



UNCONFIRMED MINUTES

Audit and Risk Committee Meeting Tuesday, 11 March 2025

Date: Tuesday, 11 March 2025

Time: 3:00pm

Location: Council Chambers, York Town Hall, York

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**MINUTES OF SHIRE OF YORK
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, YORK TOWN HALL, YORK
ON TUESDAY, 11 MARCH 2025 AT 3:00PM**

1 OPENING

1.1 Declaration of Opening

Cr Kevin Trent, Presiding Member, declared the meeting open at 3.01pm.

1.2 Acknowledgement / Disclaimer

The Presiding Member advised the following:

“The York Shire Council acknowledges the Ballardong people of the Noongar Nation who are the Traditional Owners of the country where this meeting is being held and recognise their continuing connection to land, water, sky and culture. We pay our respects to all these people and their Elders past, present and emerging.

In accordance with Regulations 14I and 14J of the Local Government (Administration) Regulations 1996, notice is given that this meeting is being video and audio recorded to facilitate community participation and for minute-taking purposes. By being present at a meeting, members of the public consent to the possibility that their image and voice may be recorded. Audio recordings are published on the Shire’s website following the meeting and may be released upon request to third parties.

Members of the public are reminded that, in accordance with Section 6.16 of the Shire of York Local Government (Council Meetings) Local Law 2016, nobody shall use any visual or vocal recording device or instrument to record the proceedings of Council without the written permission of the Presiding Member.

I wish to draw attention to the Disclaimer Notice contained within the agenda document and advise members of the public that any decisions made at the meeting today can be revoked in accordance with Regulation 10 of the Local Government (Administration) Regulations 1996. Therefore, members of the public should not rely on any decisions until formal notification in writing from the Shire has been received.

Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material.”

1.3 Attendance via Electronic Means

In accordance with Regulation 14C of the Local Government (Administration) Regulations 1996, the Shire President has authorised the attendance of Cr Denis Warnick and Justin Lee via electronic means having given consideration to the location from which Cr Warnick and Justin are attending the meeting and the equipment used to attend the meeting, confirming they are suitable to enable effective engagement in deliberations and communications, and ensuring confidentiality.

1.4 Standing Orders

Nil

1.5 Announcement of Visitors

Nil

1.6 Declarations of Proximity Interest

Nil

1.7 Declaration of Financial Interests

Nil

1.8 Disclosure of Interests that May Affect Impartiality

Nil

2 ATTENDANCE

2.1 Members

Cr Kevin Trent, Presiding Member; Cr Denis Warnick (via electronic means); Cr Peter Wright; Mr Justin Lee (via electronic means); Ms Shona Zulsdorf

2.2 Staff

Lindon Mellor, Acting Chief Executive Officer; Alina Behan, Executive Manager Corporate & Community Services; Rebecca Palumbo, Acting Executive Manager Infrastructure & Development Services; Vanessa Green, Council & Executive Support Officer

2.3 Apologies

Chris Linnell, Chief Executive Officer

2.4 Leave of Absence Previously Approved

Nil

2.5 Number of People in the Gallery at Commencement of Meeting

There were five (5) people in the Gallery at the commencement of the meeting.

3 QUESTIONS FROM PREVIOUS MEETING

3.1 Response to Previous Public Questions Taken on Notice

MRS M GOOD

Given the significant risks I have raised, including but not limited to legislative compliance with the Control of Vehicles (Off-road Areas) Act 1978, general health duty (Public Health Act 2016), and several other planning and governance policy areas, would the Audit and Risk Committee consider recommending to Council a temporary closure of the York off-road vehicle area until a thorough audit of all procedures, and risks assessment processes have been conducted according to relevant guidelines, to aid in mitigating further harm, risk and liability to the community?

Response provided by the Presiding Member:

The Audit & Risk Committee (the Committee) understands the York ORV track has been in its current position for over thirty (30) years with only a small number of complaints received in late 2024 regarding noise and dust.

The Shire has no plans to relocate the site and it is unlikely the Committee would consider such a request. Moving the track would not only be a significant cost for land purchase and

construction of a new track, being further out of town would increase maintenance and monitoring costs, as it would require additional travel for staff and plant.

The track's proximity to town provides several benefits, including reducing illegal off-road activity by providing a designated area for this, bringing economic benefits to the community as visitors purchase from local shops, stay in local accommodation, and use town services, and maintaining the heritage of the track and recognition of Oliver Batista. Additionally, the track's location close to emergency services ensures a quicker response time in case of incidents if they do occur.

The Committee understands soil samples have been taken and the results indicate these to be within acceptable limits. The environmental noise assessment is in progress to determine if there is a noise issue. The results of the assessments, conducted by independent experts, will be presented to Council once all are completed.

4 PUBLIC QUESTION TIME

Public Question Time is conducted in accordance with the Act and Regulations. In addition to this the Shire's *Local Government (Council Meetings) Local Law 2016* states:

6.7 Other procedures for question time for the public

- (1) A member of the public who wishes to ask a question during question time must identify themselves and register with a Council Officer immediately prior to the meeting.
- (2) A question may be taken on notice by the Council for later response.
- (3) When a question is taken on notice the CEO is to ensure that:
 - (a) a response is given to the member of the public in writing; and
 - (b) a summary of the response is included in the agenda of the next meeting of the Council.
- (4) Where a question relating to a matter in which a relevant person has an interest is directed to the relevant person, the relevant person is to:
 - (a) declare that he or she has an interest in the matter; and
 - (b) allow another person to respond to the question.
- (5) Each member of the public with a question is entitled to ask up to 2 questions before other members of the public will be invited to ask their questions.
- (6) Where a member of the public provides written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
- (7) The Presiding Member may decide that a public question shall not be responded to where:
 - (a) the same or similar question was asked at a previous meeting, a response was provided and the member of the public is directed to the minutes of the meeting at which the response was provided;
 - (b) the member of the public uses public question time to make a statement, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the statement as a question; or
 - (c) the member of the public asks a question that is offensive or defamatory in nature, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the question in a manner that is not offensive or defamatory.
- (8) A member of the public shall have 2 minutes to submit a question.
- (9) The Council, by resolution, may agree to extend public question time.

- (10) Where any questions remain unasked at the end of public question time they may be submitted to the CEO who will reply in writing and include the questions and answers in the agenda for the next ordinary Council meeting.
- (11) Where an answer to a question is given at a meeting, a summary of the question and the answer is to be included in the minutes.

Public Question Time commenced at 3.06pm.

4.1 Written Questions – Current Agenda

Nil

4.2 Public Question Time

KAREN MARWICK

On behalf of Sharla Hilda

Question 1

In preparation and review of bank reconciliations, what is the longstanding discrepancy and the reason for it taking so long to complete?

Response provided by the Executive Manager Corporate & Community Services

The bank reconciliations have a number of unreconciled items because the transactions appear on the bank statements in a manner that does not necessarily match how those transactions present in the accounts. A reason for the delay is that many of the transactions are historical and so have not been reconciled over several years. The reconciliations are now up to date as per last financial year. There are still some items which cannot be matched so Officers are working with our financial advisors, Moore Australia, to determine how to record those transactions into the accounts. That work will likely result in a net positive position. Reconciliations are now conducted weekly and we expect to have a final position by the end of this financial year.

Another reason for the delay has been high staff turnover and a lack of resources within the Finance team over several years. However, there is now a stable workforce within the team hence this work is being completed.

Question 2

In preparation and review of property, plant and equipment reconciliation, why is there not a register on the Shire's computers to register every item the Shire owns?

Response provided by the Executive Manager Corporate & Community Services

The Shire has an assets register with all items matched to that. The Shire's register captures assets worth \$5,000 or over. However, there are some items which are longstanding, over a decade, that were not removed from the register when they were decommissioned and these are still being reconciled.

The Shire also has a Portable and Attractive Assets register which captures items valued under \$5,000. Anything that is immaterial, such as consumables and stationary, is not registered.

Question 3

Is that register available publicly via the website?

Response provided by the Executive Manager Corporate & Community Services

No, the register is not required to be publicly available.

PAUL GOOD**On behalf of Mrs M Good****Question 1**

I refer to the public question time question taken on notice at the previous meeting dated 9 December 2024 (Question 2) directed to the presiding member and the response given in today's Shire of York Audit & Risk Committee Agenda, can you please confirm that this response was provided by you and can you please explain why it does not address the question asked and the significant similarity match to the answer provided by the Chief Executive Officer to public question time question 16 in the Ordinary Council Meeting minutes dated 17 December 2024?

Response provided by the Shire President

The response was framed around what I had said. Without looking back to the question asked in December I would have to refer back to that and get back to you.

Question 2

Can you please confirm that the Audit & Risk Committee has received a risk assessment report/is aware of risk register items pertaining to the significant public health risks (existing and new) associated with the upgrades to the York ORV area, in alignment with Policy G19 Risk Assessment and Management and the Shire of York Risk Management Framework?

Response provided by the Acting Chief Executive Officer

The risk assessment conducted as part of the works was done within the project management plan and has been reviewed by the Administration. The organisational risks have been presented to the Audit & Risk Committee.

Response provided by external member Shona Zulsdorf

It is important to understand the Audit & Risk Committee's role is to ensure good governance in line with the requirement for separation between the strategic and operational functions of a local government. In accordance with those legislated boundaries, the principles of good governance identify that an Audit & Risk Committee and Council oversight strategic risks, whereas operational risks are owned by the Chief Executive Officer and the Administration. It is not appropriate for an Audit & Risk Committee to be involved in operational matters.

Response provided by the Shire President

That responsibility applies to every local government in Western Australia. We are all governed by the same legislation that prohibits involvement in operational matters.

DIANE BUCKLEY**Question 1**

Who was responsible for managing the Shire accounts and allowed them to be neglected to the point where they weren't completed in a timely manner?

Response provided by external member Shona Zulsdorf

Part of the Audit & Risk Committee's oversight involves internal audit and external audit processes which are signed off by the Office of the Auditor General. There is also the Regulation 17 review focussing on compliance and internal controls, and the Financial Management Regulation 5 review focussing on detailed analysis of financial data to ensure appropriateness.

There was one year where a number of findings were made that were not necessarily unanimously supported by the Audit & Risk Committee. The Audit & Risk Committee asked Management to conduct a risk assessment on those findings and advise the Committee on

how they have been addressed, as well as timeframes for completion. That is being presented to the Committee at this meeting and is reported each quarter.

