



UNCONFIRMED MINUTES

Audit, Risk and Improvement Committee Meeting Tuesday, 2 December 2025

Date: Tuesday, 2 December 2025

Time: 3:00pm

Location: Council Chambers, York Town Hall, York

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**MINUTES OF SHIRE OF YORK
AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, YORK TOWN HALL, YORK
ON TUESDAY, 2 DECEMBER 2025 AT 3:00PM**

1 OPENING

1.1 Declaration of Opening

Shona Zulsdorf, Presiding Member, declared the meeting open at 3.00pm.

1.2 Acknowledgement / Disclaimer

The Presiding Member advised the following:

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

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

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

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

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

1.3 Attendance via Electronic Means

Nil

1.4 Standing Orders

Nil

1.5 Announcement of Visitors

Nil

1.6 Declarations of Proximity Interest

Nil

1.7 Declaration of Financial Interests

Nil

1.8 Disclosure of Interests that May Affect Impartiality

Nil

2 ATTENDANCE

2.1 Members

Shona Zulsdorf, Presiding Member; Sonia McKeiver, Deputy Presiding Member; Cr Chris Gibbs, Shire President; Cr Denese Smythe, Deputy Shire President; Cr Kevin Trent

2.2 Staff

Alina Behan, Temporary Chief Executive Officer; Anneke Birleson, Acting Executive Manager Corporate & Community Services; Rebecca Palumbo, Acting Executive Manager Infrastructure & Development Services; Denise Gobbart, Manager Finance; Vanessa Green, Council & Executive Support Officer

2.3 Apologies

Nil

2.4 Leave of Absence Previously Approved

Nil

2.5 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 3.03pm.

4.1 Written Questions – Current Agenda

Nil

4.2 Public Question Time

Nil

As there were no questions asked, Public Question Time concluded at 3.03pm.

5 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE RECOMMENDATION

Moved: Cr Kevin Trent

Seconded: Cr Denese Smythe

That the minutes of the Audit, Risk and Improvement Committee Meeting held on 9 September 2025 be confirmed as a correct record of proceedings.

In Favour: Shona Zulsdorf, Sonia McKeiver, Crs Chris Gibbs, Denese Smythe and Kevin Trent

Against: Nil

CARRIED 5/0

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

9 OFFICER'S REPORTS

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

File Number:	4.9726
Author:	Denise Gobbart, Manager Finance
Authoriser:	Anneke Birleson, Acting Executive Manager Corporate & Community Services
Previously before Council:	25 March 2025 (070325) 10 June 2025 (170625) 30 September 2025 (210925)
Disclosure of Interest:	Nil
Appendices:	<ol style="list-style-type: none">1. Audit Findings Report - 2022/23 Final Audit ↓2. Audit Findings Report - 2023/24 Final Audit ↓3. Audit Plan ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Executive

PURPOSE OF REPORT

This report presents an update on the Findings identified in the 2022/23 and 2023/24 Audits to the Audit, Risk and Improvement Committee (ARIC) for consideration and, if satisfactory, recommendation to Council for noting and, where appropriate, acceptance.

BACKGROUND

Officers continue to report through the ARIC to Council on both the Findings from the 2022/23 and 2023/24 Audits, with Council last considering the ARIC's recommendations at its September 2025 Ordinary Meeting where it resolved (210925):

“That, with regard to the Update on the Findings Identified During the 2022/23 and 2023/24 Audits, Council:

- 1. Receives the Unconfirmed Minutes of the Audit, Risk and Improvement Committee Meeting held on 9 September 2025, as presented in Appendix 1, and by adopting the following recommendations of the Audit, Risk and Improvement Committee, Council:***
 - a. Appoints Applicants 1 and 2 as the independent external members of the Shire of York's Audit, Risk and Improvement Committee, with the term ending at the October 2027 Local Government Elections.***
 - b. Appoints Applicant 1 as the Presiding Member and Applicant 2 as the Deputy Presiding Member of the Shire of York's Audit, Risk and Improvement Committee.***
 - c. Directs the Chief Executive Officer to notify Applicant 3 of the outcome, noting if an external member resigns within the first twelve (12) months, the position will be offered to Applicant 3 in the first instance, in a process similar to Schedule 4.1A of the Local Government Act 1995.***
 - d. Accepts the actions taken and residual risk for the following eleven (11) Findings:***
 - i. Depreciation of assets***

- ii. Audit readiness and quality of financial and supporting documentation*
- iii. Untimely preparation and review of the property, plant and equipment reconciliation*
- iv. Asset revaluations*
- v. Works in progress for capital projects*
- vi. No asset addition forms*
- vii. Assets with no depreciation*
- viii. Lack of control on tracking usage of inventory*
- ix. Inappropriate User Access in Synergy*
- x. Untimely review of the credit card policy*
- xi. Former employee listed as authorised signatory in AMP Bank Confirmation*
- e. Requests the Chief Executive Officer to report back on progress against the remaining five (5) Findings:**
 - i. Untimely preparation and review of bank reconciliations*
 - ii. Monitoring of grants income and expenses*
 - iii. Plant recovery cost base rate and indirect/overhead cost allocation rate*
 - iv. Unrecorded liabilities*
 - v. Old PPE Assets carried in the Fixed Asset Register*
- to the Audit, Risk and Improvement Committee at its December 2025 meeting.**
- f. Notes the Findings from the 2024/25 Interim Audit.**
- g. Notes the progress made to date in relation to the Strategic Risk Register.**
- h. Requests the Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the Audit, Risk and Improvement Committee at its December 2025 meeting.”**

In accordance with point e. of the above Resolution, this report provides a risk assessment of each Finding, controls that have been put into place and identifies whether further treatment of the risk is required or if Officers are recommending the action taken and residual risk is acceptable.

As with the September 2025 Resolution, Officers now present the actions undertaken to treat the risks identified and request that ARIC and Council accept the residual risk.

COMMENTS AND DETAILS

The Auditor's Findings Report is presented in Appendix 1 and Appendix 2 for the 2022/23 and 2023/24 Audits respectively. The Findings are rated by the Auditors as Significant, Moderate or Minor (defined below).

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.

Officers have applied the Risk Management Procedures, as outlined in the Shire's Risk Management Framework, to assess the risks to the organisation for each of the Findings:

1. Each Finding has been risk assessed based on the existing controls being in place and given an overall Risk Rating.
2. Based on the additional controls put in place, as recommended by the Auditors or identified by Shire Officers, the effectiveness of these controls has been identified and a Residual Risk Rating provided.
3. Based on the Residual Risk Rating an assessment of the acceptance level of the residual risk has been made. Where the residual risk is considered unacceptable, further treatment is recommended.

The Audit Findings and risk assessment have been uploaded into the Shire's strategic planning and reporting software, Cascade. This allows individual actions to be allocated to Officers and progress tracked and reported on.

The Audit Plan is presented in Appendix 3.

Officers are seeking recommendation from the ARIC to Council, to Accept the residual risk for the following completed item from the 2023/24 Audit Findings:

1. Unrecorded liabilities

From both the 2022/23 and 2023/24 Audits the following Findings require treatment to bring the risk to an acceptable level:

1. Untimely preparation and review of bank reconciliations
2. Monitoring of grants income and expenses
3. Plant recovery cost base rate and indirect/overhead cost allocation rate
4. Old PPE Assets carried in the Fixed Asset Register

Bank reconciliations remained a Significant item at the Interim Audit. Reconciliations are now up to date and Officers believe the implementation of new software and ongoing monitoring will sufficiently treat the risk. This will be tested over a six (6) month period to ensure the effectiveness of the process, with the residual risk being reviewed at that time.

OPTIONS

The ARIC has the following options:

Option 1: The ARIC could choose to recommend to Council that it accepts the controls put in place and Residual Risk for one (1) Finding and notes no additional treatment is required.

Option 2: The ARIC could choose to recommend to Council that further treatment is required for all or a selection of the Findings.

Option 1 is the recommended option, with the acknowledgement that ongoing assessment and identification of opportunities for improvement will occur for those considered at an Acceptable risk level.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Moore Australia

Strategic

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance.

Policy Related

G17 Integrated Planning and Reporting - Planning

G19 Risk Assessment and Management

Financial

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

Legal and Statutory

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

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

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

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

Risk Related

The remediation of audit findings reduces financial and reputational risk for the Shire.

Workforce

Where required additional resourcing has been brought in to supplement the current workforce to ensure continual treatment of identified risks.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION**Moved: Cr Denese Smythe****Seconded: Sonia McKeiver**

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

- 1. Accepts the actions taken and residual risk for the following Finding:**
 - a. Unrecorded liabilities**
 - 2. Requests the Temporary Chief Executive Officer to report back on progress against the remaining four (4) Findings:**
 - a. Untimely preparation and review of bank reconciliations**
 - b. Monitoring of grants income and expenses**
 - c. Plant recovery cost base rate and indirect/overhead cost allocation rate**
 - d. Old PPE Assets carried in the Fixed Asset Register**
- to the Audit, Risk and Improvement Committee at its March 2026 meeting.**

In Favour: Shona Zulsdorf, Sonia McKeiver, Crs Chris Gibbs, Denese Smythe and Kevin Trent

Against: Nil

CARRIED 5/0

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

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 reconciliations	Yes	✓			✓
2. Lack of segregation of duties with purchasing	Yes	✓			✓
3. Untimely preparation of accounts payable reconciliation	Yes	✓			
4. Depreciation of assets	Yes	✓			
5. Conflict of interest declarations not completed timely	No	✓			
6. Audit readiness and quality of financials and supporting documentation	No	✓			
7. Network user access and Altus user privileges	No	✓			✓
8. Fortnightly payroll reconciliations	Yes	✓			
9. Untimely preparation and review of the property, plant and equipment reconciliation	Yes	✓			✓
10. Management oversight of capital projects	No	✓			
11. Asset revaluations	Yes	✓			
12. Monitoring of grants income and expenses	No	✓			✓
13. Fair value of other infrastructure – frequency of valuations	Yes	✓			
14. Transfer between reserves	No		✓		

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

15. Untimely approval of purchase orders	No		✓		✓
16. Plant recovery cost base rate and indirect/overhead cost allocation rate	No		✓		✓
17. Leave balances excluded from provisions	No		✓		
18. Works in Progress for capital projects	No		✓		
19. No asset addition forms	No			✓	
20. Assets with no depreciation	No		✓		✓
21. Untimely credit card termination/destruction	No			✓	
22. Guidelines for general journals	No			✓	
Business improvement opportunities					
23. Asset Management Plan and Long Term Financial Plan					

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 ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Untimely preparation and review of bank reconciliations****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 found the June 2023 Municipal Bank, Reserve Bank and Trust Bank reconciliations were not prepared and reviewed in a timely manner. From our review we noted the below findings:

Trust Account

- Trust bank reconciliations for the period July 2022 – April 2023 were not prepared and reviewed until June 2023. June 2023 reconciliation was prepared and reviewed in August 2023.

Reserve Account

- Reserve bank reconciliations for the period July 2022 – June 2023 were only prepared and reviewed between June – August 2023.

Municipal Account

- Municipal bank reconciliations from July 2022 – April 2023 were not prepared and reviewed until June 2023 and June 2023 were not prepared and reviewed until August 2023.
- We noted that the municipal fund reconciled balance did not agree to the general ledger. Management was unable to provide adequate explanation on the differences totalling \$1,084.
- We noted two differences totalling \$1,165 between the bank statements and municipal bank balances per the bank reconciliation. This was due to management incorrectly including interest for future periods within the bank balance at year end.
- In the municipal bank reconciliation as at 30 June 2023, we observed over 120 reconciling items in the form of unmatched receipts and outstanding deposits dating back to June 2021. Upon investigation, we found that a substantial number of these reconciling items were in fact addressed before 30 June 2023, with only a portion of the unreconciled amount remaining. This raises concerns about the accuracy and legitimacy of the reconciliation items and the reconciliation process.

The supporting documentation for the bank reconciliations was not readily available and only provided later upon request.

Rating: 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.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Recommendation

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.

Management comment

Agreed bank reconciliations were not conducted in a timely fashion in the 2022/23 Financial Year due to lack of staff. The financial services contract established with Moore Australia in 2023/24 has allowed for the review of the bank reconciliation process and training of finance team members. This has now been completed, and Trust accounts are up to date. The remainder of Municipal reconciliations will be completed in March 2024. This process will now be undertaken weekly for Municipal reconciliations and monthly for Trust due to the lower activity. This can be tested in the 2023/24 Interim Audit.

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Lack of segregation of duties with purchasing****Finding**

We tested a sample of 35 transactions and found insufficient segregation of duties between the ordering of goods and or services to invoice processing and payment. Our testing identified the following:

- seven out of 35 samples where the Chief Executive Officer (CEO) approved the purchase order and the invoice for payment.
- five out of 35 samples where the Executive Manager of Corporate and Community Services (EMCCS) approved the purchase order and the invoice for payment.
- one out of 35 samples where the Executive Manager of Infrastructure & Development Services (EMIDS) approved the purchase order and the invoice for payment.
- one out of 35 samples where IT & Payroll Officer at the time had performed the PO requisition, the incurring, and receipting of goods.

We understand that the limited segregation of duties noted is exacerbated as a result of the delegated financial authority gap between the CEO and the Executive Managers (EM), being \$250,000 and \$50,000, respectively, as established in the Shire of York's Policy Manual. At present the only Officer that has delegated financial authority for transactions between \$50,000 and \$250,000 is the CEO.

This finding was first raised in 2021/22.

