



UNCONFIRMED MINUTES

Audit and Risk Committee Meeting Monday, 9 December 2024

Date: Monday, 9 December 2024

Time: 3:00pm

Location: Council Chambers, York Town Hall, York

Order Of Business

1	Opening	3
1.1	Declaration of Opening	3
1.2	Acknowledgement / Disclaimer	3
1.3	Attendance via Electronic Means	3
1.4	Standing Orders	3
1.5	Announcement of Visitors	3
1.6	Declarations of Interest that Might Cause a Conflict	3
1.7	Declaration of Financial Interests	3
1.8	Disclosure of Interests that May Affect Impartiality	4
2	Attendance	4
2.1	Members	4
2.2	Staff	4
2.3	Auditors/Office of the Auditor General	4
2.4	Apologies	4
2.5	Leave of Absence Previously Approved	4
2.6	Number of People in the Gallery at Commencement of Meeting	4
3	Questions from Previous Meetings	4
4	Public Question Time	4
4.1	Written Questions – Current Agenda	5
4.2	Public Question Time	5
5	Applications For Leave of Absence	6
6	Presentations	6
7	Confirmation of Minutes of Previous Meetings	6
8	Announcements by Presiding Member Without Discussion	6
9	Officer's Reports	7
9.1	Consideration of Findings Identified During the 2023/24 Audit	7
9.2	Risk Management Update as at December 2024	80
10	Motions of which Previous Notice has been given	84
11	Questions from Members without Notice	84
12	Business of an Urgent Nature Introduced by Decision of the Meeting	84
13	Closure	84

**MINUTES OF SHIRE OF YORK
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, YORK TOWN HALL, YORK
ON MONDAY, 9 DECEMBER 2024 AT 3:00PM**

1 OPENING

1.1 Declaration of Opening

Cr Kevin Trent, Presiding Member, declared the meeting open at 3.00pm.

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 this country 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.

This meeting is being recorded on a digital audio and visual device to assist with minute taking purposes. The public is reminded that in accordance with Section 6.16 of the Shire of York Local Government (Council Meetings) Local Law 2016 that 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, pursuant to the Local Government Act 1995.

Therefore members of the public should not rely on any decisions until formal notification in writing by Council 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

Nil

1.4 Standing Orders

Nil

1.5 Announcement of Visitors

Punitha Perumal, Director Financial Audit, Office of the Auditor General; Michael Fay, Director, Nexia Australia; Surya Kiran, Audit Manager, Nexia Australia

1.6 Declarations of Interest that Might Cause a Conflict

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 Peter Wright; Mr Justin Lee; Ms Shona Zulsdorf

2.2 Staff

Chris Linnell, Chief Executive Officer; Alina Behan, Executive Manager Corporate & Community Services; Codey Redmond, Finance Manager; Vanessa Green, Council & Executive Support Officer

2.3 Auditors/Office of the Auditor General

Punitha Perumal, Director Financial Audit, Office of the Auditor General; Michael Fay, Director, Nexia Australia; Surya Kiran, Audit Manager, Nexia Australia

2.4 Apologies

Cr Denis Warnick

2.5 Leave of Absence Previously Approved

Nil

2.6 Number of People in the Gallery at Commencement of Meeting

There were zero (0) people in the Gallery at the commencement of the meeting.

3 QUESTIONS FROM PREVIOUS MEETINGS

Nil

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 3.05pm.

4.1 Written Questions – Current Agenda

Nil

4.2 Public Question Time

MRS M GOOD

Question 1

Since April 1st 2024, through numerous Shire of York channels, I have raised several serious concerns as well as public health, safety and amenity risks surrounding the upgrade works and increased use of the York off-road vehicle area. This includes email correspondence, meetings and questions submitted for the Ordinary Council Meeting on the November 26th 2024 for which I am still awaiting a reply.

Can the Presiding Member please clarify the scope of the Audit and Risk Committee and its role in relation to significant risk-related issues raised by the community such as these?

Response provided by the Presiding Member

Section 7.1A of the Local Government Act 1995 requires that all local governments establish an Audit & Risk Committee. Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit & Risk Committee.

The Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

With regard to the questions you submitted to Council's November 2024 Ordinary Meeting which were Taken on Notice, answers are provided in the Agenda for Council's December 2024 Ordinary Meeting which is published on the Shire's website.

Question 2

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

This question will be Taken on Notice.

There being no further questions, Public Question Time concluded at 3.09pm.

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 10 September 2024 be confirmed as a correct record of proceedings.

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

Against: Nil

CARRIED 4/0

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

9 OFFICER'S REPORTS

9.1 CONSIDERATION OF FINDINGS IDENTIFIED DURING THE 2023/24 AUDIT

File Number:	4.7714
Author:	Alina Behan, Executive Manager Corporate & Community Services
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	<ol style="list-style-type: none">1. Findings of the 2023/24 Audit ↓2. Annual Financial Report 2023/24 ↓3. Nexia Exit Board Report 2024 ↓4. Management Representation Letter 2024 ↓5. Significant Findings Report 2024 ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the results and findings of the Audit for the year ending 30 June 2024 to the Audit and Risk Committee (ARC) for consideration and, if satisfactory, recommendation to Council for adoption.

BACKGROUND

On 18 July 2024, an entrance meeting for the 2023/24 annual financial audit was held between the Chair and Members of the ARC, Shire Officers, the Office of the Auditor General (OAG) and contract auditors Nexia Perth Audit Services (Nexia).

Due to the late appointment of Nexia, in late May 2024, it was agreed that the Interim Audit would be conducted after the close of the 2023/24 financial year. Nexia commenced requesting items for the Interim Audit in July 2024, with the Interim Audit scheduled to be conducted between 15 July 2024 to 19 July 2024 remotely and the Final Audit on site between 14 October 2024 and 25 October 2024.

Nexia provided the draft audit findings, Exit Board Report and draft copies of the Shire's Annual Financial Statements on Friday 6 December 2024 for consideration at the exit meeting to be held Monday 9 December 2024 between the ARC, Shire Officers, the OAG and Nexia. Once final documentation is agreed, the feedback and recommendations to Management form the basis for new or amended procedures to be implemented.

While the Audited Annual Financial Statements will receive OAG approval, the Roads to Recovery Grant and the Local Roads and Community Infrastructure Program Grant audits have not yet been concluded.

The draft Report on the Findings of the 2023/24 Audit has been received and is presented in Appendix 1. The Annual Financial Statements are presented in Appendix 2 to assist the ARC in its understanding of the Findings. Officers are unable to present a consolidated Annual Report at this time. This will be presented to the ARC for consideration and recommendation to Council at a future meeting.

A copy of the Exit Board Report is presented in Appendix 3. The Auditor's Opinion is not yet presented. Appendix 4 presents the Management Representation Letter for consideration. Appendix 5 presents the Significant Findings ready for communication to the Minister for Local Government.

COMMENTS AND DETAILS

The Report identifies four (4) Findings which are considered Significant. Of the thirteen (13) Significant findings from the 2022/23 Audit, only three (3) remain as Significant. Given the Audit was only concluded on 15 March 2024 and the OAG's testing included items up to 30 June 2024, this shows a strong commitment by the Shire Administration to address perceived deficiencies. The following are the Significant Findings for the 2023/24 audit:

1. Untimely preparation and review of bank reconciliations (prior year)
2. Lack of segregation of duties with purchasing (prior year)
3. Fortnightly payroll reconciliations (prior year)
4. Unrecorded liabilities (new)

A Significant Finding is defined as:

"Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly."

The Report presented in Appendix 1 details the findings against each deficiency, indicates the implications the deficiency may have on the organisation, and makes recommendations on how the organisation can best rectify the deficiency. Management was made aware of the identified deficiencies and provided the opportunity to comment and provide context to the deficiency and provide an action plan to address them.

The Report also details other findings which are considered Moderate and Minor and the actions taken or intended to be taken to address those.

Only Significant Findings are required to be communicated to the Minister and published on the Shire's website. These are presented in Appendix 2 along with actions and timeframes.

OPTIONS

The ARC has the following options:

- Option 1:** The ARC could choose to recommend to Council that it receives the final Auditor's Audit Management Report and requests the Chief Executive Officer to submit a copy of the Significant Findings Report to the Minister for Local Government and publish a copy on the Shire's website.
- Option 2:** The ARC could choose to recommend to Council that it receives the final Auditor's Audit Management Report, identify additional actions for Officers to undertake to address the Significant Findings for inclusion in the Significant Findings Report, requests the Chief Executive Officer to submit a copy of the Significant Findings Report to the Minister for Local Government and publish a copy on the Shire's website.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

OAG

Nexia

Executive Leadership Team

Finance Manager

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

Costs for conducting the audit are included in the 2024/25 budget at GL: 042193 (\$84,000). The OAG have not yet confirmed the final cost for this audit.

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 Audit and Risk Committee in considering the results of those audits.

Risk Related

The requirement to notify the Minister for Local Government of significant audit findings is a legislative obligation. Section 7.12A(4) of the *Local Government Act 1995* requires that a report is prepared by the local government addressing the findings. This report must be submitted to the Minister within

three (3) months of receipt of the audit report. Failure to do so exposes Council and the Shire to both legislative and reputational risk. This report and its appendices mitigate this risk. Failure to undertake the actions documented in the report could result in financial risk for the Shire.

