

Notice of Meeting



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Dear Elected Member

The next Ordinary meeting of the Shire of West Arthur will be held on Tuesday 15th March in the Council Chambers commencing at 7.00pm.

Schedule

7.00pm Ordinary Council Meeting

Vin Fordham Lamont
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Vin Fordham Lamont", written over a circular stamp or seal.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of West Arthur for any act, omission or statement or intimation occurring during Council or Committee meetings or during formal/informal conversations with staff. The Shire of West Arthur disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings or discussions. Any person or legal entity that act or fails to act in reliance upon any statement does so at the person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.

AGENDA

Shire of West Arthur
Ordinary Council Meeting
15th March 2022

MISSION STATEMENT

To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery.

DISCLAIMER

INFORMATION FOR THE PUBLIC ATTENDING COUNCIL MEETINGS

Please Note:

The recommendations contained in this agenda are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations.

The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Councils decision.

Meeting Procedures:

1. All Council meetings are open to the public, except for matter raised by Council under "confidential items".
2. Members of the public may ask a question at an ordinary Council Meeting under "public question time".
3. Members of the public who are unfamiliar with meeting procedures are invited to seek advice at the meeting. If unsure about proceeding, just raise your hand when the presiding member announces public question time.
4. All other arrangements are in accordance with the Council's standing orders, policies and decision of the Shire of West Arthur.

Council Meeting Information:

Your Council generally handles all business at Ordinary or Special Council Meetings.

From time to time Council may form a Committee to examine subjects and then report back to Council.

Generally all meetings are open to the public; however, from time to time Council will be required to deal with personal, legal and other sensitive matters under "confidential items". On those occasions Council will generally close that part of the meeting to the public. Every endeavour will be made to do this as the last item of business of the meeting.

Public Question Time. It is a requirement of the *Local Government Act 1995* to allow at least fifteen (15) minutes for public question time following the opening and announcements at the beginning of the meeting. Should there be a series of questions the period can be extended at the discretion of the presiding member.

Written notice of each question should be given to the Chief Executive Officer fifteen (15) minutes prior to the commencement of the meeting. A summary of each question and the response is included in the meeting minutes.

When a question is not able to be answered at the Council Meeting a written answer will be provided after the necessary research has been carried out. Council staff will endeavour to provide the answers prior to the next ordinary meeting of Council.

Councillors may from time to time have a financial interest in a matter before Council. Councillors must declare an interest and the extent of the interest in the matter on the Agenda. However, the Councillor can request the meeting to declare the matter trivial, insignificant or in common with a significant number of electors or ratepayers. The Councillor must leave the meeting whilst the matter is discussed and cannot vote unless those present agree as above.

Members of staff, who have delegated authority from Council to act on certain matters, may from time to time have a financial interest in a matter on the Agenda. The member of staff must declare that interest and generally the presiding member of the meeting will advise the Officer if he/she is to leave the meeting.

Agendas, including an Information Bulletin, are delivered to Councillors within the requirements of the *Local Government Act 1995*, i.e. seventy-two (72) hours prior to the advertised commencement of the meeting. Whilst late items are generally not considered there is provision on the Agenda for items of an urgent nature to be considered.

Should an elector wish to have a matter placed on the Agenda the relevant information should be forwarded to the Chief Executive Officer in time to allow the matter to be fully researched by a Shire Officer. An Agenda item, including a recommendation, will then be submitted to Council for consideration. The Agenda closes the Friday week prior to the Council Meeting (i.e. ten (10) days prior to the meeting).

The Information Bulletin produced as part of the Agenda includes items of interest and information, which does not require a decision of Council.

Agendas for Ordinary Meetings are available at the Shire of West Arthur Office and on the Shire website seventy-two (72) hours prior to the meeting and the public are invited to view a copy at the Shire Office.

Agenda items submitted to Council will include a recommendation for Council consideration. Electors should not interpret and/or act on the recommendations until after they have been considered by Council. Please note the Disclaimer in the Agenda (page 2).

Public Inspection of Unconfirmed Minutes (Regulation 13).

A copy of the unconfirmed Minutes of Ordinary and Special Meetings will be available for public inspection from the Shire of West Arthur Office and the Shire of West Arthur website within ten (10) working days after the Meeting.

Vin Fordham Lamont
Chief Executive Officer



SHIRE OF WEST ARTHUR - QUESTIONS FROM THE PUBLIC

Name: _____

Residential Address: _____

Phone Number: _____ Meeting Date: _____

Signature: _____

Council Agenda Item Number: _____

*If applicable-see below**

Name of Organisation Representing: _____

If applicable

QUESTION

Each member of the public is entitled to ask up to 3 questions before other members of the public will be invited to ask their question. A total of 15 Minutes is allotted to Public Question Time at Council Meetings. If submitting questions to the Council, they are to relate to the Agenda Item tabled at that meeting.

Please Note: Members of the public must be in attendance at the Council Meeting to which they have submitted a question(s) for response. If this is not the case, the questions(s) will be treated as 'normal business correspondence' and the question / response will not appear in the Council Minutes.

Please see Notes on Public Question Time on Pages 4 and 5 above

* **Council Meetings:** Questions are to relate to a matter affecting the Shire of West Arthur.



APPLICATION FOR LEAVE OF ABSENCE

(Pursuant to Section 2.25 of the *Local Government Act 1995* (as amended))

- (1) A council may, by resolution, grant leave of absence to a member.
- (2) Leave is not to be granted to a member in respect to more than 6 consecutive ordinary meetings of the Council without the approval of the Minister.
- (3) The granting of the leave is to be recorded in the minutes of the meeting.
- (4) A member who is absent without first obtaining leave of the Council throughout 3 consecutive ordinary meetings of the Council is disqualified from continuing his or her membership of the Council.
- (5) The non-attendance of a member at the time and place appointed for an ordinary meeting of the Council does not constitute absence from an ordinary meeting of Council –
 - (a) if no meeting of the Council at which a quorum is present is actually held on that day;
or
 - (b) if the non-attendance occurs while –
 - (i) the member has ceased to act as a member after which written notice has been given to the member under Section 2.27 (3) and before written notice has been given to the member under Section 2.27 (5);
 - (ii) while proceedings in connection with the disqualification of the member have been commenced and are pending;
or
 - (iii) while the election of the member is disputed and proceedings relating to the disputed election have been commenced and are pending.

I, _____ hereby apply for Leave of Absence from the
 West Arthur Shire Council from _____ to _____ for the
 purpose of _____

Signed: _____ Date: _____



WRITTEN DECLARATION OF INTEREST IN MATTER BEFORE COUNCIL

NOTE: USE ONE FORM PER DECLARATION

(1) I, _____ wish to declare an interest in the following item to be considered by council at its meeting to be held on

(2) _____

(3) Agenda item _____

(4) The type of interest I wish to declare is;

- Financial pursuant to Sections 5.60A of the *Local Government Act 1995*.
- Proximity pursuant to Section 5.60B of the *Local Government Act 1995*.
- Indirect Financial pursuant to Section 5.61 of the *Local Government Act 1995*.
- Impartiality pursuant to Regulation 11 of the Local Government (Rules of Conduct) Regulation 2007.

(5) The nature of my interest is

(6) The extent of my interest is

I understand that the above information will be recorded in the Minutes of the meeting and recorded by the Chief Executive Officer in an appropriate Register.

DECLARATION BY:

Signature

Date

RECEIVED BY:

Chief Executive Officer

Date

- (1) Insert your name.
- (2) Insert the date of the Council Meeting at which the item is to be considered.
- (3) Insert the Agenda Item Number and Title.
- (4) Tick the box to indicate the type of interest.
- (5) Describe the nature of your interest.
- (6) Describe the extent of your interest (if seeking to participate in the matter under the s.5.68 of the Act).

DISCLOSURE OF FINANCIAL INTEREST, PROXIMITY INTEREST AND/OR INTEREST AFFECTING IMPARTIALITY

Financial pursuant to Sections 5.60A of the Local Government Act 1995

5.60A – Financial Interest

For the purpose of this Subdivision, a person has a financial interest in a matter if it is reasonable to expect that the matter will if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.

[Section 5.60A inserted by No. 64 of 1998 s. 30; amended by No. 49 of 2004 s. 50.]

Proximity pursuant to Section 5.60B of the Local government Act 1995

5.60B – Proximity Interest

- (1). For the purposes of this Subdivision, a person has a proximity interest in a matter if the matter concerns –
 - (a). a proposed change to a planning scheme affecting land that adjoins the person's land;
 - (b). a proposed change to zoning or use of land that adjoins that person's land; or
 - (c). a proposed development (as defined in section 5.63 (5)) of land that adjoins the person's land.

- (2). In this section, land ("**the proposal land**") adjoins a person's land if –
 - (a). the proposal land, not being a thoroughfare, has a common boundary with the person's land;
 - (b). the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or
 - (c). the proposal land is that part of a thoroughfare that has a common boundary with the person's land.

- (3). In this section a reference to a person's land is a reference to any land owned by the person or in which the person has any estate or interest.

[Section 5.60B inserted by No 64 of 1998 s. 30.]

Indirect Financial pursuant to Section 5.61 of the Local Government Act 1995

5.61 – Indirect financial interest

A reference in this Subdivision to an indirect financial interest of a person in a matter includes a reference to a financial relationship between that person and another person who requires a local government decision in relation to the matter.

Impartiality pursuant to Regulation 11 of the Local Government (Rules of Conduct) Regulation 2007

11 – Disclosure of interest

- (1). In this regulation –
Interest means an interest that could, or could reasonably be perceived to; adversely affect the impartiality of the person having the interest arising from kinship friendship or membership of an association.

- (2). A person who is a council member and who has an interest in any matter to be discussed at a council or committee meeting attended by the member must disclose nature of the interest –
 - (a). in a written notice given to the CEO before the meeting;
 - or
 - (b). at the meeting immediately before the matter is discussed.

- (3). Sub-regulation (2) does not apply to an interest referred to in section 5.60 of the Act.
- (4). Sub-regulation (2) does not apply if –
 - (a). A person who is a council member fails to disclose an interest because the person did not know he or she has an interest in the matter; or
 - (b). A person who is a council member fails to disclose an interest because the person did not know the matter in which he or she had an interest would be discussed at the meeting and the person disclosed the interest as soon as possible after the discussion began.
- (5). If, under sub-regulation (2)(a), a person who is a council member discloses an interest in a written notice given to the CEO before a meeting then –
 - (a). Before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
 - (b). At the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before a matter to which the disclosure related is discussed.
- (6). If –
 - (a). Under sub-regulation (2)(b) or (4)(b) a person's interest in a matter is disclosed at a meeting; or
 - (b). Under sub-regulation (5) (b) notice of a person's interest in a matter is brought to the attention of the persons present at a meeting.

The nature of the interest is to be recorded in the minutes of the meeting.

Describe the extent of your interest (If seeking to participate in the matter under the s.5.68 of the act)

5.68 – Councils and committees may allow members disclosing interests to participate etc. in meetings

- (1). If a member has disclosed, under section 5.65, an interest in a matter, the members present at the meeting who are entitled to vote on the matter
 - (a). may allow the disclosing member to be present during any discussion or decision making procedure relating to the matter; and
 - (b). may allow , to the extent decided by those members, the disclosing member to preside at the meeting (if otherwise qualified to preside) or to participate in discussions and the decision making procedures relating to the matter if –
 - (i) the disclosing member also discloses the extent of the interest; and
 - (ii) those members decide that the interest –
 - (I) is so trivial or insignificant as to be unlikely to influence the disclosing member's conduct in relation to the matter; or
 - (II) is common to a significant number of electors or ratepayers.
- (2). A decision under this section is to be recorded in the minutes of the meeting relating to the matter together with the extent of any participation allowed by the council or committee.
- (3). This sections does not prevent the disclosing member from discussing, or participating in the decision making process on, the question on whether an application should be made to the Minister under section 5.69.