Question 2

Who is making sure this doesn't happen again?

Response provided by the Acting Chief Executive Officer

Essentially that responsibility falls to the Chief Executive Officer, to oversee the accounts with the work carried out by relevant Officers. These reports and audits are presented to the Audit & Risk Committee and Council for review.

MOTION**COMMITTEE RESOLUTION****Moved: Ms Shona Zulsdorf****Seconded: Cr Peter Wright****That at 3.19pm, Public Question Time be extended for a period of five (5) minutes.****In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf****Against: Nil****CARRIED 5/0****Question 3**

What are the qualifications of the current Finance Manager? Are they a fully qualified accountant?

Response provided by the Acting Chief Executive Officer

That matter is not relevant to this Audit & Risk Committee. It is an employment matter which is confidential and operational.

Response provided by external member Shona Zulsdorf

The Audit & Risk Committee is not responsible for operational matters. If an Audit & Risk Committee involves itself in operations there is a likelihood of findings being made against the Shire for breach of the legislation. Good governance is about separation and oversight.

Response provided by the Shire President

It is the Chief Executive Officer's role to employ qualified people.

There being no further questions, Public Question Time concluded at 3.21pm.

5 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**COMMITTEE RECOMMENDATION****Moved: Ms Shona Zulsdorf****Seconded: Mr Justin Lee**

That the minutes of the Audit and Risk Committee Meeting held on 9 December 2024 be confirmed as a correct record of proceedings.

In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

9 OFFICER'S REPORTS

9.1 COMPLIANCE AUDIT RETURN 2024

File Number:	4.0474
Author:	Vanessa Green, Council & Executive Support Officer
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. 2024 Compliance Audit Return

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the Compliance Audit Return (CAR) 2024 for the Audit and Risk Committee's (the Committee) consideration and recommendation to Council.

BACKGROUND

Western Australian local governments are required to complete a CAR annually and submit it to the Department of Local Government, Sport and Cultural Industries (DLGSC) in accordance with the requirements of the *Local Government (Audit) Regulations 1996*, in relation to activities undertaken by the local authority in the preceding calendar year.

The CAR is a checklist of a local government's compliance with the requirements of the *Local Government Act 1995* (the Act) and its Regulations. The 2024 CAR content focuses on areas considered high risk. It examines whether the Council has complied with each action listed on the return under the following activities:

1. Commercial Enterprises (five (5) audit questions)
2. Delegation of Power (thirteen (13) audit questions)
3. Disclosure of Interest (twenty-one (21) audit questions)
4. Disposal of Property (two (2) audit questions)
5. Elections (three (3) audit questions)
6. Finance (seven (7) audit questions)
7. Integrated Planning and Reporting (three (3) audit questions)
8. Local Government Employees (five (5) audit questions)
9. Official Conduct (four (4) audit questions)
10. Optional Questions (nine (9) audit questions)
11. Tenders (twenty-two (22) audit questions)

The audit questions are specific in nature and require a yes/no/NA response. Officers have provided further comment where appropriate.

The CAR covers the period 1 January 2024 to 31 December 2024 and is presented in Appendix 1.

COMMENTS AND DETAILS

The completed 2024 CAR is required to be:

1. Presented for review by the Committee before being presented for consideration and adoption by Council.
2. Returned to the DLGSC with a copy of the relevant Committee and Council Minutes by 31 March 2025.

The CAR has been undertaken as an internal audit, sourcing evidence of compliance through the Shire's record keeping systems and where required, through additional information held within respective sections of the organisation.

A summary of areas reviewed as part of the 2024 CAR is provided below:

Audit Focus	Comment
Commercial Enterprises	No areas on non-compliance
Delegation of Power	No areas on non-compliance
Disclosure of Interest	No areas on non-compliance
Disposal of Property	No areas on non-compliance
Elections	No areas on non-compliance
Finance	No areas on non-compliance
Integrated Planning and Reporting	No areas on non-compliance
Local Government Employees	No areas on non-compliance
Official Conduct	No areas on non-compliance
Other Questions	<p>The Committee will note the comment in relation to consolidated versions of the Shire's Local Laws.</p> <p>With the Act Reform stipulating that all local laws are to be reviewed prior to 7 December 2026 or they will be repealed it is not considered critical to address this area as a priority. It is anticipated that Model Local Laws will be developed by the Department of Local Government, Sport & Cultural Industries, which can inform the review process.</p>
Tenders	No areas on non-compliance

OPTIONS

The Committee has the following options:

- Option 1:** The Committee could choose not to recommend acceptance of the CAR and request changes be made to the document prior to submission. Noting that the CAR is required to be presented to the Committee and Council prior to submission to the DLGSC by 31 March 2025.
- Option 2:** The Committee could choose to recommend Council accept the CAR and direct the Chief Executive Officer to submit it to the DLGSC by 31 March 2025.

Option 2 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Other Officers as required

StrategicStrategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together.

Policy Related

G19 Risk Assessment and Management

G20 Legislative Compliance

O6 Internal Controls

Financial

Nil

Legal and Statutory

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* are applicable and state:

“14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
 - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit,**is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*

certified *in relation to a compliance audit return means signed by —*

 - (a) *the mayor or president; and*
 - (b) *the CEO.”*

Risk Related

The requirement to lodge an adopted CAR with the DLGSC is a legislative requirement. Failure to do so exposes Council to non-compliance. This report and its appendix mitigate this risk.

Workforce

The CAR has been completed in-house within existing resources.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Justin Lee

That, with regard to the Compliance Audit Return 2024, the Audit and Risk Committee recommends that Council:

- 1. Resolves to adopt the completed 2024 Compliance Audit Return, as presented in Appendix 1, for certification by the Shire President and the Chief Executive Officer in accordance with Regulation 15(2) of the *Local Government (Audit) Regulations 1996*.**
- 2. Requests the Chief Executive Officer to submit the certified 2024 Compliance Audit Return to the Departmental CEO of the Department of Local Government, Sport and Cultural Industries prior to 31 March 2025 in accordance with Regulation 15(1) of the *Local Government (Audit) Regulations 1996*.**
- 3. Authorises the Chief Executive Officer to make any necessary minor typographical and formatting changes to the certified 2024 Compliance Audit Return prior to submission.**

In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

**COMPLIANCE AUDIT RETURN 2024**

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024?	Not applicable	There were no major trading undertakings conducted in 2024
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2024?	Not applicable	There were no major land transactions conducted in 2024
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2024?	Not applicable	Refer above
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024?	Not applicable	Refer above
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Not applicable	Refer above

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Not applicable	No committees have delegated authority
2	s5.16 (2)	Were all delegations to committees in writing?	Not applicable	Refer above
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Not applicable	Refer above
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Not applicable	Refer above
5	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	Not applicable	Refer above



6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year?	Yes	June 2024 OCM Resolution 070624
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 19?	Yes	Recorded in Attain and presented to Council at each Concept Forum

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	Yes	



6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A?	Yes	Register recorded through Attain and published on the Shire's website
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	https://www.york.wa.gov.au/disclosure-of-gifts.aspx
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	



16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	Not applicable	No such applications were necessary/required during the reporting period
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the <i>Local Government Act 1995</i> , recorded in the minutes of the council meeting at which the decision was considered?	Not applicable	Refer above
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?	Yes	Policy E1 adopted 27 April 2021 (Resolution 060421), last reviewed 23 August 2022 (Resolution 150822)
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	Policy E1, available https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Policy O8, available https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx

Disposal of Property

No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section	Yes	



		3.58(4) of the Act, in the required local public notice for each disposal of property?		
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Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	Not applicable	No elections were held during the reporting period
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	Not applicable	No elections were held during the reporting period
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	Not applicable	No elections were held during the reporting period

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the <i>Local Government Act 1995</i> ?	Yes	Members last appointed in November 2023 Resolution 141123
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	Not applicable	No powers or duties are delegated to the Audit & Risk Committee



3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	Received 17 December 2024 Resolution 131224
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	Management Letter presented to Audit & Risk Committee and Council in December 2024 (Resolution 131224), available https://www.york.wa.gov.au/council-meetings/ordinary-meeting-of-council/ordinary-meeting-of-council-17-december-2024/398
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	Significant Findings report presented to Audit & Risk Committee and Council in December 2024 (Resolution 131224), available https://www.york.wa.gov.au/news/findings-of-the-audit-management-report-for-the-202324-financial-year/10882 Significant Findings report submitted to the Minister on 24 December 2024
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	Yes	Published 24 December 2024 Available https://www.york.wa.gov.au/news/findings-of-the-audit-management-report-for-the-202324-financial-year/10882
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	Received on 13 December 2024

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	October 2023



2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	October 2023
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of <i>Local Government (Administration) Regulations 1996</i> 19DA(2) & (3)?	Yes	

Local Government Employees

No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A?	Not applicable	Recruitment for a CEO/Senior Employees was not required during the reporting period
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Not applicable	Refer above
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	Not applicable	Refer above
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Not applicable	Refer above
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	Not applicable	Refer above

Official Conduct

No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Council appointed the CEO at its February 2021 Meeting Resolution 130221. Council reaffirmed its delegation in relation to the appointment of persons to receive and withdraw complaints at its August 2023 Meeting Resolution 060823



2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	Available https://www.york.wa.gov.au/council/your-council/Council-Registers.aspx

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report.	Yes	December 2023 Resolution 121223
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report.	Yes	December 2023 Resolution 121223
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	Disclosures captured in Attain and published on the website Available https://www.york.wa.gov.au/council/your-council/Council-Registers.aspx
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Policy E9 adopted December 2019 available https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx



5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	No	Section 5.96A(1)(b) is non-compliant in that the published local laws are not consolidated versions. Instead the original local law and the amendment local law are individually published. All other Sections are compliant.
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Policy E2 last reviewed November 2023 available https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2024?	Yes	Available https://www.york.wa.gov.au/council/your-council/Council-Registers.aspx
8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	All procurement policy requirements met
2	s3.57 F&G Reg 11	Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	Tenders for all procurement over \$250,000 include: Roads Construction Plant Hire



