



NOTICE OF MEETING

Dear Councillors

I respectfully advise that the ORDINARY COUNCIL MEETING will be held in Council Chambers, York Town Hall, York on Tuesday, 26 March 2024, commencing at 5:00pm.

MEETING LATE AGENDA ATTACHED

Chris Linnell

CHRIS LINNELL
CHIEF EXECUTIVE OFFICER
Date: 22 March 2024

☛ PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING ☛

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

Any statement, comment or decision made at a Council meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity who has an application before the Shire of York must obtain, and should only rely on, written notice of the Shire of York's decision and any conditions attaching to the decision and cannot treat as an approval anything said or done at a Council meeting.

Any advice provided by an employee of the Shire of York on the operation of a written law, or the performance of a function by the Shire of York, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire of York. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire of York should be sought in writing and should make clear the purpose of the request. Any plans or documents in Agendas and Minutes may be subject to copyright.

<p>MISSION STATEMENT <i>"Building on our history to create our future"</i></p>

Order Of Business

12	Business of an Urgent Nature Introduced by Decision of the Meeting.....	3
	SY001-03/24 Minutes and Recommendations of the Audit and Risk Committee Meeting held on 21 March 2024.....	3
	SY002-03/24 Request for Approval - York Hockey Club Funding Submission	172

12 BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**SY001-03/24 MINUTES AND RECOMMENDATIONS OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 21 MARCH 2024****File Number:** 4.4175**Author:** Vanessa Green, Council & Executive Support Officer
Anneke Birleson, Administration & Governance Coordinator**Authoriser:** Chris Linnell, Chief Executive Officer**Previously before Council:** Not Applicable**Disclosure of Interest:** Nil**Appendices:** 1. Unconfirmed Minutes - Audit & Risk Meeting - 21 March 2024 [↓](#)**NATURE OF COUNCIL'S ROLE IN THE MATTER**

Legislative

PURPOSE OF REPORT

This report presents the Unconfirmed Minutes of the Audit and Risk Committee (the Committee) Ordinary Meeting held on Thursday 21 March 2024 to Council for consideration of the Committee's Recommendations.

BACKGROUND

At its Ordinary Meeting held on Thursday 21 March 2023, the Committee was presented with information relating to:

1. Compliance Audit Return
2. Mid-Year Budget Review
3. Payment of Meeting Fees to Independent Committee Members
4. Consideration of Findings identified during the 2022/23 Audit
5. Risk Management Framework & Policy

The Unconfirmed Minutes of the Committee's Meeting are presented in Appendix 1.

COMMENTS AND DETAILS

Further details and the implications of these reports are identified within the Committee's Minutes hence are not duplicated here. However, for ease of reference the Committee's recommendations were:

TABLE 1.

ITEM	RECOMMENDATION
Compliance Audit Return	That, with regard to the Compliance Audit Return 2023, the Audit and Risk Committee recommends that Council: 1. Resolves to adopt the completed 2023 Compliance Audit Return, as presented in Appendix 1, for certification by the Shire

	<p>President and the Chief Executive Officer in accordance with Regulation 15(2) of the <i>Local Government (Audit) Regulations 1996</i>.</p> <p>2. Requests the Chief Executive Officer to submit the 2023 Compliance Audit Return to the Departmental CEO of the Department of Local Government, Sport and Cultural Industries prior to 31 March 2024 in accordance with Regulation 15(1) of the <i>Local Government (Audit) Regulations 1996</i>.</p>		
Mid-Year Budget Review	<p>That, with regard to Mid-Year Budget Review 2023/24, the Audit and Risk Committee recommend to Council that it:</p> <ol style="list-style-type: none"> 1. Resolves to adopt the Mid-Year Budget Review and supporting information, as presented in Appendix 1. 2. Requests the Chief Executive Officer to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve 3. Requests the Chief Executive Officer to transfer \$347,000 of surplus funds to the Bridge Reserve. 4. Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Road Reserve. 5. Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Swimming Pool Reserve. 6. Requests the Chief Executive Officer to forward the adopted 2023/24 Mid-Year Budget Review to the Department of Local Government, Sport and Cultural Industries within thirty (30) days of Council's adoption. 		
Payment of Meeting Fees to Independent Members	<p>That, with regard to Payment of Meeting Fees to Independent Committee Members, the Audit & Risk Committee recommends to Council that it:</p> <ol style="list-style-type: none"> 1. Resolves to adopt the following meeting fees payable to independent committee members of the Audit and Risk Committee as follows: <table border="1" data-bbox="627 1339 1428 1391"> <tr> <td>Meeting Fee – External Member (x2)</td><td>\$172 per meeting</td></tr> </table>	Meeting Fee – External Member (x2)	\$172 per meeting
Meeting Fee – External Member (x2)	\$172 per meeting		
Consideration of Findings identified during the 2022/23 Audit	<p>That, with regard to the Consideration of Findings Identified During the 2022/23 Audit, the Audit and Risk Committee recommend to Council that it:</p> <ol style="list-style-type: none"> 1. Receives the Auditor's Audit Management Report, as presented in Appendix 1, from the Office of the Auditor General for the 2022/23 financial year. 2. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Audit Management Report. 3. Requests the Chief Executive Officer to submit a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 2, to the Minister for Local Government prior to 25 June 2024. 4. Requests the Chief Executive Officer to publish a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant 		

	<p>Findings, as presented in Appendix 2, on the Shire's website within fourteen (14) days of the report being provided to the Minister for Local Government.</p> <p>5. Requests the Chief Executive Officer to report back on the Significant Findings at the next Audit and Risk Meeting, with a risk assessment against each finding.</p>
Risk Management Framework & Policy	<p>That, with regard to the Risk Management Framework and Policy, the Audit and Risk Committee recommends that Council:</p> <ol style="list-style-type: none"> 1. Adopts Policy G19 – Risk Assessment & Management, as presented in Appendix 1. 2. Receives the Risk Management Framework, as presented in Appendix 2. 3. Authorises the Chief Executive Officer to make any minor formatting and typographical changes to the documents prior to publication.

OPTIONS

Council has the following options:

Option 1: Council could choose to accept the Committee's recommendations.

Option 2: Council could choose to reject the Committee's recommendations.

Option 3: Council could choose to resolve differently to the Committee's recommendations.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Audit and Risk Committee Meeting Ordinary Meeting 21 March 2024

Office of the Auditor General

Executive Leadership Team

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

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

Goal 4: 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.

Policy Related

G19 Risk Assessment and Management

G25 Compliance

Financial

The financial impact of the items considered by the Committee is detailed within the meeting minutes and the individual appendices to each report.

Legal and Statutory

Section 7.1A of the *Local Government Act 1995* is applicable and states:

“7.1A. Audit committee

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.”*

Regulation 16 and 17 of the *Local Government (Audit) Regulations 1996* are applicable to the functions of an audit committee and state:

“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.*

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.”*

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* requires an Absolute Majority decision of Council when determining whether, or not, to adopt the budget review.

Risk Related

The Committee plays a key role in overseeing the local government's responsibilities in relation to financial reporting, internal controls, risk management and legislative compliance. This report mitigates the risk of non-compliance.

Workforce

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

VOTING REQUIREMENTS

Absolute Majority: Yes

RECOMMENDATION

That, with regard to the Minutes and Recommendations of the Audit and Risk Committee Meeting held on 21 March 2024, Council:

1. Receives the Unconfirmed Minutes of the Audit and Risk Committee (the Committee) Meeting held on 21 March 2024, as presented in Appendix 1, and by adopting the following recommendations of the Committee, Council:

- a. Resolves to adopt the completed 2023 Compliance Audit Return for certification by the Shire President and the Chief Executive Officer in accordance with Regulation 15(2) of the *Local Government (Audit) Regulations 1996*.
- b. Requests the Chief Executive Officer to submit the 2023 Compliance Audit Return to the Departmental CEO of the Department of Local Government, Sport and Cultural Industries prior to 31 March 2024 in accordance with Regulation 15(1) of the *Local Government (Audit) Regulations 1996*.
- c. Resolves to adopt the Mid-Year Budget Review and supporting information.
- d. Requests the Chief Executive Officer to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve.
- e. Requests the Chief Executive Officer to transfer \$347,000 of surplus funds to the Bridge Reserve.
- f. Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Road Reserve.
- g. Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Swimming Pool Reserve.
- h. Requests the Chief Executive Officer to forward the adopted 2023/24 Mid-Year Budget Review to the Department of Local Government, Sport and Cultural Industries within thirty (30) days of Council's adoption.
- i. Resolves to adopt the following meeting fees payable to independent committee members of the Audit and Risk Committee as follows:

Meeting Fee – External Member (x2)	\$172 per meeting
------------------------------------	-------------------

- j. Receives the Auditor's Audit Management Report from the Office of the Auditor General for the 2022/23 financial year.
- k. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Audit Management Report.
- l. Requests the Chief Executive Officer to submit a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings to the Minister for Local Government prior to 25 June 2024.
- m. Requests the Chief Executive Officer to publish a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings on the Shire's website within fourteen (14) days of the report being provided to the Minister for Local Government.
- n. Requests the Chief Executive Officer to report back on the Significant Findings at the next Audit and Risk Meeting, with a risk assessment against each finding.
- o. Adopts Policy G19 – Risk Assessment & Management.
- p. Receives the Risk Management Framework.
- q. Authorises the Chief Executive Officer to make any minor formatting and typographical changes to the documents prior to publication.

--



UNCONFIRMED MINUTES

Audit and Risk Committee Meeting Thursday, 21 March 2024

Date: Thursday, 21 March 2024

Time: 3:00pm

Location: Council Chambers, York Town Hall, York

Order Of Business

1	Opening	3
1.1	Declaration of Opening.....	3
1.2	Acknowledgement / Disclaimer	3
1.3	Attendance via Electronic Means	3
1.4	Standing Orders	3
1.5	Announcement of Visitors	3
1.6	Declarations of Interest that Might Cause a Conflict	3
1.7	Declaration of Financial Interests	3
1.8	Disclosure of Interests that May Affect Impartiality	4
2	Attendance	4
2.1	Members	4
2.2	Staff	4
2.3	Apologies	4
2.4	Leave of Absence Previously Approved	4
2.5	Number of People in the Gallery at Commencement of Meeting	4
3	Questions from Previous Meetings	4
4	Public Question Time	4
4.1	Written Questions – Current Agenda.....	5
4.2	Public Question Time	5
5	Applications For Leave of Absence	5
6	Presentations	5
7	Confirmation of Minutes of Previous Meetings	5
8	Announcements by Presiding Member Without Discussion	6
9	Officer's Reports.....	7
9.1	Compliance Audit Return 2023.....	7
9.2	Mid-Year Budget Review 2023/24.....	35
9.3	Payment of Meeting Fees to Independent Committee Members	49
9.4	Consideration of Findings Identified During the 2022/23 Audit	55
9.5	Risk Management Framework and Policy	137
10	Motions of which Previous Notice has been given	162
11	Questions from Members without Notice	162
12	Business of an Urgent Nature Introduced by Decision of the Meeting.....	162
13	Closure	162

**MINUTES OF SHIRE OF YORK
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, YORK TOWN HALL, YORK
ON THURSDAY, 21 MARCH 2024 AT 3:00PM**

1 OPENING

1.1 Declaration of Opening

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

1.2 Acknowledgement / Disclaimer

The Presiding Member advised the following:

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

This meeting is being recorded on a digital audio and visual device to assist with minute taking purposes. The public is reminded that in accordance with Section 6.16 of the Shire of York Local Government (Council Meetings) Local Law 2016 that nobody shall use any visual or vocal recording device or instrument to record the proceedings of Council without the written permission of the presiding member.

I wish to draw attention to the Disclaimer Notice contained within the agenda document and advise members of the public that any decisions made at the meeting today, can be revoked, pursuant to the Local Government Act 1995.

Therefore members of the public should not rely on any decisions until formal notification in writing by Council has been received. Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material."

1.3 Attendance via Electronic Means

Nil

1.4 Standing Orders

Nil

1.5 Announcement of Visitors

Nil

1.6 Declarations of Interest that Might Cause a Conflict

Nil

1.7 Declaration of Financial Interests

Ms Zulsdorf - 9.3 - Payment of Meeting Fees to Independent Committee Members

Mr Lee - 9.3 - Payment of Meeting Fees to Independent Committee Members

Audit and Risk Committee Meeting Minutes

21 March 2024

1.8 Disclosure of Interests that May Affect Impartiality

*Nil***2 ATTENDANCE**

2.1 Members

Cr Kevin Trent, Presiding Member; Cr Denis Warnick; Cr Denese Smythe (as Deputy for Cr Peter Wright); Mr Justin Lee; Ms Shona Zulsdorf

2.2 Staff

Chris Linnell, Chief Executive Officer; Lindon Mellor, Executive Manager Infrastructure & Development Services; Anneke Birleson; Administration & Governance Coordinator

2.3 Apologies

*Cr Peter Wright**Alina Behan, Executive Manager Corporate & Community Services;*

2.4 Leave of Absence Previously Approved

Nil

2.5 Number of People in the Gallery at Commencement of Meeting

*There was one (1) person in the Gallery at the commencement of the meeting.***3 QUESTIONS FROM PREVIOUS MEETINGS***Nil***4 PUBLIC QUESTION TIME**

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

6.7 Other procedures for question time for the public

- (1) A member of the public who wishes to ask a question during question time must identify themselves and register with a Council Officer immediately prior to the meeting.
- (2) A question may be taken on notice by the Council for later response.
- (3) When a question is taken on notice the CEO is to ensure that—
 - (a) a response is given to the member of the public in writing; and
 - (b) a summary of the response is included in the agenda of the next meeting of the Council.
- (4) Where a question relating to a matter in which a relevant person has an interest is directed to the relevant person, the relevant person is to—
 - (a) declare that he or she has an interest in the matter; and
 - (b) allow another person to respond to the question.
- (5) Each member of the public with a question is entitled to ask up to 2 questions before other members of the public will be invited to ask their questions.

Audit and Risk Committee Meeting Minutes

21 March 2024

- (6) Where a member of the public provides written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
- (7) The Presiding Member may decide that a public question shall not be responded to where—
 - (a) the same or similar question was asked at a previous meeting, a response was provided and the member of the public is directed to the minutes of the meeting at which the response was provided;
 - (b) the member of the public uses public question time to make a statement, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the statement as a question; or
 - (c) the member of the public asks a question that is offensive or defamatory in nature, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the question in a manner that is not offensive or defamatory.
- (8) A member of the public shall have 2 minutes to submit a question.
- (9) The Council, by resolution, may agree to extend public question time.
- (10) Where any questions remain unasked at the end of public question time they may be submitted to the CEO who will reply in writing and include the questions and answers in the agenda for the next ordinary Council meeting.
- (11) Where an answer to a question is given at a meeting, a summary of the question and the answer is to be included in the minutes.

Public Question Time commenced at 3.04pm.

4.1 Written Questions – Current Agenda

Nil

4.2 Public Question Time

As there were no questions asked, Public Question Time concluded at 3.05pm.

5 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**COMMITTEE RECOMMENDATION**

Moved: Cr Denis Warnick

Seconded: Ms Shona Zulsdorf

That the minutes of the Audit and Risk Committee Meeting held on 12 December 2023 be confirmed as a correct record of proceedings.

In Favour: Crs Kevin Trent, Denis Warnick and Denese Smythe
Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

Audit and Risk Committee Meeting Minutes

21 March 2024

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

9 OFFICER'S REPORTS

9.1 COMPLIANCE AUDIT RETURN 2023

File Number:	4.0474
Author:	Vanessa Green, Council & Executive Support Officer
Authoriser:	Alina Behan, Acting Chief Executive Officer
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. Completed CAR ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the Compliance Audit Return (CAR) 2023 for the Audit and Risk Committee's (the Committee) consideration and recommendation to Council.

BACKGROUND

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

The CAR is a checklist of a local government's compliance with the requirements of the *Local Government Act 1995* (the Act) and its Regulations. The 2023 CAR content focuses on areas considered high risk. It examines whether the Council has complied with each action listed on the return under the following activities:

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

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

The CAR covers the period 1 January 2023 to 31 December 2023 and is presented in Appendix 1.

Audit and Risk Committee Meeting Minutes

21 March 2024

COMMENTS AND DETAILS

The completed 2023 CAR is required to be:

1. Presented for review by the Committee before being presented for consideration and adoption by Council.
2. Returned to the DLGSC with a copy of the relevant Committee and Council Minutes by 31 March 2024.

