



LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) AMENDMENT ACT 1992

No. 85 of 1992

SUMMARY OF PROVISIONS

Section

- | | |
|-----|---|
| 1. | Short title |
| 2. | Commencement |
| 3. | Amendment of s. 5—Interpretation |
| 4. | Amendment of s. 41—Delegation of powers of council |
| 5. | Substitution of heading |
| 6. | Amendment of s. 158—Accounts |
| 7. | Substitution of Divisions V and VI of Part IX |
| 8. | Amendment of s. 162—The auditor |
| 9. | Amendment of s. 163—Officers to assist auditor |
| 10. | Amendment of s. 164—Reporting of certain irregularities |
| 11. | Amendment of s. 169—Basis of rating |
| 12. | Amendment of s. 171—Valuation of land for the purposes of rating |
| 13. | Amendment of s. 174—Declaration of general rates |
| 14. | Amendment of s. 197—Procedures to be observed in relation to certain activities |
| 15. | Amendment of s. 691—Regulations |



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ELIZABETHAE II REGINAE

A.D. 1992

No. 85 of 1992

An Act to amend the Local Government Act 1934.

[Assented to 3 December 1992]

The Parliament of South Australia enacts as follows:

Short title

1. (1) This Act may be cited as the *Local Government (Financial Management) Amendment Act 1992*.

(2) The *Local Government Act 1934* is referred to in this Act as “the principal Act”.

Commencement

2. This Act will come into operation on 1 July 1993.

Amendment of s. 5—Interpretation

3. Section 5 of the principal Act is amended by inserting after the definition of “absolute majority” in subsection (1) the following definition:

“accounting records” includes invoices, receipts, orders for the payment of money, bills of exchange, cheques, promissory notes, vouchers and other documents of prime entry, and books and records which record such entries, and also includes such working papers and other documents as are necessary to explain the methods and calculations by which statements and accounts are made up:.

Amendment of s. 41—Delegation of powers of council

4. Section 41 of the principal Act is amended by striking out from subsection (2)(*eb*) “financial estimates” and substituting “any council budget”.

Substitution of heading

5. The heading to Division IV of Part IX of the principal Act is repealed and the following heading is substituted:

DIVISION IV—ACCOUNTS.

Amendment of s. 158—Accounts

6. Section 158 of the principal Act is amended by striking out subsections (4) to (7) (inclusive).

Substitution of Divisions V and VI of Part IX

7. Divisions V and VI of Part IX of the principal Act (and the headings to those Divisions) are repealed and the following Division is substituted:

DIVISION V—BUDGETS AND FINANCIAL REPORTING**Objects of Division**

158a. The objects of this Division are—

- (a) to ensure that councils establish adequate budgeting, accounting and internal control systems and procedures;
- (b) to promote financial reporting which fully reflects the operations and financial status of a council and which is in accordance with recognized accounting standards;
- (c) to promote suitable asset management and valuation systems within local government;
- (d) to ensure that appropriate financial information is available to the members, and officers and employees, of a council, and to the public generally;

and

- (e) to provide mechanisms to increase the financial accountability of local government.

Budgets

159. (1) A council must prepare a budget relating to the council's revenues and expenses for each financial year.

(2) The budget will be in a form determined by the council.

(3) A budget must be adopted by the council on or before the thirty-first day of August of the financial year to which it relates.

(4) A budget for a financial year must not be adopted more than one month before the commencement of that year.

(5) A copy of the council budget must be submitted by the council to any person or body prescribed by the regulations on or before a day prescribed by the regulations.

(6) The council must, as required by the regulations, reconsider its budget during the course of a financial year and, if necessary, revise it.

Accounting records to be kept

160. (1) A council must—

- (a) keep such accounting records as correctly and adequately record and explain the revenues, expenses, assets and liabilities of the council;

and

- (b) keep its accounting records in such manner as will enable—

- (i) the preparation and provision of statements that present fairly financial and other information;

and

- (ii) the financial statements of the council to be conveniently and properly audited.

(2) The accounting records may be kept in such form or forms, and in such place or places (within the State), as the council thinks fit.

(3) A member of a council is entitled, at any reasonable time, to inspect any accounting records kept by the council for the purposes of this section.

