

FinPro Member Update July 2020 (Edition 4)

President's Message

Good afternoon,

This week certainly hasn't seen the results of the number of cases we were hoping for.

I know you all will be trying your hardest to get through the current situation. Hang in there, we will be able to get through this together. I continually hear from people who are working incredibly hard behind the scenes to keep our organisations ticking over, deliver projects, budgets and year-end audits whilst also ensuring the health and safety of our staff – I know we might not be on the front line but we are making a difference! Remember to pat yourself on the back.

Today we held our first Lunch and Learn session. A fantastic turnout and I hope you were able to get something out of the session. Can I take this opportunity to thank all the panel, who generously donated their time for our benefit, thank you! And thank you to Gab who has worked behind the scenes to allow us to deliver these PD sessions in a very different format, (Gab, you certainly have learnt a lot about IT).

Next week we will also offer a Technical Webinar (I know all you true accountant nerds are excited about that)! It will be fantastic to hear from Sanchu Chummar (VAGO), Martin Thompson (Crowe Horwath) and a number of LG practitioners on some of the technical accounting standards and questions being posed by members, see you there! Further details on page 2 of this Update.

Enjoy the weekend!



Bradley Thomas - FinPro President
Director Community and Corporate Services – Hepburn Shire

Membership News

We welcome two new members at Mitchell Shire Council. **Karen Le Gassick** and **Josie Fletcher** have both joined the team at Mitchell as Management Accountants. Welcome aboard!

We farewell **Vishantri Perera**, Manager Financial Services at Yarra Ranges and Executive Member of FinPro. Vish is returning to Sri Lanka to farewell her father who died this week and will be leaving Yarra Ranges at the same time. We wish you all our best Vish and hope to see you back in the sector at some time in the future.

We congratulate **Jessica Marie** on her new role at Whitehorse City Council as Corporate Reporting Officer. Jessica has moved to Whitehorse from Bayside City Council where she held a similar role.

If you have any news to share with the FinPro membership please forward this to **Gab**.

FinPro Q&A – Live ZOOM session

- **Thursday 6 August 2020, 12.00 noon to 12.45pm**
- **Have your technical questions answered!**
- **FREE for all FinPro Members**

As Councils are thick into preparing year end accounts, being audited, ensuring they are meeting the requirements of the changed accounting standards etc. there are always a lot of questions. To assist, FinPro will be running a Live Question and Answer session next week (Thursday 6 August). This is your opportunity to ask the questions you may have around:

- Year End Accounts Preparation
- Year End Audit Process
- Changes to accounting Standards
- Grants
- Revaluation during COVID-19

Panelists:

- **Sanchu Chummar**, Acting Sector Director, Local Government, VAGO
- **Martin Thompson** – Senior Partner, Audit and Assurance, Crowe
- **Tony Rocca** – Vice-President FinPro (Technical Committee) and Manager Finance and Governance, Maroondah City Council
- **Simone Wickes** – Manager Financial Services, Monash City Council

Facilitator

- **Danny Wain** – Executive Member FinPro (Technical Committee) and CFO, Monash City Council

In order to get the most out of this session, if you are able to send through in advance any questions you have – this will ensure that the Panel are able to answer them on the day. Email the questions when registering, or separately prior to the session to gab.

REGISTER HERE

After registering, you will receive a confirmation email containing information about joining the meeting.

FinPro Technical Committee News / Updates

General Information

The LGV website provides a host of information: [LGV - COVID19 Information](#)

The FinPro Website provides a host of information: [FinPro Resource Library](#)

Information available here includes:

- Previous copies of the FinPro Member Updates
- Implementation of the Local Government Act
- Accounting Standards Guidance (Updated 17 July 2020)
- Model Budget 2020/2021 and Model Financial Statements 2019/20
- Samples of council policies

Local Government Act 2020 – Implementation

The Local Government Act 2020 is currently being implemented.

