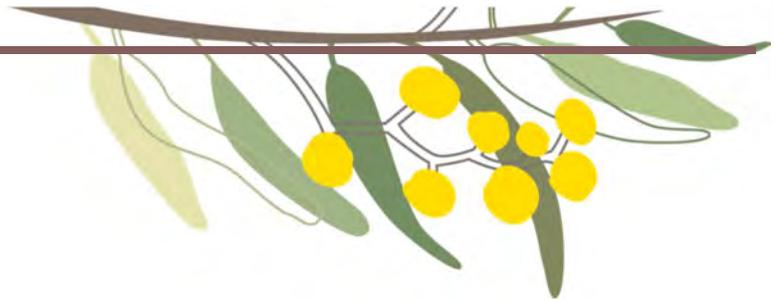




# SHIRE OF WOODANILLING

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ANNUAL MEETING OF ELECTORS  
2017-2018  
Minutes  
19 February 2019

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# 2018 GENERAL MEETING OF ELECTORS

## 19 FEBRUARY 2019

### 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President declared the Annual Meeting of Electors open at 7:34PM.

### 2. RECORD OF ATTENDANCE / APOLOGIES

#### 2.1. ATTENDANCE

Cr Russel Thompson	Shire President
Cr Trevor Young	Deputy Shire President
Cr Peter Morrell	
Cr Timothy Brown	
Cr Dale Douglas	
Cr Maurice Trimming	
Mr Sean Fletcher	Acting Chief Executive Officer
Ms Sue Dowson	Deputy Chief Executive Officer
Ms Colleen Pollard	Administration Services Officer
Margaret Cook	
Ray Baxter	
Marj Winstanley	

#### 2.2. APOLOGIES

Ray Kowald

### 3. CONFIRMATION OF MINUTES OF PREVIOUS ANNUAL GENERAL MEETING – 19 JUNE 2018

#### CONFIRMATION OF MINUTES 19 JUNE 2018

Moved: Cr Trimming  
Seconded: Cr Brown

That the minutes of the Annual General Meeting for the 2016-2017 Financial Year held on 19 June 2018 be accepted.

**CARRIED**

### 4. RECEIVING OF 2017-2018 ANNUAL REPORT

The Shire President explained that the Shire is moving forward and is pleased to confirm that the new CEO will be starting on 2 April 2019. He also went on to say that money has been tight.

#### RECEIVING OF 2017-2018 ANNUAL REPORT

Moved: Cr Morrell  
Seconded: Cr Trimming

That the 2017-2018 Annual Report, including the Annual Financial Statements, be received.

**CARRIED**

#### 4.1. QUESTIONS

Margaret Cook commended that Acting CEO on the structure of the Report. Mr Fletcher responded that he and the previous CEO Ms Knight had compiled the Annual Report.

Ms Cook went on to comment that there is too much red in the timelines (Corporate Business Plan). The Shire President explained that this has resulted from the aspirational nature of the Strategic Community Plan and that this will be addressed in a more pragmatic fashion regarding the new plan. He concluded by saying that he appreciates the concern

Ray Baxter asked for an explanation regarding the Transport Program on page 33 of the Annual Report. Both the Shire President and the Acting CEO explained that this is due to the impact of the WANDRRA funding and reimbursements to the Shire. Mr Fletcher explained that much of the WANDRRA funding and costs for works not completed in 2017-2018 were carried forward into 2018/2019.

Mr Fletcher then went on to explain the surplus for 2017-2018 as opposed to the expected deficit for 2018-2019. Mr Baxter thanked the Acting CEO for the clarification regarding the Shire's position (surplus/deficit).

The Shire President then closed questions regarding the 2018-2018 Annual Report.

### 5. GENERAL BUSINESS

The Shire President opened general business up to the floor:

#### 5.1. QUESTIONS

Marj Winstanley raised a question regarding fire mitigation and in particular the matters she has raised at previous Annual Electors Meetings regarding Lot 217 that have not been addressed. Ms Winstanley commented:

- She first raised this matter seven years ago;
- It is DOLA land and is not sure on the suitability of mulching. Burning would not be a problem as the phascogales will move on;
- Her concern is when is the amount in there going to be reduced;
- There are logs piled up in the middle;
- There have been formalities passed to deal with the timber in this lot including a Council motion in the 2016 minutes for a firebreak to be put in.

Through the Chair, the Chief Bush Fire Control Officer (Cr Douglas) was able to advise that Lot 217 has been looked at in terms of the MAF project. The solution is to mulch what is in there. The Deputy CEO also explained that it has taken quite some time to get the appropriate flora/fauna clearances. Ms Winstanley said she is concerned regarding the piled logs in Lot 217. Cr Douglas responded that he review this matter with the CESM and the Shire re the MAF program. Ms Winstanley then went on to say that the outside works to the Old CEO's hose looked bloody awful. Mr Fletcher responded that this work has been to keep the property safe.

Ray Baxter asked when the bio max unit at Salmon Gums was going to be fixed. The Deputy CEO responded that a plumber is on his way and went on to explain that one unit works well and the other doesn't. She commented further that the plumber will have this sorted by the end of the week.

Margaret Cook asked what was happening with the Robinson Rd/Great Southern Hwy intersection. Mr Fletcher advised that the Shire has received Black Spot funding approval to upgrade the intersection. This is a \$400,000 project that will occur 2019/20 – 2020/21. Ms Cook said she is concerned with the speeding that occurs through this intersection. The speed limit needs to be lowered. Mr Fletcher advised that this is a Main Roads matter and that it will not lower the speed limit from what it currently is. Others in the room commented that this was raised with Main Roads previously and that it refused to adjust the speed limit. Ms Cook then went on to say that the speed humps (rumble strips) on Robinson Rd heading west down towards the Great Southern Hwy were worn and no longer effective. The Shire responded it will look at this issue.

Ray Baxter then made a comment that his road was overgrown re the sheoaks and that a tree saw is needed. Two trucks cannot fit through there.

There being no further questions, the Shire President said thank you to the attendees for sharing the interest and coming along to the meeting. He also said thanks to the councillors and staff regarding 2017-2018.

### 6. CLOSURE OF MEETING

The Shire President declared the meeting closed at 8:05PM.

## Shire of Woodanilling Risk Report - December 2018

### Executive Summary

Being the initial risk report, this is focussing on doing the framework for ensuring that future reports will continue to provide relevant insight and recommendations to assist the Shire Executive in managing risks. This report is provided in full (dashboard and individual risk profiles) to allow the Executive an opportunity to review and confirm the current risk landscape of the Shire. It is envisaged that future reports will only be in a dashboard format, highlighting the current Risk & Control ratings together with any current actions / treatments underway.

These internal reports are expected to be generated and discussed twice a year as part of the agenda for the Management Team.

### Recommendations

#### Risk Framework

1. Ensure that the Risk Management Policy is approved by Council.
2. Approve the Risk Management Procedures Manual.

#### Risk Profiles

1. Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

		Risk	Control			Risk	Control
<b>Misconduct</b>		Moderate	Adequate			Low	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
SynergySoft purchase order system implemented and trained	Aug-14	CEO		Develop a Business Continuity Program as per Reg 17 review	?	CEO	
New Purchasing SOP	Sep-14	FO					
<b>Damage to Physical Assets</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>External Theft &amp; Fraud (inc. Cyber Crime)</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Failure of IT &amp;/or Communications Systems and Infrastructure</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Inadequate safety and security (staff, visitors and community)</b>		Moderate	Effective			Moderate	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Undertake 4801 Audit & determine ongoing actions to remedy	Jul-15	CEO (MS)					
<b>Providing inaccurate advice / information</b>		Moderate	Inadequate			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Regular review of "Work Instruction" sheets	Dec-18	All Staff					
Training and Development Plan	Jul-19	ACEO/DCEO					
Budget Constraints, allocations for training in 2019/20 Budget	Jun-19	DCEO/WS					
<b>Inadequate Document Management Processes</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Inadequate engagement of Community / Stakeholders / Elected Members</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Inadequate Asset Management</b>		Low	Inadequate			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement usage of Asset Management System	Sep-14	CEO					
Complete the review and update data in Road Asset Management System (eg. Conditions / Hierarchy)	Dec-18	WS					
I-Auditor program implemented to record property conditions	Dec-18	DCEO					
<b>Inadequate Supplier / Contract Management</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Ineffective People Management</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Ineffective management of Facilities / Venues / Events</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
<b>Not meeting Community expectations</b>		#N/A	0			#N/A	0
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	



# REGULATION 17 REVIEW - 2018

## ANALYSIS OF THE SHIRES RISKS, INTERNAL CONTROLS AND LEVEL OF COMPLIANCE



**Ariel View of Woodanilling**

**Prepared for:** Shire of Woodanilling, Audit Committee

**Prepared by:** Sean Fletcher, Acting Chief Executive Officer – Shire of Woodanilling

**Date:** December 2018

## Introduction

In accordance with the requirements of the Reg. 17 Review and Appendix 3 of Departmental Guideline 9, the Acting CEO has reviewed the risk management of the Shire, the internal control systems and the level of compliance.

In short this review is known more colloquially as the Reg. 17 Review. Until 26 June 2018, the CEO was required to do the review at least once every 2 calendar years. The Regulations were amended at this time requiring the CEO to now do this review no less than once every three financial years.

As part of the December 2014 report to Council the CEO in effect completed the Risk Management component of the Reg 17 Review. The then CEO recommended that Council endorse the initial risk assessment matrix and the risk management assessment. Two attachments were provided:

1. The Risk Assessment and Acceptance Criteria (or Risk Appetite).
2. The November 2014 Risk Report (Risk Dashboard) i.e. the risks identified for the Shire and the progress regarding managing those risks. These are the risk themes found at Appendix C within the Risk Management Governance Framework.

However, the minutes show that Council only endorsed the November Risk Report (Risk Dashboard). This is puzzling in that it indicates Council did not sign off on the Shire's Risk Assessment and Acceptance Criteria, or in otherwords, its' risk appetite! Further to this, the Audit Committee is required to consider the CEO's Reg. 17 Review report in the first instance and then the Committee presents it to Council for adoption. This process was not followed as the review went straight to Council.

In addition to the above, it could be said that the former CEO met her obligations regarding the risk management requirements under the Reg.17 Review. The requirements regarding the internal controls and legislative compliance were not subsequently addressed, although some of the elements from both do occur as themes under the November 2014 Risk Report.

It should also be noted that the Reg. 17 Review did not occur in 2016 as required at that time. As the Reg. 17 Review is now required to be undertaken not less than once in every 3 financial years, it is clear that the CEO needs to undertake the Reg. 17 review, which the Acting CEO has now completed and forms part of today's report below.

As a result, the author has developed a framework to be used by the CEO and the Audit Committee to determine the level of improvements required regarding its financial management and enterprise wide risks. Accordingly, the Reg.17 Frameworks for the Shire of Woodanilling is as follows

**SEAN FLETCHER**

Acting Chief Executive Officer

## Executive Summary

Under Regulation 17 of the Audit Regulations, the CEO is to review the appropriateness and effectiveness regarding the Shire's:

- Risk management;
- Internal control; and
- Legislative compliance.

### Risk Management

The Shire clearly needs to address its risks in an effective way. Critical components include the Audit Committee working effectively hand in hand with the CEO and supporting the CEO to the best of its ability including quarterly risk updating (Recommendations 1 – 4).

Council needs to re-introduce a revised Risk Management Policy. The Audit Committee also needs to adopt an appropriate terms of reference so it can start to perform its functions.

Recommendation 5 is now happening as a matter of course.

## Risk Management

The key risk processes have been assessed as follows:

Risk Management Considerations	Guidance Note 9	Requirement	Assessment & Recommendation
<b>Risk Management System</b>	Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered	<p>The system consists of:</p> <ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Procedures (as in the Risk Management Governance Framework Document)</li> <li>• Risk Management Governance Framework Document</li> <li>• Current Risk Profiles (Risk Dashboard)</li> </ul>	<ol style="list-style-type: none"> <li>1. Council needs to re-Implement the updated Risk Management Policy 95</li> <li>2. ACEO has updated the Risk Management Governance Framework – Dec 2018</li> <li>3. Risk Dashboard requires updating by Senior Management</li> </ol> <p><b>Recommendation 1:</b> Items 1, 2 and 3 to be implemented by 19 February 2019</p>
<b>Business Continuity Plan</b>	Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time	<p>The Business Continuity Framework to incorporate:</p> <ul style="list-style-type: none"> <li>• Procedures and approach</li> <li>• Business Continuity Plan</li> <li>• Procedures for emergency management preparedness and response</li> </ul>	<ol style="list-style-type: none"> <li>1. There is no continuity management plan in place</li> <li>2. <b>The ICT Strategy (Plan) requires updating as it was to 2016/17</b></li> <li>3. Staff awareness required regarding clicking on dubious email links etc.</li> <li>4. Elements in place include:               <ol style="list-style-type: none"> <li>a. A back up of the Shire’s servers are conducted daily</li> <li>b. 42 Day Change of password protocol</li> </ol> </li> </ol> <p><b>Recommendation 2:</b></p> <ul style="list-style-type: none"> <li>• Continuity plan to be developed by 31/12/19</li> <li>• ICT Strategy to be developed by 31/12/19</li> </ul>
<b>Managing Operating Risks in Accordance with Material Risks in Tolerance</b>	Assessing the internal processes for determining and managing material operating risks in accordance with the local government’s identified tolerance.	<p>Risk areas include:</p> <ol style="list-style-type: none"> <li>1. What is the Shire’s Risk Acceptance Criteria?</li> <li>2. Potential non-compliance with legislation, regulations and standards and local government’s policies;</li> </ol>	<ol style="list-style-type: none"> <li>1. Risk Acceptance Criteria is not recognised at policy level (Council).</li> <li>2. In November 2014, failure to fulfil statutory, regulatory or compliance requirements was rated as a moderate risk with effective controls in place. The key elements are:               <ol style="list-style-type: none"> <li>a. Compliance Calendar. This is in place on a limited basis. At the Council meeting on 16 October 2018, the former CEO provided Council with a comprehensive calendar used by other local governments</li> </ol> </li> </ol>

		<ol style="list-style-type: none"> <li>3. Important accounting judgements or estimates that prove to be wrong;</li> <li>4. Litigation and claims;</li> <li>5. Misconduct, fraud and theft;</li> <li>6. Significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government</li> </ol>	<ol style="list-style-type: none"> <li>b. Use of Compliance Audit Return as a detective mechanism – not used</li> <li>c. Managing Subscriptions and memberships to promote awareness of industry changes. The Management Team is not tracking and disseminating information</li> </ol> <ol style="list-style-type: none"> <li>3. Accounting Judgements in Nov 2014 was rated as adequate: <ol style="list-style-type: none"> <li>a. Inadequate project/change management. PM Is adhoc. Some Recommendations to change culture introduced on a limited basis.</li> <li>b. Inadequate Asset Sustainability Practices. The Shire has commenced a process of implementing a preservation method for its road network</li> </ol> </li> <li>4. Litigation and Claims for last four years are Nil</li> <li>5. Fraud and Misconduct in Nov 2014 was rated as a moderate risk with effective controls in place. This criteria is acceptable as follows: <ol style="list-style-type: none"> <li>a. Procurement Policy in place</li> <li>b. Staff are required to put extraneous requests in writing for approval</li> <li>c. Code of Conduct is in place</li> </ol> </li> <li>6. Significant Business Risks: <ol style="list-style-type: none"> <li>a. Environmental work practices need to be addressed. DPAW has written twice to Shire this year re its clearing practice – this is high risk e.g. fines start at \$250,000;</li> <li>b. OSH is at an effective level</li> <li>c. Other criteria need to be teased out e.g. community disruption, political risks, shire demographics, technology and workforce</li> </ol> </li> </ol> <p><b>Recommendation 3:</b></p> <ul style="list-style-type: none"> <li>• Risk Acceptance Criteria to be implemented by 19 February 2019</li> <li>• The Compliance Calendar to be implemented by 30 June 2019</li> <li>• Management Team to start using the CAR as an improvement tool</li> <li>• Management Team to review industry changes at the EMT meetings</li> <li>• Works Supervisor to not undertake clearing until permits received</li> <li>• Other business risks to be identified by 31/12/19</li> </ul>
<p><b>Audit Committee Practices</b></p>	<p>Obtaining regular risk reports, which identify key risks, the status and the</p>	<p>The Audit Committee is required to undertake these key functions</p>	<p>The Shire has an Audit Committee in place. However the are key issues that require addressing:</p> <ol style="list-style-type: none"> <li>1. The committee minutes indicate that it has not met as required i.e. yearly.</li> </ol>

