# NOTICE OF MEETING

Dear Councillors

I respectfully advise that the AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING will be held in Council Chambers, York Town Hall, York on Tuesday, 10 March 2026, commencing at 3:00pm.

MEETING AGENDA ATTACHED

Alina Behan

ALINA BEHAN
TEMPORARY CHIEF EXECUTIVE OFFICER
Date: 5 March 2026

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# 1 OPENING

1.1 Declaration of Opening

1.2 Acknowledgement/Disclaimer

The Presiding Member advises 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.*

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1.3 Attendance Via Electronic Means

1.4 Standing Orders

1.5 Announcement of Visitors

1.6 Declarations of Proximity Interest

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

| **Name** | **Item No & Title** | **Nature of Interest (and extent, where appropriate)** |
|---|---|---|
| | | |
| | | |
| | | |

1.7 Declaration of Financial Interests

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

| Name | Item No & Title | Nature of Interest (and extent, where appropriate) |
|---|---|---|
| | | |
| | | |
| | | |

1.8 Disclosure of Interests that may affect Impartiality

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member/employee is also encouraged to disclose the nature of the interest. The member/employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member/employee declares that their impartiality will not be affected then they may participate in the decision making process.

| Name | Item No & Title | Nature of Interest (and extent, where appropriate) |
|---|---|---|
| | | |
| | | |
| | | |

## 2 ATTENDANCE

2.1 Members

2.2 Staff

2.3 Apologies

2.4 Leave of Absence Previously Approved

2.5 Number of People in the Gallery at Commencement of Meeting

## 3 QUESTIONS FROM PREVIOUS MEETINGS

## 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.

4.1 Written Questions – Current Agenda

4.2 Public Question Time

## 5 APPLICATIONS FOR LEAVE OF ABSENCE

## 6 PRESENTATIONS

## 7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Audit, Risk and Improvement Committee Meeting - 2 December 2025

**Confirmation**

**That the minutes of the Audit, Risk and Improvement Committee Meeting held on 2 December 2025 be confirmed as a correct record of proceedings.**

## 8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

# 9 OFFICER'S REPORTS

## 9.1 MID-YEAR BUDGET REVIEW 2025/26

| | |
|---|---|
| **File Number:** | **4.0463** |
| **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. 2025/26 Budget Review ⇩** |

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

### PURPOSE OF REPORT

This report presents the Mid-Year Budget Review and proposed budget amendments, for the period ending 31 January 2026 for the Audit, Risk and Improvement Committee's (the ARIC) consideration and recommendation to Council.

### BACKGROUND

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

The 2025/26 budget was adopted by Council at its Special Council Meeting on 12 August 2025 (010825). As part of adopting the budget the following was also resolved (070825):

***"That, with regard to Material Variance Reporting for 2025/26, Council:***

1. **Resolves in accordance with Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standard 1031 Materiality, to adopt the level to be used in statements of financial activity in 2025/26 for reporting material variances shall be 10% or a minimum of $10,000, whichever is the greater*."***

A comprehensive review of the 2025/26 Budget and year to date actuals to 31 January 2026 has been undertaken and is presented in Appendix 1. Officers have reported on major variances in accordance with the above resolution and provided comments where applicable.

### COMMENTS AND DETAILS

As part of the annual budget preparation, Officers across the organisation are assigned projects and accounts within the budget for which they are responsible to monitor and manage. At the close of the second quarter, responsible Officers met with the Executive Leadership Team to analyse these accounts and consider any variations required to the adopted budget. The review considers progress during the first part of the financial year including actual spend up to 31 January 2026, the likely operating environment over the remaining months and the estimated impact on the Shire's financial position at year end.

Following this review process, a summary of all material variances was compiled for consideration by the ARIC. The anticipated year end position incorporating the proposed amendments results in an expected surplus of $15,829. Explanations for key variances are provided below:

**OPERATING ACTIVITIES**

***Operating Revenues – net increase of $282,064***

| | |
|---|---|
| Grants, Subsidies and Contributions | • Increase in DFES cultural burning funding.<br>• Book grant project not included in the budget.<br>• Reallocation of York CRC revenue from fees and charges. |
| Fees and Charges | • Decrease due to reallocation of York CRC fees and charges to grants and contributions and other revenue.<br>• Increase in building permits fees.<br>• Decrease in liquid waste charges. |
| Interest Earnings | • Increase in rates non-payment penalty. |
| Other Revenue | • Increase due to reallocation of York CRC revenue from fees and charges.<br>• Insurance claim for town hall not expected.<br>• Higher than expected revenue for containers for change. |

***Expenses – net increase of $727,382***

| | |
|---|---|
| Employee Costs | • Decrease in expense for projects and assets transferred to contracts |
| Materials and Contracts | • Decrease in expenditure for elections, street cleaning, control expenses other and animal control.<br>• Increase in expenditure for Town Hall, book grant project, housing business case, traffic signs and legal costs.<br>• The graduate engineering program, wayfinding signs, street bin panels, contaminated site on Avon Terrace were not included in the adopted budget.<br>• Reallocation of salaries from projects and assets to contracts. |
| Other Expenditure | • Increase expense due to change in reporting Containers for Change cash refunds. |
| Loss on Assets Disposal | • Disposal of assets under the $5,000 capitalisation threshold as required in audit management reports. |
| Non-cash amounts excluded from operating activities | • Disposal of assets under the $5,000 capitalisation threshold as required in audit management reports. |

**INVESTING ACTIVITIES –** ***net decrease of $162,019***

| | |
|---|---|
| Non-operating Grants, Subsidies and Contributions | • Increased as Main Roads WA Regional Road Group (RRG) project not included in the budget and Disaster Ready Funding approved after budget adoption. |
| Purchase Land and Buildings | • Decrease in expenditure for land purchase. |
| Purchase Plant and Equipment | • Adjustments in plant purchases due to increase in purchase values for light fleet. |
| Purchase and Construction of Infrastructure Roads | • Decrease in expenditure due to a credit received for Talbot West Road.<br>• Adjustment of expenditure for RRG and Roads to Recovery projects. |

| | |
|---|---|
| Purchase and Construction of Infrastructure Other | • Increase in expenditure for Disaster Ready Funding for the purchase of backup power generator upgrade and EV charging station. |

**FINANCING ACTIVITIES – *net increase of $50,000***

| | |
|---|---|
| Transfers from Cash Backed Reserves (Restricted Assets) | • Transfer from Plant Reserve to offset additional purchase costs of light fleet. |

**OTHER ITEMS – *net increase of $4,411***

| | |
|---|---|
| Surplus or deficit at the start of the financial year | • Difference between adopted 2025/26 budget and the closing balance of the 2024/25 audited statements. |
| Surplus or deficit after imposition of general rates | • Difference between original adopted budget and the current closing. |

Officers seek the ARIC's recommendation for Council approve amendments to the 2025/26 budget as presented in Note 5 of Appendix 1.

**OPTIONS**

The ARIC has the following options:

**Option 1:** ARIC could choose to recommend to Council that it adopts the Mid-Year Budget Review for 2025/26 and approves the proposed budget amendments as presented in Appendix 1.

**Option 2:** ARIC could choose to recommend to Council that it does not adopt the Mid-Year Budget Review for 2025/26 or approves the proposed budget amendments, as presented in Appendix 1 and request further information from the Temporary Chief Executive Officer.

Option 1 is the recommended option.

**IMPLICATIONS TO CONSIDER**

**Consultative**

Executive Leadership Team

Other Officers as required

**Strategic**

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance.

**Policy Related**

F3 Significant Accounting Policies

F11 Financial Planning and Sustainability

**Financial**

The financial impact of the Mid-Year Budget Review is presented in Appendix 1. A year end surplus of $15,829 is anticipated following the review. The additional funds are to be held as a surplus upon receipt of Council approval.

**Legal and Statutory**

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

***"6.2. Local government to prepare annual budget***

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

** Absolute majority required.*

*(2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*

*(a) the expenditure by the local government; and*

*(b) the revenue and income, independent of general rates, of the local government; and*

*(c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*

*(3) For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*

*(4) The annual budget is to incorporate —*

*(a) particulars of the estimated expenditure proposed to be incurred by the local government; and*

*(b) detailed information relating to the rates and service charges which will apply to land within the district including —*

*(i) the amount it is estimated will be yielded by the general rate; and*

*(ii) the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*

*and*

*(c) the fees and charges proposed to be imposed by the local government; and*

*(d) the particulars of borrowings and other financial accommodation proposed to be entered into by the local government; and*

*(e) details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and*

*(f) particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*

*(g) such other matters as are prescribed.*

*(5) Regulations may provide for —*

*(a) the form of the annual budget; and*

*(b) the contents of the annual budget; and*

*(c) the information to be contained in or to accompany the annual budget."*

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

***"33A. Review of budget***

*(1) Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.*

*(2A) The review of an annual budget for a financial year must —*

*(a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*

*(b) consider the local government's financial position as at the date of the review; and*

*(c) review the outcomes for the end of that financial year that are forecast in the budget; and*

*(d) including the following –*

*(i) the annual budget adopted by the local government;*

*(ii) an update of each of the estimates included in the annual budget;*

*(iii) the actual amounts of expenditure, revenue and income as at the date of the review;*

*(iv) adjacent to each item in the annual budget adopted by the local government that states an amount, the estimated end-of-year amount for the item.*

*(2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.*

*(3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*

*(4) Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department."*

**Risk Related**

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

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

**Workforce**

The scope of this report can be accommodated within current operational capacity.

**VOTING REQUIREMENTS**

**Absolute Majority: Yes**

**RECOMMENDATION**

**That, with regard to Mid-Year Budget Review 2025/26, the Audit, Risk and Improvement Committee recommends to Council that it:**

1. **Resolves to adopt the Mid-Year Budget Review and supporting information, as presented in Appendix 1.**
2. **Resolves to adopt the Budget Amendments detailed in Note 5, as presented in Appendix 1.**
3. **Requests the Temporary Chief Executive Officer to forward the adopted 2025/26 Mid-Year Budget Review to the Department of Local Government, Industry Regulation and Safety within fourteen (14) days of Council's adoption.**

**SHIRE OF YORK**

**BUDGET REVIEW REPORT**

**FOR THE PERIOD ENDED 31 JANUARY 2026**

*LOCAL GOVERNMENT ACT 1995*
*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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**SHIRE OF YORK**
**STATEMENT OF BUDGET REVIEW**
**FOR THE PERIOD ENDED 31 JANUARY 2026**

| | Note | Budget v Actual | | | Estimated Year at End Amount (b) | Predicted Variance (b) - (a) | |
|---|---|---|---|---|---|---|---|
| | | Adopted Budget | Updated Budget Estimates (a) | Year to Date Actual | | | |
| | | $ | $ | $ | $ | $ | |
| **OPERATING ACTIVITIES** | | | | | | | |
| **Revenue from operating activities** | | | | | | | |
| General rates | | 8,944,151 | 8,944,151 | 8,935,842 | 8,944,151 | 0 | |
| Grants, subsidies and contributions | 4.1 | 1,505,372 | 1,505,372 | 1,041,703 | 1,705,388 | 200,016 | ▲ |
| Fees and charges | 4.2 | 2,154,233 | 2,154,233 | 1,582,687 | 1,993,528 | (160,705) | ▼ |
| Interest revenue | 4.3 | 284,000 | 284,000 | 197,602 | 334,000 | 50,000 | ▲ |
| Other revenue | 4.4 | 179,800 | 179,800 | 276,557 | 372,553 | 192,753 | ▲ |
| Profit on asset disposals | | 102,748 | 102,748 | 0 | 102,748 | 0 | |
| | | 13,170,304 | 13,170,304 | 12,034,391 | 13,452,368 | 282,064 | |
| **Expenditure from operating activities** | | | | | | | |
| Employee costs | 4.5 | (6,859,454) | (6,859,454) | (3,732,676) | (6,784,454) | 75,000 | ▲ |
| Materials and contracts | 4.6 | (4,792,706) | (4,792,706) | (2,025,257) | (5,379,710) | (587,004) | ▼ |
| Utility charges | | (560,711) | (560,711) | (219,731) | (560,711) | 0 | |
| Depreciation | | (6,812,097) | (6,812,097) | 0 | (6,812,097) | 0 | |
| Finance costs | | (40,709) | (40,709) | (19,689) | (40,709) | 0 | |
| Insurance | | (295,817) | (295,817) | (264,115) | (295,817) | 0 | |
| Other expenditure | 4.7 | (474,695) | (474,695) | (255,780) | (594,695) | (120,000) | ▼ |
| Loss on asset disposals | 4.8 | (28,802) | (28,802) | (125,888) | (124,180) | (95,378) | ▼ |
| | | (19,864,991) | (19,864,991) | (6,643,136) | (20,592,373) | (727,382) | |
| Non-cash amounts excluded from operating activities | 4.9 | 6,758,285 | 6,758,285 | 125,888 | 6,853,663 | 95,378 | ▲ |
| **Amount attributable to operating activities** | | 63,598 | 63,598 | 5,517,143 | (286,342) | (349,940) | |
| **INVESTING ACTIVITIES** | | | | | | | |
| **Inflows from investing activities** | | | | | | | |
| Capital grants, subsidies and contributions | 4.10 | 2,181,238 | 2,181,238 | 83,980 | 2,474,696 | 293,458 | ▲ |
| Proceeds from disposal of assets | | 436,000 | 436,000 | 70,000 | 436,000 | 0 | |
| | | 2,617,238 | 2,617,238 | 153,980 | 2,910,696 | 293,458 | |
| **Outflows from investing activities** | | | | | | | |
| Purchase of land and buildings | 4.11 | (571,130) | (571,130) | (1,116) | (545,380) | 25,750 | ▲ |
| Purchase of plant and equipment | 4.12 | (1,481,000) | (1,481,000) | (493,950) | (1,556,000) | (75,000) | ▼ |
| Purchase of furniture and equipment | 4.13 | (90,000) | (90,000) | 0 | (123,000) | (33,000) | ▼ |
| Purchase and construction of infrastructure-roads | 4.14 | (1,977,712) | (1,977,712) | 23,672 | (1,887,647) | 90,065 | ▲ |
| Purchase and construction of infrastructure-other | 4.15 | (879,636) | (879,636) | (93,910) | (1,018,890) | (139,254) | ▼ |
| | | (4,999,478) | (4,999,478) | (565,304) | (5,130,917) | (131,439) | |
| **Amount attributable to investing activities** | | (2,382,240) | (2,382,240) | (411,324) | (2,220,221) | 162,019 | |
| **FINANCING ACTIVITIES** | | | | | | | |
| **Cash inflows from financing activities** | | | | | | | |
| Transfers from reserve accounts | 4.16 | 75,000 | 75,000 | 0 | 125,000 | 50,000 | ▲ |
| | | 75,000 | 75,000 | 0 | 125,000 | 50,000 | |
| **Cash outflows from financing activities** | | | | | | | |
| Repayment of borrowings | | (155,947) | (155,947) | (76,864) | (155,947) | 0 | |
| Transfers to reserve accounts | | (807,223) | (807,223) | (59,736) | (807,223) | 0 | |
| | | (963,170) | (963,170) | (136,600) | (963,170) | 0 | |
| **Amount attributable to financing activities** | | (888,170) | (888,170) | (136,600) | (838,170) | 50,000 | |
| **MOVEMENT IN SURPLUS OR DEFICIT** | | | | | | | |
| **Surplus or deficit at the start of the financial year** | 4.17 | 3,227,052 | 3,227,052 | 3,360,562 | 3,360,562 | 133,510 | ▲ |
| Amount attributable to operating activities | | 63,598 | 63,598 | 5,517,143 | (286,342) | (349,940) | |
| Amount attributable to investing activities | | (2,382,240) | (2,382,240) | (411,324) | (2,220,221) | 162,019 | |
| Amount attributable to financing activities | | (888,170) | (888,170) | (136,600) | (838,170) | 50,000 | |
| **Surplus or deficit after imposition of general rates** | 3(a),4.18 | **20,240** | **20,240** | **8,329,781** | **15,829** | **(4,411)** | ▼ |

**SHIRE OF YORK**
**NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT**
**FOR THE PERIOD ENDED 31 JANUARY 2026**

## 1. BASIS OF PREPARATION

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

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

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

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

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

**Year to Date Actual balances**
Balances shown in this budget as Year to Date Actual are based on records at the time of preparation of the budget review and are subject to final adjustments.

**Rounding off figures**
All figures shown in this statement are rounded to the nearest dollar.

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

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

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

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

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

**MATERIAL ACCOUNTING POLICIES**
Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

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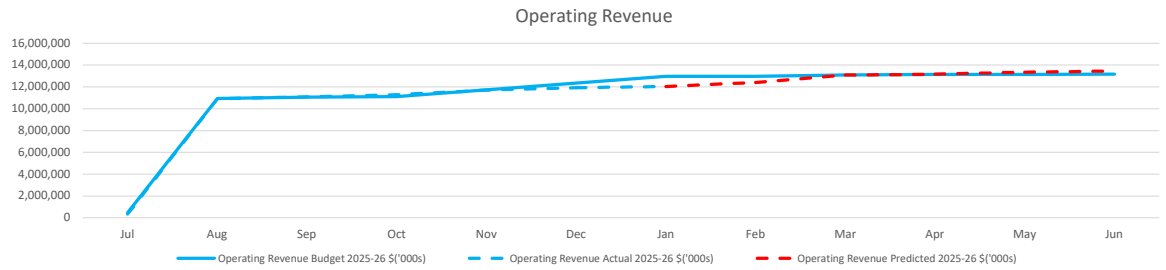
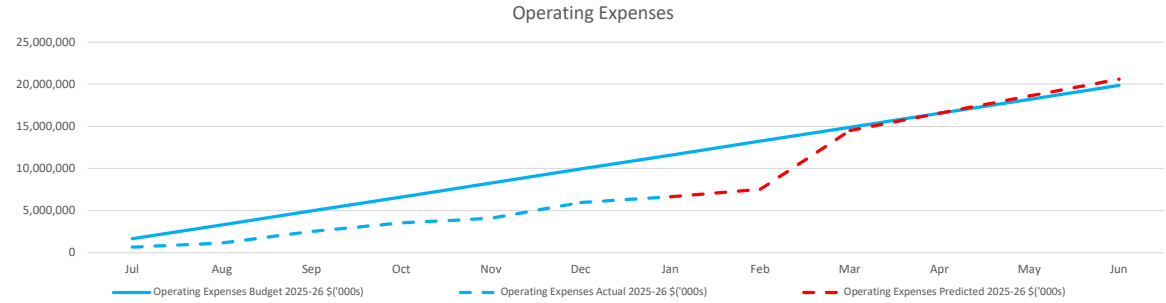
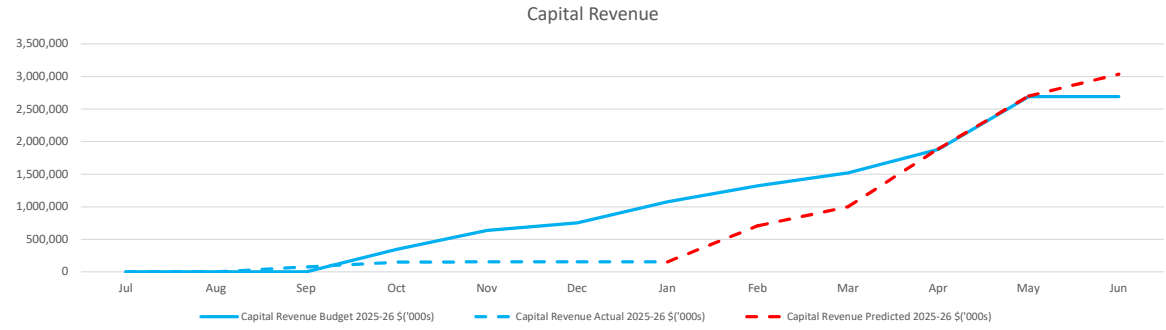
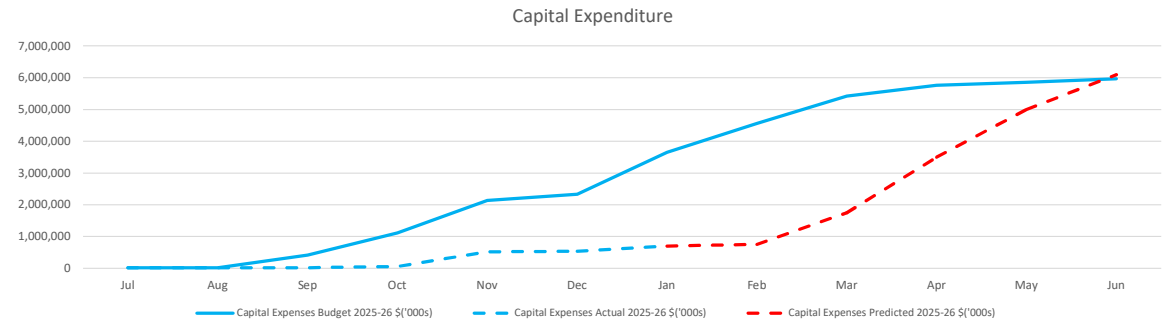
**SHIRE OF YORK**
**SUMMARY GRAPHS - BUDGET REVIEW**
**FOR THE PERIOD ENDED 31 JANUARY 2026**