The main source of information about the Implementation is available on the Engage Victoria website - <https://engage.vic.gov.au/local-government-act-2020>

If you wish to join the Engage Vic mailing list go to the above website and add in your details. You can also indicate your specific areas of interest at this time so that specific information can be sent your way.

Last Friday (24 July 2020) LGV started a new regular information update that will be distributed to the sector. Titled "Implementation Matters", the information will provide the latest news and development in relation to implementation of the Local Government Act 2020.

The email with the Update will have been sent to the CEO of every council plus other stakeholders. For those who have not received it – a copy is included here:

IMPLEMENTATION MATTERS - ISSUE 1

This email contains key information to support councils in the implementation of the Local Government Act 2020.

Getting Ready for 1 September 2020

At this stage your council should be well on the path to developing or having developed the following:

Governance rules

These need to be in place by 1 September 2020. You can access some draft model governance rules that were developed by a group of officers from across four councils <https://engage.vic.gov.au/local-government-act-2020/governance-rules-workshop-feedback-themes> You can also find other useful resources to help you, including the authors of the draft talking about their experience in adopting the draft rules to their unique needs.

Public Transparency Policy

You can access a draft model public transparency policy jointly developed by officers from several councils here <https://engage.vic.gov.au/local-government-act-2020/public-transparency-workshop-feedback-themes>. You need to have your own council's public transparency policy in place by 1 September 2020.

Audit and Risk Charter

Every council needs to have in place an audit and risk charter that complies with the requirements of the Local Government Act 2020 by 1 September 2020. You can access a draft model Audit and Risk Charter developed by a group of officers from across several councils and/or direct experience with being chair of an Audit and Risk Committee on council at this link <https://engage.vic.gov.au/local-government-act-2020/risk-audit-committee>.

Council Expense Policy

Councils must adopt a policy meeting the requirements of the Local Government Act 2020 by 1 September 2020. In the interim the existing policy continues to operate. You can access a model draft council expense policy here <https://engage.vic.gov.au/local-government-act-2020/council-expenses-policy>.

Delegated Committees and Community Asset Committees

In order to provide support to councils to achieve the requirements due for implementation by 1 September 2020 and in conjunction with officers from several councils a draft Delegated Committees and Community Asset Committees guideline has been developed for councils to use. <https://engage.vic.gov.au/index.php?cID=4148>

How is your council tracking on the above?

We are keen to hear from you on how your council is tracking in getting these key documents in place by 1 September 2020. We would appreciate you taking time to complete the survey through the link below:

<https://engage.vic.gov.au/local-government-act-2020/local-government-act-2020-implementation-progress-survey>

Local Government Elections 2020

The Victorian Government has confirmed that the local government elections will take place through postal ballot on 24 October 2020. Due to COVID-19 there are a number of significant changes to consider:

Mandatory Candidate Training

Local Government Minister, the Hon Shaun Leane MP, has confirmed that Mandatory Candidate Training for the 2020 Local Government elections will be delivered through a short online course to be released in the week of August 3.

Under the new requirements included in the Local Government Act 2020, candidates must complete the Victorian Government's Local Government Candidate Training course to be

eligible to nominate with the Victorian Electoral Commission. This includes all serving or former councillors intending to nominate.

Local Government Victoria has developed the online course in collaboration with the sector: it will be easily accessible online and take approximately an hour to complete.

Councils are expected to provide a link to the course on their websites and “reasonable assistance” to enable people to complete the training.

Local Government Victoria will circulate a website link that can be added to council websites next week, along with advice, FAQs, advertising and more detailed information on training registration and data collection.

Looking Ahead

There are a number of things councils need to undertake and plan for after the elections and when councillors have been sworn in. Considering and planning for these now will ensure council staff are on top of these and able to explain them clearly to the new council after the elections. Here are some worth considering:

Integrated Strategic Planning:

One of the next big steps in the implementation of the Local Government Act 2020 looks at the integrated approach to planning, monitoring and reporting. The Act requires councils to develop an integrated planning framework (see Part 4 – Planning and financial management of the Act). This framework includes the development of a Community Vision, Council Plan, Four-year budget, Financial Plan, Revenue and Rating Plan, Asset Management Plan, Workforce Plan and Annual Report.