Shire of West Arthur

Notice of Ordinary Council Meetings

In accordance with the *Local Government Act 1995* and *Local Government (Administration) Regulations 1996* Reg 12 (2) it, is hereby notified that as from January 2022 to December 2022, Ordinary Council meetings of the Shire of West Arthur will be held as follows:

DATE		LOCATION	TIME
January 2022	No meetings Scheduled		
15 February 2022	Council Meeting	Council Chambers	7.00pm
15 March 2022	Council Meeting	Council Chambers	7.00pm
12 April 2022	Council Meeting	Council Chambers	7.00pm
17 May 2022	Council Meeting	Council Chambers	7.00pm
21 June 2022	Council Meeting	Council Chambers	7.00pm
26 July 2022	Council Meeting	Council Chambers	7.00pm
16 August 2022	Council Meeting	Council Chambers	7.00pm
20 September 2022	Council Meeting	Council Chambers	7.00pm
18 October 2022	Council Meeting	Council Chambers	7.00pm
15 November 2022	Council Meeting	Council Chambers	7.00pm
13 December 2022	Council Meeting	Council Chambers	7.00pm

SHIRE OF WEST ARTHUR

Agenda for the Ordinary Meeting of Council to be held in the Council Chambers on Tuesday 15th March 2022 – commencing at 7.00pm.

Contents

1.	Declaration of Opening / Announcements of Visitors	11
2.	Attendance / Apologies / Approved Leave of Absence.....	11
3.	Announcements by the Presiding Member	11
4.	Response to Previous Public Questions Taken on Notice	11
5.	Public Question Time.....	11
6.	Petitions / Deputations / Presentations / Submissions	11
7.	Applications for Leave of Absence.....	11
8.	Disclosures of Interest	11
9.	Confirmation of Minutes of Previous Meetings Held 15 th February 2022	12
9.1	Ordinary Council Meeting Minutes 15 th February 2022.....	12
10.	Reports of Committees of Council	13
10.1	AUDIT COMMITTEE MEETING MINUTES	13
11.	Reports from Councillors	71
12.	Chief Executive Officer	72
12.1	ADOPTION OF 2020/2021 ANNUAL REPORT	72
12.2	LRCI FUNDING PHASE 3 – PART 1	158
12.3	LRCI FUNDING PHASE 3 – PART 2.....	164
12.4	LRCI FUNDING PHASE 3 – PART 3.....	168
12.5	SHORT-TERM LEASE FOR NISSEN HUT	171
12.6	CORPORATE CREDIT CARD FACILITY AND POLICY.....	199
13.	Finance	206
13.1	FINANCIAL REPORTS – FEBRUARY 2022.....	206
13.2	ACCOUNTS FOR PAYMENT – FEBRUARY 2022.....	217
13.3	BUDGET REVIEW FEBRUARY 2022.....	221
14.	Planning and Technical Services.....	229
15.	Elected Members Motions of Which Previous Notice Has Been Given	229
16.	New Business or Urgent Business Introduced by Decision of the Meeting.....	229
16.1	Elected Members	229
16.2	Officers	229
17.	Matters Behind Closed Doors	229
18.	Closure of Meeting	229

1. Declaration of Opening / Announcements of Visitors

The Presiding Member to declare the meeting open.

2. Attendance / Apologies / Approved Leave of Absence

COUNCILLOR'S: Cr Neil Morrell (Shire President)
Cr Graeme Peirce (Deputy Shire President)
Cr Neil Manuel
Cr Adam Squires
Cr Robyn Lubcke
Cr Karen Harrington
Cr Duncan South

STAFF: Vin Fordham Lamont (A/Chief Executive Officer)
Jamie Muir (Works Manager)
Darren Friend (A/Manager of Corporate Services)

APOLOGIES:

ON LEAVE OF ABSENCE:

ABSENT:

MEMBER OF THE PUBLIC:

3. Announcements by the Presiding Member**4. Response to Previous Public Questions Taken on Notice****5. Public Question Time****6. Petitions / Deputations / Presentations / Submissions****7. Applications for Leave of Absence****8. Disclosures of Interest**

9. Confirmation of Minutes of Previous Meetings Held 15th February 2022**9.1 Ordinary Council Meeting Minutes 15th February 2022****Statutory Environment:**

Section 5.22 of the *Local Government Act* provides that minutes of all meetings are to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

Voting Requirements:

Simple Majority

Recommendation:

That the Minutes of the Ordinary Meeting of Council held in the Council Chambers on 15th February 2022 be confirmed as true and correct.

Moved: _____

Seconded: _____

10. Reports of Committees of Council**10.1 - AUDIT COMMITTEE MEETING MINUTES**

File Reference:	2.1.19
Location:	N/A
Applicant:	N/A
Author:	Vin Fordham Lamont – Chief Executive Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	9 March 2022
Disclosure of Interest:	Nil
Attachments:	1. Minutes of Audit Committee Meeting held 9 March 2022

Summary:

Council is requested to consider accepting the minutes of the Audit Committee Meeting held on 9 March 2022 and endorsing the recommendations therein.

Background:

The Shire of West Arthur Audit Committee is a formally appointed committee of Council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

Comment:

The Audit Committee, at its meeting of 9 March 2022, resolved to make the following recommendations to Council:

1. That the Compliance Audit Return for 2021, as presented, be recommended to Council for adoption as the office return for the Shire of West Arthur for the period 1 January 2021 to 31 December 2021.
2. That the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, as presented and including the action plan, be recommended to Council for endorsement.
3. That the attached Risk Register be accepted recommended to Council for endorsement.
4. That Council:
 - a. notes the significant adverse trends in the financial position of the Shire, as identified in the Auditor General's Independent Auditor's Report for 2020-21, stating that the Operating Surplus Ratio and the Asset Sustainability Ratio are below the Office of Auditor General and Department of Local Government, Sport and Cultural Industries standard and that the Shire of West Arthur monitor through the long term financial planning and budgeting process.
 - b. acknowledge the comments made relating to the Asset Management Plan and Long Term Financial Plan and direct the CEO to prepare current plans for adoption by Council by the end of the current financial year.
 - c. Authorises a copy of this report to be forwarded to the Minister for Local Government and be published on the Shire's official website.

Consultation:

Nil

Statutory Environment:

Local Government Act 1995

Part 5

Division 2

Subdivision 2 — Committees and their meetings

Subdivision 3 — Matters affecting council and committee meetings

Local Government (Audit) Regulations 1996

Reg. 16 Functions of audit committee

Policy Implications:

Policy G1.9 Audit Committee Terms of Reference

Policy G1.11 Risk Management

Financial Implications:

Nil

Strategic Implications:

Community Strategic Plan – West Arthur Towards 2031

Theme: Leadership and Management

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and staff.

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Lack of compliance, including with industry standards, could lead to financial loss and affect the sustainability of the Shire moving forwards
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Principal Risk Theme	Compliance failure
Risk Action Plan (Controls or Treatment Proposed)	Action all recommendations in review reports

Voting Requirements:

Simple majority

Officer Recommendation:

That Council accepts the minutes of the Audit Committee Meeting held on 9 March 2022 and endorse the recommendations therein.

Moved: _____

Seconded: _____

ATTACHMENT

1. Minutes of Audit Committee Meeting held 9 March 2022



31 Burrowes Street, Darkan
Western Australia 6392
Telephone: (08) 97362222
Facsimile: (08) 97362212
shire@westarthur.wa.gov.au

UNCONFIRMED MINUTES

Shire of West Arthur Audit Committee Meeting 9th March 2022

MISSION STATEMENT

To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of West Arthur for any act, omission or statement or intimation occurring during Council or Committee meetings or during formal/informal conversations with staff. The Shire of West Arthur disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings or discussions. Any person or legal entity that act or fails to act in reliance upon any statement does so at the person's or legal entity's own risk.

The purpose of this council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.

Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision.

The Shire of West Arthur expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting

SHIRE OF WEST ARTHUR AUDIT COMMITTEE

Minutes for the Audit Committee Meeting held on Wednesday 9th March 2022 in the Council Chambers commencing at 9.00am.

Contents

1.	Declaration of Opening/Announcement of Visitors	3
2.	Record of Attendance and Apologies	3
3.	Question Time	3
4.	Disclosures of Interest	3
5.	Previous Minutes	3
6.	Reports	3
6.1	Adoption of 2021 Compliance Audit Return.....	3
6.2	Financial Management Systems Review and Audit Reg 17 Review.....	19
6.3	Risk Register	44
6.4	2020-21 Significant Adverse Trend – Operating Surplus Ratio & Asset Sustainability Ratio	53
7.	Other Urgent Business by Decision of Meeting	60
8.	Tabling of Items for Next Meeting	60
9.	Closure and Next Meeting	60

1. Declaration of Opening/Announcement of Visitors**2. Record of Attendance and Apologies**Committee Members

Cr Neil Morrell (President)

Cr Neil Manuel

Cr Karen Harrington

Staff

Vin Fordham Lamont (Chief Executive Officer)

Melinda King (Manager Financial Reporting)

Darren Friend (Acting Manager Corporate Services)

3. Question Time

Nil

4. Disclosures of Interest

Nil

5. Previous Minutes

A copy of the minutes of the last Audit Committee meeting held on 16th March 2021 have been distributed.

Recommendation:

That the minutes of the Audit Committee meeting held on 16th March 2021, be confirmed as a true and correct record.

Moved: Cr Neil ManuelSeconded: Cr Karen Harrington**CARRIED: 3/0****6. Reports****6.1 Adoption of 2021 Compliance Audit Return**

FILE REFERENCE: 2.32.4
LOCATION: N/A
APPLICANT: N/A
AUTHOR: V Fordham Lamont - CEO
AUTHORISING OFFICER: V Fordham Lamont - CEO
DATE: 24 February 2022
DISCLOSURE OF INTEREST: N/A
ATTACHMENTS: 2021 Compliance Audit Return

SUMMARY:

The Audit Committee is requested to consider recommending to Council the adoption of the Compliance Audit Return 2021, as presented, as the official return for the Shire of West Arthur for the period 1 January 2021 to 31 December 2021.

BACKGROUND:

Each year, the local government is required to carry out a compliance audit for the period 1 January to 31 December of the previous year. The local government's audit committee is required to review the compliance audit return and report the results of that review to Council.

COMMENT:

As the author only commenced at the Shire in 2022, it has been quite difficult completing the 2021 Compliance Audit Return (CAR). Whilst the Shire's compliance appears to have been done well up to the middle of the year, finding evidence of continuing compliance after that time has been much more difficult. With the departure of, or taking of leave by, senior officers, together with two acting CEOs in the interim, processes have been significantly interrupted.

When in doubt about a question, responses have been negative to err on the side of transparency. The actual success of the compliance regime, therefore, is likely to be more favourable than what the CAR indicates. In addition, many of the matters noted in the CAR as not having met requirements will be easily resolved over the course of 2022.

The Optional Questions section in the CAR were not addressed this year due to time constraints. In normal years, they would be completed but, in consideration of the upheavals within the organisation in 2021, the author determined it would be easier to exclude that section this year.

CONSULTATION:

Other Senior Staff

STATUTORY ENVIRONMENT:

Local Government Act 1995 – section 7.13(i) – audit of compliance. Local Government Audit Regulations 1996 – compliance audit of statutory requirements

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

2031 Community Strategic Plan

Theme: Leadership and Management – Inspirational, Dynamic, Transparent

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff.

RISK IMPLICATIONS:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Extreme (20)
Risk Likelihood (based on history and with existing controls)	Almost Certain (5)
Risk Consequence	Major (4)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Review failures identified in CAR, add actions to compliance calendar to ensure failures are not repeated.