Rating: 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.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management comment

The Audit Regulation 17 and FM Regulation 5 consultant Armada Audit considered the concerns of the OAG and made recommendation to the Shire of York on how to adapt this process to achieve further separation. These recommendations and the Armada Audit results were provided to the OAG in 2023. Policy F2 Procurement was updated accordingly and was considered by the Audit and Risk Committee on the 12 December 2023 and adopted by Council at its 19 December 2023 OCM Resolution 121233. The policy changes were communicated to all staff in January and the new receipting process implemented from the 15 January 2024. The procurement changes were implemented in Altus procurement 14 February 2024. This can be tested in the 2023/24 Interim Audit.

Responsible person: EMCCS/Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Untimely preparation of accounts payable reconciliation

Finding

From our review of the June 2023 accounts payable reconciliation, we noted this was not completed in a timely manner. This reconciliation is signed as prepared on 3 September 2023 and reviewed on 30 October 2023. This delay in completing the reconciliation approximately two months after year end and the review approximately two months after preparation is not considered timely.

Rating: Significant

Implication

Untimely reconciliation could result in inaccurate financial records, which have the potential of materially misstating the financial statements.

Recommendation

Reconciliations are prepared and reviewed in a timely manner.

Management comment

Creditors Ledger for 22.23FY was not closed off until 25 July 2023 due to many 22.23 invoices not received until this date. Aged Creditors Trial Balance report was processed 3 August 2023 however there was an unknown imbalance from the aged creditors to general ledger of -\$8.33. A support request was submitted 1 September 2023 to IT Vision to review and the issue was not resolved until 20 September 2023. The final general ledger report which balanced to the aged creditors and was submitted to EMCCS for final review and signature on 30 October 2023 once all year end processed were finalised.

Generally, as part of the EOM process, this report will be completed on the first day of the new month for the previous month by the Accounts Payable Officer. It is then reviewed by the Finance Manager with final review and authorised by the Executive.

Responsible person: Finance Manager

Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Depreciation of assets

Finding

During our testing of depreciation, we noted that the depreciation rates being applied do not appear to be related to the useful lives determined upon revaluation of assets. This has caused differences in the depreciation expense for the year ended 30 June 2023. While we understand road infrastructure assets caused a significant portion of the difference in depreciation due to the above, has now been adjusted for, this exercise has not been extended to other asset classes.

Rating: Significant

Implication

Where assets are not depreciating in line with their useful lives, there is a risk that the depreciation expense and value of Property, Plant and Equipment and Infrastructure may be materially misstated. Further where depreciation applied does not reflect an assets use, this can cause difficulties in asset management planning.

Recommendation

The Shire review the depreciation rates applied to all assets to ensure that they are the correct rates in-line with revaluation reports or where appropriate, updated useful life estimations.

Management comment

The depreciation calculations are undertaken in accordance with Australian Accounting Standards. Errors that resulted in a misstatement of the depreciation have been found and corrected.

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Conflict of interest declarations not completed timely**Finding**

During our testing of a tender process, we noted that the conflict of interest declaration completed by a panel member was completed 14 days after their review of the tenders.

Rating: Significant

Implication

Where tenders are assessed prior to completion of conflict of interest declarations there is a risk that conflicts are not known or considered prior to assessment of tenders. This disrupts the transparent and independent nature the tender process tries to achieve. Further, if the tender process has been compromised the Shire may be required to recommence a tender process impacting resources.

Recommendation

Checks are performed prior to tender evaluations being completed to ensure that all required conflict of interest declarations have been completed.

Management comment

This was one instance and therefore the Shire disputes this finding as significant. Education and training of all staff involved in the tender and quoting process is ongoing and does not have a completion date.

Responsible person: EMIDS
Completion date: Ongoing

Auditors' response

Risk attached to this finding has been rated as high. Sample selected involved a conflict of interest declaration that was not completed timely by a key member of management who can override controls. The risk is exacerbated with rotations of persons in key positions.

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****6. Audit readiness and quality of financials and supporting documentation****Finding**

We encountered numerous difficulties during the year end audit process. These resulted in significant adjustments to the original signed financial statements provided to the auditors on 13 October 2023. This has impacted the Shire's ability to meet their reporting requirements and be audit ready. To assist in meeting the Shire's reporting obligations, the Shire has engaged a contractor to assist in the preparation of the financial statements, key reconciliations and provide support to the Shire's finance manager.

This also resulted in significant delays in the provision of audit information. The first version of the financial statements that agreed to the underlying trial balance was only provided on 30 November 2023.

Further, there were several documents which were not received with sufficient time to facilitate audit processes. Audit instilled a deadline of 29 November for outstanding items, where these queries were unable to be resolved an assessment was made on the ability to conclude on whether sufficient audit evidence was available and where appropriate, adjustments to the financial statements have been considered.

Rating: Significant

Implication

As a result of the matters highlighted above, the financial statements approved to release by the Shire to the auditors were incorrect and did not agree to the underlying financial records. Significant additional time and effort has been committed by the audit team to try and progress this audit to a point.

Further, without timely consideration of the Shire's ability to fulfill its reporting responsibilities these may not be met.

Additionally, a delay in receiving appropriate documents and evidence can create inefficiencies and productivity of the audit. In the absence of sufficient appropriate audit evidence, we may not be able to comfortably conclude on such transactions and balances.

Recommendation

We recommend the Shire review its key accounting function set up to ensure that it is fit for purpose and able to meet the required deliverables. The Shire must ensure all information to support the preparation of the financial report are complete, accurate and available for the audit team to inspect.

Further, to ensure that the Shire is suitably audit ready at the commence of each phase of the audit it is preferable that the Shire utilise the varying Better Practice Guides the OAG has developed and ensure all requested information is available.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management comment

The Shire can demonstrate that it commenced collecting the information requested in the PBS in April of 2023. Prior to onsite testing the majority of the PBS requirements had been collected and transmitted. There were numerous instances where audit documents were transmitted, only to be subsequently re-requested by the audit team. This pattern persisted even after the audit recommenced in January 2024, with information submitted being immediately demanded again by the OAG. It is worth noting that OAG officers frequently failed to provide adequate time for thorough responses from Shire of York staff, this will be thoroughly discussed at the Exit Interview.

Responsible person: EMCCS
Completion date: Completed

Auditors' response

We acknowledge there were few instances of duplicated requests which were experienced due to Mimecast downloads not being originally received. Additional pressure and delays have been experienced by Shire staff and the audit team with not all PBC items being provided by due dates or at the commencement of the final audit. Additionally, where the financial statements are not complete and supported there is increased enquiries to validate the Shire's financial statements. We encourage the Shire to follow "Audit Readiness – Better Practice Guide" and implement quality assurance procedures as part of preparing for next year's financial statement audit. We note that the Shire engaged their contractor to address the Shire's own resource constraints.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

7. Network user access and Altus user privileges

**Finding
2023**

We found the Shire's network access management process is not fully effective. Testing identified four employees who were terminated prior to 30 June 2023 whose user accounts were not made inactive by 30 June 2023. Termination dates ranged from 16/08/2022 to 7/06/2023. For one of these accounts the last login date was after their termination date, this account does not appear to have access to Synergy or Altus Procurement. Further we found three accounts on the enabled users listing that did not appear to be employees or were not clearly identified as IT or Accounting service provider accounts, it is unclear if these accounts are appropriate.

From our review of the Altus Procurement user access and privileges listing we found that user privileges are not being appropriately restricted and controlled. Specifically, our testing identified four employees from diverse business areas that have been assigned super user privileges. From these accounts, it is possible to create, add and modify individual supplier accounts.

We were unable to perform a review of the Altus Payroll user access as the user listings for Altus Payroll were not provided to us in a timely manner allowing us to audit them.

2022

We found the Shire's network access management process is not fully effective. Testing identified one employee whose employment ceased on the 15 March 2022, however their network account remained active until 29 September 2022. We acknowledge that the Shire had lodged a ticket with Focus Network (IT service and management provider) to have the employee's account deactivated, however the ticket had not been processed by the service provider.

Additional audit testing confirmed the employee did not access the network from the date of their termination until the date their account was deactivated.

Altus Payroll and Procurement User Privileges:

From our review of the Altus Payroll and Procurement user access and privileges listing we found that user privileges are not being appropriately restricted and controlled. Specifically, our testing identified:

- Four employees from diverse business areas that have been assigned significant payroll privileges. From these accounts, it is possible to:
 - o add employees, view and edit employee details (including names, date of birth, contact details, super and tax details),
 - o edit employee entitlements and
 - o manage pay runs, among other privileges.
- Three employees from diverse business areas that can override the required number of quotes imposed by the system and prescribed by the Shire's Procurement Policy.
- Four employees from diverse business areas that have been assigned super user privileges. From these accounts, it is possible to create, add and modify individual supplier accounts.

In addition, the Shire does not perform regular reviews of user access and privileges to validate the appropriateness of these.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Rating: Significant

Implication

Without an effective user access management process in place, there is an increased risk that these accounts could be used to gain unauthorised access to the network or systems. Such access could involve access to or making copies of confidential documents or amendment or deletion of Shire records.

Where user privileges are assigned inappropriately, or they are no longer required to meet business requirements, there is an increased risk of unauthorised access and inappropriate changes being made within systems that may go undetected. This can result in deviations from internal policies and management directives as well as the occurrence of errors and/or fraudulent activities. This risk is increased where regular review of the appropriateness and validity of user access and privileges is not performed.

Recommendation

The Shire should implement a user access and privileges monitoring process to ensure only current and valid users are able to access the Shire's network and systems. This process should be extended to include validation of all privileges assigned to each user that are consistent with the positions' roles and responsibilities. Where user accounts and/or privileges are no longer required, they should be immediately removed or updated.

Management comment

The Shire remains comfortable with the level of access provided. Regular audits are now conducted and the exit process updated to ensure removal of users from all systems.

The fortnightly payroll audit shows additions and subtractions of staff within the Definitiv system. This system generated report is reviewed by Finance Officer – Creditors, Finance Manager and EMCCS.

A policy position that assigns user access by position remains to be developed.

Responsible person: EMCCS

Completion date: December 2024

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

8. Fortnightly payroll reconciliations

Finding

As part of our testing of design and implementation of payroll controls we were unable to be provided any fortnightly payroll reconciliations completed during the 2023 financial year. The Shire informed us that they were completed for the first half of the financial year however were unable to be located due to staff changes and reconciliations were not performed for the second half of the financial year due to new staff.

Rating: 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

The Shire should ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained. Further the Shire should ensure that documentation is stored in locations that are known and accessible to relevant staff.

Management comment

This process is now in place and with regular reconciliations being conducted. These are prepared by the Finance Officer – Payroll and reviewed by the Finance Manager. A further review is conducted by the EMCCS. This can be tested in the 2023/24 Interim Audit.

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

9. Untimely preparation and review of the property, plant and equipment reconciliation**Finding**

During the audit visit, we noted that Property, Plant and Equipment (PPE) was only reconciled as at 30 June 2023. This reconciliation was completed and reviewed in October 2023, almost four months after the end of the financial year

This finding was first raised in 2021/22.

Rating: Significant

Implication

PPE account reconciliations not prepared and reviewed in a timely manner increase the risk of unreconciled items and errors being undetected and/or not promptly corrected.

Recommendation

We recommend the Shire prepare and review its PPE account reconciliations in a timely manner.

Management comment

Persistent delays in finalising the Annual Financial Report have once more hindered the timely completion of procedures for the 22/23 Financial Year. This ongoing delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials have been officially adopted.

Responsible person: Finance Manager

Completion date: June 2024

Auditor's response

This comment should not be tied to the audit. If the amendments to the FAR or GL are required as a result of the audit, then these are performed at the times as required. The 2021-22 audit opinion issued on 6 April 2023 - not relevant to the FY2022-2023.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

10. Management oversight of capital projects

Finding

Prior to this financial year, the Audit and Risk Committee (ARC) were provided a mid-year budget review which contained a detailed project-level breakdown of all capital projects, showing the budgeted expenditure, actual expenditure and variances. The ARC are no longer provided this detailed breakdown, they are only given financial statement-level breakdowns. Without the regular and detailed review of these projects, there is a lack of management oversight of capital projects.

Rating: Significant

Implication

Without oversight of capital projects, there is an increased risk that projects are not managed effectively which can lead to project failure and financial loss.

Recommendation

The Shire should ensure there is regular oversight of capital projects by the ARC or other members of management.

Management comment

Formerly the Shire adopted its budget at GL level and Council were presented with all material movements by GL at mid-year review. The Shire has adapted its reporting to Council in accordance with the Regulation's requirement of Nature mid-year reporting also reflects this change. Progress against capital project expenditure continues to be provided to Council via monthly financial reporting. The Shire has recently implemented the Government Frameworks Integrated Planning and Reporting System - Cascade which will provide reporting against all capital and CBP projects for Council.

Responsible person: EMCCS/EMIDS
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

11. Asset revaluations

Finding

Management undertook a revaluation of land, buildings, and infrastructure – other structures assets as at 30 June 2023. Infrastructure assets are revalued at least every five years in accordance with the Local Government (Financial Management) Regulations 1996. The last revaluation was performed in 2018.