	<p>effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported</p> <p>Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors</p> <p>Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment</p>		<ol style="list-style-type: none"> <li>2. Risk reporting has not occurred</li> <li>3. The Reg 17 Review has been ineffective or not conducted.</li> <li>4. The Audit Committee requires a terms of reference</li> </ol> <p><b>Recommendation 4:</b></p> <ul style="list-style-type: none"> <li>• Audit Committee Terms of Reference to be in place by 19 February 2019: <ul style="list-style-type: none"> <li>○ Audit Committee to meet quarterly</li> <li>○ Risk reporting to occur quarterly</li> </ul> </li> <li>• Reg 17 Review criteria as presented to Audit Committee on 18 December 2018 to be endorsed at this meeting</li> </ul>
<b>Insurable Risks</b>	<p>Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance</p>	<p>All insurance products are arranged through LGISWA</p> <p>The criteria for assessment includes:</p> <ul style="list-style-type: none"> <li>• Motor Fleet Claims</li> <li>• Property Claims</li> <li>• Workcare Claims</li> </ul>	<p>In most instances, LGISWA has met the claims.</p> <p><b>Recommendation 5:</b></p> <ul style="list-style-type: none"> <li>• The Shire's claims for the last four years need to be identified and tracked on an ongoing basis;</li> <li>• The Shire needs to look at how it can reduce its claims on an ongoing basis</li> </ul>
<b>Unusual Transactions</b>	<p>Assessing whether management has controls in place for unusual types of</p>	<p>Key elements include:</p> <ul style="list-style-type: none"> <li>• Delegation Framework;</li> </ul>	<ol style="list-style-type: none"> <li>1. Delegations are in place for the relevant staff;</li> <li>2. Auditors have confirmed there are no irregularities</li> </ol>

	transactions and/or any potential transactions that might carry more than an acceptable degree of risk	<ul style="list-style-type: none"> <li>• Policies regarding Investments and Purchasing;</li> <li>• Test sampling by auditors</li> </ul>	<p>3. The Shire does not have any associations with activities, events or businesses that could be considered unusual</p> <p><b>Finding:</b> No actions required</p>
<b>Procurement Framework</b>	Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied	<p>How is the Shire's procurement, disposal and tender practices being applied?</p> <p>Inadequate procurement, disposal and tender practices in Nov 14 were rated as a moderate risk with adequate controls in place</p>	<p>Staff are in the process of transitioning to required levels of responsibility regarding procurement including:</p> <ul style="list-style-type: none"> <li>• Writing memos seeking approvals for extraneous purchases;</li> <li>• Improving their understanding regarding levels of requisition and purchase authority;</li> <li>• Seeking the required number of quotes according to the procurement policy</li> </ul> <p><b>Finding:</b> No actions required</p>

### Summary of Key Findings

The Shire clearly needs to address its risks in an effective way. Critical components include the Audit Committee working effectively hand in hand with the CEO and supporting the CEO to the best of its ability including quarterly risk updating (Recommendations 1 – 4). Council needs to re-introduce a revised Risk Management Policy. The Audit Committee also needs to adopt an appropriate terms of reference so it can start to perform its functions.

Recommendation 5 is now happening as a matter of course.

## Internal Controls

The key internal controls for the Shire have been assessed as follows:

Guidance Note 9	Requirement	Assessment & Recommendation
<p><b>Separation of roles and functions, processing and authorisation;</b></p>	<ol style="list-style-type: none"> <li>1. Debtors Control – Separation of roles between invoice raiser, invoice approver, and receipting functions</li> <li>2. Purchases, Creditors and Cash Payments – Separation of roles between ordering, invoice entry, invoice approver, petty cash payments and recoups, and payment approvals</li> <li>3. Payroll – Separation of roles between timecard approver, timecard entry, payroll approver and pay run payment authorisers</li> <li>4. Receipting – Separation of roles between daily receipting, cash count at end of day, bank reconciliation process and review by Supervisor</li> <li>5. Rating – Separation of roles between rates levied, cash receipting over the counter and direct deposit, bank reconciliation process and review by supervisor, debt collection and review by supervisor</li> <li>6. Banking – Separation of roles between cash receipting and daily banking, and bank reconciliation process</li> <li>7. Monthly Reconciliations – Separation of roles to ensure supervisor is certifying monthly reconciliations prepared by relevant officers</li> </ol>	<ol style="list-style-type: none"> <li>1. The SynergySoft system is set so that the separation of roles is maintained.</li> <li>2. Appropriate separation of responsibilities are in place for this requirement.</li> <li>3. Timesheets are approved by the respective supervisor, the Payroll Officer conducts entry and the CEO reviews and approves the pay run. The DCEO approves the pay run in the CEO’s absence.</li> <li>4. The Deputy CEO authorises the ASO’s balancing sheet at the end of each day</li> <li>5. The Rates Officer performs required functions to issue rates. Monies received are by the ASO (in person), Rates Officer (On-line). The Bank reconciliation is by the Finance Officer, the Rates Officer undertakes debt collection once approved by the CEO.</li> <li>6. ASO undertakes processing and the Deputy CEO approves the reconciliation undertaken</li> <li>7. Finance Officer and Rates Officer prepare monthly reconciliations. The CEO reviews and approves such reconciliations. This process should be conducted by the Deputy CEO</li> </ol> <p><b>Recommendation 6:</b> The Deputy CEO to review and approve the monthly reconciliations from 31 March 2019</p>
<p><b>Control of approval of documents, letters and financial records;</b></p>	<ul style="list-style-type: none"> <li>• Document Approval – Documents are created by authorised officers and managed in a centrally controlled repository. Versions of documents are controlled by authorised officers in accordance with the local</li> </ul>	<p>Documents are created and stored using SynergySoft - Central Records and in accordance with the Shire’s Record Keeping Plan.</p> <p>Financial Records are approved in accordance with the requirements for external reporting by the CEO including the Monthly Financial Reports, the Budget Review and the Annual Financial Statements. This puts quite a strain on the CEO in terms of existing responsibilities.</p>

	<p>governments Document and Records Management Guideline – Access and Security</p> <ul style="list-style-type: none"> <li>Letters Approval – Letters are created by authorised officers and managed in a centrally controlled repository. Versions of letters are controlled by authorised officers in accordance with the local governments Document and Records Management Guideline – Access and Security</li> <li>Financial Records Approval – The local government has sound oversight over the review and approval of financial records</li> </ul>	<p>As one of CEO's KPIs, the Shire from 17/18 now has Moore Stephens prepare the Annual Financial Statements as the former CEO due to the strain experienced in meeting the Shire's compliance obligations and other key work and lack of staff resources.</p> <p><b>Recommendation 7:</b></p> <p>The Shire to engage high level financial management support regarding:</p> <ul style="list-style-type: none"> <li>Preparing the Monthly Financial Statements;</li> <li>Undertaking the Budget Review.</li> </ul>
<p><b>Comparison of internal data with other or external sources of information</b></p>	<ul style="list-style-type: none"> <li>Compare Internal Data to External Sources</li> </ul>	<p>This occurs on an adhoc basis</p> <p><b>Finding:</b> Nil</p>
<p><b>Limit of direct physical access to assets and records;</b></p>	<ol style="list-style-type: none"> <li>Physical access to electronic records is controlled by sound security policies</li> <li>Physical access to paper records is controlled by sound security policies, procedures and a sign-out, sign-in register</li> <li>Physical access to IT systems hardware is controlled by sound security procedure</li> <li>Physical access to assets, such as keys to plant and equipment, is controlled by a sign-out sign-in register, with keys kept in a lockable cabinet</li> </ol>	<ol style="list-style-type: none"> <li>The Shire does not have an ICT Security Policy and Procedure. Access to electronic records is controlled by unique user login and passwords, with security based on user assigned credentials. The password must be changed every 42 days. The Shire Building has a security system installed. The Shire has a basic Service Level Agreement (SLA) with an external IT Provider, with support based on an annualised service per year. The backs up its electronic information each day. The drive is stored off site at the Depot.</li> <li>Sensitive documents are kept in the secured strongroom accessible by relevant staff. Other paper records are in a lockable compactus, with keys kept in the strongroom. The Shire Building has a security system installed.</li> <li>The server is exposed to both the public and unauthorised staff as the server room is open on two sides (library and admin area) and is a thoroughfare for staff.</li> <li>The keys are kept in a key cabinet in the strong room. The key to the key cabinet is kept in the strongroom</li> </ol> <p><b>Recommendation 8:</b></p> <ul style="list-style-type: none"> <li>The Shire to implement an ICT Security Policy and Procedures by 31/12/19;</li> <li>The Deputy CEO to prepare options to secure the Shire's servers by 31 March 2019;</li> <li>The CEO to restrict folder access on the F Drive and G Drive as soon as practicable.</li> </ul>

<p><b>Control of computer applications and information system standards</b></p>	<ul style="list-style-type: none"> <li>• Access to corporate applications is controlled by unique user login and password. User access control is managed via access limitations imposed at individual user level</li> <li>• Corporate network controls include virus protection, cyber-security and firewall protection, regular back-ups and testing, system passwords and access controls</li> </ul>	<ul style="list-style-type: none"> <li>• Access to corporate applications is controlled by unique user login and passwords, with security based on user assigned credentials. The password must be changed every 42 days. Backup tapes are managed daily and kept off site at the Depot.</li> <li>• The corporate network controls are maintained by the Shire's IT Service Provider.</li> </ul> <p><b>Finding:</b> No further action required</p>
<p><b>Limit access to make changes in data files and systems</b></p>	<ul style="list-style-type: none"> <li>• Authority to access and use corporate business systems is approved by the Deputy CEO</li> <li>• Access to networked corporate drives is controlled by unique user login and password at each device</li> </ul>	<ul style="list-style-type: none"> <li>• The local government has assigned each user a unique login and password for access to the computer network and for access to corporate applications, such as SynergySoft</li> <li>• Password changes for each user are force changed by the external IT Provider, every 42 days</li> <li>• The local government has a basic Service Level Agreement (SLA) with an external IT Provider, with support based on annualised cost.</li> <li>• Networked drives are controlled by group policy settings implemented by the external IT Provider under direction of the Shire. Most system users have access to a network drive via Remote Session, which allows users to gain access to all data stored on the network drive. There are some to be little or no security protocols in place to prevent any user from viewing, editing and deleting files from the network drive.</li> </ul> <p><b>Finding:</b></p> <ul style="list-style-type: none"> <li>• See Recommendation 8</li> </ul>
<p><b>Regular maintenance and review of financial control accounts and trial balances</b></p>	<ul style="list-style-type: none"> <li>• Monthly and regular reconciliations are performed on key financial risk areas with the local government</li> </ul>	<p>A list of reconciliations is required to ensure that all reconciliations are undertaken.</p> <p><b>Recommendation 9:</b> The Management Team to develop the list of reconciliations by 31 January 2019</p>
<p><b>Comparison and analysis of financial results with budgeted amounts</b></p>	<ul style="list-style-type: none"> <li>• Presentation of Monthly Statement of Financial Activity and supporting information to Council with actual results compared to year to date budget estimates each month, with adequate explanation of significant variances</li> <li>• Presentation of Mid-Year Budget Review to Council with actual results compared to the budget for the month, and projections</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire CEO prepares a Monthly Statement of Financial Activity with supporting documentation, which is included in the Council Agenda. Significant variances reported in the Statement of Financial Activity are explained in detail. However, the Shire should use the industry benchmark in preparing its monthly financial statements which would also reduce the need to provide quarterly financial reporting.</li> <li>• The Shire prepares a mid-year budget review that is submitted to Council in February/March of each year. Significant variations are explained, and recommendations are made on budget amendments based on projection trends.</li> </ul>

	<p>undertaken through to 30 June, with recommendations on any budget amendments required based on projection trends</p> <ul style="list-style-type: none"> <li>• End of Financial Year Review is conducted with actual results compared to amended budget, with significant variations explained</li> </ul>	<ul style="list-style-type: none"> <li>• The local government conducts an end of financial year review of its finances, with the aim of identifying key areas that were over or under budget estimates, with explanations provided on what has caused the outcome. The Shire uses external help to prepare these statements.</li> </ul> <p><b>Finding:</b></p> <p>The systems, procedures and processes in place for the above are considered appropriate. However, as per Recommendation 7, it would be appropriate for the CEO to seek assistance regarding the preparation of the monthly financial statements and the Budget Review.</p>
<p><b>The arithmetical accuracy and content of records</b></p>	<ul style="list-style-type: none"> <li>• Supplier invoices are cross-checked for arithmetic accuracy prior to data entry</li> <li>• Customer invoices are cross-checked for arithmetic accuracy prior to issue</li> </ul>	<p>The Shire checks all computations and calculations on supplier invoices, including GST, for accuracy. Each supplier invoice is stamped electronically</p> <p><b>Finding:</b></p> <p>Current system to check invoices for accuracy is adequate.</p>
<p><b>Report, review and approval of financial payments and reconciliations</b></p>	<ul style="list-style-type: none"> <li>• Accounts Payable Procedure provides guidance on the method for paying creditors that meets internal control, organisational and legislative requirements</li> <li>• List of Accounts is prepared, reviewed and submitted to Council</li> <li>• Manager reviews monthly reconciliations, cross-checks records and counter-signs reconciliations performed as being completed and are accurate</li> </ul>	<ul style="list-style-type: none"> <li>• The Shire undertakes the accounts payable process electronically. However, it has not in the past checked to see if the number of quotes received is compliant to the Shire's Purchasing Policy: <ul style="list-style-type: none"> <li>○ The Consultant Engineer has worked with the Works Supervisor to ensure relevant number of quotes are obtained using e-quotes;</li> <li>○ ACEO has reminded staff of the required number of quotes and if they cannot be obtained within the timeframe to seek his approval for an exemption.</li> </ul> </li> <li>• The Finance Officer prepares a List of Accounts that is presented to Council each month. The Finance Officer reviews each payment on the list, cross-checking each item has been appropriately authorised and certified prior to payment authorisation and/or signing. It is only recently that the ACEO has ensured that the Deputy CEO and Works Supervisor are part of the approval process</li> <li>• The CEO reviews and authorises each payment listing made. Monthly reconciliations are prepared by the respective officer and counter-signed by the CEO to acknowledge completion and accuracy.</li> <li>• The auditors found in 2018: <ul style="list-style-type: none"> <li>○ Bridge Infrastructure Revaluation was not correct.</li> <li>○ Trust and Reserve bank reconciliations were not carried out in June July and August 2018. We note now carried out since September.</li> <li>○ Council Investment Policy to be amended to reflect prohibition on investment in terms exceeding 12 months, foreign currency and bond investments not to exceed 3 years (previously recommended in interim management letter)</li> <li>○ EFT and cheque authorisation require only 1 authorisation up to \$99,999. Our interim management letter recommended a reduction in this threshold.</li> </ul> </li> </ul> <p><b>Recommendation 10:</b></p>

		<ul style="list-style-type: none"> <li>• Monthly checklists are required to be implemented by 1 March 2019 to ensure all reconciliations are performed monthly;</li> <li>• The Deputy CEO should review and authorise each payment listing instead of the CEO. This is to be phased in by 31 March 2019</li> </ul>
<b>Comparison of the result of physical cash and inventory counts with accounting records</b>	<ol style="list-style-type: none"> <li>1. Cash float in tills is reconciled at the end of each day</li> <li>2. Cash collected is accounted for correctly</li> <li>3. Cash floats at outstations are reconciled at the end of each day and is periodically checked by management</li> <li>4. Petty cash is recouped on a regular basis and reconciliation is approved by supervisor</li> <li>5. Physical stock on hand is checked and reconciled to stock register on a monthly basis</li> </ol>	<p>Requirement 3 is not applicable.</p> <p>Requirements 1, 2 and 4 are conducted in accordance with the documented End of Day procedure.</p> <p>Physical stock is managed as follows:</p> <ul style="list-style-type: none"> <li>○ Fuel, oils and grease, tyres and materials and equipment (once a year);</li> <li>○ Stationery items are completed on an informal basis, with orders submitted by the Administration Services officer each month.</li> </ul> <p><b>Recommendation 11:</b></p> <p>The Management Team to consider an appropriate stock take process for each month. This is to be in place by 31 March 2019</p>

It can be seen regarding the Shire’s internal controls, the demands to ensure a compliant and risk free environment are high (as they should be). Recommendations 6 and 10 show a transition of responsibility from the CEO to the Deputy CEO regarding the monthly reconciliations and the review and approval of the creditors’ payment listings. Recommendation 7 addresses the matter of an external provider providing high level financial management support regarding the preparation of the Monthly Financial Statements and the Budget Review. Further recommendations make it clear there is a need for better information, communication and technology controls. Reconciliation lists and checklists need to be implemented regarding end of month practices and there needs to be better management around stock control. Most changes regarding in the internal controls are relatively straight forward to achieve.