Local Government Victoria is taking a co-design approach to this part of the implementation program. I encourage members of your council to take part in this process that will identify the support councils need to meet the requirements of the integrated planning framework and to then develop those tools. This is the largest co-design exercise we will be undertaking as part of the implementation and your support is critical to achieving an effective outcome.

Step 1 will take place during July / August and include small working groups. The groups will be made up of a variety of councils, working through a workbook with resource materials. The outcome will provide inputs into a broader co-design process into the Integrated Strategic Planning and Reporting Framework as well as the understanding and prioritisation of the support required for each piece that makes up this framework.

I strongly encourage your council's involvement in this critical piece of implementation. I anticipate your involvement may total around ten hours over the next 2/3 months.

Please provide us with your nominations at LGAct@delwp.vic.gov.au including the following information (there is no limit to the numbers you can nominate and we encourage you to commit several or more staff from across your organisation to this exercise if you can):

Name:

Position:

Years of experience: (This is to ensure we have a good spread of experience in the working groups)

Email:

I look forward to the involvement of local government staff from across the state and if you have any queries or would like to find out more, please contact Sharon Redmond via email sharon.redmond@delwp.vic.gov.au. Registrations need to be in by 4pm, Monday, 27 July 2020.

Community Engagement Policy

Each council needs to have an adopted Community Engagement Policy in place by 1 March 2021. The Community Engagement Policy is critical to a number of other legislative requirements, including the Community Vision, Council Plan, Asset Plan and Financial Plan. The vision and plans need to involve deliberative engagement and the council's Community Engagement Policy is where you will articulate what your council means by deliberative engagement. You can also use the Community Engagement Policy to explain where you might intend to use deliberative engagement for other council activities. There are other plans and policies that will need community engagement which should also be articulated in your Community Engagement Policy.

You can access a video recording of officers from across several councils talk about how they are approaching developing their Community Engagement Policy. In addition, there are examples of some draft policies already being developed by several councils available. LGV also have a set of FAQs that may be helpful in developing your Community Engagement Policy. All this information can be accessed here: <https://engage.vic.gov.au/local-government-act-2020/community-engagement-workshop-feedback-themes>

Feedback sought now until 15 August 2020

Additional information is now available on our EngageVic website in relation to two inform pieces:

1. Oath or affirmation of office; and
2. Improper conduct.

LGV is currently seeking feedback in relation to these elements and this is open until 15 August 2020. The following links will take you to the relevant sections in EngageVic:

<https://engage.vic.gov.au/local-government-act-2020/inform-oath-or-affirmation-office>

<https://engage.vic.gov.au/local-government-act-2020/inform-improper-conduct>

...and Finally

For the latest news please consider bookmarking the LGV Website where you will be able to access the latest information on implementation of the Local Government Act 2020 <https://www.localgovernment.vic.gov.au/>

This email has been sent to all CEOs of Victorian Local Councils, our peak bodies and other stakeholders. I intend to provide a regular email updates to you as we work together to implement the Local Government Act 2020.

Thank you for your time and partnership in implementation
Hannah

Hannah Duncan-Jones
Director Policy and Strategy – Director responsible for Local Government Act 2020 Implementation | Local Government Victoria | Local Government and Suburban Development Group
Department of Jobs, Precincts and Regions
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Update from VAGO

The following important information was shared with the sector by VAGO earlier this week and is replicated here for those who did not receive it directly from them. Thanks to Sanchu with sharing with us.

