

How agencies can prepare for year-end

FinPro seminar – 3 June 2022

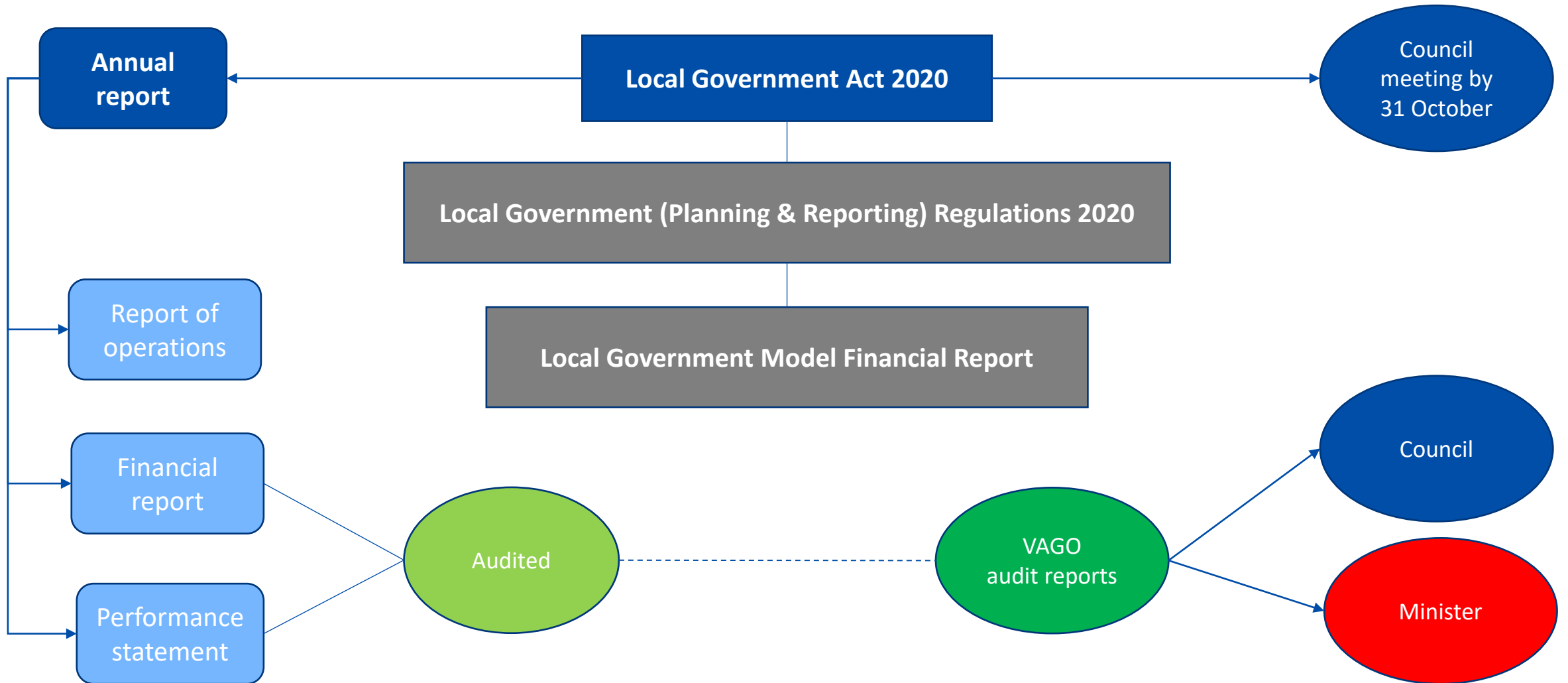
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VAGO

The run sheet

1. The legislative requirements
2. Tips for a smooth year-end
3. Audit areas of interest
4. Parliamentary reports
5. Other matters