## Legislative Compliance

The Shire’s legislative compliance has been assessed as follows:

Guidance Note 9	Requirement	Assessment & Recommendation
<p><b>Monitoring compliance with legislation and regulations</b></p>	<ul style="list-style-type: none"> <li>• Implementation and use of a Compliance Calendar;</li> <li>• Management reviews key information circulars;</li> <li>• Management reviews agenda report template to ensure headings meet legislative compliance issues;</li> <li>• The local government holds regular executive management meetings</li> </ul>	<p>As identified under the Risk Management criteria - Managing Material Operating Risks in Accordance with Tolerance re</p> <ol style="list-style-type: none"> <li>a. Compliance Calendar. This is in place on a limited basis. At the Council meeting on 16 October 2018, the former CEO provided Council with a comprehensive calendar used by other local governments</li> <li>b. Managing Subscriptions and memberships to promote awareness of industry changes. The Management Team is not tracking and disseminating information</li> <li>c. The Agenda Template requires amendment to include Risk Criteria</li> <li>d. The Shire now holds a weekly managers meeting</li> </ol> <p><b>Recommendation 12:</b></p> <ul style="list-style-type: none"> <li>• The agenda template to be updated to include Risk Criteria</li> <li>• Management Team to review industry changes at its management meetings</li> </ul>
<p><b>Reviewing the annual Compliance Audit Return and reporting to Council the results of that review</b></p>	<p>The Compliance Audit Return (CAR) must be a completed between 1 January and 31 March of each year for the previous calendar year</p>	<p>The CEO did not submit the CAR for 2017 to the Audit Committee as required by the Audit Regulations. It went straight to Council at its meeting on 20 February 2018. There were five elements that did not meet the requirements:</p> <ul style="list-style-type: none"> <li>• One elected member submitted a late annual return;</li> <li>• The audit for 2016/17 was not completed by the required times;</li> <li>• The Corporate Business Plan was not completed as required</li> <li>• The Shire then submitted the CAR for 2017 to the Department on 22 February 2018 via Smart Hub. The CAR Process compliant.</li> </ul> <p><b>Recommendation 13:</b></p> <ul style="list-style-type: none"> <li>• Audit Committee needs to ensure the Auditor meets timeframes and remind councillors of their compliance obligations</li> <li>• CEO needs to close out IPR updates by 30 June 2019</li> </ul>
<p><b>Staying informed about how management is monitoring the effectiveness of its compliance and making</b></p>	<ol style="list-style-type: none"> <li>1. The local government has an audit committee that is responsible for reviewing the audit function, including legislative compliance requirements:</li> </ol>	<ol style="list-style-type: none"> <li>1. The Audit Committee has not met its obligations regarding the LG Act and the Audit Regulations.</li> <li>2. The Shire does have the required IPR documents in place. However, the major review for the SCP has stalled which also impacts the relevance of the other plans</li> </ol>

<p><b>recommendations for change as necessary</b></p>	<p>a. From a financial perspective; and b. Monitoring enterprise financial risks</p> <p>2. The local government has Integrated Planning and Reporting Documents that guide the strategic direction of Council, provide implementation and action plans, and identify asset, financial and human resourcing requirements</p> <p>3. The local government reviews policies on a regular basis and changes to legislation are considered and incorporated during the review process</p> <p>4. The local government reviews procedures and internal processes regularly, and changes to legislative requirements are considered and incorporated during the review process</p> <p>5. The local government has authorised persons to carry out some of its discretionary functions under its legislative obligations and delegated authority to do the same. The Delegations Register is reviewed on an annual basis, and authorisations are reviewed when changes to legislation are identified. Delegations are included in the Compliance Calendar and reviewed accordingly</p>	<p>3. Council reviewed all of its policies in May 2018. Policy 95 re risk management was repealed and needs re-introduction.</p> <p>4. The CEO and the management team do review its processes regularly. There is an extensive list of procedures and work instructions documented and in place that cover:</p> <p>a. Administration and Finance b. Regulatory applications</p> <p>5. The Shire has a list of authorised officers and authorisations for these officers in place. These were reviewed in May 2018.</p> <p><b>Recommendation 14:</b></p> <ul style="list-style-type: none"> <li>• As per Recommendation 4 Audit Committee Terms of Reference to be in place by 19 February 2019: <ul style="list-style-type: none"> <li>• Audit Committee to meet quarterly</li> <li>• Risk reporting to occur quarterly</li> </ul> </li> <li>• The Management Team to sign off on new and reviewed procedures.</li> </ul>
<p><b>Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints</b></p>	<p>1. The local government has a Customer Services Charter that details the steps the local government will follow when dealing with a complaint. The Charter sets out the standards of service, compliments, enquiries, requests and complaints. The local government has a Customer Services Policy that provides guidance to staff and customers on the standards of service</p>	<p>1. The Shire does have a Customer Service Charter in place (2018).</p> <p>2. There is no grievance policy or procedures in place to deal with staff issued.</p> <p>3. The PID Officer is the CEO and the CEO and Acting CEO attended training on relevant updates to the complaints process.</p> <p>4. There is no complaints procedure in place to deal with elected members. This is currently handled using the Departmental process.</p> <p><b>Recommendation 15:</b></p> <p>The CEO to develop and implement by 30 June 2019:</p>

	<ol style="list-style-type: none"> <li>2. The local government has a grievance policy and procedure for the investigation and resolution of grievances, disputes and allegations of serious misconduct are managed</li> <li>3. The local government has appointed a Public Interest Disclosure (PID) Officer to handle any PID complaint in a confidential manner, and has implemented internal procedures relating to the local governments obligations under the PID Act</li> <li>4. The local government has implemented an Elected Member Official Conduct Complaints Procedure</li> </ol>	<ul style="list-style-type: none"> <li>• Grievance policy and procedure;</li> <li>• Elected Member Official Conduct Complaints Procedure (in accordance with the new legislative requirements)</li> </ul>
<p><b>Obtaining assurance that adverse trends are identified and review management's plans to deal with these</b></p>	<ul style="list-style-type: none"> <li>• Non-compliance issues identified in the Compliance Audit Return are reported to the Audit Committee and to Council, as well as the action to be taken to ensure compliance in future years</li> <li>• The local government holds management team meetings on a regular basis to discuss matters of strategic and operational importance. This includes compliance issues with the potential to significantly impact on business operations and consideration of any adverse trends</li> <li>• The Management Team provides advice and guidance to all areas on how achieve compliance in context of service activities</li> </ul>	<ul style="list-style-type: none"> <li>• The non-compliant areas of the CAR 2017 is identified at Recommendation 9</li> <li>• The management team are meeting each week: <ul style="list-style-type: none"> <li>○ Discuss strategic issues</li> <li>○ Discuss how to improve operational issues</li> </ul> </li> </ul> <p><b>Finding</b></p> <p>No further action (Refer Recommendation 9)</p>
<p><b>Reviewing management disclosures in financial reports of the effect of significant compliance issues</b></p>	<p>The Annual Financial Report and Annual Budget of the local government contain disclosures that report on significant compliance issues, their effect and impact on the local government. This includes:</p> <ul style="list-style-type: none"> <li>• <i>National Competition Policy Principles</i></li> <li>• <i>States Records Act 2000</i></li> </ul>	<p>The Shire's previous Annual Reports do not include the following:</p> <ul style="list-style-type: none"> <li>• Competitive Neutrality Statement:</li> </ul> <p>To ensure that the Competition Principles are being implemented. Local government will be required in their annual reports to verify compliance with this statement. This process is consistent with the new reporting requirements under the Local Government Act (1995). The annual reports must include sufficient information to allow interested parties to ascertain whether or not the principles have been complied with. This will include a requirement that local</p>

	<ul style="list-style-type: none"> <li>• <i>Equal Opportunity Act 1984</i></li> <li>• <i>Freedom of Information Act 1992</i></li> <li>• <i>Disability Services Act 1983</i></li> </ul>	<p>government also indicate areas where it does not intend to implement the Competition Principles, accompanied by evidence of a transparent and open analysis supporting that conclusion.</p> <p>It is the Shire’s responsibility to determine whether it is engaged in “significant business activities” within the context of its operations and therefore whether it is required to apply the competitive neutrality principles. The Shire is not engaged in such activities and so does not need to apply the principles.</p> <p><b>Recommendation 16:</b> The Shire is to include in its Annual Report a statement regarding Competitive Neutrality</p>
<p><b>Reviewing whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee</b></p>	<ul style="list-style-type: none"> <li>• The local government uses the Office of the Auditor General appointed registered company auditor and the audit contract details the compliance areas covered and whether ethics risks are addressed</li> <li>• The audit process consists of an interim and final audit, with any findings arising from the audit process reported to the local government. Audit and management reports are provided to the local government detailing noncompliance issues and any significant deficiencies in internal controls</li> </ul>	<p>The final (annual) audit is now conducted under the auspices of the Office of the Auditor General from 17/18. The arrangements were received and confirmed by the CEO and President 22 April 2018. The Annual Audit will be finalised in time for the Audit Committee meeting on 18 December 2018.</p> <p>The interim is conducted April/May each year. The OAG advised for the 17/18 Interim Audit there were four moderate items that included the CEO’s response regarding how the matters will be rectified.</p> <p><b>Recommendation 17:</b> The Audit Committee to be advised by the CEO on the progress of:</p> <ul style="list-style-type: none"> <li>• Matters for rectification under the 17/18 Interim Audit;</li> <li>• Matters for rectification under the 17/18 Final Audit</li> </ul>
<p><b>Considering the internal auditor’s role in assessing compliance and ethics risks in their plan</b></p>	<p>Who has responsibility for conducting internal audits?</p>	<p>The Shire does not conduct a discrete internal audit function. The CEO in the past has reviewed systems and processes on a sporadic basis rather than a periodic one. There is now in place:</p> <ul style="list-style-type: none"> <li>• A fortnightly administration staff meeting where issues are addressed;</li> <li>• Weekly managers’ meeting to address issues.</li> </ul> <p><b>Finding:</b> This action is considered reasonable given the size of the local government</p>
<p><b>Monitoring the local government’s compliance frameworks dealing with relevant external legislation</b></p>	<ol style="list-style-type: none"> <li>1. A Governance Manual has been implemented that outlines the governance framework and the legislation applicable to local government</li> </ol>	<ol style="list-style-type: none"> <li>1. A draft governance manual was prepared in 2015. It requires completion.</li> <li>2. The Compliance Calendar requires review and updating. The ACEO has implemented at Council Briefing Sessions key compliance dates.</li> <li>3. The Management Meetings to address issues of compliance once the revised compliance calendar is in place. In the interim the Managers meeting is reviewing key dates.</li> </ol>

<p><b>and regulatory requirements</b></p>	<ol style="list-style-type: none"> <li>2. The local government has an Annual Compliance Calendar which contains key legislative obligations it is required to comply with each month of the year</li> <li>3. The local government holds regular management meetings where compliance items for the current and forthcoming months are monitored</li> <li>4. The local government prepares business plans for key activities and major projects that identify relevant external legislation and regulatory requirements, including risk management and financial modelling</li> </ol>	<p>4. Business cases are now required for key activities and major projects.</p> <p><b>Recommendation 18</b></p> <p>The CEO to ensure that items 1 – 3 are implemented.</p>
<p><b>Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest</b></p>	<ol style="list-style-type: none"> <li>1. Inductions are provided for newly elected members which covers conflicts of interest</li> <li>2. Elected Members are provided with the opportunity to attend relevant training delivered by Western Australian Local Government Association (WALGA)</li> <li>3. The local government has a Code of Conduct that clearly sets out the requirements for elected members declaring conflicts of interest, including not misusing their position to gain an advantage for themselves or another</li> <li>4. A Governance Manual clearly sets out the overarching governance framework that the local government operates within and describes in detail the statutory obligations of the local government and of a Councillor</li> <li>5. The local government has implemented and maintains Registers for Annual and Primary Returns, Declarations of Financial Interests and Gifts</li> </ol>	<ol style="list-style-type: none"> <li>1. Inductions have not been held previously.</li> <li>2. Councillors are always advised when training is available. There has been a reluctance to access the subsidised WALGA training.</li> <li>3. The Shire does have a Code of Conduct in place.</li> <li>4. As per Recommendation 16.</li> <li>5. The appropriate registers are in place for these activities.</li> </ol> <p><b>Recommendation 19</b></p> <p>The CEO is to ensure that inductions are made available for new elected members</p>

The level of compliance by the Shire requires quite a bit of work. The key issues to note are:

- Implementation of an appropriate compliance calendar (Recommendation 12). This has been a key matter highlighted in previous inquiries into local government;
- The new Strategic Plan needs to be closed out as soon as possible. The final consultation with the community can commence in February 2019;
- The Audit Committee needs to start performing its functions including meeting quarterly;
- The Management Team is to ensure it reviews and approves changes in internal procedures and the CEO implement relevant grievance processes and procedures.

## **CONCLUSION**

In all there are 19 recommendations that will form an action plan for the CEO to undertake in conjunction with the Management Team and the Audit Committee. This plan is required to be monitored by the Audit Committee in conjunction with the CEO. The Audit Committee is also to assist the CEO as required. The Action Plan is as follows:

### **Recommendation 1:**

Items 1 (Risk Management Policy), 2 (Risk Governance Framework) and 3 (Risk Dashboard) to be implemented by 19 February 2019;

### **Recommendation 2:**

- Continuity plan to be developed by 31/12/19
- ICT Strategy to be developed by 31/12/19

### **Recommendation 3:**

- Risk Acceptance Criteria to be implemented by 19 February 2019
- The Compliance Calendar to be implemented by 30 June 2019
- Management Team to start using the CAR as an improvement tool
- Management Team to review industry changes at the EMT meetings
- Works Supervisor to not undertake clearing until permits received
- Other business risks to be identified by 31/12/19

### **Recommendation 4:**

- Audit Committee Terms of Reference to be in place by 19 February 2019:
  - o Audit Committee to meet quarterly
  - o Risk reporting to occur quarterly
- Reg 17 Review criteria as presented to Audit Committee on 18 December 2018 and to be endorsed at the meeting on 19 February 2019

### **Recommendation 5:**

- The Shire's claims for the last four years need to be identified and tracked on an ongoing basis;
- The Shire needs to look at how it can reduce its claims on an ongoing basis

### **Recommendation 6:**

The Deputy CEO to review and approve the monthly reconciliations from 31 March 2019

### **Recommendation 7:**

The Shire to engage high level financial management support regarding:

- Preparing the Monthly Financial Statements;
- Undertaking the Budget Review.

### **Recommendation 8:**

- The Shire to implement an ICT Security Policy and Procedures by 31/12/19;
- The Deputy CEO to prepare options to secure the Shire's servers by 31 March 2019;
- The CEO to restrict folder access on the F Drive and G Drive as soon as practicable.

### **Recommendation 9:**

The Management Team to develop the list of reconciliations by 31 January 2019

**Recommendation 10:**

- Monthly checklists are required to be implemented by 1 March 2019 to ensure all reconciliations are performed monthly;
- The Deputy CEO should review and authorise each payment listing instead of the CEO. This is to be phased in by 31 March 2019

**Recommendation 11:**

The Management Team to consider an appropriate stock take process for each month. This is to be in place by 31 March 2019.

**Recommendation 12:**

- The agenda template to be updated to include Risk Criteria
- Management Team to review industry changes at its management meetings

**Recommendation 13:**

- Audit Committee needs to ensure the Auditor meets timeframes and remind councillors of their compliance obligations
- CEO needs to close out IPR updates by 30 June 2019

**Recommendation 14:**

- As per Recommendation 4 Audit Committee Terms of Reference to be in place by 31 December 2018:
- Audit Committee to meet quarterly
- Risk reporting to occur quarterly
- The Management Team to sign off on new and reviewed procedures.

**Recommendation 15:**

The CEO to develop and implement by 30 June 2019:

- Grievance policy and procedure;
- Elected Member Official Conduct Complaints Procedure (in accordance with the new legislative requirements)

**Recommendation 16:**

The Shire is to include in its Annual Report a statement regarding Competitive Neutrality

**Recommendation 17:**

The Audit Committee to be advised by the CEO on the progress of:

- Matters for rectification under the 17/18 Interim Audit;
- Matters for rectification under the 17/18 Final Audit

**Recommendation 18**

The CEO to ensure that items 1 – 3 are implemented (Governance Manual, Confirmation of Items for action from the Compliance Calender).

