

Department of the Chief Minister and Cabinet

# Local Government Unit

Mary Joseph

Manager Compliance

Local Government Unit



# Agenda

1. Annual Budget
2. Monthly Finance Report
3. Reporting -Annual Financial Statement and Annual Report
4. Compliance Reviews/ Investigations
5. Q&A

# Council's Annual Budget

1

# Annual Budget

- A council must adopt its budget for a particular financial year on or before 30 June in the previous financial year (Sec 203(1) *Local Government Act 2019* (the Act) ).
- Council must review its budget twice a year, at least once between:
  - 1 July and 31 December; and
  - 1 January and 30 April
- ‘Review’ does not mean amending the budget. A budget can be amended after a review or during a review.
- The Act requires a council to notify the Department in writing of the adoption of its budget or its amended budget. Please email to [LG.Compliance@nt.gov.au](mailto:LG.Compliance@nt.gov.au)

# Annual Budget

- The Act mandates certain information to be included in the budget (S.201):
  - (a) The Budget must include:
    - (i) the council's objectives for the relevant financial year; and
    - (ii) the measures the council proposes to take during the financial year, towards achieving those objectives; and
    - (iii) the indicators the council intends to use as a means of assessing its efficiency in achieving its objectives
  - (b) contain the projected statement of income and expenditure for the financial year, differentiating between operating and capital expenditure
  - (c) list the council's fees for services and the estimates of revenue from each of those fees

# Annual Budget

- (d) state the amount to be allocated to the development and maintenance of infrastructure for the financial year
- (e) state the amount the council proposes to raise by way of rates, and set out the rates structure, for the financial year; and include an assessment of the social and economic effects of its rating policies
- (g) state the allowances for members of the council for the financial year and the amount budgeted to cover payment of those allowances
- (h) separately provide for a budget for each local authority established by the council (if any)

# Annual budget

Refer to [Guideline 5](#) issued by the Minister to ensure all council's present their budget in a consistent way :



The screenshot shows a webpage from the Northern Territory Government. The header includes the Northern Territory Government logo and the text "Department of the Chief Minister and Cabinet". A search bar is located in the top right corner. The main content area is titled "Local Government Act 2019" and includes a breadcrumb trail: "Home > Supporting government > Local Government Unit > Local Government Act 2019". Below the title, it states that the Act commenced on 1 July 2021. The page is divided into sections for "Regulations" and "Guidelines". Under "Regulations", two items are listed: "Local Government (Electoral) Regulations 2021" and "Local Government (General) Regulations 2021". Under "Guidelines", it states that the Minister may make guidelines for the purposes of the Act. A list of seven guidelines is provided, each with a link to a PDF or XLSX file and its size in KB or MB.

**NORTHERN TERRITORY GOVERNMENT** | Department of the Chief Minister and Cabinet

Home > Supporting government > Local Government Unit > Local Government Act 2019

## Local Government Act 2019

The [Local Government Act 2019](#) commenced on 1 July 2021 and provides for local government in the Northern Territory.

### Regulations

Regulations made under the [Local Government Act 2019](#) include:

- [Local Government \(Electoral\) Regulations 2021](#)
- [Local Government \(General\) Regulations 2021](#)

### Guidelines

The Minister for Local Government may make guidelines for the purposes of the [Local Government Act 2019](#).

Guidelines made under the Act include:

- [Guideline 1: Local Authorities](#) PDF (263.7 KB)
- [Guideline 2: Appointing a CEO](#) PDF (281.8 KB)
- [Guideline 3: Borrowing](#) PDF (286.8 KB)
- [Guideline 4: Assets](#) PDF (279.8 KB)
- [Guideline 5: Budgets](#) PDF (305.2 KB)  
[Guideline 5: Budgets template](#) XLSX (20.6 KB)
- [Guideline 6: Annual report](#) PDF (340.2 KB)  
[Guideline 6: Annual report template](#) XLSX (16.4 KB)
- [Guideline 7: Procedural Fairness in Deciding Code of Conduct Complaints](#) PDF (1.6 MB)

# Monthly Financial Report

2



# Monthly financial report

- The guideline only specifies the minimum reporting guidelines
- A mandatory monthly financial report template has been issued which is available at the following link:  
[Monthly financial report form](#)
- Any form of additional reporting or presentation can be included in the reports
- *Local Government General Regulations 2021* provide a list of mandatory items to be included in the monthly financial report