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

A summary of areas reviewed as part of the 2023 CAR is provided below:

Audit Focus	Comment
Commercial Enterprises	No major trading activities were undertaken during the reporting period
Delegation of Power	No areas of non-compliance were identified
Disclosure of Interest	No areas of non-compliance were identified
Disposal of Property	No areas of non-compliance were identified
Elections	No areas of non-compliance were identified
Finance	The Office of the Auditor General was not able to provide a copy of the financial/auditors report by 31 December 2023, with a flow on effect to other matters as listed
Integrated Planning and Reporting	No areas of non-compliance were identified
Local Government Employees	No areas of non-compliance were identified
Official Conduct	No areas of non-compliance were identified
Other Questions	The Committee will note the comment in relation to consolidated versions of the Shire's Local Laws
Tenders	No areas of non-compliance were identified

OPTIONS

The Committee has the following options:

Option 1: The Committee could choose not to recommend acceptance of the CAR and request changes be made to the document prior to submission. Noting that the CAR is required to be presented to the Committee and Council prior to submission to the DLGSC by 31 March 2024.

Option 2: The Committee could choose to recommend Council accept the CAR and submit it to the DLGSC by 31 March 2024.

Option 2 is the recommended option.

IMPLICATIONS TO CONSIDER**Consultative**

Executive Leadership Team

Other Officers as required

Strategic

Strategic Community Plan 2020-2030

Audit and Risk Committee Meeting Minutes

21 March 2024

Goal 5: Strong Leadership and Governance

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

Policy Related

G19 Risk Assessment and Management

G20 Legislative Compliance

O6 Internal Controls

Financial

Nil

Legal and Statutory

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

“14. Compliance audits by local governments

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

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

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

Risk Related

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

Workforce

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

VOTING REQUIREMENTS**Absolute Majority: No****COMMITTEE RECOMMENDATION****Moved: Ms Shona Zulsdorf****Seconded: Cr Denese Smythe****That, with regard to the Compliance Audit Return 2023, the Audit and Risk Committee recommends that Council:**

- 1. Resolves to adopt the completed 2023 Compliance Audit Return, as presented in Appendix 1, for certification by the Shire President and the Chief Executive Officer in accordance with Regulation 15(2) of the Local Government (Audit) Regulations 1996.**
- 2. Requests the Chief Executive Officer to submit the 2023 Compliance Audit Return to the Departmental CEO of the Department of Local Government, Sport and Cultural Industries prior to 31 March 2024 in accordance with Regulation 15(1) of the Local Government (Audit) Regulations 1996.**

In Favour: Crs Kevin Trent, Denis Warnick and Denese Smythe
Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Home (/) / Compliance Audit Return (/CAR/) / Compliance Audit Return Form

Compliance Audit Return Form

Start ✓
Details ✓
Commercial Enterprises ✓
Delegation ✓
Disclosure of Interest ✓
Disposal of Property ✓
Elections ✓
Finance ✓
IPR ✓
Employees ✓
Conduct ✓
Other ✓
Tenders ✓
Documents ✓
Review

Finalise

Print

Details

Local Government

York, Shire of

Created By

Vanessa Green

Year of Return

2023

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

1/24

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Status

Draft

Commercial Enterprises by Local Governments

1. Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023? *

N/A

☒ Add comments

Please enter comments *

No major trading undertakings were conducted in 2023

2. Has the local government prepared a business plan for each major land transaction that was not exempt in 2023? *

N/A

☒ Add comments

Please enter comments *

No major land transactions were undertaken in 2023

3. Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023? *

N/A

☐ Add comments

—

4. Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023? *

N/A

☐ Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

2/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

5. During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? *

N/A

☐ Add comments

—

Delegation of Power/Duty

1. Were all delegations to committees resolved by absolute majority? *

N/A

☒ Add comments

Please enter comments *

No committees have delegated authority

2. Were all delegations to committees in writing? *

N/A

☐ Add comments

—

3. Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? *

N/A

☐ Add comments

—

4. Were all delegations to committees recorded in a register of delegations? *

N/A

☐ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

3/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

5. Has council reviewed delegations to its committees in the 2022/2023 financial year? *

N/A

☐ Add comments

—

6. Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? *

Yes

☐ Add comments

—

7. Were all delegations to the CEO resolved by an absolute majority? *

Yes

☐ Add comments

—

8. Were all delegations to the CEO in writing? *

Yes

☐ Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

4/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

9. Were all delegations by the CEO to any employee in writing? *

Yes

☐ Add comments

—

10. Were all decisions by the Council to amend or revoke a delegation made by absolute majority? *

Yes

☐ Add comments

—

11. Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? *

Yes

☐ Add comments

—

12. Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year? *

Yes

☒ Add comments

Please enter comments *

Delegations Register review adopted at June 2023 OCM Resolution 140623

13. Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19? *

Yes

☒ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

5/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

Use of delegated authority is recorded in Attain and presented to Council monthly as part of Concept Forum

Disclosure of Interest

1. Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? *

Yes

☐ Add comments

—

2. Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? *

Yes

☒ Add comments

Please enter comments *

Ministerial approval for participation of elected members due to Financial Interests in reports was included in the following Minutes:
March 2023: SY021-03/23 Resolution 260323 & SY030-12/23 Resolution 370323
December 2023: SY163-12/23 Resolution 071223

3. Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? *

Yes

☐ Add comments

—

4. Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? *

Yes

☐ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

6/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

5. Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023? *

Yes

☐ Add comments

—

6. On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return? *

Yes

☐ Add comments

—

7. Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? *

Yes

☐ Add comments

—

8. Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? *

Yes

☐ Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

7/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

9. When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person? *

Yes

☐ Add comments

—

10. Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? *

Yes

☐ Add comments

—

11. Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? *

Yes

☐ Add comments

—

12. Did the CEO publish an up-to-date version of the gift register on the local government's website? *

Yes

☒ Add comments

Please enter comments *

<https://www.york.wa.gov.au/disclosure-of-gifts.aspx>

13. When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? *

Yes

☐ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

8/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

14. Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? *

Yes

☐ Add comments

—

15. Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? *

Yes

☐ Add comments

—

16. Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? *

N/A

☒ Add comments

Please enter comments *

The CEO did not receive any gifts during the reporting period.

17. Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered? *

N/A

☐ Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

9/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

18. Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct? *

Yes

☒ **Add comments**

Please enter comments *

Policy E1 - Code of Conduct - Council Members, Committee Members & Candidates available <https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx>

19. Did the local government adopt additional requirements in addition to the model code of conduct? *

No

☐ **Add comments**

—

20. Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? *

Yes

☒ **Add comments**

Please enter comments *

Policy E1 - Code of Conduct - Council Members, Committee Members & Candidates available <https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx>

21. Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? *

Yes

☒ **Add comments**

Please enter comments *

Policy O8 - Employee Code of Conduct available <https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx>

21a. Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? *

Yes

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

10/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Disposal of Property

1. Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? *

Yes

☒ Add comments

Please enter comments *

All disposals, except one, were exempt transactions with not-for-profit entities. The non-exempt disposal was advertised from October to November 2022 with Council considering the disposal at its December 2022 OCM (101222)

2. Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property? *

Yes

☐ Add comments

—

Elections

1. Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulation 30G(1) and regulation 30G(2) of the Local Government (Elections) Regulations 1997? *

N/A

☒ Add comments

Please enter comments *

No gift notifications were received hence no register able to be established and maintained

2. Did the CEO remove any disclosure of gifts forms relating to unsuccessful candidates, or successful candidates that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? *

N/A

☒ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

11/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

Refer above

3. Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? *

N/A

☒ Add comments

Please enter comments *

Refer point 1 above

Finance

1. Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? *

Yes

☐ Add comments

—

2. Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? *

N/A

☒ Add comments

Please enter comments *

The Audit & Risk Committee is not delegated authority

3. Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023? *

No

☒ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

12/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

The Office of the Auditor General was not able to provide a copy of the financial/auditors report by 31 December 2022. It is expected to be finalised in March 2024.

4. Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? *

N/A

☒ **Add comments**

Please enter comments *

The auditors report for the financial year ending 30 June 2023 has not yet been completed to enable any matters raised to be actioned.

5. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? *

N/A

☒ **Add comments**

Please enter comments *

The auditors report for the financial year ending 30 June 2023 has not yet been completed to enable any matters raised to be actioned and a report prepared or provided to the Minister.

6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? *

N/A

☒ **Add comments**

FIN-AR-Publish14DaysComments *

The auditors report for the financial year ending 30 June 2023 has not yet been completed to enable any matters raised to be actioned and a report prepared or provided to the Minister or published on the website

7. Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit? *

N/A

☒ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

13/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

The auditors report for the financial year ending 30 June 2023 has not yet been completed to enable it to be received by the local government

Integrated Planning and Reporting

1. Has the local government adopted by absolute majority a strategic community plan? *

Yes

☐ **Add comments****Please provide the adoption date or the date of the most recent review ***

24/10/2023

—

2. Has the local government adopted by absolute majority a corporate business plan? *

Yes

☐ **Add comments****Please provide the adoption date or the date of the most recent review ***

24/10/2023

—

3. Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? *

Yes

☐ **Add comments**

—

Local Government Employees

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

14/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

1. Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? *

Yes

☒ **Add comments**

Please enter comments *

Recruitment for Executive Manager Infrastructure & Development Services commenced January 2023 & considered by Council in March 2023 (340323)

2. Was all information provided in applications for the position of CEO true and accurate? *

N/A

☒ **Add comments**

Please enter comments *

Recruitment for a CEO was not required during the reporting period

3. Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? *

N/A

☐ **Add comments**

—

4. Did the CEO inform council of each proposal to employ or dismiss senior employee? *

Yes

☒ **Add comments**

Please enter comments *

January 2023 (020123) & March 2023 (340323)

5. Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? *

N/A

☒ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

15/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

Council accepted the recommendation from the CEO in relation to the employment of the Executive Manager Infrastructure & Development Services

Official Conduct

1. Has the local government designated an employee to be its complaints officer? *

Yes

☒ **Add comments**

Please enter comments *

Council appointed the CEO at its February 2021 Meeting SY11-02/21 Resolution 130221. Council reaffirmed its delegation in relation to the appointment of persons to receive and withdraw complaints at its August 2023 OCM Resolution 060823

2. Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

3. Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? *

Yes

☐ **Add comments**

—

4. Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? *

Yes

☒ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

16/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *<https://www.york.wa.gov.au/council/your-council/register-of-complaints.aspx>

Other

1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2) (c) within the three financial years prior to 31 December 2023?

Yes

☐ Add comments**Please provide the date of council's resolution to accept the report. ***

19/12/2023

—

2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023?

Yes

☐ Add comments**Please provide the date of council's resolution to accept the report. ***

19/12/2023

—

3. Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?

Yes

☒ Add comments**Please enter comments ***<https://www.york.wa.gov.au/disclosure-of-gifts.aspx><https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

17/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

4. Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

Yes

☒ **Add comments**

Please enter comments *

<https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx>

Policy E9 applies

5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

No

☒ **Add comments**

Please enter comments *

Section 5.96A(1)(b) is non-compliant in that the published local laws are not consolidated versions. Instead the original local law and the amendment local law are individually published. All other Sections are compliant.

6. Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Yes

☒ **Add comments**

Please enter comments *

<https://www.york.wa.gov.au/plan-build/planning/council-policies.aspx>

Policy E2 applies

7. Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?

Yes

☒ **Add comments**

OQ-CouncilMemberTrainingPublishComments *

<https://www.york.wa.gov.au/council/your-council/councillors.aspx>

8. By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?

No

☒ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

18/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

Please enter comments *

An extension was sought until 13 October 2023 and Ministerial approval was received (Ref E23131772) dated 2 October 2023

9. When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?

Yes

☐ **Add comments**

—

Tenders for Providing Goods and Services

1. Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? *

Yes

☐ **Add comments**

—

2. Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? *

Yes

☒ **Add comments**

Please enter comments *

Tender T02-23/24 & T03-23/24 called during the reporting period

3. When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? *

Yes

☐ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

19/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

4. Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? *

N/A

☒ **Add comments**

Please enter comments *

Multiple contracts were not entered into

5. If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? *

Yes

☒ **Add comments**

Please enter comments *

Information on variations provided through the Tenderlink/e-Quotes portal for all prospective tenderers to receive/review

6. Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? *

Yes

☐ **Add comments**

—

7. Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? *

Yes

☒ **Add comments**

Please enter comments *

<https://www.york.wa.gov.au/tender-register.aspx> noting Tender 02-23/24 was not finalised/awarded by 31 December hence the register will be finalised outside the reporting period.

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

20/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

8. Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? *

N/A

☒ **Add comments**

Please enter comments *

No tenders were required to be rejected for not being submitted at the place or within the time specified.

9. Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? *

Yes

☐ **Add comments**

—

10. Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? *

Yes

☐ **Add comments**

—

11. Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? *

N/A

☒ **Add comments**

Please enter comments *

No expressions of interest were conducted during the reporting period

12. Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? *

N/A

☐ **Add comments**

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

21/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

13. Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? *

N/A

☐ Add comments

—

14. Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? *

N/A

☐ Add comments

—

15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? *

N/A

☒ Add comments

Please enter comments *

No panels of pre-qualified suppliers were called during the reporting period

16. If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? *

N/A

☐ Add comments

—

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

22/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

17. Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? *

N/A

☐ Add comments

—

18. Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? *

N/A

☐ Add comments

—

19. Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? *

N/A

☐ Add comments

—

20. Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? *

N/A

☐ Add comments

—

21. Did the CEO send each applicant written notice advising them of the outcome of their application? *

N/A

☐ Add comments

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

23/24

Audit and Risk Committee Meeting Minutes

21 March 2024

3/12/24, 3:21 PM

Compliance Audit Return Form - Starter Portal

—

22. Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? *

Yes

☐ Add comments

—

Documents

There are no notes to display.

Close

Previous

Next

<https://car.dlgsc.wa.gov.au/CAR/CAR-Edit/?id=3d357f3e-1bbb-ee11-a81c-002248125d79&stepid=93afe69e-6d74-ed11-81ab-00224892bd4b>

24/24

9.2 MID-YEAR BUDGET REVIEW 2023/24

File Number:	4.0463
Author:	Ann Schall, Acting Finance Manager
Authoriser:	Alina Behan, Executive Manager Corporate & Community Services
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. Projected Statement of Financial Activity February 2024 ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the Mid-Year Budget Review, for the period ending 29 February 2024 for the Audit and Risk Committee's (the Committee) 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 2023/24 annual budget was adopted by Council at its Special Council Meeting on 29 August 2023 (190823). As part of adopting the budget the following was also resolved (200823):

"That, with regard to Material Variance Reporting for 2023/24, Council:

- 1. Resolves in accordance with Regulation 34(5) of the Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards, to adopt the level for the reporting of material variance in 2023/24 as 10% or \$10,000, whichever is the greater."***

A comprehensive review of the 2023/24 Budget and year to date actuals to 29 February 2024 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 29 February 2024, 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 Committee and is presented in Appendix 1. The following table provides a summary of the anticipated year end position incorporating the proposed amendments with an anticipated surplus of \$601,083 expected as a result. Explanations for key variances are provided below.