## 2. SUMMARY GRAPHS - BUDGET REVIEW




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

**SHIRE OF YORK**
**NOTES TO THE BUDGET REVIEW REPORT**
**FOR THE PERIOD ENDED 31 JANUARY 2026**

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

### (a) Composition of estimated net current assets

| | Audited Actual 30 June 2025 | Adopted Budget 30 June 2026 | Updated Budget Estimates 30 June 2026 | Year to Date Actual 31 January 2026 | Estimated Year at End Amount 30 June 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7,767,911 | 8,292,941 | 8,292,841 | 6,589,329 | 4,885,525 |
| Financial assets | 1,028,433 | 0 | | 5,188,006 | 633,600 |
| Trade and other receivables | 1,713,080 | 972,271 | 972,271 | 3,074,838 | 1,856,256 |
| Inventories | 7,962 | 5,000 | 5,000 | 79,961 | 7,962 |
| Other assets | 1,762,468 | 39,391 | 39,391 | 517,031 | 96,890 |
| | 12,279,854 | 9,309,603 | 9,309,503 | 15,449,165 | 7,480,233 |
| **Less: current liabilities** | | | | | |
| Trade and other payables | (2,846,755) | (2,822,244) | (2,822,244) | (1,002,289) | (1,214,674) |
| Capital grant/contribution liability | (3,281,890) | (3,281,890) | (2,850,000) | (3,281,890) | (2,850,000) |
| Borrowings | (155,947) | (145,402) | (145,402) | (79,083) | (155,947) |
| Employee related provisions | (658,020) | (725,584) | (725,584) | (643) | (558,195) |
| Other provisions | | (46,819) | (46,819) | | (46,819) |
| | (6,942,612) | (7,021,939) | (6,590,049) | (4,363,905) | (4,825,635) |
| **Net current assets** | 5,337,242 | 2,287,664 | 2,719,454 | 11,085,260 | 2,654,598 |
| Less: Total adjustments to net current assets | (1,976,680) | (2,699,314) | (2,699,314) | (2,101,601) | (2,638,769) |
| **Closing funding surplus / (deficit)** | 3,360,562 | (411,650) | 20,140 | 8,983,659 | 15,829 |

### (b) Current assets and liabilities excluded from budgeted deficiency

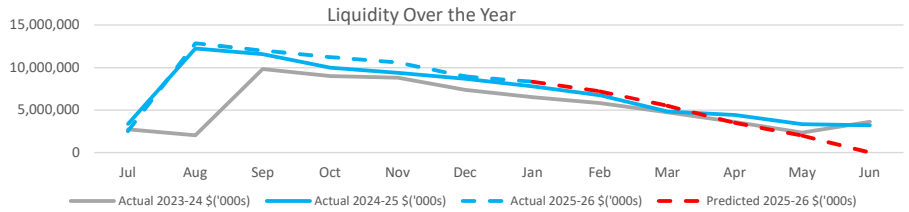
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

| | Audited Actual 30 June 2025 | Adopted Budget 30 June 2026 | Updated Budget Estimates 30 June 2026 | Year to Date Actual 31 January 2026 | Estimated Year at End Amount 30 June 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Adjustments to net current assets** | | | | | |
| Less: Reserve accounts | (2,646,143) | (3,397,562) | (3,397,562) | (2,705,879) | (3,347,562) |
| Add: Current liabilities not expected to be cleared at end of year | | | | | |
| - Current portion of borrowings | 155,947 | 145,402 | 145,402 | 79,083 | 155,947 |
| - Employee benefit provisions | 513,516 | 552,846 | 552,846 | 525,195 | 552,846 |
| **Total adjustments to net current assets** | (1,976,680) | (2,699,314) | (2,699,314) | (2,101,601) | (2,638,769) |

### (c) Non-cash amounts excluded from operating activities

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

| | Audited Actual 30 June 2025 | Adopted Budget 30 June 2026 | Updated Budget Estimates 30 June 2026 | Year to Date Actual 31 January 2026 | Estimated Year at End Amount 30 June 2026 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Adjustments to operating activities** | | | | | |
| Less: Profit on asset disposals | 0 | (102,748) | (102,748) | 0 | (102,748) |
| Less: Movement in liabilities associated with restricted cash | 6,589 | 0 | 0 | 0 | 0 |
| Less: Fair value adjustments to financial assets at fair value through profit or loss | 3,551 | 0 | 0 | 0 | 0 |
| Add: Loss on disposal of assets | 8,660 | 28,802 | 28,802 | 125,888 | 124,180 |
| Add: Depreciation on assets | 6,918,320 | 6,812,097 | 6,812,097 | 0 | 6,812,097 |
| Non-cash movements in non-current assets and liabilities: | | | | | |
| Pensioner deferred rates | (33,434) | 0 | 0 | 0 | 0 |
| Employee benefit provisions | 18,892 | 20,134 | 20,134 | 0 | 20,134 |
| **Non-cash amounts excluded from operating activities** | 6,922,578 | 6,758,285 | 6,758,285 | 125,888 | 6,853,663 |



## SHIRE OF YORK
## NOTES TO THE REVIEW OF THE ANNUAL BUDGET
## FOR THE PERIOD ENDED 31 JANUARY 2026

### 4 PREDICTED VARIANCES

| | | Variance $ | |
|---|---|---|---|
| | **Revenue from operating activities** | | |
| 4.1 | **Grants, subsidies and contributions**<br>Increase in DFES cultural burning funding. Book Grant not included in 2025/26 budget. Reallocation of York CRC revenue from fees & charges. | 200,016 | ▲ |
| 4.2 | **Fees and charges**<br>Reallocation of York CRC fees & charges to grants & contributions and other revenue. Increase in building permits fees and decrease in liquid waste charges. | (160,705) | ▼ |
| 4.3 | **Interest revenue**<br>Increase in rates non payment penalty | 50,000 | ▲ |
| 4.4 | **Other revenue**<br>Reallocation of York CRC revenue from fees & charges. Insurance claim for town hall not expected. Increase in revenue for containers for change. | 192,753 | ▲ |
| | **Expenditure from operating activities** | | |
| 4.5 | **Employee costs**<br>Decrease in expense for projects and assets transferred to contracts | 75,000 | ▲ |
| 4.6 | **Materials and contracts**<br>Decrease in expenditure for elections, street cleaning, control expenses other and animal control. Increase in expenditure for town hall, book grant project, housing business case, traffic signs and legal costs. Graduate engineering program, wayfinding signs, street bin panels, contaminated site Avon Tce not included in the adopted budget. Salaries from projects and assets reallocated to contracts. | (587,004) | ▼ |
| 4.7 | **Other expenditure**<br>Increased expense due to change in reporting Containers for Change cash refunds. | (120,000) | ▼ |
| 4.8 | **Loss on asset disposals**<br>Disposal of assets under the $5,000 capitalisation threshold as required in audit management reports. | (95,378) | ▼ |
| 4.9 | **Non-cash amounts excluded from operating activities**<br>Disposal of assets under the $5,000 capitalisation threshold as required in audit management reports. | 95,378 | ▲ |
| | **Inflows from investing activities** | | |
| 4.10 | **Capital grants, subsidies and contributions**<br>Increased revenue - MRWA RRG project 30004753 not included in the budget and Disaster Ready funding approved after budget adoption. | 293,458 | ▲ |
| | **Outflows from investing activities** | | |
| 4.11 | **Purchase of land and buildings**<br>Reduced expenditure on land purchase | 25,750 | ▲ |
| 4.12 | **Purchase of plant and equipment**<br>Higher than anticipated expenses with light fleet purchases | (75,000) | ▼ |
| 4.13 | **Purchase of furniture and equipment**<br>Higher than anticipated costs associated with telephone system and server upgrades | (33,000) | ▼ |
| 4.14 | **Purchase and construction of infrastructure-roads**<br>Adjustment of credit received on Talbot West Road expense. Adjustment of expenditure for RRG and RtR projects. | 90,065 | ▲ |
| 4.15 | **Purchase and construction of infrastructure-other**<br>Disaster Ready funding for purchase of backup power generator upgrade and EV charging station | (139,254) | ▼ |
| | **Cash inflows from financing activities** | | |
| 4.16 | **Transfers from reserve accounts**<br>Transfer from plant reserve to offset additional purchase cost of light fleet | 50,000 | ▲ |
| 4.17 | **Surplus or deficit at the start of the financial year**<br>Difference between adopted 2025/26 budget and the closing balance of the 2024/25 audited statements. | 133,510 | ▲ |
| 4.18 | **Surplus or deficit after imposition of general rates**<br>Difference between original adopted budget and the current closing. | (4,411) | ▼ |

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**SHIRE OF YORK**
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**
**FOR THE PERIOD ENDED 31 JANUARY 2026**

## 5 PROPOSED BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

| Description | Council Resolution | Classification | Non Cash Adjustment | Increase in Available Cash | Decrease in Available Cash | Amended Budget Running Balance |
|---|---|---|---|---|---|---|
| | | | $ | $ | $ | $ |
| **Budget adoption** | | | | | | 20,240 |
| Opening Surplus after Audit Sign off | | Opening surplus(deficit) | | 133,510 | | 153,750 |
| EV Charging Station | 191225 | Capital expenses | | | (45,000) | 108,750 |
| Election Expenses | | Operating expenses | | 32,000 | | 140,750 |
| Election Expenses | | Operating expenses | | | (6,940) | 133,810 |
| Office Exp - Computer Expenses | | Operating expenses | | | (20,000) | 113,810 |
| Furniture & Equipment Admin | | Capital expenses | | | (33,000) | 80,810 |
| Rates non Payment Penalty | | Operating revenue | | 50,000 | | 130,810 |
| Consultants Fees | | Operating expenses | | | (65,000) | 65,810 |
| CITS Book Grant Project | | Operating expenses | | | (54,064) | 11,746 |
| Grants - Arts & Cultural Heritage | | Operating revenue | | 68,064 | | 79,810 |
| Operational & Marketing Plan | | Operating expenses | | 5,000 | | 84,810 |
| York CRC Charges Other Tax Supply | | Operating revenue | | 111,092 | | 195,902 |
| York CRC Charges Other Tax Supply | | Operating revenue | | 20,860 | | 216,762 |
| York CRC Charges Other Tax Supply | | Operating revenue | | 33,753 | | 250,515 |
| York CRC Charges Other Tax Supply | | Operating revenue | | | (165,705) | 84,810 |
| Land & Building Mtc | | Operating expenses | | | (7,000) | 77,810 |
| Forrest Oval Convention Centre | | Operating expenses | | | (8,000) | 69,810 |
| Forrest Oval Pavilion | | Operating expenses | | | (9,000) | 60,810 |
| Town Hall | | Operating expenses | | | (40,000) | 20,810 |
| Reimbursements - Public Halls | | Operating revenue | | 39,000 | | 59,810 |
| Animal Control Expenditure | | Operating expenses | | 30,000 | | 89,810 |
| Health Control Expenses | | Operating expenses | | | (27,000) | 62,810 |
| Skip Bins Verge Collection | | Operating expenses | | 6,000 | | 68,810 |
| Charges Liquid Waste Removal | | Operating revenue | | | (10,000) | 58,810 |
| Building Control Expenses - Other | | Operating expenses | | | (16,000) | 42,810 |
| Charges - Building Permits | | Operating revenue | | 15,000 | | 57,810 |
| Containers for Change - Refund Expense | | Operating expenses | | | (120,000) | (62,190) |
| Containers for Change - Income | | Operating revenue | | 120,000 | | 57,810 |
| Heritage Consultant Fees | | Operating expenses | | | (11,000) | 46,810 |
| Land Purchase & Development | | Capital expenses | | 25,750 | | 72,560 |
| Control Expenses - Other | | Operating expenses | | 18,000 | | 90,560 |
| Review Town Planning Strategy/Scheme | | Operating expenses | | | (20,000) | 70,560 |
| Gwamby/Avon Ascent Mtc | | Operating expenses | | | (6,000) | 64,560 |
| Moto Cross Track Mtc | | Operating expenses | | 10,000 | | 74,560 |
| Forrest Oval Turf Mtc | | Operating expenses | | 12,000 | | 86,560 |
| Street Cleaning | | Operating expenses | | 40,000 | | 126,560 |
| Traffic Signs | | Operating expenses | | | (18,000) | 108,560 |
| Traffic Signs | | Operating expenses | | | (40,000) | 68,560 |
| Weed Control | | Operating expenses | | 10,000 | | 78,560 |
| Road Mtc General | | Operating expenses | | | (30,000) | 48,560 |
| Plant Purchases Capital | | Capital expenses | | | (15,000) | 33,560 |
| Admin Vehicles | | Capital expenses | | | (15,000) | 18,560 |
| Ranger Vehicle Purchase Capital | | Capital expenses | | | (15,000) | 3,560 |
| Plant & Equipment Capital | | Capital expenses | | | (15,000) | (11,440) |
| Plant & Equip - Vehicle (BUI) | | Capital expenses | | | (15,000) | (26,440) |
| Road Safey Audits | | Operating expenses | | 20,000 | | (6,440) |
| Regional Road Group Projects | | Capital expenses | | | (45,065) | (51,505) |
| Grant - MRWA RRG | | Operating revenue | | 253,333 | | 201,828 |
| CBD Upgrade | | Operating expenses | | | (70,000) | 131,828 |
| Main Street Bins - Mtc | | Operating expenses | | | (20,000) | 111,828 |
| Environmental Control Expenses | | Operating expenses | | | (30,000) | 81,828 |
| Roads to Recovery Grant | | Operating revenue | | | (27,125) | 54,703 |
| Roads to Recovery Projects | | Capital expenses | | 27,125 | | 81,828 |
| Projects & Assets | | Operating expenses | | 75,000 | | 156,828 |
| Projects & Assets | | Operating expenses | | | (75,000) | 81,828 |
| Admin Building Mtc | | Operating expenses | | | (10,000) | 71,828 |
| Arts & Cultural Heritage Planning | | Operating expenses | | | (14,000) | 57,828 |
| Legal Expenses | | Operating expenses | | | (33,000) | 24,828 |
| Control Expenses - Legal Fees | | Operating expenses | | | (10,000) | 14,828 |
| Backup Power Generator Upgrade | | Capital expenses | | | (94,254) | (79,426) |
| Disaster Ready Fund | | Operating revenue | | 67,250 | | (12,176) |
| Graduate Engineer Program | | Operating expenses | | | (130,000) | (142,176) |
| Muni Road Construction RRSP Projects | | Capital expenses | | 108,005 | | (34,171) |
| Transfer From Reserve Plant Replacement | | Capital revenue | | 50,000 | | 15,829 |
| Loss on Disposal of Assets | | Operating expenses | (95,378) | | | 15,829 |
| | | | **(95,378)** | **1,380,742** | **(1,385,153)** | **15,829** |

## 9.2 UPDATE ON THE FINDINGS IDENTIFIED DURING ANNUAL FINANCIAL AUDITS

| | |
|---|---|
| **File Number:** | **4.9726** |
| **Author:** | **Anneke Birleson, Acting Executive Manager Corporate & Community Services** |
| **Authoriser:** | **Alina Behan, Temporary Chief Executive Officer** |
| **Previously before Council:** | **25 March 2025 (070325)**<br>**10 June 2025 (170625)**<br>**30 September 2025 (210925)**<br>**16 December 2025 (181225)** |
| **Disclosure of Interest:** | **Nil** |
| **Appendices:** | **1. Audit Findings Report - 2022/23 Final Audit ⇩**<br>**2. Audit Findings Report - 2023/24 Final Audit ⇩**<br>**3. Audit Findings Report - 2024/25 Final Audit ⇩**<br>**4. 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, 2023/24 and 2024/25 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 the Findings from the 2022/23, 2023/24 and 2024/25 Audits, with Council last considering the ARIC's recommendations at its December 2025 Ordinary Meeting where it resolved (181225):

***"That, with regard to the Minutes and Recommendations of the Audit, Risk and Improvement Committee Meeting held on 2 December 2025, Council:***

1. ***Receives the Unconfirmed Minutes of the Audit, Risk and Improvement Committee Meeting held on 2 December 2025, as presented in Appendix 1, and by adopting the following recommendations of the Audit, Risk and Improvement Committee, Council:***
    a. ***Accepts the actions taken and residual risk for the following Finding:***
        i. ***Unrecorded liabilities***
    b. ***Requests the Temporary Chief Executive Officer to report back on progress against the remaining four (4) 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. ***Old PPE Assets carried in the Fixed Asset Register***

    ***to the Audit, Risk and Improvement Committee at its March 2026 meeting.***

***c. Notes the progress made to date in relation to the Strategic Risk Register.***

***d. 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.***

***e. Receives the Annual Financial Report for 2024/25 and the Auditor's Management Letter with Findings Report.***

***f. Notes the actions undertaken to address the Findings contained in the Management Letter."***

In accordance with point b. of the above Resolution, this report provides a risk assessment of each Finding, with the addition of the 2024/25 Audit Findings, 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 December 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 Reports are presented in Appendix 1 to 3 for the 2022/23, 2023/24 and 2024/25 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 4.

Officers are seeking recommendation from the ARIC to Council, to Accept the residual risk for the following completed items from the 2023/24 and 2024/25 Audit Findings:

1. Former employee listed as authorised signatory in bank confirmation
2. Fixed assets items were not recorded in the fixed asset register in a timely manner
3. Old PPE assets carried in the Fixed Asset Register

The following Findings require treatment to bring the risk to an acceptable level:

1. Non-compliance with depreciation policy
2. Untimely preparation and review of bank reconciliations
3. Monitoring of grants income and expenses
4. Plant recovery cost base rate and indirect/overhead cost allocation rate

Bank reconciliations remained a Significant item at the 2024/25 Interim Audit and was then sufficiently addressed to not be included as a Finding in the 2024/25 Final Audit. Reconciliations are up to date and Officers believe the implementation of new software and ongoing monitoring will sufficiently treat the risk. This will continue to be tested over the next few months 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 three (3) Findings 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**

**RECOMMENDATION**

**That, with regard to the Update on the Findings Identified During Annual Financial Audits, the Audit, Risk and Improvement Committee recommends to Council that it:**

1. **Accepts the actions taken and residual risk for the following three (3) Findings:**
   a. **Former employee listed as authorised signatory in bank confirmation**
   b. **Fixed assets items were not recorded in the fixed asset register in a timely manner**
   c. **Old PPE assets carried in the Fixed Asset Register**
2. **Requests the Temporary Chief Executive Officer to report back on progress against the remaining four (4) Findings:**
   a. **Non-compliance with depreciation policy**
   b. **Untimely preparation and review of bank reconciliations**
   c. **Monitoring of grants income and expenses**
   d. **Plant recovery cost base rate and indirect/overhead cost allocation rate**

   **to the Audit, Risk and Improvement Committee at its June 2026 meeting.**

**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 preferrable 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:
  - add employees, view and edit employee details (including names, date of birth, contact details, super and tax details),
  - edit employee entitlements and
  - 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 inquires 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

**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

SHIRE OF York

# AUDIT SNAPSHOT
**04/03/2026**

## AUDITS PLAN

## AUDIT FINDINGS 2024/25

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Former employee listed as authorised signatory in bank confirmation** | Significant | Yes | 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. | Consequence: Moderate<br>Likelihood: Rare<br>Risk Rating: Low | 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. | 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. | Effective | Residual Consequence: Moderate<br>Residual Likelihood: Rare<br>Residual Risk Rating: Low | Accept | **Anneke Birleson:** System and bank account access now embedded in employment offboarding process, no further treatment required.<br>*04/03/2026* | 100%<br>100 / 100<br>- |

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fixed assets items were not recorded in the fixed asset register in a timely manner** | Significant | No | 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. | Consequence: Major<br><br>Likelihood: Possible<br><br>Risk Rating: High | 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. | 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. | Adequate | Residual Consequence: Major<br><br>Residual Likelihood: Unlikely<br><br>Residual Risk Rating: Moderate | Accept | **Anneke Birleson:** Relevant staff have been trained and are implementing improved processes to ensure timely recognition of invoices.<br>*04/03/2026* | 100%<br>100 / 100<br>- |

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-compliance with depreciation policy** | Moderate | No | 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. | Consequence: Moderate<br><br>Likelihood: Likely<br><br>Risk Rating: High | 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. | 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. | Adequate | Residual Consequence: Moderate<br><br>Residual Likelihood: Possible<br><br>Residual Risk Rating: Moderate | Treat | **Anneke Birleson:** Senior Finance Officer to undertake review of depreciation rates in line with policy by 31 March 2026<br>*04/03/2026* | **50%**<br>**50 / 100**<br>50% behind |
| **Old PPE assets carried in the FAR** | Moderate | Yes | 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<br><br>Likelihood: Likely<br><br>Risk Rating: High | 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. | 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. | Effective | Residual Consequence: Minor<br><br>Residual Likelihood: Possible<br><br>Residual Risk Rating: Moderate | Accept | **Anneke Birleson:** A detailed review of the FAR has been completed and assets with value less than $5,000 have been removed.<br>*04/03/2026* | **100%**<br>**100 / 100**<br>- |

## 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<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Likely<br><br>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.<br>*25/11/2025*<br><br>**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.<br>*04/09/2025* | 100%<br>100 / 100<br>- |

| 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.<br>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 | Consequence: Moderate<br><br>Likelihood: Possible<br><br>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.<br>The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.<br>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<br><br>Residual Likelihood: Unlikely<br><br>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.<br>*06/06/2025*<br><br>**Vanessa Green:** Council resolved to accept the residual risk<br>*06/03/2025* | **100%**<br>**100 / 100**<br>- |

| 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<br>Likelihood: Possible<br>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<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Low | Accept | **Alina Behan:** The fortnightly payroll reconciliation process is well embedded. The residual risk on this item is low.<br>*21/08/2025*<br>**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.<br>External auditors Nexia acknowledged the issue has been addressed since December 2023 and will not be an issue going forward.<br>*06/06/2025* | 100%<br>100 / 100<br>- |
| **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<br>Likelihood: Possible<br>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<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Moderate | Accept | **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.<br>*24/11/2025*<br>**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.<br>*03/09/2025* | 100%<br>100 / 100<br>- |

| 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. | Consequence: Moderate<br><br>Likelihood: Possible<br><br>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.<br>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<br><br>Residual Likelihood: Unlikely<br><br>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.<br>*06/06/2025*<br><br>**Vanessa Green:** Council resolved to accept the residual risk<br>*06/03/2025* | **100%**<br>**100 / 100**<br>- |
| **Lack of control on tracking usage of inventory** | Moderate | No | There is an increased risk of inappropriate usage of inventory in the absence of controlsaround inventory. There is a further risk that inventory may not be fairly stated at year-end. | Consequence: Moderate<br><br>Likelihood: Unlikely<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>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.<br>*24/02/2025* | **100%**<br>**100 / 100**<br>- |

| 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<br><br>**Likelihood:** Possible<br><br>**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<br><br>**Residual Likelihood:** Unlikely<br><br>**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.<br><br>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.<br><br>*06/06/2025*<br><br>**Vanessa Green:** Council resolved to accept the residual risk<br><br>*06/03/2025* | **100%**<br>**100 / 100**<br>- |