VOTING REQUIREMENTS:

Simple majority

OFFICER RECOMMENDATION:

That the Compliance Audit Return for 2021, as presented, be recommended to Council for adoption as the office return for the Shire of West Arthur for the period 1 January 2021 to 31 December 2021.

Moved: Cr Karen HarringtonSeconded: Cr Neil Manuel**CARRIED: 3/0****ATTACHMENT**

2021 Compliance Audit Return

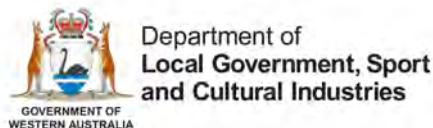


West Arthur - Compliance Audit Return 2021

Certified Copy of Return

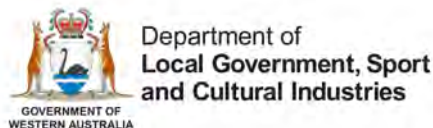
Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A	The Shire had no major trading undertakings in 2021	Vin Fordham Lamont
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Vin Fordham Lamont
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A	The Shire did not enter into any major land transactions in 2021.	Vin Fordham Lamont
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Vin Fordham Lamont
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Vin Fordham Lamont

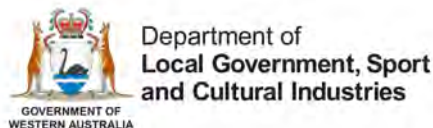


Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	No new delegations to committees made in 2021.	Vin Fordham Lamont
2	s5.16	Were all delegations to committees in writing?	N/A		Vin Fordham Lamont
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Vin Fordham Lamont
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Vin Fordham Lamont
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes	Item 8.1.10 OMC 15/6/21.	Vin Fordham Lamont
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Vin Fordham Lamont
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Vin Fordham Lamont
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Vin Fordham Lamont
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Vin Fordham Lamont
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A		Vin Fordham Lamont
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Vin Fordham Lamont
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Vin Fordham Lamont
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	No	Unable to ascertain if this was done on all occasions. Will ensure that register is maintained moving forward.	Vin Fordham Lamont

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Vin Fordham Lamont



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Vin Fordham Lamont
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Vin Fordham Lamont
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Vin Fordham Lamont
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Vin Fordham Lamont
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Vin Fordham Lamont
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Vin Fordham Lamont
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Vin Fordham Lamont
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Vin Fordham Lamont
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Vin Fordham Lamont
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Vin Fordham Lamont
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Vin Fordham Lamont
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		Vin Fordham Lamont



No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Vin Fordham Lamont
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes		Vin Fordham Lamont
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes		Vin Fordham Lamont
		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Vin Fordham Lamont
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Vin Fordham Lamont
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Vin Fordham Lamont
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	Yes		Vin Fordham Lamont
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	N/A		Vin Fordham Lamont
		*Question not applicable after 2 Feb 2021			



Department of
**Local Government, Sport
 and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes		Vin Fordham Lamont
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	N/A		Vin Fordham Lamont
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Vin Fordham Lamont
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes		Vin Fordham Lamont

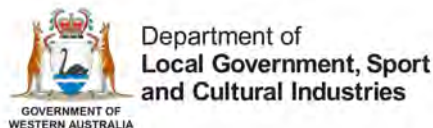
Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	N/A	There were no disposal of property other than by public auction.	Vin Fordham Lamont
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Vin Fordham Lamont



Department of
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Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Vin Fordham Lamont
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A	Nothing to remove.	Vin Fordham Lamont
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A	No entries on the register.	Vin Fordham Lamont



Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	Item 12.1 OCM 19/10/21.	Vin Fordham Lamont
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes		Vin Fordham Lamont
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No		Vin Fordham Lamont
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	At the time of completing this return, the auditor had not completed the audit.	Vin Fordham Lamont
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	At the time of completing this return, the auditor had not completed the audit.	Vin Fordham Lamont
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	At the time of completing this return, the auditor had not completed the audit.	Vin Fordham Lamont
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A	At the time of completing this return, the auditor had not completed the audit.	Vin Fordham Lamont



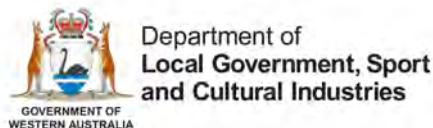
Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27/7/21	Vin Fordham Lamont
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27/7/21	Vin Fordham Lamont
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Vin Fordham Lamont

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes		Vin Fordham Lamont
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Vin Fordham Lamont
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes		Vin Fordham Lamont
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes		Vin Fordham Lamont
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Vin Fordham Lamont
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Vin Fordham Lamont

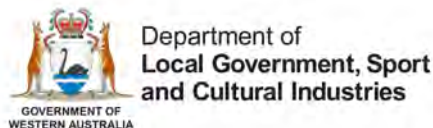


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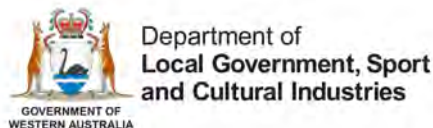
Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	No	CEO is the complaints officer.	Vin Fordham Lamont
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121 (2)?	No	Unable to locate a current complaints register but this will be re-established.	Vin Fordham Lamont
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	No	There is a register on the shire website but it is empty. Will update moving forward.	Vin Fordham Lamont



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	Not yet taken to Council.	Vin Fordham Lamont
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes	Not yet taken to Council.	Vin Fordham Lamont
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	N/A	Optional.	Vin Fordham Lamont
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	N/A	Optional.	Vin Fordham Lamont
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	N/A	Optional.	Vin Fordham Lamont
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	N/A	Optional.	Vin Fordham Lamont
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	N/A	Optional.	Vin Fordham Lamont
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Vin Fordham Lamont
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes		Vin Fordham Lamont



Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Vin Fordham Lamont
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Vin Fordham Lamont
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Vin Fordham Lamont
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Vin Fordham Lamont
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes		Vin Fordham Lamont
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Vin Fordham Lamont
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	No	Can't find it on the shire website but will ensure it is posted there in future. No tenders done in recent years.	Vin Fordham Lamont
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Vin Fordham Lamont
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A		Vin Fordham Lamont
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Vin Fordham Lamont



No	Reference	Question	Response	Comments	Respondent
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes		Vin Fordham Lamont
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Vin Fordham Lamont
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes		Vin Fordham Lamont
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes		Vin Fordham Lamont
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A		Vin Fordham Lamont
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Vin Fordham Lamont
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Vin Fordham Lamont
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Vin Fordham Lamont
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Vin Fordham Lamont
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	Yes		Vin Fordham Lamont
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes		Vin Fordham Lamont



Department of
**Local Government, Sport
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No	Reference	Question	Response	Comments	Respondent
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes		Vin Fordham Lamont

I certify this Compliance Audit Return has been adopted by council at its meeting on _____

Signed Mayor/President, West Arthur

Signed CEO, West Arthur

6.2 Financial Management Systems Review and Audit Reg 17 Review

FILE REFERENCE:	2.32
LOCATION:	N/A
APPLICANT:	N/A
AUTHOR:	V Fordham Lamont - CEO
AUTHORISING OFFICER:	V Fordham Lamont - CEO
DATE:	24 February 2022
DISCLOSURE OF INTEREST:	N/A
ATTACHMENTS:	<ol style="list-style-type: none"> 1. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report 2. Action Plan based on report recommendations

SUMMARY:

The Audit Committee is requested to accept the attached Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report and consider recommending it to Council for endorsement.

BACKGROUND:

Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* states that:

“The CEO is to —

- (a) ensure that the resources of the local government are effectively and efficiently managed; and
- (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”

Regulation 17 of the *Local Government (Audit) Regulations 1996* states that:

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

COMMENT:

The last Audit Reg 17 Review was undertaken in November 2016 and the Financial Management Systems Review in March 2017. Both are required to be completed not less than once in every three financial years. Both reviews were carried out by Moore Australia in July 2021, but the subsequent report was not provided to the Shire until September 2021. The report has not been presented to the Audit Committee meeting until now due to significant upheavals at the Shire, particularly the loss of senior staff to LSL and resignation.

The report contains a suggested action plan to address shortcomings in Shire systems, processes and documentation. Officers will work through these recommendations moving forward and, in fact, have already started to do so.

CONSULTATION:

Other Senior Staff

STATUTORY ENVIRONMENT:

Local Government (Audit) Regulations 1996
Reg. 17 CEO to review certain systems and procedures

Local Government (Financial Management) Regulations 1996
Reg. 5 CEO's duties as to financial management

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

2031 Community Strategic Plan

Theme: Leadership and Management – Inspirational, Dynamic, Transparent

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff.

RISK IMPLICATIONS:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Extreme (20)
Risk Likelihood (based on history and with existing controls)	Almost Certain (5)
Risk Consequence	Major (4)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Address recommended improvements in terms of action plan identified in report.

VOTING REQUIREMENTS:

Simple majority

OFFICER RECOMMENDATION:

That the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, as presented and including the action plan, be recommended to Council for endorsement.

Moved: Cr Neil ManuelSeconded: Cr Karen Harrington**CARRIED: 3/0****ATTACHMENTS**

1. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report
2. Action Plan based on report recommendations

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Elected Members Continuing Professional Development Policy G1.1												
Functional	6.2.1.	Applications to undertake professional development are required to be submitted to the President in writing, and where the application is by the President, to the Deputy President, for a joint decision to be made with the CEO. Under the <i>Local Government Act 1995</i> the Shire President or Deputy President has no administrative authority and as such no authority to approve applications for professional development.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Review and update the policy to require applications for professional development to be considered either by a Council resolution, or by the CEO.	Noted.
Council Members Entitlements Policy G1.3												
Entity Wide	6.2.2.	The policy references circumstances where Council members may utilise a Shire owned vehicle, and where minor and incidental personal use may be permitted, subject to the approval of the Chief Executive Officer. We did not note any formal systems or processes to control the implementation of this policy.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Develop and maintain processes to require elected members to acknowledge responsibilities and requirements when using a Shire vehicle as required by regulation 34AD (2) of the <i>Local Government (Administration) Regulations 1996</i> , and ensure the policy is updated to incorporate these controls.	Noted.
Audit Committee Terms of Reference Policy G1.9												
Functional	6.2.3.	The policy states one of the responsibilities of the audit committee is for the process of selecting and appointing an Auditor. Current legislation requires the Office of the Auditor General to be appointed as the Shire's auditor.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Review the policy to amend the audit committee responsibility to be for the process of selecting and appointing an internal auditor	Noted.
Human Resources Policy G1.10												
Functional	6.2.4a	Section 5.50 of the <i>Local Government Act 1995</i> requires a policy to be in place setting out the circumstances where gratuities / payments in addition to a contract or award will be made, and that payments must not be made unless a policy has been adopted. Section 4.18 of policy G1.10 refers to gratuity gifts and payments in addition to a contract or award. This should be adopted as a separate policy of council.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Prepare and adopt a separate policy relating to payments to employees in addition to contract or award as required by legislation.	Noted.
Functional	6.2.4b	Section 4.21 of the policy allows the Shire President to approve leave applications and expense reimbursement claims for the CEO. Under the <i>Local Government Act 1995</i> the Shire President has no administrative authority and as such no authority to approve the CEO's leave or reimbursement claims.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Review and amend the policy to require the CEO to seek Council approval of leave. Where circumstances do not permit this to occur prior to the leave being taken, a report to Council should be prepared clearly detailing leave taken by the CEO as soon as practically possible after leave is taken. Update the policy or associated procedures to require independent review and authorisation of expense reimbursement claims, as well as acknowledging transactions as having been made and authorised by the CEO. Separately highlight transactions relating to reimbursement claims for the CEO for noting by Council.	Noted.
Risk Management Policy G1.11												
Entity Wide	6.2.5.	The current policy is based on a superseded risk management standard AS/ NZ ISO 31000:2009.	Compliance risk			Possible	Minor	Minor	Medium	Planned action required	Develop and adopt a risk management policy to align to Risk Management Standard ISO 31000:2018.	Noted.
Betty Brown Historical Centre Management and Collection Policy No C3.4												
Functional	6.2.6.	The policy sets out responsibilities of the Museum Reference Group (MRG), including updating policies and procedures associated with the Betty Brown Historical Centre. The policy does not stipulate whether policies and procedures are required to be approved by the Shire prior to update and implementation by the MRG.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Amend the policy to require controls to be in place for any third party or operational policies and procedures relating to property and/or services under the auspices of the Shire. These controls should aim to ensure any third party procedures or policies do not contradict or circumvent compliance requirements or approved processes and systems of the Shire.	Noted.
Darkan Primary School Support Policy No. C3.6												
Functional	6.2.7.	Support to the Darkan Primary School is documented within the policy describing some parameters for types of services the Shire will offer to support the school, including use of machinery at no charge, where Shire plant operators volunteer their time to operate the machinery. The policy does not detail the application or approval process for these requests to be considered.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Review and amend the policy to set out the application and approval requirements for the provision of services by the Shire to support the Darkan Primary School or require procedures to be developed.	Noted.