3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the <i>Local Government Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	Tender Link – e tender portal Advertising in West Australian See Tender Selection report
4	F&G Reg 12	Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Not applicable	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	Addendums issued
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16?	Yes	Electronic Tender Box
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	Register done Advertising on website – not up to date
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	Non compliant tender
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	Tender evaluation process undertaken and documented
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	Unsuccessful tenderers advised
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22?	Not applicable	Expressions of interest were not called during the reporting period
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	Not applicable	



13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Not applicable	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24?	Not applicable	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with <i>Local Government (Functions & General) Regulations 1996</i> regulations 24AD(4) and 24AE?	Yes	Plant Hire Panel Tender Tender Panel and West Australian See Tender Selection Report for details
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	Yes	Tender Panel
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	Yes	Electronic Tender Box
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG?	Yes	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	Not applicable	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	Yes	Tender Evaluation Report completed & documented
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes	



22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24E and 24F?	Yes	See Procurement Policy
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Chief Executive Officer

Date

President

Date

9.2 RISK MANAGEMENT UPDATE AS AT MARCH 2025

File Number:	4.8787
Author:	Anneke Birleson, Manager Governance & People
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	28 June 2022 (020622) 27 September 2022 (100922) 20 December 2022 (141222) 21 March 2023 (420323) 19 December 2023 (121223) 26 March 2024 (100324) 24 September 2024 (100924) 17 December 2024 (131224)
Disclosure of Interest:	Nil
Appendices:	1. Strategic Risk Progress - Dashboard 2. Strategic Risk Register - Snapshot - Confidential 3. Strategic Risk Register - Snapshot - Detailed - Confidential

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report provides the Audit and Risk Committee (ARC) with an update regarding progress on the Shire's Risk Management.

BACKGROUND

The Shire of York's Risk Assessment and Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

The Shire's Risk Management Objectives are:

1. Optimise the achievement of our vision, experiences, strategies, goals and objectives.
2. Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
3. Enhance risk versus return within our risk appetite.
4. Embed appropriate and effective controls to mitigate risk.
5. Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
6. Enhance organisational resilience.
7. Identify and provide for the continuity of critical operations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible.

Each Risk on the Strategic Risk Register has a set of key Controls which, in turn have Risk Actions. Each Risk, Action and Control has a Shire Officer allocated to it and an expected timeline for completion. Officers are required to report on progress at least monthly.

COMMENTS AND DETAILS

At its September 2024 and March 2024 meeting the ARC considered proposed reporting methods for progress updates against the Strategic Risk Register.

The ARC approved the use of the following tools generated from Government Frameworks' Strategic Planning and Reporting software, Cascade:

- Strategic Risk Register Dashboard
- Strategic Risk Register Snapshot
- Strategic Risk Register Snapshot (Detailed)

The Dashboard provides a visual overview of progress against each of the eight (8) Strategic Risks as well as an indication of how the risks are spread across the organisation.

The Snapshots provide more detail, including risk assessments and with officer comments in relation to progress of each Risk Control and Action.

The Snapshots and the Dashboard are live tools within Cascade and Officers can drill down on specific items using the charts and tables.

OPTIONS

The ARC has the following options:

Option 1: The ARC could recommend that Council notes the reporting progress made to date and requests the Chief Executive Officer to report on progress against the Strategic Risks at its June 2025 Ordinary Meeting.

Option 2: The ARC could recommend that Council notes the progress made to date, requests further development of the reporting tools and requests the Chief Executive Officer to present the final reporting tools for approval and report on progress against the Strategic Risks at its June 2025 Ordinary Meeting.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together.

Policy Related

G19 Risk Assessment and Management

Financial

Financial implications of the proposed risk mitigation strategies are presented to Council as they emerge and inform the annual budget process.

Legal and Statutory

Regulation 17 of the *Local Government (Audit) Regulations 1996* is applicable and states:

“17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.”*

Risk Related

The development and regular update of an organisational Risk Register is a risk management tool.

Workforce

It is proposed that risk mitigation actions are undertaken within current resources. Where additional resources are required, this will be identified and submitted as part of the annual budget process.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Cr Peter Wright

Seconded: Ms Shona Zulsdorf

That, with regard to the Risk Management Update as at March 2025, the Audit and Risk Committee recommends that Council:

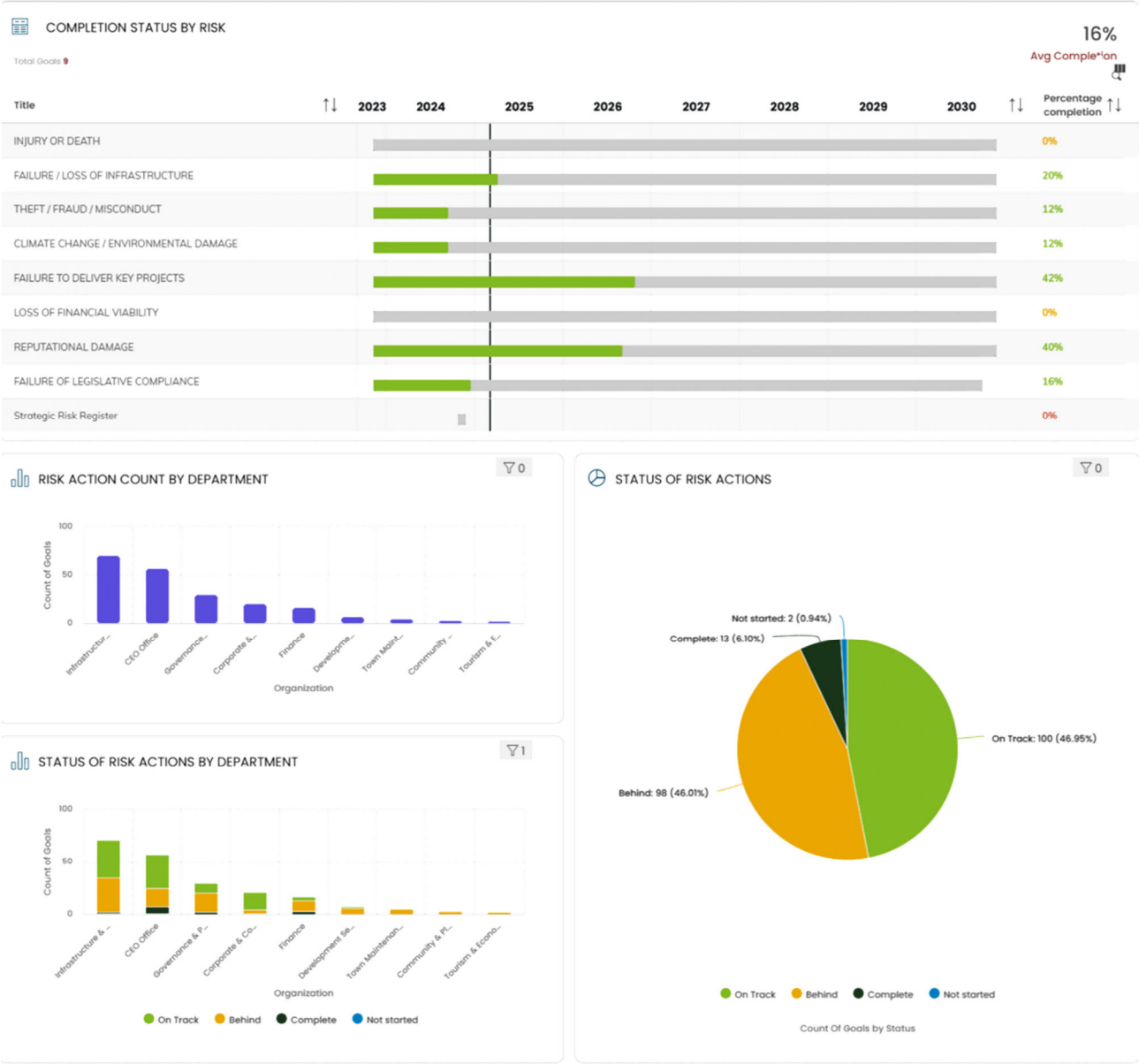
- 1. Notes the progress made to date in relation to the Strategic Risk Register.**
- 2. Requests the Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the Audit and Risk Committee at its June 2025 meeting.**

In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

STRATEGIC RISK MANAGEMENT PROGRESS OVERVIEW



9.3 UPDATE ON THE FINDINGS IDENTIFIED DURING THE 2022/23 AND 2023/24 AUDITS

File Number:	4.0463, 4.4175
Author:	Codey Redmond, Manager Finance
Authoriser:	Alina Behan, Executive Manager Corporate & Community Services
Previously before Council:	26 March 2024 (100324) 24 September 2024 (100924)
Disclosure of Interest:	Nil
Appendices:	1. Audit Findings Snapshot

NATURE OF COUNCIL'S ROLE IN THE MATTER

Executive

PURPOSE OF REPORT

This report presents an Update on the Findings Identified During the 2022/23 and 2023/24 Audits to the Audit and Risk Committee (ARC) for consideration and, if satisfactory, recommendation to Council.

BACKGROUND

Council considered the 2022/23 and 2023/24 Audit Findings at its September 2024 Ordinary Meeting and resolved (100924):

“That, with regard to the Minutes and Recommendations of the Audit and Risk Committee Meeting held on 10 September 2024, Council:

- 1. Receives the Unconfirmed Minutes of the Audit and Risk Committee (the ARC) Meeting held on 10 September 2024, as presented in Appendix 1, and by adopting the following recommendations of the ARC, Council:**
 - a. Receives the status update on progress towards the remaining ten (10) Findings as detailed in the ARC Minutes, noting those which are resolved or the intended timeframe for completion.**
 - b. Requests the Chief Executive Officer to provide an update on the Findings identified during the 2022/23 Audit to the ARC at its March 2025 meeting.**
 - c. Notes the progress made to date in developing reporting methodologies in relation to the Strategic Risk Register.**
 - d. Approves the use of the proposed reporting tools, namely the Draft Strategic Risk Register Snapshot and the Draft Strategic Risk Progress Dashboard.**
 - e. Requests the Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the ARC at its December 2024 meeting.”**

In accordance with point b, an update on the status of the 2022/23 and 2023/24 Audit Findings is presented to the ARC for consideration and recommendation to Council.

COMMENTS AND DETAILS

Staff have been working towards implementing processes and procedures to address the Findings with further details provided below.