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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<br>Likelihood: Possible<br>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. | Effective | Residual Consequence: Minor<br>Residual Likelihood: Possible<br>Residual Risk Rating: Moderate | Accept | **Anneke Birleson:** A detailed review of the FAR has been completed and assets with value less than $5,000 have been removed.<br>*04/03/2026*<br>**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.<br>Following this, regular reviews will be scheduled to ensure ongoing compliance.<br>*24/11/2025* | 100%<br>100 / 100<br>- |
| **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<br>Likelihood: Possible<br>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<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Low | Accept | **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.<br>*21/08/2025*<br>**Vanessa Green:** Council considered review of credit card policy at its December 2024 OCM<br>*06/03/2025* | 100%<br>100 / 100<br>- |

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 unauthorisedpayments. | Consequence: Moderate<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>Residual Risk Rating: Moderate | Accept | **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.<br>*21/08/2025*<br><br>**Rebecca Palumbo:** Bank access updated December 2024. Continued effort to be made to remove signatories as staff changes.<br>*06/06/2025* | 100%<br>100 / 100<br>- |
| **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<br><br>Likelihood: Possible<br><br>Risk Rating: High | The Shire should ensure that the Management Guidelines General Journals procedure is updated. | Noted. | Adequate | Residual Consequence: Moderate<br><br>Residual Likelihood: Unlikely<br><br>Residual Risk Rating: Moderate | Accept | **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.<br>*03/09/2025*<br><br>**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.<br>*06/06/2025* | 100%<br>100 / 100<br>- |

## 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<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Likely<br><br>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.<br>*25/11/2025*<br><br>**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.<br>*04/09/2025* | 100%<br>100 / 100<br>- |

| 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<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>Residual Risk Rating: Moderate | Accept | **Alina Behan:** Depreciation will be assessed as part of regular asset valuations and applied monthly following the acceptance of the annual Financial Report.<br>*03/09/2025*<br><br>**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.<br>*03/09/2025* | 100%<br>100 / 100<br>- |

| 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.<br>Significant additional time and effort has been committed by the audit team to try and progress this audit to a point.<br>Further, without timely consideration of the Shire's ability to fulfill its reporting responsibilities these may not be met.<br>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<br><br>**Likelihood:** Unlikely<br><br>**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.<br>Further, to ensure that the Shire is suitably audit ready at the commencement of each phase of the audit it is preferrable 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<br><br>**Residual Likelihood:** Unlikely<br><br>**Residual Risk Rating:** Moderate | Accept | **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.<br>*03/09/2025*<br><br>**Rebecca Palumbo:** Reviewed as part of 2023/24 Audit process and determined to no longer be a finding.<br>*06/06/2025* | **100%**<br>**100 / 100**<br>- |

| 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<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>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.<br>*03/09/2025*<br><br>**Rebecca Palumbo:** Although not presented in 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.<br>*06/06/2025* | 100%<br>100 / 100<br>- |
| **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<br><br>Likelihood: Possible<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>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.<br>*06/06/2025*<br><br>**Vanessa Green:** Identified need for review of all asset classes and asset management procedures including capture in asset registers<br>*05/06/2024* | 100%<br>100 / 100<br>- |

| 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.<br>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<br><br>Likelihood: Unlikely<br><br>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.<br>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.<br>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<br><br>Residual Likelihood: Likely<br><br>Residual Risk Rating: High | Treat | **Anneke Birleson:** Finance Team to reinstate consolidated register of all grants across the organisation and collect supporting documentation. Cascade register supports tracking of progess and does not meet financial reporting requirements. Further treatment required.<br>*04/03/2026*<br><br>**Anneke Birleson:** Community and Event funding is being tracked through the register.<br>*24/11/2025* | **60%**<br>**60 / 100**<br>40% behind |
| **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. | Consequence: Moderate<br><br>Likelihood: Unlikely<br><br>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<br><br>Residual Likelihood: Unlikely<br><br>Residual Risk Rating: Moderate | Treat | **Anneke Birleson:** Review of plant recovery costs to be completed as part of 2026/27 budget process.<br>*04/03/2026*<br><br>**Alina Behan:** Overhead allocation has been reviewed for 2025/26, and minor adjustments made and appeared to be tracking well for 24/25.<br>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.<br>*03/09/2025* | **50%**<br>**50 / 100**<br>50% behind |

| Goal | Audit R... | Prior Y... | Implication | Risk Assess... | Audit Recommenda... | Management C... | Rate Adde... | Residual Risk R... | Trea... | Comment | Compl... |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Works in progress for capital projects** | Moderate | No | Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated. | Consequence: Moderate<br>Likelihood: Unlikely<br>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<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Moderate | Accept | **Rebecca Palumbo:** Capital Works projects completed. Outstanding projects (3) have external blockages.<br>*19/07/2024*<br>**Rebecca Palumbo:** Capital works projects nearing completion. 90%+ by 30 June<br>*11/06/2024* | 100%<br>100 / 100<br>- |
| **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. | Consequence: Minor<br>Likelihood: Possible<br>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<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Low | Accept | **Rebecca Palumbo:** Reviewed as part of the 2023/24 audit process and determined to no longer be a finding.<br>*06/06/2025*<br>**Codey Redmond:** Asset acquisition and disposal forms created and implemented 01/07/2024 for 2024/25 financial year<br>*02/09/2024* | 100%<br>100 / 100<br>- |
| **Assets with no depreciation** | Moderate | Yes | When assets are not assigned a depreciation rate, or when assets are not being depreciated this can lead to an understatement in depreciation expense and an overstatement in the net book value of assets being reported in the financial statements. This can also result in assets not reflecting their accurate future service potential. | Consequence: Minor<br>Likelihood: Possible<br>Risk Rating: High | The Shire should ensure that depreciation rates are assigned for asset additions on acquisition and that depreciation charge is consistently and accurately generated by the asset module.<br>Furthermore, the Shire should review the depreciation rate of all assets to ensure they are aligned with the remaining economic benefits and future service potential of these assets. | Please see comments at Finding 11.<br>Assets subject to revaluation have been examined and all variances accounted for. This is now resolved.<br>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. | Adequate | Residual Consequence: Moderate<br>Residual Likelihood: Unlikely<br>Residual Risk Rating: Moderate | Accept | **Alina Behan:** Depreciation report will be run as part of the completion of the Annual Financial Report in September 2025, and any assets with no depreciation corrected.<br>*03/09/2025*<br>**Rebecca Palumbo:** Reviewed as part of the 2023/24 audit process and determined to no longer be a finding.<br>*06/06/2025* | 100%<br>100 / 100<br>- |

## 9.3 REVIEW OF LONG TERM FINANCIAL PLAN

| | |
|---|---|
| **File Number:** | **4.9726** |
| **Author:** | **Anneke Birleson, Acting Executive Manager Corporate & Community Services** |
| **Authoriser:** | **Alina Behan, Temporary Chief Executive Officer** |
| **Previously before Council:** | **28 May 2024 (080524)** |
| **Disclosure of Interest:** | **Nil** |
| **Appendices:** | **1. 2024-2039 Long Term Financial Plan ⇩** |

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Executive

### PURPOSE OF REPORT

This report seeks the Audit, Risk and Improvement Committee's (the ARIC) consideration and recommendation to Council for approval to conduct a minor formal review of the Shire's Long Term Financial Plan (LTFP) in 2026/27, once other key informing documents are developed, reviewed and adopted.

### BACKGROUND

The LTFP is an informing strategic document that forecasts the Shire's revenue, expenditure and financial capacity to support informed decision making and long term financial sustainability. The LTFP directly informs the Corporate Business Plan. There is no legislative requirement to conduct a review however, regular review is recommended.

In the 2023/24 financial year, consultants Moore Australia (Moore) were engaged to prepare an updated LTFP. Moore considered the historical trends of the Shire, as well as undertaking a review of the Shire's informing documents including but not limited to:

- Transport Asset Management Plans
- Workforce Plan
- Strategic Community Plan
- Corporate Business Plan

At its May 2024 Ordinary Meeting Council resolved (080524):

***That, with regard to the Draft Long Term Financial Plan 2024-2039, Council:***

1. ***Adopts the Draft Long Term Financial Plan 2024–2039, as presented in Appendix 1.***
2. ***Directs the Chief Executive Officer to include the budgeting implications of the Long Term Financial Plan as part of the annual budget process during the term of the Long Term Financial Plan.***
3. ***Notes that further review will be undertaken upon receipt of the Asset Management Plans and Strategic Community Plan major review, and annually thereafter.***
4. ***Authorises the Chief Executive Officer to make any minor formatting and typographical changes to the Long Term Financial Plan prior to publication.***

The 2024-2039 LTFP is presented in Appendix 1.

Assumptions applied when preparing the LTFP included:

- An annual inflation rate of 3.5%
- Aiming for a balanced annual budget
- Increasing York population over the ten (10) year period
- Rate yield increasing at 2% above inflation
- Levels of Service, fees and charges, operational and employee costs will increase in line with inflation.

Consideration was also given to key capital projects such as the pool replacement project.

Based on the Long Term Financial Planning Framework and Guidelines (Department of Local Government, 2011), there should be a high level of accuracy in the forecasts for the first 2 or 3 years, a good level of accuracy for years 4 and 5 and a reasonable level of accuracy for the remaining 5 years of the plan.

Council Policy G17 - Integrated Planning and Reporting (Planning) identifies the LTFP as an important part of Council's Integrated Planning and Reporting Framework. It is to be reviewed prior to the commencement of Annual Budget preparation, with a full formal review being undertaken in line with the review of the Strategic Community Plan (SCP).

In April 2025, Council adopted the Shire of York's inaugural Council Plan which incorporates the currently legislated SCP and Corporate Business Plan (CBP) into one cohesive document.

Officers acknowledge that the LTFP plan was not reviewed immediately following this major review however, the incorporated CBP component was developed with consideration of the adopted 2024-2039 LTFP. The next formal review of the Council Plan will be due in 2029 based on the current four (4) year cycle.

**COMMENTS AND DETAILS**

A review of the LTFP may be triggered by factors such as the adoption or amendment of the Council Plan, approval of major capital projects, significant changes in grant funding, updates to asset or workforce plans, or changes in the Shire's financial position or external economic environment. Council has previously recognised the importance of reviewing the LTFP following strategic planning decisions to ensure it continues to provide a sound basis for long-term financial sustainability and informed decision-making.

There are a number of informing strategies and documents currently being reviewed and developed that may have an impact on the LTFP, including but not limited to:

- Adoption of a new Youth Strategy
- Adoption of reviewed Age Friendly Strategy
- Desktop review of the CBP component of the Council Plan
- Detailed design and cost estimates for the Swimming Pool and Light Industrial Area projects
- Development of a detailed business case for the viability of an affordable community housing project
- Council direction on planning for the York Bicentenary in 2031
- Minor review of the Workforce Plan
- Any updates to asset management planning

With consideration to the adoption of a Council Plan and the above possible impacts to the LTFP, Officers consulted with Moore as to whether a formal review was beneficial as part of the 2026/27 Annual Budget process. There is a good level of confidence that the LTFP is suitable for the budgeting requirements for 2026/27 and the recommendation was to not undertake a minor review at this time.

Therefore, Officers seek Council's approval to delay the minor review of the LTFP to the 2026/27 financial year, as part of the Annual Budget process for 2027/28. Completing a minor formal review of the LTFP in 2026/27 will provide the required two (2) years of high level accuracy in the LTFP prior to a major review scheduled to be completed in the 2028 to 2029 period.

**OPTIONS**

The ARIC has the following options:

**Option 1:** The ARIC could choose to recommend to Council that it accepts the confidence level in the LTFP for the 2026/27 financial year and requests a more detailed review in 2026/27 to inform the 2027/28 Annual Budget.

**Option 2:** The ARIC could choose to recommend to Council that it does not accept the confidence level in the LTFP for the 2026/27 financial year and requests a formal review be conducted as part of the 2026/27 Annual Budget process and identify which variables must be considered.

Option 1 is the recommended option.

**IMPLICATIONS TO CONSIDER**

**Consultative**

Moore Australia

**Strategic**

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance.

The Shire's public finances are sustainable in the short and long-term.

**Policy Related**

G17 Integrated Planning and Reporting – Planning

**Financial**

The LTFP is to be regularly reviewed and updated to reflect Council's final decisions in relation to delivery of the Council Plan and other informing strategies.

**Legal and Statutory**

Section 5.56 of the *Local Government Act 1995* is applicable and states:

***"5.56. Planning for the future***

*(1) A local government is to plan for the future of the district.*

*(2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district."*

Regulation 19DA(3)(c) of the *Local Government (Administration) Regulations 1996* is applicable and states:

***"19DA. Corporate business plans, requirements for (Act s. 5.56)***

*(1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.*

*(2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.*

*(3) A corporate business plan for a district is to —*

*(a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and*

*(b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and*

*(c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.*

*(4) A local government is to review the current corporate business plan for its district every year.*

*(5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.*

*(6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.*

**Absolute majority required.*

*(7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan."*

**Risk Related**

Long term financial planning protects the Shire against its key strategic risks specifically Failure/Loss of Infrastructure, Loss of Financial Viability, Reputational Damage and Failure of Legislative Compliance.

**Workforce**

The preparation of the 2024-2039 LTFP was undertaken by consultants, Moore. A further review is proposed to be undertaken in the 2026/27 financial year and is likely to be managed by the existing workforce with support and advice from a suitably qualified and experienced consultant.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

**That, with regard to Review of Long Term Financial Plan, the Audit, Risk and Improvement Committee recommends to Council that it:**

1. **Accepts the confidence level in the 2024-2039 Long Term Financial Plan in relation to the development of the 2026/27 Annual Budget.**
2. **Requests the Chief Executive Officer to undertake a minor review of the Long Term Financial Plan in the 2026/27 financial year to inform the 2027/28 Annual Budget.**

# Long Term Financial Plan

2024-2039

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# 1.0 Foreword

**We are pleased to present the Shire of York Long Term Financial Plan 2024 – 2039.**

This Plan is part of the shire's ongoing commitment to an integrated approach to planning for the district's future. Despite the current uncertain times globally, the Plan provides the Council and the community with a picture of the shire's long term financial management. The Plan has been developed to assist the shire meet its strategic outcomes and objectives, both during and beyond current global uncertainties and other considerations which may impact the community.

The shire will encounter many challenges and opportunities over the next 15 years. Changes in population levels and demographics bring with them changing community needs and expectations. The Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management.

Council welcomes community participation in the planning process as we continue to follow the strategic direction for a promising future for our district. We invite members of the community to contact a councillor or senior council staff member if they have any questions.

The Shire of York's Long Term Financial Plan is an important planning tool as we strive to achieve the strategies set out in the Shire of York Strategic Community Plan 2020-2030.

This Plan will be used with the Corporate Business Plan to drive the shire in achieving its vision of "diverse heritage, vibrant community, prosperous future".

The shire has devoted significant resources to improving its strategic planning and implementation. This work continues as we constantly seek to improve systems and service delivery.

| | |
|---|---|
| Kevin Trent | Chris Linnell |
| President | Chief Executive Officer |

# 2.0 Background

## 2.1 York

The Shire of York covers an area of 2,010 square kilometres in the Wheatbelt region of Western Australia and has some of the largest pastoral leases and cattle stations in Australia. The main centres of population are the towns of York, Gwambygine, Mount Hardy, Greenhills and Kauring. The shire is home to the remote aboriginal communities of Bindi Bindi, Wakathuni, Bellary, Youngaleena and Ngurawaana.

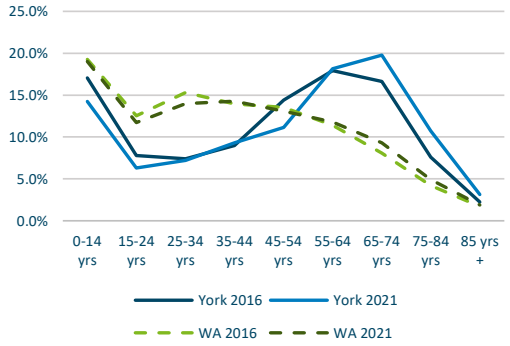
## 2.2 People

The following statistics reflect the shire's population in comparison to the population of the state of Western Australia.

The shire had an estimate resident population of 3,459 people (Australian Bureau of Statistics Census, 2021) on the night of the 2021 census.

| Population | 2016 | | 2021 |
|---|---|---|---|
| York | 3,606 | ⬇ | 3,459 |
| WA | 2.47m | ⬆ | 2.66m |

This chart reflects the percentage of the estimated resident population within each age grouping for the Shire of York (blue lines) and Western Australia (green dotted lines) on the night of the 2016 and 2021 census.




In comparison to the Western Australia demographic, the shire has a lower proportion of residents in the under 54 age ranges. The proportion of people aged over 54 years is higher than the State average.

It should be noted the Shire also experiences a significant influx of tourists at certain times of the year.

# 3.0 Key Information

### Vision / Strategic Objectives

Diverse heritage, vibrant community, prosperous future.

**The Place to Be:** To be a close-knit community, full of life, in a welcoming and accessible place for all

**Driving the York Economy Forward:** To have a vibrant, diverse and prosperous local economy which creates local jobs, business opportunities and a positive image for the Shire

**A Leader in Sustainable Environment:** To be a place which is renowned for the quality of its natural environment, the astounding beauty of the landscape, and the care taken by the community

**Built for Lifestyle and Resilience:** To have a built environment which supports community, economy and the environment, respects the past and creates a resilient future

**Strong Leadership and Governance:** To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together

### Assumptions

| | |
|---|---|
| **3.5%** | Inflation Rate |
| **Increasing** | Population |
| **Increasing** | Levels of Service |
| **Stable** | Operations |
| **Balanced** | Annual Budget |
| **5.50%** | Rates |
| **3.5% 2026/27 →** | Fees and Charges |
| **6%** | Employee Costs |

### Statistics[1 | 2]

| | |
|---|---|
| **7** | Council Members[1] |
| **55** | Employees[1] |
| **2,737** | Electors[1] |
| **2,000** | Dwellings[1] |
| **97km** | Distance from Perth[1] |
| **2,010km²** | Area[2] |
| **3,606** | Population[2] |

[1]WALGA Online Local Government Directory 2022/23, Shire of York

[2]Australian Bureau of Statistics 2021 Census of Population and Housing, York (LGA59370)

# 4.0 Executive Summary

The following information provides a brief summary of the Long Term Financial Plan 2024 – 2039, this should be read in conjunction with the underlying assumptions detailed in this Plan.

## 4.1 Planning for a Progressive and Stable Future

The Shire of York is planning for a positive future with strong growth in the district. The shire seeks to where possible, improve service levels into the future while ensuring a healthy financial position.

Long term maintenance and renewal of the shire's infrastructure remains a significant challenge and requires external funding to ensure the economic and social benefits of the shire's infrastructure to the broader region and Western Australia are not impacted.

## 4.2 Significant Issues

The continued provision of community infrastructure remains one of the key priorities and major expenditure items for the shire.

Road maintenance and renewal remain a high priority for the shire due to the strategic economic benefit the road network provides to the district and broader region. Associated with the road network is the maintenance and renewal of drainage infrastructure.

Adequate maintenance, renewal and upgrading of the road network remains highly dependent on the receipt of external grants and contributions.

Rate revenue is forecast to increase at 5.5% (CPI 3.5%+2%) for the remainder of the Plan. These increases are to assist in the long term financial stability of the shire and to increase the level of services to the community. These increases will be reviewed annually when setting future budgets.

## 4.3 Forecast Capital Projects

A capital works program has been planned over the term of the Plan with a mixture of new, upgrade and assets renewals aimed at ensuring the continued provision of high quality community infrastructure to residents of the shire.

The capital works program has been developed in response to the strategic priorities identified in the Strategic Community Plan. Funding for these projects has been sourced through general revenue, utilsing reserves and external grants and contributions. External funding is required to undertake these works.

The table on the following page shows the capital works currently planned over the period of this Plan.

### 4.3.1 Forecast Capital Projects by Asset Class

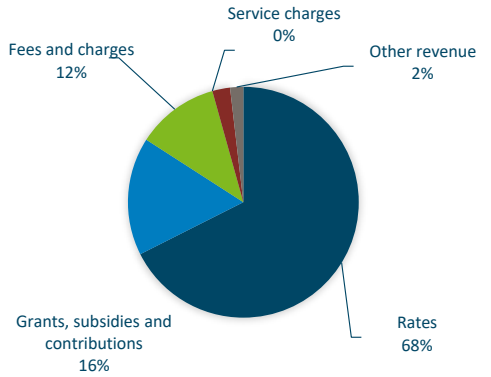
| Project by Asset Class | 2024 – 2039 Amount ($) |
|---|---|
| **Plant and Equipment** | |
| Plant Replacement Program | 6,000,000 |
| **Roads** | |
| Road Renewals | 15,304,964 |
| **Buildings** | |
| Swimming Pool | 2,500,000 |

# 5.0 Long Term Financial Planning Overview

## 5.1 Forecast Revenue

Rates are expected to generate $8.1 m in 2024/25 before increasing at 5.5% per annum to $15.5m in 2038/39 and comprise 68% of operating revenue over the term of the Plan. The shire is reliant on receiving more than $43.1m over the next 15 years in untied operating grants, subsidies and contributions to maintain the current level of operations and services. Non operating grants are expected to remain relatively stable for road renewal with significant additional grants required as council seeks to increase the level of service of community infrastructure.