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Purchasing Policy F4.1												
Entity Wide	6.2.8	<p>- The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements for variations.</p> <p>- The policy allows the CEO to approve purchases without complying with the purchasing practices of the policy. There is no requirement to report or monitor these activities when the policy provision is exercised.</p> <p>- Purchasing requirements for procurement of goods or services in accordance with the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2), are not consistent within the policy. The CEO is required to ensure controls exist for all purchases including those made using these exemptions. It is noted the practice of testing the market through sourcing multiple quotations when using the exemptions is often occurring, and the policy should be updated to reflect the expectation and requirement, regardless of whether the quotations are being sought from pre-qualified suppliers, WALGA Preferred Supply Contracts or other suppliers.</p>	Control risk, Fraud risk			Possible	Major	Moderate	High	Prioritised action required	<p>Amend the Policy to provide the following:</p> <ul style="list-style-type: none"> • Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by regulation 11(2) (j) (iv) of the Local Government (Functions and General) Regulations 1996. • Purchasing requirement for the issuing of contract variations and extensions for contracts not awarded by tender. Consideration should be given to circumstances where the contract value increases over a policy threshold level, due to the variation or extension. • Reporting mechanism where compliance with purchasing practices is permitted to be circumvented. This should aim to assist with accountable processes and transparent decision making with purchasing activities to report the circumstances, occasions and purchasing values where the policy provision is exercised. • Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2). 	Noted.
Financial Hardship Policy F4.2												
Entity Wide	6.2.9.	<p>The policy scope applies only to the 2020/21 financial year and only references financial hardship as a result of the COVID 19 pandemic. As the COVID 19 state of emergency is still in effect, the policy scope should consider the term and currency of the order. The limited scope also doesn't provide consideration for financial hardship experienced other than as a result of the COVID 19 pandemic or how they are to be treated.</p>	Control risk, Probity loss			Possible	Moderate	Moderate	Medium	Planned action required	Update the policy to apply timing parameters which align with the COVID 19 state of emergency declaration. Consider reviewing the policy to apply to financial hardship circumstances other than the COVID 19 pandemic if the intent of the policy is to consider more general circumstances of financial hardship.	Noted.
Significant Accounting Policy F4.3												
Functional	6.2.10.	<p>Formalisation of accounting policies may result in a conflict with information prepared in annual financial reports, required to be prepared in accordance with AAS and the <i>Local Government (Financial Management) Regulations 1996</i>.</p>	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Moderate	Medium	Planned action required	To avoid conflict with the standards and legislation the policy should not include legislative and standards requirements and should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice. Consider rescinding the policy or reviewing and amending the policy accordingly.	Noted.
Internal Control Policy												
Entity Wide	6.2.11.	<p>Currently, no policy on internal controls has been adopted by Council.</p>	Lack of strategic direction for implementation of internal controls.			Likely	Moderate	Moderate	High	Prioritised action required	We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.	Noted.
Legislative Compliance Policy												
Entity Wide	6.2.12.	<p>Currently, no policy on internal legislative compliance has been adopted by Council.</p>	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.	Noted.
Temporary Appointment of CEO Policy												
Functional	6.2.13.	<p>At the time of our review, a policy relating to the appointment of an Acting CEO had not been adopted by Council.</p>	Internal control or compliance breach.			Likely	Minor	Minor	Medium	Planned action required	Develop and adopt a policy to sufficiently address compliance with section 5.39C of the <i>Local Government Act 1995</i> and align to the current organisational structure.	This has been implemented. Noted in report pg 18.
Policy Publication												
Functional	6.2.14.	<p>Policies are maintained individually in a folder on a shared server drive, rather than in an indexed document. We also noted not all policies of Council are published on the official local government website as required by legislation.</p>	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Minor	Medium	Planned action required	To provide access to up to date policies of Council, improve the indexing of policies for better identification and access. Publish policies on the Shire's official website as required by regulation 29C (2)(c) of the <i>Local Government (Administration) Regulations 1996</i> .	Work in progress Noted in report pg 18.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Complaints Handling												
Functional	6.2.15.	Policy G1.6 deals with vexatious or unreasonable persistence complaints however there is no policy document setting out the processes for management of general complaints and grievances. This should be easily accessible to all stakeholders who may require guidance to make a complaint.	Failure to identify risks or adequately treat identified risks.			Possible	Major	Major	High	Prioritised action required	Develop and adopt a Council policy for the handling and resolution of community complaints and grievances, which is published on the official local government website. Ensure the policy provides a mechanism for the handling and resolution of complaints regarding the CEO. Establish a complaints register (separate to the register required by section 5.121(1) of the Local Government Act 1995) or procedure to ensure complaints are monitored, managed and dealt with. Ensure procedures are easily accessible and available to facilitate a structured managed approach, and timely response to complaints and grievances.	Noted.
Business Continuity Disaster Recovery Plan												
Entity Wide	7.1.1.	A Business Continuity Plan was not available for our review.	Failure to identify risks or adequately treat identified risks.			Likely	Major	Major	High	Prioritised action required	Develop a Business Continuity Plan and test it to ensure its validity, including validity of any documented key business continuity risks along with the treatments. Ensure risk treatments are consolidated with overarching risk management activities.	Noted.
ICT Strategic Plan												
Entity Wide	7.1.2.	- An ICT Strategic Plan was not available for our review. - Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.	Loss of IT system, lack of internal controls			Likely	Major	Major	High	Prioritised action required	- Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks. - Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers. - Careful development of a strategy will assist in considering the risks of utilising a single IT provider, and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers.	Noted.
ICT Disaster Recovery Plan												
Entity Wide	7.1.3.	An ICT Disaster Recovery Plan was not available for inspection.	Failure to adequately manage a business disruption event Failure to identify risks or adequately treat risks			Likely	Major	Major	High	Prioritised action required	Develop an ICT Disaster Recovery Plan. Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level. Maintain, review and test the plan to ensure validity.	Noted.
Workforce Plan												
Entity Wide	7.1.4.	The Workforce Plan 2013-2023 has not been reviewed since 2015 and is out of date. Although there is no statutory obligation to adopt the plan, it is required by the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), and to be aligned to the Corporate Business Plan and annual budget.	Failure to adequately manage a business disruption event Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	Review and update the Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	Noted.
Asset Management Plan												
Entity Wide	7.1.5	The Shire's Asset Management Plans relating to buildings, plant and equipment were prepared in 2012. The plans have not been reviewed since 2017 and are now out of date. The plans also do not meet the standards set within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), in that the ratio data cannot be identified.	Lack of strategic direction for implementation of internal controls.			Possible	Major	Moderate	High	Prioritised action required	Review and update the Asset Management Plans to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Long Term Financial Plan												
Entity Wide	7.1.6.	A Long Term Financial Plan document has been prepared in a spreadsheet format. We note the plan does not contain the matters recommended within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016) and has not been adopted by Council.	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	To help ensure the robustness of the plan we suggest the plan be presented to Council for adoption and include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016). This is not required by legislation but considered better practice	Corporate plan has been adopted to cover some requirements. <i>Noted in report page 21 .</i>
Administration Policies												
Entity Wide	7.1.7.	Not all administration policies were available for our review. We noted some policies are not aligned to current processes and systems.	Failure to identify risks or adequately treat identified risks			Possible	Moderate	Moderate	Medium	Planned action required	Undertake a review of the Administration Policies and update to provide operational guidance aligned with adopted Council policies and legislation, as well as activities not necessarily covered by legislation to communicate expected standards to staff from the CEO, in the course of implementing strategic direction and decisions of Council.	Noted.
Code of Conduct for Council Members, Committee Members, employees and contractors												
Entity Wide	7.1.8	- Regulations gazetted on the 3 February 2021 introduced minimum requirements for an employee code of conduct and introduced a model Code of Conduct for Council members. The Code of Conduct for employees was not developed by 3 May 2021. Subsequent to our initial draft report an employee code of conduct has been developed. - Contractors are not bound by a Code of Conduct when performing functions on behalf of the Shire. - Council members, committees, contractors and employees are not required to sign the Code of Conduct acknowledging they have read and understand the requirements within.	Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	- Adopt a new Code of Conduct for employees in accordance with the employee code regulations. - Expand the scope of the Employee Code of Conduct to include actions by contractors. Alternatively, a separate Code of Conduct be developed for contractors. - Update the Code of Conduct as well as induction procedures to ensure all persons subject to the Code of Conduct sign and acknowledge they understand the content especially after adoption of the new Code of Conduct.	Employee code of conduct done. <i>Noted in report pg 21 .</i>
Checklists												
Functional	7.2.1.	Checklists of key functions are maintained for selected functions. Checklists were not maintained and evidenced for all standard routine functions such as end of month reconciliations and reporting across the organisation. It was noted some staff have commenced with the creation of checklists and procedures.	Compliance breach			Possible	Major	Major	High	Prioritised action required	Creation and maintenance of standard checklists may assist in evidencing key points of control. Checklists assist in ensuring compliance with repetitive legislative compliance tasks. Staff are encouraged to continue with the development of checklists and procedures for routine functions, including evidencing independent review.	Work in progress <i>Noted in report pg 22 .</i>
Workflow Diagrams												
Entity Wide	7.2.2.	Workflow diagrams have not been compiled for undocumented / documented procedures.	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	In conjunction with, or as an alternative to, the development of documented procedures and checklists, development of workflow process diagrams may assist in clearly identifying controls and processes to be followed.	Noted.
Access to Shire Facilities												
Entity Wide	7.2.3.	We noted some security measures to prevent physical access to some Shire facilities, which are permitted to be accessed by the public (by agreement) without Shire staff present. The risk associated with this practice is not documented, measured or recorded appropriately to verify whether treatment plans have reduced the perceived level of risk to the Shire.	Lack of strategic direction for implementation of internal controls			Likely	Major	Major	High	Prioritised action required	Ensure adequate physical access security measures to prevent unauthorised individuals from accessing facilities and other controls when authorised individuals access facilities are appropriately documented. Risks and their treatment plans should be recorded in a risk register to communicate the risk aligned to the Shire of West Arthur's adopted risk management policy and framework.	Noted.
Procedure Changes												
Functional	7.2.4.	Process for amending or changing procedures are not formalised. We noted this had resulted in several instances of unilateral unauthorised changes to procedures and a breakdown in key controls within internal and financial controls.	Failure to identify risks or adequately treat risks			Possible	Major	Major	High	Prioritised action required	Establish a process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, throughout the Shire to assist with managing changes to procedures.	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
End of Month Processes												
Functional	7.2.5.	Evidence of end of month procedures being followed, completed or reviewed by an authorised officer independent of preparing/collating the documentation had not been consistently or routinely applied prior to preparation of monthly financial reports.	Breakdown of internal controls Financial loss			Possible	Major	Major	High	Prioritised action required	Develop checklists and procedures to demonstrate appropriate controls and reviews are in place when preparing monthly financial reports as a key control.	Bank reconciliations, rates reconciliations etc are prepared prior to preparation of financial reports. Monthly reports are reviewed by CEO prior to inclusion in agenda. <i>Noted in report pg 23.</i>
Rates												
Functional	7.2.6.	Evidence of routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the <i>Local Government Act 1995</i> was not available for our inspection.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Develop and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose.	Noted.
General Journal Entries												
Functional	7.2.7.	There are limited documented internal control procedures for general journals. We noted review and evidence of review of journals after posting appears to be consistently maintained. Best practice is to authorise journals prior to posting, however this may be impractical in all situations. No general journal audit trail is currently produced to ensure only no unauthorised journals have been posted.	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Major	High	Prioritised action required	Document internal controls to ensure journals requests initiated are reviewed and approved/authorised prior to posting by an appropriate officer, the current practice of independent review is maintained, and evidence of review is consistently applied. A monthly journal audit trail report should be produced and independently reviewed prior to preparation of the monthly statement of financial activity.	Noted.
Information Required to be Published on Official Local Government Website												
Entity Wide	7.2.8.	At the time of our review, we noted the following information (in addition to other matters noted throughout this report) has not been published on the Shire's official website as required by legislation: •Tender register; •Bp to date schedule of fees and charges; •Bp to date version of each policy of the local government; and •Eocal and statewide public notices.	Internal control or compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure information is published on the Shire's official website as required by section 5.96A of the <i>Local Government Act 1995</i> and any other relevant section of the Act. Note there is additional information required to be published to the website in relation to annual and primary returns and Council member fees for financial years beginning on or after 1 July 2020.	Work in progress, fees and charges are on website <i>Noted in report pg 23.</i>
Risk Management Procedures												
Entity Wide	7.2.9.	- We noted some documented risk management activities being undertaken, however risk ratings were not calculated in line with the adopted risk management policy. - Risk management activities currently undertaken are largely undocumented.	Internal control or compliance breach			Possible	Moderate	Minor	Medium	Planned action required	- Risk management procedures be updated, and a process developed in accordance with any update to the risk management policy to ensure procedures align to the policy. - Implement and maintain documented risk management procedures and processes throughout the Shire.	Noted.
Procurement												
Functional	7.2.10.	Through limited testing of payments, an instance was noted where a purchase order was altered after it had been issued. Although the alteration was signed as authorised it is unclear whether the change was made prior to or after this approval had been obtained.	Lack of probity. Financial loss. Unauthorised purchasing. Fraud risk.			Likely	Major	Major	High	Prioritised action required	All procurement of goods or services should be undertaken in accordance with legislative requirements and the Purchasing Policy. Any instances where a purchase order is amended should be appropriately documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.	Noted.
Procurement Assessment												
Entity Wide	7.2.11	Documented procedures are not in place to require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.	Lack of probity. Financial loss. Unauthorised purchasing. Fraud risk.			Likely	Moderate	Moderate	High	Prioritised action required	Persons assessing any significant procurement should be required to declare any matters which may impact or be perceived to impact on their independence. Procedures for the declaration of interests prior to procurement assessments being undertaken should also be documented for high value purchases and tenders.	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Creditors Audit Trails												
Entity Wide	7.2.12.	Audit trail reports are not routinely produced, however independent reviews appear to be routinely undertaken with each creditor payment run to ensure bank account details have not been altered or manipulated without prior verification and authorisation.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Formalised procedures to minimise risk of unauthorised changes to creditor details should be implemented. Independent regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where employees responsible for processing creditors transactions are unable to make changes to creditor master file details.	Noted.
ICT Security												
Entity Wide	7.2.13.	We noted limited controls in relation to the access to IT systems including physical access to hardware. Some levels of permissions have been established to network access to software and data, however this is largely undocumented.	Loss of IT system Internal control risk			Possible	Major	Major	High	Prioritised action required	Undertake a comprehensive IT general security review, articulate current practices and implement findings of the review.	Noted.
Rates												
Functional	7.2.14.	A variance existed between the number of decimal places between the rate levy disclosed in the statutory annual budget, and the rate levy disclosed in the budget resolution and applied through the rating system for the 2020-21 financial year.	Internal control or compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure the rates in the dollar adopted by Council are the same as those reflected in the statutory budget and other support documents.	Template rounds to reported decimal points. Implemented to remove rounding in 21/22 budget. <i>Noted pg 25 of report.</i>
Employee Appointment Procedures												
Entity Wide	7.3.1	Staff inductions appear to be routinely applied and performed, however these induction processes may not consistently communicate to staff required expectations and requirements when performing local government functions.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Develop and implement procedures to ensure all new staff are appropriately inducted and aware of the parameters of their employment responsibilities and obligations including: •H&S; •Duties and responsibilities; •IT and physical security; •Code of Conduct; •HR Policies and Procedures; •Legislative Compliance; •Risk Management; and •Other relevant and required topics.	Noted.
Employee Termination Procedures												
Entity Wide	7.3.2.	No formal process or procedure is currently in place to ensure the appropriate termination of employees. Departmental managers have the responsibility of ensuring Shire assets are recovered, however there is no formal policy, procedure or practice in place to ensure security and IT permissions are restricted, or for Shire property (phones, vehicles, keys) to be returned prior to the employee finishing with the Shire.	Lack of probity. Internal control or compliance breach. Financial loss.			Possible	Major	Moderate	High	Prioritised action required	Establish policies, procedures or checklists to manage and document the termination of employees, ensuring access to IT systems, etc. is appropriately restricted and all allocated Shire assets are recovered.	Noted.
Employee Identity and Credentials												
Entity Wide	7.3.3.	Practices and procedures for verifying employee identity, right to work in Australia, verification of employment history and qualifications are not consistently applied.	Failure to identify risks or adequately treat risks Breakdown of internal controls			Possible	Major	Major	High	Prioritised action required	Develop, implement and maintain appropriate policies and procedures to reduce the risk of unqualified or unsuitable staff being employed by the Shire, in line with the Western Australian Auditor General's Report in June 2019 relating to Verifying Employee Identity and Credentials.	Noted.
Changes to Banking Details												
Functional	7.3.4.	Currently an independent review of changes to employee banking details is performed, however there are limitations within the ERP to support the controls intended. Formal procedures relating to changes to banking details for employees and creditors should be developed to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system.	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Major	Major	High	Prioritised action required	Review and update procedures to ensure the following matters are appropriately considered, documented and controls are adequate to: •Validate the change request and its origin; •Authority exists for the change request; and •Validate and control the changes once completed.	Noted.