TABLE 1. Prior Findings

FINDING	COMMENT	STATUS / TIMEFRAME
Untimely preparation and review of bank reconciliations	Bank reconciliations have been completed up to 30 June 2024. The process is being updated, and an adjustment will be presented to the council to acknowledge a long-standing discrepancy. Efforts are ongoing to achieve monthly municipal and trust reconciliations, with continuous staff training.	The 2024/25 bank reconciliations are expected to be completed by the end of July 2025.
Depreciation of assets	Depreciation calculations are conducted in accordance with Australian Accounting Standards. Errors that led to a misstatement have been identified and corrected.	Completed for the 2023/24 financial year.
Audit readiness and quality of financial and supporting documentation	The division of the former Senior Finance Role into two positions has allowed better prioritization of auditors' requests and freed up the Finance Manager for budget preparation. The interim audit was completed in July, and the full audit was completed in November 2024, with all requested samples provided to the external audit firm Nexia.	Full audit completed for the 2023/24 financial year.
Untimely preparation and review of the property, plant and equipment reconciliation	Delays in finalizing the Annual Financial Report have hindered timely completion of procedures for the 2022/23 financial year. This delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials are adopted. All asset reconciliations were completed prior to the audit and approved by external auditors Nexia.	Completed for the 2023/24 financial year.
Asset revaluations	Assets subject to revaluation have been examined, and all variances accounted for. This has highlighted the need for a thorough review of all asset classes regarding capturing asset information, naming, and classification. Guidance will be sought, and staff will be trained on asset capitalization to ensure sufficient data is captured in the finance system for revaluation.	Completed for the 2023/24 financial year.
Monitoring of grants income and expenses	A workbook maintained by the Manager of Finance and Senior Finance Officer captures all known grants income and expenses. Greater input from responsible officers is expected in developing the 2025/26 budget. Grant monitoring through Cascade is still in development, with procedures to be defined.	Grants and contract liabilities approved by external auditors Nexia for the 2024/25 financial year.
Plant recovery cost base rate and indirect/overhead cost allocation rate	Plant recovery cost rates and indirect overheads were assessed and adjusted before implementing the 2024/25 budget. Further process development	Completed for the 2023/24 financial year.

	and staff training are being pursued through a contract with Moore Australia.	
Works in progress for capital projects	Efforts are being made to ensure WIP assets are kept separate in the asset register and not subject to depreciation until project completion.	Completed for the 2023/24 financial year, with ongoing training and procedure development.
No asset addition forms	New forms for asset additions and disposals were implemented in June 2023. Compliance will be monitored in the 2024/25 financial year.	Completed for the 2023/24 financial year.
Assets with no depreciation	Assets subject to revaluation have been examined, and all variances accounted for. This has highlighted the need for a thorough review of all asset classes regarding capturing asset information, naming, and classification. Guidance will be sought, and staff will be trained on asset capitalization to ensure sufficient data is captured in the finance system for revaluation.	Completed for the 2023/24 financial year.

TABLE 2. New Findings

Untimely preparation and review of bank reconciliation.	Significant progress has been made in addressing this issue in previous years. We are committed to completing the preparation and review of bank reconciliations by 30 June 2025, in time for the 2024/25 audit.	To be completed to 30 June 2025 before the 2024/25 audit.
Lack of segregation of duties with purchasing	The lack of segregation of duties in purchasing was addressed during the Audit Reg 17 and FMR Reg 5 Review in 2023. Recommendations were received by the Council in December 2023, leading to updates to Policy F2 - Procurement. The Audit and Risk Committee (ARC) reviewed the residual risk in June 2024 and recommended that appropriate adjustments had been made, acknowledging that complete segregation may not always be feasible. The Council accepted the residual risk for 2022/23 and 2023/24 at its June 2024 meeting.	Council accepted residual risk for 2022/23 and 2023/24.
Fortnightly payroll reconciliations	Fortnightly payroll reconciliations have been consistently conducted since December 2023. External auditors Nexia have confirmed that this issue has been resolved and will not pose a problem in the future.	External auditors Nexia acknowledged the issue has been addressed since December and will not be an issue going forward.
Unrecorded liabilities	A one-time error in posting periods occurred due to staff changes at the end of the year. Implementing robust bank reconciliation will help to promptly identify and address any future errors. The error was corrected by journaling to the appropriate period as directed by auditors.	Journalled to correct period at direction of auditors in December 2024

Untimely approval of purchase orders	The Audit and Risk Committee (ARC) reviewed the untimely approval of purchase orders in June 2024 and recommended that appropriate controls were in place. The treatment for non-compliance includes education and training, followed by HR processes where applicable. The Council accepted the residual risk for 2022/23 and 2023/24 during its June 2024 meeting.	Council accepted residual risk for 2022/23 and 2023/24.
Lack of control on tracking usage of inventory	This was identified as a weakness particularly in relation to fuel supplies where the largest variance has been recorded. The installation of a new fuel tank will require the immediate recording of information and should prevent recurrence	New processes need to be developed by engineering team to identify and recognise any discrepancies in fuel stocktake and issues
Inappropriate User Access in Synergy	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk. Noting the recommendation of the auditors, the Shire will trial a restricted access for the Finance Manager for a period of 6 months from January 2025 assessing the impact upon financial operations. Should this be successful the restricted access will be put in place permanently.	Restricting bank signatories access to database will lower Council's risk of fraud.
Old PPE assets carried in the FAR	A review of older assets with low carrying values will be conducted to remove any that are no longer in use or have fallen below material threshold. While asset addition and disposal processes are already in place, we acknowledge that some items disposed of before these processes began may require investigation and appropriate treatment. These assets will be removed from the register before the end-of-year asset reconciliation in June 2024.	Assets to be removed from register prior to end of year asset reconciliation 30 June 2025.
Untimely review of the credit card policy	The review period for all policies was evaluated as the Shire transitioned to its Integrated Planning and Reporting software. It was determined that a two-year review of Policy F6 – Corporate Credit Card Policy was sufficient, and thus it was not due for review within the reporting period. The Executive Leadership Team reviewed the current policy and found no need for amendments. This was presented to the Council in December 2024, and the policy was adopted by Council (Resolution 061224).	Policy was reviewed and adopted by Council at its December 2024 Meeting.
Former Employee listed as authorised signatory in AMP Bank Confirmation	Officers have instructed the bank to remove the terminated employee as an authorised signatory. Additionally, Officers corrected the oversight of not adding the new Finance Manager as an authorised signatory per the Shire's May 2024 instruction. Bank access was updated in December 2024, and	Bank access updated December 2024. Continued effort to be made to remove signatories as staff changes.

	Officers will continue to ensure that signatories are promptly updated as staff changes occur.	
Guidelines for general journals	The Shire's current journal procedures have been deemed satisfactory by the external auditors Nexia in its 2023/24 audit process. To ensure continued accuracy and compliance, Officers will formalise the Management Guidelines for General Journals based on these existing practices. This update will be completed by 30 June 2025.	Procedure to be updated and implemented before end of financial year 30 June 2025.

A copy of the audit findings report is presented in Appendix 1.

OPTIONS

The ARC has the following options:

- Option 1:** The ARC could recommend that Council receives the status update on progress towards the remaining ten (10) Findings and eleven (11) new Findings from 2023/24 audit and requests the Chief Executive Officer to provide an update on the Findings at its June 2025 meeting.
- Option 2:** The ARC could recommend that Council does not receives the status update on progress towards the remaining ten (10) Findings and eleven (11) new Findings from 2023/24 audit and requests the Chief Executive Officer to provide an update on the Findings at its June 2025 meeting.
- Option 3:** The ARC could recommend that Council requests more information from the Chief Executive Officer on the remaining ten (10) Findings and eleven (11) new Findings from 2023/24 audit and identifies what that information is.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Moore Australia

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together.

Policy Related

G17 Integrated Planning and Reporting - Planning

G19 Risk Assessment and Management

Financial

There are no direct financial implications relating to the risk assessment of the Audit Findings.

Legal and Statutory

Section 7.12A of the *Local Government Act 1995* is applicable and states:

“7.12A. Duties of local government with respect to audits

(1) A local government is to do everything in its power to —

- (a) *assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*
- (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
 - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website."*

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government and the role of the ARC in considering the results of those audits.

Risk Related

Failure to undertake the actions documented in the report could result in financial risk for the Shire.

Workforce

The scope of this report can be accommodated within current operational capacity and via contractor support which is already in place.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mr Justin Lee

That, with regard to the Update on the Findings Identified During the 2022/23 and 2023/24 Audits, the Audit and Risk Committee recommends that Council:

- 1. Receives the status update on progress towards the remaining ten (10) Findings and eleven (11) new Findings from 2023/24 audit, as detailed in this report, noting those which are resolved or the intended timeframe for completion.**
- 2. Requests the Chief Executive Officer to provide an update on the Findings identified during the 2022/23 and 2023/24 Audits to the Audit and Risk Committee at its June 2025 meeting.**

In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

	<i>CARRIED 5/0</i>
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AUDIT FINDINGS