**Recommendation 19**

The CEO is to ensure that inductions are made available for new elected members

## Action Plan

Recommendation	Who	Reference	Risk	Update	Due
<b>Recommendation 1:</b> Items 1 (Risk Management Policy), 2 (Risk Governance Framework) and 3 (Risk Dashboard) to be implemented by 19 February 2019	CEO Council				
<b>Recommendation 2:</b> <ul style="list-style-type: none"> <li>Continuity plan to be developed by 31/12/19</li> <li>ICT Strategy to be developed by 31/12/19</li> </ul>	DCEO				
<b>Recommendation 3:</b> <ul style="list-style-type: none"> <li>Risk Acceptance Criteria to be implemented by 19 February 2019</li> <li>The Compliance Calendar to be implemented by 30 June 2019</li> <li>Management Team to start using the CAR as an improvement tool</li> <li>Management Team to review industry changes at the EMT meetings</li> <li>Works Supervisor to not undertake clearing until permits received</li> <li>Other business risks to be identified by 31/12/19</li> </ul>	Council CEO EMT EMT WS EMT				
<b>Recommendation 4:</b> <ul style="list-style-type: none"> <li>Audit Committee Terms of Reference to be in place by 19 February 2019: <ul style="list-style-type: none"> <li>Audit Committee to meet quarterly</li> <li>Risk reporting to occur quarterly</li> </ul> </li> <li>Reg 17 Review criteria as presented to Audit Committee on 18 December 2018 and to be endorsed at the meeting on 19 February 2019</li> </ul>	Audit CEO				
<b>Recommendation 5:</b> <ul style="list-style-type: none"> <li>The Shire's claims for the last four years need to be identified and tracked on an ongoing basis;</li> </ul>	DCEO				

<ul style="list-style-type: none"> <li>The Shire needs to look at how it can reduce its claims on an ongoing basis</li> </ul>					
<b>Recommendation 6:</b> The Deputy CEO to review and approve the monthly reconciliations from 31 March 2019	DCEO				
<b>Recommendation 7:</b> The Shire to engage high level financial management support regarding: <ul style="list-style-type: none"> <li>Preparing the Monthly Financial Statements;</li> <li>Undertaking the Budget Review.</li> </ul>	CEO				
<b>Recommendation 8:</b> <ul style="list-style-type: none"> <li>The Shire to implement an ICT Security Policy and Procedures by 31/12/19;</li> <li>The Deputy CEO to prepare options to secure the Shire's servers by 31 March 2019;</li> <li>The CEO to restrict folder access on the F Drive and G Drive as soon as practicable.</li> </ul>	DCEO				
<b>Recommendation 9:</b> The Management Team to develop the list of reconciliations by 31 January 2019	CEO				
<b>Recommendation 10:</b> <ul style="list-style-type: none"> <li>Monthly checklists are required to be implemented by 1 March 2019 to ensure all reconciliations are performed monthly;</li> <li>The Deputy CEO should review and authorise each payment listing instead of the CEO. This is to be phased in by 31 March 2019</li> </ul>	CEO/ DCEO				
<b>Recommendation 11:</b> The Management Team to consider an appropriate stock take process for each month. This is to be in place by 31 March 2019.	Rates Officer				
<b>Recommendation 12:</b> <ul style="list-style-type: none"> <li>The agenda template to be updated to include Risk Criteria</li> <li>Management Team to review industry changes at its management meetings</li> </ul>	ASO  CEO				

<p><b>Recommendation 13:</b></p> <ul style="list-style-type: none"> <li>• Audit Committee needs to ensure the Auditor meets timeframes and remind councillors of their compliance obligations</li> <li>• CEO needs to close out IPR updates by 30 June 2019</li> </ul>	<p>Audit</p> <p>CEO</p>				
<p><b>Recommendation 14:</b></p> <ul style="list-style-type: none"> <li>• As per Recommendation 4 Audit Committee Terms of Reference to be in place by 31 December 2018:</li> <li>• Audit Committee to meet quarterly</li> <li>• Risk reporting to occur quarterly</li> <li>• The Management Team to sign off on new and reviewed procedures.</li> </ul>	<p>Audit</p> <p>Audit</p> <p>EMT</p> <p>EMT</p>				
<p><b>Recommendation 15:</b></p> <p>The CEO to develop and implement by 30 June 2019:</p> <ul style="list-style-type: none"> <li>• Grievance policy and procedure;</li> <li>• Elected Member Official Conduct Complaints Procedure (in accordance with the new legislative requirements)</li> </ul>	<p>CEO</p>				
<p><b>Recommendation 16:</b></p> <p>The Shire is to include in its Annual Report a statement regarding Competitive Neutrality</p>	<p>CEO</p>				
<p><b>Recommendation 17:</b></p> <p>The Audit Committee to be advised by the CEO on the progress of:</p> <ul style="list-style-type: none"> <li>• Matters for rectification under the 17/18 Interim Audit;</li> <li>• Matters for rectification under the 17/18 Final Audit</li> </ul>	<p>CEO</p>				
<p><b>Recommendation 18</b></p> <p>The CEO to ensure that items 1 – 3 are implemented (Governance Manual, Confirmation of Items for action from the Compliance Calender).</p>	<p>CEO</p>				
<p><b>Recommendation 19</b></p> <p>The CEO is to ensure that inductions are made available for new elected members</p>	<p>CEO</p>				

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**SHIRE OF WOODANILLING  
BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31ST DECEMBER 2018**

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

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**SHIRE OF WOODANILLING  
STATEMENT OF BUDGET REVIEW  
(NATURE OR TYPE)  
FOR THE PERIOD ENDED 31ST DECEMBER 2018**

Note	Budget v Actual		Predicted		
	Amended Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)
	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Net current assets at start of financial year surplus/(deficit)	1,292,687	1,292,687	0		1,292,687
<b>Revenue from operating activities (excluding rates)</b>					
Operating grants, subsidies and contributions	2,730,520	834,652	2,250		2,732,770 ▲
Fees and charges	354,135	149,451	1,000		355,135 ▲
Interest earnings	17,400	3,040	0		17,400
Other revenue	1,600	16,142	12,470		14,070 ▲
	3,103,655	1,003,285	15,720	0	3,119,375
<b>Expenditure from operating activities</b>					
Employee costs	(1,069,395)	(571,707)	(3,500)		(1,072,895) ▲
Materials and contracts	(2,812,204)	(1,009,380)	(98,100)		(2,910,304) ▲
Utility charges	(41,175)	(36,724)	(15,935)		(57,110) ▲
Depreciation on non-current assets	(972,390)	(209,606)	0		(972,390)
Insurance expenses	(75,835)	(75,875)	0		(75,835)
Other expenditure	(148,975)	(100,702)	0		(148,975)
	(5,119,974)	(2,003,994)	(117,535)	0	(5,237,509)
<b>Operating activities excluded from budget</b>					
Depreciation on assets	972,390	209,606	0		972,390
<b>Amount attributable to operating activities</b>	248,758	501,584	(101,815)	0	146,943
<b>INVESTING ACTIVITIES</b>					
Non-operating grants, subsidies and contributions	259,200	75,200	18,455		277,655 ▲
Purchase land and buildings	(70,065)	(41,668)	(5,017)		(75,082) ▲
Purchase property, plant and equipment	(194,370)	0	0		(194,370)
Purchase furniture and equipment	(47,400)	(47,400)	0		(47,400)
Purchase and construction of infrastructure-roads	(328,622)	(165,999)	0		(328,622)
Proceeds from disposal of assets	39,370	0	36,500		75,870 ▲
<b>Amount attributable to investing activities</b>	(341,887)	(179,867)	49,938	0	(291,949)
<b>FINANCING ACTIVITIES</b>					
Transfers from cash backed reserves (restricted assets)	(806,738)	(296,713)	98,029		(708,709) ▲
Transfers to cash backed reserves (restricted assets)	107,800	0	0		107,800
<b>Amount attributable to financing activities</b>	(698,938)	(296,713)	98,029	0	(600,909)
<b>Budget deficiency before general rates</b>	(792,067)	25,004	46,152	0	(745,915)
<b>Estimated amount to be raised from general rates</b>	745,915	733,885	0		745,915
<b>Closing funding surplus(deficit)</b>	3 (46,152)	758,889	46,152	0	0 ▲

**SHIRE OF WOODANILLING  
STATEMENT OF BUDGET REVIEW  
(STATUTORY REPORTING PROGRAM)  
FOR THE PERIOD ENDED 31ST DECEMBER 2018**

	Budget v Actual		Predicted			Material Variance
	Amended Annual Budget	YTD Actual	Variance Permanent	Variance Timing (Carryover)	Year End	
Note	(a)	(b)	(c)	(d)	(a)+(c)+(d)	e
	\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>						
Net current assets at start of financial year surplus/(deficit)	1,292,687	1,292,687	0		1,292,687	
<b>Revenue from operating activities (excluding rates)</b>						
Governance	11,700	166	14,720		26,420	▲
General purpose funding	417,915	203,594	0		417,915	
Law, order, public safety	231,175	138,790	0		231,175	
Health	725	195	0		725	
Education and welfare	91,920	36,136	0		91,920	
Housing	34,240	4,559	1,000		35,240	▲
Community amenities	32,850	28,632	0		32,850	
Recreation and culture	1,100	1,461	0		1,100	
Transport	2,214,530	478,967	0		2,214,530	
Economic services	22,500	23,969	0		22,500	
Other property and services	45,000	91,816	0		45,000	
	3,103,655	1,008,285	15,720	0	3,119,375	
<b>Expenditure from operating activities</b>						
Governance	(208,225)	(126,662)	(85,000)		(293,225)	▲
General purpose funding	(19,700)	(7,099)	0		(19,700)	
Law, order, public safety	(324,315)	(72,156)	(1,700)		(326,015)	▲
Health	(37,900)	(23,787)	0		(37,900)	
Education and welfare	(43,180)	(13,491)	0		(43,180)	
Housing	(93,875)	(29,378)	(2,900)		(96,775)	▲
Community amenities	(137,985)	(62,045)	(3,500)		(141,485)	▲
Recreation and culture	(148,350)	(101,104)	(15,935)		(164,285)	▲
Transport	(3,940,924)	(1,479,943)	(1,000)		(3,941,924)	▲
Economic services	(44,200)	(33,080)	0		(44,200)	
Other property and services	(121,320)	(60,249)	(7,500)		(128,820)	▲
	(5,119,974)	(2,008,994)	(117,535)	0	(5,237,509)	
<b>Operating activities excluded from budget</b>						
Depreciation on assets	972,390	209,606	0		972,390	
<b>Amount attributable to operating activities</b>	248,758	501,584	(101,815)	0	146,943	
<b>INVESTING ACTIVITIES</b>						
Non-operating grants, subsidies and contributions	259,200	75,200	18,455		277,655	
Purchase land and buildings	(70,065)	(41,668)	(5,017)		(75,082)	▲
Purchase plant and equipment	(194,370)	0	0		(194,370)	
Purchase furniture and equipment	(47,400)	(47,400)	0		(47,400)	
Purchase and construction of infrastructure - roads	(328,622)	(165,999)	0		(328,622)	
Proceeds from disposal of assets	39,370	0	36,500		75,870	▲
<b>Amount attributable to investing activities</b>	(341,887)	(179,867)	49,938	0	(291,949)	
<b>FINANCING ACTIVITIES</b>						
Transfers to cash backed reserves (restricted assets)	9 (806,738)	(296,713)	98,029		(708,709)	▼
Transfers from cash backed reserves (restricted assets)	9 107,800	0	0		107,800	
<b>Amount attributable to financing activities</b>	(698,938)	(296,713)	98,029	0	(600,909)	
<b>Budget deficiency before general rates</b>	(792,067)	25,004	46,152	0	(745,915)	
<b>Estimated amount to be raised from general rates</b>	745,915	733,885	0		745,915	
<b>Closing Funding Surplus(Deficit)</b>	2 (46,152)	758,889	46,152	0	0	▲

**SHIRE OF WOODANILLING**  
**NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. BASIS OF PREPARATION**

The budget review report has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget review report are presented below and have been consistently applied unless stated otherwise.

The report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

**CRITICAL ACCOUNTING 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.

**2017/18 ACTUAL BALANCES**

Balances shown in this budget review report as 2017/2018 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

**ROUNDING OFF FIGURES**

All figures shown in this budget review report are rounded to the nearest dollar.

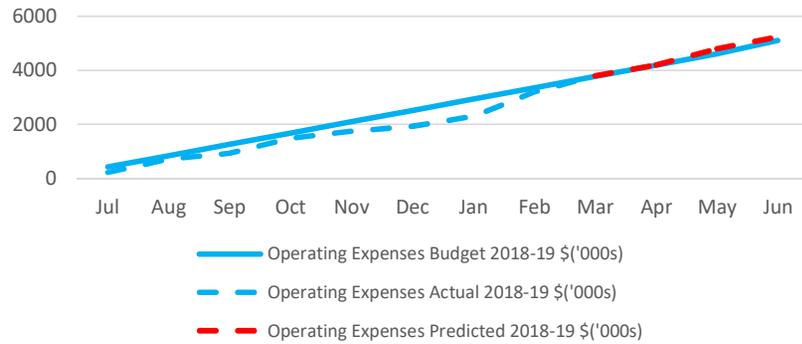
**BUDGET COMPARATIVE FIGURES**

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

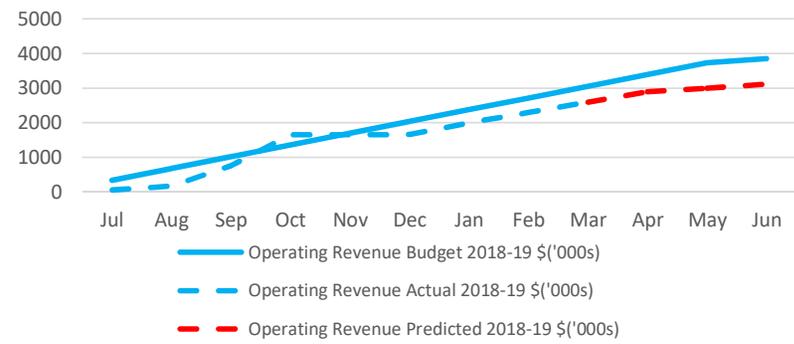
**SHIRE OF WOODANILLING**  
**SUMMARY GRAPHS - BUDGET REVIEW**  
**FOR THE PERIOD ENDED FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**2. SUMMARY GRAPHS - BUDGET REVIEW**

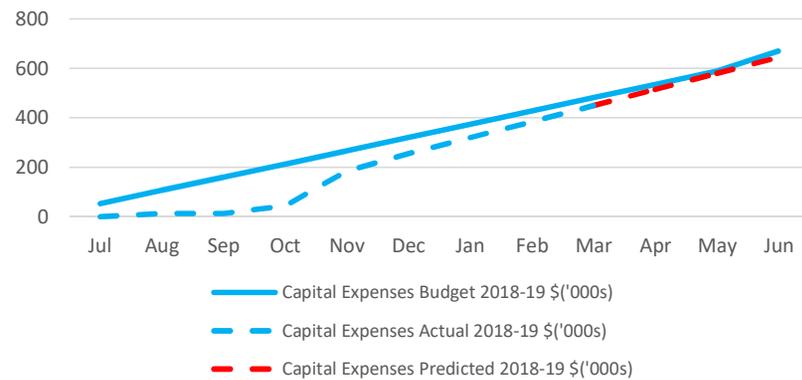
Operating Expenses



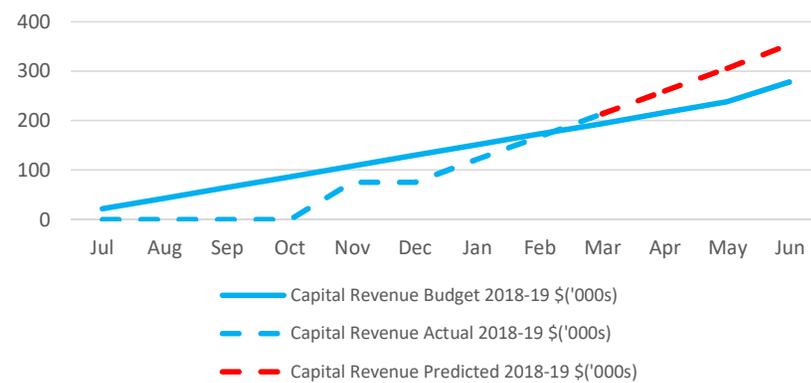
Operating Revenue



Capital Expenditure



Capital Revenue



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

**SHIRE OF WOODANILLING  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**3. NET CURRENT FUNDING POSITION**

Positive=Surplus (Negative=Deficit)  
**2018-19**

Note	ACTUAL 30 June 2018 \$	BUDGET 30 June 2018 \$	ACTUAL December 2018 \$	31
<b>Current assets</b>				
Cash unrestricted	841,476	105,870	818,981	
Cash restricted	224,167	1,030,905	520,880	
Receivables - rates and rubbish	40,855	40,855	82,259	
Receivables - other	892,971	40,797	51,760	
Inventories	16,210	15,887	16,210	
	2,015,679	1,234,314	1,490,090	
<b>Less: current liabilities</b>				
Payables	(357,198)	(29,467)	(68,694)	
Provisions	(141,627)	(158,125)	(141,627)	
	(498,825)	(187,592)	(210,321)	
<b>Less: cash restricted</b>	(224,167)	(1,030,905)	(520,880)	
<b>Net current funding position</b>	1,292,687	15,817	758,889	

**Liquidity Over the Year**



**SHIRE OF WOODANILLING  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**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 in Note 2 Net Current Assets of the budget.