Workforce

The workload required to complete the 2023/24 audit has been managed within the current workforce. Additional staffing was identified as part of the Workforce Plan to split the audit preparation duties from that of the Finance Manager. This has contributed to the smoother servicing of the 2023/24 audit requirements.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Cr Peter Wright

That, with regard to the Consideration of Findings Identified During the 2023/24 Audit, the Audit and Risk Committee recommend to Council that it:

- 1. Receives the draft 2023/24 Audit Reports, as presented in Appendices 1 to 4, for the 2023/24 financial year and recommends the adoption of the draft 2023/24 Audit Reports as final.**
- 2. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Audit Reports.**
- 3. Requests the Chief Executive Officer to submit a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 5, to the Minister for Local Government prior to 8 March 2025.**
- 4. Requests the Chief Executive Officer to publish a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 5, on the Shire's website within fourteen (14) days of the report being provided to the Minister for Local Government.**
- 5. Authorises the Chief Executive Officer to make any necessary minor typographical and formatting changes to the audit documents prior to publication.**

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

Against: Nil

CARRIED 4/0

Punitha Perumal, Michael Fay and Surya Kiran left the meeting at 3.55pm.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Untimely preparation and review of bank reconciliation.	Yes	✓			✓
2. Lack of segregation of duties with purchasing	Yes	✓			✓
3. Fortnightly payroll reconciliations	Yes	✓			✓
4. Unrecorded liabilities	Yes	✓			
5. Untimely approval of purchase orders	No		✓		✓
6. Lack of control on tracking usage of inventory	No		✓		
7. Inappropriate User Access in Synergy	No		✓		
8. Old PPE assets carried in the FAR	No		✓		
9. Untimely review of the credit card policy	No			✓	
10. Former Employee listed as authorised signatory in AMP Bank Confirmation.	No			✓	
11. Guidelines for general journals	No			✓	✓

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Untimely preparation and review of bank reconciliation****Finding**

Bank reconciliations are an essential control in managing the accuracy and completeness of the Shire's accounting records and financial statements. Bank reconciliations are also a key aspect of internal controls over cash resources.

During the final audit visit, we noted that the Municipal bank, Reserve bank and Trust bank reconciliations were not prepared and reviewed in a timely manner. Bank reconciliations for all bank accounts for the period July 2023 – March 2024 were not prepared until January 2024 and not reviewed until November 2024.

For the period April 2024 – June 2024, we were unable to obtain bank reconciliations (except for the Trust bank account reconciliation for the month of April 2024). It was also noted that the bank reconciliations are prepared as a whole, without reconciling them individually.

This finding was reported in 2023.

Rating: Significant (2023: Significant)**Implication**

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.

Recommendation

We recommend management 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 and supported and evidence of independent review is maintained.

Management Comment

Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliations is on track for December 2024.

Responsible Person: Finance Manager

Completion Date: December 2024

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Lack of segregation of duties with purchasing****Finding**

During the final audit, we identified 4 out of 28 samples with insufficient segregation of duties from the ordering of goods and services to invoice processing and payment. Our testing identified the following:

- 3 out of 28 samples where the Executive Manager Infrastructure and Development Service (EMIDS) approved both the purchase order and the invoice for payment.
- 1 out of 28 samples where the Executive Manager of Corporate and Community Services (EMCCS) approved both the purchase order and the invoice for payment.

This finding was first raised in 2021/22.

Rating: Significant (2023: Significant)

Implication

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.

Recommendation

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 requirements.

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.

Management Comment

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 adjustments had been taken to segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommendation and voted to accept the residual risk.

Responsible Person: EMCCS

Completion Date: [Complete](#)

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Fortnightly payroll reconciliation

Finding

As part of our testing of design and implementation of payroll controls we noted payroll reconciliation was not performed for the period July 2023 – November 2023. The Shire informed that due to staff changes, reconciliations were performed only from December 2023.

Rating: Significant (2023: Significant)**Implication**

Where payroll reconciliations are not completed, there is a risk the General Ledger is inaccurate and not a complete representation of payroll related payments. Inadequate independent review of the payroll reconciliations increases the risk of errors, omissions or fraud going undetected.

Recommendation

We recommend management to ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained.

Management Comment

As noted by the auditors this process has been undertaken fortnightly since December 2023.

Responsible Person: Finance Manager/EMCCS**Completion Date:** [Complete](#)

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****4. Unrecorded liabilities****Finding**

During our testing of subsequent payments, we noted batch payments totalling \$738k made in July 2024 were incorrectly recognised in June 2024 and was not identified until audit testing. As both cash and cash equivalents and trade and other payables were materially understated at 30 June 2024, an audit adjustment was posted to the financial statements.

Rating: Significant**Implication**

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.

Recommendation

We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.

Management Comment

[Noted. A process will be developed to prevent recurrence of this incorrect posting.](#)

Responsible Person: Finance Manager

Completion Date: [April 2025](#)

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Untimely approval of purchase orders**Finding**

The Shire's procurement process requires purchase orders to be raised before a purchase is made. Based on our testing of expenditure transactions, we identified 3 out of 28 purchase orders sampled that were raised after the respective invoices were received.

This finding was first raised in 2021-22.

Rating: Moderate (2023 : Moderate)

Implication

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.

Recommendation

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.

We recommend management to ensure that purchase orders are raised and approved prior to the ordering of goods and or services.

Management Comment

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.

Responsible Person: EMCCS

Completion Date: Complete, oversight of this item will always be ongoing.

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****6. Lack of control on tracking usage of inventory****Finding**

During the final audit, we identified that although the value of inventory is immaterial, the inventory valuation report was completed on 8 July 2024 and since movement of fuel in and out is not tracked, it is not possible to assess if quantity and valuation of inventory at year-end is appropriately stated.

Rating: Moderate**Implication**

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.

Recommendation

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.

Management Comment

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.

Responsible Person: EMIDS**Completion Date:** January 2025

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****7. Inappropriate User Access in Synergy****Finding**

From our review of the Synergy user access list, we found that the Financial Manager has super user access which is deemed inappropriate.

Rating: Moderate**Implication**

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.

Recommendation

Super user access should be limited to privileged users (ideally in the IT service providers/IT departments).

Management Comment

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.

Responsible Person: EMCCS

Completion Date: June 2025

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****8. Assets with zero or low carrying values in fixed assets register****Finding**

During our testing of property, plant and equipment, we noted a number of old assets within furniture and equipment (acquired in the 1990s) with zero or low carrying values included in the Fixed Asset Register (FAR).

Rating: Moderate**Implication**

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.

Recommendation

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.

Management Comment

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.

Responsible Person: Finance Manager**Completion Date: June 2025**

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****9. Untimely review of the credit card policy****Finding**

During the audit, it was noted that the Shire's corporate credit card policy has not been reviewed by management since August 2022.

Rating: Minor**Implication**

Untimely review and update of the credit card policy poses a risk that the control procedure is implemented is outdated or inappropriate.

Recommendation

We recommend management to review the credit card policy on an annual basis and update the procedure in line with Shire's internal control.

Management Comment

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.

Responsible Person: EMCCS**Completion Date:** December 2024

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****10. Former Employee listed as authorised signatory in AMP Bank Confirmation****Finding**

Upon review of the AMP bank confirmation as at 30 June 2024, it was identified that a former employee who was terminated on 12 May 2024 was still listed as an authorised signatory with the bank.

Rating: Minor**Implication**

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.

Recommendation

It is recommended management removes terminated employees as authorised bank signatories.

Management Comment

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.

Responsible Person: Finance Manager/EMCCS**Completion Date: Complete**

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

11. Guidelines for general journals

Finding

We noted that current Management Guidelines General Journals procedure is still not updated. The document came into force in June 2016, and it has not been reviewed since then. It references to positions that no longer exist within the Shire and may no longer reflect processes implemented by the Shire.

Rating: Minor (2023: Minor)

Implication

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.

Recommendation

The Shire should ensure that the Management Guidelines General Journals procedure is updated.

Management comment

Noted.

Responsible Person: Finance Manager

Completion Date: January 2025

SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	39

The Shire of York conducts the operations of a local government with the following community vision:

A vibrant and inviting agriculture, heritage and tourist town and a Shire community that is focused on and works collaboratively to improve and promote the town and the Shire of York as a destination and wonderful place to live.

Principal place of business:
1 Joaquina Street
York WA 6302

**SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

The accompanying financial report of the Shire of York has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the _____ day of _____ 2024

CEO

Chris Linnell
Name of CEO

**SHIRE OF YORK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),24	7,616,016	7,640,862	7,023,831
Grants, subsidies and contributions	2(a)	2,156,700	386,388	2,619,885
Fees and charges	2(a)	1,375,159	1,266,389	1,209,024
Interest revenue	2(a)	281,883	225,034	145,704
Other revenue	2(a)	384,574	241,397	276,895
		11,814,332	9,760,070	11,275,339
Expenses				
Employee costs	2(b)	(5,856,912)	(5,859,408)	(5,134,501)
Materials and contracts		(3,711,976)	(4,503,124)	(3,604,548)
Utility charges		(409,977)	(307,167)	(331,142)
Depreciation		(6,836,472)	(7,259,298)	(6,480,269)
Finance costs		(58,632)	(62,706)	(70,640)
Insurance		(341,071)	(265,246)	(241,996)
Other expenditure	2(b)	(791,293)	(811,729)	(706,312)
		(18,006,333)	(19,068,678)	(16,569,408)
		(6,192,001)	(9,308,608)	(5,294,069)
Capital grants, subsidies and contributions	2(a)	2,221,593	3,879,505	903,413
Profit on asset disposals		18,751	6,400	59,658
Loss on asset disposals		(13,481)	(255,898)	(34,285)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	7,683
		2,228,544	3,630,007	936,469
Net result for the period		(3,963,457)	(5,678,601)	(4,357,600)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	16,762,080
Total other comprehensive income for the period		0	0	16,762,080
Total comprehensive (loss) / income for the period		(3,963,457)	(5,678,601)	12,404,480