During our review of the revaluation and reconciliations undertaken by the Shire, the following matters were noted:

- The revaluation journals included commentary mentioning that five assets which had a total written down value of \$476,853 as at 30 June 2023 have been transferred from Buildings to Infrastructure – other structures and three assets which had a total written down value of \$122,838 as at 30 June 2023 from Infrastructure – other structures to Infrastructure – drainage. No amounts have been disclosed in the financials as 'Transfers' for these asset categories.
- Assets with a purchase price of greater than \$5,000 but as the written down value is less than \$5,000 management has revalued them down to \$0. This is incorrect application of *Local Government (Financial Management) Regulations 1996 section 17A (5)*. We noted this as part of our review of the revaluation journal, we are unsure how widespread its application to all fixed assets is.
- Executive Management have conducted their own valuation of some of the infrastructure assets. No information to demonstrate the process conducted, inputs applied or conditions assessed has been provided. The reported 2022-23 carrying value of these assets is \$1,357,051. As such we are unable to conclude on these assets. For the category of these assets, being Infrastructure – Parks & Reserves based on the sector generally we have seen an average increase of 19.2%.
- For assets transferred between categories, rather than showing them as transfers in the financial statements, the assets have been revalued to nil in their previous category and revalued upwards from nil to their new value in the new asset category. This has misrepresented the gains and losses for categories of assets which have asset transfers.
- There is a difference in the split and combination of assets between the revaluation and the fixed asset register. As there has been no reconciliation between these two reports showing which assets are split and combined amongst the reports, we are unable to conclude on the completeness and accuracy of the asset valuations and we are unable to conclude if items have been missed.

Further, a complete and accurate reconciliation from the asset register to the general ledger and financial statements has not been provided. It should include additions, disposals, transfers, revaluations and depreciation. The latest version of the reconciliation report had numerous unexplained inconsistencies. We noted the following anomalies with it:

- We were advised through our inquiries of the revaluation journal that assets had been transferred between infrastructure categories and property plant and equipment – there is no disclosure of these.
- Whilst the total written down value balances agree to the financials, it is unclear why as the revaluation, depreciation and transfer details are in many instances different or not available. A reconciliation needs to clearly explain the reason for variances and include an appropriate level of detail to enable verification of notes 8a and 9a in the financial report.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Rating: Significant

Implication

Without appropriate checks and reconciliations to demonstrate and verify the completeness of the revaluation process and the asset register, there is an increased risk of material misstatement in financial reports. Further, where clear documentation is unable to be provided to support movements between balances or amounts are unreconciled there is a risk that assets may be duplicated or mistakenly removed from the asset register.

Incorrect application of legislative and accounting standard requirements increases the risk of a material misstatement within the financial report.

Recommendation

Management should ensure robust procedures are in place to ensure the accuracy and completeness of the fixed assets reported in the financial statements and captured through the revaluation process. Further, management should ensure documentation relating to these reconciliations is readily available.

Management should thoroughly review and analyse the balances above, errors should be corrected.

Management comment

Assets subject to revaluation have been examined and all variances accounted for. This is now resolved.

This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.

Responsible person: EMIDS/Finance Manager

Completion date: June 2025

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

12. Monitoring of grants income and expenses

Finding

We noted that the Shire has not implemented a standard process to monitor grant income and expenses in the 2022-23 financial year. There is no ongoing review to track grant income and expenditure other than the mid-year Budget Review and quarterly Finance and Costing review.

This issue was raised in the 2019-20 financial year and was subsequently resolved the following year in 2020-21. The grant register was then appropriately being maintained by the Finance Department with follow up from responsible officers on progress sought on a monthly basis.

However, since 2021-22 financial year, the grant register was not maintained, and we were unable to verify that regular updates were being made.

Rating: Significant

Implication

Without regular monitoring of a grant register, the Shire is exposed to an increased risk of non-compliance with agreements, unrecorded transactions in the general ledger, and undisclosed commitments in the financial statements.

In addition current practice may result in non-compliance with AASB 15 or 1058 as no assessment has been made to determine the appropriate recognition of revenue of each grant, being either on receipt or over time. Incorrect revenue recognition may cause inaccuracies in the annual financial statements and the Shire's monthly financial information meaning financial decision making may be ill-informed.

Recommendation

The Shire should review its current practice and implement a standard process to ensure its grant register is appropriately maintained to address the risks noted above.

The Shire should retrospectively complete a detailed revenue recognition assessment of its grant revenue streams. This is to conclude if a particular grant revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2023-24 financial year.

Management comment

Historically an excel workbook has been used for the Grants Register where every Responsible Officer is required to add any new grants and update any other relevant information. Senior Finance Officer would update income and expenditure monthly and email register to all staff each month for review and update.

This register has been superseded by the Government Frameworks IPR software which will be implemented in 2024. Progress can be tested during Interim and Final Audits for 2023/24.

Responsible person: Finance Manager

Completion date: December 2024

Auditor's response

Given the completion date is December 2024, the Shire should consider putting processes in place to ensure their grant revenue at 30 June 2024 is correctly stated. We encourage to revisit interim measures to ensure they comply with the accounting standards.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

13. Fair value of other infrastructure – Frequency of valuations

Finding

From the asset category Infrastructure – Parks and Reserves reported in Note 9(a), we noted a number of assets with a carrying value of \$1,357,051, as at 30 June 2023, have not been revalued with sufficient regularity, as required by Regulation 17A(4A)(b) of the Local Government (Financial Management) Regulations 1996, since 2017-18.

Further, on review of the asset category of Infrastructure – Other Structures reported in Note 9(a) of the financial report at the carrying value of \$4,845,335, it is unclear if all the assets have been appropriately revalued and recorded in the asset register. On review of management comments we noted the following:

- Some assets noted as recategorised, on review of the asset details and revaluations we were unable to verify that these assets have been recategorised.
- Management comments for several assets include comments to the effect that no valuation was provided due to incorrect asset class or further investigation required with clarity required for what infrastructure exists in this asset and assets details unknown, new detailed asset added to register.

Rating: Significant

Implication

Without a robust assessment of fair value of the Shire's Other infrastructure assets, there is a risk that the carrying value of these assets is not reflected at fair in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17(A) of the Regulations.

Further, where it is unclear if the asset listings are complete or correct, we are unable to form an opinion as to the value of these balances.

Recommendation

The Shire should perform a review of their asset register to ensure it is complete and sufficiently detailed to enable assets to be readily identified. Further, where items have not been revalued in the previous five years, a valuation of these other infrastructure assets is performed in accordance with *AASB 13 Fair Value Measurements* and assumptions and methodologies applied meet the expectations of the Shire. Fair Value movements should be understood and be able to be explained in accordance with the Shire's understanding of its operations. The Shire needs to ensure valuations are conducted every five years in accordance with Regulation 17(A) of the Regulations.

Management comment

This has been resolved.

Responsible person: EMCCS/Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

14. Transfer between reserves

Finding

We noted that the trial balance indicates that there was a \$100,000 transfer from Recreation Reserve to Swimming Pool Reserve. This transfer was budgeted to take place in 2022 however this was completed in 2023, it is missing from the financial statements.

Rating: Moderate

Implication

Inconsistency between the trial balance and financial statements is misstatement of the financial statements and can lead to the financial statements being materially misstated.

Recommendation

Financial statements should be adjusted to reflect the transfer.

Management comment

Advice was sought on the treatment of this item from DGLSC. Their advice is as follows:

With the Swimming Pool Reserve, as the \$100,000 transfer was not undertaken in 2021-22 and there is no council resolution in 2022-23 to authorise a \$100,000 transfer from the Recreation Reserve, I don't believe there is any authority to make the transfer. Note: (1) As the 2022-23 Budget showed the Swimming Pool as having an opening balance of \$100,000, there was no authority in the budget document to transfer \$100,000 from the Recreation Reserve. (2) To rectify this, I would suggest putting an item in the Budget Review that is due to Council by 31 March 2024, to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve as previously flagged by Council, and then do a local public notice. The alternative is to wait for the 2024-25 Budget.

The Shire proposes to seek approval for the transfer in the 2023/24 FY via mid-year review and to undertake the required public notice.

Responsible person: Finance Manager
Completion date: March 2024

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

15. Untimely approval of purchase orders

Finding

Our testing identified four instances where the purchase orders were raised and approved after the receipt of invoices.

This finding was first raised in 2021-22.

Rating: 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.

The Shire should ensure that purchase orders are raised and approved prior to the ordering of goods and or services.

Management comment

As noted in previous responses, management resolves this via education and training at induction and its annual procurement refresher. Non-compliance is tracked by the Finance team and provided to supervisors to action via the appropriate HR processes.

Responsible person: All supervisors
Completion date: Ongoing

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

16. Plant recovery cost base rate and indirect/overhead cost allocation rate

Finding

From our testing we noted the following rates used by the Shire to capitalise costs to infrastructure projects have not been reviewed in recent years. We understand the last review was performed in 2006.

- Plant recovery cost base rates used for capitalising plant costs to projects.
- The rate used for indirect and overhead cost allocation to projects by the Shire which has been determined as 140%.

From our testing we deemed the impact to be immaterial.

This is the fourth year we are raising this finding.

Rating: Moderate

Implication

The use of outdated base rate for plant recovery cost and the application of indirect/overhead cost recovery rate increases the risk of the project/fixed assets costs being misstated.

Recommendation

The Shire should review the base rate for plant recovery costs and the indirect/overhead cost recovery rate to determine their currency and accuracy.

Management comment

This work has not been completed but assistance in ensuring a robust process has been sought via the contract with Moore Australia.

Responsible person: Finance Manager

Completion date: December 2024

Auditor's response

This finding has been raised for four years, the rate was last reviewed in 2006. We note the completion date is after the conclusion of the 30 June 2024 financial year. There is greater risk that these rates are no longer fit for purpose.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

17. Leave balances excluded from provisions

Finding

During our testing of leave balances, we noted the following discrepancies:

- Four employees which were terminated after 30 June 2023 had their leave balances excluded from the provision calculations for annual and long service leave
- We noted there were many casual employees with no long service leave balance
- We noted one employee who transferred to the Shire in October 2022 which has not had their transferred leave balances recognised at 30 June 2023 or to date based on enquiry with shire staff
- One casual employee had been incorrectly set up in the system and was accruing annual leave which they were not entitled to.

Rating: Moderate

Implication

Where leave balances are being excluded or not recording correctly, there is a risk that provisions balances are misstated.

Recommendation

Leave provisions are reviewed against employee listings to ensure all employees accruing leave, should be and any employee with nil leave balances are appropriate.

Management comment

Delays in processing this information occurred due to lack of information/training from the Shire's payroll system support provider. This information was received in late November 2023 and will be processed prior to end June 2024. The incorrectly accruing leave has been corrected.

The Shire is unable to find any casual employees without long service leave policies in place and thus disputes this element of the finding. The Shire believes there is no requirement to consider casual staff LSL in leave provisions as the likelihood of a casual staff member meeting the minimum employment timeframes for LSL eligibility is zero.

Responsible person: Finance Manager

Completion date: June 2024

Auditor's response

The listing of casual employees which were not included as part of Long Service Leave (LSL) calculations had been provided to the Shire on 20 November 2023. We were provided a response that some of the employees were not considered to be entitled to LSL due to their type of work and 'period between service is greater than two weeks', this is not an indicator of a break in service under the LSL act. Without considering long service leave entitlements due to casual employees the shire may not be meeting their legal obligations.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

18. Works in Progress for capital projects

Finding

We noted that the Shire does not maintain a Works in Progress (WIP) balance for capital projects. Capital invoices are capitalised to their corresponding assets as they are incurred, irrespective of the asset's readiness or availability for use.

In addition, the Shire was unable to provide clear evidence of reconciliation of the movements during the year on an individual project basis.

Rating: Moderate

Implication

Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated.

Recommendation

The Shire should ensure that only valid items are capitalised and develop a policy and procedure providing guidance on the accounting treatment for costs relating to capital projects.

Management comment

Noted. The Shire will review this requirement to see whether it is applicable.

Responsible person: Finance Manager/EMIDS

Completion date: December 2024

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

19. No asset addition forms

Finding

We noted that the Shire do not use asset addition forms when assets are acquired and added to the asset register.

Rating: Minor

Implication

Use of asset addition forms allows the asset team to clearly communicate specific information such as useful lives and date assets were received to the finance team for input into the accounting records.

Recommendation

The Shire should implement the use of asset addition forms.

Management comment

This recommendation is noted, we will look to implement this in 2024.

Responsible person: EMIDS/Finance Manager

Completion date: December 2024

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

20. Assets with no depreciation

Finding

From our review of the financial asset register, we identified the following:

- Six assets on the assets register for which there was no depreciation for the year. The expected depreciation at 30 June 2023 is \$43,853. The Shire has not adjusted for this error.

This finding was first raised in 2021/22.

Rating: Moderate

Implication

When assets are not assigned a depreciation rate, or when assets are not being depreciated this can lead to an understatement in depreciation expense and an overstatement in the net book value of assets being reported in the financial statements. This can also result in assets not reflecting their accurate future service potential.

Recommendation

The Shire should ensure that depreciation rates are assigned for asset additions on acquisition and that depreciation charge is consistently and accurately generated by the asset module. Furthermore, the Shire should review the depreciation rate of all assets to ensure they are aligned with the remaining economic benefits and future service potential of these assets.

Management comment

Please see comments at Finding 11.

Responsible person: EMIDS/Finance Manager
Completion date: June 2025

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

21. Untimely credit card termination/destruction

Finding

During our testing of purchasing cards, we noted one instance where on termination of an employee, the card was not cancelled timely. The employee was terminated on 12 May 2023 however the card was not destroyed until the 30 August 2023.

Rating: Minor**Implication**

Untimely cancellation of purchasing cards poses a risk that terminated staff can inappropriately use shire purchasing cards for unapproved purchases.

Recommendation

The Shire should ensure that credit cards are cancelled in a timely manner to mitigate the potential credit card fraud.