**TRADE AND OTHER RECEIVABLES**

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**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.

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Woodanilling's operational cycle. In the case of liabilities where the Shire of Woodanilling 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire of Woodanilling's intentions to release for sale.

**LOANS AND RECEIVABLES**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss. Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Shire of Woodanilling prior to the end of the financial year that are unpaid and arise when the Shire of Woodanilling 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.

**EMPLOYEE BENEFITS**

**Short-Term Employee Benefits**

Provision is made for the Shire of Woodanilling'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 Woodanilling's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current of financial trade and other payables in the statement position. Shire of Woodanilling's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**PROVISIONS**

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

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

**RATES, GRANTS, DONATIONS AND OTHER CONTRIBUTIONS**

Rates, grants, donations and other contributions are recognised as revenues when the Shire of Woodanilling obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**SHIRE OF WOODANILLING**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**4. PREDICTED VARIANCES**

<b>Comments/Reason for Variance</b>	<b>Variance \$</b>	
	<b>Permanent</b>	<b>Timing</b>
<b>4.1 OPERATING REVENUE (EXCLUDING RATES)</b>		
<b>4.1.1 PROFIT ON ASSET DISPOSAL</b>		
No material variance		
<b>4.1.2 FEES AND CHARGES</b>		
No material variance		1,000
<b>4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
Increase to reimbursements - Administration		2,250
<b>4.1.7 INTEREST EARNINGS</b>		
No material variance		
<b>4.1.8 OTHER REVENUE</b>		
Increase to Reimbursements - Governance		12,470
<b>4.2 OPERATING EXPENSES</b>		
<b>4.2.1 EMPLOYEE COSTS</b>		
Increase to requirement for tip maintenance		(3,500)
<b>4.2.2 MATERIAL AND CONTRACTS</b>		
Increased allocations for consulting and relief staff, Integrated planning, computer equipment maintenance, animal control, housing maintenance, shire depot expenses and public works overheads expenses.		(98,100)
<b>4.2.3 UTILITY CHARGES</b>		
Parks and Gardens utilities costs		(15,935)
<b>4.2.4 DEPRECIATION (NON CURRENT ASSETS)</b>		
No material variance		
<b>4.2.4 INTEREST EXPENSES</b>		
No material variance		
<b>4.2.5 INSURANCE EXPENSES</b>		
No material variance		
<b>4.2.6 LOSS ON ASSET DISPOSAL</b>		
No material variance		
<b>4.2.7 OTHER EXPENDITURE</b>		
No material variance		
Predicted Variances Carried Forward	(101,815)	0

**SHIRE OF WOODANILLING**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**4. PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	(101,815)	0
<b>4.3 CAPITAL REVENUE</b>		
<b>4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
Increase to required expenditure for RRG projects.	18,455	
<b>4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS</b>		
Disposal of cement spreader and backhoe	36,500	
<b>4.3.3 PROCEEDS FROM NEW DEBENTURES</b>		
No Material Variance		
<b>4.3.4 PROCEEDS FROM SALE OF INVESTMENT</b>		
No Material Variance		
<b>4.3.5 PROCEEDS FROM ADVANCES</b>		
No Material Variance		
<b>4.3.6 SELF-SUPPORTING LOAN PRINCIPAL</b>		
No Material Variance		
<b>4.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)</b>		
No Material Variance		
Predicted Variances Carried Forward	(46,860)	0
Predicted Variances Brought Forward	(46,860)	0
<b>4.4 CAPITAL EXPENSES</b>		
<b>4.4.1 LAND HELD FOR RESALE</b>		
No Material Variance		
<b>4.4.2 LAND AND BUILDINGS</b>		
Extra cost for toilets	(5,017)	
<b>4.4.3 PLANT AND EQUIPMENT</b>		
<b>4.4.4 FURNITURE AND EQUIPMENT</b>		
<b>4.4.5 INFRASTRUCTURE ASSETS - ROADS</b>		
<b>4.4.6 INFRASTRUCTURE ASSETS - OTHER</b>		
No Material Variance		
<b>4.4.7 PURCHASES OF INVESTMENT</b>		
No Material Variance		
<b>4.4.8 REPAYMENT OF DEBENTURES</b>		
No Material Variance		
<b>4.4.9 ADVANCES TO COMMUNITY GROUPS</b>		
No Material Variance		
Predicted Variances Carried Forward	(51,877)	0



**SHIRE OF WOODANILLING**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**FOR THE PERIOD ENDED 31ST DECEMBER 2018**

**5. BUDGET AMENDMENTS**

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

GL Account Code	Description	Nature/Type	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
					\$	\$	\$	\$	
<b>Budget Adoption</b>									
<b>Opening Surplus/(Deficit)</b>									
	Difference between adopted surplus estimate and actual surplus					65,009	(49,192)	(49,192)	
122230	Direct Grants							15,817	
M999	Reinstatement of Award increases		10.1 Sept 2018	Operating Revenue		29,085		44,902	
42040	Consulting & Relief Staff ACEO		10.1 Sept 2018	Operating Expenses			(10,000)	34,902	
42040	Consulting & Relief Staff Recruitment Agent		10.1 Sept 2018	Operating Expenses			(57,600)	(22,698)	
42000	Saving on CEO Salary		10.1 Sept 2018	Operating Expenses			(13,000)	(35,698)	
144006	Insurance Refunds on Plant		10.1 Sept 2018	Operating Expenses		12,480		(23,218)	
91221	3327 Robinson Road - rent		10.1 Sept 2018	Operating Revenue		1,000		(22,218)	
113020	Insurance Premiums - actual increment		10.1 Sept 2018	Operating Revenue		3,900		(18,318)	
141000	Private Works - culvert installation		10.1 Sept 2018	Operating Expenses			(6,500)	(24,818)	
RRG55	Cartmesticup Road Widening (Carryover)		10.1 Sept 2018	Operating Expenses			(5,000)	(29,818)	
RRG56	Cartmesticup Road reseal (Carryover)		10.1 Sept 2018	Operating Expenses		10,666	(17,000)	(36,152)	
42070	Computer Maintenance		10.1 Sept 2018	Operating Expenses		8,000	(12,000)	(40,152)	
							(6,000)	(46,152)	
<b>Amended budget balance as per Council Resolution</b>								(46,152)	
<b>New amendments</b>									
041130	Integrated Planning & Other Consultants	M&C		Operating Expenses			(40,000)	(40,000)	
041210	Reimbursements	Other revenue		Operating Revenue		12,470		(27,530)	
042040	Consulting & Relief Staff	M&C		Operating Expenses			(40,000)	(67,530)	
042070	Computer Equipment Maintenance	M&C		Operating Expenses			(5,000)	(72,530)	
042200	Reimbursements - Administration	Operating Grants		Operating Revenue		2,250		(70,280)	
052000	Expenses Relating to Animal Control	M&C		Operating Expenses			(1,700)	(71,980)	
091000	Maintenance 3340 Robinson Road	M&C		Operating Expenses			(2,900)	(74,880)	
091210	Income 3347 Robinson Road	Fees		Operating Revenue		1,000		(73,880)	
100020	Tip Maintenance Costs	Employee Costs		Operating Expenses			(3,500)	(77,380)	
113010	Maintenance - Parks & Reserves	Utilities		Operating Expenses			(15,935)	(93,315)	
122040	Expenses relating to the Shire Depot	M&C		Operating Expenses			(1,000)	(94,315)	
122220	Grant - RRG Project	Non-Operating Grant		Capital Revenue		18,455		(75,860)	
143000	Expenses Relating to Public Works Overheads	M&C		Operating Expenses			(7,500)	(83,360)	
111300	Purchase Land & Buildings - CAPITAL	LAND & BUILD		Capital Expenses			(5,017)	(88,377)	
007110	Transfers to Reserve	RESERVES		Capital Expenses		98,029		9,652	
123400	Proceeds from Disposal of Assets	Proceeds		Capital Revenue		36,500		46,152	
<b>Amended Budget Cash Position as per Council Resolution</b>					0	298,844	(298,844)	0	

**SHIRE OF WOODANILLING**  
**MONTHLY FINANCIAL REPORT**  
**(Containing the Statement of Financial Activity)**  
**For the Period Ended 31 January 2019**

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

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### **PREPARATION TIMING AND REVIEW**

Date prepared: All known transactions up to 01 March 2019

### **BASIS OF PREPARATION**

#### **REPORT PURPOSE**

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996, Regulation 34*. Note: The statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary due to transactions being processed for the reporting period after the date of preparation.

#### **BASIS OF ACCOUNTING**

This statement comprises a special purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not inconsistent with the *Local Government Act 1995* and accompanying regulations), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. 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 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 Council controls resources to carry on its functions have been included in this statement. In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. All monies held in the Trust Fund are excluded from the statement, but a separate statement of those monies appears at Note 10.

### **SIGNIFICANT ACCOUNTING POLICES**

#### **GOODS AND SERVICES TAX**

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.

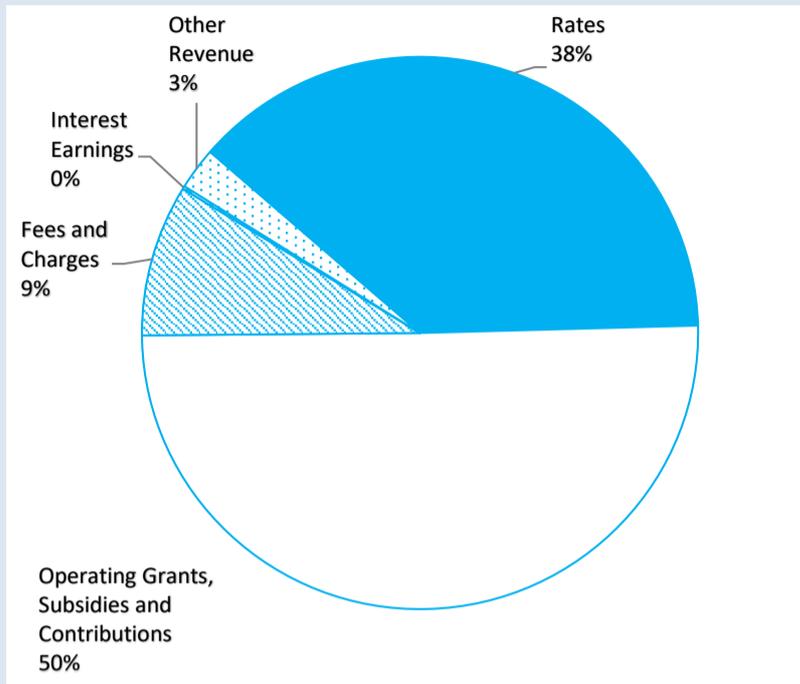
#### **CRITICAL ACCOUNTING ESTIMATES**

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.

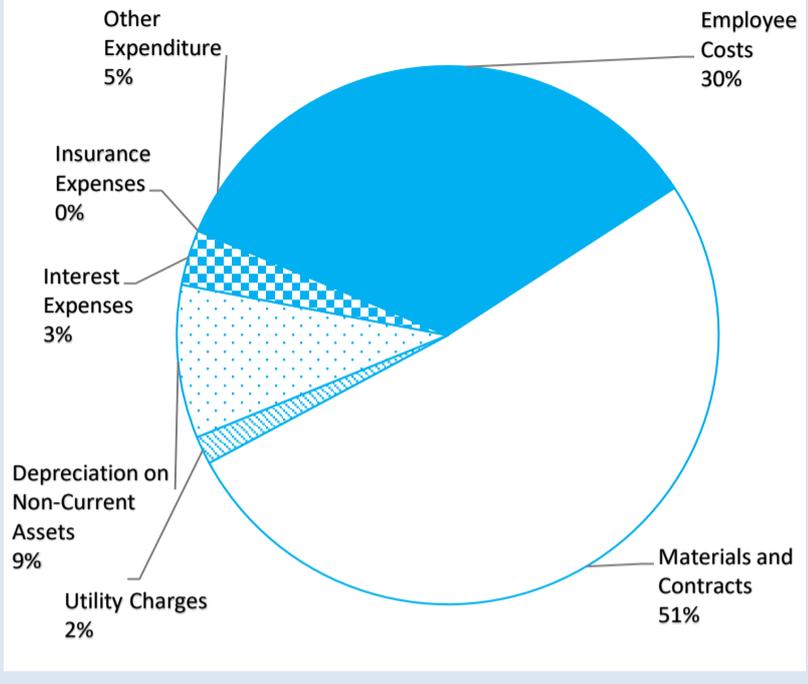
#### **ROUNDING OFF FIGURES**

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

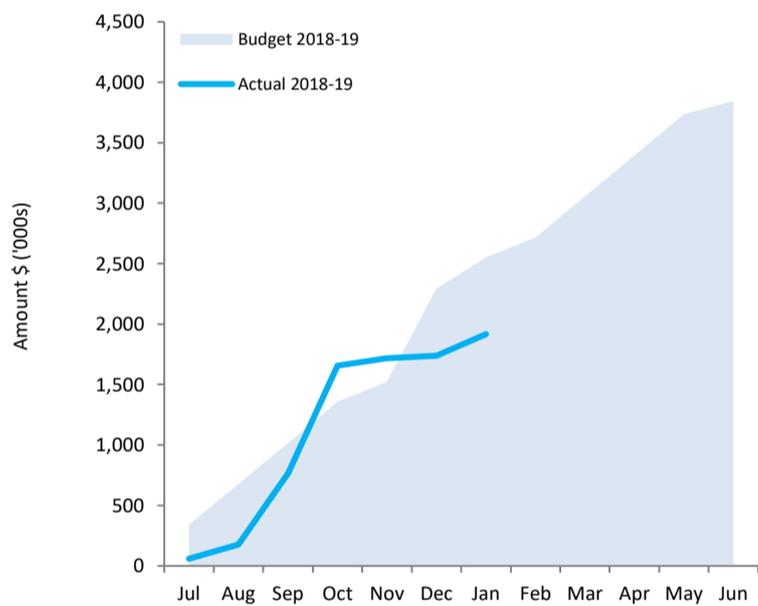
**OPERATING REVENUE**



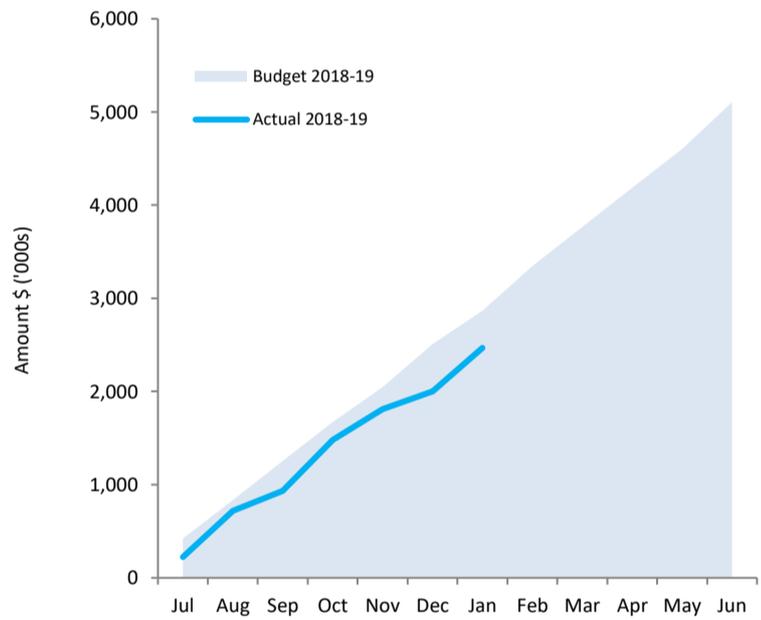
**OPERATING EXPENSES**



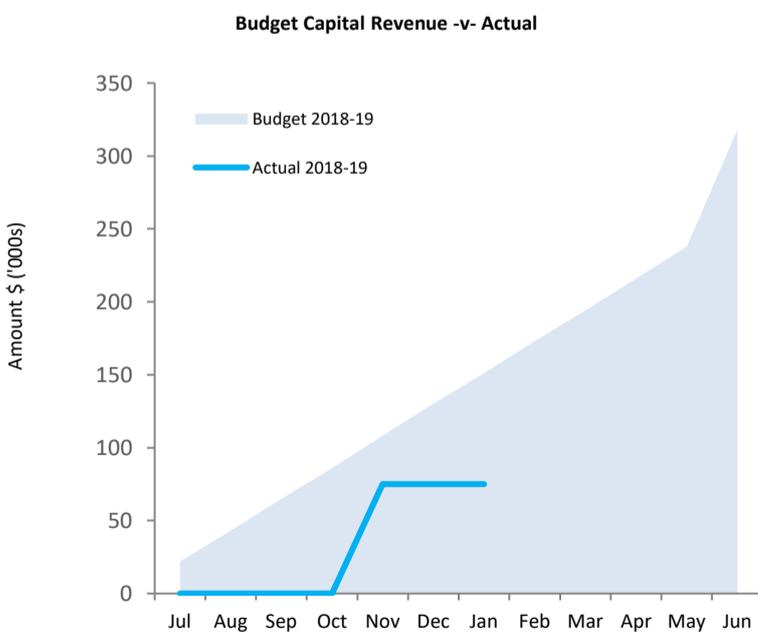
**Budget Operating Revenues -v- Actual**