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF YORK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,424,839	7,390,886
Trade and other receivables	5	1,675,962	1,236,849
Other financial assets	4(a)	2,084,043	0
Inventories	6	52,481	46,329
Assets classified as held for sale	7	0	272,727
TOTAL CURRENT ASSETS		8,237,325	8,946,791
NON-CURRENT ASSETS			
Trade and other receivables	5	219,021	160,928
Other financial assets	4(b)	83,171	81,490
Property, plant and equipment	8	47,493,206	47,953,673
Infrastructure	9	138,257,476	141,223,631
Right-of-use assets	11(a)	975,323	1,003,382
TOTAL NON-CURRENT ASSETS		187,028,197	190,423,104
TOTAL ASSETS		195,265,522	199,369,895
CURRENT LIABILITIES			
Trade and other payables	12	1,638,062	1,056,957
Other liabilities	13	232,933	858,734
Borrowings	14	147,321	207,801
Employee related provisions	15	769,588	745,328
TOTAL CURRENT LIABILITIES		2,787,904	2,868,820
NON-CURRENT LIABILITIES			
Borrowings	14	712,655	967,207
Employee related provisions	15	341,365	146,813
TOTAL NON-CURRENT LIABILITIES		1,054,020	1,114,020
TOTAL LIABILITIES		3,841,924	3,982,840
NET ASSETS		191,423,598	195,387,055
EQUITY			
Retained surplus		25,145,293	29,060,750
Reserve accounts	27	2,537,273	2,585,273
Revaluation surplus	16	163,741,032	163,741,032
TOTAL EQUITY		191,423,598	195,387,055

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF YORK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	RETAINED SURPLUS	RESERVE ACCOUNTS	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2022		33,418,350	2,585,273	146,978,952	182,982,575
Comprehensive income for the period					
Net result for the period		(4,357,600)	0	0	(4,357,600)
Other comprehensive income for the period	16	0	0	16,762,080	16,762,080
Total comprehensive income for the period		(4,357,600)	0	16,762,080	12,404,480
Balance as at 30 June 2023		29,060,750	2,585,273	163,741,032	195,387,055
Comprehensive income for the period					
Net result for the period		(3,963,457)	0	0	(3,963,457)
Total comprehensive income for the period		(3,963,457)	0	0	(3,963,457)
Transfers from reserve accounts	27	88,000	(88,000)	0	0
Transfers to reserve accounts	27	(40,000)	40,000	0	0
Balance as at 30 June 2024		25,145,293	2,537,273	163,741,032	191,423,598

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		7,233,387	6,813,467
Grants, subsidies and contributions		2,084,339	2,683,822
Fees and charges		1,378,992	1,094,222
Interest revenue		281,883	145,704
Goods and services tax received		816,210	616,334
Other revenue		384,574	276,895
		12,179,385	11,630,444
Payments			
Employee costs		(5,621,354)	(5,168,828)
Materials and contracts		(2,915,053)	(3,687,175)
Utility charges		(409,977)	(331,142)
Finance costs		(58,632)	(70,640)
Insurance paid		(341,071)	(241,996)
Goods and services tax paid		(828,248)	(667,579)
Other expenditure		(791,293)	(468,414)
		(10,965,628)	(10,635,774)
Net cash provided by operating activities		1,213,757	994,670
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(1,145,472)	(1,306,330)
Payments for construction of infrastructure	9(a)	(2,476,931)	(1,079,645)
Capital grants, subsidies and contributions		1,595,792	748,617
Payments for financial assets at amortised cost		(2,084,043)	0
Proceeds from sale of property, plant & equipment		245,882	228,000
Net cash (used in) investing activities		(3,864,772)	(1,409,358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(315,032)	(197,908)
Net cash (used in) financing activities		(315,032)	(197,908)
Net (decrease) in cash held		(2,966,047)	(612,596)
Cash at beginning of year		7,390,886	8,003,482
Cash and cash equivalents at the end of the year		4,424,839	7,390,886

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF YORK
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	6,642,543	7,619,459	7,003,151
Rates excluding general rates	24	973,473	21,403	20,680
Grants, subsidies and contributions		2,156,700	386,388	2,619,885
Fees and charges		1,375,159	1,266,389	1,209,024
Interest revenue		281,883	225,034	145,704
Other revenue		384,574	241,397	276,895
Profit on asset disposals		18,751	6,400	59,658
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	7,683
		11,834,764	9,766,470	11,342,680
Expenditure from operating activities				
Employee costs		(5,856,912)	(5,859,408)	(5,134,501)
Materials and contracts		(3,711,976)	(4,503,124)	(3,604,548)
Utility charges		(409,977)	(307,167)	(331,142)
Depreciation		(6,836,472)	(7,259,298)	(6,480,269)
Finance costs		(58,632)	(62,706)	(70,640)
Insurance		(341,071)	(265,246)	(241,996)
Other expenditure		(791,293)	(811,729)	(706,312)
Loss on asset disposals		(13,481)	(255,898)	(34,285)
		(18,019,814)	(19,324,576)	(16,603,693)
Non cash amounts excluded from operating activities	25(a)	6,965,980	7,508,796	6,984,818
Amount attributable to operating activities		780,930	(2,049,310)	1,723,805
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,221,593	3,879,505	903,413
Proceeds from disposal of assets		245,882	425,454	228,000
		2,467,475	4,304,959	1,131,413
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,145,472)	(1,026,304)	(1,306,330)
Purchase and construction of infrastructure	9(a)	(2,476,931)	(4,504,754)	(1,079,645)
		(3,622,403)	(5,531,058)	(2,385,975)
Amount attributable to investing activities		(1,154,928)	(1,226,099)	(1,254,562)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	27	88,000	78,000	0
		88,000	78,000	0
Outflows from financing activities				
Repayment of borrowings	26(a)	(315,032)	(207,802)	(197,908)
Transfers to reserve accounts	27	(40,000)	(387,957)	0
		(355,032)	(595,759)	(197,908)
Amount attributable to financing activities		(267,032)	(517,759)	(197,908)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	4,207,426	3,823,168	3,936,091
Amount attributable to operating activities		780,930	(2,049,310)	1,723,805
Amount attributable to investing activities		(1,154,928)	(1,226,099)	(1,254,562)
Amount attributable to financing activities		(267,032)	(517,759)	(197,908)
Surplus or deficit after imposition of general rates	25(b)	3,566,396	30,000	4,207,426

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF YORK
FOR THE YEAR ENDED 30 JUNE 2024
INDEX OF NOTES TO THE FINANCIAL REPORT

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Other Assets	15
Note 8	Property, Plant and Equipment	16
Note 9	Infrastructure	18
Note 10	Fixed Assets	20
Note 11	Leases	22
Note 12	Trade and Other Payables	23
Note 13	Other Liabilities	24
Note 14	Borrowings	25
Note 15	Employee Related Provisions	26
Note 16	Revaluation Surplus	27
Note 17	Restrictions Over Financial Assets	28
Note 18	Undrawn Borrowing Facilities and Credit Standby Arrangements	28
Note 19	Contingent Liabilities	29
Note 20	Capital Commitments	29
Note 21	Related Party Transactions	30
Note 22	Events Occurring After the End of the Reporting Period	31
Note 23	Other Material Accounting Policies	32
 Information required by legislation		
Note 24	Rating Information	33
Note 25	Determination of Surplus or Deficit	34
Note 26	Borrowing and Lease Liabilities	35
Note 27	Reserve accounts	36
Note 28	Trust Funds	38

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. BASIS OF PREPARATION

The financial report of the Shire of York which is a Class 3 local government comprises general purpose financial statements which have 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 financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, 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 except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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 to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report 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.

Critical accounting estimates and judgements

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 that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Assets held for sale - note 7
- Measurement of employee benefits - note 15

Fair value hierarchy information can be found in note 23

The local government reporting entity

All funds through which the Shire 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. A separate statement of those monies appears at Note 28 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 Amendments to Australian Accounting Standards - *Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 - AASB 2020-1 Amendments to Australian Accounting Standards - *Classification of Liabilities as Current or Non-Current*
 - AASB 2021-7c Amendments to Australian Accounting Standards - *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
 - AASB 2022-5 Amendments to Australian Accounting Standards - *Lease Liability in a Sale and Leaseback*
 - AASB 2022-6 Amendments to Australian Accounting Standards - *Non-current Liabilities with Covenants*
- These amendments are not expected to have any material impact on the financial report on initial application.
- AASB 2022-10 Amendments to Australian Accounting Standards - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 Amendments to Australian Accounting Standards - *Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - facility entry fees	Permission to use facilities	Single point in time	Full payment prior to use	None	On entry to facility

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	21,403	0	7,594,613	0	7,616,016
Grants, subsidies and contributions	92,445	0	0	2,064,255	2,156,700
Fees and charges	1,200,837	0	112,590	61,732	1,375,159
Interest revenue	0	0	135,868	146,015	281,883
Other revenue	165,001	0	0	219,573	384,574
Capital grants, subsidies and contributions	0	2,221,593	0	0	2,221,593
Total	1,479,686	2,221,593	7,843,071	2,491,575	14,035,925

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	7,023,831	0	7,023,831
Grants, subsidies and contributions	244,655	0	0	2,375,230	2,619,885
Fees and charges	344,722	0	836,594	27,708	1,209,024
Interest revenue	0	0	116,980	28,724	145,704
Other revenue	96,065	0	0	180,830	276,895
Capital grants, subsidies and contributions	0	903,413	0	0	903,413
Total	685,442	903,413	7,977,405	2,612,492	12,178,752