Audit and Risk Committee Meeting Minutes

21 March 2024

ITEM	2023/24 UPDATED BUDGET ESTIMATES	YTD ACTUAL	BUDGET REVIEW PERMANENT \$	ESTIMATED YEAR AT END AMOUNT
NET SURPLUS AT BEGINNING OF YEAR	3,823,168.00	4,207,426.00	384,258.00	4,207,426.00
Operating revenue	9,937,625.00	9,607,093.00	33,006.00	9,970,631.00
General rates	-6,662,569.00	-6,640,798.00	0.00	-6,662,569.00
Operating excluding general rates	3,275,056.00	2,966,295.00	33,006.00	3,308,062.00
Operating expenditure	-19,822,679.00	-7,273,739.00	-86,644.00	-19,909,323.00
Add non cash items (profit depreciation and loss)	7,508,796.00	0.00	0.00	7,508,796.00
Amount attributable to operating activities excluding general rates	-9,038,827.00	-4,307,444.00	-53,638.00	-9,092,465.00
Amount attributable to investing activities	-1,226,099.00	-317,952.00	219,454.00	-1,006,645.00
Amount attributable to financing activities	-169,802.00	-153,891.00	0.00	-169,802.00
Estimated deficiency before general rates	-6,611,560.00	-571,861.00	550,074.00	-6,061,486.00
Estimated amount to be raised from general rates	6,662,569.00	6,640,798.00	0.00	6,662,569.00
Closing funding surplus/(deficit)	51,009.00	6,068,937.00	550,074.00	601,083.00

OPERATING ACTIVITIES***Operating Revenues – net increase of \$33,006***

- Operating Grants – No material variance
- Fees and Charges – Increased revenue has been received for CRC activities, Building Control, Brochure Advertising, Rental Income and standpipe water charges
- Service Charges – No material variance
- Interest Earnings – No material variance
- Other Revenue – Increased revenue has been received for CRC activities
- Profit on Assets Disposal – Minor increase due to sale of John Deere Loader

Expenses – net increase of \$86,644

- Employee Costs – Employee costs have increased due to additional training demands for new staff and Forrest Oval Grounds Maintenance
- Materials and Contracts – An increase is expected due to the new hockey oval works, corella damage to lighting, bridge and maintenance
- Utility Charges – An increase has been recorded due to higher than expected standpipe water usage, this will be recouped in fees and charges
- Depreciation on Non-Current Assets – No material variance
- Interest Expenses – No material variance
- Insurance Expenses – An increase in insurance costs has been recorded due to break-ins
- Other Expenditure – Rates charges were not originally allocated for Centennial Units
- Loss on Assets Disposal – An increase has been recorded due to the expected loss on the sale of Hino Truck

INVESTING ACTIVITIES – net increase of \$219,454

- Non-operating Grants, Subsidies and Contributions – No material variance
- Purchase Land Held for Resale Expenses – No material variance
- Purchase Investment Property Expenses – No material variance
- Purchase Land and Buildings – Budget allocated towards Pioneer Memorial Lodge (PML) upgrades has been amended to allow for current works. Officers will request additional funds

Audit and Risk Committee Meeting Minutes

21 March 2024

required for the generator connection upgrade to the building in next year's budget, due to current projections being more than the original budget allocation

- Purchase Plant and Equipment – Changes to program due to plant condition issues that arose, but there has not been a change to the overall allocation
- Purchase and Construction of Infrastructure Roads –
 - Project Variations to Road to Recovery Projects (No net budget impact)
 - Overall changes to allocation of Roads to Recovery funding due to the road projects that these were allocated to will be carried into 2024/25 due to delays on design and requirements for permits
 - The following reallocations were made to ensure funding was retained:
 - Greenhills South Bridge/Drainage Repairs \$30,000
 - Glebe St Bridge Repairs \$42,000
 - Quellington Road Bridge \$60,000
 - Spencers Brook Rd Bridge \$10,000
 - Vegetation Pruning \$132,000
 - Regional Road Group Projects (RRG)
 - Due to delays in design and permits RRG Projects will be carried into the following financial year
 - Initial funds have been used for design work
 - Local Roads and Community Infrastructure (LRCI)
 - Due to savings in projects within the LRCI program increases have been made to:
 - Avon Terrace Access and Inclusion \$339,000
 - Cemetery \$158,368
 - Bridge maintenance \$225,000
- Purchase and Construction of Infrastructure Other – Minor increase due to additional funds allocated for Conservation Management Plan for Wongborel (Mt Brown) & River Reserves
- Purchase of Right of Use Assets – No material variance
- Purchase of Investments – No material variance
- Proceeds from Self Supporting Loans – No material variance
- Proceeds from Disposal of Assets – No material variance
- Proceeds from Sale of Investments – No material variance

FINANCING ACTIVITIES – no predicted variance

- Repayment of debentures – No material variance
- Principal Elements of Finance Lease Payments – No material variance
- Proceeds from New Borrowings – No material variance
- Proceeds from New Lease Liabilities – No material variance
- Advances of Self-Supporting Loans – No material variance
- Transfers to Cash Backed Reserves (Restricted Assets) – Requested transfer from Recreation Reserve to Swimming Pool Reserve as detailed. This will result in no net change. Transfer of anticipated surplus to Bridge Reserve

Audit and Risk Committee Meeting Minutes

21 March 2024

- Transfers from Cash Backed Reserves (Restricted Assets) – No material variance

OTHER ITEMS

- Net Current Assets at Start of Financial Year Surplus (Deficit) – A increase of \$384,258 was required to the starting position following the completion of the Annual Financial Report
- Non-Cash Amounts Excluded from Operating Activities – Minor loss has been recorded on vehicle asset disposals
- Non-Cash Amounts Excluded from Investing Activities – No material variance
- Rate Revenue – there has been additional income expenditure from the application of early payment rates discount, and interim rates are lower than expected. This has not resulted in a material variance
- Estimated Amount to be Raised from General Rates – No material variance

Officers seek Council's permission to repurpose \$347,000 of the unattached Municipal surplus funds to the Bridge Reserve to prioritise reinstating the original budgeted amount to the Bridge Reserve as per Council's direction in November 2023 (121123). In addition, noting future expenditure on both roads and the swimming pool replacement, Officers seek Council's permission to repurpose a further \$100,000 each to the Road Reserve and the Swimming Pool Reserve. This will alter the Transfers to Cash Backed Reserves (Restricted Assets) from \$40,000 to \$587,000.

Officers seek permission from Council to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve as per Council's original direction in June 2022 (020622) and at the budget adoption in August 2022 (020822).

OPTIONS

The Committee has the following options:

- Option 1:** To recommend to Council that it adopts the Mid-Year Budget Review for 2023/24 and supporting information, as presented in Appendix 1.
- Option 2:** To recommend to Council that it does not adopt the Mid-Year Budget Review for 2023/24 and supporting information, as presented in Appendix 1 and request further information from the Chief Executive Officer.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Executive Leadership Team

Other Officers as required

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

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

Policy Related

F3 Significant Accounting Policies

F11 Financial Planning and Sustainability

Financial

The financial impact of the Mid-Year Budget Review is presented in Appendix 1. A year end surplus of \$601,083 is anticipated following the review with \$587,000 of identified surplus funds to be transferred to the Bridge, Road and Swimming Pool Reserves 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.”*

Audit and Risk Committee Meeting Minutes

21 March 2024

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

“33A. Review of budget

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

**Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.”*

Risk Related

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

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

Workforce

Nil

VOTING REQUIREMENTS

Absolute Majority: Yes

COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Cr Denis Warnick

That, with regard to Mid-Year Budget Review 2023/24, the Audit and Risk Committee recommend to Council that it:

- 1. Resolves to adopt the Mid-Year Budget Review and supporting information, as presented in Appendix 1.**
- 2. Requests the Chief Executive Officer to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve.**
- 3. Requests the Chief Executive Officer to transfer \$347,000 of surplus funds to the Bridge Reserve.**
- 4. Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Road Reserve.**

5. **Requests the Chief Executive Officer to transfer \$100,000 of surplus funds to the Swimming Pool Reserve.**
6. **Requests the Chief Executive Officer to forward the adopted 2023/24 Mid-Year Budget Review to the Department of Local Government, Sport and Cultural Industries within thirty (30) days of Council's adoption.**

In Favour: Crs Kevin Trent, Denis Warnick and Denese Smythe
 Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0 BY ABSOLUTE MAJORITY

SHIRE OF YORK

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 29 FEBRUARY 2024

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

TABLE OF CONTENTS

Statement of Budget Review	2
Note 1 Basis of Preparation	3
Note 2 Summary Graphs - Budget Review	4
Note 3 Net Current Funding Position	5
Note 4 Predicted Variances / Future Budget Amendments	7

Please refer to compilation report

| 1

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 29 FEBRUARY 2024

Budget v Actual						
		Updated Budget			Estimated	Predicted
	Note	Adopted Budget	Estimates (a)	Year to Date Actual	Year at End Amount (b)	Variance (a) - (b)
		\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Revenue from operating activities						
		6,662,569	6,662,569	6,640,798	6,662,569	0
		978,293	978,293	973,473	978,293	0
	4.1	386,388	386,388	310,091	384,270	(2,118) ▼
	4.2	1,266,389	1,271,849	1,155,752	1,287,238	15,389 ▲
		225,034	225,034	225,955	225,034	0
	4.3	241,397	407,092	301,024	416,327	9,235 ▲
	4.4	6,400	6,400	0	16,900	10,500 ▲
		9,766,470	9,937,625	9,607,093	9,970,631	33,006
Expenditure from operating activities						
	4.5	(5,859,408)	(5,961,802)	(3,650,349)	(6,025,569)	(63,767) ▼
	4.6	(4,503,124)	(4,550,534)	(2,321,222)	(4,641,663)	(91,129) ▼
	4.7	(307,167)	(310,935)	(262,019)	(370,935)	(60,000) ▼
		(7,259,298)	(7,259,298)	0	(7,259,298)	0
		(62,706)	(62,706)	(37,971)	(62,706)	0
	4.8	(265,246)	(267,447)	(335,665)	(277,447)	(10,000) ▼
	4.9	(811,729)	(1,154,059)	(666,513)	(972,807)	181,252 ▲
	4.10	(255,898)	(255,898)	0	(298,898)	(43,000) ▼
		(19,324,576)	(19,822,679)	(7,273,739)	(19,909,323)	(86,644)
Non-cash amounts excluded from operating activities						
		7,508,796	7,508,796	0	7,508,796	0
Amount attributable to operating activities						
		(2,049,310)	(2,376,258)	2,333,354	(2,429,896)	(53,638)
INVESTING ACTIVITIES						
Inflows from investing activities						
		3,879,505	3,996,335	669,843	3,996,335	0
		425,454	425,454	0	425,454	0
		4,304,959	4,421,789	669,843	4,421,789	0
Outflows from investing activities						
		(1,026,304)	(1,026,304)	(427,629)	(1,026,304)	0
	4.1	(4,504,754)	(4,621,584)	(560,166)	(4,402,130)	219,454 ▲
		(5,531,058)	(5,647,888)	(987,795)	(5,428,434)	219,454
Amount attributable to investing activities						
		(1,226,099)	(1,226,099)	(317,952)	(1,006,645)	219,454
FINANCING ACTIVITIES						
Cash inflows from financing activities						
		78,000	78,000	0	78,000	0
		78,000	78,000	0	78,000	0
Cash outflows from financing activities						
		(207,802)	(207,802)	(153,891)	(207,802)	0
		(387,957)	(40,000)	0	(40,000)	0
		(595,759)	(247,802)	(153,891)	(247,802)	0
Amount attributable to financing activities						
		(517,759)	(169,802)	(153,891)	(169,802)	0
MOVEMENT IN SURPLUS OR DEFICIT						
	4.2	3,823,168	3,823,168	4,207,426	4,207,426	384,258 ▲
		(2,049,310)	(2,376,258)	2,333,354	(2,429,896)	(53,638)
		(1,226,099)	(1,226,099)	(317,952)	(1,006,645)	219,454
		(517,759)	(169,802)	(153,891)	(169,802)	0
	3(a),4.3	30,000	51,009	6,068,937	601,083	550,074

Please refer to compilation report

| 2

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2024**

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

Judgements and estimates

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

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

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

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

SIGNIFICANT ACCOUNTING POLICES

Significant accounting policies utilised in the preparation of these statements are as described within the 2023-24 Annual Budget. Please refer to the adopted budget document for details of these policies.

Please refer to compilation report

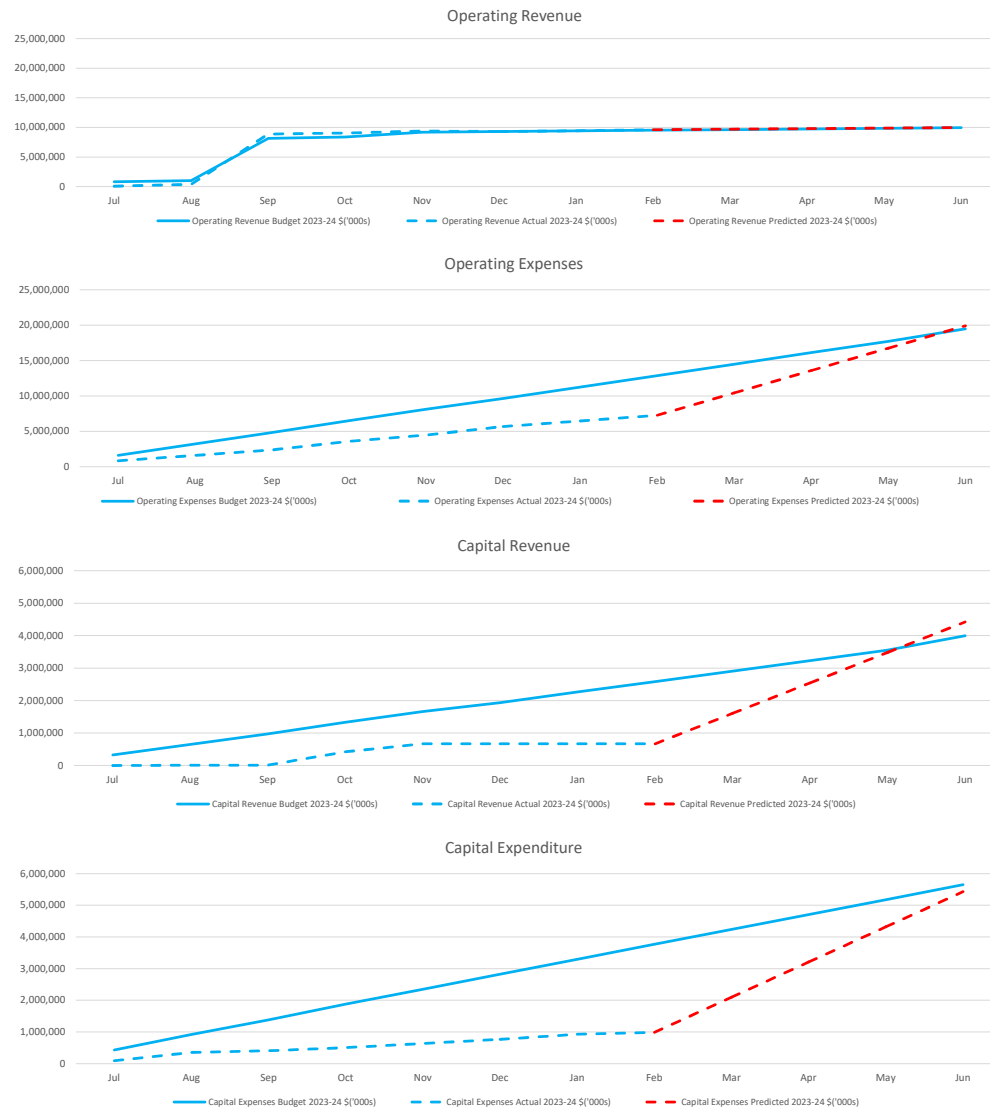
| 3

Audit and Risk Committee Meeting Minutes

21 March 2024

**SHIRE OF YORK
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 29 FEBRUARY 2024**

2. SUMMARY GRAPHS - BUDGET REVIEW



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

Please refer to compilation report

| 4

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2024

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

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	4,198,060	2,935,160	3,647,834	4,810,243	3,506,243
Financial assets	3,192,826	0	0	3,067,310	0
Trade and other receivables	1,236,849	1,406,168	1,406,168	2,313,440	1,406,168
Inventories	46,329	46,329	46,329	57,635	46,329
Other assets	272,727	0	0	0	0
	8,946,791	4,387,657	5,100,331	10,248,628	4,958,740
Less: current liabilities					
Trade and other payables	(1,056,957)	(1,145,489)	(1,056,957)	(742,284)	(1,145,489)
Capital grant/contribution liability	(858,734)	0	(858,734)	(858,734)	0
Borrowings	(207,801)	(218,223)	(207,801)	(53,911)	(218,223)
Employee related provisions	(745,328)	(780,260)	(745,328)	(745,328)	(780,260)
Other provisions	0	(43,605)	0	0	(43,605)
	(2,868,820)	(2,187,577)	(2,868,820)	(2,400,257)	(2,187,577)
Net current assets	6,077,971	2,200,080	2,231,511	7,848,371	2,771,163
Less: Total adjustments to net current assets	(1,870,545)	(2,170,080)	(2,180,502)	(2,024,435)	(2,170,080)
Closing funding surplus / (deficit)	4,207,426	30,000	51,009	5,823,936	601,083

(b) Non-cash amounts excluded from operating activities

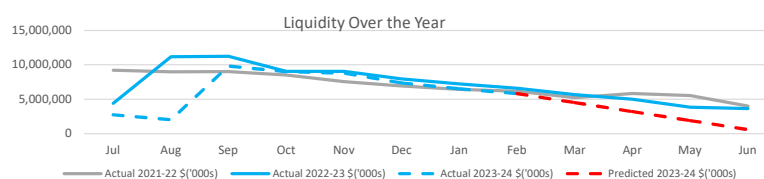
The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(70,158)	(6,400)	(6,400)	0	(16,900)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(7,683)	0	0	0	0
Add: Loss on disposal of assets	34,285	255,898	255,898	0	298,898
Add: Depreciation on assets	6,480,269	7,259,298	7,259,298	0	7,259,298
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates	(21,517)	0	0	0	0
Transfer to non-current assets held for sale	510,825	0	0	0	0
Employee benefit provisions	48,497	0	0	0	0
Non-cash amounts excluded from operating activities	6,974,318	7,508,796	7,508,796	0	7,541,296