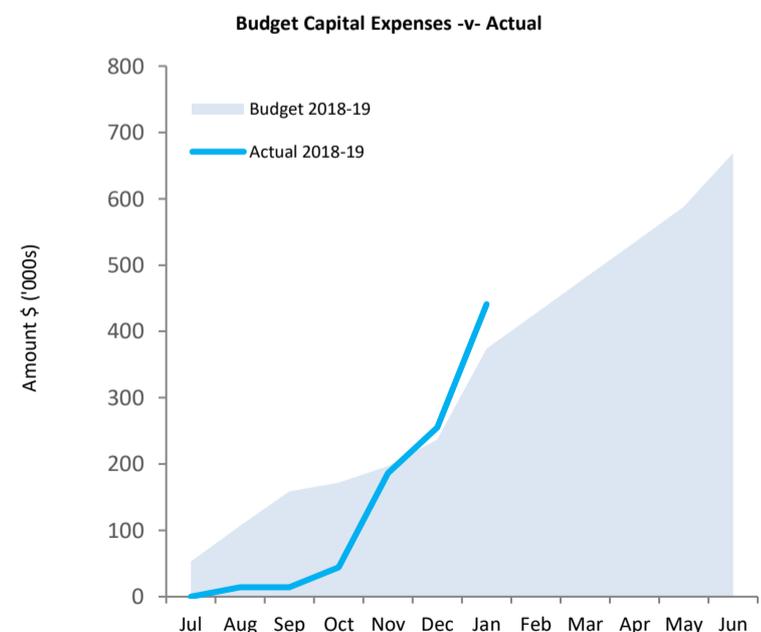
**Budget Operating Expenses -v- YTD Actual**



**CAPITAL REVENUE**



**CAPITAL EXPENSES**



This information is to be read in conjunction with the accompanying Financial Statements and Notes.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	
Members of Council Administration	Members of Council, civic reception, functions, public relations, electoral requirements and administration.
<b>GENERAL PURPOSE FUNDING</b>	
Rates General Purpose Revenue	Rates, general purpose government grants, interest on investments.
<b>LAW, ORDER, PUBLIC SAFETY</b>	
Fire Prevention Animal Control Other	Supervision of various by-laws, fire prevention and animal control.
<b>HEALTH</b>	
Preventative Services Community Health Other	Food control, meat inspection, water testing and health inspection services.
<b>EDUCATION AND WELFARE</b>	
Disability Access & Inclusion Care of Senior Citizens	Well aged housing and services for youth and aged.
<b>HOUSING</b>	
Staff Housing	Provision and maintenance of staff housing.
<b>COMMUNITY AMENITIES</b>	
Sanitation Stormwater Drainage Town Planning Protection of Environment Other	Refuse site, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b>	
Public Halls Swimming areas Libraries Other	Maintenance of halls, parks, gardens and ovals. Library and heritage.
<b>TRANSPORT</b>	
Road Construction Road Maintenance Road Plant Purchases Transport Licensing Agency	Road construction and maintenance, footpaths and traffic signs.
<b>ECONOMIC SERVICES</b>	
Rural Services Tourism Building Control Other	Area promotion, pest control, building control.
<b>OTHER PROPERTY AND SERVICES</b>	
Private Works Public Works Overheads Plant Operation Costs Stock control Salaries and Wages	Private works, public works overheads and plant operation.

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**STATUTORY REPORTING PROGRAMS**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
<b>Opening Funding Surplus(Deficit)</b>	1(b)	\$ 1,292,687	\$ 1,292,687	\$ 1,292,687	\$ 0	% 0.00%	
<b>Revenue from operating activities</b>							
Governance		11,700	6,811	178	(6,633)	(97.39%)	
General Purpose Funding - Rates	5	745,915	745,915	733,885	(12,030)	(1.61%)	
General Purpose Funding - Other		417,915	243,768	203,731	(40,037)	(16.42%)	▼
Law, Order and Public Safety		231,175	134,841	145,875	11,034	8.18%	
Health		725	413	195	(218)	(52.78%)	
Education and Welfare		91,920	53,620	40,219	(13,401)	(24.99%)	▼
Housing		34,240	19,964	4,909	(15,055)	(75.41%)	▼
Community Amenities		32,850	19,159	28,793	9,634	50.28%	
Recreation and Culture		1,100	637	1,493	856	134.38%	
Transport		2,229,530	1,297,646	705,610	(592,036)	(45.62%)	▼
Economic Services		22,500	13,118	24,096	10,978	83.69%	▲
Other Property and Services		25,000	17,493	33,010	15,517	88.70%	▲
		<b>3,844,570</b>	<b>2,553,385</b>	<b>1,921,994</b>			
<b>Expenditure from operating activities</b>							
Governance		(272,345)	(158,781)	(144,194)	14,587	9.19%	
General Purpose Funding		(19,700)	(11,487)	(10,224)	1,263	11.00%	
Law, Order and Public Safety		(324,315)	(189,133)	(99,459)	89,674	47.41%	▲
Health		(37,900)	(22,092)	(28,155)	(6,063)	(27.44%)	
Education and Welfare		(43,180)	(25,074)	(13,993)	11,081	44.19%	▲
Housing		(93,875)	(54,698)	(37,203)	17,495	31.98%	▲
Community Amenities		(137,985)	(80,444)	(72,408)	8,036	9.99%	
Recreation and Culture		(148,350)	(86,471)	(114,238)	(27,767)	(32.11%)	▼
Transport		(3,955,590)	(2,304,442)	(1,693,225)	611,217	26.52%	▲
Economic Services		(44,200)	(25,774)	(35,816)	(10,042)	(38.96%)	▼
Other Property and Services		(27,200)	(18,683)	(29,027)	(10,344)	(55.37%)	▼
		<b>(5,104,640)</b>	<b>(2,977,079)</b>	<b>(2,277,942)</b>			
<b>Operating activities excluded from Actual</b>							
Add Back Depreciation		972,390	567,182	209,606	(357,576)	(63.04%)	▼
<b>Amount attributable to operating activities</b>		<b>(287,680)</b>	<b>143,488</b>	<b>(146,342)</b>			
<b>Investing Activities</b>							
Non-operating Grants, Subsidies and Contributions	9	277,866	151,193	75,200	(75,993)	(50.26%)	▼
Proceeds from Disposal of Assets	6	39,370	0	0	0		
Capital Acquisitions	7	(669,457)	(373,601)	(441,458)	(67,857)	(18.16%)	▼
<b>Amount attributable to investing activities</b>		<b>(352,221)</b>	<b>(222,408)</b>	<b>(366,258)</b>			
<b>Financing Activities</b>							
Transfer from Reserves	8	107,800	0	0	0		
Transfer to Reserves	8	(806,738)	(296,713)	(296,713)	0	0.00%	
<b>Amount attributable to financing activities</b>		<b>(698,938)</b>	<b>(296,713)</b>	<b>(296,713)</b>			
<b>Closing Funding Surplus(Deficit)</b>	1(b)	<b>(46,152)</b>	<b>917,054</b>	<b>483,374</b>			

**KEY INFORMATION**

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold. Refer to Note 13 for an explanation of the reasons for the variance.

The material variance adopted by Council for the 2018-19 year is \$10,000 or 10.00% whichever is the greater.

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

## KEY TERMS AND DESCRIPTIONS

### FOR THE PERIOD ENDED 31 JANUARY 2019

#### REVENUE

##### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.

##### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

##### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

##### PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

##### FEES AND CHARGEES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

##### SERVICE CHARGES

Service charges imposed under *Division 6 of Part 6 of the Local Government Act 1995*. *Regulation 54 of the Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

##### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

##### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

## NATURE OR TYPE DESCRIPTIONS

#### EXPENSES

##### EMPLOYEE COSTS

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

##### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

##### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

##### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

##### LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets.

##### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

##### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

##### OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**BY NATURE OR TYPE**

	Ref Note	Adopted Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)
		\$	\$	\$	\$	%
<b>Opening Funding Surplus (Deficit)</b>	1(b)	1,292,687	1,292,687	<b>1,292,687</b>	0	0.00%
<b>Revenue from operating activities</b>						
Rates	5	745,915	745,915	<b>733,885</b>	(12,030)	(1.61%)
Operating Grants, Subsidies and Contributions	9	2,731,520	1,593,361	<b>966,510</b>	(626,851)	(39.34%)
Fees and Charges		349,135	203,616	<b>170,879</b>	(32,737)	(16.08%)
Interest Earnings		17,400	10,143	<b>3,193</b>	(6,950)	(68.52%)
Other Revenue		600	350	<b>47,527</b>	47,177	13479.14%
		<b>3,844,570</b>	<b>2,553,385</b>	<b>1,921,994</b>		
<b>Expenditure from operating activities</b>						
Employee Costs		(1,069,395)	(623,707)	<b>(669,636)</b>	(45,929)	(7.36%)
Materials and Contracts		(2,683,945)	(1,565,312)	<b>(1,169,590)</b>	395,722	25.28%
Utility Charges		(41,175)	(23,933)	<b>(38,287)</b>	(14,354)	(59.98%)
Depreciation on Non-Current Assets		(972,390)	(567,182)	<b>(209,606)</b>	357,576	63.04%
Interest Expenses		(75,835)	(44,212)	<b>(75,875)</b>	(31,663)	(71.62%)
Other Expenditure		(261,900)	(152,733)	<b>(114,948)</b>	37,785	24.74%
		<b>(5,104,640)</b>	<b>(2,977,079)</b>	<b>(2,277,942)</b>		
<b>Operating activities excluded from Actual</b>						
Add back Depreciation		972,390	567,182	<b>209,606</b>	(357,576)	(63.04%)
<b>Amount attributable to operating activities</b>		<b>(287,680)</b>	<b>143,488</b>	<b>(146,342)</b>		
<b>Investing activities</b>						
Non-operating grants, subsidies and contributions	9	277,866	151,193	<b>75,200</b>	(75,993)	(50.26%)
Proceeds from Disposal of Assets	6	39,370	0	<b>0</b>	0	
Capital acquisitions	7	(669,457)	(373,601)	<b>(441,458)</b>	(67,857)	(18.16%)
<b>Amount attributable to investing activities</b>		<b>(352,221)</b>	<b>(222,408)</b>	<b>(366,258)</b>		
<b>Financing Activities</b>						
Transfer from Reserves	8	107,800	0	<b>0</b>	0	
Transfer to Reserves	8	(806,738)	(296,713)	<b>(296,713)</b>	0	0.00%
<b>Amount attributable to financing activities</b>		<b>(698,938)</b>	<b>(296,713)</b>	<b>(296,713)</b>		
<b>Closing Funding Surplus (Deficit)</b>	1(b)	<b>(46,152)</b>	<b>917,054</b>	<b>483,374</b>		

**KEY INFORMATION**

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non current based on Council's intentions to release for sale.

**EMPLOYEE BENEFITS**

**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 calculation of net current assets.

**Other long-term employee benefits**

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits (Continued)**

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

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

**PROVISIONS**

Provisions are recognised when the Shire 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.

**INVENTORIES**

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.

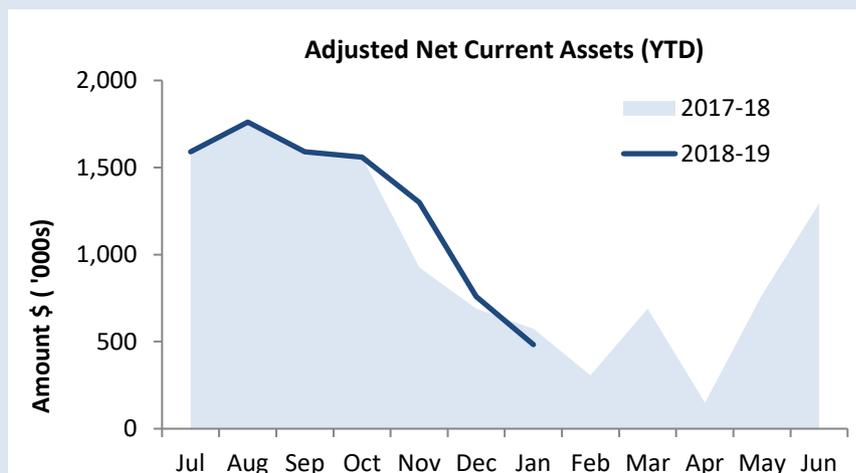
	Ref Note	Last Years Closing 30 June 2018	This Time Last Year 31 Jan 2018	Year to Date Actual 31 Jan 2019
<b>Adjusted Net Current Assets</b>		\$	\$	\$
<b>Current Assets</b>				
Cash Unrestricted	2	841,476	699,199	630,606
Cash Restricted	2	224,167	803,304	520,880
Rates outstanding	3	40,855	60,260	72,666
Sundry debtors	3	879,957	45,449	53,095
Accrued Income	3	13,015	0	1,050
Inventories		16,210	15,887	16,210
		2,015,680	1,624,099	1,294,507
<b>Less: Current Liabilities</b>				
Payables	4	(357,198)	(89,080)	(148,625)
Provisions - employee		(141,628)	(158,125)	(141,628)
		(498,826)	(247,205)	(290,253)
<b>Unadjusted Net Current Assets</b>		<b>1,516,854</b>	<b>1,376,894</b>	<b>1,004,254</b>
<b>Adjustments and exclusions permitted by FM Reg 32</b>				
Less: Cash reserves	2	(224,167)	(803,304)	(520,880)
<b>Adjusted Net Current Assets</b>		<b>1,292,687</b>	<b>573,590</b>	<b>483,374</b>

**SIGNIFICANT ACCOUNTING POLICIES**

Please see Note 1(a) for information on significant accounting policies relating to Net Current Assets.

**KEY INFORMATION**

The amount of the adjusted net current assets at the end of the period represents the actual surplus (or deficit if the figure is a negative) compared to the budgeted surplus(deficit) represented on the budget.