Management comment

Although the card should have been destroyed, it was securely stored in the Shire safe and remained unused during the transition period between the departure of the outgoing EMIDS and the eventual destruction of the card. While an acting EMIDS was appointed the Shire operated only with the EMCCS card. It's important to note that a completely new and independent card was obtained for the incoming EMIDS after appointment in the new FY, ensuring no overlap or misuse of resources.

Responsible person: Finance Manager**Completion date:** Completed

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

22. 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

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/EMCCS

Completion date: December 2024

Auditor's response

Given the issues that the Shire faced with journals in the FY 21-22 year, Shire should be comfortable to not have up to date guidelines for journals until December 2024. This again means the issue won't be addressed for FY 23-24, effectively taking two years to ensure appropriate guidelines are in place. Controls around journals are key (fraud risk) and one way to ensure these are understood and followed is by having up to date guidelines clearly outlining the Shire's expectations.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Business improvement opportunities

23. Asset Management Plan and Long-Term Financial Plan

Finding

The Shire's current Asset Management Plan (AMP) was prepared in 2019. As a result, the Long-Term Financial Plan (LTFP) is also not sufficiently updated.

This finding was first raised in 2020/21

Long term financial decisions made by the council may not be based on updated financial information.

Management comment

This assertion is inaccurate. The Shire finalised the update of its transport asset management plans in 2023, which played a pivotal role in shaping the 2022/23 Annual Financial Statement. It's crucial to note that the majority of the Shire's asset value is encompassed within these plans. Presently, efforts are underway to finalise the minor asset classes, including Land, Building, and Infrastructure Other.

Additionally, Moore Australia is currently in the process of updating the Long-Term Financial Plan. This update will incorporate insights from the Workforce Plan and the ongoing development of Asset Management Plans.

Responsible person: MCCS/EMIDS

Completion date: May 2024

Auditor's response

We acknowledge the Shire's work towards updating its AMP and LTFP. Land, buildings and infrastructure - other represents 26% of the Shire's Property, plant, equipment and Infrastructure.

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. Assets with zero or low carrying values in fixed assets register	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			✓	✓

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****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 four 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:

- three out of 28 samples where the Executive Manager Infrastructure and Development Service (EMIDS) approved both the purchase order and the invoice for payment.
- one 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: Executive Manager Corporate & Community Services (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 reconciliations

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 three 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: Executive Manager Infrastructure and Development Services (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 six 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



AUDITS PLAN

AUDIT FINDINGS 2022/23

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely preparation and review of bank reconciliations	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements	Consequence: Moderate Likelihood: Possible Risk Rating: High	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	Agreed bank reconciliations were not conducted in a timely fashion in the 2022/23 Financial Year due to lack of staff. The financial services contract established with Moore Australia in 2023/24 has allowed for the review of the bank reconciliation process and training of finance team members. This has now been completed, and Trust accounts are up to date. The remainder of Municipal reconciliations will be completed in March 2024. This process will now be undertaken weekly for Municipal reconciliations and monthly for Trust due to the lower activity. This can be tested in the 2023/24 Interim Audit.	Adequate	Residual Consequence: Moderate Residual Likelihood: Likely Residual Risk Rating: High	Treat Anneke Birleson: Bank reconciliations are being kept up to date. Implementation of the bank reconciliation software is expected to occur for the January Bank Reconciliation. Once this new process is established and consistent completion of the bank reconciliations occurs over a period of time, officers will review the residual risk and treatment requirements. 25/11/2025 Alina Behan: Bank reconciliations have been completed up to June 2025 for Reserves, Trust and Municipal funds and will complete through the internal control process by 05/09/2025. Reconciliations are being completed manually for July and August 2025. New software has been purchased to increase the effectiveness and regularity of reconciliations. This will be implemented shortly subject to contractor availability. 04/09/2025	100% 100 / 10	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Depreciation of assets	Significant	No	Where assets are not depreciating in line with their useful lives, there is a risk that the depreciation expense and value of Property, Plant and Equipment and Infrastructure may be materially misstated. Further where depreciation applied does not reflect an assets use, this can cause difficulties in asset management planning.	Consequence: Extreme Likelihood: Possible Risk Rating: Extreme	The Shire review the depreciation rates applied to all assets to ensure that they are the correct rates in-line with revaluation reports or where appropriate, updated useful life estimations.	The depreciation calculations are undertaken in accordance with Australian Accounting Standards. Errors that resulted in a misstatement of the depreciation have been found and corrected.	Adequate	Residual Consequence: Major Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	<p>Alina Behan: Depreciation will be assessed as part of regular asset valuations and applied monthly following the acceptance of the annual Financial Report. <i>03/09/2025</i></p> <p>Alina Behan: Resolved for 22/23 FY and 23/24. The 2024/25 FY depreciation is still to be processed for May and June. This will be concluded end September 2025 as part of the statutory Annual Financial Report submission. Depreciation will be assessed as part of regular asset valuations and applied monthly following the acceptance of the annual Financial Report. <i>03/09/2025</i></p>	<p>100% 100 / 100 -</p>

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Audit readiness and quality of financials and supporting documentation	Significant	No	As a result of the matters highlighted above, the financial statements approved to release by the Shire to the auditors were incorrect and did not agree to the underlying financial records. Significant additional time and effort has been committed by the audit team to try and progress this audit to a point. Further, without timely consideration of the Shire's ability to fulfill its reporting responsibilities these may not be met. Additionally, a delay in receiving appropriate documents and evidence can create inefficiencies and productivity of the audit. In the absence of sufficient appropriate audit evidence, we may not be able to comfortably conclude on such transactions and balances.	Consequence: Major Likelihood: Unlikely Risk Rating: High	We recommend the Shire review its key accounting function set up to ensure that it is fit for purpose and able to meet the required deliverables. The Shire must ensure all information to support the preparation of the financial report are complete, accurate and available for the audit team to inspect. Further, to ensure that the Shire is suitably audit ready at the commencement of each phase of the audit it is preferable that the Shire utilise the varying Better Practice Guides the OAG has developed and ensure all requested information is available.	The Shire can demonstrate that it commenced collecting the information requested in the PBS in April of 2023. Prior to onsite testing the majority of the PBS requirements had been collected and transmitted. There were numerous instances where audit documents were transmitted, only to be subsequently re-requested by the audit team. This pattern persisted even after the audit recommenced in January 2024, with information submitted being immediately demanded again by the OAG. It is worth noting that OAG officers frequently failed to provide adequate time for thorough responses from Shire of York staff, this will be thoroughly discussed at the Exit Interview.	Effective	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accepted Alina Behan: Both the 2023/24 Final Audit and 2024/25 Interim Audit progressed smoothly with the contract auditors Nexia commenting favourably on the Shire's preparedness for each Audit. 03/09/2025 Rebecca Palumbo: Reviewed as part of 2023/24 Audit process and determined to no longer be a finding. 06/06/2025	100% 100 / 100 -	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely preparation and review of the property, plant and equipment reconciliation	Significant	Yes	PPE account reconciliations not prepared and reviewed in a timely manner increase the risk of unreconciled items and errors being undetected and/or not promptly corrected.	Consequence: Major Likelihood: Possible Risk Rating: Extreme	We recommend the Shire prepare and review its Property, Plant & Equipment account reconciliations in a timely manner.	Persistent delays in finalising the Annual Financial Report have once more hindered the timely completion of procedures for the 22/23 Financial Year. This ongoing delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials have been officially adopted.	Adequate	Residual Consequence: Major Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	Alina Behan: Reconciliations will be prepared monthly then after the 2024/25 audited financial report is received the asset register will be rolled over and depreciation will be run. <i>03/09/2025</i> Rebecca Palumbo: Although not presented in findings for 2023/24 final audit it has been found as a preliminary item in the 2024/25 interim audit. Previous advice from Moore was to not reconcile assets until after the annual report has been audited as it can be difficult to report retrospective changes. <i>06/06/2025</i>	100% 100 / 100 -
Asset revaluations	Significant	No	Without appropriate checks and reconciliations to demonstrate and verify the completeness of the revaluation process and the asset register, there is an increased risk of material misstatement in financial reports. Further, where clear documentation is unable to be provided to support movements between balances or amounts are unreconciled there is a risk that assets may be duplicated or mistakenly removed from the asset register. Incorrect application of legislative and accounting standard requirements increases the risk of a material misstatement within the financial report.	Consequence: Major Likelihood: Possible Risk Rating: Extreme	Management should ensure robust procedures are in place to ensure the accuracy and completeness of the fixed assets reported in the financial statements and captured through the revaluation process. Further, management should ensure documentation relating to these reconciliations is readily available. Management should thoroughly review and analyse the balances above, errors should be corrected.	Assets subject to revaluation have been examined and all variances accounted for. This is now resolved. This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.	Effective	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	Rebecca Palumbo: Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. Councils next fair value review is due in 2026/27 for roads, drainage, bridges and footpaths. <i>06/06/2025</i> Vanessa Green: Identified need for review of all asset classes and asset management procedures including capture in asset registers <i>05/06/2024</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Monitoring of grants income and expenses	Significant	Yes	Without regular monitoring of a grant register, the Shire is exposed to an increased risk of non-compliance with agreements, unrecorded transactions in the general ledger, and undisclosed commitments in the financial statements. In addition current practice may result in non-compliance with AASB 15 or 1058 as no assessment has been made to determine the appropriate recognition of revenue of each grant, being either on receipt or over time. Incorrect revenue recognition may cause inaccuracies in the annual financial statements and the Shire's monthly financial information meaning financial decision making may be ill-informed.	Consequence: Major Likelihood: Unlikely Risk Rating: High	The Shire should review its current practice and implement a standard process to ensure its grant register is appropriately maintained to address the risks noted above. The Shire should retrospectively complete a detailed revenue recognition assessment of its grant revenue streams. This is to conclude if a particular grant revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2023-24 financial year.	Historically an excel workbook has been used for the Grants Register where every Responsible Officer is required to add any new grants and update any other relevant information. Senior Finance Officer would update income and expenditure monthly and email register to all staff each month for review and update. This register has been superseded by the Government Frameworks IPR software which will be implemented in 2024. Progress can be tested during Interim and Final Audits for 2023/24.	Inadequate	Residual Consequence: Major Residual Likelihood: Likely Residual Risk Rating: High	Treat	Anneke Birleson: Community and Event funding is being tracked through the register. <i>24/11/2025</i> Alina Behan: A grant's register has been developed in Cascade but is yet to be applied. <i>04/09/2025</i>	60% 60 / 100 40% behind

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Plant recovery cost base rate and indirect/overhead cost allocation rate	Moderate	Yes	The use of outdated base rate for plant recovery cost and the application of indirect/overhead cost recovery rate increases the risk of the project/fixed assets costs being misstated.	Consequenc e: Moderate Likelihood: Unlikely Risk Rating: High	The Shire should review the base rate for plant recovery costs and the indirect/overhead cost recovery rate to determine their currency and accuracy.	This work has not been completed but assistance in ensuring a robust process has been sought via the contract with Moore Australia.	Inadequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Treat	Alina Behan: Overhead allocation has been reviewed for 2025/26, and minor adjustments made and appeared to be tracking well for 24/25. Plant costings will be reviewed again as part of the 2026/27 budget process. Completion at 50% due to the need to review plant recovery costs. <i>03/09/2025</i> Rebecca Palumbo: Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. To be reviewed each year when preparing budget. Workshop held this week <i>06/06/2025</i>	50% 50 / 100 50% behind
Works in progress for capital projects	Moderate	No	Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated.	Consequenc e: Moderate Likelihood: Unlikely Risk Rating: High	The Shire should ensure that only valid items are capitalised and develop a policy and procedure providing guidance on the accounting treatment for costs relating to capital projects.	Noted. The Shire will review this requirement to see whether it is applicable.	Adequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	Rebecca Palumbo: Capital Works projects completed. Outstanding projects (3) have external blockages. <i>19/07/2024</i> Rebecca Palumbo: Capital works projects nearing completion. 90%+ by 30 June <i>11/06/2024</i>	100% 100 / 100 -
No asset addition forms	Minor	No	Use of asset addition forms allows the asset team to clearly communicate specific information such as useful lives and date assets were received to the finance team for input into the accounting records.	Consequenc e: Minor Likelihood: Possible Risk Rating: High	The Shire should implement the use of asset addition forms.	This recommendation is noted, we will look to implement this in 2024.	Effective	Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept	Rebecca Palumbo: Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. <i>06/06/2025</i> Codey Redmond: Asset acquisition and disposal forms created and implemented 01/07/2024 for 2024/25 financial year <i>02/09/2024</i>	100% 100 / 100 -

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AUDIT FINDINGS 2023/24

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely preparation and review of bank reconciliations	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements	Consequence: Moderate Likelihood: Possible Risk Rating: High	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate 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.	Adequate	Residual Consequence: Moderate Residual Likelihood: Likely Residual Risk Rating: High	Treat	<p>Anneke Birleson: Bank reconciliations are being kept up to date. Implementation of the bank reconciliation software is expected to occur for the January Bank Reconciliation. Once this new process is established and consistent completion of the bank reconciliations occurs over a period of time, officers will review the residual risk and treatment requirements. 25/11/2025</p> <p>Alina Behan: Bank reconciliations have been completed up to June 2025 for Reserves, Trust and Municipal funds and will complete through the internal control process by 05/09/2025. Reconciliations are being completed manually for July and August 2025. New software has been purchased to increase the effectiveness and regularity of reconciliations. This will be implemented shortly subject to contractor availability. 04/09/2025</p>	100% 100 / 100