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual \$	2023 Actual \$
Interest revenue		
Interest on reserve account	87,084	9,802
Trade and other receivables overdue interest	135,868	116,979
Other interest revenue	58,931	18,923
	<u>281,883</u>	<u>145,704</u>
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$78,672.		
Fees and charges relating to rates receivable		
Charges on instalment plan	15,790	15,380
The 2024 original budget estimate in relation to: Charges on instalment plan was \$15,790.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	75,000	85,750
	<u>75,000</u>	<u>85,750</u>
Employee Costs		
Employee benefit costs	5,386,193	4,116,185
Other employee costs	470,719	1,018,316
	<u>5,856,912</u>	<u>5,134,501</u>
Other expenditure		
Impairment loss on non-current assets held for sale	0	237,898
Sundry expenses	791,293	468,414
	<u>791,293</u>	<u>706,312</u>

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	3,924,527	4,198,060
Term deposits	500,312	3,192,826
Total cash and cash equivalents	4,424,839	7,390,886
Held as		
- Unrestricted cash and cash equivalents	3,738,676	3,946,879
- Restricted cash and cash equivalents	686,163	3,444,007
17	4,424,839	7,390,886

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

Note	2024	2023
	\$	\$
(a) Current assets		
Financial assets at amortised cost	2,084,043	0
	2,084,043	0
Other financial assets at amortised cost		
Term deposits	2,084,043	0
	2,084,043	0
Held as		
- Restricted other financial assets at amortised cost	2,084,043	0
	2,084,043	0
(b) Non-current assets		
Financial assets at fair value through profit or loss	83,171	81,490
	83,171	81,490
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	81,490	73,807
Movement attributable to fair value increment	1,681	7,683
Units in Local Government House Trust - closing balance	83,171	81,490

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire 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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

5. TRADE AND OTHER RECEIVABLES

Current

	2024	2023
	\$	\$
Rates and statutory receivables	1,691,658	1,333,111
Trade receivables	227,815	173,166
Other receivables	95,051	77,339
GST receivable	149,300	137,262
Receivables for employee related provisions	37,410	37,410
Allowance for credit losses of rates and statutory receivables	(525,272)	(518,457)
Allowance for credit losses of trade receivables	0	(2,982)
	1,675,962	1,236,849

Non-current

Rates and statutory receivables	219,021	160,928
	219,021	160,928

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	30 June 2024 Actual	30 June 2023 Actual	1 July 2022 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	193,115	250,505	305,013
Allowance for credit losses of trade receivables	0	(2,982)	(851)
Total trade and other receivables from contracts with customers	193,115	247,523	304,162

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

6. INVENTORIES

	Note	2024	2023
Current		\$	\$
Fuel and materials		52,481	46,329
		52,481	46,329
The following movements in inventories occurred during the year:			
Balance at beginning of year		46,329	34,223
Inventories expensed during the year		(131,976)	(142,063)
Additions to inventory		138,128	154,169
Balance at end of year		52,481	46,329

MATERIAL ACCOUNTING POLICIES

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.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. OTHER ASSETS

Non-current assets held for sale

Non-current assets held for sale
Impairment loss

2024	2023
\$	\$
0	510,625
0	(237,898)
0	272,727

Land classified as held for sale

During 2022/23 council disposed of St Patrick's Convent School - Lots 800-801, 25-27 South Street York.

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 23(i).

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Total Property			Plant and equipment		Total property, plant and equipment
	Land	Buildings - non- specialised	Total Property	Furniture and equipment	Plant and equipment	
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	5,580,550	23,467,821	29,048,371	208,925	2,613,354	31,870,650
Additions	0	42,747	42,747	45,612	1,217,971	1,306,330
Disposals	0	0	0	0	(202,627)	(202,627)
Revaluation increments / (decrements) transferred to revaluation surplus	4,031,850	12,914,454	16,946,304	0	0	16,946,304
Transfer to non-current assets classified as held for sale**	(235,000)	(275,625)	(510,625)	0	0	(510,625)
Depreciation	0	(583,445)	(583,445)	(50,754)	(345,307)	(979,506)
Transfers	0	(476,853)	(476,853)	0	0	(476,853)
Balance at 30 June 2023	<u>9,377,400</u>	<u>35,089,099</u>	<u>44,466,499</u>	<u>203,783</u>	<u>3,283,391</u>	<u>47,953,673</u>
Comprises:						
Gross balance amount at 30 June 2023	9,377,400	35,089,099	44,466,499	1,087,983	3,991,999	49,546,481
Accumulated depreciation at 30 June 2023	0	0	0	(884,200)	(708,608)	(1,592,808)
Balance at 30 June 2023	<u>9,377,400</u>	<u>35,089,099</u>	<u>44,466,499</u>	<u>203,783</u>	<u>3,283,391</u>	<u>47,953,673</u>
Additions	0	300,772	300,772	12,097	832,603	1,145,472
Disposals	0	0	0	0	(240,612)	(240,612)
Depreciation	0	(822,889)	(822,889)	(47,259)	(495,179)	(1,365,327)
Balance at 30 June 2024	<u>9,377,400</u>	<u>34,566,982</u>	<u>43,944,382</u>	<u>168,621</u>	<u>3,380,203</u>	<u>47,493,206</u>
Comprises:						
Gross balance amount at 30 June 2024	9,377,400	35,389,871	44,767,271	1,100,080	4,498,391	50,365,742
Accumulated depreciation at 30 June 2024	0	(822,889)	(822,889)	(931,459)	(1,118,188)	(2,872,536)
Balance at 30 June 2024	<u>9,377,400</u>	<u>34,566,982</u>	<u>43,944,382</u>	<u>168,621</u>	<u>3,380,203</u>	<u>47,493,206</u>

** Non-current assets classified as held for sale are reflected in Note 7.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land	2	Market approach using recent observable market data for similar assets	Independent	June 2023	Price per square metre
Buildings	3	Cost approach using current replacement cost	Independent	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - footpaths	Infrastructure - other structures	Infrastructure - parks & reserves	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	113,430,071	6,878,437	18,283,500	1,634,953	1,655,939	3,441,162	145,324,062
Additions	803,667	110,114	27,204	17,300	71,797	49,563	1,079,645
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	(184,224)	0	(184,224)
Depreciation	(4,097,247)	(151,817)	(837,947)	(75,217)	(198,176)	(112,301)	(5,472,705)
Transfers	0	122,838	0	0	3,732,439	(3,378,424)	476,853
Balance at 30 June 2023	110,136,491	6,959,572	17,472,757	1,577,036	5,077,775	0	141,223,631
Comprises:							
Gross balance at 30 June 2023	158,114,302	12,386,572	50,203,704	2,813,392	7,223,322	0	230,741,292
Accumulated depreciation at 30 June 2023	(47,977,811)	(5,427,000)	(32,730,947)	(1,236,356)	(2,145,547)	0	(89,517,661)
Balance at 30 June 2023	110,136,491	6,959,572	17,472,757	1,577,036	5,077,775	0	141,223,631
Additions	680,810	273,654	717,295	0	805,172	0	2,476,931
Depreciation	(4,113,067)	(157,589)	(838,402)	(75,601)	(258,427)	0	(5,443,086)
Balance at 30 June 2024	106,704,234	7,075,637	17,351,650	1,501,435	5,624,520	0	138,257,476
Comprises:							
Gross balance at 30 June 2024	158,795,111	12,660,226	50,920,999	2,813,392	8,028,494	0	233,218,222
Accumulated depreciation at 30 June 2024	(52,090,877)	(5,584,589)	(33,569,349)	(1,311,957)	(2,403,974)	0	(94,960,746)
Balance at 30 June 2024	106,704,234	7,075,637	17,351,650	1,501,435	5,624,520	0	138,257,476

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other structures	3	Cost approach using current replacement cost	Management valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	40 to 100 years
Furniture and equipment	8 to 10 years
Plant and equipment	5 to 15 years
Intangible assets	5 years
Infrastructure roads	
- formation	not depreciated
- sealed pavement	5 to 55 years
- unsealed pavement	1 to 20 years
- subgrade	200 years
Infrastructure drainage	1 to 190 years
Infrastructure bridges	4 to 32 years
Infrastructure footpaths	1 to 34 years
Infrastructure other	6 to 100 years
Right-of-use assets - buildings	40 to 100 years

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are *land and buildings classified as property, plant and equipment*, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, *infrastructure or vested improvements that the local government controls* and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - buildings	Right-of-use assets
			Total
Balance at 1 July 2022		\$ 1,031,440	\$ 1,031,440
Depreciation		(28,058)	(28,058)
Balance at 30 June 2023		1,003,382	1,003,382
Gross balance amount at 30 June 2023		1,122,342	1,122,342
Accumulated depreciation at 30 June 2023		(118,960)	(118,960)
Balance at 30 June 2023		1,003,382	1,003,382
Depreciation		(28,059)	(28,059)
Balance at 30 June 2024		975,323	975,323
Gross balance amount at 30 June 2024		1,122,342	1,122,342
Accumulated depreciation at 30 June 2024		(147,019)	(147,019)
Balance at 30 June 2024		975,323	975,323

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:

	2024 Actual	2023 Actual
	\$	\$
Depreciation on right-of-use assets	(28,059)	(28,058)
Total amount recognised in the statement of comprehensive income	(28,059)	(28,058)

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 26(a).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	792,483	357,586
Prepaid rates	175,755	141,744
Accrued payroll liabilities	50,454	44,966
ATO liabilities	89,242	77,984
Bonds and deposits held	524,435	27,273
Cash held for distribution - previously Trust	0	397,968
Accrued interest on long term borrowings	5,693	9,436
	1,638,062	1,056,957

2024	2023
\$	\$
792,483	357,586
175,755	141,744
50,454	44,966
89,242	77,984
524,435	27,273
0	397,968
5,693	9,436
1,638,062	1,056,957

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire 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 usually 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 recognises income for the prepaid rates that have not been refunded.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

13. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Capital grant/contributions liabilities	232,933	858,734
	232,933	858,734
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	858,734	1,013,530
Additions	(34,801)	0
Revenue from capital grant/contributions held as a liability at the start of the period	(591,000)	(154,796)
	232,933	858,734

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

14. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		147,321	712,655	859,976	207,801	967,207	1,175,008
Total secured borrowings	26(a)	147,321	712,655	859,976	207,801	967,207	1,175,008

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of York.