06/03/2025



AUDITS PLAN

AUDIT FINDINGS 2022/23

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Untimely preparation and review of bank reconciliations	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission	Moderate	Possible	High	We recommend that the Shire review its bank reconciliations on processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliations process should include ensuring supporting documentation to the reconciliations is readily available to allow the Shire to	Agreed bank reconciliations were not conducted in a timely fashion in the 2022/23 Financial Year due to lack of staff. The financial services contract established with Moore Australia in 2023/24 has allowed for the review of the bank reconciliations process and training of finance team members. This has now been	Adequate	Moderate	Likely	High	Treat	Codey Redmond: 2023/24 bank recs completed 28/02/2025 Vanessa Green: Continue to work towards weekly Municipal reconciliations and monthly Trust reconciliations. Ongoing staff training 05/06/2024	100% 100 / 100 -

		going undetected, resulting in misstatements within the Shire's financial statements		perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliations. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	completed, and Trust accounts are up to date. The remainder of Municipal reconciliations will be completed in March 2024. This process will now be undertaken weekly for Municipal reconciliations and monthly for Trust due to the lower activity. This can be tested in the 2023/24 Interim Audit.			Current...
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Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Depreciation of assets	Significant	No	Where assets are not depreciating in line with their useful lives, there is a risk that the depreciation expense and value of Property, Plant and Equipment and Infrastructure may be materially misstated. Further where depreciation applied does not reflect an assets use, this can cause difficulties in asset management planning.	Extreme	Possible	Extreme	The Shire review the depreciation rates applied to all assets to ensure that they are the correct rates in-line with Australian Accounting Standards. Errors that resulted in a misstatement of the depreciation have been found and corrected.	The depreciation calculation is undertaken in accordance with the Shire's Asset Depreciation Schedule. Errors that resulted in a misstatement of the depreciation have been found and corrected.	Adequate	Major	Likely	High	Treat	Codey Redmond: completed no longer audit finding 28/02/2025 Codey Redmond: Asset depreciation up to date with review of all rates scheduled for October 03/09/2024	100% 100 / 100 -
Audit readiness and quality of financials and supporting documentation	Significant	No	As a result of the matters highlighted above, the financial statements approved to release by the Shire to the auditors were incorrect and did not agree to the underlying financial records. Significant additional time and effort has been committed	Major	Unlikely	High	We recommend the Shire review its key accounting function set up to ensure that it is fit for purpose and able to meet the required deliverables. The Shire must ensure all information to support the preparation of the financial	The Shire can demonstrate that it commenced collecting the information requested in the PBS in April of 2023. Prior to onsite testing the majority of the PBS requirements had been collected and transmitted. There were numerous	Adequate	Major	Possible	High	Treat	Alina Behan: The splitting of the former Senior Finance Role into two positions - Senior Finance, and Rates and Debtors has allowed the Senior Finance	100% 100 / 100 -

	<p>by the audit team to try and progress this audit to a point. Further, without timely consideration of the Shire's ability to fulfill its reporting responsibilities these may not be met. Additionally, a delay in receiving appropriate documents and evidence can create inefficiencies and productivity of the audit. In the absence of sufficient appropriate audit evidence, we may not be able to comfortably conclude on such transactions and balances.</p>	<p>report are complete, accurate and available for the audit team to inspect. Further, to ensure that the Shire is suitably audit ready at the commencement of each phase of the audit it is preferable that the Shire utilise the varying Better Practice Guides the OAG has developed and ensure all requested information is available.</p>	<p>instances where audit documents were transmitted, only to be subsequently requested by the audit team. This pattern persisted even after the audit recommenced in January 2024, with information submitted being immediately demanded again by the OAG. It is worth noting that OAG officers frequently failed to provide adequate time for thorough responses from Shire of York staff, this will be thoroughly discussed at the Exit Interview.</p>	<p>Officer to prioritise auditor's request and has freed up the Finance Manager to concentrate on budget preparation. The interim audit was completed in July 2024, and the Shire was able to provide all requested samples to the external audit firm Nexia.</p> <p>02/08/2024</p> <p>Vanessa Green: Despite disputing this finding the Shire recognises that key staff FM and EMCCS have</p>	<p>Current...</p>
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												Current...
compet ing prioritie s at audit times and cannot fully service ongoing OAG request s. As part of the Workfor ce Plan recom mendat ions a further primary audit contact has been establis hed to ensure continu ity of service to the auditor s. This positio n has already been filled, and contact made with the 2023/2 4 Audit team.												
05/06/2024												

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Untimely preparation and review of the property, plant and equipment reconciliations	Significant	Yes	PPE account reconciliations not prepared and reviewed in a timely manner increase the risk of unreconciled items and errors being undetected and/or not promptly corrected.	Major	Possible	Extreme	We recommend the Shire prepare and review its Property, Plant & Equipment account reconciliations in a timely manner.	Persistent delays in finalising the Annual Financial Report have once more hindered the timely completion of procedures for the 22/23 Financial Year. This ongoing delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials have been officially adopted.	Adequate	Major	Likely	High	Treat	Anneke Birleson: As part of the Workforce Plan recommendations an additional resource has been established. This position has been filled with assets being a key focus area. 06/06/2024	100% 100 / 100
Asset revaluations	Significant	No	Without appropriate checks and reconciliations to demonstrate and verify the completeness of the revaluation process and the asset register, there is an increased risk of material misstatement in financial reports. Further, where clear	Major	Possible	Extreme	Management should ensure robust procedures are in place to ensure the accuracy and completeness of the fixed assets reported in the financial statements and captured through the revaluation process. Further, management	Assets subject to revaluation have been examined and all variances accounted for. This is now resolved. This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and	Inadequate	Major	Likely	High	Treat	Vanessa Green: Identified need for review of all asset classes and asset management procedures including capture in asset registers 05/06/2024	50% 50 / 100 50% behind

			documentat ion is unable to be provided to support movements between balances or amounts are unreconcile d there is a risk that assets may be duplicated or mistakenly removed from the asset register. Incorrect application of legislative and accounting standard requirement s increases the risk of a material misstateme nt within the financial report.				nt should ensure documentat ion relating to these reconciliati ons is readily available. Manageme nt should thoroughly review and analyse the balances above, errors should be corrected.	classificatio n. Guidance will be sought, and staff trained on the capitalisati on of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.							Current...
Monitoring of grants income and expenses	Significant	Yes	Without regular monitoring of a grant register, the Shire is exposed to an increased risk of non- compliance with agreements , unrecorded transaction s in the general ledger, and undisclosed	Major	Unlikely	High	The Shire should review its current practice and implement a standard process to ensure its grant register is appropriatel y maintained to address the risks noted above.	Historically an excel workbook has been used for the Grants Register where every Responsibl e Officer is required to add any new grants and update any other relevant information . Senior Finance Officer	Inadequate	Major	Likely	High	Treat	Vanessa Green: Grant monitor ing through Cascad e still in develop ment, proced ures to be defined 05/06/2024	50% 50 / 100 50% behind

	Audit R...	Prior Y...	commitmen ts in the financial statements. In addition current practice may result in non- compliance with AASB 15 or 1058 as no assessment has been made to determine the appropriate recognition of revenue of each grant, being either on receipt or over time. Incorrect revenue recognition may cause inaccuracie s in the annual financial statements and the Shire's monthly financial information meaning financial decision making may be ill- informed.	Conseq...	Likeiho...	Risk Ra...	Audit R...	would update	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
							The Shire should retrospectiv ely complete a detailed revenue recognition assessmen t of its grant revenue streams. This is to conclude if a particular grant revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performanc e obligations. The assessmen t will trigger the revenue recognition requirement s under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2023-24 financial year.	income and expenditure monthly and email register to all staff each month for review and update. This register has been superseded by the Governmen t Framework s IPR software which will be implemente d in 2024. Progress can be tested during Interim and Final Audits for 2023/24.							

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Plant recovery cost base rate and indirect/overhead cost allocation rate	Moderate	Yes	The use of outdated base rate for plant recovery cost and the application of indirect/overhead cost recovery rate increases the risk of the project/fixed assets costs being misstated.	Moderate	Unlikely	High	The Shire should review the base rate for plant recovery costs and the indirect/overhead cost recovery rate to determine their currency and accuracy.	This work has not been completed but assistance in ensuring a robust process has been sought via the contract with Moore Australia.	Inadequate	Moderate	Likely	High	Treat	Vanessa Green: In progress 05/06/2024	20% 20 / 100 80% behind
Works in progress for capital projects	Moderate	No	Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated.	Moderate	Unlikely	High	The Shire should ensure that only valid items are capitalised and develop a policy and procedure providing guidance on the accounting treatment for costs relating to capital projects.	Noted. The Shire will review this requirement to see whether it is applicable.	Inadequate	Moderate	Likely	High	Treat	Rebecca Palumbo: PPR progressing through Aust Govt processes 19/12/2024 Rebecca Palumbo: Ongoing. Risk plan developed 19/12/2024	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
No asset addition forms	Minor	No	Use of asset addition forms allows the asset team to clearly communicate specific information such as useful lives and date assets were received to the finance team for input into the accounting records.	Minor	Possible	High	The Shire should implement the use of asset addition forms.	This recommendation is noted, we will look to implement this in 2024.	Inadequate	Minor	Almost Certain	High	Treat	Codey Redmond: Asset acquisition and disposal forms created and implemented 01/07/2024 for 2024/25 financial year <i>02/09/2024</i> Rebecca Palumbo: Draft close out process includes Asset Form <i>26/08/2024</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Assets with no depreciation	Moderate	Yes	When assets are not assigned a depreciation rate, or when assets are not being depreciated this can lead to an understatement in depreciation expense and an overstatement in the net book value of assets being reported in the financial statements. This can also result in assets not reflecting their accurate future service potential.	Minor	Possible	High	The Shire should ensure that depreciation rates are assigned for asset additions on acquisition and that depreciation charge is consistently and accurately generated by the asset module. Furthermore, the Shire should review the depreciation rate of all assets to ensure they are aligned with the remaining economic benefits and future service potential of these assets.	Please see comments at Finding 11. Assets subject to revaluation have been examined and all variances accounted for. This is now resolved. This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.	Inadequate	Minor	Almost Certain	High	Treat	Vanessa Green: Identified need for review of all asset classes and asset management procedures including capture in asset registers 05/06/2024	50% 50 / 100 50% behind

AUDIT FINDINGS 2023/24

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Untimely preparation and review of bank reconciliations	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements	Moderate	Possible	High	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate	Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliation is on track for December 2024.	Adequate	Moderate	Likely	High	Treat		25% 25 / 100 75% behind

							and supported and evidence of independent review is maintained.									Current...
Lack of segregation of duties with purchasing	Significant	Yes	In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services. Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations	Moderate	Possible	High	The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff. The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement	This was considered as part of the Audit Reg 17 and FMR Reg 5 Review in 2023. The recommendations regarding segregation of duties were received by Council at its December 2023 OCM and the corresponding updates to Policy F2 - Procurement adopted. The residual risk after the implementation of these recommendations was presented to the Audit and Risk Committee (ARC) at its June 2024 meeting. ARC considered this item and recommended to Council that appropriate	Effective	Minor	Likely	High	Treat	Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100	