(c) 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 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Cash - Reserve accounts	(2,585,273)	(2,895,230)	(2,895,230)	(2,585,273)	(2,895,230)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	207,801	218,223	207,801	53,911	218,223
- Current portion of provisions held in reserve	506,927	506,927	506,927	506,927	506,927
Total adjustments to net current assets	(1,870,545)	(2,170,080)	(2,180,502)	(2,024,435)	(2,170,080)



Please refer to compilation report

| 5

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 2024

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

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

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

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

INVENTORIES

General

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

CONTRACT ASSETS

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

CONTRACT LIABILITIES

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

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

PROVISIONS

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

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

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

PREPAID RATES

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

EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

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

Other long-term employee benefits

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

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

Please refer to compilation report

| 6

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 29 FEBRUARY 2024

4 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
4.1 Grants, subsidies and contributions Reduced revenue has been received for Australia Day. Increased revenue has been received for Regional Road Group.	(2,118) ▼
4.2 Fees and charges Increased revenue has been received for Community Resource Centre activities, Building Control, Brochure advertising, Rental income and standpipe water charges	15,389 ▲
4.3 Other revenue Increased revenue has been received for Community Resource Centre activities.	9,235 ▲
4.4 Profit on asset disposals Minor increase due to sale of John Deere Loader.	10,500 ▲
Expenditure from operating activities	
4.5 Employee costs Employee costs have increased due to additional training demands for new staff and Forrest Oval Grounds Maintenance.	(63,767) ▼
4.6 Materials and contracts An increase is expected due to the new hockey oval works, corella damage to lighting, bridge and maintenance.	(91,129) ▼
4.7 Utility charges An increase has been recorded due to higher than expected standpipe water usage, this will be recouped in fees and charges.	(60,000) ▼
4.8 Insurance An increase in insurance costs has been recorded due to break-ins.	(10,000) ▼
4.9 Other expenditure Rates charges were not originally allocated for Centennial Units.	181,252 ▲
4.10 Loss on asset disposals An increase has been recorded due to the expected loss on the sale of Hino Truck.	(43,000) ▼
Outflows from investing activities	
4.1 Purchase and construction of infrastructure-other Minor increase due to additional funds allocated for Conservation Management Plan for Wongborel (Mt Brown) & River Reserves	219,454 ▲
4.2 Surplus or deficit at the start of the financial year	384,258 ▲
4.3 Surplus or deficit after imposition of general rates	550,074 ▲

Please refer to compilation report

| 7

9.3 PAYMENT OF MEETING FEES TO INDEPENDENT COMMITTEE MEMBERS**Disclosure of Interest – Ms Zulsdorf – Financial – 9.3 Payment of Meeting Fees to Independent Committee Members**

Ms Zulsdorf read the Financial Declaration - With regard to Payment of Meeting Fees to Independent Committee Members the matter in Item 9.3 I disclose that I have a financial interest in this matter. The association is I am a potential recipient of the fees. As a consequence, I will leave the meeting.

At 3:17 pm, Ms Shona Zulsdorf left the meeting.

Disclosure of Interest – Mr Lee – Financial – 9.3 Payment of Meeting Fees to Independent Committee Members

Mr Lee read the Financial Declaration- With regard to Payment of Meeting Fees to Independent Committee Members the matter in Item 9.3 I disclose that I have I have a financial interest in this matter. The association is financial remuneration. As a consequence, I will leave the meeting.

At 3:18 pm, Mr Justin Lee left the meeting.

File Number:	4.0474
Author:	Vanessa Green, Council & Executive Support Officer
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	1. SAT Determination Variation ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report provides details of a proposal to commence payment of meeting fees to the Audit & Risk Committee's (the Committee) external members.

BACKGROUND

The *Local Government Amendment Act 2023*, assented to on 18 May 2023, changes the *Local Government Act 1995* (the Act) to provide for independent committee members to receive meeting fees. The change came into effect from 1 January 2024.

An independent committee member refers to any attendee who is neither a sitting councillor nor an employee of the local government.

Prior to this legislative change, the Act restricted the payment of meeting attendance fees to councillors or local government employees only.

Audit and Risk Committee Meeting Minutes

21 March 2024

This change recognises the important contribution that members of the community make to local government decision-making.

COMMENTS AND DETAILS

In accordance with Section 7A and 7B of the *Salaries and Allowances Act 1975*, the Salaries and Allowances Tribunal (SAT) determines the minimum and maximum remuneration paid to elected members at intervals of not more than twelve (12) months.

The latest SAT determination was released on 6 April 2023 and took effect from 1 July 2023. As a result of the Act amendments, the SAT have released a variation to that determination, presenting the minimum and maximum meeting fees applicable to the local government bands. A copy of the variation is presented in Appendix 1.

As a Band 3 local government, the range of fees applicable to the Shire of York is a minimum of \$0 to a maximum of \$215 per meeting.

The Audit & Risk Committee hold at least four (4) meetings per annum, with up to two (2) external members.

OPTIONS

Council has the following options:

Option 1: Council could choose to pay external members of the Committee a meeting fee set within the range determined by the SAT for a Band 3 local government.

Option 2: Council could choose not to pay external members of the Committee a meeting fee.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER**Consultative**

Department of Local Government, Sport & Cultural Industries

SAT

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

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

Policy Related

Not applicable

Financial

In anticipation of the introduction of meeting fee payments to external members, the 2023/24 budget includes an allocation at GL: 042200.

Councillors' attendance fees sit at 80% of the maximum allowance determined by the SAT hence this has been used as the reference for determining the meeting fee suggested for external members.

Legal and Statutory

Section 5.100 of the *Local Government Act 1995* is applicable and states:

"5.100. Fees paid and expenses reimbursed to committee members

(1) In this section —

Audit and Risk Committee Meeting Minutes

21 March 2024

committee member means a person who is a committee member but who is neither a council member nor an employee;

determined means determined by the Salaries and Allowances Tribunal under the Salaries and Allowances Act 1975 section 7BAA.

- (2) A committee member who attends a meeting of the committee is entitled to be paid —
 - (a) the fee determined for attending a committee meeting; or
 - (b) if the local government has set a fee within the range determined for committee meeting attendance fees — that fee.
- (3) A committee member who attends a meeting of a prescribed type at the request of the council is entitled to be paid —
 - (a) the fee determined for attending a meeting of that type; or
 - (b) if the local government has set a fee within the range determined for meetings of that type — that fee.
- (4) Subsection (5) applies if a committee member incurs —
 - (a) an expense that is of a kind prescribed as being an expense to be reimbursed by all local governments; or
 - (b) an expense —
 - (i) that is of a kind prescribed as being an expense which may be approved by any local government for reimbursement by the local government; and
 - (ii) which has been approved by the local government for reimbursement.
- (5) The committee member must be reimbursed for the expense —
 - (a) if the extent of reimbursement for the expense has been determined — to that extent; or
 - (b) if the local government has set the extent to which the expense can be reimbursed and that extent is within the range determined for reimbursement — to that extent.
- (6) If an expense is of a kind that may be approved by a local government for reimbursement, the local government may approve reimbursement of the expense either generally or in a particular case but nothing in this subsection limits the application of subsection (5) if the local government has approved reimbursement of the expense in a particular case.
- (7) A local government cannot make any payment to, or reimburse an expense of, a person who is a committee member in that person's capacity as committee member unless the payment or reimbursement is in accordance with this section."

Risk Related

Council would be in breach of the legislation if payments were made outside the Band allocations set by the SAT.

Workforce

Payment of meeting fees to external members can be managed within current operational capacity.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION**Moved: Cr Denis Warnick****Seconded: Cr Denese Smythe**

That, with regard to Payment of Meeting Fees to Independent Committee Members, the Audit & Risk Committee recommends to Council that it:

- 1. Resolves to adopt the following meeting fees payable to independent committee members of the Audit and Risk Committee as follows:**

Meeting Fee – External Member (x2)	\$172 per meeting
---	--------------------------

In Favour: **Crs Kevin Trent, Denis Warnick and Denese Smythe**

Against: **Nil**

CARRIED 3/0

At 3:19 pm, Ms Shona Zulsdorf returned to the meeting.

At 3:19 pm, Mr Justin Lee returned to the meeting.

SALARIES AND ALLOWANCES ACT 1975

DETERMINATION VARIATION

PREAMBLE

The *Local Government Amendment Act 2023*, assented to on 18 May 2023, changes the *Local Government Act 1995* to provide for independent committee members to receive meeting fees. An independent committee member is a committee member who is not an elected member or an employee of the local government. The Salaries and Allowances Tribunal has issued a Determination to allow for the payment of meeting fees to independent committee members. Local governments will have the ability to set appropriate fees, within a specified range.

DETERMINATION

The *Local Government Chief Executive Officers and Elected Members Determination No. 1 of 2023*, issued on 6 April 2023, under sections 7A and 7B(2) of the *Salaries and Allowances Act 1975*, as amended from time to time, are hereby varied by a Determination set out below.

- Under Part 1.4 Terms used, insert the following:
Independent committee member means a person who is a committee member but who is neither a council member nor an employee.
- Under Part 6.1.2, insert the following:
"3. Pursuant to section 5.100(2)(b) and (3)(b) of the LG Act, a committee member who is not an elected member or employee of the local government, who attends a committee meeting or (at the request of the local government or regional local government) a meeting of a type prescribed in regulation 30(3A) of the LG Regulations is entitled to be paid the fee set by the local government or regional local government within the range determined in section 6.3 of this Part for attending committee meetings or, as the case requires, meetings of that type.
- Delete Part 6.3 and insert the following:
6.3 Committee Meeting and Prescribed Meeting Attendance Fees – Per Meeting
(1) The ranges of fees in Table 6 apply where a local government or regional local government decides to pay a council member or independent member a fee referred to in –
 - section 5.98(1)(b) of the LG Act for attendance at a committee meeting; or
 - section 5.98(2A)(b) of the LG Act for attendance at a meeting of a type prescribed in regulation 30(3A) of the LG Regulations.
 - section 5.100(2)(a) of the LG Act for attendance at a committee meeting

- section 5.100(2)(b) of the LG Act for attendance at a meeting of a type prescribed in regulation 30(3A) of the LG Regulations.

Table 6: Committee meeting and prescribed meeting fees per meeting – local governments and regional local governments

	Elected members		Independent committee members	
Band	Minimum	Maximum	Minimum	Maximum
1	\$325	\$415	\$0	\$415
2	\$195	\$305	\$0	\$305
3	\$100	\$215	\$0	\$215
4	\$50	\$125	\$0	\$125
All regional local governments	\$50	\$125	\$0	\$125

Signed on 23 October 2023.

M Seares AO
CHAIR

B A Sargeant PSM
MEMBER

Hon. J Day
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL

9.4 CONSIDERATION OF FINDINGS IDENTIFIED DURING THE 2022/23 AUDIT

File Number:	4.0463; 4.4175
Author:	Ann Schall, Acting Finance Manager
Authoriser:	Alina Behan, Executive Manager Corporate & Community Services
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	<ol style="list-style-type: none"> 1. Final Management Letter ↓ 2. Significant Findings Report ↓ 3. Annual Financial Statements ↓ 4. Auditor's Opinion ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents the results and findings of the Audit for the year ending 30 June 2023 to the Audit and Risk Committee (ARC) for consideration and, if satisfactory, recommendation to Council for adoption.

BACKGROUND

On 3 May 2023, an entrance meeting for the 2022/23 annual financial audit was held between the Chair of the ARC, Shire Officers and the Office of the Auditor General (OAG).

Due to the late completion of the 2021/22 annual financial audit, it was agreed with the OAG that the Interim and Final audits would be combined for the 2022/23 financial year. The OAG commenced requesting items for the Interim Audit in April 2023, with the Interim Audit scheduled to be conducted between 16 October 2023 to 27 October 2023 and the Final Audit between 13 November 2023 and 24 November 2023.

The OAG provided the Management Letter, Audit Opinion and signed copies of the Shire's Annual Financial Statements on Friday 15 May 2024 at the exit meeting held between the Chair of the ARC, Members of the ARC, Shire Officers and the OAG. The feedback and recommendations to Management form the basis for new or amended procedures to be implemented.

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

The Report on the findings of the 2022/23 Audit has been received and is presented in Appendix 1 for the ARC's information. Appendix 2 presents the Significant findings ready for communication to the Minister. The Annual Financial Statements are presented in Appendix 3 to assist the ARC in its understanding of the findings. Due to sector wide uncertainty around the timing of the conclusion of the audit, Officers are unable to present a consolidated Annual Report at this time. This will be presented to the ARC for consideration and recommendation to Council at a future meeting.

A copy of the Auditor's Opinion is presented in Appendix 4.

COMMENTS AND DETAILS

The Report identifies thirteen (13) Findings which are considered Significant. Of the eleven (11) Significant findings from the 2021/22 Audit only five (5) remain. Given the Audit was only concluded on 6 April 2022 and the OAG's testing included items up to 30 June 2023, this shows a strong commitment by the Shire Administration to address perceived deficiencies. The following are the significant findings for the 2022/23 audit:

1. Untimely preparation and review of bank reconciliations (prior year)
2. Lack of segregation of duties with purchasing (prior year)
3. Untimely preparation of accounts payable reconciliations
4. Depreciation of assets
5. Conflict of interest declarations not completed timely
6. Audit readiness and quality of financials and supporting documentation
7. Network user access and Altus user privileges (prior year)
8. Fortnightly payroll reconciliations
9. Untimely preparation and review of the property, plant and equipment reconciliation (prior year)
10. Management oversight of capital projects
11. Asset revaluations
12. Monitoring of grants income and expenditure (prior year)
13. Fair value of other infrastructure – frequency of valuations

A Significant Finding is defined as:

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

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

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

Only Significant findings are required to be communicated to the Minister. These are presented in Appendix 2 along with actions and timeframes.

OPTIONS

The ARC has the following options:

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

Audit and Risk Committee Meeting Minutes

21 March 2024

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER**Consultative**

Office of the Auditor General

Executive Leadership Team

Finance Manager

Moore Australia

StrategicStrategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

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

Policy Related

G17 Integrated Planning and Reporting - Planning

G19 Risk Assessment and Management

Financial

Costs for conducting the audit are included in the 2023/24 budget at GL: 042193 (\$75,000). The OAG have indicated that the final charge will be in line with the initial fee quotation.

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.*

Audit and Risk Committee Meeting Minutes

21 March 2024

- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website."*

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

Risk Related

The requirement to notify the Minister for Local Government of significant audit findings is a legislative obligation. Section 7.12A(4) of the *Local Government Act 1995* requires that a report is prepared by the local government addressing the findings. This report must be submitted to the Minister within three (3) months of receipt of the audit report. Failure to do so exposes Council and the Shire to both legislative and reputational risk. This report and its appendices mitigate this risk. Failure to undertake the actions documented in the report could result in financial risk for the Shire.

Workforce

The workload required to complete the 2022/23 audit has been significant and has affected and will continue to affect operational capacity across multiple directorates into the near future.

VOTING REQUIREMENTS

Absolute Majority: No

RECOMMENDATION

That, with regard to the Consideration of Findings Identified During the 2022/23 Audit, the Audit and Risk Committee recommend to Council that it:

1. Receives the Auditor's Audit Management Report, as presented in Appendix 1, from the Office of the Auditor General for the 2022/23 financial year.
2. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Audit Management Report.
3. Requests the Chief Executive Officer to submit a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 2, to the Minister for Local Government prior to 25 June 2024.
4. Requests the Chief Executive Officer to publish a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 2, on the Shire's website within fourteen (14) days of the report being provided to the Minister for Local Government.