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Lack of segregation of duties with purchasing	Significant	Yes	In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services. Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations	Consequenc e: Moderate Likelihood: Possible Risk Rating: High	The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff. The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement 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.	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.	Effective	Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept Rebecca Palumbo: The lack of segregation of duties in purchasing was addressed during the Audit Reg 17 and FMR Reg 5 Review in 2023. Recommendations were received by the Council in December 2023, leading to updates to Policy F2 - Procurement. The Audit and Risk Committee (ARC) reviewed the residual risk in June 2024 and recommended that appropriate adjustments had been made, acknowledging that complete segregation may not always be feasible. The Council accepted the residual risk for 2022/23 and 2023/24 at its June 2024 meeting. 06/06/2025 Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100 -	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Fortnightly payroll reconciliations	Significant	Yes	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.	Consequence: Major Likelihood: Possible Risk Rating: Low	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.	Effective	Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept	<p>Alina Behan: The fortnightly payroll reconciliation process is well embedded. The residual risk on this item is low. <i>21/08/2025</i></p> <p>Rebecca Palumbo: Fortnightly payroll reconciliations have been consistently conducted since December 2023. External auditors Nexia have confirmed that this issue has been resolved and will not pose a problem in the future. External auditors Nexia acknowledged the issue has been addressed since December 2023 and will not be an issue going forward. <i>06/06/2025</i></p>	100% 100 / 100 -
Unrecorded liabilities	Significant	No	If subsequent payments are not reviewed for additional liabilities at balance date, there is a risk of liabilities and other areas of the financial report being incomplete and materially misstated.	Consequence: Major Likelihood: Possible Risk Rating: High	We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.	Noted. A process will be developed to prevent recurrence of this incorrect posting.	Effective	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	<p>Anneke Birleson: Bank reconciliations are complete and up to date. Creditor processes have undergone review and more efficient and robust processes implemented. Staff to be informed of the changes to processes that affect them in the next few weeks. <i>24/11/2025</i></p> <p>Alina Behan: Residual risk remains high until bank reconciliation and creditors processes are up to date and well embedded. We will review risk rating December 2025. <i>03/09/2025</i></p>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely approval of purchase orders	Moderate	Yes	Purchases made without authorised purchase orders may increase the risk of unauthorised expenditure occurring and going undetected. Further it is more difficult for the Shire to track whether expenditure incurred is in line with budgets or expectations and is dependent on the receipt of a tax invoice.	Consequenc e: Moderate Likelihood: Possible Risk Rating: High	Purchase orders are an important control in the procurement process as they ensure purchases are appropriate, necessary and comply with procurement policies prior to the receipt of goods or services. The Shire should ensure that purchase orders are raised and approved prior to the ordering of goods and or services.	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate controls were in place and that the treatment for non-compliance would be education and training followed by a HR process where applicable. At its June 2024 Ordinary Meeting Council agreed with the recommendation of the ARC and voted to accept the residual risk.	Adequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept Rebecca Palumbo: The Audit and Risk Committee (ARC) reviewed the untimely approval of purchase orders in June 2024 and recommended that appropriate controls were in place. The treatment for non- compliance includes education and training, followed by HR processes where applicable. The Council accepted the residual risk for 2022/23 and 2023/24 during its June 2024 meeting. 06/06/2025 Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100 -	
Lack of control on tracking usage of inventory	Moderate	No	There is an increased risk of inappropriate usage of inventory in the absence of controls around inventory. There is a further risk that inventory may not be fairly stated at year-end.	Consequenc e: Moderate Likelihood: Unlikely Risk Rating: Low	We recommend management puts in place a more stringent tracking mechanism for usage of inventory in order to mitigate any inappropriate usage and / or incorrect recognition of inventory balance.	Agreed. This was identified as a weakness particularly in relation to fuel supplies where the largest variance has been recorded. The installation of a new fuel tank will require the immediate recording of information and should prevent recurrence.	Adequate	Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept Lindon Mellor: New pump system in place which digitally records usage of fuel and generates reports for stock reporting. System tracks by user and plant. Responsibility for management of stock returned to the finance team. 24/02/2025	100% 100 / 100 -	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Inappropriate User Access in Synergy	Moderate	No	Access privileges for users beyond those necessary to perform their assigned duties might result in the recording of unauthorised, non-existent or inaccurate transactions, improper changes to data, or destruction of data.	Consequence: Moderate Likelihood: Possible Risk Rating: Medium	Super user access should be limited to privileged users (ideally in the IT service providers/IT departments).	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk. Noting the 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.	Adequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept Rebecca Palumbo: 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. In line with the auditors' recommendation, the Shire implemented a trial of restricted access for the Finance Manager beginning in January 2025 to assess the impact on financial operations. Following a successful trial, the restricted access will now be implemented on a permanent basis. 06/06/2025 Vanessa Green: Council resolved to accept the residual risk 06/03/2025	100% 100 / 100 -	
Old PPE assets carried in the Fixed Asset Register	Moderate	No	The accumulation of numerous low value assets in the FAR can impact the efficiency of asset management and may lead to potential inaccuracies in financial reporting. Also, the FAR might be carrying assets which no longer physically exist at the Shire.	Consequence: Moderate Likelihood: Possible Risk Rating: High	It is recommended for the Management to periodically review the FAR along with physical existence of assets to ensure the FAR carries only those assets which are in use by the Shire.	For surety we will complete a review of all older assets with a low carrying value and remove any found to no longer be in use. Asset addition and disposal processes are already in use by the Shire however, we acknowledge there may be items that were disposed of prior to the commencement of these processes which warrant investigation and appropriate treatment.	Inadequate	Residual Consequence: Moderate Residual Likelihood: Likely Residual Risk Rating: High	Treat Anneke Birleson: Change in staffing of the Finance team has delayed the review. A detailed review of Fixed Asset Register is to be undertaken and assets with balances under the threshold removed from the register, by 30 April 2026. Following this, regular reviews will be scheduled to ensure ongoing compliance. 24/11/2025 Alina Behan: Review of asset register is being conducted but has not yet concluded. 03/09/2025	82% 82 / 100 18% behind	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely review of the credit card policy	Minor	No	Untimely review and update of the credit card policy poses a risk that the control procedure is implemented is outdated or inappropriate.	Consequence: Moderate Likelihood: Possible Risk Rating: High	We recommend management to review the credit card policy on an annual basis and update the procedure in line with Shire's internal control.	The review period of all policies was considered as the Shire moved to its Integrated Planning and Reporting software. It was identified that a two year review of Policy F6 – Corporate Credit Card Policy was sufficient, thus Policy F6 was not due for review within the reporting period. The current policy has been reviewed by the Executive Leadership Team and there are no circumstances that require amendments. Officers will present this to Council for noting in December 2024.	Adequate	Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept	<p>Alina Behan: This policy is not due for review until December 2026. A minor residual risk exists as the policy will need further review in time, however this risk is mitigated by policy tracking and reporting through Cascade. <i>21/08/2025</i></p> <p>Vanessa Green: Council considered review of credit card policy at its December 2024 OCM <i>06/03/2025</i></p>	100% 100 / 100 -
Former employee listed as authorised signatory in AMP Bank Confirmation	Minor	No	There is the risk that the parties no longer associated with the Shire have access to the Shire's bank accounts and may result in unauthorised access or processing of unauthorised payments.	Consequence: Moderate Likelihood: Possible Risk Rating: High	It is recommended management removes terminated employees as authorised bank signatories.	Noted. We have instructed the bank to remove the terminated employee. We note that our new Finance Manager was not added as an authorised signatory as per our May 2024 instruction and are seeking correction to this also.	Adequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	<p>Alina Behan: A greater awareness has ensured more timely removal of exiting staff from all accounts. A residual risk still exists as staff turnover continues. This risk has been reduced through the use of exit checklists to monitor the completion of this action. <i>21/08/2025</i></p> <p>Rebecca Palumbo: Bank access updated December 2024. Continued effort to be made to remove signatories as staff changes. <i>06/06/2025</i></p>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Guidelines for general journals	Minor	Yes	Where journal procedures are not regularly updated, there is a risk that they are no longer effective and do not reflect current requirements, internal practice or expectations.	Consequence: Moderate Likelihood: Possible Risk Rating: High	The Shire should ensure that the Management Guidelines General Journals procedure is updated.	Noted.	Adequate	Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	<p>Alina Behan: At it's June 2024 OCM Council voted to accept the low residual risk associated with this Audit Finding. Testing by contract auditors Nexia acknowledge that the process is being followed but not yet documented. The risk rating will remain as is until documentation has been completed. <i>03/09/2025</i></p> <p>Rebecca Palumbo: The Shire's current journal procedures have been deemed satisfactory by the external auditors Nexia in its 2023/24 audit process. To ensure continued accuracy and compliance, Officers will formalise the Management Guidelines for General Journals based on these existing practices. This update will be completed by 30 June 2025. <i>06/06/2025</i></p>	100% 100 / 100 -

9.2 RISK MANAGEMENT UPDATE AS AT DECEMBER 2025

File Number:	4.8787
Author:	Kylie Williams, Manager Governance
Authoriser:	Alina Behan, Temporary Chief Executive Officer
Previously before Council:	10 June 2025 (170625) 09 September 2025 (210925)
Disclosure of Interest:	Nil
Appendices:	1. Risk Dashboard ↓ 2. Risk Snapshot - Detailed - Confidential 3. Risk Snapshot - Summary - Confidential

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report provides the Audit, Risk and Improvement Committee (ARIC) with an update regarding progress on the Shire's Risk Plan.

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 an 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 previous meetings the ARIC considered proposed reporting methods for progress updates against the Strategic Risk Register.

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

1. Strategic Risk Register Dashboard
2. Strategic Risk Register Snapshot
3. 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.

Officers note ARIC's request to report including residual risk. This requires an amendment to be undertaken by our software provider, and this has not been able to be implemented within the timeframe of this meeting. It is anticipated the reporting will be effective from the ARIC's next meeting.

OPTIONS

The ARIC has the following options:

- Option 1:** The ARIC could recommend to Council that it notes the reporting progress made to date and requests the Temporary Chief Executive Officer to report on progress against the Strategic Risks at its March 2026 Ordinary Meeting.
- Option 2:** The ARIC could recommend to Council that it notes the progress made to date, requests further development of the reporting tools and requests the Temporary Chief Executive Officer to present the final reporting tools for approval and report on progress against the Strategic Risks at its March 2026 Ordinary Meeting.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Organisational Management Group

Strategic

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance

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:

Risk Related

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

Workforce

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

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Cr Kevin Trent

Seconded: Cr Chris Gibbs

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

- 1. Notes the progress made to date in relation to the Strategic Risk Register.**
- 2. Requests the Temporary Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the Audit, Risk and Improvement Committee at its March 2026 meeting.**

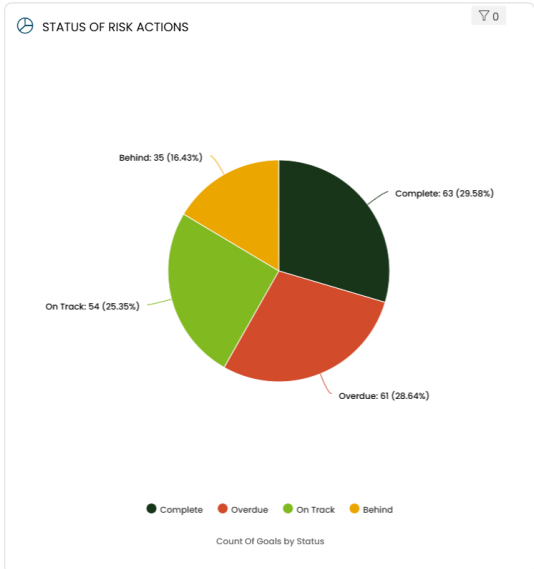
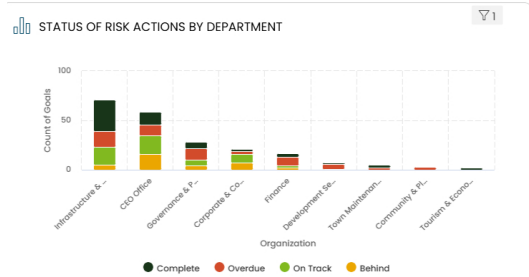
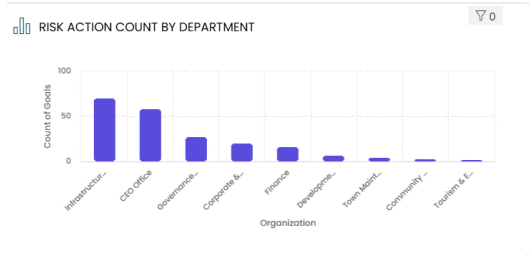
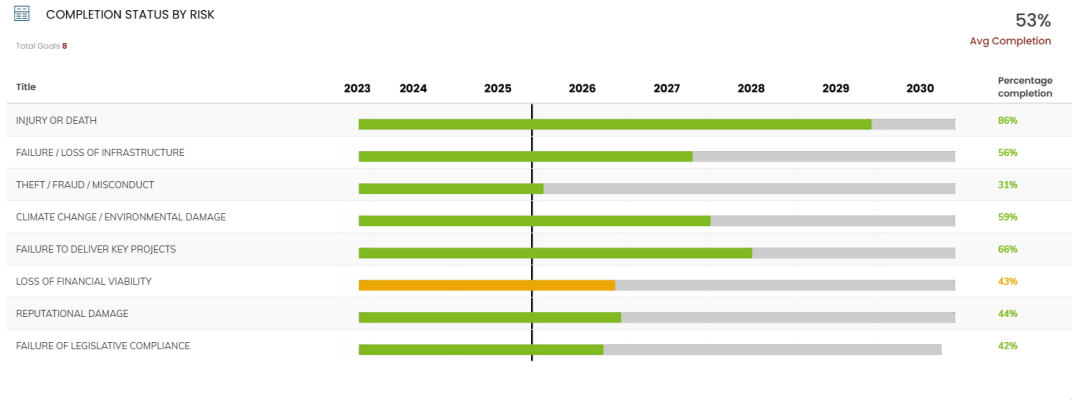
In Favour: Shona Zulsdorf, Sonia McKeiver, Crs Chris Gibbs, Denese Smythe and Kevin Trent

Against: Nil

CARRIED 5/0

STRATEGIC RISK MANAGEMENT PROGRESS OVERVIEW

Rev: 10/24/2023



9.3 ANNUAL FINANCIAL REPORT 2024/25 - AUDIT FINDINGS

File Number:	4.7714
Author:	Denise Gobbart, Manager Finance
Authoriser:	Anneke Birleson, Acting Executive Manager Corporate & Community Services
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. Annual Financial Report 2024/25 ↓ 2. Management Letter with Findings Report ↓

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 2025 to the Audit, Risk and Improvement Committee (ARIC) for consideration and, if satisfactory, recommendation to Council to receive the report.