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Staff Training												
Entity Wide	7.3.5.	Planned and required staff training needs for employees are currently identified and recorded in a central training matrix for some operational areas/departments. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation.	Internal control or compliance breach.			Possible	Moderate	Moderate	Medium	Planned action required	Refine the current staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.	Noted.
Staff Contracts & Employee Files												
Entity Wide	7.3.6.	Through our limited testing, we noted instances where evidence of correspondence on employee files to support the current rate of pay applied through the payroll was not available. Where regulated award increases are applied, employees are not notified of the change to their agreed remuneration entitlements and this information is not recorded on individual employee files.	Failure to identify risks or adequately treat risks Breakdown of internal controls			Possible	Moderate	Moderate	Medium	Planned action required	Ensure contracts of employment, defining roles, responsibilities and remuneration, are signed by both parties prior to employment commencing for all staff. Where a change to employee conditions takes effect, such as award increases, consider a mechanism to communicate the change to employees. The practice of updating employment agreements where a change in roles and responsibilities (signed by both parties) should also continue.	Noted.
Payroll Audit Trails												
Entity Wide	7.3.7.	Audit trail reports are not produced, however independent reviews appear to be routinely undertaken with each payroll to ensure bank account details have not been altered or manipulated without prior verification and authorisation.	Internal control or compliance breach.			Possible	Major	Moderate	High	Prioritised action required	Control procedures to minimise the risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where those responsible for processing payroll transactions are unable to make changes to employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes. If the Shire's ERP is unable to produce audit trails, urgent consideration should be given to alternative programs or controls to provide an appropriate level of review to detect fraud, errors or omissions.	Noted.
Events Insurance												
Entity Wide	7.4.1.	Community groups' insurances are not always assessed prior to events being held on Shire property. Reliance is placed on event organisers to ensure copies of insurances are provided.				Likely	Major	Major	High	Prioritised action required	To help ensure all events held on Shire property have relevant and adequate insurance cover, procedures should be developed, and records maintained to ensure current insurances are in place.	Noted.
Contractor Insurance												
Entity Wide	7.4.2.	Contractors' insurances for new suppliers appear to be assessed prior to award of contracts, with reliance placed on contract managers to ensure copies of insurances are provided. For long term service providers, insurances are not always re-assessed and check to ensure currency has been maintained prior to the award of future contracts.	Lack of probity. Financial loss. Breakdown in internal controls.			Likely	Major	Major	High	Prioritised action required	To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurances are obtained and held on file prior to award of contracts and they remain current.	Noted.
Council and Committee Minutes												
Functional	8.1.1.	Not all attachments to agenda items considered by Council are published in the minutes on the official local government website.	Compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure all attachments supporting the minutes are included in the official minutes, and the minutes are published on the official local government website.	Noted.
Council and Audit Risk Committee												
Functional	8.1.2.	Identified risks are not consistently included within agenda items for elected member consideration for recording in the risk register. Since July 2021 a risk rating has been included as part of agenda items.	Failure to identify risks or adequately treat risks			Likely	Major	Major	High	Prioritised action required	Identified risks relating to a Council decision should be communicated within the agenda item, to enable elected members to be fully informed of the identified risks when making decisions. Risks should also be appropriately recorded in a risk register.	This has been implemented as part of the agenda. Noted pg 29 of report .
Risk Register												
Functional	8.2.1.	A risk register was not available for our inspection to reflect identified risks, and if they have been adequately treated.	Failure to identify risks or adequately treat risks			Likely	Moderate	Moderate	High	Prioritised action required	Maintaining risk registers for all identified key risks is important to help ensure appropriate identification, recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately mitigated to within accepted risk appetite. Routine (at least quarterly) review of the risk register is required for sound risk management.	Noted.