AMENDMENT**COMMITTEE RECOMMENDATION**

Moved: Ms Shona Zulsdorf

Seconded: Cr Denese Smythe

That an additional Recommendation be included as follows:

5. **Requests the Chief Executive Officer to report back on the Significant Findings at the next Audit and Risk Meeting, with a risk assessment against each finding.**

<u>In Favour:</u>	Crs Kevin Trent, Denis Warnick and Denese Smythe Justin Lee and Shona Zulsdorf
<u>Against:</u>	Nil
<i>CARRIED 5/0</i>	

COMMITTEE RECOMMENDATION	
Moved: Ms Shona Zulsdorf	Seconded: Cr Denese Smythe
That, with regard to the Consideration of Findings Identified During the 2022/23 Audit, the Audit and Risk Committee recommend to Council that it:	
<ol style="list-style-type: none"> 1. Receives the Auditor's Audit Management Report, as presented in Appendix 1, from the Office of the Auditor General for the 2022/23 financial year. 2. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Audit Management Report. 3. Requests the Chief Executive Officer to submit a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 2, to the Minister for Local Government prior to 25 June 2024. 4. Requests the Chief Executive Officer to publish a copy of the Significant Findings Report stating what action the Shire of York has taken or intends to take with respect to the Significant Findings, as presented in Appendix 2, on the Shire's website within fourteen (14) days of the report being provided to the Minister for Local Government. 5. Requests the Chief Executive Officer to report back on the Significant Findings at the next Audit and Risk Meeting, with a risk assessment against each finding. 	
<u>In Favour:</u>	Crs Kevin Trent, Denis Warnick and Denese Smythe Justin Lee and Shona Zulsdorf
<u>Against:</u>	Nil
<i>CARRIED 5/0</i>	

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		✓		

Page 1 of 30

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

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

Key to ratings

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

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Untimely preparation and review of bank reconciliations****Finding**

Bank reconciliations are an essential control in managing the accuracy and completeness of the Shire's accounting records and financial statements. Bank reconciliations are also a key aspect of internal controls over cash resources. During the final audit visit, we found the June 2023 Municipal Bank, Reserve Bank and Trust Bank reconciliations were not prepared and reviewed in a timely manner. From our review we noted the below findings:

Trust Account

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

Reserve Account

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

Municipal Account

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

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

Rating: Significant

Implication

The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Recommendation

We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.

Management comment

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

Responsible person: Finance Manager
Completion date: Complete

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

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

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

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

This finding was first raised in 2021/22.

Rating: Significant

Implication

In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services.

Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations.

Recommendation

The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff.

The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.

As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management comment

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

Responsible person: EMCCS/Finance Manager**Completion date:** Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Untimely preparation of accounts payable reconciliation

Finding

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

Rating: Significant

Implication

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

Recommendation

Reconciliations are prepared and reviewed in a timely manner.

Management comment

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

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

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

4. Depreciation of assets

Finding

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

Rating: Significant

Implication

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

Recommendation

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

Management comment

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

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

5. Conflict of interest declarations not completed timely

Finding

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

Rating: Significant

Implication

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

Recommendation

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

Management comment

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

Responsible person: EMIDS
Completion date: Ongoing

Auditors' response

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

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

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

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

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

Rating: Significant

Implication

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

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

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

Recommendation

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

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

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Management comment

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

Responsible person: EMCCS
Completion date: Completed

Auditors' response

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

ATTACHMENT**SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****7. Network user access and Altus user privileges****Finding
2023**

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

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

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

2022

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

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

Altus Payroll and Procurement User Privileges:

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

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

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

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Rating: Significant

Implication

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

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

Recommendation

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

Management comment

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

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

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

Responsible person: EMCCS
Completion date: December 2024

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

8. Fortnightly payroll reconciliations

Finding

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

Rating: Significant

Implication

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

Recommendation

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

Management comment

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

Responsible person: Finance Manager
Completion date: Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

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

Finding

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

This finding was first raised in 2021/22.

Rating: Significant

Implication

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

Recommendation

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

Management comment

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

Responsible person: Finance Manager
Completion date: June 2024

Auditor's response

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

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

10. Management oversight of capital projects

Finding

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

Rating: Significant**Implication**

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

Recommendation

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

Management comment

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

Responsible person: EMCCS/EMIDS**Completion date:** Complete

ATTACHMENT

SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

11. Asset revaluations

Finding

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

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

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

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

- We were advised through our 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.

SIGNIFICANT AUDIT FINDINGS REPORT

This report is produced in accordance with Section 5.17A(4)(a) of the *Local Government Act 1995* and details the actions the Shire of York has taken and intends to take with respect to the Significant Findings identified in the Audit Report for the 2022/23 financial year.

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

No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
1	Untimely preparation and review of bank reconciliations (prior year)	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	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.
2	Lack of segregation of duties with purchasing (prior year)	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	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

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
		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.	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.
3	Untimely preparation of accounts payable reconciliations	Reconciliations are prepared and reviewed in a timely manner.	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.

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
4	Depreciation of assets	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.
5	Conflict of interest declarations not completed timely	Checks are performed prior to tender evaluations being completed to ensure that all required conflict of interest declarations have been completed.	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.
6	Audit readiness and quality of financials and supporting documentation	We recommend the Shire review its key accounting function set up to ensure that it is fit for purpose and able to meet the required deliverables. The Shire must ensure all information to support the preparation of the financial report are complete, accurate and available for the audit team to inspect. Further, to ensure that the Shire is suitably audit ready at the commence of each phase of the audit it is preferable that the Shire utilise the varying Better Practice Guides the OAG has developed and ensure all requested information is available.	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.
7	Network user access and Altus user privileges (prior year)	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	The Shire remains comfortable with the level of access provided. Regular audits are now conducted and the exit process updated

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
		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.	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.
8	Fortnightly payroll reconciliations	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.	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.
9	Untimely preparation and review of the property, plant and equipment reconciliation (prior year)	We recommend the Shire prepare and review its PPE 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.
10	Management oversight of capital projects	The Shire should ensure there is regular oversight of capital projects by the [Audit & Risk Committee] ARC or other members of management.	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

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
			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.
11	Asset revaluations	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.
12	Monitoring of grants income and expenses (prior year)	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.	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

SIGNIFICANT AUDIT FINDINGS REPORT



No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
		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.	during Interim and Final Audits for 2023/24.
13	Fair value of other infrastructure – frequency of valuations	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 5 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 5 years in accordance with Regulation 17(A) of the Regulations.	This has been resolved.

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

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

Chris Linnell
CHIEF EXECUTIVE OFFICER

Dated:

SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

TABLE OF CONTENTS

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

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

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

Principal place of business:
1 Joaquina Street
York WA 6302

**SHIRE OF YORK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of York has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the fifteenth (15th) day of March 2024

A/Chief Executive Officer

Alina Behan

Name of A/Chief Executive Officer



| 2

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),24	7,023,831	6,952,564	6,346,147
Grants, subsidies and contributions	2(a)	2,619,885	1,896,045	2,215,977
Fees and charges	2(a)	1,209,024	1,152,656	1,359,160
Interest revenue	2(a)	145,704	91,093	113,650
Other revenue	2(a)	276,895	130,661	249,132
		11,275,339	10,223,019	10,284,066
Expenses				
Employee costs	2(b)	(5,134,501)	(4,767,290)	(4,170,020)
Materials and contracts		(3,604,548)	(3,438,737)	(2,860,095)
Utility charges		(331,142)	(395,851)	(371,987)
Depreciation		(6,480,269)	(2,619,336)	(2,953,967)
Finance costs	2(b)	(70,640)	(72,601)	(81,215)
Insurance		(241,996)	(257,424)	(289,869)
Other expenditure	2(b)	(706,312)	(324,229)	(684,864)
		(16,569,408)	(11,875,468)	(11,412,017)
		(5,294,069)	(1,652,449)	(1,127,951)
Capital grants, subsidies and contributions	2(a)	903,413	2,714,448	920,662
Profit on asset disposals		59,658	24,775	11,260
Loss on asset disposals		(34,285)	(308,148)	(74,538)
Fair value adjustments to financial assets at fair value through profit or loss	4	7,683	0	0
		936,469	2,431,075	857,384
Net result for the period		(4,357,600)	778,626	(270,567)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	16,762,080	0	42,466,560
Total other comprehensive income for the period	16	16,762,080	0	42,466,560
Total comprehensive income for the period		12,404,480	778,626	42,195,993

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



| 3

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,390,866	8,003,462
Trade and other receivables	5	1,236,849	1,184,159
Inventories	6	46,329	34,223
Assets classified as held for sale	7	272,727	0
TOTAL CURRENT ASSETS		8,946,791	9,221,864
NON-CURRENT ASSETS			
Trade and other receivables	5	160,928	139,411
Other financial assets	4	81,490	73,807
Property, plant and equipment	8	47,953,673	31,870,650
Infrastructure	9	141,223,631	145,324,062
Right-of-use assets	11	1,003,382	1,031,440
TOTAL NON-CURRENT ASSETS		190,423,104	178,439,370
TOTAL ASSETS		199,369,895	187,661,234
CURRENT LIABILITIES			
Trade and other payables	12	1,056,957	1,370,032
Other liabilities	13	858,734	1,013,530
Borrowings	14	207,801	197,908
Employee related provisions	15	745,328	823,865
TOTAL CURRENT LIABILITIES		2,868,820	3,405,335
NON-CURRENT LIABILITIES			
Borrowings	14	967,207	1,175,008
Employee related provisions	15	146,813	98,316
TOTAL NON-CURRENT LIABILITIES		1,114,020	1,273,324
TOTAL LIABILITIES		3,982,840	4,678,659
NET ASSETS		195,387,055	182,982,575
EQUITY			
Retained surplus		29,060,750	33,418,350
Reserve accounts	27	2,585,273	2,585,273
Revaluation surplus	16	163,741,032	146,978,952
TOTAL EQUITY		195,387,055	182,982,575

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



14

Audit and Risk Committee Meeting Minutes

21 March 2024

**SHIRE OF YORK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		33,615,369	2,658,821	104,512,392	140,786,582
Comprehensive income for the period					
Net result for the period		(270,567)	0	0	(270,567)
Other comprehensive income for the period	16	0	0	42,466,560	42,466,560
Total comprehensive income for the period		(270,567)	0	42,466,560	42,195,993
Transfers from reserve accounts	27	635,000	(635,000)	0	0
Transfers to reserve accounts	27	(561,452)	561,452	0	0
Balance as at 30 June 2022		33,418,350	2,585,273	146,978,952	182,982,575
Comprehensive income for the period					
Net result for the period		(4,357,600)	0	0	(4,357,600)
Other comprehensive income for the period	16	0	0	16,762,080	16,762,080
Total comprehensive income for the period		(4,357,600)	0	16,762,080	12,404,480
Balance as at 30 June 2023		29,060,750	2,585,273	163,741,032	195,387,055

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



| 5

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		6,813,467	6,234,153
Grants, subsidies and contributions		2,683,822	2,022,142
Fees and charges		1,094,222	1,466,504
Interest revenue		145,704	113,650
Goods and services tax received		616,334	316,037
Other revenue		276,895	269,506
		11,630,444	10,421,992
Payments			
Employee costs		(5,168,828)	(4,154,873)
Materials and contracts		(3,687,175)	(3,255,628)
Utility charges		(331,142)	(371,987)
Finance costs		(70,640)	(81,215)
Insurance paid		(241,996)	(289,869)
Goods and services tax paid		(667,579)	(351,412)
Other expenditure		(468,414)	(684,678)
		(10,635,774)	(9,189,662)
Net cash provided by (used in) operating activities		994,670	1,232,330
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(1,306,330)	(855,308)
Payments for construction of infrastructure	9(a)	(1,079,645)	(632,562)
Payments for right of use assets	11	0	(88,988)
Capital grants, subsidies and contributions		748,617	1,377,604
Proceeds from sale of property, plant & equipment		228,000	203,627
Net cash provided by (used in) investing activities		(1,409,358)	4,373
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(197,908)	(251,899)
Net cash provided by (used in) financing activities		(197,908)	(251,899)
Net increase (decrease) in cash held		(612,596)	984,804
Cash at beginning of year		8,003,482	7,018,678
Cash and cash equivalents at the end of the year		7,390,886	8,003,482

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

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES			
Revenue from operating activities			
General rates	24 7,003,151	6,932,156	6,325,773
Rates excluding general rates	24 20,680	20,408	20,374
Grants, subsidies and contributions	2,619,885	1,896,045	2,215,977
Fees and charges	1,209,024	1,152,656	1,359,160
Interest revenue	145,704	91,093	113,650
Other revenue	276,895	130,661	249,132
Profit on asset disposals	59,658	24,775	11,260
Fair value adjustments to financial assets at fair value through profit or loss	4 7,683	0	0
	11,342,680	10,247,794	10,295,326
Expenditure from operating activities			
Employee costs	(5,134,501)	(4,767,290)	(4,170,020)
Materials and contracts	(3,604,546)	(3,438,737)	(2,860,095)
Utility charges	(331,142)	(395,851)	(371,987)
Depreciation	(6,480,269)	(2,619,336)	(2,953,967)
Finance costs	(70,640)	(72,601)	(81,215)
Insurance	(241,996)	(257,424)	(289,869)
Other expenditure	(706,312)	(324,229)	(684,864)
Loss on asset disposals	(34,285)	(308,148)	(74,538)
	(16,603,693)	(12,183,616)	(11,486,555)
Non-cash amounts excluded from operating activities	25(a) 6,984,818	2,903,493	3,044,143
Amount attributable to operating activities	1,723,805	967,671	1,852,914
INVESTING ACTIVITIES			
Inflows from investing activities			
Capital grants, subsidies and contributions	903,413	2,714,448	920,662
Proceeds from disposal of assets	228,000	633,727	203,627
	1,131,413	3,348,175	1,124,289
Outflows from investing activities			
Purchase of property, plant and equipment	8(a) (1,306,330)	(1,987,420)	(855,308)
Purchase and construction of infrastructure	9(a) (1,079,645)	(5,276,963)	(632,562)
Purchase of right of use asset	11 0	0	(88,988)
	(2,385,975)	(7,264,383)	(1,576,858)
Amount attributable to investing activities	(1,254,562)	(3,916,208)	(452,569)
FINANCING ACTIVITIES			
Inflows from financing activities			
Transfers from reserve accounts	27 0	185,000	635,000
	0	185,000	635,000
Outflows from financing activities			
Repayment of borrowings	26(a) (197,908)	(197,907)	(251,899)
Transfers to reserve accounts	27 0	(1,142,788)	(561,452)
	(197,908)	(1,340,695)	(813,351)
Amount attributable to financing activities	(197,908)	(1,155,695)	(178,351)
MOVEMENT IN SURPLUS OR DEFICIT			
Surplus or deficit at the start of the financial year	25(b) 3,936,091	4,104,232	2,714,097
Amount attributable to operating activities	1,723,805	967,671	1,852,914
Amount attributable to investing activities	(1,254,562)	(3,916,208)	(452,569)
Amount attributable to financing activities	(197,908)	(1,155,695)	(178,351)
Surplus or deficit after imposition of general rates	25(b) 4,207,426	0	3,936,091

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

| 7

**SHIRE OF YORK
FOR THE YEAR ENDED 30 JUNE 2023
INDEX OF NOTES TO THE FINANCIAL REPORT**

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

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report of the Shire of York which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements
 Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the 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 except for disclosure requirements of:

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

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation of fair value of provisions

Initial application of accounting standards

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

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
 - AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
 - AASB 2021-7a *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
 - AASB 2022-3 *Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15 Revenue from Contracts with Customers*
- These amendments have no material impact on the current annual financial report.