The Shire of York has complied with the financial covenants of its borrowing facilities during the 2024 year.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 26(a).

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual leave

Long service leave

Sick leave

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Long service leave

Total non-current employee related provisions

Total employee related provisions

	2024	2023
	\$	\$
Annual leave	509,194	461,129
Long service leave	216,390	233,075
Sick leave	44,004	51,124
Total current employee related provisions	769,588	745,328
Long service leave	341,365	146,813
Total non-current employee related provisions	341,365	146,813
Total employee related provisions	1,110,953	892,141

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Shire'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'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 statement of financial 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's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

16. REVALUATION SURPLUS

	2024 Opening Balance	2024 Closing Balance	2023 Opening Balance	2023 Transfer Asset Class	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$		\$	\$
Revaluation surplus - Land - freehold land	8,033,650	8,033,650	4,001,800	0	4,031,850	8,033,650
Revaluation surplus - Buildings	30,723,028	30,723,028	17,808,574	0	12,914,454	30,723,028
Revaluation surplus - Furniture and equipment	61,757	61,757	61,757	0	0	61,757
Revaluation surplus - Plant and equipment	772,011	772,011	772,011	0	0	772,011
Revaluation surplus - Infrastructure - roads	95,312,696	95,312,696	95,312,696	0	0	95,312,696
Revaluation surplus - Infrastructure - drainage	8,138,526	8,138,526	8,138,526	0	0	8,138,526
Revaluation surplus - Infrastructure - bridges	16,876,832	16,876,832	16,876,832	0	0	16,876,832
Revaluation surplus - Infrastructure - footpaths	889,766	889,766	889,766	0	0	889,766
Revaluation surplus - Infrastructure - other structures	2,932,766	2,932,766	533,633	2,583,357	(184,224)	2,932,766
Revaluation surplus - Infrastructure - parks & reserves	0	0	2,583,357	(2,583,357)	0	0
	163,741,032	163,741,032	146,978,952	0	16,762,080	163,741,032

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024 Actual \$	2023 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	686,163	3,444,007
- Financial assets at amortised cost	4	2,084,043	0
		2,770,206	3,444,007
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	2,537,273	2,585,273
Capital grant liabilities	13	232,933	858,734
Total restricted financial assets		2,770,206	3,444,007

**18. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(1,580)	(1,818)
Total amount of credit unused	208,420	208,182
Loan facilities		
Loan facilities - current	147,321	207,801
Loan facilities - non-current	712,655	967,207
Total facilities in use at balance date	859,976	1,175,008
Unused loan facilities at balance date	NIL	NIL

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

19. CONTINGENT LIABILITIES

The Shire of York has identified the following sites in relation to land owned, vested or leased that is known to be or suspected of being contaminated. At the date of this report the value and timing of remediation has not been ascertained.

- 4, 5, 6, 36 and 38 Avon Terrace, York 6302 comprising of lots 2, 3, 4, 5 and 6 Avon Terrace.
- 15 Redmile Road, York 6302 comprising of lot 13 Redmile Road.

20. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	318,675	224,509
- plant & equipment purchases	10,468	0
	329,143	224,509
Payable:		
- not later than one year	329,143	224,509

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
President's annual allowance	17,039	17,085	17,086
President's meeting attendance fees	21,138	21,195	21,196
President's ICT expenses	2,020	2,020	0
President's annual allowance for ICT expenses	0	0	1,747
President's travel and accommodation expenses	212	500	0
	40,409	40,800	40,029
Deputy President's annual allowance	4,283	4,271	4,271
Deputy President's meeting attendance fees	13,735	13,698	13,698
Deputy President's ICT expenses	2,020	2,020	0
Deputy President's annual allowance for ICT expenses	0	0	1,747
Deputy President's travel and accommodation expenses	500	500	0
	20,538	20,489	19,716
All other council member's meeting attendance fees	64,286	68,490	63,311
All other council member's ICT expenses	9,275	10,100	8,076
All other council member's travel and accommodation expenses	130	500	250
	73,691	79,090	71,637
21(b)	134,638	140,379	131,382

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	600,830	644,978
Post-employment benefits	69,050	59,946
Employee - other long-term benefits	75,412	60,047
Employee - termination benefits	0	2,297
Council member costs	134,638	131,382
21(a)	879,930	898,650

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual \$	2023 Actual \$
Sale of goods and services	0	0
Purchase of goods and services	0	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30 June 2024 or which would require a separate disclosure.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

23. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire 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's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

24. RATING INFORMATION

(a) General Rates

RATE TYPE				2023/24 Actual Rateable Value*	2023/24 Actual Rate Revenue	2023/24 Actual Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$
GRV General rate	Gross rental valuation	0.134045	1,493	25,485,881	3,416,255	3,687	3,419,942	3,416,255	0	3,416,255	3,302,965
UV General rate	Unimproved valuation	0.008859	407	364,072,031	3,225,314	(2,713)	3,222,601	3,225,314	0	3,225,314	2,809,613
Interim Rates and Back Rates							0	0	21,000	21,000	0
Total general rates			1,900	389,557,912	6,641,569	974	6,642,543	6,641,569	21,000	6,662,569	6,112,578
Minimum payment											
GRV General rate	Gross rental valuation	1320	477	1,577,413	629,640	0	629,640	629,640	0	629,640	448,800
UV General rate	Unimproved valuation	1320	292	28,348,622	385,440	0	385,440	385,440	0	385,440	498,960
Total minimum payments			769	29,926,035	1,015,080	0	1,015,080	1,015,080	0	1,015,080	947,760
Total general rates and minimum payments			2,669	419,483,947	7,656,649	974	7,657,623	7,656,649	21,000	7,677,649	7,060,338
Ex-gratia Rates											
Co-operative Bulk Handling						21,403	21,403	21,403	0	21,403	20,680
Total amount raised from rates (excluding general rates)			0	0	0	21,403	21,403	21,403	0	21,403	20,680
Discounts							(63,010)			(58,190)	(57,187)
Total Rates							7,616,016			7,640,862	7,023,831
Rate instalment interest							26,708			25,772	24,500
Rate overdue interest							108,832			52,900	92,480

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

25. DETERMINATION OF SURPLUS OR DEFICIT

		2023/24 (30 June 2024 Carried Forward)	2023/24 Budget (30 June 2024 Carried Forward)	2022/23 (30 June 2023 Carried Forward
	Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(18,751)	(6,400)	(59,658)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(1,681)	0	(7,683)
Add: Loss on disposal of assets		13,481	255,898	34,285
Add: Depreciation	10(a)	6,836,472	7,259,298	6,480,269
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(58,093)	0	(21,517)
Assets held for sale	7	0	0	510,625
Employee benefit provisions		194,552	0	48,497
Non-cash amounts excluded from operating activities		6,965,980	7,508,796	6,984,818
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	27	(2,537,273)	(2,895,230)	(2,585,273)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	147,321	218,223	207,801
- Employee benefit provisions		506,927	506,927	506,927
Total adjustments to net current assets		(1,883,025)	(2,170,080)	(1,870,545)
Net current assets used in the Statement of Financial Activity				
Total current assets		8,237,325	4,387,657	8,946,791
Less: Total current liabilities		(2,787,904)	(2,187,577)	(2,868,820)
Less: Total adjustments to net current assets		(1,883,025)	(2,170,080)	(1,870,545)
Surplus or deficit after imposition of general rates		3,566,396	30,000	4,207,426

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
		1 July 2022	During 2022-23	Repayments During 2022-23	June 2023	During 2023-24	Repayments During 2023-24	30 June 2024	July 2023	During 2023-24	Repayments During 2023-24	30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Forrest Oval Stage 1		800,781	0	(68,543)	732,238	0	(72,929)	659,309	732,256	0	(72,929)	659,327
Forrest Oval Stage 2		128,857	0	(24,588)	104,269	0	(25,879)	78,390	104,269	0	(25,879)	78,390
Forrest Oval Stage 3		200,998	0	(38,354)	162,644	0	(40,367)	122,277	162,644	0	(40,368)	122,276
Old Convent School		242,280	0	(66,423)	175,857	0	(175,857)	0	175,858	0	(68,626)	107,232
Total		1,372,916	0	(197,908)	1,175,008	0	(315,032)	859,976	1,175,027	0	(207,802)	967,225

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
					\$	\$	\$
Forrest Oval Stage 1	62	WATC	6.30%	26/05/2031	(45,000)	(45,000)	(48,952)
Forrest Oval Stage 2	63	WATC	5.15%	8/02/2027	(4,875)	(4,875)	(5,980)
Forrest Oval Stage 3	64	WATC	5.15%	8/02/2027	(7,606)	(7,605)	(9,329)
Old Convent School	67	WATC	3.29%	8/07/2025	(5,856)	(5,226)	(6,379)
Total Finance Cost Payments					(63,337)	(62,706)	(70,640)