BACKGROUND

On 6 May 2025, an entrance meeting for the 2024/25 annual financial audit was held between the Chair and Members of the Audit and Risk Committee (ARC), Shire Officers, the Office of the Auditor General (OAG) and contract auditors Nexia Perth Audit Services (Nexia).

The Interim Audit was conducted between 12 May 2025 to 16 May 2025 and the Final Audit between 20 October 2025 and 24 October 2025.

Nexia provided the Final Audit Exit Report, Findings identified during the final Audit and a copy of the Shire's Annual Financial Report (AFR) on Tuesday 25 November 2025, for consideration at the exit meeting held on Wednesday 26 November 2025 between the Shire President, Shire Officers, as well as representatives from the OAG and Nexia.

At conclusion of the Audit Exit meeting, signed copies of the management representation letters and the final AFR were returned to Nexia. The OAG then concluded the Audit with the signing of the Independent Auditor's Report 2025 which was returned to the Shire on Thursday 27 November 2025.

The OAG approved Annual Financial Statements are presented in Appendix 1. The Management Letter with the Findings Report of the 2024/25 Audit has been received and is presented in Appendix 2.

COMMENTS AND DETAILS

The Final Management Letter Attachment identifies four (4) Findings, two (2) of which were a prior year finding, during the Final Audit. The following are the Findings for the 2024/25 Audit:

1. Former employees listed as authorised signatory in bank confirmation (prior year)
2. Fixed assets items were not recorded in the Fixed Asset Register in a timely manner.
3. Non-compliance with depreciation policy

4. Old PPE assets carried in the Fixed Asset Register (FAR) (prior year)

Of the above findings points 1 and 2 are both deemed Significant Findings.

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 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.”

The Findings Report presented in Appendix 2 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 has provided 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. In all cases the risk has not resulted in a material misstatement of the financial position. However, rectification is needed to reduce the potential risk.

The OAG has issued an unqualified opinion for the Shire of York's AFR noting that the financial report:

- Is based on proper accounts and records
- Presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- Is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

The four (4) Findings, with only two (2) Significant Findings, show a consistent improvement over the years.

Officers received confirmation from the (then) Department of Local Government Sport and Cultural Industries (DLGSCI), on 7 January 2025, that only qualifications in the audit report are to be communicated to the Minister and published on the Shire's website. With the Shire receiving an Unqualified Audit, no further reporting action is required.

OPTIONS

The ARIC has the following options:

Option 1: The ARIC could choose to recommend to Council that it receives the Annual Financial Report for 2024/25 and the Auditor's Management Letter with Findings Report.

Option 2: The ARIC could choose not to recommend to Council that it receives the Annual Financial Report for 2024/25 and the Auditor's Management Letter with Findings Report.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

OAG

Nexia

Executive Leadership Team

Finance Manager

Moore Australia

StrategicCouncil Plan 2025-2035

Pillar 5: Strong governance, responsive leadership
Community-informed, responsive leadership and strong governance.

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 (\$85,800). 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

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

Workforce

The workload required to complete the 2024/25 audit has been managed within the current workforce.

VOTING REQUIREMENTS**Absolute Majority: No****COMMITTEE RECOMMENDATION****Moved: Cr Denese Smythe****Seconded: Cr Kevin Trent**

That, with regard to the Annual Financial Report 2024/25 - Audit Findings, the Audit, Risk and Improvement Committee recommend to Council that it:

- 1. Receives the Annual Financial Report for 2024/25 and the Auditor's Management Letter with Findings Report.**
- 2. Notes the actions undertaken to address the Findings contained in the Management Letter.**

In Favour: Shona Zulsdorf, Sonia McKeiver, Crs Chris Gibbs, Denese Smythe and Kevin Trent

Against: Nil

CARRIED 5/0

SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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

A vibrant, family-friendly lifestyle and cultural destination where rich heritage, sense of place and connected community shape a thriving future.

Principal place of business:
1 Joaquina Street
York WA 6302

Nexia Perth Audit Services Pty Ltd

**SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**


*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 2025 and the financial position as at 30 June 2025.

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

Signed on the 26th day of November 2025



Temporary Chief Executive Officer

Alina Behan

Name of Temporary Chief Executive Officer



Nexia Perth Audit Services Pty Ltd

**SHIRE OF YORK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
Revenue				
Rates	2(a),24	8,067,963	8,077,313	7,616,016
Grants, subsidies and contributions	2(a)	2,064,224	621,696	2,156,700
Fees and charges	2(a)	2,050,598	1,915,379	1,375,159
Interest revenue	2(a)	390,106	301,362	281,883
Other revenue	2(a)	309,106	272,700	384,574
		12,881,997	11,188,450	11,814,332
Expenses				
Employee costs	2(b)	(6,604,254)	(6,771,772)	(5,856,912)
Materials and contracts		(3,869,157)	(4,533,983)	(3,711,976)
Utility charges		(558,546)	(508,499)	(409,977)
Depreciation		(6,918,320)	(6,817,295)	(6,836,472)
Finance costs	2(b)	(48,317)	(49,335)	(58,632)
Insurance		(391,374)	(324,955)	(341,071)
Other expenditure	2(b)	(645,098)	(610,559)	(791,293)
		(19,035,066)	(19,616,398)	(18,006,333)
		(6,153,069)	(8,427,948)	(6,192,001)
Capital grants, subsidies and contributions	2(a)	3,698,819	3,329,753	2,221,593
Profit on asset disposals		0	487,397	18,751
Loss on asset disposals		(8,660)	(4,645)	(13,481)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(3,551)	0	1,681
		3,686,608	3,812,505	2,228,544
Net result for the period		(2,466,461)	(4,615,443)	(3,963,457)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(2,466,461)	(4,615,443)	(3,963,457)

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF YORK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	2024
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,767,911	4,424,839
Trade and other receivables	5	1,713,080	1,675,962
Other financial assets	4(a)	1,028,433	2,084,043
Inventories	6	7,962	52,481
Other assets	7	1,762,468	0
TOTAL CURRENT ASSETS		12,279,854	8,237,325
NON-CURRENT ASSETS			
Trade and other receivables	5	252,455	219,021
Other financial assets	4(b)	79,620	83,171
Property, plant and equipment	8	46,429,183	47,493,206
Infrastructure	9	136,828,337	138,257,476
Right-of-use assets	11(a)	947,265	975,323
TOTAL NON-CURRENT ASSETS		184,536,860	187,028,197
TOTAL ASSETS		196,816,714	195,265,522
CURRENT LIABILITIES			
Trade and other payables	12	2,846,755	1,638,062
Capital grant/contribution liabilities	13	3,281,890	232,933
Borrowings	14	155,947	147,321
Employee related provisions	15	658,020	769,588
TOTAL CURRENT LIABILITIES		6,942,612	2,787,904
NON-CURRENT LIABILITIES			
Borrowings	14	556,708	712,655
Employee related provisions	15	360,257	341,365
TOTAL NON-CURRENT LIABILITIES		916,965	1,054,020
TOTAL LIABILITIES		7,859,577	3,841,924
NET ASSETS		188,957,137	191,423,598
EQUITY			
Retained surplus		22,569,962	25,145,293
Reserve accounts	27	2,646,143	2,537,273
Revaluation surplus	16	163,741,032	163,741,032
TOTAL EQUITY		188,957,137	191,423,598

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF YORK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	Retained surplus	Reserve accounts	Revaluation surplus	Total equity
		\$	\$	\$	\$
Balance as at 1 July 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
Comprehensive income for the period					
Net result for the period		(2,466,461)	0	0	(2,466,461)
Total comprehensive income for the period		(2,466,461)	0	0	(2,466,461)
Transfers from reserve accounts	27	19,196	(19,196)	0	0
Transfers to reserve accounts	27	(128,066)	128,066	0	0
Balance as at 30 June 2025		22,569,962	2,646,143	163,741,032	188,957,137

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



Nexia Perth Audit Services Pty Ltd

**SHIRE OF YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2024 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		7,787,137	7,233,387
Grants, subsidies and contributions		1,976,663	2,084,339
Fees and charges		2,373,470	1,378,992
Interest revenue		390,106	281,883
Goods and services tax received		881,835	797,097
Other revenue		309,106	384,574
		<u>13,718,317</u>	<u>12,160,272</u>
Payments			
Employee costs		(6,681,474)	(5,621,354)
Materials and contracts		(4,477,353)	(2,915,053)
Utility charges		(558,546)	(409,977)
Finance costs		(48,317)	(58,632)
Insurance paid		(391,374)	(341,071)
Goods and services tax paid		(823,388)	(809,135)
Other expenditure		(645,098)	(791,293)
		<u>(13,625,550)</u>	<u>(10,946,515)</u>
Net cash provided by operating activities		92,767	1,213,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost		0	(2,084,043)
Payments for purchase of property, plant & equipment	8(a)	(357,749)	(1,145,472)
Payments for construction of infrastructure	9(a)	(4,083,011)	(2,476,931)
Proceeds from capital grants, subsidies and contributions		6,747,776	1,595,792
Proceeds for financial assets at amortised cost		1,055,610	0
Proceeds from sale of property, plant & equipment		35,000	245,882
Net cash provided by (used in) investing activities		3,397,626	(3,864,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(147,321)	(315,032)
Net cash (used in) financing activities		(147,321)	(315,032)
Net increase (decrease) in cash held		3,343,072	(2,966,047)
Cash at beginning of year		4,424,839	7,390,886
Cash and cash equivalents at the end of the year		7,767,911	4,424,839

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF YORK
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	24	7,037,680	7,053,992	6,642,543
Rates excluding general rates		1,030,283	1,023,321	973,473
Grants, subsidies and contributions		2,064,224	621,696	2,156,700
Fees and charges		2,050,598	1,915,379	1,375,159
Interest revenue		390,106	301,362	281,883
Other revenue		309,106	272,700	384,574
Profit on asset disposals		0	487,397	18,751
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	0	0	1,681
		12,881,997	11,675,847	11,834,764
Expenditure from operating activities				
Employee costs		(6,604,254)	(6,771,772)	(5,856,912)
Materials and contracts		(3,869,157)	(4,533,983)	(3,711,976)
Utility charges		(558,546)	(508,499)	(409,977)
Depreciation		(6,918,320)	(6,817,295)	(6,836,472)
Finance costs		(48,317)	(49,335)	(58,632)
Insurance		(391,374)	(324,955)	(341,071)
Other expenditure		(645,098)	(610,559)	(791,293)
Loss on asset disposals		(8,660)	(4,645)	(13,481)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	(3,551)		
		(19,047,277)	(19,621,043)	(18,019,814)
Non-cash amounts excluded from operating activities	25(a)	6,922,578	6,334,543	6,965,980
Amount attributable to operating activities		757,298	(1,610,653)	780,930
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		3,698,819	3,329,753	2,221,593
Proceeds from disposal of assets		35,000	879,000	245,882
		3,733,819	4,208,753	2,467,475
Outflows from investing activities				
Acquisition of property, plant and equipment	8(a)	(357,749)	(1,850,000)	(1,145,472)
Acquisition of infrastructure	9(a)	(4,083,011)	(3,630,940)	(2,476,931)
		(4,440,760)	(5,480,940)	(3,622,403)
Amount attributable to investing activities		(706,941)	(1,272,187)	(1,154,928)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	27	19,196	75,000	88,000
		19,196	75,000	88,000
Outflows from financing activities				
Repayment of borrowings	26(a)	(147,321)	(147,320)	(315,032)
Transfers to reserve accounts	27	(128,066)	(679,908)	(40,000)
		(275,387)	(827,228)	(355,032)
Amount attributable to financing activities		(256,191)	(752,228)	(267,032)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	3,566,396	3,652,527	4,207,426
Amount attributable to operating activities		757,298	(1,610,653)	780,930
Amount attributable to investing activities		(706,941)	(1,272,187)	(1,154,928)
Amount attributable to financing activities		(256,191)	(752,228)	(267,032)
Surplus or deficit after imposition of general rates	25(b)	3,360,562	17,459	3,566,396

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



Nexia Perth Audit Services Pty Ltd

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**SHIRE OF YORK
FOR THE YEAR ENDED 30 JUNE 2025
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SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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 were applied 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.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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
- 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 2020-1 *Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- 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*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*

These amendments did have a 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*

The Shire will apply AASB 2022-10 prospectively in the year of revaluation for relevant assets.