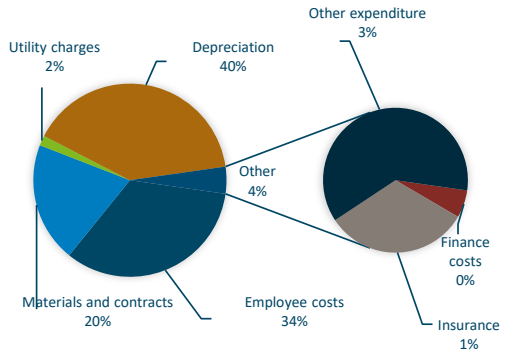
### 5.1.1 Revenue Composition Year 1 to 15




## 5.2 Forecast Expenditure

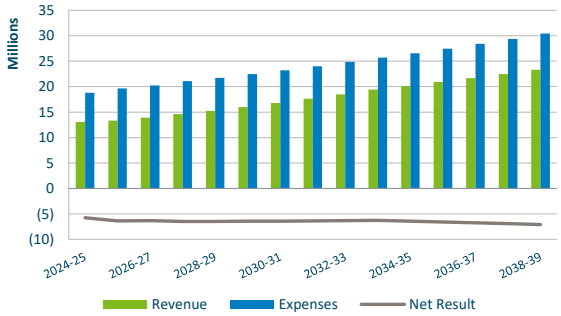
Expenditure for operating activities is forecast to increase in line with inflation with the exception of depreciation expense which is impacted by the addition of assets over the term of the Plan.

### 5.2.1 Expenditure Composition Year 1 to 15




## 5.3 Net Result

The chart below reflects in the green columns, increasing revenue over the life of the Plan as the Shire seeks to improve its financial position and match the increasing forecast expenditure reflected in the blue columns. The light green line reflecting the negative net result for the life of the plan.




The negative net result over the long term indicates net asset values will decrease faster as depreciation expenses erode asset values. This indicates a decrease in the level of service provision to the community from assets. Improved asset funding is required to address this decrease in service level. Changes to expected useful life of assets as they are better understood may impact the net result.

### 5.3.1 Depreciation Expense

Ideally, the average asset renewal should be in line with depreciation expense over the long term, to ensure the value of assets is maintained. Given a number of assets have a life exceeding the term of the plan asset renewal and depreciation are not expected to align exactly.

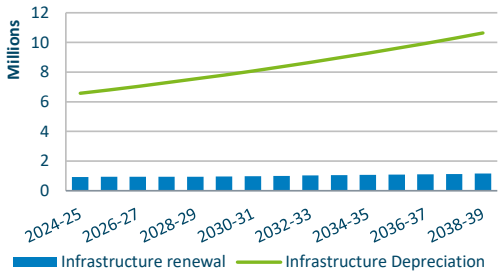
Where the planned asset renewals are higher than depreciation, the written down value of these assets will increase over time as depreciation erodes the value of the assets at a lower rate than they are renewed. Revaluation of assets in line with inflation may mask a real decrease in value where planned asset renewals are lower than depreciation.

Depreciation expense increases throughout the Plan from $7.6m in year 1 to $12.2m in year 15 as assets are revalued and renewed.

# 5.0 Long Term Financial Planning Overview (Continued)

### 5.3.2 Infrastructure Depreciation Expense -V- Asset Renewal Expenditure

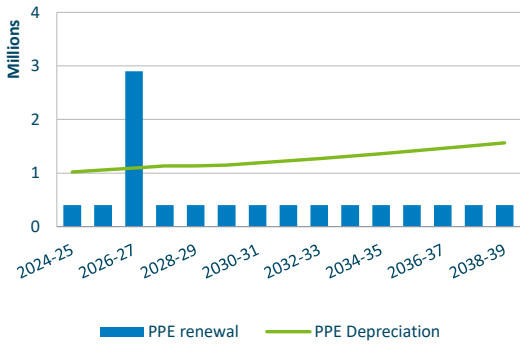
Depreciation of infrastructure over the 15 years is $126.8m, shown by the green line in the chart below. The planned level of infrastructure asset renewal expenditure at $15.3m (reflected by the blue columns) is over the term of the Plan below the level of depreciation.




Further review of asset useful lives for infrastructure assets in future may be required as changes occur in the construction techniques of road pavements occur and traffic loads vary.

### 5.3.3 Property, Plant and Equipment Depreciation Expense -V- Asset Renewal Expenditure

Planned property, plant and equipment asset renewals of $8.5m (reflected by the blue columns) over the 15 years is less than the depreciation expense of $19.3m (reflected by the greeen line) over the same period as shown in the chart below.



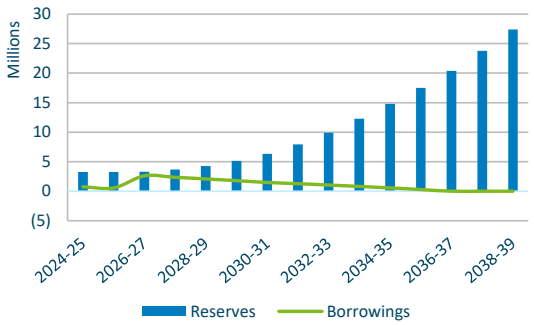

Further improvements in asset management data and the estimation of depreciation expense along with the future renewal of long lived assets may result in a closer alignment between asset renewals and depreciation expense.

## 5.4 Maintenance Expenditure

The current maintenance expenditure allocated in the annual operating budget is expected to continue at current levels, with inflationary increases occurring each year.

## 5.5 Forecast Borrowings and Cash Reserves

In general, the finances of the shire are expected to remain stable over the long term. Reserves will be utilised to fund asset renewals initiallly resulting in the decrease in reserve levels before increasing as the shire saves for major forecast future asset renewals and in line with the priorities identified in the Strategic Community Plan, as shown in the chart below.



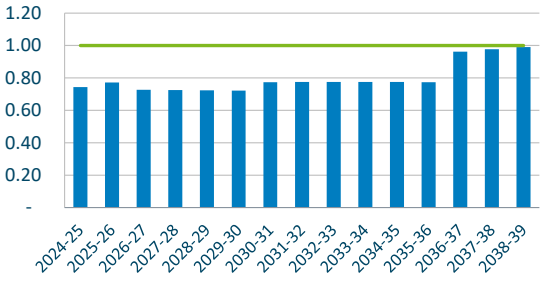

A new borrowing is planned for 2026/27 of $2.2m to fund the refurbishment of the swimming pool. Borrowings are reduced to nil by 30 June 2036, this is part of the shire's strategy to allow flexibility to respond to sudden or unexpected expenditure requirements. This strategy also provides scope to leverage off future grant funding opportunities when, and if, they become available. The strategy also includes the use of reserve accounts to save for significant future asset renewal spikes.

# 5.0 Long Term Financial Planning Overview (Continued)

## 5.6 Forecast Operating Ratios 2024 – 2039

Monitoring the shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios. The green line reflects the Department of Local Government, Sport and Cultural Industries' (the Department) minimum target level of the ratio.

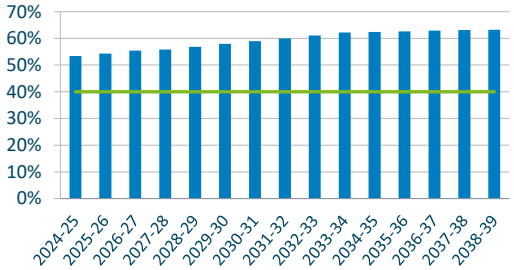
### 5.6.1 Current Ratio



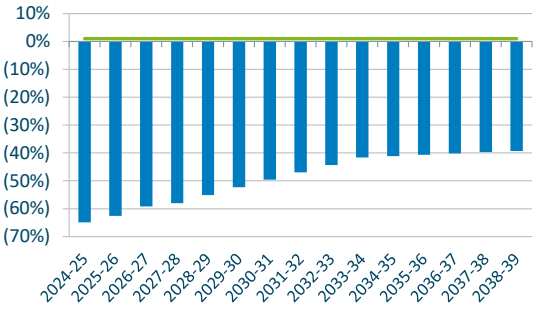

As expected for a shire with a forecast balanced funding surplus position and current borrowing liabilities, the ratio is less than 1.0. The ratio increase as current loan liabilities are reduced in the outer years of the Plan. The trend is not considered to indicate a threat to the shire's long term financial position.

### 5.6.2 Own Source Revenue Coverage Ratio

The ratio stays well above the target indicating the shire independence from reliance on grants and contributions for operations.

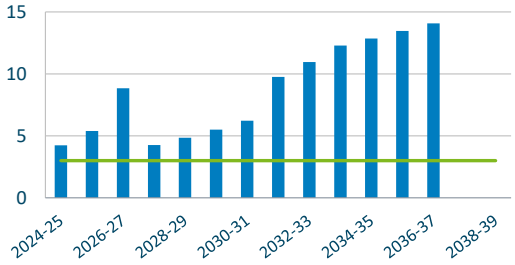



### 5.6.3 Operating Surplus Ratio




The ratio reflects the shire is addressing its significant operating deficit over the plan, and is unable to fund depreciation. This is common for regional local governments due to their limited revenue capacity. The ratio improves where rates increases exceed inflation whilst cost increases are maintained in line with inflation.

### 5.6.4 Debt Service Cover Ratio




The ratio reflects how the shire will utilises borrowings to fund capital works in year 4. The ratio reflects the Shire has the capacity to borrow even after taking up the forecast borrowings.

An explanation of all ratios is provided at Section 10.

# 6.0 Scenario Modelling

## 6.1 Scenario Modelling

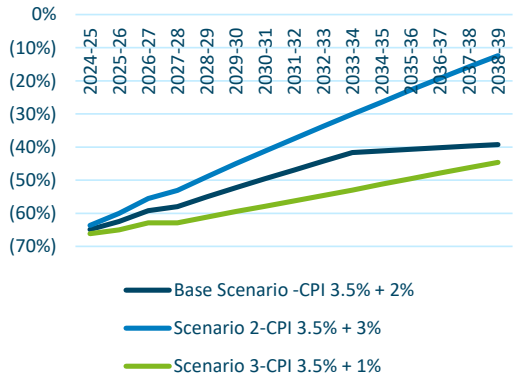
Scenarios were developed to test the financial impact of increased levels of operating funding from rates. To ascertain the effect of increased funding levels, modelling of various scenarios was undertaken. To ascertain the effect of reduced funding levels, modelling of various scenarios was undertaken.

A base scenario was developed with a rates yield of 2.0% above inflation for the first 10 years of the Plan. Two alternative scenarios were also developed from this base as shown in the table below. All other assumptions remained the same across the three scenarios.

| Scenario | Rates increase above CPI (3.5%) |
|---|---|
| Base Scenario | 2.0% |
| Scenario 2 | 3.0% |
| Scenario 3 | 1.0% |

The base scenario was selected as the most appropriate and has been used for the Plan. The base scenario includes levels of rate revenue and fees and charges to ensure the current levels of operational services are maintained.

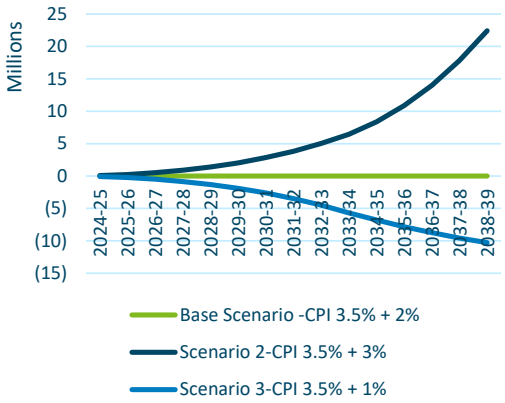
### 6.1.1 Scenario Comparison – Operating Surplus Ratio




The chart above shows the impact of the same change in total rates yield on the shire's Operating Surplus Ratio (other assumptions remaining the same) The base scenario was selected as it maintains existing operational service levels.

The chart below reflects the impact of a change in total rates yield on the estimated surplus (deficit) at June 30 from the base scenario (other assumptions remaining the same).

### 6.1.2 Estimated Surplus (Deficit) June 30 Carried Forward




The cumulative impact of the changes in rates along with fees and charges results in the surplus (deficit) shown in the table below.

| Estimated Surplus/(Deficit) | | |
|---|---|---|
| Base Scenario | Scenario 2 CPI 3.5% $ | Scenario 3 CPI 3.5%+ 2.5% $ |
| 0 | 76,408 | (76,409) |
| 0 | 240,304 | (236,967) |
| 0 | 503,874 | (489,790) |
| 0 | 880,497 | (843,708) |
| 0 | 1,384,854 | (1,308,204) |
| 0 | 2,033,035 | (1,893,461) |
| 0 | 2,842,658 | (2,610,405) |
| 0 | 3,832,992 | (3,470,757) |
| 0 | 5,025,103 | (4,487,082) |
| 0 | 6,441,988 | (5,672,849) |
| 0 | 8,369,776 | (6,781,455) |
| 0 | 10,865,851 | (7,804,859) |
| 0 | 13,992,411 | (8,734,499) |
| 0 | 17,816,824 | (9,561,262) |
| 0 | 22,412,011 | (10,275,454) |

# 7.0 Strategic Planning and Policies

## 7.1 Linkage with Other Plans

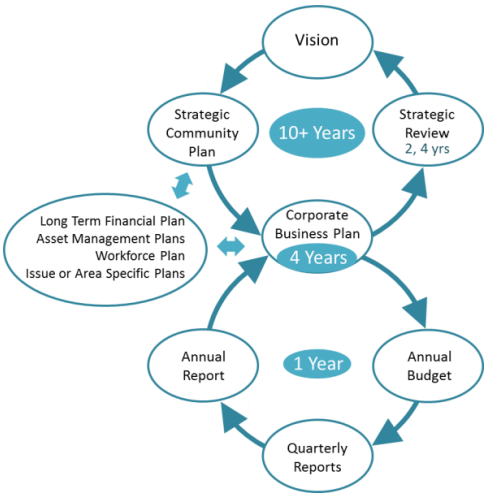
The Long Term Financial Plan is one component of a number of integrated strategic planning practices the shire has developed. The Long Term Financial Plan considers, and influences, asset management and workforce planning along with other key strategic plans. This Long Term Financial Plan has been prepared to achieve compliance with the *Local Government (Administration) Regulations 1996*.

Development of the Plan has also been influenced by the Department's Integrated Planning Framework and Guidelines.

## 7.2 Strategic Documents Linkage

This Plan includes, and influences, other strategic planning activities as a mechanism to action the strategies contained in the shire's Strategic Community Plan, as illustrated in the diagram below.

### 7.2.1 Diagram: Integrated Planning and Reporting Cycle[1]




## 7.3 Strategic Community Plan

The Strategic Community Plan has been prepared to cover a minimum period of 10 years and set out the community's vision, aspirations and objectives for the Shire. To achieve the vision, a series of priorities, objectives and strategies were developed. Many strategies may be required to achieve a single objective and many objectives needed to achieve a single priority.

Individual strategies all require actions involving extra human, physical and financial resources. Achieving the shire's strategic priorities requires careful operational planning and prioritisation. This planning process is formalised as a Corporate Business Plan which operates on a rolling four-year basis.

## 7.4 Corporate Business Plan

The Corporate Business Plan contains details of the actions and resources (human, asset and financial) to achieve each strategy and acts as an organisational guide for the Council and management.

The financial capacity and asset management practices to support the Corporate Business Plan are set out in the Long Term Financial Plan for the period. This planning provides an assurance the actions contained in the Corporate Business Plan can be adequately resourced over the next four years and highlights the long term consequences of the application of resources to undertake various projects.

## 7.5 Other Strategic Plans

The Asset Management Plan, Workforce Plan and other strategic plans integrate with the Long Term Financial Plan through the workforce requirement for assets and financial resources along with the requirements for a workforce to manage the shire's assets and financial resources. As far as possible, these requirements are met in the Plan.

[1] Department of Local Government, Sport and Cultural Industries, Integrated Planning and Reporting: Framework and Guidelines, September 2016

# 8.0 Risk Management

## 8.1 Risk Management

The shire provides a diverse range of services and facilities to the general public which exposes it to risks. As part of the implementation of Integrated Planning and Reporting, the shire intends to formalise its risk based management practices to improve the management of identified risks.

The shire has a practice of conducting a regular review of insurance levels of assets by the Chief Executive Officer to ensure the level is adequate. The shire's insurer is LGIS.

The Financial Management Regulations require the investment of surplus funds (including cash reserves) to be in term deposits held by authorised deposit taking institutions or Treasury bonds.

The shire seeks to engage experienced and qualified personnel in areas of high risk and provides them with appropriate ongoing training and equipment to ensure they are able to undertake their roles with minimal risk to the community and the shire.

## 8.2 Certainty of Assumptions

Included in the Plan is a detailed analysis of the assumptions used as part of the planning process and the level of risk associated with each assumption.

The impact of the assumptions applied to issues identified as carrying a high risk have been separately disclosed, as has the sensitivity of movements in these assumptions on the financial forecasts set out in this Plan.

## 8.3 Sensitivity Analysis

Where an assessment has been made that a high level of uncertainty applies to the assumptions, sensitivity analysis has been used to help quantify the potential financial impact of a change in the assumption.

Assumptions with a high level of uncertainty and a higher dollar value present the greatest risk that a movement will result in unexpected and detrimental consequences. The details of this analysis are shown adjacent to each assumption on the following pages.

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity

## 9.1 Revenue – Assumptions, Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **District Growth in Population:** The number of residents in the shire is expected to remain at current levels. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Rates Level Increase:** Annual rates revenue has been based on an increase in the total rate yield of 5.5% (CPI 3.5% + 2%). | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Grants, Subsidies and Contributions:** Increases in line with inflation forecast. | Medium | Not assessed as high financial risk. | High | Not assessed as high level of uncertainty. |
| **Capital Grants, Subsidies and Contributions:** Remain in line with funding requirements identified for various capital works. | High | The forecast capital works program is highly dependent on external grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately impact on service levels. | High | ± $61,533 to the value of capital grants, subsidies and contributions per 1% movement in the value over the life of the Plan. |
| **Fees and Charges:** Increases at 1% above forecast inflation of 3.5%. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Interest Earnings:** Interest earning of an average rate of 3.5% per annum. | Low | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Other Revenue:** Increases in line with inflation. | Low | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |
| **Profit on Asset Disposal:** Profit on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate no profit on asset disposals has been included. | Low | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

## 9.2 Expenditure – Assumptions, Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **Employee Costs:** Increased annually by forecast inflation. | Medium | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |
| **Materials and Contracts:** Increased annually by forecast inflation. | High | The road preservation program and general operations of the shire are dependent on levels of Federal Financial Assistance Grants. Changes in the levels of these grants would impact directly on the shire's ability to meet projected service levels. | High | ± $730,594 to the value of materials and contracts per 1% movement in the value over the life of the Plan.<br>A high level of uncertainty exists in relation to costs due to the impacts of the mining sector and the current global economic uncertainty. |
| **Depreciation:** Depreciation has been calculated using an average depreciation rate based on the estimated useful lives on individual assets. | Low | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |
| **Insurance:** Increased at 3.5% in line with forecast inflation for term of the Plan. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Other Expenditure:** Base year increased in line with inflation. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Loss on Asset Disposal:** A loss on asset disposal results from a misallocation of depreciation over the life of the asset. As the level of depreciation is considered appropriate in the Plan no loss on asset disposals has been included in the Plan. | Low | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

## 9.3 Assets – Assumptions, Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **Revaluations:** In line with annual inflation. | Low | The revaluation of assets may result in changes in asset ratio analysis and depreciations leading to a change in the net result. The revaluation of assets will have no impact on cashflows. | High | ±$651,867 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan. ±$984,736 to the value of infrastructure assets per 1% movement in the value over the life of the Plan. |
| **Impairment of Assets:** No impairment of assets has been assumed over the life of the Plan. Impairment of assets usually occurs due to unplanned or unforeseen events such as natural disasters. | High | A widespread major impairment event may result in a requirement for high levels of expenditure to maintain service levels. | Medium | Unable to be quantified. |
| **Infrastructure Assets:** Expenditure has been based on historical levels escalated by inflation. | High | The capital works program is highly dependent on Government grants and contributions. Changes in these levels would impact directly on the amount spent on capital projects and ultimately on service levels. | High | ±$61,533 to the value of infrastructure assets per 1% movement in the capital grants received over the life of the Plan. |
| **Property, Plant and Equipment:** Building expenditure is in accordance with the Corporate Business Plan, and plant expenditure is based on the Plant Replacement Program. | Medium | Not assessed as high financial risk as the frequency of capital grants for buildings is not as pervasive as roadwork's and plant and equipment replacement is not influenced by external grant funds. | Medium | Not assessed as high level of uncertainty. |

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

## 9.4 Liabilities – Assumptions, Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **Borrowings:** New borrowings to be considered for capital works where required. | High | If the shire is not able to secure borrowings in the future, the likely impact will be the cancellation or postponement of related asset acquisitions leading to a reduction in service levels over the short to medium term. | Low | Not assessed as high level of uncertainty. |
| **Employee Entitlements:** It has been assumed the shire will be in a position to meet its obligations in relation to employee entitlements. | Medium | Not assessed as high financial risk. | Low | Not assessed as high level of uncertainty. |

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

## 9.5 Equity Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **Reserve accounts:** It has been assumed the shire will invest cash reserves in term deposits with banking institutions and these funds will be available for use during the term of the Plan. | Low | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **Revaluation Surplus:** Increasing in line with inflation based revaluation. | Low | The revaluation of assets to their fair value may result in changes in asset ratio analysis and depreciation leading to a change in the net result. The revaluations of assets will have no impact on Cashflows. | High | ±$651,867 to the value of property, plant and equipment per 1% movement in the value over the life of the Plan.<br>±$984,736 to the value of infrastructure assets per 1% movement in the value over the life of the Plan. |

# 9.0 Assumptions, Risks, Uncertainties and Sensitivity (Continued)

## 9.6 Other – Assumptions, Risks, Uncertainties and Sensitivity

| Disclosure/Assumption | Assessed Financial Risk | Impact of High Financial Risk Assumptions | Level of Uncertainty | Financial Impact and Sensitivity for Assumption with High Level of Uncertainty/Risk |
|---|---|---|---|---|
| **Ownership of Strategic Assets:** The shire has not planned for the ownership of any strategic assets to be transferred to another party over the term of the Plan. | High | Any significant changes to the ownership of strategic assets would require an amendment to this Plan and, depending on the circumstance, be subject to community consultation. | Low | Not assessed as high level of uncertainty. |
| **Inflators:** Forecast inflation at 3.5% per annum. | Medium | Not assessed as high financial risk. | High | ± $2,608,228 to operating revenue per 1% movement in the inflators over the life of the Plan.<br>± $3,638,947 to operating expenditure per 1% movement in the inflators over the life of the Plan. |
| **Commercial Activities:** The **shire** has no plans to undertake a significant commercial activity during the period the of the Plan. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **General Economic Forecasts for State:** The economic forecast for the State is closely linked to the success of the mining industry. Demands for minerals is forecast to remain stable in the short term with a corresponding stability of the state economy. | Medium | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |
| **General Economic Forecasts for Region:**<br>The region's economy is heavily dependent on farming and tourism. This remains the assumption for the term of this Plan. | Low | Not assessed as high financial risk. | Medium | Not assessed as high level of uncertainty. |

# 10.0 Monitoring and Performance

## 10.1 Monitoring

The Plan will be the subject of a desktop review each year to consider changing circumstances, with a full revision scheduled every two years in line with the review of the Strategic Community Plan.

