater assurance of the integrity in financial reporting and is in accordance with Council's commitment to enhancing governance protocols.

Consideration at Future Melbourne Committee

6. The 2012-13 Fourth Quarter June 2013 Year to Date Financial Performance Report was presented at the Future Melbourne Committee on 13 August 2013. The report from Committee is presented for consideration as agenda item 5.1 for the 27 August 2013 meeting of Council.

Key issues - Audit Committee

7. The 2012-13 annual financial statements of the Melbourne City Council consolidated with CityWide Service Solutions Pty Ltd, Queen Victoria Market Pty Ltd and the Sustainable Melbourne Fund Trust were considered by the Council's Audit Committee at its meeting held on 16 August 2013.
8. The 2012-13 Performance Statement and Standard Statements have also been considered by the Audit Committee.
9. Declarations of assurance made by the Managing Directors and Chief Financial Officers of the subsidiary companies were provided to the Council's Principal Accounting Officer and presented to the Audit Committee.

Recommendation from management

10. That Council:
 - 10.1. Approves in principle, the 2012-13 Consolidated Financial Statements, Performance Statement and Standard Statements.
 - 10.2. Approves the Future Melbourne Committee, under its current delegated powers, dealing with any matters which may arise as a consequence of further Auditor-General's review, following submission of the draft 'in principle' statements, to ensure the accounts can be submitted to the Minister by 30 September 2013 and report any adjustments to the draft 'in principle' statements to the Audit Committee.
 - 10.3. Nominates and authorises the Lord Mayor, Robert Doyle, and the Chair of the Future Melbourne Committee (Finance and Governance portfolio), Cr Stephen Mayne, to certify and approve the Consolidated Financial Statements, Performance Statement and Standard Statements in their final form after any changes recommended, or agreed with the Auditor General, have been made on behalf of Council.
 - 10.4. Acknowledges the declaration made by the Chief Executive Officer and Principal Accounting Officer (Chief Financial Officer) which is provided in accordance with good governance principles and gives the Council greater surety of the information contained in the statements.

Attachments:

1. Supporting Attachment
2. Draft Annual Consolidated Financial Statements for Council 2012-13
3. Draft Standard Statements 2012-13
4. Draft 2012-13 Performance Statement
5. Declaration by the Chief Executive Officer and Principal Accounting Officer

SUPPORTING ATTACHMENT

Legal

1. The report accurately describes the relevant statutory framework.

Finance

2. The financial details are contained in the draft Annual Consolidated Financial Statements for Council 2012-13 (refer Attachment 2). The underlying surplus and comprehensive result is consistent with the result communicated to the Future Melbourne Committee on 13 August 2013. No changes to the financial result were made following the audit by the Victorian Auditor General's Office.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. The Victorian Auditor General's Office undertook the audit of the Consolidated Financial Statements, Performance Statement and Standard Statements.
5. The information attached to the report was considered by the Audit Committee at its meeting on 16 August 2013.

Environmental sustainability

6. There is no significant impact on environmental sustainability.