

Circular Details	23-10 / 14 August 2023 / A857262
Previous Circular	22-29, 22-28
Who should read this	Finance Staff / Revenue Professionals / Governance Staff / General Managers / Executive Officers
Contact	Performance Team / 4428 4100 / olg@olg.nsw.gov.au
Action required	Information / Councils and Joint Organisations to Implement

Subject

End of Year Reporting Requirements for 2022-23 and Additional Information for 2023-24

What's new or changing

End of year reporting information for the 2022-23 financial year, including annual report checklist, financial data return (FDR) and Financial Assistance (FA) Grant returns and 2023-24 permissible income working papers and calendar of compliance.

What this will mean for your council

- Councils and Joint Organisations (JOs) need to review the attached end of year reporting information.
- Councils and JOs should familiarise themselves with the reporting timeframes when submitting their 2022-23 financial statements, FDR, and FA Grant returns.
- Councils can access and download the annual report checklist, FDR for 2022-23 and FA Grant returns, as well as the 2023-24 Calendar of Compliance.
- The permissible working papers are available for use for the auditing process.

Key points

- Annexure 1 provides information to assist councils in submitting their 2022-23 financial statements and FDR.
- Annexure 2 provides information to assist JOs in submitting their 2022-23 financial statements and FDR.
- The FDR and permissible income working papers will be sent under separately with an explanatory email and will be available on the Office Local Government (OLG) Council Portal, in conjunction with this circular.
- All returns are available at <https://www.olg.nsw.gov.au/council-portal/council-surveys/>.
- The financial statements and FDR are to be sent electronically to OLG by 31 October 2023.
- The FA Grants general return is to be submitted by 31 August 2023 and the National Local Roads (NLRDS) return to be submitted by 30 November 2023.
- Councils are required to submit the permissible income working papers following the auditing process.
- Instructions on where to email the returns are included on the cover sheet of the respective returns.
- Councils are reminded that they must place the Operational Plan, revenue policy and fees and charges on council's website within 28 days of adoption, with the Community Strategic Plan, Resourcing Strategy and Delivery Program.

Where to go for further information

- The Local Government Code of Accounting Practice and Financial Reporting (the Code) for 2022-23 is available on OLG's website at: www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financial-reporting/
- The updated permissible income workpapers will be available on OLG's website at: <https://www.olg.nsw.gov.au/councils/council-finances/financial-guidance-for-councils/rating-and-special-variations/>
- The 2022-23 annual report checklist is available at: <https://www.olg.nsw.gov.au/councils/policy-and-%20legislation/guidelines-and-policy-information-resources-for-councils/council-annual-reporting-requirements/>
- The 2023-24 Calendar of Compliance can be accessed at: <https://www.olg.nsw.gov.au/councils/policy-and-legislation/guidelines-and-policy-information-resources-for-councils/council-reporting-calendar-compliance/>
- The FDR, FA Grant general return and NLRD returns can be sourced from the Council Portal at: <https://www.olg.nsw.gov.au/council-portal/council-surveys/>

Brett Whitworth
Deputy Secretary, Local Government

Annexure 1: Information to assist councils prepare 2022-23 Financial Statements

Submission of Financial Statements

- The general purpose financial reports, special purpose financial reports, special schedules and the Auditor's Reports are to be formatted into a single PDF document, titled using the format: "Council name – Financial Statements – 2022-23".
- All councils, county councils and joint organisations must lodge their financial statements by **31 October 2023**.
- The financial statements should be sent to finance@olg.nsw.gov.au.
- Statements received after this date will be considered as being submitted late and not in accordance with the *Local Government Act 1993* (the Act).
- Should council require an extension to lodge their financial statements, these should be requested by the general manager prior to 17 October 2023 and forwarded to olg@olg.nsw.gov.au.

The Code – Update 2022-23

- The Code must be used to prepare the annual financial statements in accordance with the Act and the Local Government (General) Regulation 2021 (Regulation).
- The Code and supporting materials are available on the OLG website at: www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financial-reporting/

Communications during the preparation of financial statements and audit process

- Finance professionals are encouraged to communicate with the Audit Service Providers/Audit Office representatives in relation to any matters that may arise.
- Audit, Risk and Improvement Committees may consider engaging committee members early to review the financial statements, key accounting estimates and accounting issues prior to audit.

FDR

- The 2022-23 FDR will be emailed under separate cover.
- This is to be submitted by **31 October 2023** to fdr@olg.nsw.gov.au in Excel format only.
- The FDR should be accurate and align with the audited financial statements. The FDR will be returned to council should there be any errors, discrepancies or worksheets not completed.
- The return can also be accessed via the Council Portal on the OLG website.
- Information/data from the FDR is published in the Time Series Data and Your Council website and for the monitoring of council's performance. Data is also used in the calculation of councils FA grants.

Asset valuations and fair value assessments

- Councils should ensure early commencement and completion of asset revaluations.
- Fair value assessments need to be conducted annually.

- Adequate documentation, including position papers need to be readily available for the auditors, if requested.
- The necessary documentation should be agreed with the auditor prior to year-end.
- Restrictions on asset use, especially for community land and land under roads, should be taken into account when assessing valuation.
- NSW Valuer General's valuations may be used to represent the fair value of community land.
- Councils will then need to separately consider any improvements made to community land in the overall fair value assessment.

Council Borrowings

- The Proposed Borrowing Return should have been completed and forwarded to NSW TCorp (lgs@tcorp.nsw.gov.au) if you have not already done so.
- The return can be accessed via the Council Portal/Council survey and data returns on the OLG website.
- Councils are required to advise the Deputy Secretary, Local Government of amounts borrowed within 7 days when loans are drawn in accordance with clause 230 of the Regulation.
- Notification can be emailed to finance@olg.nsw.gov.au.
- Councils are also reminded of the need to complete the capital expenditure review requirements, as per OLG Circular 10/34, prior to the commencement of projects greater than \$1 million or 10% of council rating revenue. Please contact OLG's Performance Team if you have any questions in relation to this review on (02) 4428 4100.

Annexure 2: Information to assist JOs prepare 2021-22 Financial Statements

Submission of Financial Statements

- The general purpose financial reports and the Auditor's Reports are to be formatted into a single PDF document, titled using the format: "JO name – Financial Statements – 2022-23".
- All JOs must lodge their financial statements by **31 October 2023**.
- The financial statements should be sent to finance@olg.nsw.gov.au.
- Statements received after this date will be considered to be submitted late and not in accordance with the Act.
- Should the JO require an extension to lodge their financial statements, these should be requested by the Chief Executive Officer prior to 17 October and forwarded to olg@olg.nsw.gov.au.

JOs Supplement to Local Government Code of Accounting Practice and Financial Reporting (Supplement)

- The Supplement must be used to prepare the annual financial statements in accordance with the Act and the Regulation.
- The Supplement is available on the OLG's website at www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financial-reporting

JO FDR

- The 2022-23 JO FDR will be emailed under separate cover.
- This is to be submitted by **31 October 2023** to jofdr@olg.nsw.gov.au in Excel format only.
- The JO FDR should be accurate and align with the audited financial statements. The FDR will be returned to the JO should there be any errors, discrepancies or worksheets not completed.
- The return can also be accessed via the Council Portal on the OLG website.