Monitoring the shire's financial rigidity and financial position along with its asset management performance is undertaken by preparing and monitoring various statutory ratios.

## 10.2 Ratio Targets

A series of performance indicators, in the form of financial ratios set out in the table below, have been used to assess the financial performance of the shire.

To maintain comparability across the industry, these ratios and their respective target ranges, have been derived from the Department's Long Term Financial Planning guidelines and *Regulation 50 of Local Government (Financial Management) Regulation 1996*.

The Department's Advisory Standard also provides target levels for each of the ratios.

| Ratio | Calculation | Indication | Minimum target |
|---|---|---|---|
| Current Ratio | current assets minus restricted assets<br>current liabilities minus liabilities associated with restricted assets minus current liabilities associated with long term borrowings | A measure of the shire's immediate liquidity and the capacity to meet short term financial obligations from unrestricted current assets. | 1.0 |
| Operating Surplus Ratio | operating revenue minus operating expense<br>own source operating revenue | A measure of the extent to which own source revenues raised cover operational expenses. | 1% |
| Own Source Revenue Coverage Ratio | own source operating revenue<br>operating expense | A measure of the extent of the shire's ability to cover costs using only discretionary revenue. | 40% |
| Debt Service Coverage Ratio | Annual operating surplus before interest and depreciation<br>principal and interest | A measure of the extent of the shire's capacity to generate sufficient cash to cover debt payments. | 3 |

# Appendix A1 Forecast Financial Statements

## Financial Statements

The following forecast financial statements have been prepared and are included at the end of the Plan.

These forecast statements have been prepared within a framework which accords with the Australian Accounting Standards.

The statements have been prepared based on a number of forecasts and estimates, and readers should ensure they have read and understood the reliance section under Other Matters at the end of the document.

## Statements of Comprehensive Income

Often referred to as the operating statement, it shows the revenues and expenses over the periods classified to disclose a net result.

## Statement of Financial Position

More commonly referred to as the Balance Sheet, this statement discloses the forecast changes in the balance of assets and liability accounts over the periods.

## Statement of Changes in Equity

This statement discloses the changes in equity over the forecast period. It shows the impact of operations on net assets and the movement in cash backed and revaluation reserves.

## Statement of Cashflows

Represents the forecast cash inflows and outflows and discloses the changes to the balance of cash over the period.

## Statement of Financial Activity

A statement combining operating and capital revenues and expenses and discloses the opening and closing net current forecast surplus (deficit) funding position for each year.

## Statement of Net Current Asset Composition

A statement showing how the closing estimated surplus/deficit has been calculated.

## Statement of Fixed Asset Movements

A summary of the impact of the Plan on the value of fixed assets over the period. It discloses the movements in the net value of property, plant, and equipment and infrastructure.

## Statement of Capital Funding

A summary of the capital expenditure by asset class and the source of funding for each class.

## Forecast Ratios

The forecast ratios required by the regulations and discussed earlier under monitoring and performance.

## Nature or Type

A number of statements in the Plan are disclosed using nature or type descriptors of revenue and expenditure (for example Rates and Employee Costs). This classification is in accordance with Schedule 1 of the *Local Government (Financial Management) Regulation 1996.*

Refer to Appendix A11– Forecast Significant Accounting Policies and Compilation Report

# Appendix A2 Forecast Statement of Comprehensive Income 2024 – 2039

| | 2020-21 | 2021-22 | 2022-23 | Base | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** | | | | | | | | | | | | | | | | | | | |
| Rates | 5,956,375 | 6,325,773 | 7,023,831 | 7,640,862 | 8,061,110 | 8,504,471 | 8,972,216 | 9,465,688 | 9,986,300 | 10,535,547 | 11,115,002 | 11,726,327 | 12,371,274 | 13,051,694 | 13,508,504 | 13,981,302 | 14,470,648 | 14,977,121 | 15,501,320 |
| Grants, subsidies and contributions | 1,785,935 | 2,215,977 | 2,744,386 | 386,388 | 2,235,488 | 2,313,729 | 2,394,709 | 2,478,524 | 2,565,271 | 2,655,056 | 2,747,983 | 2,844,163 | 2,943,708 | 3,046,738 | 3,153,374 | 3,263,741 | 3,377,973 | 3,496,202 | 3,618,568 |
| Fees and charges | 1,490,543 | 1,359,160 | 1,209,024 | 1,266,389 | 1,471,717 | 1,623,226 | 1,680,038 | 1,738,839 | 1,799,701 | 1,862,688 | 1,927,887 | 1,995,358 | 2,065,190 | 2,137,468 | 2,212,278 | 2,289,704 | 2,369,843 | 2,452,788 | 2,538,634 |
| Interest revenue | 74,620 | 113,650 | 145,704 | 225,034 | 273,232 | 281,103 | 281,447 | 283,319 | 292,149 | 307,227 | 329,061 | 358,316 | 398,660 | 447,976 | 507,099 | 570,390 | 638,037 | 710,257 | 794,822 |
| Other revenue | 216,732 | 269,506 | 298,985 | 241,397 | 249,847 | 258,587 | 267,633 | 276,996 | 286,691 | 296,722 | 307,109 | 317,856 | 328,979 | 340,490 | 352,406 | 364,738 | 377,505 | 390,717 | 404,387 |
| | 9,524,205 | 10,284,066 | 11,421,930 | 9,760,070 | 12,291,394 | 12,981,116 | 13,596,043 | 14,243,366 | 14,930,112 | 15,657,240 | 16,427,042 | 17,242,020 | 18,107,811 | 19,024,366 | 19,733,661 | 20,469,875 | 21,234,006 | 22,027,085 | 22,857,731 |
| **Expenses** | | | | | | | | | | | | | | | | | | | |
| Employee costs | (3,886,004) | (4,170,020) | (5,089,533) | (5,859,408) | (6,127,481) | (6,489,245) | (6,797,371) | (7,035,275) | (7,281,502) | (7,536,354) | (7,800,126) | (8,073,134) | (8,355,700) | (8,648,148) | (8,950,832) | (9,264,115) | (9,588,355) | (9,923,947) | (10,271,281) |
| Materials and contracts | (2,315,304) | (2,860,095) | (3,639,801) | (4,503,124) | (3,901,181) | (4,077,718) | (4,039,024) | (4,180,386) | (4,326,691) | (4,478,127) | (4,634,852) | (4,797,078) | (4,964,968) | (5,138,737) | (5,318,584) | (5,504,717) | (5,697,391) | (5,896,787) | (6,103,180) |
| Utility charges | (387,264) | (371,987) | (331,142) | (307,167) | (317,918) | (329,042) | (340,559) | (352,481) | (364,816) | (377,587) | (390,801) | (404,481) | (418,639) | (433,290) | (448,455) | (464,151) | (480,393) | (497,208) | (514,611) |
| Depreciation | (2,865,589) | (2,953,967) | (7,259,299) | (7,259,298) | (7,621,350) | (7,887,112) | (8,162,179) | (8,446,876) | (8,704,969) | (8,981,968) | (9,295,357) | (9,619,711) | (9,955,419) | (10,302,877) | (10,662,494) | (11,034,700) | (11,419,935) | (11,818,649) | (12,231,319) |
| Finance costs | (92,628) | (81,215) | (72,600) | (62,706) | (52,290) | (41,311) | (31,575) | (164,873) | (148,175) | (130,385) | (111,437) | (93,106) | (79,266) | (64,511) | (48,783) | (32,015) | (14,139) | 0 | 0 |
| Insurance | (286,049) | (289,869) | (241,996) | (265,246) | (274,531) | (284,140) | (294,087) | (304,379) | (315,030) | (326,054) | (337,467) | (349,281) | (361,505) | (374,156) | (387,249) | (400,803) | (414,830) | (429,354) | (444,386) |
| Other expenditure | (637,111) | (684,864) | (345,319) | (811,729) | (523,638) | (541,965) | (560,932) | (580,568) | (600,886) | (621,921) | (643,685) | (666,214) | (689,532) | (713,667) | (738,643) | (764,495) | (791,255) | (818,948) | (847,612) |
| | (10,469,949) | (11,412,017) | (16,979,690) | (19,068,678) | (18,818,389) | (19,650,533) | (20,225,727) | (21,064,838) | (21,742,069) | (22,452,396) | (23,213,725) | (24,003,005) | (24,825,029) | (25,675,386) | (26,555,040) | (27,464,996) | (28,406,298) | (29,384,893) | (30,412,389) |
| | (945,744) | (1,127,951) | (5,557,760) | (9,308,608) | (6,526,995) | (6,669,417) | (6,629,684) | (6,821,472) | (6,811,957) | (6,795,156) | (6,786,683) | (6,760,985) | (6,717,218) | (6,651,020) | (6,821,379) | (6,995,121) | (7,172,292) | (7,357,808) | (7,554,658) |
| Capital grants, subsidies and contributions | 684,728 | 920,662 | 778,912 | 3,996,335 | 772,538 | 323,345 | 324,153 | 333,333 | 334,800 | 346,518 | 358,646 | 371,199 | 384,191 | 397,637 | 411,555 | 425,959 | 440,868 | 456,299 | 472,269 |
| Fair value adjustments to financial assets at fair value through profit or loss | 2,586 | 0 | 7,683 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit on asset disposals | 5,702 | 11,260 | 52,067 | 6,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loss on asset disposal | (13,466) | (74,538) | (34,285) | (255,898) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **NET RESULT** | (266,194) | (270,567) | (4,753,383) | (5,561,771) | (5,754,457) | (6,346,072) | (6,305,531) | (6,488,139) | (6,477,157) | (6,448,638) | (6,428,037) | (6,389,786) | (6,333,027) | (6,253,383) | (6,409,824) | (6,569,162) | (6,731,424) | (6,901,509) | (7,082,389) |
| **Other comprehensive income** | 0 | 42,466,560 | 21,241,434 | 0 | 6,417,516 | 6,423,089 | 6,507,100 | 6,497,403 | 6,477,481 | 6,448,442 | 6,409,330 | 6,358,539 | 6,295,301 | 6,218,804 | 6,128,199 | 6,022,592 | 5,901,046 | 5,762,575 | 5,606,139 |
| **TOTAL COMPREHENSIVE INCOME** | (266,194) | 42,195,993 | 16,488,051 | (5,561,771) | 663,059 | 77,017 | 201,569 | 9,264 | 324 | (196) | (18,707) | (31,247) | (37,726) | (34,579) | (281,625) | (546,570) | (830,378) | (1,138,934) | (1,476,250) |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A3 Forecast Statement of Financial Position 2024 – 2039

| | 2021 | 2022 | 2023 | Base | 30 June 25 | 30 June 26 | 30 June 27 | 30 June 28 | 30 June 29 | 30 June 30 | 30 June 31 | 30 June 32 | 30 June 33 | 30 June 34 | 30 June 35 | 30 June 36 | 30 June 37 | 30 June 38 | 30 June 39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **CURRENT ASSETS** | | | | | | | | | | | | | | | | | | | |
| Unrestricted cash and cash equivalents | 3,404,625 | 4,404,679 | 4,654,421 | 33,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 |
| Restricted cash and cash equivalent | 3,614,053 | 3,598,803 | 2,585,273 | 2,895,230 | 3,240,092 | 3,253,837 | 3,328,854 | 3,681,901 | 4,285,126 | 5,158,504 | 6,328,729 | 7,942,335 | 9,915,080 | 12,280,002 | 14,811,495 | 17,517,481 | 20,406,203 | 23,788,895 | 27,379,421 |
| Trade and other receivables | 943,258 | 1,184,159 | 1,427,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 |
| Inventories | 34,901 | 34,223 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 |
| TOTAL CURRENT ASSETS | 7,996,837 | 9,221,864 | 8,713,504 | 4,133,037 | 4,447,899 | 4,461,644 | 4,536,661 | 4,889,708 | 5,492,933 | 6,366,311 | 7,536,536 | 9,150,142 | 11,122,887 | 13,487,809 | 16,019,302 | 18,725,288 | 21,614,010 | 24,996,702 | 28,587,228 |
| **NON-CURRENT ASSETS** | | | | | | | | | | | | | | | | | | | |
| Financial assets | 73,807 | 73,807 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 | 81,490 |
| Other receivables | 124,589 | 139,411 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 | 117,893 |
| Property plant and equipment | 33,264,885 | 32,902,090 | 51,187,355 | 50,531,143 | 51,297,249 | 52,055,424 | 55,391,638 | 56,219,827 | 57,074,935 | 57,947,927 | 58,812,279 | 59,666,284 | 60,508,125 | 61,335,867 | 62,147,461 | 62,940,727 | 63,713,351 | 64,462,885 | 65,186,731 |
| Infrastructure | 104,247,781 | 145,324,062 | 143,467,747 | 141,995,635 | 141,359,502 | 140,472,321 | 139,317,257 | 137,889,595 | 136,159,199 | 134,122,458 | 131,760,048 | 129,051,669 | 125,975,996 | 122,510,637 | 118,632,080 | 114,315,645 | 109,535,434 | 104,264,274 | 98,473,652 |
| TOTAL NON-CURRENT ASSETS | 137,711,062 | 178,439,370 | 194,854,485 | 192,726,161 | 192,856,134 | 192,727,128 | 194,908,278 | 194,308,805 | 193,433,517 | 192,269,768 | 190,771,710 | 188,917,336 | 186,683,504 | 184,045,887 | 180,978,924 | 177,455,755 | 173,448,168 | 168,926,542 | 163,859,766 |
| TOTAL ASSETS | 145,707,899 | 187,661,234 | 203,567,989 | 196,859,198 | 197,304,033 | 197,188,772 | 199,444,939 | 199,198,513 | 198,926,450 | 198,636,079 | 198,308,246 | 198,067,478 | 197,806,391 | 197,533,696 | 196,998,226 | 196,181,043 | 195,062,178 | 193,923,244 | 192,446,994 |
| **CURRENT LIABILITIES** | | | | | | | | | | | | | | | | | | | |
| Trade and other payables | 1,705,643 | 1,370,032 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 | 1,171,480 |
| Contract liabilities | 556,588 | 1,013,530 | 858,734 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 | 36,327 |
| Current portion of long-term liabilities | 251,899 | 197,908 | 207,801 | 218,224 | 192,278 | 145,402 | 255,690 | 272,387 | 290,175 | 309,126 | 209,521 | 223,361 | 238,116 | 253,845 | 270,613 | 288,487 | 0 | 0 | 0 |
| Provisions | 916,209 | 823,865 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 | 745,328 |
| TOTAL CURRENT LIABILITIES | 3,430,339 | 3,405,335 | 2,983,343 | 2,171,359 | 2,145,413 | 2,098,537 | 2,208,825 | 2,225,522 | 2,243,310 | 2,262,261 | 2,162,656 | 2,176,496 | 2,191,251 | 2,206,980 | 2,223,748 | 2,241,622 | 1,953,135 | 1,953,135 | 1,953,135 |
| **NON-CURRENT LIABILITIES** | | | | | | | | | | | | | | | | | | | |
| Long-term borrowings | 1,372,916 | 1,175,008 | 967,207 | 749,001 | 556,723 | 411,321 | 2,355,631 | 2,083,244 | 1,793,069 | 1,483,943 | 1,274,422 | 1,051,061 | 812,945 | 559,100 | 288,487 | 0 | 0 | 0 | 0 |
| Provisions | 118,062 | 98,316 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 | 146,813 |
| TOTAL NON-CURRENT LIABILITIES | 1,490,978 | 1,273,324 | 1,114,020 | 895,814 | 703,536 | 558,134 | 2,502,444 | 2,230,057 | 1,939,882 | 1,630,756 | 1,421,235 | 1,197,874 | 959,758 | 705,913 | 435,300 | 146,813 | 146,813 | 146,813 | 146,813 |
| TOTAL LIABILITIES | 4,921,317 | 4,678,659 | 4,097,363 | 3,067,173 | 2,848,949 | 2,656,671 | 4,711,269 | 4,455,579 | 4,183,192 | 3,893,017 | 3,583,891 | 3,374,370 | 3,151,009 | 2,912,893 | 2,659,048 | 2,388,435 | 2,099,948 | 2,099,948 | 2,099,948 |
| **NET ASSETS** | **140,786,582** | **182,982,575** | **199,470,626** | **193,792,025** | **194,455,084** | **194,532,101** | **194,733,670** | **194,742,934** | **194,743,258** | **194,743,062** | **194,724,355** | **194,693,108** | **194,655,382** | **194,620,803** | **194,339,178** | **193,792,608** | **192,962,230** | **191,823,296** | **190,347,046** |
| **EQUITY** | | | | | | | | | | | | | | | | | | | |
| Retained surplus | 33,615,369 | 33,418,350 | 28,664,967 | 22,676,409 | 16,577,090 | 10,217,273 | 3,836,725 | (3,004,461) | (10,084,843) | (17,406,859) | (25,005,121) | (33,008,513) | (41,314,285) | (49,932,590) | (58,873,907) | (68,149,055) | (77,769,201) | (88,053,402) | (98,726,317) |
| Reserves - cash backed | 2,658,821 | 2,585,273 | 2,585,273 | 2,895,230 | 3,240,092 | 3,253,837 | 3,328,854 | 3,681,901 | 4,285,126 | 5,158,504 | 6,328,729 | 7,942,335 | 9,915,080 | 12,280,002 | 14,811,495 | 17,517,481 | 20,406,203 | 23,788,895 | 27,379,421 |
| Asset revaluation surplus | 104,512,392 | 146,978,952 | 168,220,386 | 168,220,386 | 174,637,902 | 181,060,991 | 187,568,091 | 194,065,494 | 200,542,975 | 206,991,417 | 213,400,747 | 219,759,286 | 226,054,587 | 232,273,391 | 238,401,590 | 244,424,182 | 250,325,228 | 256,087,803 | 261,693,942 |
| **TOTAL EQUITY** | **140,786,582** | **182,982,575** | **199,470,626** | **193,792,025** | **194,455,084** | **194,532,101** | **194,733,670** | **194,742,934** | **194,743,258** | **194,743,062** | **194,724,355** | **194,693,108** | **194,655,382** | **194,620,803** | **194,339,178** | **193,792,608** | **192,962,230** | **191,823,296** | **190,347,046** |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A4 Forecast Statement of Changes in Equity 2024 – 2039

| | 2021 | 2022 | 2023 | Base | 30 June 25 | 30 June 26 | 30 June 27 | 30 June 28 | 30 June 29 | 30 June 30 | 30 June 31 | 30 June 32 | 30 June 33 | 30 June 34 | 30 June 35 | 30 June 36 | 30 June 37 | 30 June 38 | 30 June 39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **RETAINED SURPLUS** | | | | | | | | | | | | | | | | | | | |
| Opening balance | 33,881,563 | 33,615,369 | 33,418,35 | 28,548,137 | 22,676,49 | 16,577,9 | 1,217,273 | 3,836,725 | (3,4,461) | (1,84,843) | (17,46,859) | (25,5,121) | (33,8,513) | (41,314,285) | (49,932,59) | (58,873,97) | (68,149,55) | (77,769,21) | (88,053,402) |
| Net result | (266,194) | (27,567) | (4,753,383) | (5,561,771) | (5,754,457) | (6,346,72) | (6,35,531) | (6,488,139) | (6,477,157) | (6,448,638) | (6,428,37) | (6,389,786) | (6,333,27) | (6,253,383) | (6,49,824) | (6,569,162) | (6,731,424) | (6,91,59) | (7,082,389) |
| Amount transferred (to)/from reserves | | 73,548 | | (39,957) | (344,862) | (13,745) | (75,17) | (353,47) | (63,225) | (873,378) | (1,17,225) | (1,613,66) | (1,972,745) | (2,364,922) | (2,531,493) | (2,75,986) | (2,888,722) | (3,382,692) | (3,590,526) |
| Closing balance | 33,615,369 | 33,418,35 | 28,664,967 | 22,676,49 | 16,577,9 | 1,217,273 | 3,836,725 | (3,4,461) | (1,84,843) | (17,46,859) | (25,5,121) | (33,8,513) | (41,314,285) | (49,932,59) | (58,873,97) | (68,149,55) | (77,769,21) | (88,53,42) | (98,726,317) |
| **RESERVES - CASH/INVESTMENT BACKED** | | | | | | | | | | | | | | | | | | | |
| Opening balance | 2,658,821 | 2,658,821 | 2,585,273 | 2,585,273 | 2,895,23 | 3,24,92 | 3,253,837 | 3,328,854 | 3,681,91 | 4,285,126 | 5,158,54 | 6,328,729 | 7,942,335 | 9,915,8 | 12,28,2 | 14,811,495 | 17,517,481 | 2,46,23 | 23,788,895 |
| Amount transferred to/(from) retained surplus | | (73,548) | | 39,957 | 344,862 | 13,745 | 75,17 | 353,47 | 63,225 | 873,378 | 1,17,225 | 1,613,66 | 1,972,745 | 2,364,922 | 2,531,493 | 2,75,986 | 2,888,722 | 3,382,692 | 3,590,526 |
| Closing balance | 2,658,821 | 2,585,273 | 2,585,273 | 2,895,23 | 3,24,92 | 3,253,837 | 3,328,854 | 3,681,91 | 4,285,126 | 5,158,54 | 6,328,729 | 7,942,335 | 9,915,8 | 12,28,2 | 14,811,495 | 17,517,481 | 2,46,23 | 23,788,895 | 27,379,421 |
| **ASSET REVALUATION SURPLUS** | | | | | | | | | | | | | | | | | | | |
| Opening balance | 14,512,392 | 14,512,392 | 146,978,952 | 168,22,386 | 168,22,386 | 174,637,92 | 181,6,991 | 187,568,91 | 194,65,494 | 2,542,975 | 26,991,417 | 213,4,747 | 219,759,286 | 226,54,587 | 232,273,391 | 238,41,59 | 244,424,182 | 25,325,228 | 256,087,803 |
| Total other comprehensive income | | 42,466,56 | 21,241,434 | | 6,417,516 | 6,423,89 | 6,57,1 | 6,497,43 | 6,477,481 | 6,448,442 | 6,49,33 | 6,358,539 | 6,295,31 | 6,218,84 | 6,128,199 | 6,22,592 | 5,91,46 | 5,762,575 | 5,606,139 |
| Closing balance | 14,512,392 | 146,978,952 | 168,22,386 | 168,22,386 | 174,637,92 | 181,6,991 | 187,568,91 | 194,65,494 | 2,542,975 | 26,991,417 | 213,4,747 | 219,759,286 | 226,54,587 | 232,273,391 | 238,41,59 | 244,424,182 | 25,325,228 | 256,87,83 | 261,693,942 |
| **TOTAL EQUITY** | 140,786,582 | 182,982,575 | 199,47,626 | 193,792,25 | 194,455,84 | 194,532,11 | 194,733,67 | 194,742,934 | 194,743,258 | 194,743,62 | 194,724,355 | 194,693,18 | 194,655,382 | 194,62,83 | 194,339,178 | 193,792,68 | 192,962,23 | 191,823,296 | 19,347,46 |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A5 Forecast Statement of Cashflows 2024 – 2039