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Contracts Register												
Functional	8.2.2.	A contracts register was not available for our inspection detailing the status of contracts held by the Shire.	Breakdown of internal controls.			Possible	Minor	Moderate	Medium	Planned action required	Maintain a register to record details of all contracts (current and expired) and their status in a form to assist with ensuring contracts are monitored and actioned as required and reflecting the value of the contracts.	Noted.
Asbestos Containing Material Register												
Functional	8.2.3.	The register of asbestos containing materials contains conflicting information relating to when it was last reviewed. It is not apparent if the register was amended in 2021 or whether a review and inspection of all properties was undertaken. For this reason it does not contain sufficient information to document whether control measures and recommendations have been recently reviewed, assessed and risk treatments remain effective. Review due June 2022.	Internal control or compliance breach OSH Incident			Possible	Major	Major	High	Prioritised action required	Update and maintain the register to reflect properties under the control of the Shire which may contain hazardous materials such as asbestos, and if associated risks have been adequately treated. A review of all properties should be undertaken at least annually.	Noted.
Delegation Register												
Functional	8.2.4.	- A review/amendment history is not currently recorded within the delegations register. - Delegation 1.2.19 Power to Invest and Manage Investments requires a report detailing the investment portfolio's performance, exposures, and changes since last reporting, is to be provided as part of the Monthly Financial Reports. We did not observe a report of this type being presented to Council each month. - A number of items recorded in the delegations register as delegations to the CEO are responsibilities of the CEO, and not decisions of Council delegated to the CEO.	Internal control or compliance breach.			Possible	Minor	Moderate	Medium	Planned action required	Following review of Delegations by Council, update the latest 'history' date on each delegation to provide an accurate record of when the delegation was reviewed, amended and adopted. Include a report to Council each month as required by delegation 1.2.19 Power to Invest and Manage Investments, or review and update the delegation with the required appropriate levels of information to be reported within the monthly financial reports. Review Council delegations to the CEO to ensure they relate to decisions of Council delegated to the CEO and update the register accordingly.	Delegations were reviewed in 2021. Recommendations noted for review.
Financial Interest Register												
Functional	8.2.5.	- We noted a primary return was completed for a relevant person, as well as an annual return for a separate relevant person. The primary return was completed more than three months after the documented start date of the relevant person, and the annual return was submitted after 31 August for the reporting period noted. - Acknowledgements of two primary returns were not available for inspection upon examination of the Financial Interest Register. - Acknowledgements of three primary returns and three annual returns were not recorded in the Financial Interest Register as required by legislation. - A primary return for an individual who had completed annual returns was not available for inspection upon examination of the Financial Interest Register. It was later noted this individual was not a relevant person and therefore not required to complete primary or annual returns. - We noted a relevant person disclosed an interest at the December 2020 ordinary meeting of Council. This disclosure was not recorded in the Financial Interest Register as required by regulation 28 of the Local Government (Administration) Regulations 1996.	Breakdown of internal control. Compliance breach.			Possible	Moderate	Major	High	Prioritised action required	Ensure systems and procedures are in place to obtain all returns required under the Local Government Act 1995. Undertake necessary actions to rectify and report these matters to the appropriate regulatory body as required by legislation. Review systems and procedures in place to ensure the acknowledgement of receipt of all returns occurs as required under the Local Government Act 1995. Review filing of returns and acknowledgements to ensure records are maintained as required under the provisions of the Local Government Act 1995. Update systems and procedures to ensure returns completed and filed within the register are completed only by relevant persons as required by legislation. Update the Financial Interest Register to include all disclosures as required by legislation. Ensure procedures are in place to capture and record information as declarations are received.	Please see separate email.
Regulatory Health Inspection Register												
Functional	8.2.6.	A register of health inspections undertaken is not routinely maintained.	Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	Maintain a register to record details a central record of health inspections undertaken, registered premises within the district, and to ensure inspections are undertaken within required timeframes.	Health Officer, Narrogin

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Tender Register												
Entity Wide	8.2.7.	We noted whilst no tenders have been called since 2016, the tender register recorded the value of the consideration being sought by tenderers. Recording such information within the register is contrary to regulation 16 (3)(c) of the <i>Local Government (Functions and General) Regulations 1996</i> .	Breakdown of internal control. Compliance breach.			Possible	Major	Major	High	Prioritised action required	Ensure the tender register contains only the information required to comply with regulation 16 & 17 of the <i>Local Government (Functions and General) Regulations 1996</i> for future tenders called.	Noted.
Community Complaints Procedures												
Functional	8.4.1.	A community complaints register is not currently maintained to follow up and ensure all complaints are adequately addressed.	Breakdown of internal control. Compliance breach.			Possible	Major	Major	High	Prioritised action required	To help ensure all complaints are adequately resolved, a register of customer complaints received should be maintained.	Noted.
Significant Adverse Trend Report												
Entity Wide	85.1.	A significant adverse trend was identified during the 2018-19 and 2019-20 audits. A report was prepared stating actions intended to be taken in relation to the adverse trends noted, which was considered by the audit committee and Council. We noted the following the reports were not considered within three months of receiving the audit report as required by legislation.	Breakdown of internal control. Compliance breach.			Possible	Major	Moderate	High	Prioritised action required	Ensure any future reports are prepared and published within required time frames as required by section 7.12A of the <i>Local Government Act 1995</i> .	Noted.
OSH Audit												
Functional	8.5.2.	Evidence of a recent OSH audit was not available for our review.	Internal control or compliance breach OSH Incident			Possible	Moderate	Major	High	Prioritised action required	Undertake an OSH audit, ensuring subsequent actions and matters identified through the audit are adequately addressed.	Noted.
Internal Audit												
Entity Wide	8.5.3.	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	We suggest as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required as recommended by the OAG in their report to Parliament on the <i>Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities</i> .	Noted.
Financial Management Review												
Entity Wide	8.6.1.	A review was last undertaken in March 2017, with the next review being undertaken in June 2021 which is outside of the time period as required by regulation 17 of <i>Local Government (Audit) Regulations 1996</i> . The financial management review undertaken in March 2017 was performed in house by staff responsible for financial management of the Shire. Regulation 6 of the <i>Local Government (Financial Management) Regulations 1996</i> sets out these employees are not to perform internal audits or reviews of this kind. The review report did not outline the level of consultation undertaken during the review and did not provide any detail to support measures / calculations noted, or whether testing of control activities had been undertaken as part of the review. No evidence of the results of the previous review being reported to Council as required by regulation 5 (2) (c) of the <i>Local Government (Financial Management) Regulations 1996</i> was available.	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	Ensure the next review is undertaken within the time period as required by Regulation 5(2) of <i>Local Government (Financial Management) Regulations 1996</i> . Ensure future reviews are performed by appropriate parties with the required level of independence to undertake the review in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> . When undertaking the next review, ensure recommendations are included following from the review as to the appropriateness and effectiveness of financial management systems and procedures. Ensure future reviews are reported and considered by Council as required by legislation.	Noted.
Audit Regulation 17 Review												
Entity Wide	8.6.2.	A review was last undertaken in November 2016, with the next review being undertaken in June 2021 which is outside of the time period as required by regulation 17 of <i>Local Government (Audit) Regulations 1996</i> . The previous review made no recommendations in relation to the appropriateness and effectiveness of risk management, legislative compliance and internal controls. No evidence was provided of the results of the previous review being reported to Council by the Audit Committee as required by regulation 16 (c) of the <i>Local Government (Audit) Regulations 1996</i> .	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	Ensure the next review is undertaken within the time period as required by legislation Ensure future reviews identifies operational and financial risk, control weaknesses and compliance weaknesses. Ensure future reviews are reported and considered by Council as required by legislation.	Noted.

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Elected Members Continuing Professional Development Policy G1.1												
Functional	6.2.1.	Applications to undertake professional development are required to be submitted to the President in writing, and where the application is by the President, to the Deputy President, for a joint decision to be made with the CEO. Under the <i>Local Government Act 1995</i> the Shire President or Deputy President has no administrative authority and as such no authority to approve applications for professional development.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Review and update the policy to require applications for professional development to be considered either by a Council resolution, or by the CEO.	Noted.
Council Members Entitlements Policy G1.3												
Entity Wide	6.2.2.	The policy references circumstances where Council members may utilise a Shire owned vehicle, and where minor and incidental personal use may be permitted, subject to the approval of the Chief Executive Officer. We did not note any formal systems or processes to control the implementation of this policy.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Develop and maintain processes to require elected members to acknowledge responsibilities and requirements when using a Shire vehicle as required by regulation 34AD (2) of the <i>Local Government (Administration) Regulations 1996</i> , and ensure the policy is updated to incorporate these controls.	Noted.
Audit Committee Terms of Reference Policy G1.9												
Functional	6.2.3.	The policy states one of the responsibilities of the audit committee is for the process of selecting and appointing an Auditor. Current legislation requires the Office of the Auditor General to be appointed as the Shire's auditor.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Review the policy to amend the audit committee responsibility to be for the process of selecting and appointing an internal auditor	Noted.
Human Resources Policy G1.10												
Functional	6.2.4a	Section 5.50 of the <i>Local Government Act 1995</i> requires a policy to be in place setting out the circumstances where gratuities / payments in addition to a contract or award will be made, and that payments must not be made unless a policy has been adopted. Section 4.18 of policy G1.10 refers to gratuity gifts and payments in addition to a contract or award. This should be adopted as a separate policy of council.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Prepare and adopt a separate policy relating to payments to employees in addition to contract or award as required by legislation.	Noted.
Functional	6.2.4b	Section 4.21 of the policy allows the Shire President to approve leave applications and expense reimbursement claims for the CEO. Under the <i>Local Government Act 1995</i> the Shire President has no administrative authority and as such no authority to approve the CEO's leave or reimbursement claims.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Review and amend the policy to require the CEO to seek Council approval of leave. Where circumstances do not permit this to occur prior to the leave being taken, a report to Council should be prepared clearly detailing leave taken by the CEO as soon as practically possible after leave is taken. Update the policy or associated procedures to require independent review and authorisation of expense reimbursement claims, as well as acknowledging transactions as having been made and authorised by the CEO. Separately highlight transactions relating to reimbursement claims for the CEO for noting by Council.	Noted.
Risk Management Policy G1.11												
Entity Wide	6.2.5.	The current policy is based on a superseded risk management standard AS/ NZ ISO 31000:2009.	Compliance risk			Possible	Minor	Minor	Medium	Planned action required	Develop and adopt a risk management policy to align to Risk Management Standard ISO 31000:2018.	Noted.
Betty Brown Historical Centre Management and Collection Policy No C3.4												
Functional	6.2.6.	The policy sets out responsibilities of the Museum Reference Group (MRG), including updating policies and procedures associated with the Betty Brown Historical Centre. The policy does not stipulate whether policies and procedures are required to be approved by the Shire prior to update and implementation by the MRG.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Amend the policy to require controls to be in place for any third party or operational policies and procedures relating to property and/or services under the auspices of the Shire. These controls should aim to ensure any third party procedures or policies do not contradict or circumvent compliance requirements or approved processes and systems of the Shire.	Noted.
Darkan Primary School Support Policy No. C3.6												
Functional	6.2.7.	Support to the Darkan Primary School is documented within the policy describing some parameters for types of services the Shire will offer to support the school, including use of machinery at no charge, where Shire plant operators volunteer their time to operate the machinery. The policy does not detail the application or approval process for these requests to be considered.	Control risk			Possible	Minor	Minor	Medium	Planned action required	Review and amend the policy to set out the application and approval requirements for the provision of services by the Shire to support the Darkan Primary School or require procedures to be developed.	Noted.