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 2024-4b *Amendments to Australian Accounting Standards*
 - *Effective Date of Amendments to AASB 10 and AASB 128* [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-9 *Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 *Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
 - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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 and issue 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
Fees and charges - sale of stock	Museum and visitor centre stock	Single point in time	Payment in full in advance	Refund for faulty goods	At point of sale

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

Revenue recognition

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.

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 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	22,559	0	8,045,404	0	8,067,963
Grants, subsidies and contributions	73,375	0	0	1,990,849	2,064,224
Fees and charges	1,904,795	0	118,580	27,223	2,050,598
Interest revenue	0	0	178,177	211,929	390,106
Other revenue	268,654	0	0	40,452	309,106
Capital grants, subsidies and contributions	0	3,698,819	0	0	3,698,819
Total	2,269,383	3,698,819	8,342,161	2,270,453	16,580,816

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

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2025 Actual \$	2024 Actual \$
Interest revenue		
Interest on reserve account	128,066	87,084
Trade and other receivables overdue interest	178,177	135,868
Other interest revenue	83,863	58,931
	390,106	281,883
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$142,362.		
Fees and charges relating to rates receivable		
Charges on instalment plan	16,090	15,790
The 2025 original budget estimate in relation to: Charges on instalment plan was \$21,907.		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	82,500	75,000
- Other services – grant acquittals	12,900	0
	95,400	75,000
Employee Costs		
Employee benefit costs	5,741,946	5,386,193
Other employee costs	862,308	470,719
	6,604,254	5,856,912
Finance costs		
Interest and financial charges paid/payable for financial liabilities not at fair value through profit or loss	48,317	58,632
	48,317	58,632
Other expenditure		
Sundry expenses	645,098	791,293
	645,098	791,293

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

Note	2025 \$	2024 \$
Cash at bank and on hand	6,124,851	3,924,527
Term deposits	1,643,060	500,312
Total cash and cash equivalents	7,767,911	4,424,839
Held as		
- Unrestricted cash and cash equivalents	2,868,311	3,738,676
- Restricted cash and cash equivalents	4,899,600	686,163
	7,767,911	4,424,839

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.

4. OTHER FINANCIAL ASSETS

Note	2025 \$	2024 \$
(a) Current assets		
Financial assets at amortised cost	1,028,433	2,084,043
	1,028,433	2,084,043
Other financial assets at amortised cost		
Term deposits	1,028,433	2,084,043
	1,028,433	2,084,043
Held as		
- Restricted other financial assets at amortised cost	1,028,433	2,084,043
	1,028,433	2,084,043
(b) Non-current assets		
Financial assets at fair value through profit or loss	79,620	83,171
	79,620	83,171
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	83,171	81,490
Movement attributable to fair value increment	(3,551)	1,681
Units in Local Government House Trust - closing balance	79,620	83,171

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 classifies 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 2025

5. TRADE AND OTHER RECEIVABLES

Note	2025	2024
	\$	\$
Current		
Rates and statutory receivables	2,022,534	1,691,658
Trade receivables	227,030	227,815
Other receivables	129,440	95,051
GST receivable	90,853	149,300
Receivables for employee related provisions	51,976	37,410
Allowance for credit losses of rates and statutory receivables	(848,144)	(525,272)
Other receivables - Accrued Debtors	39,391	0
	<u>1,713,080</u>	<u>1,675,962</u>
Non-current		
Rates and statutory receivables	252,455	219,021
	<u>252,455</u>	<u>219,021</u>

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:

Note	30 June 2025 Actual	30 June 2024 Actual	1 July 2023 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	356,470	193,115	250,505
Contract assets	1,762,468	0	0
Allowance for credit losses of trade receivables	0	0	(2,982)
Total trade and other receivables from contracts with customers	<u>2,118,938</u>	<u>193,115</u>	<u>247,523</u>

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 2025

6. INVENTORIES

Note	2025	2024
Current	\$	\$
Fuel & materials	7,962	52,481
	7,962	52,481
The following movements in inventories occurred during the year:		
Balance at beginning of year	52,481	46,329
Inventories expensed during the year	(194,691)	(131,976)
Additions to inventory	150,172	138,128
Balance at end of year	7,962	52,481

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 2025**

7. OTHER ASSETS

	2025	2024
	\$	\$
Other assets - current		
Contract assets	1,762,468	0
	1,762,468	0

MATERIAL ACCOUNTING POLICIES

Contract assets

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

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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.

	Assets not subject to operating lease		Total property			Plant and equipment		Total property, plant and equipment	
	Note	Land	Buildings	Land	Buildings	Total property	Furniture and equipment		Plant and equipment
		\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2023		9,377,400	35,089,099	9,377,400	35,089,099	44,466,499	203,783	3,283,391	47,953,673
Additions		0	300,772	0	300,772	300,772	12,097	832,603	1,145,472
Disposals		0	0	0	0	0	0	(240,612)	(240,612)
Depreciation		0	(822,889)	0	(822,889)	(822,889)	(47,259)	(495,179)	(1,365,327)
Balance at 30 June 2024		9,377,400	34,566,982	9,377,400	34,566,982	43,944,382	168,621	3,380,203	47,493,206
Comprises:									
Gross balance amount at 30 June 2024		9,377,400	35,389,871	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)	0	(822,889)	(822,889)	(931,459)	(1,118,188)	(2,872,536)
Balance at 30 June 2024	8(b)	9,377,400	34,566,982	9,377,400	34,566,982	43,944,382	168,621	3,380,203	47,493,206
Additions		0	25,794	0	25,794	25,794	125,403	206,552	357,749
Disposals		0	0	0	0	0	0	(43,660)	(43,660)
Depreciation		0	(831,145)	0	(831,145)	(831,145)	(40,345)	(506,622)	(1,378,112)
Balance at 30 June 2025		9,377,400	33,761,631	9,377,400	33,761,631	43,139,031	253,679	3,036,473	46,429,183
Comprises:									
Gross balance amount at 30 June 2025		9,377,400	35,415,665	9,377,400	35,415,665	44,793,065	1,225,484	4,652,943	50,671,492
Accumulated depreciation at 30 June 2025		0	(1,654,034)	0	(1,654,034)	(1,654,034)	(971,805)	(1,616,470)	(4,242,309)
Balance at 30 June 2025	8(b)	9,377,400	33,761,631	9,377,400	33,761,631	43,139,031	253,679	3,036,473	46,429,183

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	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 - freehold		9,377,400	9,377,400	2	Market approach using recent observable market data for similar assets	Independent	June 2023	Price per square metre
Total land	8(a)	9,377,400	9,377,400					
Buildings - non specialised		33,761,631	34,566,982	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
Total buildings	8(a)	33,761,631	34,566,982					

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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	Total infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	110,136,491	6,959,572	17,472,757	1,577,036	5,077,775	141,223,631
Additions	680,810	273,654	717,295	0	805,172	2,476,931
Depreciation	(4,113,067)	(157,589)	(838,402)	(75,601)	(258,427)	(5,443,086)
Balance at 30 June 2024	106,704,234	7,075,637	17,351,650	1,501,435	5,624,520	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	233,218,222
Accumulated depreciation at 30 June 2024	(52,090,877)	(5,584,589)	(33,569,349)	(1,311,957)	(2,403,974)	(94,960,746)
Balance at 30 June 2024	106,704,234	7,075,637	17,351,650	1,501,435	5,624,520	138,257,476
Additions	3,674,313	45,620	0	0	363,078	4,083,011
Depreciation	(4,138,359)	(161,260)	(843,818)	(75,601)	(293,112)	(5,512,150)
Balance at 30 June 2025	106,240,188	6,959,997	16,507,832	1,425,834	5,694,486	136,828,337
Comprises:						
Gross balance at 30 June 2025	162,469,424	12,705,846	50,920,999	2,813,392	8,391,572	237,301,233
Accumulated depreciation at 30 June 2025	(56,229,236)	(5,745,849)	(34,413,167)	(1,387,558)	(2,697,086)	(100,472,896)
Balance at 30 June 2025	106,240,188	6,959,997	16,507,832	1,425,834	5,694,486	136,828,337

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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 2025

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
Infrastructure - roads	
formation	not depreciated
sealed pavement	5 to 55 years
unsealed pavement	20 years
road seals	25 to 60 years
subgrade	200 years
carparks	20 to 40 years
Infrastructure - drainage	15 to 80 years
Infrastructure - bridges	50 to 60 years
Infrastructure - footpaths	30 to 45 years
Infrastructure - other structures	6 to 100 years
Right-of-use (buildings)	40 to 100 years

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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; or
- (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 2025

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	Total right-of-use assets
	\$	\$
Balance at 1 July 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
Depreciation	(28,058)	(28,058)
Balance at 30 June 2025	947,265	947,265
Gross balance amount at 30 June 2025	1,122,342	1,122,342
Accumulated depreciation at 30 June 2025	(175,077)	(175,077)
Balance at 30 June 2025	947,265	947,265

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

	2025 Actual	2024 Actual
	\$	\$
Depreciation on right-of-use assets	(28,058)	(28,059)
Total amount recognised in the statement of comprehensive income	(28,058)	(28,059)

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 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.

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 2025

12. TRADE AND OTHER PAYABLES

Current

	2025	2024
	\$	\$
Sundry creditors	1,976,587	792,483
Prepaid rates	259,239	175,755
Accrued payroll liabilities	155,152	50,454
ATO liabilities	0	89,242
Bonds and deposits held	451,103	524,435
Accrued interest on long term borrowings	4,674	5,693
	2,846,755	1,638,062

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.

Statutory liabilities

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

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 2025

13. OTHER LIABILITIES

	2025	2024
	\$	\$
Current		
Capital grant/contribution liabilities	3,281,890	232,933
	3,281,890	232,933
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	232,933	858,734
Additions	3,281,890	(34,801)
Revenue from capital grant/contributions held as a liability at the start of the period	(232,933)	(591,000)
	3,281,890	232,933

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.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

14. BORROWINGS

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		155,947	556,708	712,655	147,321	712,655	859,976
Total secured borrowings	26(a)	155,947	556,708	712,655	147,321	712,655	859,976

Secured liabilities and assets pledged as security

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

The Shire has complied with the financial covenants of its borrowing facilities during the 2025 and 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
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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

	2025	2024
	\$	\$
Annual leave	408,324	509,194
Long service leave	202,877	216,390
Sick leave	46,819	44,004
	658,020	769,588
Total current employee related provisions	658,020	769,588
Long service leave	360,257	341,365
	360,257	341,365
Total non-current employee related provisions	360,257	341,365
Total employee related provisions	1,018,277	1,110,953

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 2025

16. REVALUATION SURPLUS

	2025 Opening balance	2025 Closing balance	2024 Opening balance	2024 Closing balance
	\$	\$	\$	\$
Revaluation surplus - Land	8,033,650	8,033,650	8,033,650	8,033,650
Revaluation surplus - Buildings	30,723,028	30,723,028	30,723,028	30,723,028
Revaluation surplus - Furniture and equipment	61,757	61,757	61,757	61,757
Revaluation surplus - Plant and equipment	772,011	772,011	772,011	772,011
Revaluation surplus - Infrastructure - roads	95,312,696	95,312,696	95,312,696	95,312,696
Revaluation surplus - Infrastructure - drainage	8,138,526	8,138,526	8,138,526	8,138,526
Revaluation surplus - Infrastructure - bridges	16,876,832	16,876,832	16,876,832	16,876,832
Revaluation surplus - Infrastructure - footpaths	889,766	889,766	889,766	889,766
Revaluation surplus - Infrastructure - other structures	2,932,766	2,932,766	2,932,766	2,932,766
	163,741,032	163,741,032	163,741,032	163,741,032

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2025 Actual \$	2024 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	4,899,600	686,163
- Financial assets at amortised cost	4	1,028,433	2,084,043
		5,928,033	2,770,206
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	2,646,143	2,537,273
Capital grant liabilities	13	3,281,890	232,933
Total restricted financial assets		5,928,033	2,770,206

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

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	(914)	(1,580)
Total amount of credit unused	209,086	208,420

Loan facilities

Loan facilities - current	155,947	147,321
Loan facilities - non-current	556,708	712,655
Total facilities in use at balance date	712,655	859,976

Unused loan facilities at balance date	0	0
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SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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.

- 36 Avon Terrace, York 6302 comprising of lots 2, 3, 4, 5 and 6 Avon Terrace.

20. CAPITAL COMMITMENTS

	2025	2024
	\$	\$
Contracted for:		
- capital expenditure projects	16,911	318,675
- plant & equipment purchases	747,481	10,468
	764,392	329,143
Payable:		
- not later than one year	764,392	329,143

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of toilets at the off road vehicle area and purchase of a new grader and tip truck.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

21. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

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

Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
President's annual allowance	23,993	23,993	17,039
President's meeting attendance fees	21,940	21,940	21,138
President's ICT expenses	1,791	2,020	2,020
President's annual allowance for ICT expenses	0	500	0
President's travel and accommodation expenses	1,731	0	212
	49,455	48,453	40,409
Deputy President's annual allowance	5,998	5,998	4,283
Deputy President's meeting attendance fees	14,168	14,168	13,735
Deputy President's ICT expenses	1,791	2,020	2,020
Deputy President's travel and accommodation expenses	0	500	500
	21,957	22,686	20,538
All other council member's meeting attendance fees	62,280	70,840	64,286
All other council member's ICT expenses	7,873	10,100	9,275
All other council member's travel and accommodation expenses	0	500	130
	70,153	81,440	73,691
21(b)	141,565	152,579	134,638

(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	764,886	600,830
Post-employment benefits	91,930	69,050
Employee - other long-term benefits	(14,392)	54,352
Council member costs	141,565	134,638
	983,989	858,870

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.