	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	adjustment s had been taken to	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
							requirement s. As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.	segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommend ation and voted to accept the residual risk.							
Fortnightly payroll reconciliatio	Significant	Yes	Where payroll reconciliatio ns are not completed, there is a risk the General Ledger is inaccurate and not a complete representati on of payroll related payments. Inadequate independen t review of the payroll reconciliatio ns increases the risk of errors, omissions or fraud going undetected.	Major	Possible	High	We recommend manageme nt to ensure that fortnightly payroll reconciliati ons are adequately performed, and evidence of independen t review is retained.	As noted by the auditors this process has been undertaken fortnightly since December 2023.	Effective	Major	Unlikely	High	Treat	Codey Redmond: Proces s comple ted and underta ken before audit in Decem ber 2023. 28/02/2025	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Unrecorded liabilities	Significant	No	If subsequent payments are not reviewed for additional liabilities at balance date, there is a risk of liabilities and other areas of the financial report being incomplete and materially misstated.	Major	Possible	High	We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.	Noted. A process will be developed to prevent recurrence of this incorrect posting.	Effective	Major	Unlikely	High	Treat	Codey Redmond: one off error caused by change of staff at end of financial year. 28/02/2025	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Untimely approval of purchase orders	Moderate	Yes	Purchases made without authorised purchase orders may increase the risk of unauthorised expenditure occurring and going undetected. Further it is more difficult for the Shire to track whether expenditure incurred is in line with budgets or expectations and is dependent on the receipt of a tax invoice.	Moderate	Possible	High	Purchase orders are an important control in the procurement process as they ensure purchases are appropriate, necessary and comply with procurement policies prior to the receipt of goods or services. The Shire should ensure that purchase orders are raised and approved prior to the ordering of goods and or services.	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate controls were in place and that the treatment for non-compliance would be education and training followed by a HR process where applicable. At its June 2024 Ordinary Meeting Council agreed with the recommendation of the ARC and voted to accept the residual risk.	Adequate	Moderate	Likely	High	Treat	Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Lack of control on tracking usage of inventory	Moderate	No	There is an increased risk of inappropriate usage of inventory in the absence of controls around inventory. There is a further risk that inventory may not be fairly stated at year-end.	Moderate	Possible	High	We recommend management puts in place a more stringent tracking mechanism for usage of inventory in order to mitigate any inappropriate usage and / or incorrect recognition of inventory balance.	Agreed. This was identified as a weakness particularly in relation to fuel supplies where the largest variance has been recorded. The installation of a new fuel tank will require the immediate recording of information and should prevent recurrence.	Inadequate	Moderate	Likely	High	Treat	Lindon Mellor: 24/02/2025 - New pump system in place which digitally records 24/02/2025	100% 100 / 100 -
Inappropriate User Access in Synergy	Moderate	No	Access privileges for users beyond those necessary to perform their assigned duties might result in the recording of unauthorised, non-existent or inaccurate transactions, improper changes to data, or destruction of data.	Moderate	Possible	High	Super user access should be limited to privileged users (ideally in the IT service providers/IT departments).	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk. Noting the	Inadequate	Moderate	Likely	High	Treat	Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100 -

recommendation of the auditors, the Shire will trial a restricted access for the Finance Manager for a period of 6 months from January 2025 assessing the impact upon financial operations. Should this be successful the restricted access will be put in place permanently.

Current...

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Old PPE assets carried in the Fixed Asset Register	Moderate	No	The accumulation of numerous low value assets in the FAR can impact the efficiency of asset management and may lead to potential inaccuracies in financial reporting. Also, the FAR might be carrying assets which no longer physically exist at the Shire.	Moderate	Possible	High	It is recommended for the Management to periodically review the FAR along with physical existence of assets to ensure the FAR carries only those assets which are in use by the Shire.	For surety we will complete a review of all older assets with a low carrying value and remove any found to no longer be in use. Asset addition and disposal processes are already in use by the Shire however, we acknowledge there may be items that were disposed of prior to the commencement of these processes which warrant investigation and appropriate treatment.	Inadequate	Moderate	Likely	High	Treat		0% 0 / 100 74% behind

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Untimely review of the credit card policy	Minor	No	Untimely review and update of the credit card policy poses a risk that the control procedure is implemented is outdated or inappropriate.	Moderate	Possible	High	We recommend management to review the credit card policy on an annual basis and update the procedure in line with Shire's internal control.	The review period of all policies was considered as the Shire moved to its Integrated Planning and Reporting software. It was identified that a two year review of Policy F6 – Corporate Credit Card Policy was sufficient, thus Policy F6 was not due for review within the reporting period. The current policy has been reviewed by the Executive Leadership Team and there are no circumstances that require amendments. Officers will present this to Council for noting in December 2024.	Inadequate	Moderate	Likely	High	Treat	Vanessa Green: Council considered review of credit card policy at its December 2024 OCM 06/03/2025	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implica...	Conseq...	Likeliho...	Risk Ra...	Audit R...	Manag...	Rating ...	Residu...	Residu...	Residu...	Risk Tr...	Comm...	Current...
Former employee listed as authorised signatory in AMP Bank Confirmation	Minor	No	There is the risk that the parties no longer associated with the Shire have access to the Shire's bank accounts and may result in unauthorised access or processing of unauthorised payments.	Moderate	Possible	High	It is recommended management removes terminated employees as authorised bank signatories.	Noted. We have instructed the bank to remove the terminated employee. We note that our new Finance Manager was not added as an authorised signatory as per our May 2024 instruction and are seeking correction to this also.	Inadequate	Moderate	Likely	High	Treat	Codey Redmond: oversite by IAM banking who manages our AMP investments. problem rectified while auditor's where still onsite. 28/02/2025	100% 100 / 100
Guidelines for general journals	Minor	Yes	Where journal procedures are not regularly updated, there is a risk that they are no longer effective and do not reflect current requirements, internal practice or expectations.	Moderate	Possible	High	The Shire should ensure that the Management Guidelines General Journals procedure is updated.	Noted.	Inadequate	Moderate	Likely	High	Treat	Vanessa Green: During 2023/24 audit, external contract auditor's Nexia determined the general journal process was in good order but that this needed to be formally documented 06/03/2025	75% 75 / 100 25% behind

9.4 MID-YEAR BUDGET REVIEW 2024/25

File Number:	4.0463
Author:	Iona Sheehan-Lee, Senior Finance Officer
Authoriser:	Alina Behan, Executive Manager Corporate & Community Services
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. 2024/25 Budget Review

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the Mid-Year Budget Review, for the period ending 28 February 2025 for the Audit and Risk Committee's (the ARC) consideration and recommendation to Council.

BACKGROUND

In accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*, Council is required to review the adopted budget and assess actual values against budgeted values for the period at least once a year, after the December quarter.

The 2024/25 budget was adopted by Council at its Special Council Meeting on 6 August 2024 (030824). As part of adopting the budget the following was also resolved (040824):

"That, with regard to Material Variance Reporting for 2024/25, Council:

- 1. Resolves in accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards, to adopt the level for the reporting of material variance in 2024/25 as 10% or \$10,000, whichever is the greater."***

A comprehensive review of the 2024/25 Budget and year to date actuals to 28 February 2025 has been undertaken and is presented in Appendix 1. Officers have reported on major variances in accordance with the above resolution and provided comments where applicable.

COMMENTS AND DETAILS

As part of the annual budget preparation, Officers across the organisation are assigned projects and accounts within the budget for which they are responsible to monitor and manage. At the close of the second quarter, responsible Officers met with the Executive Leadership Team to analyse these accounts and consider any variations required to the adopted budget. The review considers progress during the first part of the financial year including actual spend up to 28 February 2025, the likely operating environment over the remaining months and the estimated impact on the Shire's financial position at year end.

Following this review process, a summary of all material variances was compiled for consideration by the ARC. The following table provides a summary of the anticipated year end position incorporating the proposed amendments with an anticipated surplus of \$6,612.00 expected as a result. Explanations for key variances are provided below.

OPERATING ACTIVITIES***Operating Revenues – net decrease of \$180,798***

- Operating Grants – No material variance
- Fees and Charges – Increase in revenue for hire of public facilities
- Service Charges – No material variance
- Interest Earnings – No material variance
- Other Revenue – Increase in revenue in relation to the Community Resource Centre
- Profit on Assets Disposal – Trade in value of major plant items reduced

Expenses – net decrease of \$548,752

- Employee Costs – Increase expenditure for rates, recreation, depot salaries and wages and staff training. Decrease expenditure for administration and public works salaries and wages.
- Materials and Contracts – Increase expenditure for contractors, waste management facility, verge clearing and strategic planning. Decrease in election expenditure
- Utility Charges – No material variance
- Depreciation on Non-Current Assets – No material variance
- Interest Expenses – No material variance
- Insurance Expenses – No material variance
- Other Expenditure – Increase expenditure towards sporting club sponsorships
- Loss on Assets Disposal - Trade in values updated
- Non-cash amounts excluded from operating activities - Disposal of plant and equipment

INVESTING ACTIVITIES – net increase of \$136,791

- Non-operating Grants, Subsidies and Contributions – Increased Local Roads & Community Infrastructure (LRCI) grant funding
- Purchase Land Held for Resale Expenses – No material variance
- Purchase Investment Property Expenses – No material variance
- Purchase Land and Buildings – Increase expenditure for the Forrest Oval Recreation Centre and Shire Depot upgrades
- Purchase Plant and Equipment – Adjustments in plant purchases due to reduction in trade in values
- Purchase and Construction of Infrastructure Roads – Increase in expenditure for LRCI projects. Reduced expenditure for Black Spot Funding projects and road infrastructure
- Purchase and Construction of Infrastructure Other – Expenditure for the CBD upgrades and Motorcross Track infrastructure
- Purchase of Right of Use Assets – No material variance
- Purchase of Investments – No material variance
- Proceeds from Self Supporting Loans – No material variance
- Proceeds from Disposal of Assets – Trade in value of major plant items reduced
- Proceeds from Sale of Investments – No material variance

FINANCING ACTIVITIES – net increase of \$144,242

- Repayment of debentures – No material variance

- Principal Elements of Finance Lease Payments – No material variance
- Proceeds from New Borrowings – No material variance
- Proceeds from New Lease Liabilities – No material variance
- Advances of Self-Supporting Loans – No material variance
- Transfers to Cash Backed Reserves (Restricted Assets) – Plant and Pioneer Memorial Lodge Reserve transfer
- Transfers from Cash Backed Reserves (Restricted Assets) – Transfer from Long Service Leave Reserve

OTHER ITEMS

- Surplus or deficit at the start of the financial year - Difference between adopted 2024/25 budget and the closing balance of the 2023/24 audited statements
- Surplus or deficit after imposition of general rates - Difference between original adopted budget and the current closing
- Net Current Assets at Start of Financial Year Surplus (Deficit) – No material variance
- Non-Cash Amounts Excluded from Operating Activities – No material variance
- Non-Cash Amounts Excluded from Investing Activities – No material variance
- Rate Revenue – No material variance
- Estimated Amount to be Raised from General Rates – No material variance

Officers seek Council's permission to reduce:

- The transfer to Reserve by \$40,000 for Pioneer Memorial Lodge as this project is unlikely to commence within this financial year
- The transfer to Plant Reserve by \$85,046.00 to support the acquisition of new grader and other plant items

This will alter the Transfers to Cash Backed Reserves (Restricted Assets) from \$625,000 to \$499,954.