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Purchasing Policy F4.1												
Entity Wide	6.2.8	<p>- The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements for variations.</p> <p>- The policy allows the CEO to approve purchases without complying with the purchasing practices of the policy. There is no requirement to report or monitor these activities when the policy provision is exercised.</p> <p>- Purchasing requirements for procurement of goods or services in accordance with the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2), are not consistent within the policy. The CEO is required to ensure controls exist for all purchases including those made using these exemptions. It is noted the practice of testing the market through sourcing multiple quotations when using the exemptions is often occurring, and the policy should be updated to reflect the expectation and requirement, regardless of whether the quotations are being sought from pre-qualified suppliers, WALGA Preferred Supply Contracts or other suppliers.</p>	Control risk, Fraud risk			Possible	Major	Moderate	High	Prioritised action required	<p>Amend the Policy to provide the following:</p> <ul style="list-style-type: none"> • Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by regulation 11(2) (j) (iv) of the Local Government (Functions and General) Regulations 1996. • Purchasing requirement for the issuing of contract variations and extensions for contracts not awarded by tender. Consideration should be given to circumstances where the contract value increases over a policy threshold level, due to the variation or extension. • Reporting mechanism where compliance with purchasing practices is permitted to be circumvented. This should aim to assist with accountable processes and transparent decision making with purchasing activities to report the circumstances, occasions and purchasing values where the policy provision is exercised. • Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2). 	Noted.
Financial Hardship Policy F4.2												
Entity Wide	6.2.9.	<p>The policy scope applies only to the 2020/21 financial year and only references financial hardship as a result of the COVID 19 pandemic. As the COVID 19 state of emergency is still in effect, the policy scope should consider the term and currency of the order. The limited scope also doesn't provide consideration for financial hardship experienced other than as a result of the COVID 19 pandemic or how they are to be treated.</p>	Control risk, Probity loss			Possible	Moderate	Moderate	Medium	Planned action required	Update the policy to apply timing parameters which align with the COVID 19 state of emergency declaration. Consider reviewing the policy to apply to financial hardship circumstances other than the COVID 19 pandemic if the intent of the policy is to consider more general circumstances of financial hardship.	Noted.
Significant Accounting Policy F4.3												
Functional	6.2.10.	<p>Formalisation of accounting policies may result in a conflict with information prepared in annual financial reports, required to be prepared in accordance with AAS and the <i>Local Government (Financial Management) Regulations 1996</i>.</p>	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Moderate	Medium	Planned action required	To avoid conflict with the standards and legislation the policy should not include legislative and standards requirements and should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice. Consider rescinding the policy or reviewing and amending the policy accordingly.	Noted.
Internal Control Policy												
Entity Wide	6.2.11.	<p>Currently, no policy on internal controls has been adopted by Council.</p>	Lack of strategic direction for implementation of internal controls.			Likely	Moderate	Moderate	High	Prioritised action required	We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.	Noted.
Legislative Compliance Policy												
Entity Wide	6.2.12.	<p>Currently, no policy on internal legislative compliance has been adopted by Council.</p>	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.	Noted.
Temporary Appointment of CEO Policy												
Functional	6.2.13.	<p>At the time of our review, a policy relating to the appointment of an Acting CEO had not been adopted by Council.</p>	Internal control or compliance breach.			Likely	Minor	Minor	Medium	Planned action required	Develop and adopt a policy to sufficiently address compliance with section 5.39C of the <i>Local Government Act 1995</i> and align to the current organisational structure.	This has been implemented. <i>Noted in report pg 18 .</i>
Policy Publication												
Functional	6.2.14.	<p>Policies are maintained individually in a folder on a shared server drive, rather than in an indexed document. We also noted not all policies of Council are published on the official local government website as required by legislation.</p>	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Minor	Medium	Planned action required	To provide access to up to date policies of Council, improve the indexing of policies for better identification and access. Publish policies on the Shire's official website as required by regulation 29C (2)(c) of the <i>Local Government (Administration) Regulations 1996</i> .	Work in progress <i>Noted in report pg 18 .</i>

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Complaints Handling												
Functional	6.2.15.	Policy G1.6 deals with vexatious or unreasonable persistence complaints however there is no policy document setting out the processes for management of general complaints and grievances. This should be easily accessible to all stakeholders who may require guidance to make a complaint.	Failure to identify risks or adequately treat identified risks.			Possible	Major	Major	High	Prioritised action required	Develop and adopt a Council policy for the handling and resolution of community complaints and grievances, which is published on the official local government website. Ensure the policy provides a mechanism for the handling and resolution of complaints regarding the CEO. Establish a complaints register (separate to the register required by section 5.121(1) of the Local Government Act 1995) or procedure to ensure complaints are monitored, managed and dealt with. Ensure procedures are easily accessible and available to facilitate a structured managed approach, and timely response to complaints and grievances.	Noted.
Business Continuity Disaster Recovery Plan												
Entity Wide	7.1.1.	A Business Continuity Plan was not available for our review.	Failure to identify risks or adequately treat identified risks.			Likely	Major	Major	High	Prioritised action required	Develop a Business Continuity Plan and test it to ensure its validity, including validity of any documented key business continuity risks along with the treatments. Ensure risk treatments are consolidated with overarching risk management activities.	Noted.
ICT Strategic Plan												
Entity Wide	7.1.2.	- An ICT Strategic Plan was not available for our review. - Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.	Loss of IT system, lack of internal controls			Likely	Major	Major	High	Prioritised action required	- Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks. - Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers. - Careful development of a strategy will assist in considering the risks of utilising a single IT provider, and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers.	Noted.
ICT Disaster Recovery Plan												
Entity Wide	7.1.3.	An ICT Disaster Recovery Plan was not available for inspection.	Failure to adequately manage a business disruption event Failure to identify risks or adequately treat risks			Likely	Major	Major	High	Prioritised action required	Develop an ICT Disaster Recovery Plan. Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level. Maintain, review and test the plan to ensure validity.	Noted.
Workforce Plan												
Entity Wide	7.1.4.	The Workforce Plan 2013-2023 has not been reviewed since 2015 and is out of date. Although there is no statutory obligation to adopt the plan, it is required by the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), and to be aligned to the Corporate Business Plan and annual budget.	Failure to adequately manage a business disruption event Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	Review and update the Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	Noted.
Asset Management Plan												
Entity Wide	7.1.5	The Shire's Asset Management Plans relating to buildings, plant and equipment were prepared in 2012. The plans have not been reviewed since 2017 and are now out of date. The plans also do not meet the standards set within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), in that the ratio data cannot be identified.	Lack of strategic direction for implementation of internal controls.			Possible	Major	Moderate	High	Prioritised action required	Review and update the Asset Management Plans to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	Noted.

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Long Term Financial Plan												
Entity Wide	7.1.6.	A Long Term Financial Plan document has been prepared in a spreadsheet format. We note the plan does not contain the matters recommended within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016) and has not been adopted by Council.	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	To help ensure the robustness of the plan we suggest the plan be presented to Council for adoption and include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016). This is not required by legislation but considered better practice	Corporate plan has been adopted to cover some requirements. <i>Noted in report page 21 .</i>
Administration Policies												
Entity Wide	7.1.7.	Not all administration policies were available for our review. We noted some policies are not aligned to current processes and systems.	Failure to identify risks or adequately treat identified risks			Possible	Moderate	Moderate	Medium	Planned action required	Undertake a review of the Administration Policies and update to provide operational guidance aligned with adopted Council policies and legislation, as well as activities not necessarily covered by legislation to communicate expected standards to staff from the CEO, in the course of implementing strategic direction and decisions of Council.	Noted.
Code of Conduct for Council Members, Committee Members, employees and contractors												
Entity Wide	7.1.8	- Regulations gazetted on the 3 February 2021 introduced minimum requirements for an employee code of conduct and introduced a model Code of Conduct for Council members. The Code of Conduct for employees was not developed by 3 May 2021. Subsequent to our initial draft report an employee code of conduct has been developed. - Contractors are not bound by a Code of Conduct when performing functions on behalf of the Shire. - Council members, committees, contractors and employees are not required to sign the Code of Conduct acknowledging they have read and understand the requirements within.	Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	- Adopt a new Code of Conduct for employees in accordance with the employee code regulations. - Expand the scope of the Employee Code of Conduct to include actions by contractors. Alternatively, a separate Code of Conduct be developed for contractors. - Update the Code of Conduct as well as induction procedures to ensure all persons subject to the Code of Conduct sign and acknowledge they understand the content especially after adoption of the new Code of Conduct.	Employee code of conduct done. <i>Noted in report pg 21 .</i>
Checklists												
Functional	7.2.1.	Checklists of key functions are maintained for selected functions. Checklists were not maintained and evidenced for all standard routine functions such as end of month reconciliations and reporting across the organisation. It was noted some staff have commenced with the creation of checklists and procedures.	Compliance breach			Possible	Major	Major	High	Prioritised action required	Creation and maintenance of standard checklists may assist in evidencing key points of control. Checklists assist in ensuring compliance with repetitive legislative compliance tasks. Staff are encouraged to continue with the development of checklists and procedures for routine functions, including evidencing independent review.	Work in progress <i>Noted in report pg 22 .</i>
Workflow Diagrams												
Entity Wide	7.2.2.	Workflow diagrams have not been compiled for undocumented / documented procedures.	Lack of strategic direction for implementation of internal controls.			Possible	Moderate	Moderate	Medium	Planned action required	In conjunction with, or as an alternative to, the development of documented procedures and checklists, development of workflow process diagrams may assist in clearly identifying controls and processes to be followed.	Noted.
Access to Shire Facilities												
Entity Wide	7.2.3.	We noted some security measures to prevent physical access to some Shire facilities, which are permitted to be accessed by the public (by agreement) without Shire staff present. The risk associated with this practice is not documented, measured or recorded appropriately to verify whether treatment plans have reduced the perceived level of risk to the Shire.	Lack of strategic direction for implementation of internal controls			Likely	Major	Major	High	Prioritised action required	Ensure adequate physical access security measures to prevent unauthorised individuals from accessing facilities and other controls when authorised individuals access facilities are appropriately documented. Risks and their treatment plans should be recorded in a risk register to communicate the risk aligned to the Shire of West Arthur's adopted risk management policy and framework.	Noted.
Procedure Changes												
Functional	7.2.4.	Process for amending or changing procedures are not formalised. We noted this had resulted in several instances of unilateral unauthorised changes to procedures and a breakdown in key controls within internal and financial controls.	Failure to identify risks or adequately treat risks			Possible	Major	Major	High	Prioritised action required	Establish a process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, throughout the Shire to assist with managing changes to procedures.	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
End of Month Processes												
Functional	7.2.5.	Evidence of end of month procedures being followed, completed or reviewed by an authorised officer independent of preparing/collating the documentation had not been consistently or routinely applied prior to preparation of monthly financial reports.	Breakdown of internal controls Financial loss			Possible	Major	Major	High	Prioritised action required	Develop checklists and procedures to demonstrate appropriate controls and reviews are in place when preparing monthly financial reports as a key control.	Bank reconciliations, rates reconciliations etc are prepared prior to preparation of financial reports. Monthly reports are reviewed by CEO prior to inclusion in agenda. <i>Noted in report pg 23.</i>
Rates												
Functional	7.2.6.	Evidence of routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the <i>Local Government Act 1995</i> was not available for our inspection.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Develop and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose.	Noted.
General Journal Entries												
Functional	7.2.7.	There are limited documented internal control procedures for general journals. We noted review and evidence of review of journals after posting appears to be consistently maintained. Best practice is to authorise journals prior to posting, however this may be impractical in all situations. No general journal audit trail is currently produced to ensure only no unauthorised journals have been posted.	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Moderate	Major	High	Prioritised action required	Document internal controls to ensure journals requests initiated are reviewed and approved/authorised prior to posting by an appropriate officer, the current practice of independent review is maintained, and evidence of review is consistently applied. A monthly journal audit trail report should be produced and independently reviewed prior to preparation of the monthly statement of financial activity.	Noted.
Information Required to be Published on Official Local Government Website												
Entity Wide	7.2.8.	At the time of our review, we noted the following information (in addition to other matters noted throughout this report) has not been published on the Shire's official website as required by legislation: •Tender register; •Up to date schedule of fees and charges; •Up to date version of each policy of the local government; and •Local and statewide public notices.	Internal control or compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure information is published on the Shire's official website as required by section 5.96A of the <i>Local Government Act 1995</i> and any other relevant section of the Act. Note there is additional information required to be published to the website in relation to annual and primary returns and Council member fees for financial years beginning on or after 1 July 2020.	Work in progress, fees and charges are on website <i>Noted in report pg 23.</i>
Risk Management Procedures												
Entity Wide	7.2.9.	- We noted some documented risk management activities being undertaken, however risk ratings were not calculated in line with the adopted risk management policy. - Risk management activities currently undertaken are largely undocumented.	Internal control or compliance breach			Possible	Moderate	Minor	Medium	Planned action required	- Risk management procedures be updated, and a process developed in accordance with any update to the risk management policy to ensure procedures align to the policy. - Implement and maintain documented risk management procedures and processes throughout the Shire.	Noted.
Procurement												
Functional	7.2.10.	Through limited testing of payments, an instance was noted where a purchase order was altered after it had been issued. Although the alteration was signed as authorised it is unclear whether the change was made prior to or after this approval had been obtained.	Lack of probity. Financial loss. Unauthorised purchasing. Fraud risk.			Likely	Major	Major	High	Prioritised action required	All procurement of goods or services should be undertaken in accordance with legislative requirements and the Purchasing Policy. Any instances where a purchase order is amended should be appropriately documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.	Noted.
Procurement Assessment												
Entity Wide	7.2.11	Documented procedures are not in place to require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.	Lack of probity. Financial loss. Unauthorised purchasing. Fraud risk.			Likely	Moderate	Moderate	High	Prioritised action required	Persons assessing any significant procurement should be required to declare any matters which may impact or be perceived to impact on their independence. Procedures for the declaration of interests prior to procurement assessments being undertaken should also be documented for high value purchases and tenders.	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Creditors Audit Trails												
Entity Wide	7.2.12.	Audit trail reports are not routinely produced, however independent reviews appear to be routinely undertaken with each creditor payment run to ensure bank account details have not been altered or manipulated without prior verification and authorisation.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Formalised procedures to minimise risk of unauthorised changes to creditor details should be implemented. Independent regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where employees responsible for processing creditors transactions are unable to make changes to creditor master file details.	Noted.
ICT Security												
Entity Wide	7.2.13.	We noted limited controls in relation to the access to IT systems including physical access to hardware. Some levels of permissions have been established to network access to software and data, however this is largely undocumented.	Loss of IT system Internal control risk			Possible	Major	Major	High	Prioritised action required	Undertake a comprehensive IT general security review, articulate current practices and implement findings of the review.	Noted.
Rates												
Functional	7.2.14.	A variance existed between the number of decimal places between the rate levy disclosed in the statutory annual budget, and the rate levy disclosed in the budget resolution and applied through the rating system for the 2020-21 financial year.	Internal control or compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure the rates in the dollar adopted by Council are the same as those reflected in the statutory budget and other support documents.	Template rounds to reported decimal points. Implemented to remove rounding in 21/22 budget. <i>Noted pg 25 of report .</i>
Employee Appointment Procedures												
Entity Wide	7.3.1	Staff inductions appear to be routinely applied and performed, however these induction processes may not consistently communicate to staff required expectations and requirements when performing local government functions.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Develop and implement procedures to ensure all new staff are appropriately inducted and aware of the parameters of their employment responsibilities and obligations including: <ul style="list-style-type: none"> •H&S; •Duties and responsibilities; •IT and physical security; •Code of Conduct; •HR Policies and Procedures; •Legislative Compliance; •Risk Management; and •Other relevant and required topics. 	Noted.
Employee Termination Procedures												
Entity Wide	7.3.2.	No formal process or procedure is currently in place to ensure the appropriate termination of employees. Departmental managers have the responsibility of ensuring Shire assets are recovered, however there is no formal policy, procedure or practice in place to ensure security and IT permissions are restricted, or for Shire property (phones, vehicles, keys) to be returned prior to the employee finishing with the Shire.	Lack of probity. Internal control or compliance breach. Financial loss.			Possible	Major	Moderate	High	Prioritised action required	Establish policies, procedures or checklists to manage and document the termination of employees, ensuring access to IT systems, etc. is appropriately restricted and all allocated Shire assets are recovered.	Noted.
Employee Identity and Credentials												
Entity Wide	7.3.3.	Practices and procedures for verifying employee identity, right to work in Australia, verification of employment history and qualifications are not consistently applied.	Failure to identify risks or adequately treat risks Breakdown of internal controls			Possible	Major	Major	High	Prioritised action required	Develop, implement and maintain appropriate policies and procedures to reduce the risk of unqualified or unsuitable staff being employed by the Shire, in line with the Western Australian Auditor General's Report in June 2019 relating to Verifying Employee Identity and Credentials.	Noted.
Changes to Banking Details												
Functional	7.3.4.	Currently an independent review of changes to employee banking details is performed, however there are limitations within the ERP to support the controls intended. Formal procedures relating to changes to banking details for employees and creditors should be developed to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system.	Breakdown of internal controls Controls reliant on the capability and honesty of staff			Possible	Major	Major	High	Prioritised action required	Review and update procedures to ensure the following matters are appropriately considered, documented and controls are adequate to: <ul style="list-style-type: none"> •Validate the change request and its origin; •Authority exists for the change request; and •Validate and control the changes once completed. 	Noted.

