

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL  
ON THE GENERAL PURPOSE FINANCIAL STATEMENTS OF  
OBERON COUNCIL**

**Report on the Financial Statements**

We have audited the accompanying general purpose financial statements of Oberon Council (Council) for the financial year ended 30 June 2013. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

**Council's Responsibility for the Financial Statements**

The Council are responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them. Council has elected not to include the TCorp ratios in Note 13, as these are not mandatory for the year ended 30 June 2013. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

## **Matters Relating to the Electronic Presentation of the Audited Financial Statements**

This auditor's report relates to the general purpose financial statements of Oberon Council for the year ended 30 June 2013 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

### **Audit Opinion**

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2, except as detailed below;
- (b) the Council's financial statements:
  - (i) have been prepared in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
  - (iv) are in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations).
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) except as detailed below, there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.

### **Other Matters**

#### **1. Application of the requirements of Section 416 of the Local Government Act 1993**

Without qualification to the opinion expressed above, attention is drawn to the date of issue of the financial statement. We note that the financial statements have not been completed within four months of the end of the year, as required by section 416 (5). In addition, whilst Council applied for and received an approved extension to 29 November 2013 under Section 416, it did not complete the financial statements within this timeframe.

Accordingly, this aspect of the financial statement does not comply with the Local Government Act 1993, Chapter 13, Part 3, Division 2.

#### **2. Application of the requirements of Regulation 207 of the Local Government (General) Regulation 2005 and Section 412 of the Local Government Act (NSW) 1993**

Without qualification to the opinion expressed above, attention is drawn to Section (g) of our conduct of audit report, which reports that the responsible accounting officer did not take all reasonable measures to ensure that assets of or under the control of council are properly accounted for and that Council did not keep accounting records as are necessary to correctly record and explain its financial transaction and its financial position.

These breaches relate to the failure to prepare a bank reconciliation between the end of April 2013 and 30 June 2013 and failure to maintain a stores ledger between the end of April 2013 and the end of June 2013.

**3. Application of the requirements of Regulation 212 and Regulation 207 of the Local Government (General) Regulation 2005**

Without qualification to the opinion expressed above, attention is drawn to Section (g) of our conduct of audit report, which reports that the responsible accounting officer did provide council with a written report of money that council has invested under Section 625 of the Local Government Act (NSW) 1993 and that the responsible accounting officer did not take all reasonable measures to ensure that assets of or under the control of council are properly accounted for.

These breaches relate to the failure to prepare a bank reconciliation between the end of April 2013 and 30 June 2013, and significant variances between the bank account (cash book) balance reported to Council and the actual position of Council's bank account (cash book) balance.

**4. Application of the requirements of Regulation 207 of the Local Government (General) Regulation 2005**

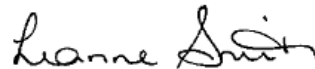
Without qualification to the opinion expressed above, attention is drawn to Section (g) of our conduct of audit report, which reports that the responsible accounting officer did not take all reasonable measures to ensure that assets of or under the control of council are properly accounted for.

These breaches relate to the conduct of a physical count of Council stores in June 2013 which identified significant variances between the physical (stocktake) count and the stores ledger. This variance does not appear to have been either resolved or accounted for.



**intentus**

291 Stewart Street  
Bathurst  
Dated: 6 December 2013



**LR Smith  
Partner**