



Office of Local Government

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Contact: David Chamberlain
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Mr Daryl Buckingham
General Manager
Tenterfield Shire Council
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TENTERFIELD NSW 2372

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22 December 2022

Dear Mr Buckingham

The Office of Local Government (OLG) received correspondence on 22 November 2022 from the Auditor General for New South Wales concerning their audit of Tenterfield Council's financial statements for the year ended 30 June 2022. On 8 July 2022 I also wrote to you regarding the audited financial statements for the year ended 30 June 2021.

In both audits, the Auditor General advised that Council used externally restricted funds for purposes outside of their intended use and in doing so breached section 409 of the *Local Government Act 1993* (Act). Council acknowledged this had occurred without Ministerial approval which is required under section 410 of the Act.

I note that the reported balance of unrestricted funds has since moved from a negative balance of \$1.2million on 30 June 2021 to a positive balance of \$0.481million on 30 June 2022. I also note from analysis of Council business papers that Council has begun monthly reporting of restricted and unrestricted balances and, as of 31 October 2022, the unrestricted funds balance reported by Council is a positive balance of \$4.255million. These are encouraging improvements.

Council should continue to undertake accurate monthly reconciliations of its restricted and unrestricted funds and provide monthly reports in council papers. This will provide transparency to councillors in how cash balances are allocated and accountability in how these funds are used and reported.

In future, if Council finds itself in a position where restricted funds are required to be drawn on, it is imperative for Council to seek Ministerial approval before doing so.

If you have any questions, please contact David Chamberlain, Senior Performance Analyst on (02) 4428 4148.

Yours sincerely

Karin Bishop
Director, Sector Performance and Intervention