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 2025

21. RELATED PARTY TRANSACTIONS (Continued)

(c) 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:

	2025 Actual	2024 Actual
	\$	\$
Amounts outstanding from related parties:		
Trade and other receivables	454	0

(d) 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.

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.

Nexia Perth Audit Services Pty Ltd

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**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

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 2025 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 2025**

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 Shire 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 2025**

24. RATING INFORMATION

(a) General rates

General rates											
RATE TYPE											
Rate description	Basis of valuation	Rate in \$	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
				\$	\$	\$	\$	\$	\$	\$	\$
GRV General rate	Gross rental valuation	0.141283	1,501	25,639,702	3,622,454	10,790	3,633,244	3,622,454	11,000	3,633,454	3,419,942
UV General rate	Unimproved valuation	0.007340	403	464,651,000	3,410,538	(6,102)	3,404,436	3,410,538	10,000	3,420,538	3,222,601
Total general rates			1,904	490,290,702	7,032,992	4,688	7,037,680	7,032,992	21,000	7,053,992	6,642,543
Minimum payment											
				\$							
GRV General rate	Gross rental valuation	1,395	473	1,587,483	659,835	0	659,835	659,835	0	659,835	629,640
UV General rate	Unimproved valuation	1,395	292	35,574,576	407,340	0	407,340	407,340	0	407,340	385,440
Total minimum payments			765	37,162,059	1,067,175	0	1,067,175	1,067,175	0	1,067,175	1,015,080
Total general rates and minimum payments			2,669	527,452,761	8,100,167	4,688	8,104,855	8,100,167	21,000	8,121,167	7,657,623
Ex-gratia rates											
Co-operative Bulk Handling			0	0	0	22,559	22,559	22,559	0	22,559	21,403
Total amount raised from rates (excluding general rates)			0	0	0	22,559	22,559	22,559	0	22,559	21,403
Discounts							(59,451)			(66,413)	(63,010)
Total rates							8,067,963			8,077,313	7,616,016
Rates related information											
Rates instalment interest							27,463			27,000	26,708
Rates instalment plan charges							16,090			21,907	0
Rates overdue interest							142,981			115,362	108,832

*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 2025

25. DETERMINATION OF SURPLUS OR DEFICIT

(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 *Financial Management Regulation 32*.

	2024/25 (30 June 2025 carried forward)	2024/25 Budget (30 June 2025 carried forward)	2023/24 (30 June 2024 carried forward)	
Note	\$	\$	\$	
Adjustments to operating activities				
Less: Profit on asset disposals	0	(487,397)	(18,751)	
Less: Movement in liabilities associated with restricted cash	6,589			
Less: Fair value adjustments to financial assets at fair value through profit or loss	3,551	0	(1,681)	
Add: Loss on disposal of assets	8,660	4,645	13,481	
Add: Depreciation	6,918,320	6,817,295	6,836,472	
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates	(33,434)	0	(58,093)	
Employee benefit provisions	18,892	0	194,552	
Non-cash amounts excluded from operating activities	6,922,578	6,334,543	6,965,980	
(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	(2,646,143)	(3,142,181)	(2,537,273)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	155,947	155,946	147,321
- Employee benefit provisions		513,516	506,927	506,927
Total adjustments to net current assets		(1,976,680)	(2,479,308)	(1,883,025)
Net current assets used in the Statement of financial activity				
Total current assets		12,279,854	4,627,954	8,237,325
Less: Total current liabilities		(6,942,612)	(2,131,187)	(2,787,904)
Less: Total adjustments to net current assets		(1,976,680)	(2,479,308)	(1,883,025)
Surplus or deficit after imposition of general rates		3,360,562	17,459	3,566,399

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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 2023	during 2023-24	repayments	June 2024	during 2024-25	repayments	30 June 2025	July 2024	during 2024-25	repayments	30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Forrest Oval Stage 1		732,238	0	(72,929)	659,309	0	(77,596)	581,713	659,307	0	(77,596)	581,711
Forrest Oval Stage 2		104,269	0	(25,879)	78,390	0	(27,238)	51,152	78,390	0	(27,237)	51,153
Forrest Oval Stage 3		162,644	0	(40,367)	122,277	0	(42,487)	79,790	122,278	0	(42,487)	79,791
Old Convent School		175,857	0	(175,857)	0	0	0	0	0	0	0	0
Total		1,175,008	0	(315,032)	859,976	0	(147,321)	712,655	859,975	0	(147,320)	712,655
Borrowing finance cost payments												
Purpose		Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025		Budget for year ending 30 June 2025	Actual for year ending 30 June 2024			
						\$	\$	\$	\$			
Forrest Oval Stage 1		62	WATC	6.30%	26/05/2031	(39,842)	(40,333)	(45,000)				
Forrest Oval Stage 2		63	WATC	5.15%	8/02/2027	(3,311)	(3,517)	(4,875)				
Forrest Oval Stage 3		64	WATC	5.15%	8/02/2027	(5,164)	(5,485)	(7,606)				
Old Convent School		67	WATC	3.29%	8/07/2025	0	0	(5,856)				
Total						(48,317)	(49,335)	(63,337)				
Total finance cost payments						(48,317)	(49,335)	(63,337)				

* WA Treasury Corporation

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

27. RESERVE ACCOUNTS	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	506,927	25,785	(19,196)	513,516	506,927	0	0	506,927	506,927	0	0	506,927
(b) Plant reserve	516,688	26,282	0	542,970	516,688	139,954	0	656,642	476,688	40,000	0	516,688
(c) Land & infrastructure reserve	158,104	8,042	0	166,146	158,104	0	0	158,104	158,104	0	0	158,104
(d) Avon river maintenance reserve	15,426	785	0	16,211	15,426	0	0	15,426	15,426	0	0	15,426
(e) Industrial land reserve	134,010	6,816	0	140,826	134,010	0	0	134,010	134,010	0	0	134,010
(f) Refuse site reserve	75,519	3,841	0	79,360	75,519	0	0	75,519	75,519	0	0	75,519
(g) Centennial garden reserve	156,162	7,943	0	164,105	156,162	0	0	156,162	156,162	0	0	156,162
(h) Forrest oval lights reserve	6,161	313	0	6,474	6,161	0	0	6,161	6,161	0	0	6,161
(i) Bowls synthetic surface reserve	20,445	1,039	0	21,484	20,444	0	0	20,444	20,445	0	0	20,445
(j) Pioneer memorial lodge reserve	533	27	0	560	533	60,000	0	60,533	78,533	0	(78,000)	533
(k) Carparking reserve	18,623	947	0	19,570	18,623	0	0	18,623	18,623	0	0	18,623
(l) Building reserve	75,380	3,835	0	79,215	75,380	145,000	0	220,380	75,380	0	0	75,380
(m) Disaster reserve	59,281	3,015	0	62,296	59,281	0	0	59,281	59,281	0	0	59,281
(n) Tennis synthetic surface reserve	3,155	161	0	3,316	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	641	0	13,241	12,600	0	0	12,600	12,600	0	0	12,600
(q) Greenhills townsite development reserve	11,221	571	0	11,792	11,221	0	0	11,221	11,221	0	0	11,221
(r) Roads reserve	156,884	7,980	0	164,864	156,884	0	0	156,884	156,884	0	0	156,884
(s) Swimming pool reserve	90,000	4,578	0	94,578	90,000	214,954	0	304,954	0	100,000	(10,000)	90,000
(t) Recreation reserve	500,597	25,465	0	526,062	500,598	0	(75,000)	425,598	600,597	(100,000)	0	500,597
(u) Bridge reserve	0	0	0	0	0	120,000	0	120,000	0	0	0	0
	2,537,273	128,066	(19,196)	2,646,143	2,537,273	679,908	(75,000)	3,142,181	2,585,273	40,000	(88,000)	2,537,273

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 2025

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 the Shire'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 the Shire's Parking Plan.
(l) Building reserve	For the construction and major capital improvements to all Shire 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 2025

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 2024	Amounts received	Amounts paid	30 June 2025
	\$	\$	\$	\$
Cash in Lieu - Public open Space	58,422	0	0	58,422
	58,422	0	0	58,422



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

Shire of York

To the Council of the Shire of York

Opinion

I have audited the financial report of the Shire of York (Shire) which comprises:

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of York for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 November 2025



Our Ref: 7972-002

7th Floor, Albert Facey House
469 Wellington Street, Perth

Ms Alina Behan
Temporary Chief Executive Officer
Shire of York

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: alina.behan@york.wa.gov.au

Dear Ms Behan

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

Unresolved matters from prior audits

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 26 September 2025. This date will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7509 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely



Ann Ang
Director
Financial Audit
27 November 2025

Attach

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Former employees listed as authorised signatory in bank confirmation.	No	✓			✓
2. Fixed assets items were not recorded in the fixed asset register in a timely manner	No	✓			
3. Non-compliance with depreciation policy	No		✓		
4. Old PPE assets carried in the FAR	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 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Former employee listed as authorised signatory in bank confirmation

Finding

During the final audit, it was noted that three terminated employees were not removed from the authorised officers listing for operating bank accounts.

This issue was first raised in 2024.

Rating: Significant (2024: Minor)

Implication

The failure to remove terminated employees from authorized officer listings may result in compromised financial security, as former staff could retain the ability to initiate or approve banking transactions. This could weaken the reliability of internal controls, increases exposure to financial loss, and can lead to significant accounting and governance issues.

Recommendation

We recommend that management immediately update all authorised officer listings to remove terminated employees and ensure that banking authorities accurately reflect current staff roles. A formal process should be established requiring prompt communication of staff terminations to the Finance team so that access changes can be actioned without delay. Additionally, periodic reviews of all bank authority listings should be conducted to verify accuracy, strengthen internal controls, and prevent future accounting and governance issues.

Management comment

The process to remove authorised officers that have either left the employ of the Shire or are no longer in a position that warrants access has been completed.

As part of the process, Officers have developed an Authorised Officer Register and are to maintain this as staff and positions change.

In addition, the Human Resources Department have reviewed the offboarding process in relation to this finding. When offboarding a terminated employee, the Finance and Governance teams are to be notified of the requirement to modify Authorised Officer access accordingly. This will apply to Shire Systems as well as financial institutions.

Responsible person: Anneke Birleson - Acting EMCCS

Completion date: November 2025

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Fixed assets items were not recorded in the fixed asset register in a timely manner**Finding**

During the final audit, we noted that two infrastructure addition invoices totalling \$245,677 relating to prior year were not recorded in the prior year but recorded in 2024-25.

Rating: Significant**Implication**

Delayed recording of fixed asset items increases the risk of incomplete or inaccurate asset records, which can lead to misstatements in financial statements, unreliable asset valuations, and non-compliance with accounting policies. This deficiency can also result in ineffective asset management and control and can lead to significant accounting and governance issues.

Recommendation

We recommend that management ensure all newly acquired fixed assets are recorded in the fixed asset register when the asset becomes available for use. Management should implement a formal process to ensure timely asset recognition, including clear responsibilities for asset recording and periodic reconciliation of physical assets with the register. Regular reviews should also be conducted to ensure the completeness and accuracy of the fixed asset register and to prevent future accounting and governance issues.

Management comment

The current processes in place for recording assets into the fixed asset register are suitable for our compliance needs.

Unfortunately, due to contractual disputes, the unpaid invoices were not presented to the Finance Team for entering into the Shire's financial system. In the absence of the invoices and any other evidence that works were complete, this issue was not identified when officers reviewed the fixed asset register. The outstanding purchase order in the system would have identified committed funds however, without confirmation of works completed this was not sufficient to trigger an addition to the fixed asset register.

A lack of understanding and experience within the Finance team at the time has contributed to issues such as this not being identified or recorded in timely manner. A review of internal processes and training of relevant staff has since occurred to ensure more timely recording of outstanding financial commitments which, then flows through to the fixed asset register.

Responsible person: Denise Gobbart – Manager Finance
Completion date: November 2025

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Non-compliance with depreciation policy

Finding

During the final audit testing, we noted that assets with a carrying value of \$1.7 million were not depreciated during the year. The total value of unrecorded depreciation amounted to \$47,795.

Rating: Moderate**Implication**

The absence of depreciation on these assets may lead to misstated financial statements, inaccurate asset valuations, and non-compliance with the Shire's Depreciation Policy. This can result in significant accounting and governance issues, undermining the reliability of financial reporting and internal controls over fixed assets.

Recommendation

We recommend that management review the depreciation rates of all assets to ensure they comply with the Shire's Depreciation Policy. Management should also implement a periodic review process to ensure consistent and accurate application of depreciation rates across all assets.

Management comment

Officers note the misstatements and have committed to a comprehensive review of the depreciation rates in accordance with Shire policy and will ensure depreciation is processed appropriately for future financial years.

Responsible person: Denise Gobbart – Manager Finance
Completion date: 31 January 2026

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Old PPE assets carried in the FAR

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).

This issue was first raised in 2024.

Rating: Moderate (2024: 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

We recommend that management 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

A detailed review of the FAR is to be undertaken and assets with balances under the threshold removed from the register.

Regular reviews will be scheduled to ensure ongoing compliance.

Responsible person: Denise Gobbart – Manager Finance

Completion date: 30 April 2026

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

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

Nil

13 CLOSURE

The Presiding Member thanked everyone for their attendance and closed the meeting at 3.51pm.