# Monthly Financial Reports

- A certification, in writing, by the CEO stating the council's financial report best reflects the financial affairs of the council and the internal controls implemented by the council are appropriate, or explain in writing why not.
- Finance committee - If a council does not schedule an ordinary meeting at least once in each month, the council must delegate to a council committee the necessary powers to carry out, on behalf of the council, financial functions of the council in the months the council does not schedule an ordinary meeting.
- If a scheduled ordinary meeting is postponed and is not held for a particular month or a scheduled council committee meeting is not held, the CEO must publish the previous month's monthly financial report on the council's website as soon as practicable.

# Reporting – Annual Financial Statement and Annual Report

3

# Reporting

- Council's mandatory reporting requirements include:
  - Annual report including the audited financial statements
- **Annual Financial Statement** - As per the requirement of sec 207 of the Act, the annual financial statement must conform with the Australian Accounting Standards.
  - Recent amendment - Introduction of new accounting standard AASB 2022-10 : Recent amendments might impact the valuation of council's non-current assets.
  - This Standard makes amendments to AASB 13 Fair Value Measurement for application by not-for-profit public sector entities.

# Reporting

- Effective date: Standard applies prospectively to annual reporting periods beginning on or after 1 January 2024
- Introduces amendments that impact how local governments account for non-current assets not primarily held for their ability to generate net cash inflows
- These assets include but are not limited to :
  - Public infrastructure such as roads, public buildings and land
  - Recreational assets like public parks

# Reporting

- Refer [General Instruction 2- Annual Financial Statement](#) :
  - Key Management Personnel disclosure requirements: KMP is to include all persons appointed as the actual or acting KMP during the financial year. KMP of a council includes council members, the CEO and council senior staff.
  - Disclosure on CEO's remuneration: The related party disclosures note included in a council's audited financial statement must separately report the total remuneration provided to each person appointed as the actual, acting or temporary CEO during the financial year, and the relevant dates of the period their appointment(s)

# Reporting

## Annual Report

- Sec 291 of the Act prescribes the content of annual report
- [Guideline 6: Annual report](#) includes required form which provides for the minimum information that is required as per Sec 291 (1)(h) of the Act, but does not preclude a council from including additional information.
- The following needs to be included in the annual report:
  - Variation between final budgets and actuals : Regulations 12 of the General Regulations requires the annual report to include a comparison of the council's original budget, the council's most recently adopted budget and actual results, with a report on the reasons for the material variations between the most recently adopted budget and the actual results.

# Reporting

## Other reporting requirements as per the Act

- The Local Government Annual Planner can be found on the Dept.'s website which includes the key reporting requirements and due dates.

<https://cmc.nt.gov.au/supporting-government/local-government/compliance-resources>



# Reporting

Timeframe	Activity	Reference
JANUARY		
Between 1 January and 30 April	Council is required to undertake its 2 <sup>nd</sup> budget review. * A review of the budget may not always result in an amendment to the budget.	s203(2) LGA - Amended Budget r9(1)(b) Regulations - Minimum Number of Reviews
FEBRUARY		
MARCH		
By 31 March	Complete the NT Grants Commission (NTGC) Road Data Return (actual due date to be advised in writing).	r16(1)(b) Regulations
APRIL		
By 30 April	Promptly after the Conditionally Rateable Land <i>Gazette</i> notice is made by the Minister the Council must published the notice on its website.	S219(2) and (5) LGA - Conditional Rates Notice
MAY		
By 31 May	[Regional Councils] Local Authority meeting agenda must include a review of the upcoming Council Regional Plan including Council's budget, proposed projects and priorities.	s34(1)(c) LGA - Content s81 LGA - LA Advice <i>Guideline 1: Local Authorities</i> clause 11.2