New accounting standards for application in future years

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

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 - AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
 - AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
- This standard will result in a terminology change for significant accounting policies.
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
 - AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
 - AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
 - AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
 - AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

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

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

Revenue Recognition

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

For the year ended 30 June 2023**Nature**

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

For the year ended 30 June 2022**Nature**

	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	6,346,147	0	6,346,147
Grants, subsidies and contributions	212,242	0	0	2,003,735	2,215,977
Fees and charges	534,795	0	779,123	45,242	1,359,160
Interest revenue	0	0	103,894	9,756	113,650
Other revenue	71,748	0	0	177,384	249,132
Capital grants, subsidies and contributions	0	920,662	0	0	920,662
Total	818,785	920,662	7,229,164	2,236,117	11,204,728

| 10

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)		2023	2022
	Note	Actual	Actual
		\$	\$
Interest revenue			
Interest on reserve account funds		9,802	2,110
Trade and other receivables overdue interest		116,979	103,894
Other interest revenue		18,923	7,646
		145,704	113,650
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$78,593			
Fees and charges relating to rates receivable			
Charges on instalment plan		15,380	14,250
The 2023 original budget estimate in relation to: Charges on instalment plan was \$15,225			
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report		85,750	55,360
		85,750	55,360
Employee Costs			
Employee benefit costs		4,116,185	3,401,689
Other employee costs		1,018,316	768,331
		5,134,501	4,170,020
Finance costs			
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss		70,640	81,215
		70,640	81,215
Other expenditure			
Impairment losses on rates and statutory receivables		0	107,158
Impairment losses on trade receivables		0	186
Impairment loss on non-current assets held for sale	7	237,898	0
Sundry expense		468,414	577,520
		706,312	684,864

| 11

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	4,198,060	4,810,762
Term deposits	3,192,826	3,192,720
Total cash and cash equivalents	7,390,886	8,003,482
Held as		
- Unrestricted cash and cash equivalents	3,946,879	4,404,679
- Restricted cash and cash equivalents	17 3,444,007	3,598,803
	7,390,886	8,003,482

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

	2023	2022
	\$	\$
Non-current assets		
Financial assets at fair value through profit or loss	81,490	73,807
	81,490	73,807
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	73,807	73,807
Movement attributable to fair value increment	7,683	0
Units in Local Government House Trust - closing balance	81,490	73,807

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES**Financial assets at fair value through profit or loss**

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

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

| 12

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

	Note	2023	2022
		\$	\$
Current			
Rates and statutory receivables		1,333,111	1,144,633
Trade receivables		173,166	305,013
Other receivables		77,339	0
GST receivable		137,262	86,017
Receivables for employee related provisions		37,410	46,839
Allowance for credit losses of rates and statutory receivables	15	(518,457)	(397,492)
Allowance for credit losses of trade receivables		(2,982)	(851)
		1,236,849	1,184,159
Non-current			
Rates and statutory receivables		160,928	139,411
		160,928	139,411

Disclosure of opening and closing balances related to contracts with customers

	Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
		\$	\$	\$
Trade and other receivables from contracts with customers		250,505	305,013	78,836
Allowance for credit losses of trade receivables	5	(2,982)	(851)	(655)
Total trade and other receivables from contracts with customers		247,523	304,162	78,171

SIGNIFICANT ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

Current
Fuel and materials

2023	2022
\$	\$
46,329	34,223
46,329	34,223
34,223	34,901
(142,063)	(70,058)
154,169	69,380
46,329	34,223

The following movements in inventories occurred during the year:

Balance at beginning of year
Inventories expensed during the year
Additions to inventory
Balance at end of year

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2023	2022
		\$	\$
Non-current assets held for sale			
Non-current assets held for sale	8	510,625	0
Impairment loss	2	(237,898)	0
		<u>272,727</u>	<u>0</u>

Land classified as held for sale

During the year council elected to dispose of St Patrick's Convent School - Lots 800-801, 25-27 South Street York. The land and building is to be disposed of by contract of sale, and was transferred to Non-current assets held for sale at the book value of \$510,625. As agreed sale value is \$272,727, an impairment loss was recognised at the 30 June 2023, of \$237,898.

SIGNIFICANT ACCOUNTING POLICIES

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

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

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Total property, plant and equipment \$
Balance at 1 July 2021	5,580,550	24,021,951	29,602,501	245,411	2,446,474	32,294,386
Additions	0	32,595	32,595	124,045	698,668	855,308
Disposals	0	0	0	0	(266,905)	(266,905)
Depreciation	0	(586,725)	(586,725)	(51,471)	(264,883)	(803,079)
Transfers	0	0	0	(109,060)	0	(109,060)
Balance at 30 June 2022	5,580,550	23,467,821	29,048,371	208,925	2,613,354	31,870,650
Comprises:						
Gross balance amount at 30 June 2022	5,580,550	25,791,632	31,372,182	1,042,370	3,030,291	35,444,843
Accumulated depreciation at 30 June 2022	0	(2,323,811)	(2,323,811)	(833,445)	(416,937)	(3,574,193)
Balance at 30 June 2022	5,580,550	23,467,821	29,048,371	208,925	2,613,354	31,870,650
Additions	0	42,747	42,747	45,612	1,217,971	1,306,330
Disposals	0	0	0	0	(202,627)	(202,627)
Revaluation increments / (decrements) transferred to revaluation surplus	4,031,850	12,914,454	16,946,304	0	0	16,946,304
Transfer to non-current assets classified as held for sale *	(235,000)	(275,625)	(510,625)	0	0	(510,625)
Depreciation	0	(583,445)	(583,445)	(50,754)	(345,307)	(979,506)
Transfers	0	(476,853)	(476,853)	0	0	(476,853)
Balance at 30 June 2023	9,377,400	35,089,099	44,466,499	203,783	3,283,391	47,953,673
Comprises:						
Gross balance amount at 30 June 2023	9,377,400	35,089,099	44,466,499	1,087,983	3,991,999	49,546,481
Accumulated depreciation at 30 June 2023	0	0	0	(884,200)	(708,608)	(1,592,808)
Balance at 30 June 2023	9,377,400	35,089,099	44,466,499	203,783	3,283,391	47,953,673

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

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar assets	Independent	June 2023	Price per square metre
Buildings	3	Cost approach using depreciated replacement cost	Independent	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment					
		N/A	At cost	June 2017	N/A
Plant and equipment					
		N/A	At cost	June 2020	N/A

| 17

Audit and Risk Committee Meeting Minutes

21 March 2024

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. INFRASTRUCTURE**(a) Movements in Balances**

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

	Infrastructure - roads	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - footpaths	Infrastructure - other structures	Infrastructure - parks & reserves	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	70,373,226	15,788,315	10,853,253	1,650,782	2,037,555	3,544,650	104,247,781
Additions	417,396	98,868	0	0	107,486	8,812	632,562
Revaluation increments / (decrements) transferred to revaluation surplus	43,431,035	(8,562,252)	7,571,279	26,498	0	0	42,466,560
Depreciation	(1,052,431)	(446,494)	(141,032)	(42,327)	(228,257)	(112,300)	(2,022,841)
Transfers	260,845	0	0	0	(260,845)	0	0
Balance at 30 June 2022	113,430,071	6,878,437	18,283,500	1,634,953	1,655,939	3,441,162	145,324,062
Comprises:							
Gross balance at 30 June 2022	157,310,635	12,100,410	50,176,500	2,796,092	3,114,044	3,809,422	229,307,103
Accumulated depreciation at 30 June 2022	(43,880,564)	(5,221,973)	(31,893,000)	(1,161,139)	(1,458,105)	(368,260)	(83,983,041)
Balance at 30 June 2022	113,430,071	6,878,437	18,283,500	1,634,953	1,655,939	3,441,162	145,324,062
Additions	803,667	110,114	27,204	17,300	71,797	49,563	1,079,645
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	(184,224)	0	(184,224)
Depreciation	(4,097,247)	(151,817)	(837,947)	(75,217)	(198,176)	(112,301)	(5,472,705)
Transfers	0	122,838	0	0	3,732,439	(3,378,424)	476,853
Balance at 30 June 2023	110,136,491	6,959,572	17,472,757	1,577,036	5,077,775	0	141,223,631
Comprises:							
Gross balance at 30 June 2023	158,114,302	12,386,572	50,203,704	2,813,392	7,223,322	0	230,741,292
Accumulated depreciation at 30 June 2023	(47,977,811)	(5,427,000)	(32,730,947)	(1,236,356)	(2,145,547)	0	(89,517,661)
Balance at 30 June 2023	110,136,491	6,959,572	17,472,757	1,577,036	5,077,775	0	141,223,631

| 18

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

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

Revision of useful lives of plant and equipment

Following the revaluation of assets on the 30 June 2022, the Shire revised the remaining useful life of infrastructure road components from 100 years to those listed above.

The impact of this is an increase in depreciation of \$2,873,468. The Shire believes these rates are appropriate.

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

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 or losses on disposal

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES

Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Right-of-use assets - buildings	Right-of-use assets Total
	\$	\$
Balance at 1 July 2021	970,499	970,499
Additions	88,988	88,988
Depreciation	(28,047)	(28,047)
Balance at 30 June 2022	1,031,440	1,031,440
Gross balance amount at 30 June 2022	1,122,342	1,122,342
Accumulated depreciation at 30 June 2022	(90,902)	(90,902)
Balance at 30 June 2022	1,031,440	1,031,440
Depreciation	(28,058)	(28,058)
Balance at 30 June 2023	1,003,382	1,003,382
Gross balance amount at 30 June 2023	1,122,342	1,122,342
Accumulated depreciation at 30 June 2023	(118,960)	(118,960)
Balance at 30 June 2023	1,003,382	1,003,382

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

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(28,058)	(28,047)
Total amount recognised in the statement of comprehensive income	(28,058)	(28,047)

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

| 22

underlying asset.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Cash held for distribution - previously Trust	
Accrued interest on long term borrowings	

2023	2022
\$	\$
357,586	691,794
141,744	142,113
44,966	38,217
77,984	89,020
27,273	0
397,968	397,492
9,436	11,396
1,056,957	1,370,032

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

Trade and other payables

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

Prepaid rates

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

2023	2022
\$	\$
858,734	1,013,530
858,734	1,013,530

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

1,013,530	556,588
0	598,784
(154,796)	(141,842)
858,734	1,013,530

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

SIGNIFICANT ACCOUNTING POLICIES

Capital grant/contribution liabilities

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		207,801	967,207	1,175,008	197,908	1,175,008	1,372,916
Total secured borrowings	26(a)	207,801	967,207	1,175,008	197,908	1,175,008	1,372,916

Secured liabilities and assets pledged as security

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

The Shire of York has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Risk

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

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	461,129	449,878
Long service leave	233,075	330,382
Sick leave	51,124	43,605
	745,328	823,865
Total current employee related provisions	745,328	823,865
Non-current provisions		
Employee benefit provisions		
Long service leave	146,813	75,613
Sick leave	0	22,703
	146,813	98,316
Total non-current employee related provisions	146,813	98,316
Total employee related provisions	892,141	922,181

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

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

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	37,410	46,839
--	---	--------	--------

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

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

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

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

16. REVALUATION SURPLUS

	2023 Opening Balance	2023 Transfer Asset Class	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	4,001,800	0	4,031,850	8,033,650	4,001,800	0	4,001,800
Revaluation surplus - Buildings	17,808,574	0	12,914,454	30,723,028	17,808,574	0	17,808,574
Revaluation surplus - Furniture and equipment	61,757	0	0	61,757	61,757	0	61,757
Revaluation surplus - Plant and equipment	772,011	0	0	772,011	772,011	0	772,011
Revaluation surplus - Infrastructure - roads	95,312,696	0	0	95,312,696	51,881,661	43,431,035	95,312,696
Revaluation surplus - Infrastructure - drainage	8,138,526	0	0	8,138,526	16,700,778	(8,562,252)	8,138,526
Revaluation surplus - Infrastructure - bridges	16,876,832	0	0	16,876,832	9,305,553	7,571,279	16,876,832
Revaluation surplus - Infrastructure - footpaths	889,766	0	0	889,766	863,268	26,498	889,766
Revaluation surplus - Infrastructure - other structures	533,633	2,583,357	(184,224)	2,932,766	533,633	0	533,633
Revaluation surplus - Infrastructure - parks & reserves	2,583,357	(2,583,357)	0	0	2,583,357	0	2,583,357
	146,978,952	0	16,762,080	163,741,032	104,512,392	42,466,560	146,978,952

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	3,444,007	3,598,803
		3,444,007	3,598,803
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	2,585,273	2,585,273
Capital grant liabilities	13	858,734	1,013,530
Total restricted financial assets		3,444,007	3,598,803
18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS			
Bank overdraft limit		200,000	200,000
Credit card limit		10,000	10,000
Credit card balance at balance date		(1,818)	(1,654)
Total amount of credit unused		208,182	208,346
Loan facilities			
Loan facilities - current		207,801	197,908
Loan facilities - non-current		967,207	1,175,008
Total facilities in use at balance date		1,175,008	1,372,916
Unused loan facilities at balance date		0	0

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. CONTINGENT LIABILITIES

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

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

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2023	2022
\$	\$
224,509	117,505
0	368,050
224,509	485,555
224,509	485,555

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	17,086	17,085	16,916
President's meeting attendance fees	21,196	21,195	20,986
President's annual allowance for ICT expenses	1,747	2,020	1,722
	40,029	40,300	39,624
Deputy President's annual allowance	4,271	4,271	4,229
Deputy President's meeting attendance fees	13,698	13,698	13,562
Deputy President's annual allowance for ICT expenses	1,747	2,020	1,722
	19,716	19,989	19,513
All other council member's meeting attendance fees	63,311	68,488	67,662
All other council member's ICT expenses	8,076	10,100	8,592
All other council member's annual allowance for ICT expenses	0	0	323
All other council member's travel and accommodation expenses	250	0	0
	71,637	78,588	76,577
21(b)	131,382	138,877	135,714

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	644,978	625,632
Post-employment benefits	59,946	59,564
Employee - other long-term benefits	60,047	11,668
Employee - termination benefits	2,297	0
Council member costs	131,382	135,714
21(a)	898,650	832,578

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

| 31

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. RELATED PARTY TRANSACTIONS**Transactions with related parties**

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

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

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

	2023	2022
	Actual	Actual
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	0	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events that occurred at the end of the reporting period.

| 32

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

| 33

Audit and Risk Committee Meeting Minutes

21 March 2024

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. RATING INFORMATION

(a) General Rates

	RATE TYPE	Basis of valuation	Rate In \$	Number of Properties	2022/23 Actual Rateable Value \$	2022/23 Actual Revenue \$	2022/23 Actual Interim Rate \$	2022/23 Budget Interim Rate \$	2022/23 Budget Revenue \$	2021/22 Actual Total Revenue \$
General rates	Gross rental valuation		0.128512	1,506	25,376,758	3,302,985	16,370	0	3,219,281	2,928,980
	Unimproved valuation		0.003943	353	284,952,000	2,804,763	4,830	0	2,806,653	2,477,541
	UV General rate					0	0	0	0	0
	Inferior Rates and Back Rates					0	0	0	0	0
	Total general rates			1,859	310,328,756	6,091,378	21,200	10,102	6,025,934	5,408,521
	Minimum payment									
Ex-gratia Rates	Gross rental valuation		1.080	462	1,286,889	448,800	0	0	507,600	522,720
	Unimproved valuation		1.320	340	30,953,377	498,960	0	0	443,520	450,960
	UV General rate			802	32,250,068	947,760	0	0	951,120	973,080
	Total minimum payments									
	Total general rates and minimum payments			2,661	342,579,222	7,039,138	21,200	10,102	6,977,054	6,379,601
	Co-operative Bulk Handling		0.0703	0	294,050	20,680	0	0	20,408	20,374
Discounts	Total amount raised from rates (excluding general rates)			0	294,050	20,680	0	0	20,408	20,374
	Total Rates					(57,187)			(55,000)	(53,828)
	Rate instalment interest					7,023,831			6,952,564	6,346,147
Rate overdue interest	Rate instalment interest					24,500			24,360	22,467
	Rate overdue interest					92,480			50,000	81,427

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

*Rateable Value at time of raising of rate.

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

25. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23 Budget	2021/22
	(30 June 2023)	(30 June 2023)	(30 June 2022)
	Carried	Carried	Carried
Note	Forward)	Forward)	Forward
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(59,658)	(24,775)	(11,260)
Less: Movement in liabilities associated with restricted cash	0	784	(47,594)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(7,683)	0	0
Add: Loss on disposal of assets	34,285	308,148	74,538
Add: Depreciation	6,480,269	2,619,336	2,953,967
Add: Impairment loss			
Add : Non cash movement for transfer of fixed asset to expense	0	0	109,060
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(21,517)	0	(14,822)
Transfer to non-current assets held for sale	510,825	0	0
Employee benefit provisions	48,497	0	(19,746)
Non-cash amounts excluded from operating activities	6,984,818	2,903,493	3,044,143
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	27 (2,585,273)	(3,543,061)	(2,585,273)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 207,801	(198,440)	197,908
- Employee benefit provisions	506,927	507,711	506,927
Total adjustments to net current assets	(1,870,545)	(3,233,790)	(1,880,438)
Net current assets used in the Statement of Financial Activity			
Total current assets	8,946,791	5,833,520	9,221,864
Less: Total current liabilities	(2,868,820)	(2,599,730)	(3,405,335)
Less: Total adjustments to net current assets	(1,870,545)	(3,233,790)	(1,880,438)
Surplus or deficit after imposition of general rates	4,207,426	0	3,936,091

Audit and Risk Committee Meeting Minutes

21 March 2024

SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

27. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to (from)	2023 Actual Transfer (from)	2023 Budget Transfer to (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to (from)	2022 Actual Transfer (from)	2022 Actual Closing Balance
Restricted by council									
(a) Leave reserve	506,927	0	0	0	507,711	554,521	2,406	(50,000)	506,927
(b) Plant reserve	476,688	0	0	0	477,426	474,627	2,061	0	476,688
(c) Land & Infrastructure reserve	158,104	0	0	0	158,349	157,466	638	0	158,104
(d) Avon river maintenance reserve	15,426	0	0	0	15,450	15,380	66	0	15,426
(e) Industrial land reserve	134,010	0	0	0	134,217	133,431	579	0	134,010
(f) Refuse site reserve	75,519	0	0	0	75,536	75,193	326	0	75,519
(g) Centennial garden reserve	156,162	0	0	0	156,404	180,379	783	(25,000)	156,162
(h) Forrest Oval Lights reserve	6,161	0	0	0	6,171	6,136	25	0	6,161
(i) Bowls Synthetic surface reserve	20,445	0	0	0	20,476	20,363	82	0	20,445
(j) Pioneer Memorial Lodge reserve	78,533	0	0	(60,000)	18,655	108,084	469	(30,000)	78,533
(k) Carparking reserve	18,623	0	0	0	18,652	18,543	80	0	18,623
(l) Building reserve	75,380	0	0	(25,000)	50,497	333,932	51,448	(310,000)	75,380
(m) Disaster reserve	59,281	0	0	0	59,373	59,025	256	0	59,281
(n) Tennis Synthetic surface reserve	3,155	0	0	0	3,160	3,143	12	0	3,155
(o) Tied grant funds reserve	19,557	0	0	0	19,587	19,557	0	0	19,557
(p) RSL Memorial reserve	12,600	0	0	0	12,619	12,545	55	0	12,600
(q) Greenhills Townsite development reserve	11,221	0	0	(100,000)	11,238	11,175	46	(220,000)	11,221
(r) Roads reserve	156,884	0	0	0	157,127	375,199	1,685	0	156,884
(s) Swimming Pool reserve	0	0	0	0	488,943	0	0	0	0
(t) Recreation reserve	600,597	0	0	0	501,370	100,162	500,435	0	600,597
(u) Bridge reserve	0	0	0	0	50,000	0	0	0	0
	2,585,273	0	0	(185,000)	3,543,061	2,858,821	561,452	(635,000)	2,585,273

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

| 37

Audit and Risk Committee Meeting Minutes

21 March 2024

| 38

**SHIRE OF YORK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS

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

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of York

To the Council of the Shire of York

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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

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

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

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of York for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 March 2024

9.5 RISK MANAGEMENT FRAMEWORK AND POLICY

File Number:	4.4274
Author:	Alina Behan, Executive Manager Corporate & Community Services
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	19 December 2023 (121223)
Disclosure of Interest:	Nil
Appendices:	1. Policy G19 - Risk Assessment & Management ↓ 2. Risk Management Framework ↓

NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

PURPOSE OF REPORT

This report presents a review of Policy G19 - Risk Assessment & Management and the new Risk Management Framework including the revised Shire of York Strategic Risks for the Audit & Risk Committee's (the Committee) consideration and recommendation to Council.