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Cash flows from operating activities** | | | | | | | | | | | | | | | |
| **Receipts** | | | | | | | | | | | | | | | |
| Rates | 8,061,110 | 8,504,471 | 8,972,216 | 9,465,688 | 9,986,300 | 10,535,547 | 11,115,002 | 11,726,327 | 12,371,274 | 13,051,694 | 13,508,504 | 13,981,302 | 14,470,648 | 14,977,121 | 15,501,320 |
| Grants, subsidies and contributions | 2,235,488 | 2,313,729 | 2,394,709 | 2,478,524 | 2,565,271 | 2,655,056 | 2,747,983 | 2,844,163 | 2,943,708 | 3,046,738 | 3,153,374 | 3,263,741 | 3,377,973 | 3,496,202 | 3,618,568 |
| Fees and charges | 1,471,717 | 1,623,226 | 1,680,038 | 1,738,839 | 1,799,701 | 1,862,688 | 1,927,887 | 1,995,358 | 2,065,190 | 2,137,468 | 2,212,278 | 2,289,704 | 2,369,843 | 2,452,788 | 2,538,634 |
| Interest revenue | 273,232 | 281,103 | 281,447 | 283,319 | 292,149 | 307,227 | 329,061 | 358,316 | 398,660 | 447,976 | 507,099 | 570,390 | 638,037 | 710,257 | 794,822 |
| Other revenue | 249,847 | 258,587 | 267,633 | 276,996 | 286,691 | 296,722 | 307,109 | 317,856 | 328,979 | 340,490 | 352,406 | 364,738 | 377,505 | 390,717 | 404,387 |
| | 12,291,394 | 12,981,116 | 13,596,043 | 14,243,366 | 14,930,112 | 15,657,240 | 16,427,042 | 17,242,020 | 18,107,811 | 19,024,366 | 19,733,661 | 20,469,875 | 21,234,006 | 22,027,085 | 22,857,731 |
| **Payments** | | | | | | | | | | | | | | | |
| Employee costs | (6,127,481) | (6,489,245) | (6,797,371) | (7,035,275) | (7,281,502) | (7,536,354) | (7,800,126) | (8,073,134) | (8,355,700) | (8,648,148) | (8,950,832) | (9,264,115) | (9,588,355) | (9,923,947) | (10,271,281) |
| Materials and contracts | (3,901,181) | (4,077,718) | (4,039,024) | (4,180,386) | (4,326,691) | (4,478,127) | (4,634,852) | (4,797,078) | (4,964,968) | (5,138,737) | (5,318,584) | (5,504,717) | (5,697,391) | (5,896,787) | (6,103,180) |
| Utility charges | (317,918) | (329,042) | (340,559) | (352,481) | (364,816) | (377,587) | (390,801) | (404,481) | (418,639) | (433,290) | (448,455) | (464,151) | (480,393) | (497,208) | (514,611) |
| Finance costs | (52,290) | (41,311) | (31,575) | (164,873) | (148,175) | (130,385) | (111,437) | (93,106) | (79,266) | (64,511) | (48,783) | (32,015) | (14,139) | 0 | 0 |
| Insurance | (274,531) | (284,140) | (294,087) | (304,379) | (315,030) | (326,054) | (337,467) | (349,281) | (361,505) | (374,156) | (387,249) | (400,803) | (414,830) | (429,354) | (444,386) |
| Other expenditure | (523,638) | (541,965) | (560,932) | (580,568) | (600,886) | (621,921) | (643,685) | (666,214) | (689,532) | (713,667) | (738,643) | (764,495) | (791,255) | (818,948) | (847,612) |
| | (11,197,039) | (11,763,421) | (12,063,548) | (12,617,962) | (13,037,100) | (13,470,428) | (13,918,368) | (14,383,294) | (14,869,610) | (15,372,509) | (15,892,546) | (16,430,296) | (16,986,363) | (17,566,244) | (18,181,070) |
| **Net cash provided by (used in) operating activities** | 1,094,355 | 1,217,695 | 1,532,495 | 1,625,404 | 1,893,012 | 2,186,812 | 2,508,674 | 2,858,726 | 3,238,201 | 3,651,857 | 3,841,115 | 4,039,579 | 4,247,643 | 4,460,841 | 4,676,661 |
| **Cash flows from investing activities** | | | | | | | | | | | | | | | |
| Payments for purchase of property, plant & equipment | (400,000) | (400,000) | (2,900,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) |
| Payments for construction of infrastructure | (933,807) | (935,017) | (936,229) | (950,000) | (952,200) | (969,777) | (987,969) | (1,006,798) | (1,026,286) | (1,046,456) | (1,067,332) | (1,088,939) | (1,111,302) | (1,134,448) | (1,158,404) |
| Proceeds from capital grants, subsidies and contributions | 772,538 | 323,345 | 324,153 | 333,333 | 334,800 | 346,518 | 358,646 | 371,199 | 384,191 | 397,637 | 411,555 | 425,959 | 440,868 | 456,299 | 472,269 |
| **Net cash provided by (used in) investing activities** | (561,269) | (1,011,672) | (3,512,076) | (1,016,667) | (1,017,400) | (1,023,259) | (1,029,323) | (1,035,599) | (1,042,095) | (1,048,819) | (1,055,777) | (1,062,980) | (1,070,434) | (1,078,149) | (1,086,135) |
| **Cash flows from financing activities** | | | | | | | | | | | | | | | |
| Repayment of debentures | (218,224) | (192,278) | (145,402) | (255,690) | (272,387) | (290,175) | (309,126) | (209,521) | (223,361) | (238,116) | (253,845) | (270,613) | (288,487) | 0 | 0 |
| Proceeds from new debentures | 0 | 0 | 2,200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net cash provided by (used in) financing activities** | (218,224) | (192,278) | 2,054,598 | (255,690) | (272,387) | (290,175) | (309,126) | (209,521) | (223,361) | (238,116) | (253,845) | (270,613) | (288,487) | 0 | 0 |
| **Net increase (decrease) in cash held** | 314,862 | 13,745 | 75,017 | 353,047 | 603,225 | 873,378 | 1,170,225 | 1,613,606 | 1,972,745 | 2,364,922 | 2,531,493 | 2,705,986 | 2,888,722 | 3,382,692 | 3,590,526 |
| Cash at beginning of year | 2,929,227 | 3,244,089 | 3,257,834 | 3,332,851 | 3,685,898 | 4,289,123 | 5,162,501 | 6,332,726 | 7,946,332 | 9,919,077 | 12,283,999 | 14,815,492 | 17,521,478 | 20,410,200 | 23,792,892 |
| **Cash and cash equivalents at the end of year** | 3,244,089 | 3,257,834 | 3,332,851 | 3,685,898 | 4,289,123 | 5,162,501 | 6,332,726 | 7,946,332 | 9,919,077 | 12,283,999 | 14,815,492 | 17,521,478 | 20,410,200 | 23,792,892 | 27,383,418 |
| **Reconciliation of net cash provided by operating activities to net result** | | | | | | | | | | | | | | | |
| Net result | (5,754,457) | (6,346,072) | (6,305,531) | (6,488,139) | (6,477,157) | (6,448,638) | (6,428,037) | (6,389,786) | (6,333,027) | (6,253,383) | (6,409,824) | (6,569,162) | (6,731,424) | (6,901,509) | (7,082,389) |
| Depreciation | 7,621,350 | 7,887,112 | 8,162,179 | 8,446,876 | 8,704,969 | 8,981,968 | 9,295,357 | 9,619,711 | 9,955,419 | 10,302,877 | 10,662,494 | 11,034,700 | 11,419,935 | 11,818,649 | 12,231,319 |
| Grants/contributions for the development of assets | (772,538) | (323,345) | (324,153) | (333,333) | (334,800) | (346,518) | (358,646) | (371,199) | (384,191) | (397,637) | (411,555) | (425,959) | (440,868) | (456,299) | (472,269) |
| **Net cash from operating activities** | 1,094,355 | 1,217,695 | 1,532,495 | 1,625,404 | 1,893,012 | 2,186,812 | 2,508,674 | 2,858,726 | 3,238,201 | 3,651,857 | 3,841,115 | 4,039,579 | 4,247,643 | 4,460,841 | 4,676,661 |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A6 Forecast Statement of Financial Activity 2024 – 2039

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **FUNDING FROM OPERATIONAL ACTIVITIES** | | | | | | | | | | | | | | | |
| **Revenues** | | | | | | | | | | | | | | | |
| Rates | 8,061,110 | 8,504,471 | 8,972,216 | 9,465,688 | 9,986,300 | 10,535,547 | 11,115,002 | 11,726,327 | 12,371,274 | 13,051,694 | 13,508,504 | 13,981,302 | 14,470,648 | 14,977,121 | 15,501,320 |
| Grants, subsidies and contributions | 2,235,488 | 2,313,729 | 2,394,709 | 2,478,524 | 2,565,271 | 2,655,056 | 2,747,983 | 2,844,163 | 2,943,708 | 3,046,738 | 3,153,374 | 3,263,741 | 3,377,973 | 3,496,202 | 3,618,568 |
| Fees and charges | 1,471,717 | 1,623,226 | 1,680,038 | 1,738,839 | 1,799,701 | 1,862,688 | 1,927,887 | 1,995,358 | 2,065,190 | 2,137,468 | 2,212,278 | 2,289,704 | 2,369,843 | 2,452,788 | 2,538,634 |
| Interest revenue | 273,232 | 281,103 | 281,447 | 283,319 | 292,149 | 307,227 | 329,061 | 358,316 | 398,660 | 447,976 | 507,099 | 570,390 | 638,037 | 710,257 | 794,822 |
| Other revenue | 249,847 | 258,587 | 267,633 | 276,996 | 286,691 | 296,722 | 307,109 | 317,856 | 328,979 | 340,490 | 352,406 | 364,738 | 377,505 | 390,717 | 404,387 |
| | 12,291,394 | 12,981,116 | 13,596,043 | 14,243,366 | 14,930,112 | 15,657,240 | 16,427,042 | 17,242,020 | 18,107,811 | 19,024,366 | 19,733,661 | 20,469,875 | 21,234,006 | 22,027,085 | 22,857,731 |
| **Expenses** | | | | | | | | | | | | | | | |
| Employee costs | (6,127,481) | (6,489,245) | (6,797,371) | (7,035,275) | (7,281,502) | (7,536,354) | (7,800,126) | (8,073,134) | (8,355,700) | (8,648,148) | (8,950,832) | (9,264,115) | (9,588,355) | (9,923,947) | (10,271,281) |
| Materials and contracts | (3,901,181) | (4,077,718) | (4,039,024) | (4,180,386) | (4,326,691) | (4,478,127) | (4,634,852) | (4,797,078) | (4,964,968) | (5,138,737) | (5,318,584) | (5,504,717) | (5,697,391) | (5,896,787) | (6,103,180) |
| Utility charges (electricity, gas, water etc.) | (317,918) | (329,042) | (340,559) | (352,481) | (364,816) | (377,587) | (390,801) | (404,481) | (418,639) | (433,290) | (448,455) | (464,151) | (480,393) | (497,208) | (514,611) |
| Depreciation | (7,621,350) | (7,887,112) | (8,162,179) | (8,446,876) | (8,704,969) | (8,981,968) | (9,295,357) | (9,619,711) | (9,955,419) | (10,302,877) | (10,662,494) | (11,034,700) | (11,419,935) | (11,818,649) | (12,231,319) |
| Finance costs | (52,290) | (41,311) | (31,575) | (164,873) | (148,175) | (130,385) | (111,437) | (93,106) | (79,266) | (64,511) | (48,783) | (32,015) | (14,139) | 0 | 0 |
| Insurance | (274,531) | (284,140) | (294,087) | (304,379) | (315,030) | (326,054) | (337,467) | (349,281) | (361,505) | (374,156) | (387,249) | (400,803) | (414,830) | (429,354) | (444,386) |
| Other expenditure | (523,638) | (541,965) | (560,932) | (580,568) | (600,886) | (621,921) | (643,685) | (666,214) | (689,532) | (713,667) | (738,643) | (764,495) | (791,255) | (818,948) | (847,612) |
| | (18,818,389) | (19,650,533) | (20,225,727) | (21,064,838) | (21,742,069) | (22,452,396) | (23,213,725) | (24,003,005) | (24,825,029) | (25,675,386) | (26,555,040) | (27,464,996) | (28,406,298) | (29,384,893) | (30,412,389) |
| | (6,526,995) | (6,669,417) | (6,629,684) | (6,821,472) | (6,811,957) | (6,795,156) | (6,786,683) | (6,760,985) | (6,717,218) | (6,651,020) | (6,821,379) | (6,995,121) | (7,172,292) | (7,357,808) | (7,554,658) |
| **Funding position adjustments** | | | | | | | | | | | | | | | |
| Depreciation | 7,621,350 | 7,887,112 | 8,162,179 | 8,446,876 | 8,704,969 | 8,981,968 | 9,295,357 | 9,619,711 | 9,955,419 | 10,302,877 | 10,662,494 | 11,034,700 | 11,419,935 | 11,818,649 | 12,231,319 |
| **Net funding from operational activities** | 1,094,355 | 1,217,695 | 1,532,495 | 1,625,404 | 1,893,012 | 2,186,812 | 2,508,674 | 2,858,726 | 3,238,201 | 3,651,857 | 3,841,115 | 4,039,579 | 4,247,643 | 4,460,841 | 4,676,661 |
| **FUNDING FROM CAPITAL ACTIVITIES** | | | | | | | | | | | | | | | |
| **Inflows** | | | | | | | | | | | | | | | |
| Capital grants, subsidies and contributions | 772,538 | 323,345 | 324,153 | 333,333 | 334,800 | 346,518 | 358,646 | 371,199 | 384,191 | 397,637 | 411,555 | 425,959 | 440,868 | 456,299 | 472,269 |
| **Outflows** | | | | | | | | | | | | | | | |
| Purchase of property plant and equipment | (400,000) | (400,000) | (2,900,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) | (400,000) |
| Purchase of infrastructure | (933,807) | (935,017) | (936,229) | (950,000) | (952,200) | (969,777) | (987,969) | (1,006,798) | (1,026,286) | (1,046,456) | (1,067,332) | (1,088,939) | (1,111,302) | (1,134,448) | (1,158,404) |
| **Net funding from capital activities** | (561,269) | (1,011,672) | (3,512,076) | (1,016,667) | (1,017,400) | (1,023,259) | (1,029,323) | (1,035,599) | (1,042,095) | (1,048,819) | (1,055,777) | (1,062,980) | (1,070,434) | (1,078,149) | (1,086,135) |
| **FUNDING FROM FINANCING ACTIVITIES** | | | | | | | | | | | | | | | |
| **Inflows** | | | | | | | | | | | | | | | |
| Transfer from reserves | 400,000 | 318,330 | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New borrowings | 0 | 0 | 2,200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Outflows** | | | | | | | | | | | | | | | |
| Transfer to reserves | (744,862) | (332,075) | (375,017) | (353,047) | (603,225) | (873,378) | (1,170,225) | (1,613,606) | (1,972,745) | (2,364,922) | (2,531,493) | (2,705,986) | (2,888,722) | (3,382,692) | (3,590,526) |
| Repayment of past borrowings | (218,224) | (192,278) | (145,402) | (255,690) | (272,387) | (290,175) | (309,126) | (209,521) | (223,361) | (238,116) | (253,845) | (270,613) | (288,487) | 0 | 0 |
| **Net funding from financing activities** | (563,086) | (206,023) | 1,979,581 | (608,737) | (875,612) | (1,163,553) | (1,479,351) | (1,823,127) | (2,196,106) | (2,603,038) | (2,785,338) | (2,976,599) | (3,177,209) | (3,382,692) | (3,590,526) |
| Estimated surplus/deficit July 1 B/Fwd | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Estimated surplus/deficit June 30 C/Fwd** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A7 Forecast Statement of Net Current Asset Composition 2024 – 2039

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Estimated surplus/deficit July 1 B/Fwd** | 30,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CURRENT ASSETS** | | | | | | | | | | | | | | | |
| Unrestricted cash and equivalents | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 |
| Restricted cash and cash equivalent | 3,240,092 | 3,253,837 | 3,328,854 | 3,681,901 | 4,285,126 | 5,158,504 | 6,328,729 | 7,942,335 | 9,915,080 | 12,280,002 | 14,811,495 | 17,517,481 | 20,406,203 | 23,788,895 | 27,379,421 |
| Financial assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trade and other receivables | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 | 1,157,481 |
| Inventories | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 | 46,329 |
| Contract assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **CURRENT LIABILITIES** | | | | | | | | | | | | | | | |
| Trade and other payables | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) | (1,171,480) |
| Contract liabilities | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) | (36,327) |
| Reserves | (3,240,092) | (3,253,837) | (3,328,854) | (3,681,901) | (4,285,126) | (5,158,504) | (6,328,729) | (7,942,335) | (9,915,080) | (12,280,002) | (14,811,495) | (17,517,481) | (20,406,203) | (23,788,895) | (27,379,421) |
| Current self supporting loans receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Movement in accrued salaries and wages | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Estimated surplus/deficit June 30 C/Fwd** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A8 Forecast Statement of Fixed Asset Movements 2024 – 2039