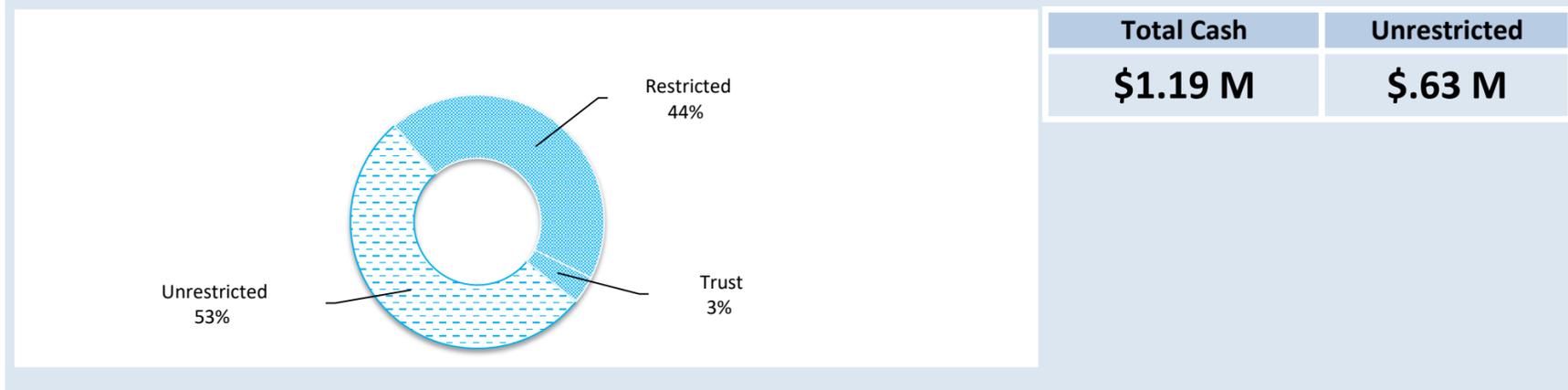
**This Year YTD  
Surplus(Deficit)  
\$.48 M**

**Last Year YTD  
Surplus(Deficit)  
\$.57 M**

Description	Type	Unrestricted \$	Restricted \$	Trust \$	Total YTD Actual \$	Institution	Interest Rate	Maturity Date
Municipal Cash at Bank	Cheque	630,156	0	0	630,156	NAB	variable	n/a
Cash On Hand - Floats & Petty Cash	Cash	450	0	0	450	n/a	n/a	n/a
Reserve Cash at Bank	Transactional	0	520,880	0	520,880	NAB	variable	n/a
Trust Cash at Bank	Cheque	0	0	42,061	42,061	NAB	variable	n/a
<b>Total</b>		<b>630,606</b>	<b>520,880</b>	<b>42,061</b>	<b>1,193,547</b>			

**KEY INFORMATION**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and 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 reported as short term borrowings in current liabilities in the statement of financial position.



NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019

OPERATING ACTIVITIES  
NOTE 3  
RECEIVABLES

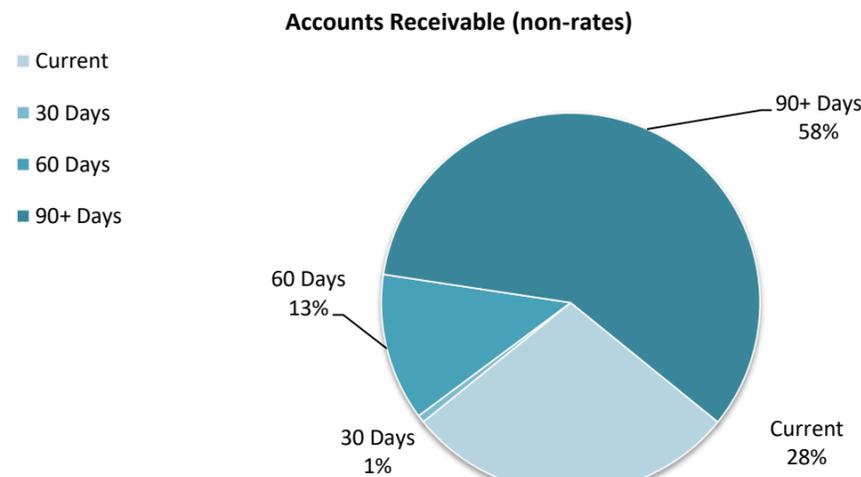
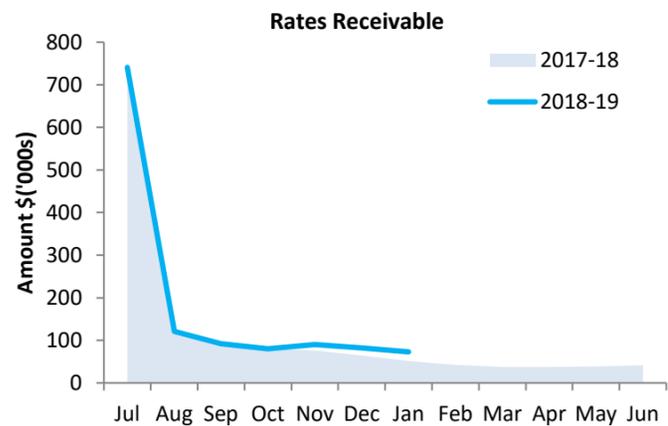
Rates Receivable	30 June 2018	31 Jan 19
	\$	\$
Opening Arrears Previous Years	35,211	40,855
Levied this year	733,885	733,885
Less Collections to date	(728,241)	(702,074)
Equals Current Outstanding	<b>40,855</b>	<b>72,666</b>
<b>Net Rates Collectable</b>	<b>40,855</b>	<b>72,666</b>
% Collected	94.7%	90.6%

Receivables - General	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - General	(74)	15,075	341	6,675	31,078	53,095
Percentage	-0.1%	28.4%	0.6%	12.6%	58.5%	
<b>Balance per Trial Balance</b>						
Sundry debtors						53,095
Accrued Income						1,050
<b>Total Receivables General Outstanding</b>						<b>54,145</b>

Amounts shown above include GST (where applicable)

KEY INFORMATION

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.



<b>Debtors Due</b>
<b>\$54,145</b>
<b>Over 30 Days</b>
<b>72%</b>
<b>Over 90 Days</b>
<b>58.5%</b>

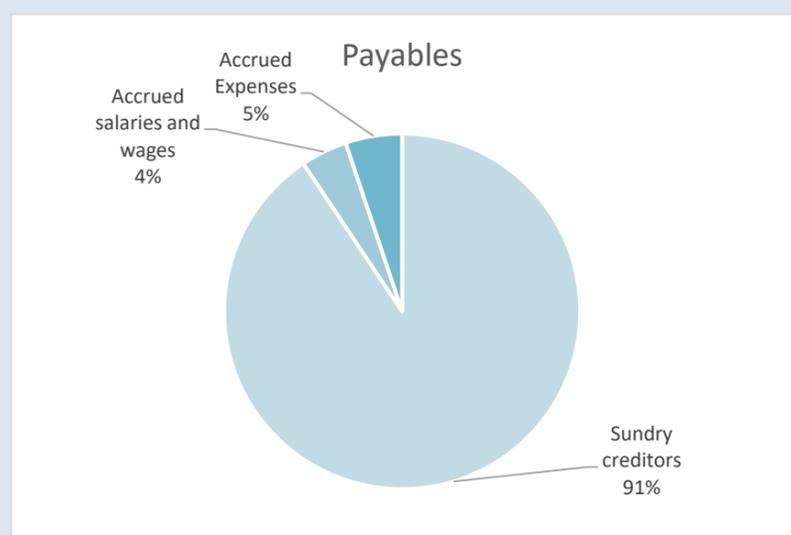
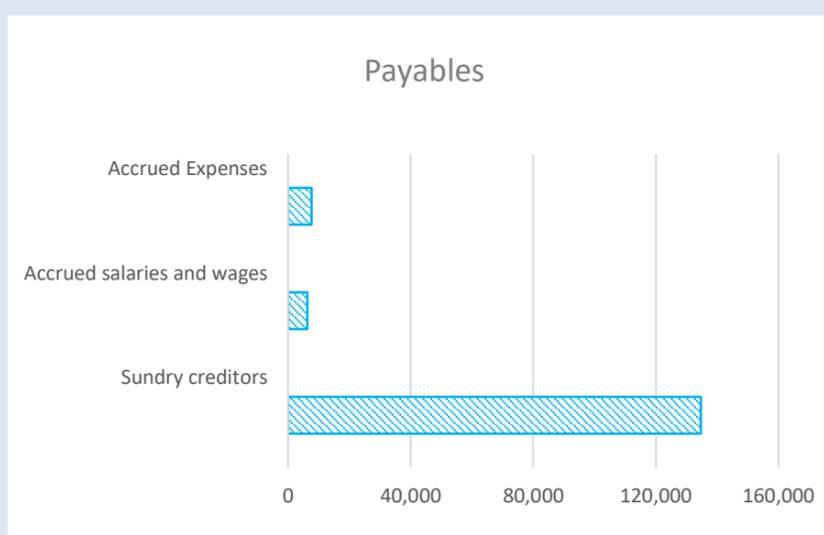
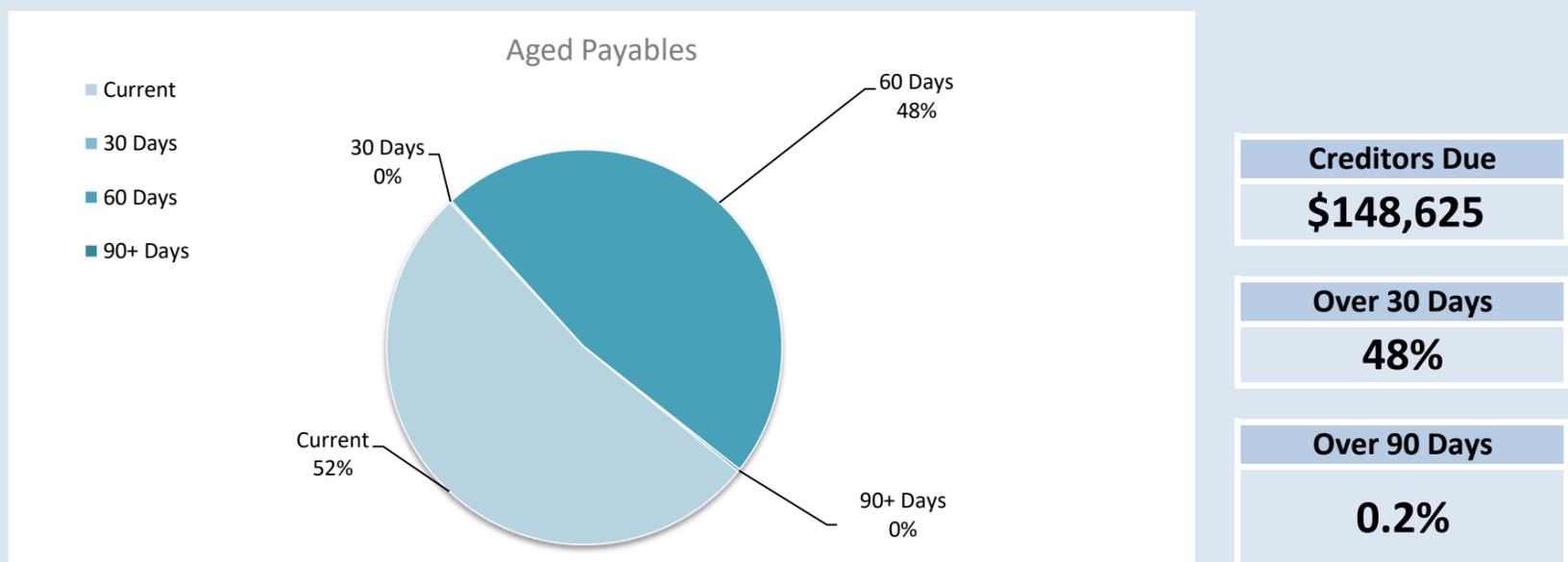
<b>Collected</b>	<b>Rates Due</b>
<b>90.6%</b>	<b>\$72,666</b>

Payables - General	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - General	(375)	70,590	240	63,982	276	134,712
Percentage	-0.3%	52.4%	0.2%	47.5%	0.2%	
<b>Balance per Trial Balance</b>						
Sundry creditors						134,712
Accrued salaries and wages						6,270
Accrued Expenses						7,643
<b>Total Payables General Outstanding</b>						<b>148,625</b>

Amounts shown above include GST (where applicable)

**KEY INFORMATION**

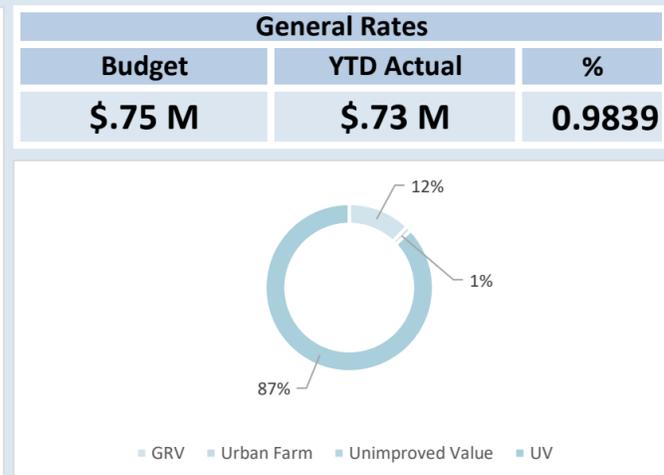
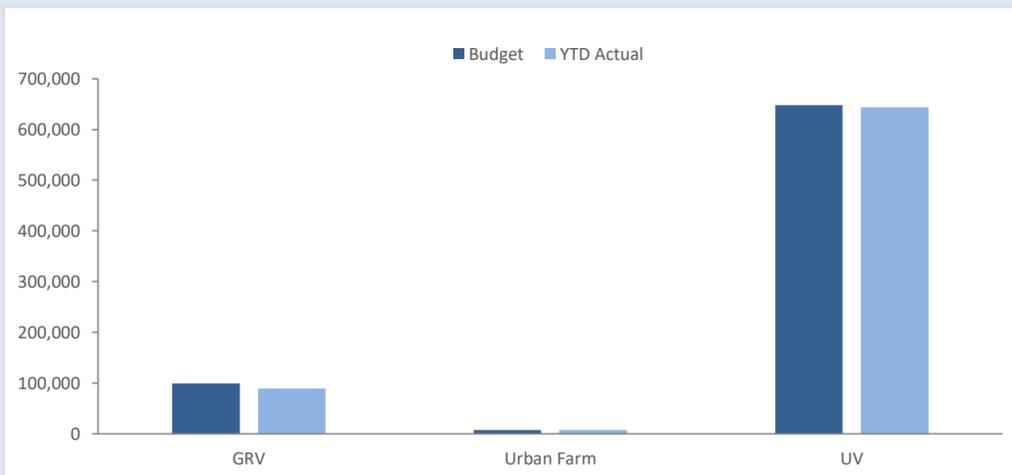
Trade and other payables represent liabilities for goods and services provided to the Shire that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.



General Rate Revenue	Budget							YTD Actual			
	Rate in	Number of Properties	Rateable Value	Rate Revenue	Interim Rate	Back Rate	Total Revenue	Rate Revenue	Interim Rates	Back Rates	Total Revenue
RATE TYPE	\$			\$	\$	\$	\$	\$	\$	\$	\$
<b>Differential General Rate</b>											
Gross Rental Value											
GRV	0.106735	158	929,665	99,229	0	0	99,229	89,517	0	0	89,517
Urban Farm	0.053350	5	139,184	7,425	0	0	7,425	7,425	0	0	7,425
Unimproved Value											
UV	0.005800	207	111,747,580	648,136	0	0	648,136	644,235	0	0	644,235
<b>Sub-Total</b>		<b>370</b>	<b>112,816,429</b>	<b>754,790</b>	<b>0</b>	<b>0</b>	<b>754,790</b>	<b>741,177</b>	<b>0</b>	<b>0</b>	<b>741,177</b>
<b>Minimum Payment</b>											
Gross Rental Value	Minimum \$										
GRV	375	52	0	19,500	0	0	19,500	19,500	0	0	19,500
Urban Farm	375	0	0	0	0	0	0	0	0	0	0
Unimproved Value											
UV	375	15	0	5,625	0	0	5,625	5,625	0	0	5,625
<b>Sub-Total</b>		<b>67</b>	<b>0</b>	<b>25,125</b>	<b>0</b>	<b>0</b>	<b>25,125</b>	<b>25,125</b>	<b>0</b>	<b>0</b>	<b>25,125</b>
Discount							(34,000)				(32,417)
<b>Amount from General Rates</b>							<b>745,915</b>				<b>733,885</b>
<b>Total General Rates</b>							<b>745,915</b>				<b>733,885</b>

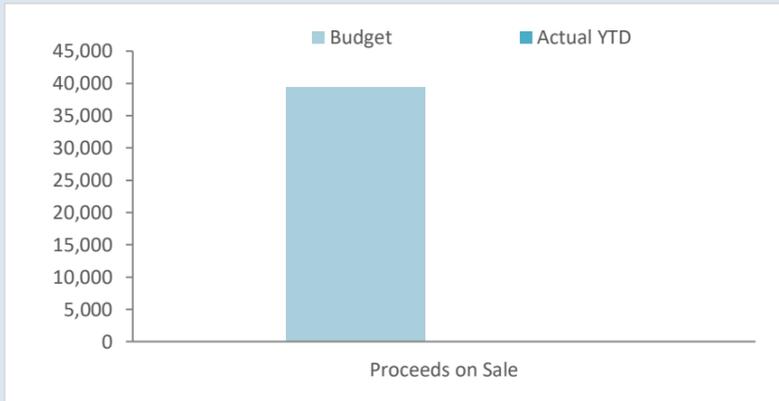
**KEY INFORMATION**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.