Officers seek Council's permission to transfer from:

- Long Service Leave Reserve to General Operational Funds

Officers seek permission from Council to transfer \$19,196.00 from the Long Service Leave Reserve to General Operational Funds in recognition of a long service leave balance paid out to departing employees.

OPTIONS

The ARC has the following options:

Option 1: To recommend to Council that it adopts the Mid-Year Budget Review for 2024/25 and supporting information, as presented in Appendix 1.

Option 2: To recommend to Council that it does not adopt the Mid-Year Budget Review for 2024/25 and supporting information, as presented in Appendix 1 and request further information from the Chief Executive Officer.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Other Officers as required

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together.

Policy Related

F3 Significant Accounting Policies

F11 Financial Planning and Sustainability

Financial

The financial impact of the Mid-Year Budget Review is presented in Appendix 1. A year end surplus of \$6,612.00 is anticipated following the review. The additional funds are to be held as a surplus upon receipt of Council approval.

Legal and Statutory

Section 6.2 of the *Local Government Act 1995* is applicable and states:

“6.2. Local government to prepare annual budget

- (1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

** Absolute majority required.*

- (2) *In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*
- (a) the expenditure by the local government; and*
 - (b) the revenue and income, independent of general rates, of the local government; and*
 - (c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*
- (3) *For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*
- (4) *The annual budget is to incorporate —*
- (a) particulars of the estimated expenditure proposed to be incurred by the local government; and*
 - (b) detailed information relating to the rates and service charges which will apply to land within the district including —*
 - (i) the amount it is estimated will be yielded by the general rate; and*
 - (ii) the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*

and

- (c) *the fees and charges proposed to be imposed by the local government; and*
 - (d) *the particulars of borrowings and other financial accommodation proposed to be entered into by the local government; and*
 - (e) *details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and*
 - (f) *particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*
 - (g) *such other matters as are prescribed.*
- (5) *Regulations may provide for —*
- (a) *the form of the annual budget; and*
 - (b) *the contents of the annual budget; and*
 - (c) *the information to be contained in or to accompany the annual budget.”*

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* is applicable and states:

“33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
 - (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *consider the local government’s financial position as at the date of the review; and*
 - (c) *review the outcomes for the end of that financial year that are forecast in the budget.*
 - (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
 - (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*
- *Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.”*

Risk Related

It is a legislative requirement to undertake a review of the budget and to lodge it with the Department of Local Government, Sport and Cultural Industries. Failure to monitor and financially manage budgeted projects exposes the Shire to significant risk. This report helps to mitigate this risk.

However, the review does not seek to make amendments below the materiality threshold unless strictly necessary. The materiality threshold is set at \$10,000 as adopted by Council. Should several accounts exceed their budget within these thresholds, it poses a risk that the forecasted year end position may be understated.

Workforce

The scope of this report can be accommodated within current operational capacity and via contractor support which is already in place.

VOTING REQUIREMENTS

Absolute Majority: Yes

COMMITTEE RECOMMENDATION**Moved: Ms Shona Zulsdorf****Seconded: Cr Peter Wright**

That, with regard to Mid-Year Budget Review 2024/25, the Audit and Risk Committee recommend to Council that it:

- 1. Resolves to adopt the Mid-Year Budget Review and supporting information, as presented in Appendix 1.**
- 2. Requests the Chief Executive Officer to reduce the transfer to Reserve by \$40,000 for Pioneer Memorial Lodge.**
- 3. Requests the Chief Executive Officer to reduce the transfer to Plant Reserve by \$85,046 to support the acquisition of plant items.**
- 4. Requests the Chief Executive Officer to transfer \$19,196 from the Long Service Leave Reserve to General Operational Funds.**
- 5. Requests the Chief Executive Officer to forward the adopted 2024/25 Mid-Year Budget Review to the Department of Local Government, Sport and Cultural Industries within thirty (30) days of Council's adoption.**

In Favour: Crs Kevin Trent, Denis Warnick, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0 BY ABSOLUTE MAJORITY

SHIRE OF YORK
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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SHIRE OF YORK
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 31 JANUARY 2025

Budget v Actual						
Note	Updated Budget			Estimated Year at End Amount (b)	Predicted Variance (b) - (a)	
	Adopted Budget	Estimates (a)	Year to Date Actual			
	\$	\$	\$			
OPERATING ACTIVITIES						
Revenue from operating activities						
General rates		7,053,992	7,053,992	7,053,992	0	
Rates excluding general rates		1,023,321	1,023,321	995,246	1,023,321	0
Grants, subsidies and contributions		621,696	621,696	188,789	621,696	0
Fees and charges	4.1	1,915,379	1,915,379	1,677,422	1,944,156	28,777 ▲
Interest revenue		301,362	301,362	186,603	301,362	0
Other revenue	4.2	272,700	272,700	328,926	486,502	213,802 ▲
Profit on asset disposals	4.3	487,397	487,397	0	64,020	(423,377) ▼
		11,675,847	11,675,847	10,430,978	11,495,049	(180,798)
Expenditure from operating activities						
Employee costs	4.4	(6,771,772)	(6,771,772)	(3,533,060)	(6,675,593)	96,179 ▲
Materials and contracts	4.5	(4,533,983)	(4,533,983)	(1,970,086)	(5,074,490)	(540,507) ▼
Utility charges		(508,499)	(508,499)	(149,308)	(508,499)	0
Depreciation		(6,817,295)	(6,817,295)	(580,678)	(6,817,295)	0
Finance costs		(49,335)	(49,335)	(25,715)	(49,335)	0
Insurance		(324,955)	(324,955)	(428,962)	(324,955)	0
Other expenditure	4.6	(610,559)	(570,559)	(177,250)	(574,559)	(4,000) ▼
Loss on asset disposals	4.7	(4,645)	(4,645)	(889)	(105,069)	(100,424) ▼
		(19,621,043)	(19,581,043)	(6,865,948)	(20,129,795)	(548,752)
Non-cash amounts excluded from operating activities	4.8	6,334,543	6,334,543	581,567	6,858,344	523,801 ▲
Amount attributable to operating activities		(1,610,653)	(1,570,653)	4,146,597	(1,776,402)	(205,749)
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	4.9	3,329,753	3,841,140	450,429	4,094,336	253,196 ▲
Proceeds from disposal of assets	4.10	879,000	879,000	0	355,199	(523,801) ▼
		4,208,753	4,720,140	450,429	4,449,535	(270,605)
Outflows from investing activities						
Purchase of land and buildings	4.11	(269,000)	(309,000)	(24,980)	(336,000)	(27,000) ▼
Purchase of plant and equipment	4.12	(1,429,000)	(1,429,000)	(6,556)	(1,023,364)	405,636 ▲
Purchase of furniture and equipment		(152,000)	(152,000)	(250)	(152,000)	0
Purchase and construction of infrastructure-roads	4.13	(3,139,740)	(3,771,035)	(185,474)	(3,664,275)	106,760 ▲
Purchase and construction of infrastructure-other	4.14	(491,200)	(491,200)	(82,465)	(569,200)	(78,000) ▼
		(5,480,940)	(6,152,235)	(299,725)	(5,744,839)	407,396
Amount attributable to investing activities		(1,272,187)	(1,432,095)	150,704	(1,295,304)	136,791
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Transfers from reserve accounts	4.15	75,000	75,000	0	94,196	19,196 ▲
		75,000	75,000	0	94,196	19,196
Cash outflows from financing activities						
Repayment of borrowings		(147,320)	(147,320)	(72,613)	(147,320)	0
Transfers to reserve accounts	4.16	(679,908)	(560,000)	0	(434,954)	125,046 ▲
		(827,228)	(707,320)	(72,613)	(582,274)	125,046
Amount attributable to financing activities		(752,228)	(632,320)	(72,613)	(488,078)	144,242
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	4.17	3,652,527	3,652,527	3,566,396	3,566,396	(86,131) ▼
Amount attributable to operating activities		(1,610,653)	(1,570,653)	4,146,597	(1,776,402)	(205,749)
Amount attributable to investing activities		(1,272,187)	(1,432,095)	150,704	(1,295,304)	136,791
Amount attributable to financing activities		(752,228)	(632,320)	(72,613)	(488,078)	144,242
Surplus or deficit after imposition of general rates	3(a),4.18	17,459	17,459	7,791,084	6,612	(10,847) ▼

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025

1. BASIS OF PREPARATION

This budget review has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996*, prescribe that the budget review be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 Leases which would have required the Shire of York to measure any vested improvements at zero cost.