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **CAPITAL WORKS - INFRASTRUCTURE** | | | | | | | | | | | | | | | |
| Infrastructure - roads | 933,807 | 935,017 | 936,229 | 950,000 | 952,200 | 969,777 | 987,969 | 1,006,798 | 1,026,286 | 1,046,456 | 1,067,332 | 1,088,939 | 1,111,302 | 1,134,448 | 1,158,404 |
| **Total capital works - infrastructure** | **933,807** | **935,017** | **936,229** | **950,000** | **952,200** | **969,777** | **987,969** | **1,006,798** | **1,026,286** | **1,046,456** | **1,067,332** | **1,088,939** | **1,111,302** | **1,134,448** | **1,158,404** |
| **Represented by:** | | | | | | | | | | | | | | | |
| Additions - renewal | 933,807 | 935,017 | 936,229 | 950,000 | 952,200 | 969,777 | 987,969 | 1,006,798 | 1,026,286 | 1,046,456 | 1,067,332 | 1,088,939 | 1,111,302 | 1,134,448 | 1,158,404 |
| **Total Capital Works - Infrastructure** | **933,807** | **935,017** | **936,229** | **950,000** | **952,200** | **969,777** | **987,969** | **1,006,798** | **1,026,286** | **1,046,456** | **1,067,332** | **1,088,939** | **1,111,302** | **1,134,448** | **1,158,404** |
| **Asset movement reconciliation** | | | | | | | | | | | | | | | |
| Total capital works infrastructure | 933,807 | 935,017 | 936,229 | 950,000 | 952,200 | 969,777 | 987,969 | 1,006,798 | 1,026,286 | 1,046,456 | 1,067,332 | 1,088,939 | 1,111,302 | 1,134,448 | 1,158,404 |
| Depreciation infrastructure | (6,572,471) | (6,802,506) | (7,040,593) | (7,287,016) | (7,542,060) | (7,806,032) | (8,079,244) | (8,362,017) | (8,654,688) | (8,957,602) | (9,271,117) | (9,595,607) | (9,931,455) | (10,279,054) | (10,638,821) |
| Revaluation of infrastructure assets (inflation) | 5,002,531 | 4,980,308 | 4,949,300 | 4,909,354 | 4,859,464 | 4,799,514 | 4,728,865 | 4,646,840 | 4,552,729 | 4,445,787 | 4,325,228 | 4,190,233 | 4,039,942 | 3,873,446 | 3,689,795 |
| **Net movement in infrastructure assets** | **(636,133)** | **(887,181)** | **(1,155,064)** | **(1,427,662)** | **(1,730,396)** | **(2,036,741)** | **(2,362,410)** | **(2,708,379)** | **(3,075,673)** | **(3,465,359)** | **(3,878,557)** | **(4,316,435)** | **(4,780,211)** | **(5,271,160)** | **(5,790,622)** |
| **CAPITAL WORKS - PROPERTY, PLANT AND EQUIPMENT** | | | | | | | | | | | | | | | |
| Buildings - specialised | 0 | 0 | 2,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **Total capital works property, plant and equipment** | **400,000** | **400,000** | **2,900,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** |
| **Represented by:** | | | | | | | | | | | | | | | |
| Additions - renewal | 400,000 | 400,000 | 2,900,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **Total capital works property, plant and equipment** | **400,000** | **400,000** | **2,900,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** | **400,000** |
| **Asset movement reconciliation** | | | | | | | | | | | | | | | |
| Total capital works property, plant and equipment | 400,000 | 400,000 | 2,900,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| Depreciation property, plant and equipment | (1,020,821) | (1,056,548) | (1,093,528) | (1,131,802) | (1,134,851) | (1,147,878) | (1,188,055) | (1,229,636) | (1,272,673) | (1,317,217) | (1,363,319) | (1,411,035) | (1,460,422) | (1,511,537) | (1,564,440) |
| Revaluation of property, plant and equipment (inflation) | 1,414,985 | 1,442,781 | 1,557,800 | 1,588,049 | 1,618,017 | 1,648,928 | 1,680,465 | 1,711,699 | 1,742,572 | 1,773,017 | 1,802,971 | 1,832,359 | 1,861,104 | 1,889,129 | 1,916,344 |
| **Net movement in property, plant and equipment** | **794,164** | **786,233** | **3,364,272** | **856,247** | **883,166** | **901,050** | **892,410** | **882,063** | **869,899** | **855,800** | **839,652** | **821,324** | **800,682** | **777,592** | **751,904** |
| **CAPITAL WORKS - RIGHT OF USE ASSETS** | | | | | | | | | | | | | | | |
| **Total capital works right of use assets** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Asset movement reconciliation** | | | | | | | | | | | | | | | |
| Depreciation right of use assets | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) |
| **Net movement in right of use assets** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** | **(28,058)** |
| **CAPITAL WORKS - TOTALS** | | | | | | | | | | | | | | | |
| **Capital works** | | | | | | | | | | | | | | | |
| Total capital works infrastructure | 933,807 | 935,017 | 936,229 | 950,000 | 952,200 | 969,777 | 987,969 | 1,006,798 | 1,026,286 | 1,046,456 | 1,067,332 | 1,088,939 | 1,111,302 | 1,134,448 | 1,158,404 |
| Total capital works property, plant and equipment | 400,000 | 400,000 | 2,900,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **Total capital works** | **1,333,807** | **1,335,017** | **3,836,229** | **1,350,000** | **1,352,200** | **1,369,777** | **1,387,969** | **1,406,798** | **1,426,286** | **1,446,456** | **1,467,332** | **1,488,939** | **1,511,302** | **1,534,448** | **1,558,404** |
| **Fixed asset movement** | | | | | | | | | | | | | | | |
| Net movement in infrastructure assets | (636,133) | (887,181) | (1,155,064) | (1,427,662) | (1,730,396) | (2,036,741) | (2,362,410) | (2,708,379) | (3,075,673) | (3,465,359) | (3,878,557) | (4,316,435) | (4,780,211) | (5,271,160) | (5,790,622) |
| Net movement in property, plant and equipment | 794,164 | 786,233 | 3,364,272 | 856,247 | 883,166 | 901,050 | 892,410 | 882,063 | 869,899 | 855,800 | 839,652 | 821,324 | 800,682 | 777,592 | 751,904 |
| Net movement in right of use assets | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) | (28,058) |
| **Net movement in fixed assets** | **129,973** | **(129,006)** | **2,181,150** | **(599,473)** | **(875,288)** | **(1,163,749)** | **(1,498,058)** | **(1,854,374)** | **(2,233,832)** | **(2,637,617)** | **(3,066,963)** | **(3,523,169)** | **(4,007,587)** | **(4,521,626)** | **(5,066,776)** |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A9 Forecast Statement of Capital Funding 2024 – 2039

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Capital expenditure** | | | | | | | | | | | | | | | |
| Infrastructure - roads | 933,807 | 935,017 | 936,229 | 950,000 | 952,200 | 969,777 | 987,969 | 1,006,798 | 1,026,286 | 1,046,456 | 1,067,332 | 1,088,939 | 1,111,302 | 1,134,448 | 1,158,404 |
| Buildings - specialised | 0 | 0 | 2,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **Total - Capital expenditure** | **1,333,807** | **1,335,017** | **3,836,229** | **1,350,000** | **1,352,200** | **1,369,777** | **1,387,969** | **1,406,798** | **1,426,286** | **1,446,456** | **1,467,332** | **1,488,939** | **1,511,302** | **1,534,448** | **1,558,404** |
| **Funded by:** | | | | | | | | | | | | | | | |
| **Capital grants & contributions** | | | | | | | | | | | | | | | |
| Infrastructure - roads | 772,538 | 323,345 | 324,153 | 333,333 | 334,800 | 346,518 | 358,646 | 371,199 | 384,191 | 397,637 | 411,555 | 425,959 | 440,868 | 456,299 | 472,269 |
| **Total - Capital grants & contributions** | **772,538** | **323,345** | **324,153** | **333,333** | **334,800** | **346,518** | **358,646** | **371,199** | **384,191** | **397,637** | **411,555** | **425,959** | **440,868** | **456,299** | **472,269** |
| **Own source funding** | | | | | | | | | | | | | | | |
| Infrastructure - roads | 161,269 | 611,672 | 612,076 | 616,667 | 617,400 | 623,259 | 629,323 | 635,599 | 642,095 | 648,819 | 655,777 | 662,980 | 670,434 | 678,149 | 686,135 |
| Buildings - specialised | 0 | 0 | 300,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 | 400,000 |
| **Total - Own source funding** | **561,269** | **1,011,672** | **1,312,076** | **1,016,667** | **1,017,400** | **1,023,259** | **1,029,323** | **1,035,599** | **1,042,095** | **1,048,819** | **1,055,777** | **1,062,980** | **1,070,434** | **1,078,149** | **1,086,135** |
| **Borrowings** | | | | | | | | | | | | | | | |
| Buildings - specialised | 0 | 0 | 2,200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total - Borrowings** | **0** | **0** | **2,200,000** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Other (disposals & C/Fwd)** | | | | | | | | | | | | | | | |
| **Total - Other (disposals & C/Fwd)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total Capital Funding** | **1,333,807** | **1,335,017** | **3,836,229** | **1,350,000** | **1,352,200** | **1,369,777** | **1,387,969** | **1,406,798** | **1,426,286** | **1,446,456** | **1,467,332** | **1,488,939** | **1,511,302** | **1,534,448** | **1,558,404** |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

## Appendix A10 Forecast Ratios 2024 – 2039

| | Target Range | | Average | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | 2036-37 | 2037-38 | 2038-39 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIQUIDITY RATIOS** | | | | | | | | | | | | | | | | | | |
| **Current ratio** | > 1.00 | > 1.20 | 0.80 | 0.74 | 0.77 | 0.73 | 0.72 | 0.72 | 0.72 | 0.77 | 0.77 | 0.78 | 0.78 | 0.77 | 0.77 | 0.96 | 0.98 | 0.99 |
| **OPERATING RATIOS** | | | | | | | | | | | | | | | | | | |
| **Operating surplus ratio** | > 1.00% | > 15.00% | (49.03%) | (64.91%) | (62.52%) | (59.19%) | (57.98%) | (55.09%) | (52.26%) | (49.61%) | (46.96%) | (44.30%) | (41.63%) | (41.14%) | (40.65%) | (40.17%) | (39.71%) | (39.27%) |
| **Own source revenue coverage ratio** | > 40.00% | > 60.00% | 59.35% | 53.44% | 54.29% | 55.38% | 55.85% | 56.87% | 57.91% | 58.93% | 59.98% | 61.08% | 62.23% | 62.44% | 62.65% | 62.86% | 63.06% | 63.26% |
| **BORROWINGS RATIOS** | | | | | | | | | | | | | | | | | | |
| **Debt service cover ratio** | > 3 | > 5 | 8.67 | 4.24 | 5.39 | 8.84 | 4.26 | 4.85 | 5.51 | 6.23 | 9.75 | 10.96 | 12.28 | 12.85 | 13.45 | 14.08 | - | - |
| **FIXED ASSET RATIOS** | | | | | | | | | | | | | | | | | | |
| **Asset sustainability ratio** | > 90.00% | > 110.00% | 16.82% | 17.50% | 16.93% | 47.00% | 15.98% | 15.53% | 15.25% | 14.93% | 14.62% | 14.33% | 14.04% | 13.76% | 13.49% | 13.23% | 12.98% | 12.74% |
| **Asset consumption ratio** | > 50.00% | > 60.00% | 49.32% | 64.25% | 62.11% | 60.28% | 58.12% | 55.96% | 53.80% | 51.63% | 49.45% | 47.25% | 45.05% | 42.84% | 40.62% | 38.39% | 36.15% | 33.91% |
| **Asset renewal funding ratio** | > 75.00% | > 95.00% | Unknown | Unknown | Unknown | Unknown | Unknown | Unknown | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Refer to Appendix A11 Forecast Significant Accounting Policies and Compilation Report

# Appendix A11 Forecast Significant Accounting Policies

## Basis of Preparation

The Long Term Financial Plan (the Plan) comprises forecast financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and *the Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is 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 which would have required the shire to measure any vested improvements at zero cost.

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

## Judgements, Estimates and Assumptions

The preparation of the Plan 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 future carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 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 the Plan.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the trust fund are excluded from the forecast financial statements.

## Base Year Balances

Balances shown in the Plan as Base Year are as forecast at the time of preparation of the Plan and are based on the current budget and prior year annual financial reporting and may be subject to variation.

## Rounding Off Figures

All figures shown in the Plan are rounded to the nearest dollar.

## Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation.

# Appendix A1 Appendix A11 Forecast Significant Accounting Policies (Continued)

## Forecast Fair Value Adjustments

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time preparation.

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur and have not been estimated within the Plan.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such have been estimated as an inflation adjustment to Other Comprehensive Income, based on the value of the non-current assets forecasted to be held by the shire.

## 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.

## 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.

## Cash and Cash Equivalents

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

## Trade and Other Receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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

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

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

## Inventories

### *General*

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# Appendix A1 Appendix A11 Forecast Significant Accounting Policies (Continued)

### *Land held for resale*

Land purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on council's intention to release for sale.

## Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

### *Revaluation*

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

### *Depreciation*

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the 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.

An effective average depreciation rate for each class of asset has been utilised to estimate the forecast depreciation expense for each year. These are provided in the table on the right.

| Asset Class | Effective average depreciation rates |
|---|---|
| Buildings - specialised | 1.60% |
| Buildings – right of use | 2.50% |
| Furniture and equipment | 4.50% |
| Plant and equipment | 7.50% |
| Infrastructure - roads | 3.00% |
| Infrastructure - drainage | 1.50% |
| Infrastructure - bridges | 1.75% |
| Infrastructure - parks and reserves | 3.50% |
| Infrastructure - other structures | 4.00% |
| Infrastructure - footpaths | 3.00% |

An 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 and Losses on Disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

## Employee Benefits

The shire's obligations for employees' annual leave, long service leave and isolation leave entitlements are recognised as 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.

# Appendix A1 Appendix A11 Forecast Significant Accounting Policies (Continued)

### *Other Long-Term Employee Benefits*

Long-term employee benefits 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.

## Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

## 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 normally paid within 30 days of recognition.

## Provisions

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

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

## Current and Non-Current Classification

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the shire'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.

# Other Matters

## Preparation

This Plan was prepared in collaboration with the Shire of York by Moore Australia (WA) Pty Ltd.

## Reliance

This Plan has been prepared for the exclusive use of the Shire of York and for the purposes specified in our letter of engagement and is not to be used for any other purpose or distributed to any other party without Moore Australia WA's prior consent. This Plan is supplied in good faith and reflects the knowledge, expertise and experience of the engagement consultant and is based on the information and representations provided by the Shire of York. We accept no responsibility for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the Shire of York.

This Plan contains quantitative and qualitative statements, including projections, estimates, opinions and forecasts concerning the anticipated future performance of Shire of York and the environment in which it operates ('Forward Looking Statements').

None of these Forward Looking Statements are or will be representations as to future matters. The Forward Looking Statements are, and will be, based on a large number of assumptions and are, and will be, subject to significant uncertainties and contingencies, many, if not all, of which are outside the control of the Shire of York. Actual future events may vary significantly from the Forward Looking Statements. Recipients should make their own investigations and enquiries regarding assumptions, uncertainties and contingencies which may affect the Shire of York and the impact that a variation in future outcomes may have on the Plan and the Shire of York.

Please refer to the attached compilation report.

## Document Management

| | |
|---|---|
| Version | 2024-2039 \| V1.1 |
| Status | Final \| Adopted |
| Date | 28 May 2024 |

## References

Reference to the following documents or sources were made during the preparation of the Long Term Financial Plan.

- Shire of York Strategic Community Plan 2020-2030 (reviewed 2023);
- Shire of York Corporate Business Plan 2020-2024 (reviewed 2023);
- Shire of York Annual Financial Report 2021-22;
- Shire of York Annual Financial Report 2022-23;
- Shire of York Adopted Statutory Annual Budget 2023-24;
- Australian Bureau of Statistics 2021 Census of Population and Housing, York (LGA59370);
- WALGA Online Local Government Directory 2022/23, Shire of York; and
- Council website: www.york.wa.gov.au

## Disclaimer

Liability limited by a scheme approved under Professional Standards Legislation. The services provided in terms of this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance either expressed or implied.

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28 May 2024

Chris Linnell
Chief Executive Officer
Shire of York
PO Box 22
**York WA 6302**

Dear Chris

## COMPILATION REPORT TO SHIRE OF YORK

We have compiled the accompanying Shire of York Long Term Financial Plan 2024-2039 based on information you have provided.

## THE RESPONSIBILITY OF SHIRE OF YORK

The Chief Executive Officer of the Shire of York is solely responsible for the information contained in the Long Term Financial Plan 2024-2039, the reliability, accuracy and completeness of the information and for the determination that the statutory financial reporting framework used is appropriate to meet their needs and for the purpose that the forward looking financial statements were prepared.

This Long Term Financial Plan 2024-2039 and the reliability, accuracy and completeness of the information used to compile it are your responsibility.

## OUR RESPONSIBILITY

On the basis of information provided by the Shire of York we have compiled the accompanying special purpose financial statements in accordance with the statutory *financial reporting framework* and APES 315 *Compilation of Financial Information*.

We have applied our professional expertise in accounting and financial reporting to assist management in the preparation and presentation of these forward looking financial statements on the basis of accounting described in Appendix A11 to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

## ASSURANCE DISCLAIMER

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information you provided to us to compile the Schedule. Accordingly, we do not express an audit opinion or a review conclusion1 on whether the Long Term Financial Plan 2024-2039 is prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

As stated in Appendix A11, the Long Term Financial Plan 2024-2039 is prepared and presented on the basis prescribed by *Local Government Act 1995* and accompanying regulations in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), for the purpose of Shire of York's compliance with the *Local Government Act 1995* and accompanying regulations. Accordingly, Long Term Financial Plan 2024-2039 is for use only in connection with that purpose and may not be suitable for any other purpose.

Our compilation report is intended solely for the use of Shire of York and should not be distributed to parties other than Shire of York without our prior written consent.

Russell Barnes
Director
Moore Australia (WA) Pty Ltd

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## 9.4 RISK MANAGEMENT UPDATE AS AT MARCH 2026

| | |
|---|---|
| **File Number:** | **4.8787** |
| **Author:** | **Kylie Williams, Manager Governance** |
| **Authoriser:** | **Alina Behan, Temporary Chief Executive Officer** |
| **Previously before Council:** | **10 June 2025 (170625)**<br>**09 September 2025 (210925)**<br>**16 December 2025 (181225)** |
| **Disclosure of Interest:** | **Nil** |
| **Appendices:** | **1. Risk Dashboard ⇩**<br>**2. Strategic Risk Register Snapshot - 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. Officers note ARIC's request for reporting that provides a clear, high-level snapshot of the Strategic Risk Register. A workshop is being held with ARIC prior to this meeting to further discuss future reporting preferences.

For this meeting, high-level Strategic Risk Register reporting has been generated using the Government Frameworks Strategic Planning and Reporting software, Cascade. The reporting is presented in two formats:

1. Strategic Risk Register Dashboard, presented in Appendix 1.
2. Strategic Risk Register Snapshot, presented in confidential Appendix 2.

The Dashboard provides a visual overview of progress against each of the eight (8) Strategic Risks and illustrates how these risks are distributed across the organisation.

The Snapshot provides further detail, including risk assessments and the progress of risk controls and associated actions.

Both the Dashboard and Snapshots are live tools within Cascade, enabling Officers to drill down into specific items through the charts and tables.

It is anticipated that any reporting updates arising from the workshop held prior to this meeting 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 June 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 June 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:

***"17. CEO to review certain systems and procedures***

*(1) The CEO must review the appropriateness and effectiveness of the local government's systems and procedures in relation to the following matters —*

*(a) financial management;*

*(b) legislative compliance;*

*(c) risk management.*

*(2) Under subregulation (1), the CEO may review any or all of the matters referred to in subregulation (1)(a) to (c) at any time but must review each of those matters not less than once in every 4 financial years.*

*(3) The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1)."*

**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.

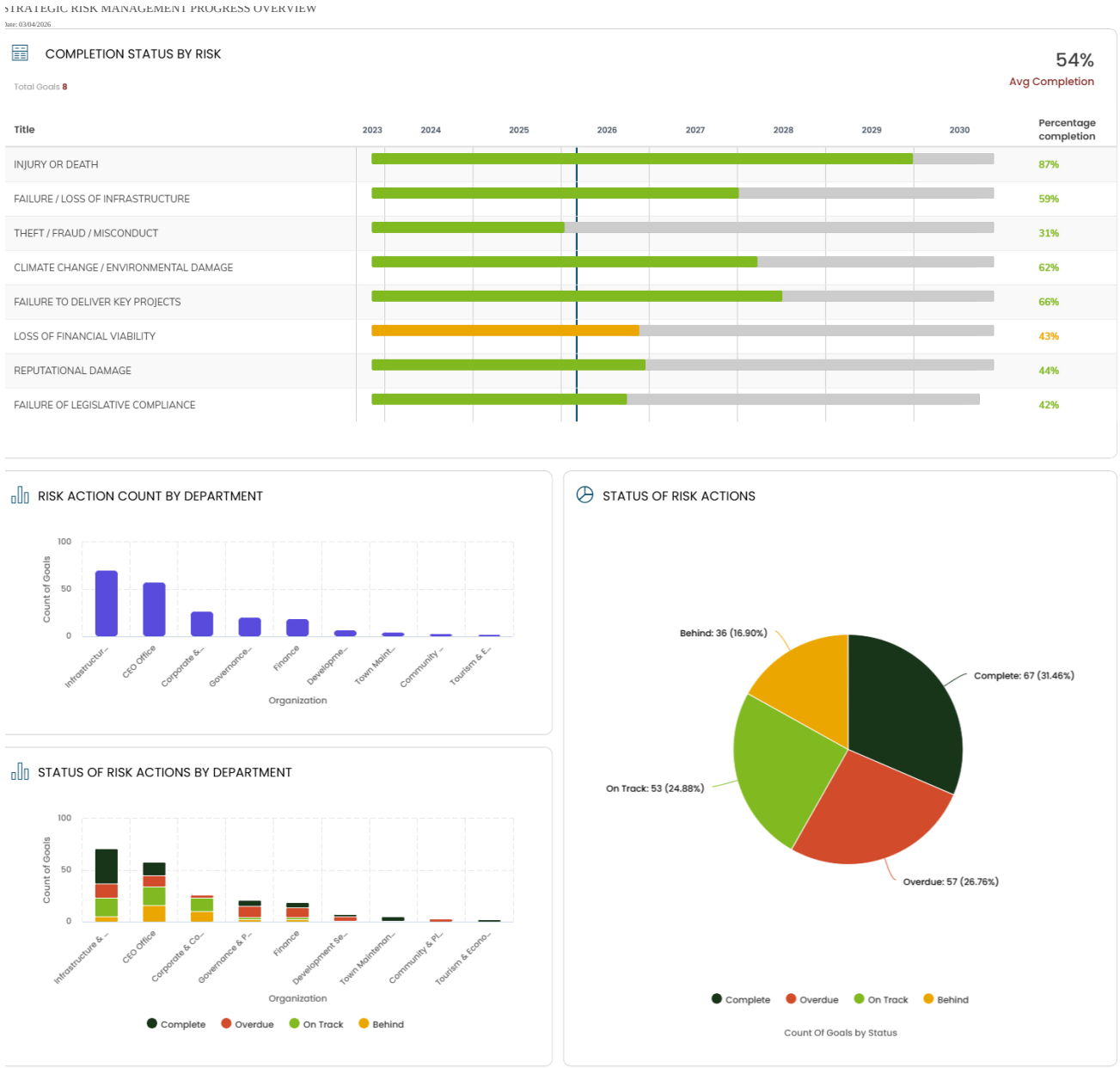
**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

**That, with regard to the Risk Management Update as at March 2026, 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 June 2026 meeting.**


STRATEGIC RISK MANAGEMENT PROGRESS OVERVIEW
Date: 03/04/2026
COMPLETION STATUS BY RISK
Total Goals 8
54%
Avg Completion
Title
2023
2024
2025
2026
2027
2028
2029
2030
Percentage completion
INJURY OR DEATH
87%
FAILURE / LOSS OF INFRASTRUCTURE
59%
THEFT / FRAUD / MISCONDUCT
31%
CLIMATE CHANGE / ENVIRONMENTAL DAMAGE
62%
FAILURE TO DELIVER KEY PROJECTS
66%
LOSS OF FINANCIAL VIABILITY
43%
REPUTATIONAL DAMAGE
44%
FAILURE OF LEGISLATIVE COMPLIANCE
42%
RISK ACTION COUNT BY DEPARTMENT
Count of Goals
100
50
0
Infrastructur...
CEO Office
Corporate &...
Governance...
Finance
Developme...
Town Maint...
Community ...
Tourism & E...
Organization
STATUS OF RISK ACTIONS
Behind: 36 (16.90%)
Complete: 67 (31.46%)
On Track: 53 (24.88%)
Overdue: 57 (26.76%)
Complete
Overdue
On Track
Behind
Count Of Goals by Status
STATUS OF RISK ACTIONS BY DEPARTMENT
Count of Goals
100
50
0
Infrastructure & ...
CEO Office
Corporate & Co...
Governance & P...
Finance
Development Se...
Town Maintenan...
Community & PL...
Tourism & Econo...
Organization
Complete
Overdue
On Track
Behind

## 9.5 REVIEW OF AUDIT, RISK AND IMPROVEMENT COMMITTEE TERMS OF REFERENCE

| | |
|---|---|
| **File Number:** | **4.9680** |
| **Author:** | **Gemma John, CEO Support & Projects** |
| **Authoriser:** | **Alina Behan, Temporary Chief Executive Officer** |
| **Previously before Council:** | **Not Applicable** |
| **Disclosure of Interest:** | **Nil** |
| **Appendices:** | **1. Terms of Reference - 2026 Review ⇩** |

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

### PURPOSE OF REPORT

This report presents a review of the Audit, Risk and Improvement Committee's (ARIC) Terms of Reference (ToR) to reflect legislative changes.