1. The legislative requirements



2. Tips for a smooth year-end

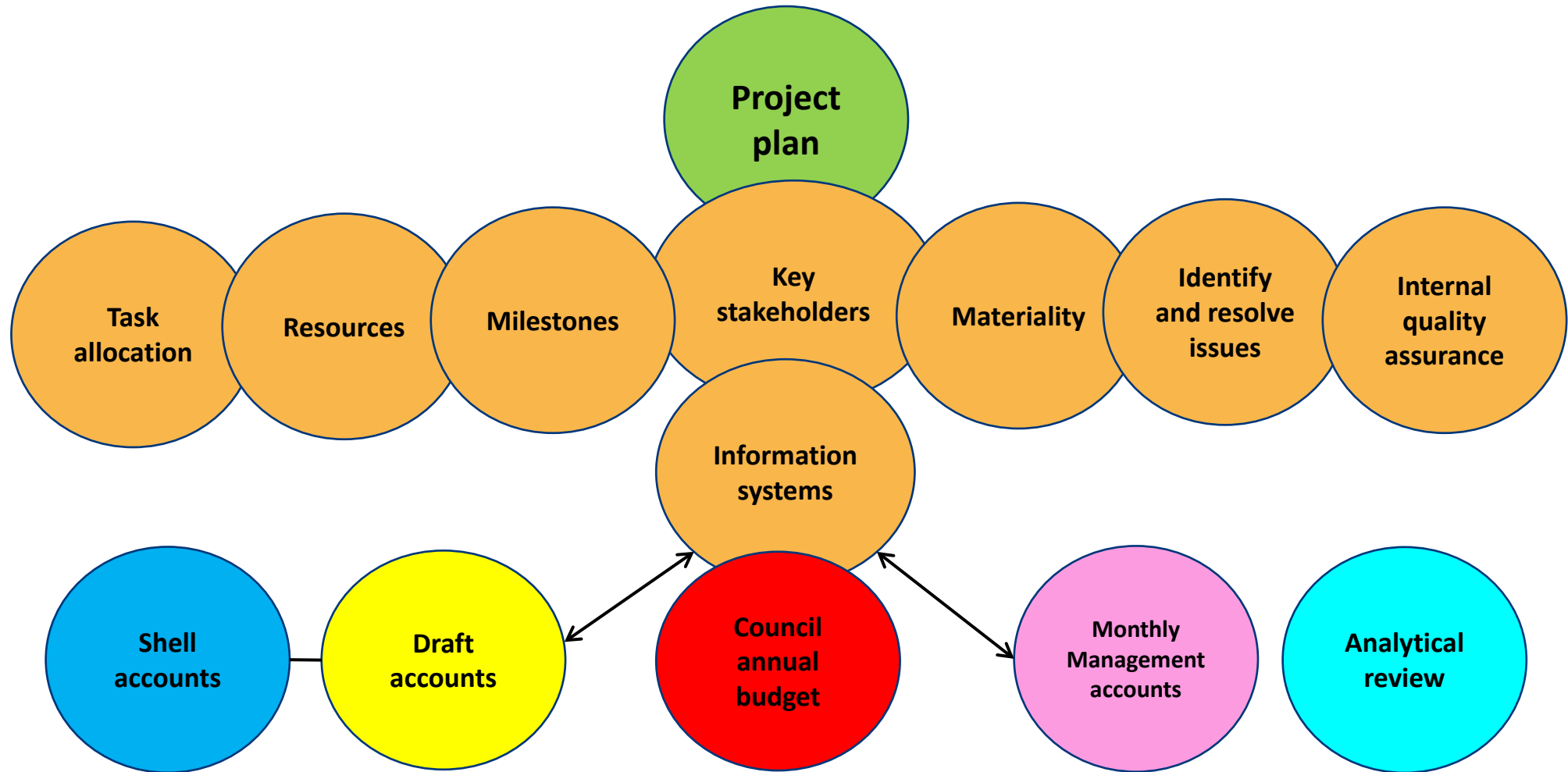
- Understanding your obligations
- Identify the pieces of the puzzle to be successful
- Understand the linkages
- Set realistic timelines
- Have a detailed project plan
- Open and regular communication ... remote audits