Financial statements

161. (1) A council must prepare for each financial year—

- (a) an operating statement;
- (b) a statement showing the council's financial position as at the end of the financial year;
- (c) a statement relating to changes in the council's financial position during the financial year;
- (d) a statement of cash flows;
- (e) appropriate notes and other explanatory documentation to be read in conjunction with the statements referred to above;

and

- (f) such other statements or documentation relating to the financial affairs of the council as may be prescribed.

(2) The material required under subsection (1)—

- (a) must be prepared as soon as is reasonably practicable after the end of the relevant financial year and in any event before the prescribed day;
 - (b) must comply with accounting standards and principles prescribed by the regulations;
- and
- (c) must include such information as the regulations may require.

(3) The statements prepared for each financial year must be audited by the council's auditor.

(4) A copy of the audited statements must be submitted by the council to any person or body prescribed by the regulations on or before a day prescribed by the regulations.

(5) A member of the council is entitled, at any reasonable time, to inspect any statement or document prepared by the council for the purposes of this section.

Amendment of s. 162—The auditor

8. Section 162 of the principal Act is amended—

- (a) by inserting after paragraph (b) of subsection (3) the following paragraph:

(ba) a person who is a registered company auditor;;

and

- (b) by inserting after subsection (3) the following subsection:

(3a) Subsection (3)(c) will expire on 1 July 1996.

Amendment of s. 163—Officers to assist auditor

9. Section 163 of the principal Act is amended—

- (a) by striking out from subsection (1) "or other financial records" and substituting
" , accounting records or other documentation of a financial nature";

and

(b) by striking out subsection (3) and substituting the following subsection:

(3) A chief executive officer who, without reasonable excuse, fails to comply with subsection (1) or (2) is guilty of an offence.

Penalty: \$10 000.

Amendment of s. 164—Reporting of certain irregularities

10. Section 164 of the principal Act is amended by striking out from subsection (2)(c) “(as described in the relevant accounting regulations)” and substituting “(as determined in accordance with the accounting standards and principles prescribed by the regulations)”.

Amendment of s. 169—Basis of rating

11. Section 169 of the principal Act is amended by striking out from subsection (3)(c) “total recurrent general administrative expenditure (as described in the relevant accounting regulations)” and substituting “total administration expenses (as described in the model financial statements prescribed by the regulations)”.

Amendment of s. 171—Valuation of land for the purposes of rating

12. Section 171 of the principal Act is amended by striking out from subsection (3)(a) “estimates of income and expenditure” and substituting “budget”.

Amendment of s. 174—Declaration of general rates

13. Section 174 of the principal Act is amended by striking out from subsection (1) “estimates of expenditure” and substituting “its budget”.

Amendment of s. 197—Procedures to be observed in relation to certain activities

14. Section 197 of the principal Act is amended by striking out from subsection (1)(a)(i) “total recurrent expenditure” and substituting “operating expenses as shown in the council’s operating statement in accordance with the regulations”.

Amendment of s. 691—Regulations

15. Section 691 of the principal Act is amended—

(a) by striking out paragraph (a) of subsection (1) and substituting the following paragraph:

(a) prescribing accountancy, finance, tendering and reporting methods and systems and making their use by councils, controlling authorities and council officers compulsory;

(b) by striking out from paragraph (ab) of subsection (1) “and by their officers” and substituting “, controlling authorities and council officers”;

(c) by striking out from paragraph (ac) of subsection (1) “and their officers” and substituting “, controlling authorities and council officers”;

(d) by striking out paragraphs (ad) and (ae) of subsection (1) and substituting the following paragraphs:

(ad) prescribing principles to be observed in relation to the preparation and review of annual budgets, and the form and content of such budgets;

(ae) prescribing procedures to be followed in relation to asset management;

and

(e) by striking out subsections (2) and (3) and substituting the following subsections:

(2) Regulations made under this Act may incorporate, adopt, apply or make prescriptions by reference to, with or without modification, any code or standard prepared or

published by a prescribed body as in force at the time the regulations are made or as in force from time to time.

(3) Where a code or standard is incorporated, adopted, applied or referred to under subsection (2)—

- (a) a copy of the code or standard must be kept available for inspection by members of the public, without charge and during normal office hours, in such place or places as the regulations may prescribe;
- (b) in any legal proceedings, evidence of the code or standard may be given by production of a document purporting to be certified by or on behalf of the Attorney-General as a true copy of the code or standard;

and

- (c) the code or standard has effect as if it were a regulation made under this Act.

In the name and on behalf of Her Majesty, I hereby assent to this Bill.

ROMA MITCHELL Governor