### BACKGROUND

The Tranche 2 reforms of the *Local Government Act 1995*, and the subsequent commencement of the *Local Government Regulations Amendment Regulations (No. 4) 2025* from 1 January 2026, require a review of the Shire of York ARIC's ToR to ensure alignment and compliance with the new legislation.

As a result of these legislative changes and regulatory amendments, the ToR for the ARIC requires updating to reflect the expanded scope, formal membership requirements and process review schedules of the Chief Executive Officer.

### COMMENTS AND DETAILS

To address the above-mentioned legislative changes that affect the management of ARIC's, the ToR has been reviewed and a copy is presented in Appendix 1 including tracked changes.

### OPTIONS

The ARIC has the following options:

**Option 1:** The ARIC could recommend to Council that it chooses not to adopt the reviewed ToR.

**Option 2:** The ARIC could recommend to Council that it chooses to adopt the reviewed ToR.

Option 2 is the recommended option.

### IMPLICATIONS TO CONSIDER

#### Consultative

ARIC

Executive Leadership Team

Department of Local Government

**Strategic**

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance

**Policy Related**

E1 Code of Conduct – Council Members, Committee Members & Candidates

**Financial**

Nil in relation to the reviewed ToR.

**Legal and Statutory**

***"7.1A. Establishment of audit, risk and improvement committee***

*(1) A local government must establish a committee of its council under section 5.8 to be called the audit, risk and improvement committee.*

*(2) The following provisions apply in respect of the membership of the audit, risk and improvement committee —*

*(a) an employee of the local government is not to be a member;*

*(b) no member is to be nominated by, or is to be appointed to represent, any employee of the local government;*

*(c) section 5.10(1)(b) does not apply.*

*(3) The presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.*

*(4) Any deputy presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government."*

Regulation 16 of the *Local Government (Audit) Regulations 1996* is applicable and states:

***"16. Functions of audit committee***

*An audit, risk and improvement committee has the following functions —*

*(a) to receive and review reports on, and recommend to the council actions to be taken in relation to —*

*(i) audits under Part 7 of the Act; and*

*(ii) compliance audits; and*

*(iii) reviews under regulation 17;*

*(b) to otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to —*

*(i) financial management; and*

*(ii) legislative compliance; and*

*(iii) risk management;*

*(c) to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government —*

*(i) is required to take under section 7.12A(3); and*

*(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*

*(iii) has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and*

*(iv) has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);*

*(d) any other function conferred on the audit, risk and improvement committee under these regulations or another written law"*

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

***"17. CEO to review certain systems and procedures***

*(1) The CEO must review the appropriateness and effectiveness of the local government's systems and procedures in relation to the following matters —*

*(a) financial management;*

*(b) legislative compliance;*

*(c) risk management;*

*(2) Under subregulation (1), the CEO may review any or all of the matters referred to in subregulation (1)(a) to (c) at any time but must review each of those matters not less than once in every 4 financial years.*

*(3) The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1)."*

**Risk Related**

The level of risk is reduced due to the provision of independent transparency and oversight with the appointment of suitably skilled and qualified external representatives.

**Workforce**

The scope of this report is managed within the current operational capacity.

**VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

**That, with regard to Review of Audit, Risk and Improvement Committee Terms of Reference, the Audit, Risk and Improvement Committee recommends to Council that it:**

**1. Adopts the reviewed Terms of Reference for the Audit, Risk and Improvement Committee as presented in Appendix 1.**

## Audit, Risk & Improvement Committee
## Terms of Reference

| | | |
|---|---|---|
| **Councillors** | - | Up to three (3) Councillors as nominated by Council where two (2) external representatives are appointed; or<br>Up to four (4) Councillors as nominated by Council where one (1) external representative is appointed; or<br>Nominated by Council where no external representative is able to be appointed |
| **Deputies/Proxies** | - | All other Councillors are appointed as a Deputy/Proxy to a Member Councillor in the case of a Leave of Absence or Apology |
| **External Representation** | - | Up to two (2) external members appointed through a competitive advertising process |
| **5 x Shire Staff (non-voting)** | - | Chief Executive Officer<br>Executive Manager, Corporate & Community Services<br>Executive Manager, Infrastructure & Development Services<br>Manager Finance<br>~~Council & Executive Support Officer~~<br>Council Support Officer |
| **Officer Responsible** | - | ~~Council & Executive Support Officer~~Council Support Officer |
| **Meeting Schedule** | - | At least Quarterly |
| **Meeting Location** | - | Council Chambers, York Town Hall |
| **Quorum** | - | As per Section 5.19 of the *Local Government Act 1995* |
| **Delegated Authority** | - | Nil |

1. **Name**
   The name of the Committee is the Audit, Risk & Improvement Committee (ARIC).

2. **District/Area of Control**
   Local Government boundaries of the Shire of York.

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

   The ARIC has the responsibility to:
   1. Review the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken;
   2. Request the CEO to seek information or advice in relation to matters considered by the ARIC;
   3. Formally meet with internal and external auditors as necessary;
   4. Seek resolution on any disagreements between management and the external auditors on financial reporting; and

5. Make recommendations to Council with regards to matters within its scope of responsibility.

This Terms of Reference (ToR) sets out the objectives, authority, membership, role, responsibilities and operation of the ARIC.

**4. Statute**

Section 7.1A of the *Local Government Act 1995* (the Act) requires that all local governments establish an audit, risk and improvement committee.

The Shire of York *Local Government (Council Meetings) Local Law 2016* applies.

**5. Establishment**

The ARIC was established as per Council Resolution of 25 November 2019 (121119).

**6. Functions**

Regulation 16 of the *Local Government (Audit) Regulations 1996* defines the functions of an audit, risk and improvement committee as:

~~*"16. Functions of audit committee*~~
~~*An audit committee has the following functions —*~~
~~*(a) to guide and assist the local government in carrying out —*~~
~~*(i) its functions under Part 6 of the Act; and*~~
~~*(ii) its functions relating to other audits and other matters related to financial management;*~~
~~*(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*~~
~~*(c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*~~
~~*(i) report to the council the results of that review; and*~~
~~*(ii) give a copy of the CEO's report to the council;*~~
~~*(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*~~
~~*(i) regulation 17(1); and*~~
~~*(ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*~~
~~*(e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*~~
~~*(f) to oversee the implementation of any action that the local government —*~~
~~*(i) is required to take by section 7.12A(3); and*~~
~~*(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*~~
~~*(iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*~~
~~*(iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*~~
~~*(g) to perform any other function conferred on the audit committee by these regulations or another written law."*~~

*"16. Functions of audit, risk and improvement committee*
*An audit, risk and improvement committee has the following functions —*

*(a) to receive and review reports on, and recommend to the council actions to be taken in relation to —*
*(i) audits under Part 7 of the Act; and*
*(ii) compliance audits; and*
*(iii) reviews under regulation 17;*
*(b) to otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to —*
*(i) financial management; and*
*(ii) legislative compliance; and*
*(iii) risk management;*
*(c) to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government —*
*(i) is required to take under section 7.12A(3); and*
*(ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
*(iii) has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and*
*(iv) has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);*
*(d) any other function conferred on the audit, risk and improvement committee under these regulations or another written law."*

The ARIC is also to consider the report presented by the CEO in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996* being:

~~***"17. CEO to review certain systems and procedures***~~
~~*(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*~~
~~*(a) risk management; and*~~
~~*(b) internal control; and*~~
~~*(c) legislative compliance.*~~
~~*(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*~~
~~*(3) The CEO is to report to the audit committee the results of that review."*~~

***"17. CEO to review certain systems and procedures***
*(1) The CEO must review the appropriateness and effectiveness of the local government's systems and procedures in relation to the following matters —*
*(a) financial management;*
*(b) legislative compliance;*
*(c) risk management.*
*(2) Under subregulation (1), the CEO may review any or all of the matters referred to in subregulation (1)(a) to (c) at any time but must review each of those matters not less than once in every 4 financial years.*
*(3) The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1)."*

In addition to the above, the ARIC's other functions include:

**6.1 External Audits**

1. Provide guidance and assistance to Council as to the carrying out of the functions of the Shire in relation to external audits.
2. Provide an opportunity for the ARIC to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed.
3. Meet with the auditor annually to receive the audit report and make a recommendation to Council with respect to that report.
4. Examine the reports of the auditor after receiving a report from the CEO on the matters to:
   a. Determine if any matters raised require action to be taken by the Shire; and
   b. Ensure that appropriate action is taken in respect of those matters.
5. ~~Consider and recommend adoption of the Annual Report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the Annual Report is signed.~~
6. ~~5.~~ Address issues brought to the attention of the ARIC, including responding to requests from Council for advice that is within the parameters of the ~~Committee's~~ ARIC's ToR.

*Note: The Office of the Auditor General is responsible for conducting external audits.*

**6.2 Internal Audits (as applicable)**

1. Provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to internal audits.
2. Review and recommend an~~y~~~~the~~ annual internal audit plan for endorsement by the Council and all major changes to the plan. Monitor that the~~any~~~~the~~ internal audit~~or~~'s annual plan is linked with and covers the material business strategic risks and themes.
3. Monitor processes and practices to ensure that the independence of an~~the~~ internal audit function is maintained.
4. Annually review the performance of ~~any~~ internal audits including the level of satisfaction with the internal audit function.
5. Review all internal audit reports and provide advice to Council on significant issues (i.e. high and extreme) identified in audit reports and the action to be taken on issues raised, including identification and dissemination of good practice.
6. Monitor management's implementation of internal audit recommendations.
7. Receive the findings of special internal audit assignments undertaken at the request of Council or the CEO.
8. ~~Review the annual Compliance Audit Return and report to Council the results of that review in accordance with Section 7.13(1)(i) of the *Local Government Act 1995*.~~
9. ~~Consider the CEO's Biennial Reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the ARIC, and report to Council the results of those reviews in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.~~
10. ~~Oversee the process of developing and implementing the Shire's fraud control arrangements to assist Council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.~~
11. ~~Consider the financial management systems and procedures in accordance with Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* within the statutory timeframes.~~

**6.3 Risk Management**

1. Ensure that management has in place a current and comprehensive enterprise Risk



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Management Framework and associated procedures for effective identification and management of Shire's business and financial risks.
2. Determine whether a sound and effective approach has been followed in managing the Shire's major risks including those associated with individual projects, program implementation, and activities.
3. Ensure the Shire identifies, reviews and regularly updates the strategic and operational risk profiles.
4. Understand and endorse the Shire's risk appetite.
5. Oversee the periodic review of the Risk Management Framework.

**6.4 Business Continuity**

1. Ensure a sound and effective approach has been followed in establishing the Shire's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
2. Oversee the periodic review of the Business Continuity Plan.

**6.5 Financial Reporting**

1. Review significant accounting and reporting issues, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
2. Review with management and the external auditors the results of the audit, including any difficulties encountered.
3. Review the Annual Financial Statements ~~forming part of the Shire's Annual Report~~ and consider whether it is complete, consistent with information known to ~~Committee~~ ARIC members, and reflects appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards.
5. Recommend the adoption of the Annual Financial Statements ~~forming part of the Annual Report~~ to Council.

**6.6 Internal Control**

1. Ensure management's approach to maintaining an effective Internal Control Framework is sound and effective.
2. Ensure management has in place relevant policies and procedures, including CEO's Instructions or their equivalent, and that these are periodically reviewed and updated.
3. Ensure appropriate processes are in place to assess~~, at least once a year,~~ whether key policies and procedures are complied with.
4. Ensure appropriate policies and supporting procedures are in place for the management and exercise of delegations.
5. Review how management identifies any required changes to the design or implementation of key internal controls.

**6.7 Fraud & Corruption Prevention**

1. Oversee the process of developing and implementing the Shire's fraud control arrangements to assist Council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.
2. Receive and consider information and advice presented by the CEO on the strategies and controls to manage fraud and corruption risks at the Shire.
3. Provide oversight over the Shire's exposure and issues raised in relation to fraud and corruption.

**6.8 Legislative Compliance**

1. Oversee the effectiveness of the systems for monitoring compliance with relevant laws, regulations and associated government policies.

**6.9 Other Responsibilities**

1. Monitor the progress of the implementation of external audit recommendations made by the auditor, which have been accepted by the Shire.
2. Receive recommendations arising from reviews of local government systems and procedures.
3. At least once every two (2) years review and assess the adequacy of the ARIC's ToR, request Council approval for proposed changes, and ensure appropriate disclosure as required by legislation or regulation.

## 7. Membership

**7.1 General**

Section 7.1A of the *Local Government Act 1995* states the members of the Committee are to be appointed* by the local government and at least three (3) of the members, and where the Committee consists of more than three (3) members then the majority of those members, are to be Councillors.

**Absolute Majority required*

~~The CEO~~An employee is not to be a member of the ~~Committee~~ ARIC and may not nominate a person to be a member of the Committee, or have a person represent them ~~CEO~~ as a member of the Committee. Similarly, ~~an employee~~ the CEO is not to be a member of the Committee.

As a minimum, the Shire's ~~Committee~~ ARIC will consist of up to five (5) members, being three (3) Councillors and up to two (2) external representatives. The two (2) external representatives will fulfill the roles of Presiding Member and Deputy Presiding Member.

All members will have full voting rights. In the event of a tie the ~~Chairperson~~ Presiding Member will have the casting vote.

The appointment of external members shall be based on the following criteria:

1. A suitably experienced professional who can demonstrate a high level of expertise and knowledge in financial management, risk management, governance, legislative compliance, audit (internal and external), internal controls and assurance processes in a local government setting.
2. Have a sound understanding or experience in performing the role of Presiding Member and/or Deputy Presiding Member.
3. Have an understanding of the duties and responsibilities of the position, ideally with respect to local government financial reporting and auditing requirements.
4. Have strong communication skills.
5. Have relevant qualifications, skills and experience in providing independent audit advice, particularly on audit and risk committees.
6. Be a person with no operating responsibilities with the Shire nor provide paid services to the Shire either directly or indirectly.

The appointment and re-appointment of external members shall be made by Council by way of invitation and be for a period of up to two (2) years to align with the local government ordinary election cycle. External members will not be appointed for more than three (3) consecutive terms.

External members will be required to confirm they will operate in accordance with the Shire's Code of Conduct and will be required to follow Council's policies pertaining to the ARIC operations.

Council may, by resolution, terminate the appointment of any external member prior to the expiry of their term if:

1. The ARIC, by majority decision, determines the member is not making a positive contribution to the ARIC; or
2. The member is found to be in breach of the Shire's Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
3. A member's conduct, action or comments brings the Shire into disrepute.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Shire. At least one (1) member of the ARIC will have accounting or related financial and/or risk management experience.

Reimbursement of approved expenses may be paid to an external member in accordance with Section 5.100 of the *Local Government Act 1995*.

The CEO, Executive Manager Corporate & Community Services and ~~Council and Executive~~ Council Support Officer and/or their nominee is to attend all meetings to provide advice and guidance to the ARIC. Other Shire staff listed above will attend meetings upon request of the CEO.

The Shire shall provide secretarial and administrative support to the ARIC.

New members will receive relevant information and briefings on their appointment to assist them meet their ARIC responsibilities.

**7.2 Tenure of Membership**

The tenure of ARIC membership will be in accordance with Section 5.11 of the *Local Government Act 1995,* taking into account Regulation 4 of the *Local Government (Administration) Regulations 1996.*

**8. Delegated Authority**

The ARIC is to report to Council and provide appropriate advice and recommendations on matters relevant to its ToR. This is to facilitate informed decision-making by Council in relation to its legislative functions and duties that have not been delegated to the Chief Executive Officer.

The ARIC is a formally appointed committee of Council and is responsible to that body. The ARIC does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility and does not have any delegated financial responsibility. The ARIC does not have any management functions and cannot involve itself in the Administration's management processes or procedures.

## Audit, Risk & Improvement Committee Terms of Reference

**9. Committee Structure**

**9.1 Chairperson and Deputy Chairperson**
In accordance with Section 5.12 of the *Local Government Act 1995*, Council will appoint* a member of the ARIC to be the Presiding Member (Chairperson) and Deputy Presiding Member (Deputy Chairperson) of the ARIC.

The Presiding Member and Deputy Presiding Member of the ARIC are to be its two (2) external members.
**Absolute Majority decision required*

**9.2 Secretariat**
The Council ~~& Executive~~ Support Officer will fulfil this administrative non-voting role.

**9.3 Standing Ex-Officio Members**
Chief Executive Officer
Executive Manager Corporate & Community Services
Executive Manager Infrastructure & Development Services
Manager Finance
Council ~~& Executive~~ Support Officer

**10. Meetings**

**10.1 Annual General Meeting**
Not applicable

**10.2 Committee Meetings**
The ARIC will meet at least quarterly, with additional meetings convened as required at the discretion of the Chairperson or at the request of the CEO.

The ARIC meetings shall be open to the public.

Other Councillors of the Shire may attend any ARIC meeting.

ARIC members are expected, where possible, to attend each meeting in person. Where attendance in person is not possible, in accordance with Regulation 14~~C~~A of the *Local Government (Administration) Regulations 1996*, the ARIC may, by resolution*, allow a member to attend the meeting via telephone or other means of instantaneous communication.
**Absolute Majority required*

**10.3 Voting**
Voting will be conducted in accordance with Section 5.21 of the *Local Government Act 1995*.

**10.4 Agendas, Minutes & Reporting**
The CEO or their delegate will administratively coordinate the convening of meetings of the ARIC and invite members of management, internal and external auditors or others to attend meetings as observers and to provide relevant information as necessary. The Council ~~& Executive~~ Support

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Officer will facilitate the administrative support for the meeting, including as a minute taker for the meeting.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed shall be provided to each member of the ARIC no later than seventy-two (72) hours prior to the meeting. Associated meeting papers are to be provided at the same time.

Minutes will be taken at each meeting and be presented to the subsequent meeting for confirmation. Minutes will include the proceedings and resolutions of the meeting including the names of those in attendance.

The Chairperson shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Conflicts of Interest will be managed in accordance with the Shire's policies and the *Local Government Act 1995*.

Minutes of ARIC meetings shall be circulated promptly to all members of the ARIC. Minutes of ARIC meetings shall be presented to the next Ordinary Council Meeting, with any recommendations from the ARIC to be considered by Council as part of that agenda item.

Other than confidential papers and attachments, agendas and minutes of the ARIC will be made publicly available on the Shire's website in accordance with Section 5.96A of the *Local Government Act 1995* within specified legislative timeframes.

**10.5 Who Acts if No Presiding Member**

In accordance with Section 5.14 of the *Local Government Act 1995*, if the Presiding Member and Deputy Presiding Member are not available, or are unable, to perform the functions of Presiding Member, then the ARIC members present at the meeting are to choose one of themselves to preside at the meeting.

**10.6 Members Interests to be Disclosed**

Members are to disclose all interests in any matter as necessary in accordance with Part 5, Division 6 of the *Local Government Act 1995*, the *Local Government (Administration) Regulations 1996* and the Code of Conduct.

In accordance with Section 5.65 of the *Local Government Act 1995*, the penalties for non-compliance with this clause include a fine of $24,000 or imprisonment for twenty-four (24) months.

## 10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

## 11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

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

## 13 CLOSURE