* WA Treasury Corporation

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

27. RESERVE ACCOUNTS

	2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	506,927	0	0	506,927	506,927	0	0	506,927	506,927	0	0	506,927
(b) Plant reserve	476,688	40,000	0	516,688	476,688	40,000	0	516,688	476,688	0	0	476,688
(c) Land & Infrastructure reserve	158,104	0	0	158,104	158,104	0	0	158,104	158,104	0	0	158,104
(d) Avon river maintenance reserve	15,426	0	0	15,426	15,426	0	0	15,426	15,426	0	0	15,426
(e) Industrial land reserve	134,010	0	0	134,010	134,010	0	0	134,010	134,010	0	0	134,010
(f) Refuse site reserve	75,519	0	0	75,519	75,519	0	0	75,519	75,519	0	0	75,519
(g) Centennial garden reserve	156,162	0	0	156,162	156,162	0	0	156,162	156,162	0	0	156,162
(h) Forrest Oval Lights reserve	6,161	0	0	6,161	6,161	0	0	6,161	6,161	0	0	6,161
(i) Bowls Synthetic surface reserve	20,445	0	0	20,445	20,445	0	0	20,445	20,445	0	0	20,445
(j) Pioneer Memorial Lodge reserve	78,533	0	(78,000)	533	78,533	0	(78,000)	533	78,533	0	0	78,533
(k) Carparking reserve	18,623	0	0	18,623	18,623	0	0	18,623	18,623	0	0	18,623
(l) Building reserve	75,380	0	0	75,380	75,380	0	0	75,380	75,380	0	0	75,380
(m) Disaster reserve	59,281	0	0	59,281	59,281	0	0	59,281	59,281	0	0	59,281
(n) Tennis Synthetic surface reserve	3,155	0	0	3,155	3,155	0	0	3,155	3,155	0	0	3,155
(o) Tied grant funds reserve	19,557	0	0	19,557	19,557	0	0	19,557	19,557	0	0	19,557
(p) RSL Memorial reserve	12,600	0	0	12,600	12,600	0	0	12,600	12,600	0	0	12,600
(q) Greenhills Townsite development reserve	11,221	0	0	11,221	11,221	0	0	11,221	11,221	0	0	11,221
(r) Roads reserve	156,884	0	0	156,884	156,884	0	0	156,884	156,884	0	0	156,884
(s) Swimming Pool reserve	0	100,000	(10,000)	90,000	100,000	0	0	100,000	0	0	0	0
(t) Recreation reserve	600,597	(100,000)	0	500,597	500,597	0	0	500,597	600,597	0	0	600,597
(u) Bridge reserve	0	0	0	0	0	347,957	0	347,957	0	0	0	0
	2,585,273	40,000	(88,000)	2,537,273	2,585,273	387,957	(78,000)	2,895,230	2,585,273	0	0	2,585,273

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

27. RESERVE ACCOUNTS (Continued)

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Leave reserve	To fund annual and long service leave requirements.
(b) Plant reserve	To be used to fund plant purchases or major capital repairs.
(c) Land & Infrastructure reserve	For the purpose of funding the purchase of land and or buildings or the construction of buildings.
(d) Avon river maintenance reserve	To maintain and protect the Avon River and its environs.
(e) Industrial land reserve	For the continued development and expansion of an industrial subdivision within the Shire.
(f) Refuse site reserve	To be used for ongoing maintenance and development of Council's waste management facilities.
(g) Centennial garden reserve	To be used for further expansion and capital repairs of the existing units.
(h) Forrest Oval Lights reserve	To provide for the replacement and upgrading of the oval lights.
(i) Bowls Synthetic surface reserve	To provide for the future replacement of bowls synthetic surface.
(j) Pioneer Memorial Lodge reserve	To finance capital improvements and extensions to the seniors village (funded by the operational surplus of the Lodge).
(k) Carparking reserve	To fund the management and control of parking facilities in accordance with Councils Parking Plan.
(l) Building reserve	For the construction and major capital improvements to all Council buildings.
(m) Disaster reserve	A contingency reserve to help fund recovery from any natural disaster.
(n) Tennis Synthetic surface reserve	To provide for the future replacement of tennis synthetic surface.
(o) Tied grant funds reserve	To segregate grant funds provided for specific projects until those projects are carried out.
(p) RSL Memorial reserve	To provide for the upgrading of the RSL Memorial.
(q) Greenhills Townsite development reserve	To provide funds to enhance the amenity and economic potential of the Greenhills Townsite with such funds to be expended in.
(r) Roads reserve	To provide for future road resealing requirements.
(s) Swimming Pool reserve	To provide for the maintenance and upgrade of the swimming pool.
(t) Recreation reserve	To be used to fund capital improvements and ongoing development of recreational facilities, including sporting facilities, halls and trails.
(u) Bridge reserve	To provide for the maintenance of bridges.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

28. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2023	Amounts Received	Amounts Paid	30 June 2024
	\$	\$	\$	\$
Cash in Lieu - Public open Space	58,422	0	0	58,422
	58,422	0	0	58,422



Shire of York

Audit Exit Report for the year ended 30 June 2024

Confidential

Nexia Perth Audit Services Pty Ltd
Report to those charged with governance



9 December 2024

Council Members
Shire of York
1 Joaquina Street
York WA 6302

Dear Council Members

Exit Report for the year ended 30 June 2024 – Communication with those charged with governance

We are pleased to present you with our Exit Report relating to the audit of the Shire of York (the "Shire") for the year ended 30 June 2024.

We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to the responsibilities in overseeing the financial reporting process. This report includes an analysis of the audit outcomes, key review risk areas, our audit opinion and other recommendations for your attention.

We have substantially completed our audit work, with only the following matters outstanding:

- Receipt of the signed management representation letter;
- Confirmation that there are no subsequent events which might affect the financial statements; and
- Receipt of the signed financial report.

We expect to recommend an unmodified audit opinion to the Office of the Auditor General (the "OAG") after these matters are completed.

We would like to take this opportunity to thank the Shire's finance and administrative team for their assistance over the course of the audit.

If you have any queries or wish to discuss any issues further, please do not hesitate to contact us.

Yours faithfully,

Michael Fay
Director
Nexia Perth Audit Services Pty Ltd

Punitha Perumal
Director
Office of the Auditor General

Nexia Perth Audit Services Pty Ltd

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Section 1

Audit snapshot

Audit aspects	Outcome	Reference
i. Audit risk and focus areas	●	Section 3
ii. Current year findings and recommendations	●	Section 4
iii. Internal control assessment	●	Section 4
iv. Instances of fraud or error relating to operations	●	Section 6

Audit process	Outcome	Reference
v. Level of preparedness for audit sufficient	●	Section 6
ii. All information required supplied in a timely manner	●	Section 6

High	Significant issues which warrant management’s urgent attention.
Medium	Issues noted which warrant non-urgent attention by management.
Low	No exceptions noted.

Section 2

Audit scope

Scope

Financial Audit

The primary scope and objective is to perform a reasonable assurance audit to enable the Auditor General to express an opinion to the Council of the Shire on whether the Shire’s general purpose financial report as a whole is free from material misstatements (whether due to fraud or error) and is prepared (in all material respects) in accordance with applicable Australian Accounting Standards to the extent they are not inconsistent with *the Local Government Act 1995* (as amended) and *the Local Government (Financial Management) Regulations 1996* (as amended).



Section 3

Audit risk areas

The areas below are audit risk areas that we identified based on our understanding the Shire’s operations, discussions with management as well as any additional risks that arose during the audit. These audit risk and focus areas were included in our Audit Strategy Memorandum at the commencement of the audit and are summarised as follows;

Audit risks

- Management override of controls;
- Revenue; and
- Property, plant and equipment and infrastructure.


Focus Area


- Reserve accounts;
- Major land transactions;
- Employee benefit provisions;
- Local Government Reform changes;
- Operational and capital expenditure;
- Related party transactions and disclosures;
- Quality and timeliness of financial reporting; and
- Information technology general controls.


This is not a complete list of all audit risks considered or all audit procedures performed. We have presented the risks in three categories: high, medium and low. These are defined as follows:

High Risk	A judgmental assessment of inherent risk as high relates to those risks which require special audit consideration (in terms of the nature, timing or extent of testing) because of: the nature of the risk, the likely magnitude of the potential misstatements (including the possibility that the risk may give rise to multiple misstatements) and the likelihood of the risk occurring.
Medium Risk	A judgmental assessment of inherent risk as medium relates to a risk that requires additional audit consideration beyond what would be required for a low risk, but which does not rise to the level of a high risk.
Low Risk	A judgmental assessment of inherent risk as low is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring. We do not, as a matter of course, discuss normal risks with those charged with governance unless we seek their confirmation on the judgment that has been applied.

Audit risk areas


High Risk
 Relates to those risks which require special audit consideration.


Medium Risk
 Relates to a risk that requires additional audit consideration beyond what would be required for a low risk, but which does not rise to the level of a high risk.


Low Risk
 Related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement.