BACKGROUND

Both Officers and members of the Committee had identified the inadequacy of the current Risk Register, Risk Controls and Strategic Risks reported quarterly to Council, and the misalignment of documentation to the new AS/NZS ISO 31000:2018. At the same time the Shire of York was implementing the new Government Frameworks Integrated Planning and Reporting Tool.

It was agreed this was an opportune time to re-examine the Shire's Strategic Risks and develop a Risk Management Framework to set out the Shire's approach to the identification, assessment, reporting and monitoring of risks. Providing a clearer outline of the Shire's Strategic Risks and defined procedures will ensure:

1. Stronger corporate governance
2. Compliance with relevant legislation, regulations and internal policies
3. That Integrated planning and reporting requirements are met
4. That uncertainty and its effects on the Shire's objectives are understood

This will improve the monitoring and reporting of risks by Officers and provide both the Committee and Council with greater oversight of the Shire's risk environment.

The Risk Management Framework was brought before the Committee on 12 December 2023, but the Committee recommended to Council to defer the item (121223). Since this time Officers have conducted a further review of the Framework and now re-present it for the Committee's consideration.

COMMENTS AND DETAILS**Policy G19 – Risk Assessment & Management (the Policy)**

The Policy has been updated to align with the new AS/NZS ISO 31000:2018 and remove reference to outdated workflows. The amended Policy is presented in Appendix 1.

Risk Management Framework

The new Risk Management Framework has been developed to supplement the Policy and provide a systematic guide to the application of risk management for all Officers. A copy of the Risk Management Framework is presented in Appendix 2. The Framework provides guidance on:

1. Risk Appetite
2. Roles and Responsibilities
3. The Monitoring and Reporting Process
4. Risk Control and Assessment

and presents the Shire's new Strategic Risks.

Previously the Shire monitored and reported quarterly on the following Strategic Risks:

1. Asset Sustainability Practices
2. Business and Community Disruption
3. Failure to Fulfil Compliance Requirements
4. Document Management Processes
5. Employment Practices
6. Environment Management
7. Errors, Omissions and Delays
8. External Theft and Fraud (including Cyber)
9. Management of Facilities/Venues/Events
10. IT or Communications Infrastructure
11. Misconduct
12. Project/Change Management
13. Safety and Security Practices
14. Supplier/Contract Management

It was noted this list represented not only Strategic Risks but also controls and needed further distillation to identify the key strategic risks facing the Shire of York. Officers now present the eight (8) new Strategic Risks as outlined in the Risk Management Framework:

1. Injury or Death
2. Failure/Loss of Infrastructure
3. Theft/Fraud/Misconduct
4. Climate Change/Environmental Damage
5. Failure to Deliver Key Projects
6. Loss of Financial Viability
7. Reputational Damage
8. Failure of Legislative Compliance

Once accepted as the key Strategic Risks by Council, Officers propose to commence reporting on the effectiveness of controls, any positive or negative movement in these controls, and identifying emerging risks.

It is also recommended all future tracking and reporting on Road Risks be completed through the Asset Management Plans, rather than through the current Road Risk Register. This change in approach was discussed in the March 2023 report when the Asset Management Plans were under development.

Audit and Risk Committee Meeting Minutes

21 March 2024

OPTIONS

The Committee has the following options:

- Option 1:** The Committee could choose to recommend to Council that it adopts Policy G19 – Risk Management and receives the Risk Management Framework.
- Option 2:** The Committee could choose to Council that it adopts Policy G19 – Risk Management and receives the Risk Management Framework with amendments.
- Option 3:** The Committee could choose to recommend to Council that it does not adopt Policy G19 – Risk Management nor receive the Risk Management Framework.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER**Consultative**

LGIS

Audit and Risk Committee

Executive Leadership Team

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

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

Policy Related

G19 Risk Assessment and Management

Financial

Nil

Legal and Statutory

Regulation 16 of the *Local Government (Audit) Regulations 1996* stipulates the functions of an Audit Committee and states:

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;*

Audit and Risk Committee Meeting Minutes

21 March 2024

- (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."*

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

"17. CEO to review certain systems and procedures

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

Risk Related

The amended Policy and Risk Management Framework seek to improve the understanding and oversight of all risk within the Shire of York.

Workforce

The Policy amendments and Risk Management Framework have been prepared within current workflows. There is an ongoing requirement for all staff to contribute to the monitoring and mitigation of identified risks.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION**Moved:** Ms Shona Zulsdorf**Seconded:** Cr Denese Smythe

That, with regard to the Risk Management Framework and Policy, the Audit and Risk Committee recommends that Council:

1. Adopts Policy G19 – Risk Assessment & Management, as presented in Appendix 1.
2. Receives the Risk Management Framework, as presented in Appendix 2.
3. Authorises the Chief Executive Officer to make any minor formatting and typographical changes to the documents prior to publication.

In Favour: Crs Kevin Trent, Denis Warnick and Denese Smythe
Justin Lee and Shona Zulsdorf

Against: Nil

CARRIED 5/0

GOVERNANCE POLICIES

Risk Assessment & Management



Policy Number:	G19
Relevant Delegation:	Not Applicable
Adoption Details:	28 January 2016
Last Review Details:	25 November 2019 03 December 2023

POLICY OBJECTIVE:

To develop and maintain an organisational culture which shows confidence in the use of risk assessment and management tools ~~into~~:

- Optimise the achievement of our vision, experiences, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations
 - ~~the effective and efficient delivery of agreed levels of service.~~
 - ~~maintaining financial sustainability.~~
 - ~~ensuring a high level of probity in the conduct of Shire of York business.~~
 - ~~developing and maintaining an effective and positive relationship between Council and the community.~~
 - ~~exploring future pressures and long-term trends which may affect or shape future strategic direction.~~

To undertake risk management in a way that enables the Council in partnership with the community, to make bold decisions for the community's future with a high level of confidence that key risks have been taken into account and where relevant, are being, or have been, mitigated.

To ensure that appropriate risk assessment and management provisions are in place in order to satisfy statutory requirements.

POLICY SCOPE:

This policy applies to all aspects of Shire of York business.

POLICY STATEMENT:

INTRODUCTION

The Shire of York is committed to organisation-wide risk management principles, systems and processes that ensure consistent, efficient and effective management of risk in all planning, decision-making and operational processes.

Inherent in every decision made by the Councillors, or by the Shire organisation is achieving a balance between delivering on strategic direction and vision and desired levels of service and recognising, managing and offsetting risks (if any) that might accompany the desired action. In many cases the actions and processes are simple and straightforward and provided processes are robust and those that administer them are aware of potential complexities and issues, risks are minimal and easy to manage. Other issues are more complex, or the environment in which services operate are subject to rapid change and emerging trends.

A structured approach to risk management assessment, the use of the risk assessments in decision-making and consequent risk mitigation is in common usage in a range of areas, with a growing and expected use in local government activity. The challenge is to make use of risk management methodologies at a level that engenders confidence as decisions are made but does not stifle new ideas and the setting of a community's vision. Provided the level of risk is known, the Council and community can be clear about the level of risk they are prepared to work with, effectively the 'risk appetite'.

This policy sets out the requirements to develop and maintain a risk assessment framework and process, to apply this framework to key aspects of Council business and to monitor and report on identified risks in a timely manner.

PRINCIPLES

- (a) a corporate culture which encourages, is aware, vigilant and confident in identifying risk within a wider culture of encouraging continuous improvement, corporate and individual responsibility, and innovation, is essential to good governance.
- (b) risk assessment methodologies must be used as a tool to assist rather than supplant decision-making. Ultimate decisions about 'risk-appetite' are made at all times by Councillors.
- (c) Risk assessment methodologies must be 'fit for purpose' and at a scale that the Shire of York can manage at a reasonable time and resource cost.
- (d) Risk assessment should help drive levels of reporting to Councillors on key projects and programmes.
- (e) A positive relationship with the community with clear communication of vision and risk, alongside consultation where relevant, is central to assisting the Council to identify its risk appetite and make decisions balancing the two considerations.

PROVISIONS

1. RISK ASSESSMENT FRAMEWORK

- 1.1 The Shire will develop and maintain a Risk Assessment Framework. The Framework will be reviewed by each incoming Council (four yearly) in conjunction with the Integrated Planning and Reporting (IPR) process.
- 1.2 The Framework will address the following matters:

Audit and Risk Committee Meeting Minutes

21 March 2024

- the high level organisational capacity for risk assessment and whether the Council is aiming to achieve Basic or Advanced Standard risk assessment performance in the immediate and medium term.
- the structure for analysing risk to current Council delivery and systems (i.e. the breakdown of Council activity into categories which will undergo risk assessment).
- the structure for analysing and reporting on risks which may affect vision, capacity to deliver, or overall of key strategic decisions (strategic risk) (Key input into the Corporate Business Plan process).
- ~~the high level risk assessment methodology to be used, taking into account whether the Risk Assessment Improvement Plan is seeking to achieve Basic, Intermediate or Advanced risk assessment performance.~~
- the organisational responsibilities for oversight of risk assessment and reporting ~~and the Risk Assessment Improvement Plan, through the IPR system.~~
- the risk trigger for reporting capital and operational project activity to Council and the frequency of reporting.
- a clear statement of the Council's 'risk appetite'

- 1.3 The Framework will be received ~~and approved by~~ the Audit and Risk Committee and a recommendation prepared for Council.

~~2. Risk Assessment Improvement Plan~~

- ~~2.1 The Shire will develop and maintain a Risk Management Improvement Plan (RMIP) which will address the following matters:~~

- ~~a base line scan of risk assessment capability and capacity. This should include consideration of employee capability and support system capability.~~
- ~~a programme addressing improvements needed to achieve required performance including timelines and resource needs.~~
- ~~targeted and practical training programmes to raise staff understanding of risk assessment thinking and systems. This will include provision for awareness training around probity issues.~~

- ~~2.2 The Plan will be received and approved by the Audit Committee. Note: approval of the Plan will not imply approval of required resource and funding in any strategic planning and budgeting processes.~~

- ~~2.3 This Plan will be reported to Council as part of the Integrated Planning and Reporting processes and the development of long term and annual budgets, identifying resource needs. Final approval of relevant budgets will be cross-referenced back into the Plan once finalised.~~

3.2. General Risk Assessment

- ~~3.1 A programme for undertaking a risk assessment of the agreed categories set out in the Framework will be approved by the Audit Committee annually. At a minimum, a full risk assessment of all activities and processes will be undertaken every four years and will provide input into the IPR process.~~

- 3.2.1 The outcomes of any regular risk assessments ~~along with the proposed programme for improvement~~ will be reported to the Audit and Risk Committee.

~~3.33.2~~ A Risk Register will be maintained for agreed strategic risks with relevant controls. Reporting will be conducted quarterly on all risks all activities and projects identified as having a medium risk or higher. Any changes in strategic risk status (positive or negative), or emergence of newly identified risks, will be entered on the risk register reported to the Audit and Risk Committee with the agreed follow-up requirements.

~~3.43.3~~ Any issues relating to risk management identified through audit processes or the Local Government (Audit) Regulations 1996 Regulation 517 review process will be entered on the Risk Register and updated in the Risk Assessment Improvement Strategy included in the quarterly reporting process.

4.3. Risk Assessment: Significant Projects and Programmes

4.1 All projects and programmes which are of strategic significance to the Council and community and/ or involve significant capital and operating expenditure are required to undertake a risk assessment.

~~4.2~~ The identification of strategically significant projects and programmes and expenditure thresholds will be made by the Council.

5.4. Links to Corporate Business Plan, the Long Term Financial Strategy and Annual Budgeting Processes.

5.1 Identified risks which may have an impact on the capacity to deliver on the community strategic vision or Council's implementation intentions will be reported as an input into the corporate business planning process.

5.2 Categories identified in the Framework Risk Register as having a medium or higher risk assessment and requiring new funding to address the risk identified will be explicitly reported on and considered in corporate business planning process and statutory budgeting processes.

5.3 Projects and programmes assessed under Section 4 must include explicit reference to risk mitigation strategies and associated costs as input into corporate business planning process and statutory budgeting processes. This may be expressed as a contingency component, provided that there are explicit links to risk.

6.5. Monitoring and Reporting

~~6.1~~ A review of the Council's risk assessment and management systems will be undertaken as part of the Section Regulation 17 requirements under the Local Government Act (Audit) Regulations.

~~6.16.2~~ The Audit and Risk Committee will be provided with a quarterly Risk Register report.

~~6.2~~ The Audit Committee shall be provided with the following reports on an annual basis:

- ~~• Implementation of the Risk Assessment Improvement Plan.~~
- ~~• Implementation of required system and other improvements arising out of any risk assessment process for the Framework categories.~~

7.6. Communication

~~7.1~~ A brief report on the implementation of the Risk Management Improvement Plan will be published annually on the Council website along with the upcoming improvement programme for the following year. Audit and Risk Committee reports will be made publically available via the Shire's website.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

| **Risk** means “the effect of uncertainty on objectives.” AS/NZS ISO 31000:200¹⁸⁹. A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

Risk Assessment means the process of applying risk management methodologies to assess the level of risk in a particular or general circumstance, activity or operation, or decision.

Risk Management means: the application of coordinated activities to direct and control an organisation with regard to risk.

Audit and Risk Committee Meeting Minutes

21 March 2024

Responsible Officer: Chief Executive Officer

Contact Officer: Executive Manager Corporate & Community Services

Relevant Legislation: Local Government Act 1995
Local Government (Audit) Regulations 1996

Review History:

Date Review Adopted:	Resolution Number
Adopted – 28 January 2016	
Reviewed – 24 October 2016	
Reviewed – 25 November 2019	291119
<u>Reviewed – 22 December 2023</u>	
Former Policy No:	G4.6



Risk Management Framework

- Risk Management Policy
- Risk Management Procedures



March 2024

Version 2.0

Table of Contents

Introduction.....	3
Purpose	3
Definitions (from AS/NZS ISO 31000:2018)	3
Risk:	3
Risk Management:	3
Risk Management Objectives	3
Risk Management Governance.....	4
Governance Model.....	4
Roles, Responsibilities & Accountabilities	5
Monitor & Review.....	5
Risk Management Procedures.....	7
Risk Assessment and Acceptance Criteria	7
Risk Appetite.....	10
Appendix A – Risk Assessment and Acceptance Criteria	12
Appendix B – Strategic Risk Definitions.....	13

Introduction

The Risk Management Framework (the Framework) sets out the Shire of York's (the Shire) approach to the management of risk by outlining the following elements:

- Roles and Responsibilities.
- Risk Appetite Statement.
- Risk Assessment and Acceptance Criteria.