I hope you are safe and well. Find below and attached sector update for your reference. We completed two weeks of final phase audit visits, and high-level comments on accounting and audit matters that we are noting till date:

Financial report – Comprehensive income statement / P&L:

- **Working with Victoria Fund** – Some councils received this State Government funding before 30 June 2020, with varied accounting treatment applied by councils relating to this receipt. We have initiated an accounting technical query (internally with our technical team) to provide guidance to auditors. Outcome of this consult is expected later this week.
- Accounting impacts for rent free period / **COVID-19 rent concession** under AASB 16 Leases needs to be considered. This will impact both lessor and lessee accounting. An amendment came out in June 2020 from AASB for lessee accounting. For lessors, accounting treatment will depend on force majeure clause or equivalent terms in the lease contracts.

Financial report – Balance sheet:

- **Asset Revaluations**
 - Some external valuers have changed assumptions and methodologies in their valuations. Any change in approach would need supporting evidence as to why the alteration is appropriate. This change may also have implications for financial statement disclosures.

- Where revaluation is performed before 30 June, auditors will be requesting for revaluation report to be extended to take into consideration any Cv19 impacts on fair value as at 30 June 2020. Ensure supporting evidence for unit rates, recent sales data etc., are reasonable and appropriate and takes into consideration the changed circumstance.
- **Wage inflation and discount rates as at 30 June 2020** - DTF have released the wage inflation and discount rates as at 30 June 2020 for the measurement of employee entitlement liabilities. <https://www.dtf.vic.gov.au/financial-reporting-policy/wage-inflation-and-discount-rates>
- **Accounting estimates** – COVID-19 has added a layer of difficulty in the estimation process related to key account balances that requires significant management judgement; such as asset valuations, whether impairment has occurred, recoverability of receivables and expected credit losses etc.,

Financial report – Disclosures:

- Refer attached financial statement **disclosures in relation to COVID 19** that was circulated last month. I have made few changes based on the feedback received. We are seeing varied disclosures (with some councils opting for a single note disclosure on Cv19 vs Cv19 disclosures under various notes). From audit perspective, comfortable with both approaches.
- With Victoria going through the second wave of COVID 19, **subsequent events / post balance sheet event disclosure** in this year's financial report will be a key disclosure for most entities. Refer to a simple write-up on this matter released by QAO - <https://www.qao.qld.gov.au/blog/assessing-covid-19-events-after-reporting-date-why-auditors-are-required-review> for guidance.
- Going concern assumptions / financial viability risk and audit opinion impacts – Another audit area that needs consideration (especially for council associated entities like markets / leisure centres etc., that prepare separate financial reports) is **going concern assumption disclosures**. If the council is providing any funding support / letter of support etc., to mitigate the material uncertainty, do reach out to auditors early to agree on the level of disclosures and impact (if any) on the audit opinions.

Performance statement:

- Some councils are using prior year performance statement templates. During 2019-20, few indicators are 'retired' and new indicators introduced. Please **use new template**. Link <https://www.localgovernment.vic.gov.au/strengthening-councils/sector-guidance-planning-and-reporting> (guidance note and updated workbook under performance reporting framework dropdown)
- LGV released a **supplementary guide for the treatment of COVID-19 impacts** on the LGPRF performance indicators. Refer attached email for guidance.
- Refer to attached email for clarification on a query relating to disposal of recyclables for indicator WC5.

Audit process matters:

- **Amended year-end templates released by VAGO in July 2020:**
 - Closing report and final management letter – no major structural changes, plain English and refresh to formatting, and
 - Management representation letter - incorporates proforma commentary around impacts of the new AASBs and the COVID 19 pandemic to the audit for 30 June 2020.
- Audit report sign off process – Given the current economic climate, my preference will be not to leave much time between the audit completion, financial report sign-off and issue of audit opinion. Please note that auditors (myself /ASPs) will be reaching out to you (in an email) on the date of opinion issue to get an update on any subsequent event that we need to be aware of.
- Meeting agreed audit timelines – We are conscious of the profound impact on many of you and your team due to stage 3 restrictions, and the return of home schooling in Victoria. We are finding similar challenges with audit teams as well. Note that (unlike previous years), any delay to agreed timelines may result in audits been rescheduled to later in the year due to audit capacity constraints. Refer attached an earlier e-mail (PDF attachment) from VAGO to CFOs signalling this scenario and also with tips on getting ready for remote auditing.