Risk rating	Audit risk area	Audit response and conclusion	Risk outcome
●	Management override (presumed risk in accordance with ASA 240 <i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>) Management is involved in the day-to-day operations and monitoring of the Shire, which gives it the ability to manipulate accounting records and manipulate financial disclosures by overriding controls in place. Due to the unpredictable way in which such override could occur, this leads to potential fraud risk.	Based on the work performed, we are satisfied that there are adequate internal controls in place surrounding journal entries and that these are operating effectively. Furthermore, journals processed during the year which we examined were supported by appropriate documentation. Lastly, there was no evidence of management bias noted in the use of accounting estimates and no unusual or significant transactions were noted outside the ordinary business of the Shire.	●
●	Revenue recognition (presumed risk in accordance with ASA 240 <i>The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report</i>) The Shire's main sources of revenue are: <ul style="list-style-type: none"> • government grants; • rates; and • other fees and charges. 	Based on the work performed, we are satisfied that operating and non-operating revenue/income have been correctly recognised during the year in accordance with the Shire's accounting policy and Australian accounting standards.	●
●	Property, Plant and Equipment and Infrastructure <ul style="list-style-type: none"> • Under regulation 17A of the Financial Management Regulations, the Shire's Land and Buildings and Infrastructure are to be carried at fair value less accumulated depreciation and accumulated impairment losses. Under regulation 17(4) of the Financial Management Regulations, the Shire is required to revalue an asset: <ul style="list-style-type: none"> • whenever the local government believes the fair value of the asset is likely to be materially different from its carrying amount; and, • in any event, within a period of at least every 5 years after the day on which the asset was last valued or revalued. • There is a risk that the fair value assessment has not been performed in accordance with AASB 13 <i>Fair Value Measurement</i>. • Furthermore, in accordance with paragraph 9 of AASB 136 <i>Impairment of Assets</i>, the Shire is required to assess at each reporting date whether there is any indication that an asset may be impaired. • Effective from 1 July 2018, regulation 17A (5) of the Financial Management Regulations provides that an asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition is under \$5,000. 	Based on the work performed, we are satisfied that Property, Plant and Equipment and Infrastructure were carried at fair value. There are effective internal controls in place, and we are satisfied that the Shire's accounting policy has been consistently applied and is in accordance with Australian accounting standards.	●

Audit focus areas


High Risk

Relates to those risks which require special audit consideration.


Medium Risk

Relates to a risk that requires additional audit consideration beyond what would be required for a low risk, but which does not rise to the level of a high risk.


Low Risk

Related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement.

Focus rating	Audit focus area	Audit response and conclusion	Focus area Outcome
●	Reserve Accounts The Shire has set up various reserve accounts for the purpose of setting aside money for a specific purpose to be used in a future period. Cash reserves are required to be held in separate bank accounts. However, reserve accounts are not separate funds and are consolidated with the municipal fund in the financial statements of the Shire.	Based on work performed, we are satisfied that the transfers to and from these accounts during the year were in accordance with the specific purpose of the reserves and were all approved by Shire.	●
●	Major land transactions Major land transactions are required to be disclosed in accordance with Regulations 46 and 47.	Based on the work performed, we are satisfied that major land transactions have been identified and disclosed in accordance with Regulations 46 and 47 in the annual financial report.	●
●	Employee benefit provisions Employee benefit provisions are material balances in the Statement of Financial Position for the Shire.	Based on the work performed, we are satisfied that employee benefit provisions have been recognised and measured correctly and are not materially misstated at 30 June 2024.	●
●	Local government reform changes As communicated at the Entrance Meeting, the Local Government Reforms project is currently underway.	Based on work performed, there were no issues identified regarding any reform changes impacting the financial year ended 30 June 2024.	●
●	Operational expenditure and capital expenditure Operational expenditure and capital expenditure are material balances in the Statement of Financial Position for the Shire.	Based on the work performed, we are satisfied that operational and capital expenditure was correctly treated during the year and there are effective internal controls in place. Furthermore, we are satisfied that the Shire's accounting policy has been consistently applied and is in accordance with the Australian accounting standards.	●
●	Related party transactions and disclosures The Shire is subject to the requirements of AASB 124 <i>Related Party Disclosures</i> ("AASB 124") as it prepare general purpose financial statements. AASB 124 requires the disclosures of key management personnel compensation, elected members remuneration and other transactions and balances with related parties.	Based on the work performed, we are satisfied that related party transactions were all conducted at arm's length and have been appropriately disclosed in the financial report.	●
●	Quality and timeliness of financial reporting Absence of an effective project plan for year-end financial reporting can result in delays, errors, poor quality and increased audit costs. Due to the complexity and changing nature of some of the key areas of audit focus, there is a risk that the Shire has not appropriately documented the assessment and control framework for these matters.	Based on the work performed, there were no issues identified regarding quality and timeliness of financial reporting.	●
●	Information technology general controls Integrated financial information relies on the security, integrity and reliability of the Shire's information technology environment.	Based on the work performed, there were no issues identified regarding Information technology general controls.	●

Section 4

Current year findings and recommendations

Internal controls findings and recommendations

We are required to report to you any material weaknesses in the accounting and internal control systems identified during the audit.

During our audit for the year ended 30 June 2024, we evaluated the effectiveness of controls on three levels – design, implementation and operating effectiveness. As part of this evaluation, we gained a detailed understanding of the policies and procedures over the following processes:

- 1. Procurement, purchases and payments;
- 2. Property, plant and equipment
- 3. Payroll;
- 4. Bank and cash;
- 5. Monthly financial reporting; and
- 6. Journal entries.

Control weaknesses or deficiencies identified during the course of our fieldwork are categorised and reported in accordance with the categories defined below. The categories are:

Significant	Those findings where there is potentially a significant risk to the Shire should the finding not be addressed by the Shire promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
Moderate	Those findings which are of sufficient concern to warrant action being taken by the Shire as soon as practicable.
Minor	Those findings that are not of primary concern but still warrant attention and/or action being taken.

Current year findings and recommendations

11 findings noted – 4 significant, 4 moderate and 3 minor points. Please refer attached management letter attachment for details.

Update and status of prior year findings

22 findings noted – 13 significant, 6 moderate and 3 minor points with 17 issues resolved and 5 raised again in FY 2024. Please refer attached management letter attachment for details.



Section 5

Materiality and audit adjustments

Materiality

Misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users of the financial report. The determination of materiality is a matter of professional judgement and is affected by our perception of the financial information needs of users of the financial report. Having considered the nature of the Shire, the industry and economic environment in which the Shire operates and the relative volatility of alternative benchmarks, we determined the most appropriate benchmark for calculating materiality to use was total expenses.

Misstatements

Australian Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Adjusted misstatements identified during the audit

Description	Assets Dr /(Cr)	Liabilities Dr /(Cr)	Equity Dr /(Cr)	Income Dr /(Cr)	Expenses Dr /(Cr)
Align long service leave provision between trial balance and calculation	-	(2,414)	-	-	2,414
Move July payments back into July incorrectly booked in June 2024	738,872	(738,872)	-	-	-
Recognise RRSP grant income based on completion of performance obligations	-	34,801	-	(34,801)	-
Recognise depreciation for the year on the right-of-use asset	(28,058)	-	-	-	28,058
Total	710,814	(706,485)	-	(34,801)	30,472

Unadjusted misstatements identified during the audit

Description	Assets Dr /(Cr)	Liabilities Dr /(Cr)	Equity Dr /(Cr)	Income Dr /(Cr)	Expenses Dr /(Cr)
Reclassify DoT payable (net) from cash to trade and other payables 30 June 2024	111,475	(111,475)	-	-	-
Reclassify DoT payable (net) from cash to trade and other payables 30 June 2023	14,897	(14,897)	-	-	-

Section 6

Other reporting requirements

Area	Flag	Response
Consideration of fraud	●	<p>Our audit procedures include discussion with management and those charged with governance as to the existence of any known or suspected material fraud. There was no known or suspected material fraud noted from these discussions.</p> <p>We are not aware of any known or suspected material fraud, nor has it been brought to our attention by management. We will obtain in writing, representations regarding the existence of fraud, policies and procedures in place to prevent and detect fraud, noting no instances of fraud of which management are aware.</p>
Appropriateness of accounting policies	●	<p>We considered management’s assessment of the effects of any accounting policy changes on the Shire’s financial statements for the current financial year as well as their assessment of any potential effects arising from those standards applicable for the first time in subsequent financial periods.</p> <p>No new or revised accounting standards applicable for the first time for this financial year had an effect on the accounting policies previously adopted.</p> <p>We consider that the accounting policies adopted in the financial statements are appropriately applied and disclosed.</p> <p>We noted no transactions entered into by the Shire during the year for which there is a lack of authoritative guidance or consensus.</p> <p>There are no significant transactions that have been recognised in the financial statements in a different period than when the transaction occurred.</p>
Ethics and independence	●	<p>We have obtained independence declarations from all staff engaged in the audit.</p> <p>We confirmed that to the best of our knowledge, we met the relevant ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> that are relevant to our audit of the financial report.</p> <p>We have further considered the safeguards the Nexia Australia network has in place, and we are not aware of any services being provided that would compromise our independence as external auditor.</p>
Appropriateness of the use of Going Concern Basis of Accounting	●	<p>Based on the audit evidence obtained up to the date of our auditor’s report, we are not aware of any material uncertainty that exists related to events or conditions that may cast significant doubt on the Shire’s ability to continue as a going concern.</p>
Interacting with management	●	<p>The Shire’s finance and management team were well prepared for the audit and documentation requested over the course of the audit was provided in a timely manner. The audit was largely performed as planned.</p>

High	Significant issues which warrant management’s urgent attention.
Medium	Issues noted which warrant non-urgent attention by management.
Low	No exceptions noted.