The Risk Management Framework is adopted by Council and compliments Policy G19 - Risk Assessment & Management (the Policy) which documents the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.

Purpose

This Risk Management Framework assists the Shire's in understanding and documenting its approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on Australia/New Zealand Standard ISO 31000:2018 Risk Management.

By adopting the principles of the Framework, the Shire will ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations, and internal policies.
- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

This Framework aims to balance a documented, structured, and systematic process with the current size and complexity of the Shire along with existing time, resources and work pressures.

Definitions (from AS/NZS ISO 31000:2018)

Risk: Effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative or both.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Objectives

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

Risk Management Governance

Governance Model

The Shire has adopted a "Three Lines of Defence" model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, Management and Community will have assurance that risks are managed effectively to support the delivery of the Strategic, Corporate and Operational Plans.

First Line of Defence

All **operational** areas of the Shire are considered '**1st Line**'. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk.

Second Line of Defence

The Shire's Risk Management lead – the Executive Manager Corporate and Community Services - acts as the primary '**2nd Line**'. This position owns and manages the Framework for risk management, drafts and implements governance procedures and provides the necessary tools and training to support the 1st line process. The Executive Leadership Team supplements the second line of defence.

Third Line of Defence

Internal Audits and External Audits are the '**3rd Line**' of defence, providing assurance to the Council, Audit & Risk Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

Internal Audit Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO.

External Audit Received by Council on the recommendation of the Audit & Risk Committee reporting independently to the President and CEO on the annual financial statements only.

Roles, Responsibilities & Accountabilities

Council

- Review and approve Policy G19 - Risk Assessment, the Risk Appetite and Risk Assessment & Acceptance Criteria.
- Own the Strategic Risk Register.
- Receive reports from External Auditors on financial statements.
- Establish and maintain an Audit & Risk Committee in accordance with the *Local Government Act 1995*.

Audit and Risk Committee

- Support Council in providing effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Provide guidance and oversight to Council regarding Strategic Risk.
- Independent, objective and autonomous in deliberations.

CEO / Executive Leadership Team

- Undertake internal Audits as required under *Local Government (Audit) Regulations 1996*.
- Liaise with Council in relation to risk acceptance requirements.
- Monitor the appropriateness and effectiveness of the Risk Management Framework.
- Embed a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from risk matters.
- Own and manage the Operational Risk Register at a Shire level.

Risk Working Group

- Oversee and facilitate the Operational Risk Register.
- Champion risk management within operational areas.
- Support reporting requirements for risk matters.
- Analyse and discuss emerging risks, issues and trends.

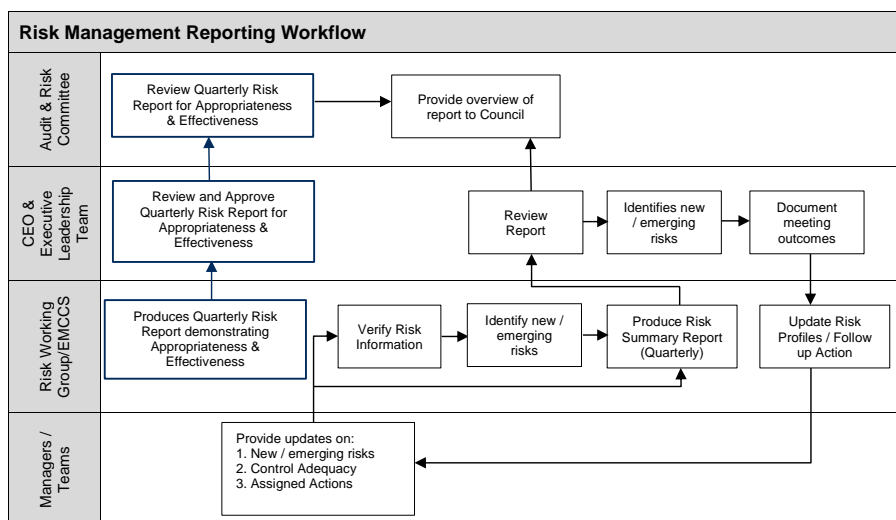
Managers / Teams

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the Risk & Control Management process as required.
- Identify emerging risks or issues accordingly.
- Incorporate 'Risk Management' into Team Meetings.

Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

The following diagram provides a high level view of the ongoing reporting process for Risk Management.



Risk Management Procedures

Risk Assessment and Acceptance Criteria

The Risk Assessment and Criteria are applied to the risk assessment and treatment process.

The Shire of York has identified 8 Strategic Risk Categories. These are:

- Injury or Death
- Failure/Loss of Infrastructure
- Theft Fraud Misconduct
- Climate Change/Environmental Damage
- Failure to Delivery Key Projects
- Loss of Financial Viability
- Reputational Damage
- Failure of Legislative Compliance

Risk Likelihood

The predicted likelihood of the risk event occurring over time and activity/frequency.

SHIRE OF YORK - MEASURES OF RISK LIKELIHOOD			
Rating	Definition	Frequency	Chance of Occurring
Almost Certain (5)	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
Likely (4)	The event will probably occur in most circumstances	At least once per year	60 - 90% chance of occurring
Possible (3)	The event could occur at some time	At least once in 5 years	40 - 60% chance of occurring
Unlikely (2)	The event should occur at some time	At least once in 10 years	10 - 40% chance of occurring
Rare (1)	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

Risk Matrix

The overall risk level for a particular risk is assessed based on the likelihood and consequence scores for the risk plotted in the risk matrix.

SHIRE OF YORK - RISK MATRIX						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate

Risk Control Ratings

Rating	Foreseeable	Description
Effective	There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.

Risk Notification

Once the risk has been assessed, then the following table sets out the escalation requirements so that decisions can be made around accepting or treating the risk.

Risk Rank	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MEDIUM (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by the managers / executive and subject to monthly monitoring	Executive Management Team
EXTREME (20-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Risk Treatment

Risk is treated through one of the following treatments and in accordance with the Shire's Risk Appetite. The Shire may:

Accept: Accepting or retaining the risk at its residual risk rating level, without further treatment even though it may exceed the organisation's risk appetite.

Treat: Further treating risks to reduce the likelihood and/or consequences of the risk.

Transfer/Share: Transferring part of the risk (either management of the activity/service or consequence) to another party. Sharing risk does not lessen the Shire's responsibility/accountability for that risk.

Avoid: Avoiding a risk/event with detrimental consequences by deciding not to proceed with the activity likely to create the risk, or by disposing of the risk.

Risk Appetite

Risk appetite relates to the amount and type of risk the Shire is willing to take in order to achieve its strategic objectives. When discussing risk appetite, tolerance levels will be defined as low, medium or high.

The Shire's overall risk appetite is "risk averse". The Shire is focussed on continuous improvement and delivering innovation where opportunities enhance service delivery. The Shire will consider taking calculated risks but will ensure that risks are properly identified, evaluated and managed to ensure that risk exposure is within acceptable limits. The Shire's risk appetite will be higher when it can be demonstrated that the benefits created through innovative concepts outweigh the associated risks.

Table 1: Risk Appetite Summary

Risk Appetite Range	Low Appetite	Moderate Appetite	High Appetite
Approach to Risk	Accept as little risk as possible and take a cautious approach	Balanced and informed approach to risk taking	A more aggressive approach for increased benefit or to achieve a key Strategic Outcome
Strategic Risk Category			
Injury or Death	Office based staff undertaking high risk activities subject to proper controls being in place	Outside staff undertaking manual labour/plant	Outside staff undertaking labour and plant activity subject to proper controls being in place
Failure/Loss of Infrastructure	Activities that result in ongoing disruption to core services	Activities that result in a disruption to a small number of services	Time limited service disruption that will enable improved service delivery to the community
Theft/Fraud/Misconduct	This is not acceptable		
Climate Change/Environmental Damage	Inadequate Environmental Management hazard risk mitigation	Activities that may result in minor environmental impacts	Activities that have environmental approvals from both state and federal agencies and will enable improved services/amenity to the wider community
Project Delivery	Activities that result in 10% or lower cost or time variations	Small, low profile changes	Innovation, ongoing community benefit shared across other partners
Loss of Financial Viability	Activities that impact financial liquidity	Activities with a low value	Activities with a low value that are likely to provide economic or revenue growth opportunities

Page | 10

Reputational Damage	Activities that impact a large part of the community	Activities that impact a small number of the community and are for the greater good	Activities that impact one group with overall benefits that far outweigh the inconvenience
Failure of Legislative Compliance	Minor unintentional breaches of legislation	Moderate unintentional breaches of policy or procedures	Significant unintentional breaches of process that occur in an emergency situation

Appendix A – Risk Assessment and Acceptance Criteria

SHIRE OF YORK - MEASURES OF RISK CONSEQUENCE									
Rating	People	Service Interruption	Reputational (Social/Community)	Compliance	Property	Natural Environment	Financial Impact	Project - Time	Project - Cost
Insignificant (1)	Near miss/minor injuries	No material service interruption - less than 1 hour	Unsubstantiated, localised low impact on community / stakeholder trust, low profile or no media item	No noticeable regulatory or statutory impact	Inconsequential damage	Contained, reversible impact managed by on site response	Less than \$5,000	Exceeds deadline by 5% of project timeline	Exceeds project budget by 10%
Minor (2)	First Aid Treatment	Short term, temporary interruption - backlog cleared < 1 day	Substantiated, localised impact on community / stakeholder trust or low media item	Some temporary non-compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$5,001 - \$25,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 15%
Moderate (3)	Medical type injuries / Lost time injury < 30 days	Medium term, temporary interruption - backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community / stakeholder trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$25,001 - \$100,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury > 30 days Temporary disability	Prolonged interruption of services - additional resources - performance affected < 1 month	Substantiated, public embarrassment, widespread, high impact on community / stakeholder trust or high media profile, 3rd party actions	Non-compliance results in termination of services or imposed penalties to Shire/Officers	Significant damage requiring internal and external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$100,001 - \$500,000	Exceeds deadline by 20% of project timeline	Exceeds project budget by 25%
Extreme (5)	Fatality / permanent disability	Indeterminate prolonged interruption of services - non-performance > 1 month	Substantiated, public embarrassment, widespread loss of community / stakeholder trust or high, widespread multiple media profile, 3rd party actions	Non-compliance results in litigation, criminal charges or significant damage or penalties	Extensive damage requiring long period of restitution. Complete loss of plant, equipment & building.	Uncontained, irreversible impact	More than \$500,000	Exceeds deadline by 25% of project timeline	Exceeds project budget by 30%

Page | 12

Appendix B – Strategic Risk Definitions

1. Injury or Death

A failure to take reasonable care in any Shire process, project or actions which results in the injury or death of any person.

2. Failure/Loss of Infrastructure

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are:

- Inadequate design (not fit for purpose).
- Ineffective usage (down time).
- Outputs not meeting expectations.
- Inadequate maintenance activities.
- Inadequate financial management and planning.

3. Theft/Fraud/Misconduct

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of:

- Fraud – benefit or gain by deceit.
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems.
- Theft – stealing of data, assets or information (no deceit).

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee.
- Collusion between Internal & External parties.

4. Climate Change/Environmental Damage

Inadequate prevention, identification, enforcement and management of environmental issues.

The scope includes:

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable).
- Illegal dumping / Illegal clearing / Illegal land use.

5. Failure to Deliver Key Projects

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems.
- Failures of IT Project Vendors/Contractors.
- Insufficient oversight.

6. Loss of Financial Viability

Failure to adequately plan for the long term future of the Shire.

Failure to ensure adequate oversight of financial systems, policies and processes by Elected Members and Shire employees which result in a loss of service.

7. Reputational Damage

Failure to adequately consult with or communicate to members of the community or other stakeholders resulting in negative opinion.

Failure to prevent any action, policy or process of the Shire resulting in a reduction in trust and a drop in the positive public perception of the Shire.

8. Failure of Legislative Compliance

Failures to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

This does not include Occupational Safety & Health Act (refer "Injury or Death").

It does include the Local Government Act, Health Act, Building Act, Privacy Act and all other legislative based obligations for Local Government.

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

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

Nil

13 CLOSURE

The Presiding Member thanked everyone for their attendance and closed the meeting at 3.48pm.

SY002-03/24 REQUEST FOR APPROVAL - YORK HOCKEY CLUB FUNDING SUBMISSION

File Number:	4.0476
Author:	Alina Behan, Executive Manager Corporate & Community Services
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	Not Applicable
Disclosure of Interest:	Nil
Appendices:	<ol style="list-style-type: none">1. Signed Hockey Club Lease December 2019 - Confidential2. Final CNLP Grant Submission - YHC - Confidential3. Proposed Lighting Plan - Confidential4. Lighting Replacement Quotation - YHC - Confidential5. Profit and Loss Evidence Cash at Bank - YHC - Confidential6. Projected Budget - Profit and Loss YHC - Confidential7. Certificate of Incorporation - YHC - Confidential8. Personal Injury Insurance - YHC - Confidential9. Letters of Support - YHC - Confidential

NATURE OF COUNCIL'S ROLE IN THE MATTER

Executive

PURPOSE OF REPORT

This report seeks Council's approval to submit the application by the York Hockey Club (YHC) for the Department of Local Government, Sports and Cultural Industries (DLSGC) City Night Lights Program Small Grants Application to upgrade sports lighting at the Hockey Oval in the Forrest Oval Precinct.

BACKGROUND

The YHC has its club rooms on the Forrest Oval Precinct through a lease with the Shire of York. The lease document is presented in confidential Appendix 1. YHC pay a set annual fee for the use of the adjacent hockey field and the sports lighting.

COMMENTS AND DETAILS

The YHC wishes to upgrade the existing ageing metal halide floodlighting that serves the hockey pitch with new LED lighting. The current lighting is well below current Australian Standards for sports lighting which presents a safety hazard for players, umpires and spectators. One of the lighting fixtures is currently out of service.

Improved lighting will enable safer play, but also allow the YHC to introduce summer night hockey which will attract new members and increase playing time. Better visibility will also boost recreational participation through providing avenues for increased activation from fitness groups.

Estimates have been sought for the replacement of the lights which includes measures to prevent corolla damage. The YHC will fund 50% of the cost to replace the luminaires and are applying for 50% funding from DLGSC through its City Night Lights Program (the Program). No funding is sought from the Shire of York.

The application for funding and relevant supporting documents are presented in confidential Appendices 2-8.

It is a condition of the Program that YHC demonstrates Shire support for this application and the alteration to Shire owned equipment via a report to Council. An excerpt of the minutes will be submitted to the DLGSC as documented approval for the submission of YHC's request through the Shire of York.

Officers seek approval for this application from Council.

OPTIONS

Option 1: Council could choose to approve the YHC's submission for funding to the DLGSC for the improvement of hockey oval sports lighting at the Forrest Oval Precinct and direct the Chief Executive Officer to submit the application on the YHC's behalf.

Option 2: Council could choose not to approve the YHC's submission for funding to the DLGSC for the improvement of hockey oval sports lighting.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

As part of the consultation for the Wellbeing Plan 2024-2028 community members identified fitness classes as a high priority in assisting them to be more physically active.

No further consultation was undertaken by the Shire. The YHC have sought letters of support which are presented in confidential Appendix 9.

Strategic

Strategic Community Plan 2020-2030

Goal 1: The Place to be

To be a close-knit community, full of life, in a welcoming and accessible place for all.

Wellbeing Plan 2024-2028

The Shire's recently adopted Wellbeing Plan focusses on improving participation in sporting activity to achieve better health outcomes across the community.

Policy Related

Nil

Financial

YHC are funding 50% of the project, with a request for 50% from DLGSC. The Shire has not been approached for funding support for this submission. The Shire is currently unable to provide funding support should either the YHC or DLGSC portion become unavailable. This has been articulated to DLGSC.

Legal and Statutory

Nil

Risk Related

There is a minor reputational risk should support be denied for this funding submission.

Workforce

Time to review and submit the application can be managed within existing resources.

VOTING REQUIREMENTS**Absolute Majority: No****RECOMMENDATION**

That, with regard to the Request for Approval - York Hockey Club Funding Submission, Council:

- 1. Approves the York Hockey Club's submission for funding to the Department of Local Government, Sports and Cultural Industries for the improvement of hockey oval sports lighting at the Forrest Oval Precinct.**
- 2. Directs the Chief Executive Officer to submit the application to the Department of Local Government, Sports and Cultural Industries on behalf of the York Hockey Club.**
- 3. Authorises the Chief Executive Officer to make any minor formatting and typographical changes to the application prior to submission.**