VAGO performance audit and other integrity bodies update – July 2020 audit update is attached for your reference.

Other updates – Kevin Chan is currently on paternity leave till mid-August. Megan (copied above) is managing Kevin's audit portfolio during this period.

If you have any queries, please feel free to reach out. Stay safe and well.

Thanks, and kind regards, Sanchu

Sanchu Chummar, Acting Sector Director, Local Government, VAGO

Implementing the changes to the Accounting Standards

Recent survey results (from the FinPro survey on Professional development) showed that 62% of respondents were concerned about implementing all the changes required for the new accounting standards.

Taking this onboard, we have developed some guidance to assist members. This information is provided following consultation with both LGV and VAGO and is included on our [website](#).

2020/21 Council Budget Parameters and Budget Adoption Timelines

A reminder that FinPro are providing an up-to-date picture across the state of the progress of adoption of Council Budgets for 2020/21, along with measures taken within the budget to assist communities to cope with the affects of COVID-19. As Council's adopt their budgets, please provide the updated information to [gab](#) so that she can update the survey accordingly.

SURVEY RESULTS

Vision Super Superannuation Note

Vision Super recently distributed their sample Superannuation Note for year-end accounts – this was in a pdf format. A number of our members have requested that it be made available in word format. Thanks to Vision Super for providing this information – it is now available on our [website](#) just near the bottom of the page. Both a short form and a long form are included.

Job Vacancies

FinPro is happy to place advertisements on our website for any finance related positions our members councils are advertising. Please send the following details through to [Gab](#)

The following position is currently being advertised:

- Manager Financial Services**
 Hepburn Shire Council
 Applications close 3 August 2020
 For a confidential discussion call Bradley Thomas, Director Community and Corporate Services on (03) 5321 6450.
<https://www.hepburn.vic.gov.au/manager-financial-services/>

And a couple of jokes:

My Dentist recently warned me "This might be a bit painful Terry"

"I said that's OK Doc I can handle it"

He sighed and said "I don't know how to tell you this - I've been having an affair with your wife"

My mate Bob shocked and hurt me recently.

He told me that I made him feel uncomfortable and have no respect for his personal space. What an awful thing to say to a mate.

It totally ruined our bath!

A lovely elderly lady offered a bus driver some peanuts.

He happily took and enjoyed some however asked why she didn't have some herself.

"I find them too hard on my teeth" - she said.

Why do you buy them?" asked the driver?

"I just love the chocolate coating "

FinPro Executive Members

President – Bradley Thomas (Hepburn Shire Council)

Executive Officer – Gab Gordon

Vice-President: Chair Technical Committee – Tony Rocca (Maroondah City Council)

Technical Committee members:

- Danny Wain (Monash City Council)
- Kristy Stephens (Bass Coast Shire)
- Liz Rowland (Western Water)
- Mark Montague (Yarra City Council)
- Nathan Morsillo (Greater Bendigo City Council)
- Vishantri Perera (Yarra Ranges Shire Council)

Vice-President: Chair Professional Development committee – Binda Gokhale (Wyndham CC)

Professional Development Committee members:

- Belinda Johnson (Southern Grampians Shire)
- Charles Nganga (Casey City Council)
- John Brockway (Surf Coast Shire) – also leads the FinPro Mentoring Program
- Kim Jaensch (Frankston City Council) – also leads the FinPro Leadership Program

Thank-you to our 2019 Conference sponsors

We look forward to seeing you back at our next annual conference from 20 – 22 October 2021 at RACV Cape Schanck

To Contact FinPro:

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