Other reporting requirements

Area	Flag	Response
Financial Report Disclosures	●	<p>Accounting estimates and judgements are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p> <p>The most sensitive estimates affecting the financial statements were in relation to:</p> <ul style="list-style-type: none">• Depreciation of Infrastructure and PPE;• The Fair Value Measurement of Infrastructure and PPE;• Employee Benefit Provisions (Annual Leave and Long Service Leave).
Errors, irregularities and illegal acts	●	<p>We have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory review no apparent illegal acts have come to our attention.</p>
Compliance with laws & regulations	●	<p>We are not aware of any known or suspected non-compliance with laws or regulations applicable to the Shire that may be material to the financial report. We will also receive representations from management confirming that the Shire is in compliance with all laws and regulations that impact the organisation.</p>
Management consultation with other independent accountants or experts	●	<p>If management consulted with other accountants about auditing and accounting matters, we are to inform the Board of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p> <p>To our knowledge, management has not consulted with any experts.</p>
Receipt of audit ready Financial Report	●	<p>The date the Financial Report submitted by the Shire and considered to be of audit ready quality was 30 September 2024.</p>

High	Significant issues which warrant management’s urgent attention.
Medium	Issues noted which warrant non-urgent attention by management.
Low	No exceptions noted.



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Your Ref: 7972-002
Our Ref: 4.1023
Contact: Alina Behan



6 December 2024

Ms Caroline Spencer
Auditor General
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469 Wellington Street
PERTH WA 6000

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PO Box 22, York WA 6302
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Dear Ms Spencer

REPRESENTATION LETTER IN RESPECT OF THE SHIRE OF YORK'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

This representation letter is provided in connection with your audit of the Shire of York's (the "Shire") annual financial report for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the "Act"), the *Local Government (Financial Management) Regulations 1996* (the "Regulations") and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2024 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. General

- (a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the annual financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the annual financial report, except as disclosed in Note 1 to the annual financial report.
- (d) The prior period comparative information in the annual financial report has not been restated.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.



- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with:
 - (i) Access to all information of which we are aware that is relevant to the preparation of the annual financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors of the Shire from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the annual financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the annual financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the annual financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the annual financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the Shire involving:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements have occurred to the knowledge of management of the Shire.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the Shire's annual financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the annual financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. Fair value measurements and disclosures

- (a) We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.
- (b) We confirm that the carrying amount of each revalued physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.
- (c) We confirm the measurement methods, including related assumptions and data used by management in determining fair values are appropriate and have been consistently applied.
- (d) We confirm that the fair value disclosures in the annual financial report are complete and appropriate.

3. Going concern

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. Contingent liabilities

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the annual financial report.

5. Commitments for capital expenditure

Other than those commitments reported in the Notes to the annual financial report, there were no significant commitments for capital expenditure contracts carrying over at year end.

6. Contaminated sites

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Shire that is known to be, or is suspected of being, contaminated. All provisions or contingent liabilities, if any, have been recognised and/or disclosed in the annual financial report as appropriate.

7. Related entities

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the Act) to give written notice to you if any of the Shire's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2024.

8. Related parties

We have disclosed to your auditors the identity of the Shire's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Shire's key management personnel and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. Key management personnel compensation

We confirm the Shire's key management personnel have not received any other remuneration, consideration or in-kind benefit (except amounts being reimbursements for out-of-pocket expenses) which has not been included in the compensation disclosed in the Notes to the annual financial report.

10. Subsequent events

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Shire.

11. Internal control

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

12. Insurance

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. Risk Management

We confirm that we have established and maintained a risk management framework that is appropriate to the Shire.

14. Accounting misstatements

The effects of uncorrected misstatements in the financial report are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of these uncorrected misstatements is listed below.

Account	Reported balance \$ Dr / (Cr)	Actual balance \$ Dr / (Cr)	Variance \$ Dr / (Cr)
Reclass DoT payable (net) from cash to trade and other payables 30 June 2024			
Cash and cash equivalents	4,424,839	4,536,314	111,475
Trade and other payables	(1,638,062)	(1,749,537)	(111,475)
Reclass DoT payable (net) from cash to trade and other payables 30 June 2023			
Cash and cash equivalents	7,390,886	7,405,783	14,897
Trade and other payables	(1,056,957)	(1,071,854)	(14,897)

15. Electronic presentation of the audited annual financial report and auditor's report

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the Shire's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of Shire's website and understand the risk of potential misrepresentation in the absence of appropriate controls.

- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

16. Other (unaudited) information in the annual report

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.

Executive Manager
Corporate and Community Services
Name: Alina Behan

Date

Chief Executive Officer

Date

Name: Chris Linnell

SIGNIFICANT AUDIT FINDINGS REPORT

This report is produced in accordance with Section 5.17A(4)(a) of the *Local Government Act 1995* and details the actions the Shire of York has taken and intends to take with respect to the Significant Findings identified in the Audit Report for the 2022/24 financial year.

The table below summarises the Findings, the Auditor's Recommendations, the Shire of York's comment at the time of the Audit.

No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
1	Untimely preparation and review of bank reconciliations (prior year)	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 and supported and evidence of independent review is maintained.	Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliations is on track for December 2024.
2	Lack of segregation of duties with purchasing (prior year)	We recommend management 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.	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

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
		<p>The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.</p> <p>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.</p>	recommended to Council that appropriate adjustments had been taken to segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommendation and voted to accept the residual risk.
3	Fortnightly payroll reconciliation (prior year)	We recommend management to ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained.	As noted by the auditors this process has been undertaken fortnightly since December 2023.
4	Unrecorded liabilities	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.

In accordance with Sections 7.12A(4)(b) and 7.12A(5) of the *Local Government Act 1995* a copy of this report is provided to the Minister for Local Government and published on the Shire's website.

Further information in relation to the report is available by contacting Alina Behan, Executive Manager Corporate & Community Services, on 08 9641 0500 or records@york.wa.gov.au.

Chris Linnell
CHIEF EXECUTIVE OFFICER

Dated: 17 December 2024

9.2 RISK MANAGEMENT UPDATE AS AT DECEMBER 2024

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)
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 March 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 March 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: Ms Shona Zulsdorf

Seconded: Mr Justin Lee

That, with regard to the Risk Management Update as at December 2024, 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 March 2025 meeting.**

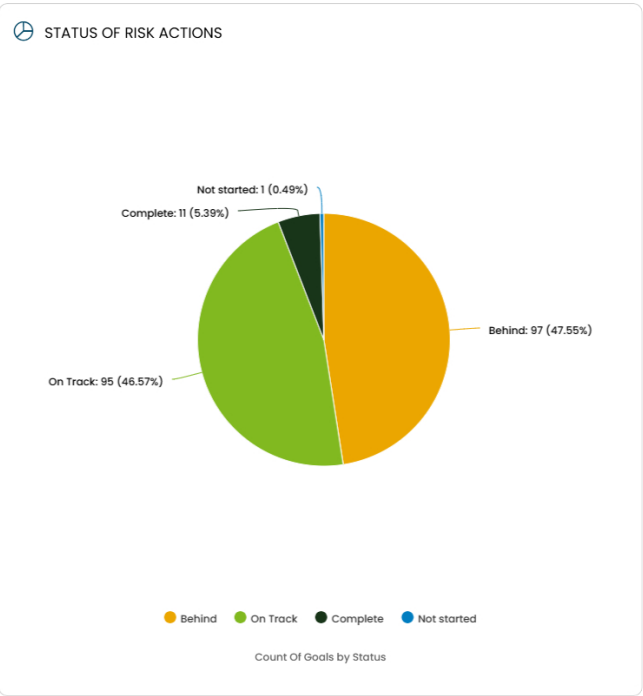
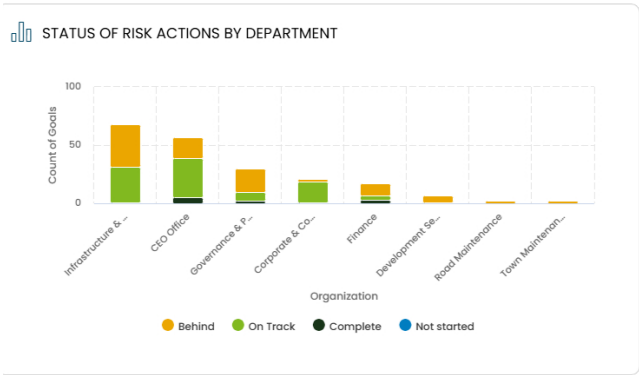
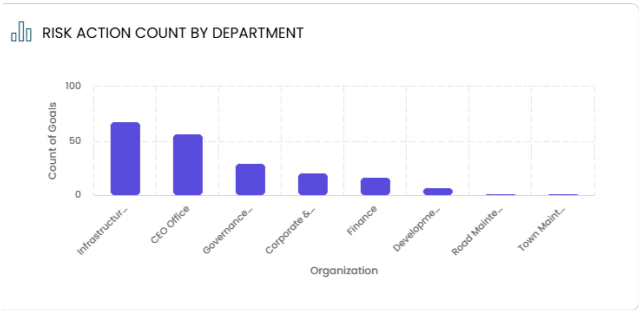
In Favour: Crs Kevin Trent, Peter Wright, Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 4/0

STRATEGIC RISK MANAGEMENT PROGRESS OVERVIEW

Dec 12/03/2024



10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Shona Zulsdorf:	<i>Is there merit in providing detail from the Risk Framework, and on the reporting provided by the Administration to the Audit & Risk Committee, in relation to the Committee's oversight of organisational risk to Mrs M Good?</i>
Chief Executive Officer's Response:	<i>A review of the Agenda for Council's December 2024 Ordinary Meeting will provide context to the nature of the alleged risk in this complaint.</i>

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 4.00pm.