Local Government (Financial Management) Regulations 1996, regulation 33A prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and statement of financial activity, the budget review has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of York controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

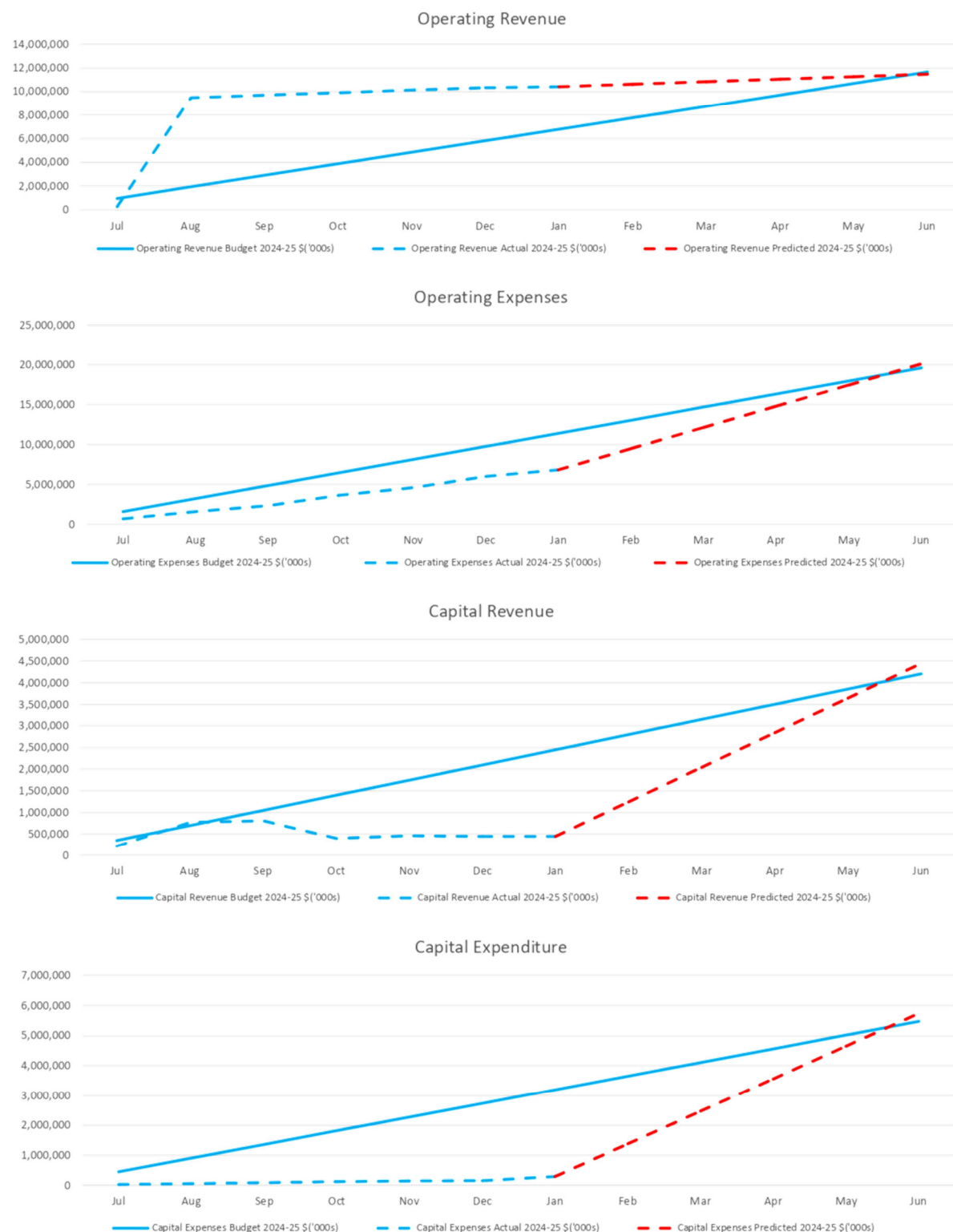
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies utilised in the preparation of these statements are as described within the 2024-25 Annual Budget. Please refer to the adopted budget document for details of these policies.

SHIRE OF YORK
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 31 JANUARY 2025

2. SUMMARY GRAPHS - BUDGET REVIEW



This information is to be read in conjunction with the accompanying financial statements and notes.

SHIRE OF YORK
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025

3 NET CURRENT FUNDING POSITION
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	4,424,839	3,156,461	3,156,461	9,007,341	2,981,464
Financial assets	2,084,043	0	0	0	0
Trade and other receivables	1,675,962	1,419,012	1,419,012	3,279,321	1,419,012
Inventories	52,481	52,481	52,481	60,961	52,481
	8,237,325	4,627,954	4,627,954	12,347,623	4,452,957
Less: current liabilities					
Trade and other payables	(1,638,062)	(1,243,213)	(1,243,213)	(1,524,657)	(1,243,213)
Contract liabilities	(232,933)	0	0	(232,933)	0
Borrowings	(147,321)	(155,946)	(155,946)	(74,708)	(155,946)
Employee related provisions	(769,588)	(680,904)	(680,904)	(769,588)	(680,904)
Other provisions	0	(51,124)	(51,124)	0	(51,124)
	(2,787,904)	(2,131,187)	(2,131,187)	(2,601,886)	(2,131,187)
Net current assets	5,449,421	2,496,767	2,496,767	9,745,737	2,321,770
Less: Total adjustments to net current assets	(1,883,025)	(2,479,308)	(2,479,308)	(1,955,638)	(2,315,158)
Closing funding surplus / (deficit)	3,566,396	17,459	17,459	7,790,099	6,612

(b) Current assets and liabilities excluded from budgeted deficiency

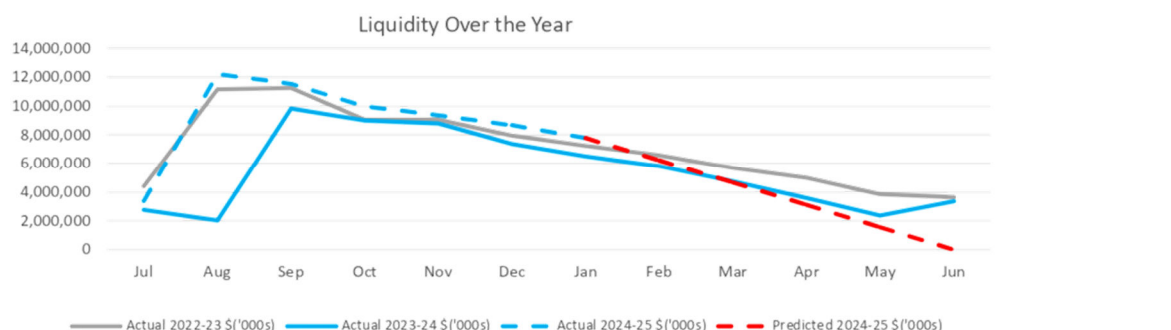
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(2,537,273)	(3,142,181)	(3,142,181)	(2,537,273)	(2,978,031)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	147,321	155,946	155,946	74,708	155,946
- Employee benefit provisions	506,927	506,927	506,927	506,927	506,927
Total adjustments to net current assets	(1,883,025)	(2,479,308)	(2,479,308)	(1,955,638)	(2,315,158)

(c) Non-cash amounts excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(18,751)	(487,397)	(487,397)	0	(64,020)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,681)	0	0	0	0
Add: Loss on disposal of assets	13,481	4,645	4,645	889	105,069
Add: Depreciation on assets	6,836,472	6,817,295	6,817,295	580,678	6,817,295
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates	(58,093)	0	0	0	0
Employee benefit provisions	194,552	0	0	0	0
Non-cash amounts excluded from operating activities	6,965,980	6,334,543	6,334,543	581,567	6,858,344



SHIRE OF YORK
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025

3 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES
CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities.

FINANCIAL ASSETS AT AMORTISED COST

The Shire of York classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire of York applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONTRACT ASSETS

Contract assets primarily relate to the Shire of York's right to consideration for work completed but not billed at the end of the period.

CONTRACT LIABILITIES

Contract liabilities represent the Shire of York's obligation to transfer goods or services to a customer for which the Shire of York has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

PROVISIONS

Provisions are recognised when the Shire of York has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of York's operational cycle. In the case of liabilities where the Shire of York does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire of York's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of York prior to the end of the financial year that are unpaid and arise when the Shire of York becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire of York recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of York's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of York's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the net current funding position. Shire of York's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of York's obligations for long-term employee benefits where the Shire of York does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

SHIRE OF YORK
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 JANUARY 2025

4 PREDICTED VARIANCES

		Variance
		\$
Revenue from operating activities		
4.1 Fees and charges		28,777 ▲
Increase in revenue for hire of public facilities.		
4.2 Other revenue		213,802 ▲
Increase in revenue in relation to the Community Resource Centre.		
4.3 Profit on asset disposals		(423,377) ▼
Trade in value of major plant items reduced.		
Expenditure from operating activities		
4.4 Employee costs		96,179 ▲
Increase expenditure for rates, recreation, depot salaries and wages.		
Decrease expenditure for administration and public works salaries and wages.		
4.5 Materials and contracts		(540,507) ▼
Increase expenditure for contractors, waste management facility, verge clearing and strategic planning.		
Decrease in election expenditure.		
4.6 Other expenditure		(4,000) ▼
Increase expenditure towards sporting club sponsorships.		
4.7 Loss on asset disposals		(100,424) ▼
Trade in values updated.		
4.8 Non-cash amounts excluded from operating activities		523,801 ▲
Disposal of plant and equipment.		
Inflows from investing activities		
4.9 Capital grants, subsidies and contributions		253,196 ▲
Increased LRCI grant funding.		
4.10 Proceeds from disposal of assets		(523,801) ▼
Trade in value of major plant items reduced.		
Outflows from investing activities		
4.11 Purchase of land and buildings		(27,000) ▼
Increase expenditure for the Forrest Oval Recreation Centre and the shire depot upgrades.		
4.12 Purchase of plant and equipment		405,636 ▲
Purchase of 4 new vehicles. Isuzu side tipper, Volvo roller and Volvo G930 purchase price reduced.		
Hino side tipper not being purchased.		
4.13 Purchase and construction of infrastructure-roads		106,760 ▲
Increase expenditure for LRCI projects.		
Reduced expenditure for BSF projects and road infrastructure.		
4.14 Purchase and construction of infrastructure-other		(78,000) ▼
Expenditure for the CBD upgrades and Motorcross Track infrastructure.		
Cash inflows from financing activities		
4.15 Transfers from reserve accounts		19,196 ▲
Reduce transfer from PML reserves. Transfer from Long Service Leave reserve.		
Cash outflows from financing activities		
4.16 Transfers to reserve accounts		125,046 ▲
Plant and PML reserve transfer.		
4.17 Surplus or deficit at the start of the financial year		(86,131) ▼
Difference between adopted 2024/25 budget and the closing balance of the 2023/24 audited statements.		
4.18 Surplus or deficit after imposition of general rates		(10,847) ▼
Difference between original adopted budget and the current closing.		

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

12 BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

Nil

13 CLOSURE

The Presiding Member thanked everyone for their attendance and closed the meeting at 3.39pm.