Do it once, do it right

Efficient use of resources

Save costs

Pieces of the puzzle underpinning the preparation of a financial report and performance statement



Items to consider prior to balance date

1. Project plan

- *Do you have a project plan? Is it detailed? Does it cover all bases?*
- *Assess whether any risks to delivery exist.*

2. Briefing papers

- *Do you have any key accounting issues or transactions whereby a briefing paper should be prepared for the Audit Committee?*

3. COVID-19

- *Have you considered the impact(s) of COVID on financial performance and position and disclosures within the financial report*

Items to consider prior to balance date (continued)

4. Asset revaluations

- *Scrutinise independent valuation reports, ascertain whether any caveats exist that warrant disclosure in the financial report*

5. Government grants

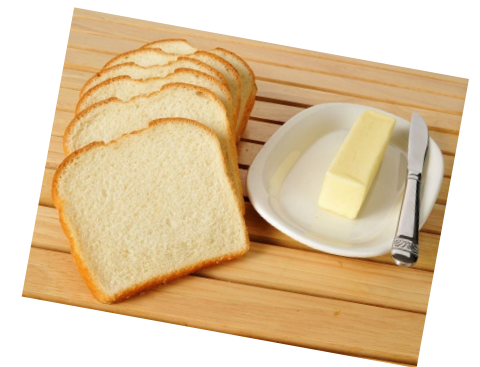
- *Profile your grants and for material grants document your assessment re AASB 15 / 1058*
- *Seek clarification from funding agency as to whether recall provisions are being waived or activated in relation to agreements with sufficiently specific performance obligations*

6. Preparation of shell accounts

- *Refer LG model accounts 2021-22*
- *line items and disclosures not relevant to a particular Council should be **deleted***
- *if a disclosure relates to an immaterial line item it can be **deleted***

Matters often overlooked that can be considered now as part of the shell accounts or at year-end process

Common shortcomings	Comment
Name of agency	No consistency throughout the financial report
Mathematical accuracy	Adding errors
Grammar	Spelling mistakes
Note references	Note references incorrect
Note sequence	Not sequential and /or Notes are missing
Comparatives	At times comparative information not disclosed or incorrect
Presentation	Column headings missing or refer to wrong year (i.e. 2020) Content in tables cut in-half or not displaying correctly
Declaration page	Not submitted with draft accounts



3. Audit areas of interest

- **Financial report**
- **Performance statement**
- **Annual report**

Financial report

- **Note 1**
- **Material balances subject to management judgement and estimates**
- **Explanation for variances between actual and budget (or revised budget)**
- **Government grants**
- **Restricted cash and investment balances ... trust funds and deposits held**
- **Property, Infrastructure, Plant & Equipment**
- **KMP and Senior officers disclosures**
- **Cash flow statement and reconciliation note**
- **Statement of capital works**

Performance statement

➤ Reliance on info / data sets outside of finance

- Issues with the accuracy of information for non-financial KPIs being identified as part of our interim audit procedures

➤ finance teams have a role to play

Does your annual reporting project plan consider your performance statement obligations or is it just something you think about at year-end?

Annual report

- **Submit your printers proof to audit for review**
- **There should be no changes to the financial report and performance statement content post adoption of accounts and release of audit report**

Does your annual reporting project plan consider publishing timeframes and key players that need to review the draft annual report before you go to print?

4. Parliamentary reports

Results of audit 2021-22: Local Government

content / tabling date / data dashboards

VAGO annual plan 2022-23

to be tabled during June 2022

Fraud control over local government grants

Tabled 11 May 2022

9 recommendations for all councils

<https://www.audit.vic.gov.au/report/fraud-control-over-local-government-grants>

5. Other matters

VAGO hosting an Audit Committee Chairs forum

- July 2022

VAGO appointment of audit service providers for 2022-23 & 2023-24

- Competitive tender process

Financial sustainability indicators

- DTF / TCV / LGV / VAGO
 - ✓ Indebtedness ratio and definition of own source revenue

Questions