# Compliance

4

# Regulatory Role

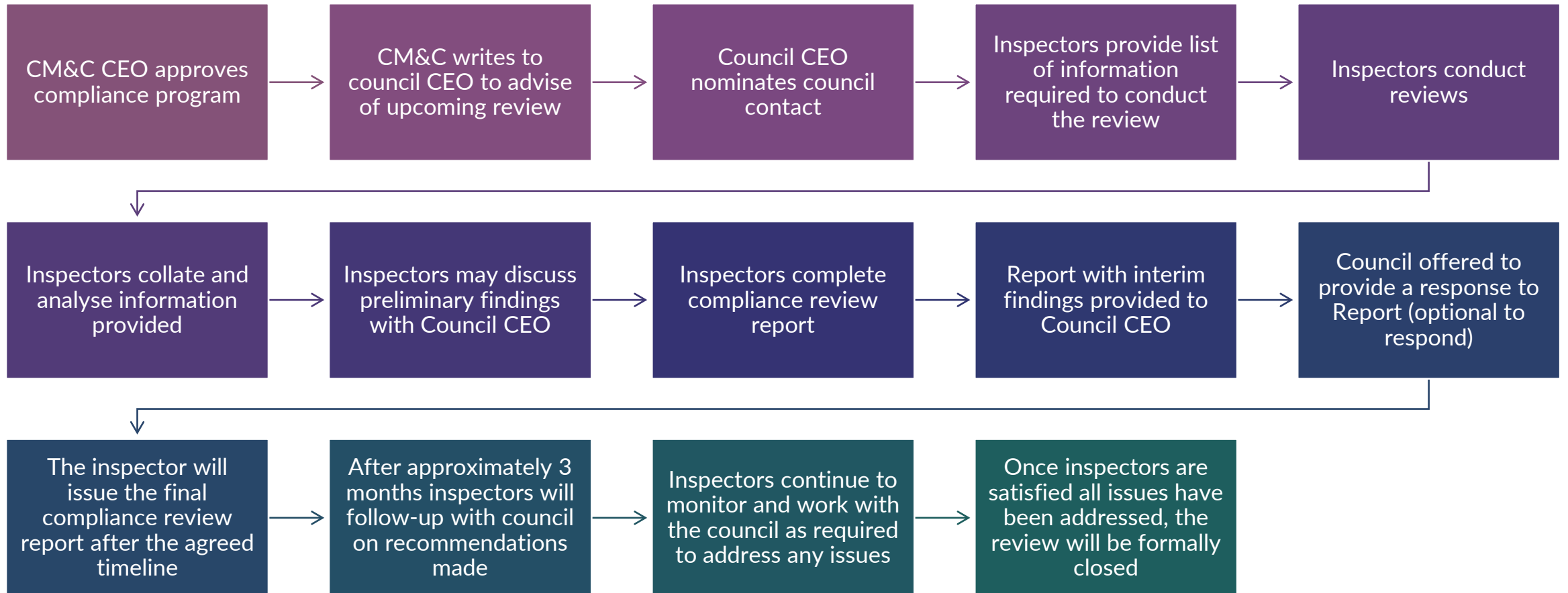
- Capability building – prevention and early intervention
- Compliance reviews
- Investigations – approved by the Agency CEO
- ICAC - referrals to Agency / Councils

# Authority

- As per sec 294 Local Government Inspectors are appointed by the Minister.
- As per sec 297 of the Act, functions of an LG Inspector are:
  - to carry out compliance reviews and
  - to investigate suspected irregularities in or affecting the conduct of a council's or local government subsidiary's affairs
- Sec 298 mandates the establishment of a program of compliance reviews for councils and local government subsidiaries.
- The purpose of the compliance review is to ensure that councils and local government subsidiaries conduct their business lawfully.
- Sec 302 Power of entry and examination.
- Sec 303 Power of formal questioning.

# Compliance activity

## Overview of a program of compliance



# Investigations

- The agency can direct an investigation into the affairs of a council or local government subsidiary.
- An investigation can only be conducted by local government inspectors.
- On the conclusion of an investigation, if there is evidence of an irregularity in the conduct of a council's affairs, the inspector must report the matter to:
  - the Agency; and
  - the council.
  - If the irregularity appears to involve improper conduct, the inspector must also report the matter to the Minister and the ICAC.

# LG Questions

- Members can bring concerns or queries to the Department through [lgquestions.cmc@nt.gov.au](mailto:lgquestions.cmc@nt.gov.au)
- Encourage and support compliance issues or concerns to be raised BEFORE they get to a crisis point.





5



Thank you