Asset Ref.	Asset Description	Budget				YTD Actual			
		Net Book Value	Proceeds	Profit	(Loss)	Net Book Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	<b>Transport</b>								
	Hilux Utility & Backhoe	39,370	39,370	0	0	0	0	0	0
		<b>39,370</b>	<b>39,370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

KEY INFORMATION



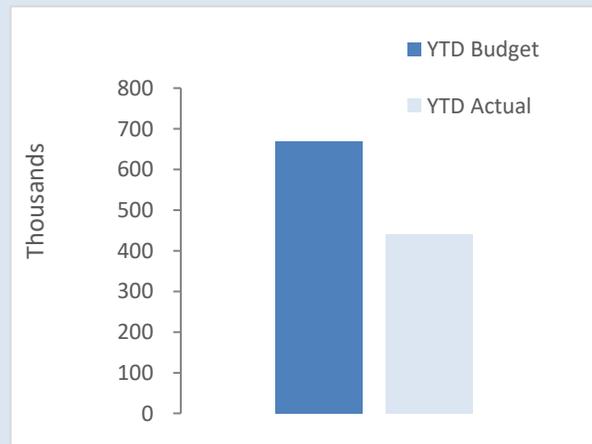
Proceeds on Sale		
Annual Budget	YTD Actual	%
<b>\$39,370</b>	<b>\$0</b>	<b>0%</b>

Capital Acquisitions	Adopted		YTD Actual	YTD Actual Variance
	Budget	YTD Budget		
	\$	\$	\$	\$
Land & Buildings	70,065	40,859	41,668	809
Furniture & Equipment	47,400	27,650	47,400	19,750
Plant & Equipment	165,703	96,660	185,810	89,150
Roads	386,289	208,432	166,580	(41,852)
<b>Capital Expenditure Totals</b>	<b>669,457</b>	<b>373,601</b>	<b>441,458</b>	<b>67,857</b>
<b>Capital Acquisitions Funded By:</b>				
	\$	\$	\$	\$
Capital grants and contributions	277,866	151,193	75,200	(75,993)
Borrowings	0	0	0	0
Other (Disposals & C/Fwd)	39,370	0	0	0
Cash Backed Reserves				
Contribution - operations	352,221	222,408	366,258	143,850
<b>Capital Funding Total</b>	<b>669,457</b>	<b>373,601</b>	<b>441,458</b>	<b>67,857</b>

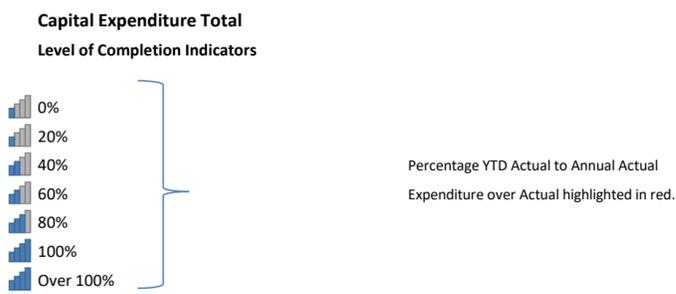
**SIGNIFICANT ACCOUNTING POLICIES**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**KEY INFORMATION**



<b>Acquisitions</b>	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>% Spent</b>
	<b>\$.67 M</b>	<b>\$.44 M</b>	<b>66%</b>
<b>Capital Grant</b>	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>% Received</b>
	<b>\$.28 M</b>	<b>\$.08 M</b>	<b>27%</b>



% of Completion # *Level of completion indicator, please see table at the end of this note for further detail.*

			Adopted			
			Budget	YTD Budget	YTD Actual	Variance (Under)/Over
<b>Capital Expenditure</b>						
<b>Land &amp; Buildings</b>						
1.00	084410	Wattleville - Stage 2 Well Aged Housing - CAPITAL	0	0	0	0
51.51	111300	Purchase Land & Buildings - CAPITAL	70,065	40,859	41,668	(809)
51.51		<b>Land &amp; Buildings Total</b>	<b>70,065</b>	<b>40,859</b>	<b>41,668</b>	<b>(809)</b>
<b>Plant &amp; Equipment</b>						
2.08	123300	Purchase Plant & Equipment - CAPITAL	165,703	96,660	185,810	(89,150)
2.08		<b>Plant &amp; Equipment Total</b>	<b>165,703</b>	<b>96,660</b>	<b>185,810</b>	<b>(89,150)</b>
<b>Furniture &amp; Equipment</b>						
1.00	042310	Purchase Furniture & Equipment - CAPITAL	0	0	0	0
2.40	113310	Purchase Furniture & Equipment - CAPITAL	47,400	27,650	47,400	(19,750)
2.40		<b>Furniture &amp; Equipment Total</b>	<b>47,400</b>	<b>27,650</b>	<b>47,400</b>	<b>(19,750)</b>
<b>Roads</b>						
4.46	121310	RRG Project Construction - CAPITAL	340,334	181,615	148,324	33,291
2.13	121320	Roads to Recovery Construction - CAPITAL	45,955	26,817	18,256	8,561
1.00	121330	Blackspot Construction - CAPITAL	0	0	0	0
3.98		<b>Roads Total</b>	<b>386,289</b>	<b>208,432</b>	<b>166,580</b>	<b>41,852</b>
6.51		<b>Grand Total</b>	<b>669,457</b>	<b>373,601</b>	<b>441,458</b>	<b>(67,857)</b>

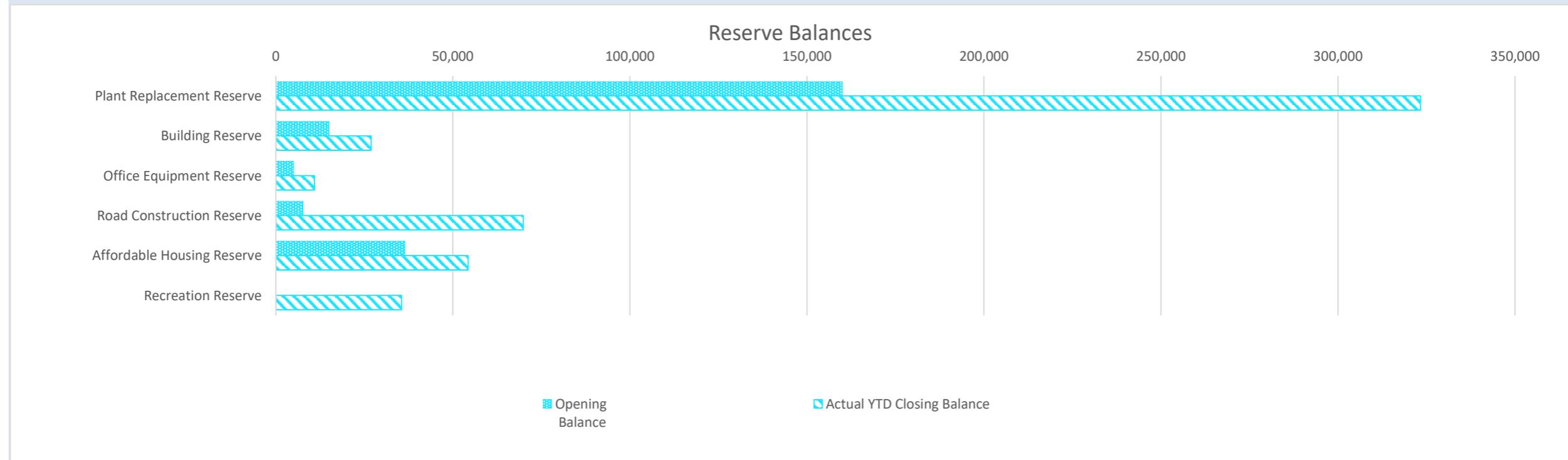
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**OPERATING ACTIVITIES  
NOTE 8  
CASH AND INVESTMENTS**

**Cash Backed Reserve**

Reserve Name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Budget Transfers In (+)	Actual Transfers In (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Replacement Reserve	160,000	0	508	406,163	162,800	0	0	566,163	323,308
Building Reserve	15,000	0	48	25,500	11,840	0	0	40,500	26,888
Office Equipment Reserve	5,000	0	16	18,018	5,920	0	0	23,018	10,936
Road Construction Reserve	7,707	0	25	205,856	62,160	0	0	213,563	69,892
Affordable Housing Reserve	36,460	0	116	23,222	17,760	0	0	59,682	54,336
Recreation Reserve	0	0	0	127,979	35,520	0	0	127,979	35,520
	<b>224,167</b>	<b>0</b>	<b>713</b>	<b>806,738</b>	<b>296,000</b>	<b>0</b>	<b>0</b>	<b>1,030,905</b>	<b>520,880</b>

**KEY INFORMATION**



NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019

NOTE 9  
GRANTS AND CONTRIBUTIONS

Grants and Contributions

Grant Provider	Adopted Budget		YTD Budget	Annual Budget (d)	Budget Variations (e)	Expected (d)+(e)	YTD Actual Revenue (b)
	Operating	Capital					
	\$	\$	\$				\$
<b>Governance</b>							
Reimbursements	5,000	0	2,912	5,000	0	5,000	(97)
Reimbursements - Administration	2,500	0	1,456	2,500	0	2,500	263
<b>General purpose funding</b>							
Ex-gratia Rates	1,405	0	819	1,405	0	1,405	0
WA Grants Commission - General	255,510	0	149,044	255,510	0	255,510	128,897
WA Grants Commission - Roads	141,700	0	82,656	141,700	0	141,700	71,313
<b>Law, order, public safety</b>							
State Government - Fire Prevention	200,375	0	116,886	200,375	0	200,375	115,060
DFES Grant	26,000	0	15,162	26,000	0	26,000	17,030
<b>Education and welfare</b>							
Care of Senior Citizens	42,000	0	24,500	42,000	0	42,000	8,887
<b>Housing</b>							
Operating Income	2,500	0	1,456	2,500	0	2,500	329
<b>Recreation and culture</b>							
State Government - Queerearrup Lake	0	52,550	30,653	52,550	0	52,550	0
<b>Transport</b>							
RRG Project	0	225,316	120,540	225,316	0	225,316	75,200
RRG Direct	70,030	0	40,852	70,030	0	70,030	70,028
WANDRRA Storm Damage	1,957,000	0	1,141,581	1,957,000	0	1,957,000	525,944
<b>Economic services</b>							
Income Relating to Tourism & Area Promotion	1,000	0	581	1,000	0	1,000	0
<b>Other property and services</b>							
FBT Reimbursement	4,500	0	2,625	4,500	0	4,500	2,490
Workers Compensation	0	0	0	0	1,405	1,405	1,405
Diesel Fuel Rebate	21,000	0	12,250	21,000	0	21,000	12,030
Insurance Rebate	1,000	0	581	1,000	0	1,000	119
Paid Parental Leave	0	0	0	0	12,812	12,812	12,812
<b>TOTALS</b>	<b>2,731,520</b>	<b>277,866</b>	<b>1,744,554</b>	<b>3,009,386</b>	<b>14,217</b>	<b>3,023,603</b>	<b>1,041,710</b>
<b>SUMMARY</b>							
Operating grants, subsidies and contributions	2,731,520	0	1,593,361	2,731,520	14,217	2,745,737	966,510
Non-operating grants, subsidies and contributions	0	277,866	151,193	277,866	0	277,866	75,200
<b>TOTALS</b>	<b>2,731,520</b>	<b>277,866</b>	<b>1,744,554</b>	<b>3,009,386</b>	<b>14,217</b>	<b>3,023,603</b>	<b>1,041,710</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**NOTE 10  
TRUST FUND**

Funds held at balance date over which the Shire has no control and which are not included in this statement are as follows:

<b>Description</b>	<b>Opening Balance 01-07-18</b>	<b>Amount Received</b>	<b>Amount Paid</b>	<b>Closing Balance 31 Jan 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Landcare receipts	8,608	0	0	<b>8,608</b>
Unclaimed monies	280	0	0	<b>280</b>
WSRA Inc	590	0	0	<b>590</b>
Wongi	2,067	0	0	<b>2,067</b>
Bushfire Brigades	6,705	0	0	<b>6,705</b>
LGIS Bonus Scheme	21,553	0	0	<b>21,553</b>
Heritage Loan Scheme	1,733	0	0	<b>1,733</b>
Other Bonds	850	0	(400)	<b>450</b>
Police Licensing	0	75	0	<b>75</b>
	<b>42,386</b>	<b>75</b>	<b>(400)</b>	<b>42,061</b>

**KEY INFORMATION**

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**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**NOTE 12  
BUDGET AMENDMENTS**

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

GL Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
				\$	\$	\$	\$
	<b>Budget Adoption</b>		Opening Surplus			(49,192)	(49,192)
0			Opening deficit		65,009		15,817
122,230	Direct Grants	10.1 Sept 2018	Operating Revenue		29,085		44,902
M999	Reinstatement of Award increases	10.1 Sept 2018	Operating Expenses			(10,000)	34,902
42,040	Consulting & Relief Staff ACEO	10.1 Sept 2018	Operating Expenses			(57,600)	(22,698)
42,040	Consulting & Relief Staff Recruitment Agent	10.1 Sept 2018	Operating Expenses			(13,000)	(35,698)
42,000	Saving on CEO Salary	10.1 Sept 2018	Operating Expenses		12,480		(23,218)
144,006	Insurance Refunds on Plant	10.1 Sept 2018	Operating Revenue		1,000		(22,218)
91,221	3327 Robinson Road - rent	10.1 Sept 2018	Operating Revenue		3,900		(18,318)
113,020	Insurance Premiums - actual increment	10.1 Sept 2018	Operating Expenses			(6,500)	(24,818)
141,000	Private Works - culvert installation	10.1 Sept 2018	Operating Expenses			(5,000)	(29,818)
RRG55	Cartmeticup Road Widening (Carryover)	10.1 Sept 2018	Operating Expenses		10,666	(17,000)	(36,152)
RRG56	Cartmeticup Road reseal (Carryover)	10.1 Sept 2018	Operating Expenses		8,000	(12,000)	(40,152)
42,070	Computer Maintenance	10.1 Sept 2018	Operating Expenses			(6,000)	(46,152)
					<b>130,140</b>	<b>(176,292)</b>	<b>(46,152)</b>

**KEY INFORMATION**

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JANUARY 2019**

**NOTE 13  
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2018-19 year is \$10,000 or 10.00% whichever is the greater.

Reporting Program	Var. \$	Var. %	Var.	Timing/ Permanent	Explanation of Variance
	\$	%			
<b>Revenue from operating activities</b>					
General Purpose Funding - Rates	(12,030)	(1.61%)		Timing	
General Purpose Funding - Other	(40,037)	(16.42%)	▼	Timing	
Education and Welfare	(13,401)	(24.99%)	▼	Timing	
Housing	(15,055)	(75.41%)	▼	Timing	
Transport	(592,036)	(45.62%)	▼	Timing	
Economic Services	10,978	83.69%	▲	Timing	
Other Property and Services	15,517	88.70%	▲	Timing	
<b>Expenditure from operating activities</b>					
Law, Order and Public Safety	89,674	47.41%	▲	Timing	
Education and Welfare	11,081	44.19%	▲	Timing	
Housing	17,495	31.98%	▲	Timing	
Recreation and Culture	(27,767)	(32.11%)	▼	Timing	
Transport	611,217	26.52%	▲	Timing	
Economic Services	(10,042)	(38.96%)	▼	Timing	
<b>Investing Activities</b>					
Non-operating Grants, Subsidies and Contributions	(75,993)	(50.26%)	▼	Timing	
Capital Acquisitions	(67,857)	(18.16%)	▼	Timing	

**KEY INFORMATION**

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