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Staff Training												
Entity Wide	7.3.5.	Planned and required staff training needs for employees are currently identified and recorded in a central training matrix for some operational areas/departments. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation.	Internal control or compliance breach.			Possible	Moderate	Moderate	Medium	Planned action required	Refine the current staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.	Noted.
Staff Contracts & Employee Files												
Entity Wide	7.3.6.	Through our limited testing, we noted instances where evidence of correspondence on employee files to support the current rate of pay applied through the payroll was not available. Where regulated award increases are applied, employees are not notified of the change to their agreed remuneration entitlements and this information is not recorded on individual employee files.	Failure to identify risks or adequately treat risks Breakdown of internal controls			Possible	Moderate	Moderate	Medium	Planned action required	Ensure contracts of employment, defining roles, responsibilities and remuneration, are signed by both parties prior to employment commencing for all staff. Where a change to employee conditions takes effect, such as award increases, consider a mechanism to communicate the change to employees. The practice of updating employment agreements where a change in roles and responsibilities (signed by both parties) should also continue.	Noted.
Payroll Audit Trails												
Entity Wide	7.3.7.	Audit trail reports are not produced, however independent reviews appear to be routinely undertaken with each payroll to ensure bank account details have not been altered or manipulated without prior verification and authorisation.	Internal control or compliance breach.			Possible	Major	Moderate	High	Prioritised action required	Control procedures to minimise the risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where those responsible for processing payroll transactions are unable to make changes to employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes. If the Shire's ERP is unable to produce audit trails, urgent consideration should be given to alternative programs or controls to provide an appropriate level of review to detect fraud, errors or omissions.	Noted.
Events Insurance												
Entity Wide	7.4.1.	Community groups' insurances are not always assessed prior to events being held on Shire property. Reliance is placed on event organisers to ensure copies of insurances are provided.				Likely	Major	Major	High	Prioritised action required	To help ensure all events held on Shire property have relevant and adequate insurance cover, procedures should be developed, and records maintained to ensure current insurances are in place.	Noted.
Contractor Insurance												
Entity Wide	7.4.2.	Contractors' insurances for new suppliers appear to be assessed prior to award of contracts, with reliance placed on contract managers to ensure copies of insurances are provided. For long term service providers, insurances are not always re-assessed and check to ensure currency has been maintained prior to the award of future contracts.	Lack of probity. Financial loss. Breakdown in internal controls.			Likely	Major	Major	High	Prioritised action required	To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurances are obtained and held on file prior to award of contracts and they remain current.	Noted.
Council and Committee Minutes												
Functional	8.1.1.	Not all attachments to agenda items considered by Council are published in the minutes on the official local government website.	Compliance breach			Possible	Minor	Minor	Medium	Planned action required	Ensure all attachments supporting the minutes are included in the official minutes, and the minutes are published on the official local government website.	Noted.
Council and Audit Risk Committee												
Functional	8.1.2.	Identified risks are not consistently included within agenda items for elected member consideration for recording in the risk register. Since July 2021 a risk rating has been included as part of agenda items.	Failure to identify risks or adequately treat risks			Likely	Major	Major	High	Prioritised action required	Identified risks relating to a Council decision should be communicated within the agenda item, to enable elected members to be fully informed of the identified risks when making decisions. Risks should also be appropriately recorded in a risk register.	This has been implemented as part of the agenda. <i>Noted pg 29 of report.</i>
Risk Register												
Functional	8.2.1.	A risk register was not available for our inspection to reflect identified risks, and if they have been adequately treated.	Failure to identify risks or adequately treat risks			Likely	Moderate	Moderate	High	Prioritised action required	Maintaining risk registers for all identified key risks is important to help ensure appropriate identification, recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately mitigated to within accepted risk appetite. Routine (at least quarterly) review of the risk register is required for sound risk management.	Noted.

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Contracts Register												
Functional	8.2.2.	A contracts register was not available for our inspection detailing the status of contracts held by the Shire.	Breakdown of internal controls.			Possible	Minor	Moderate	Medium	Planned action required	Maintain a register to record details of all contracts (current and expired) and their status in a form to assist with ensuring contracts are monitored and actioned as required and reflecting the value of the contracts.	Noted.
Asbestos Containing Material Register												
Functional	8.2.3.	The register of asbestos containing materials contains conflicting information relating to when it was last reviewed. It is not apparent if the register was amended in 2021 or whether a review and inspection of all properties was undertaken. For this reason it does not contain sufficient information to document whether control measures and recommendations have been recently reviewed, assessed and risk treatments remain effective. Review due June 2022.	Internal control or compliance breach OSH Incident			Possible	Major	Major	High	Prioritised action required	Update and maintain the register to reflect properties under the control of the Shire which may contain hazardous materials such as asbestos, and if associated risks have been adequately treated. A review of all properties should be undertaken at least annually.	Noted.
Delegation Register												
Functional	8.2.4.	- A review/amendment history is not currently recorded within the delegations register. - Delegation 1.2.19 Power to Invest and Manage Investments requires a report detailing the investment portfolio's performance, exposures, and changes since last reporting, is to be provided as part of the Monthly Financial Reports. We did not observe a report of this type being presented to Council each month. - A number of items recorded in the delegations register as delegations to the CEO are responsibilities of the CEO, and not decisions of Council delegated to the CEO.	Internal control or compliance breach.			Possible	Minor	Moderate	Medium	Planned action required	Following review of Delegations by Council, update the latest 'history' date on each delegation to provide an accurate record of when the delegation was reviewed, amended and adopted. Include a report to Council each month as required by delegation 1.2.19 Power to Invest and Manage Investments, or review and update the delegation with the required appropriate levels of information to be reported within the monthly financial reports. Review Council delegations to the CEO to ensure they relate to decisions of Council delegated to the CEO and update the register accordingly.	Delegations were reviewed in 2021. Recommendations noted for review.
Financial Interest Register												
Functional	8.2.5.	- We noted a primary return was completed for a relevant person, as well as an annual return for a separate relevant person. The primary return was completed more than three months after the documented start date of the relevant person, and the annual return was submitted after 31 August for the reporting period noted. - Acknowledgements of two primary returns were not available for inspection upon examination of the Financial Interest Register. - Acknowledgements of three primary returns and three annual returns were not recorded in the Financial Interest Register as required by legislation. - A primary return for an individual who had completed annual returns was not available for inspection upon examination of the Financial Interest Register. It was later noted this individual was not a relevant person and therefore not required to complete primary or annual returns. - We noted a relevant person disclosed an interest at the December 2020 ordinary meeting of Council. This disclosure was not recorded in the Financial Interest Register as required by regulation 28 of the Local Government (Administration) Regulations 1996.	Breakdown of internal control. Compliance breach.			Possible	Moderate	Major	High	Prioritised action required	Ensure systems and procedures are in place to obtain all returns required under the Local Government Act 1995. Undertake necessary actions to rectify and report these matters to the appropriate regulatory body as required by legislation. Review systems and procedures in place to ensure the acknowledgement of receipt of all returns occurs as required under the Local Government Act 1995. Review filing of returns and acknowledgements to ensure records are maintained as required under the provisions of the Local Government Act 1995. Update systems and procedures to ensure returns completed and filed within the register are completed only by relevant persons as required by legislation. Update the Financial Interest Register to include all disclosures as required by legislation. Ensure procedures are in place to capture and record information as declarations are received.	Please see separate email.
Regulatory Health Inspection Register												
Functional	8.2.6.	A register of health inspections undertaken is not routinely maintained.	Failure to identify risks or adequately treat risks			Possible	Moderate	Moderate	Medium	Planned action required	Maintain a register to record details a central record of health inspections undertaken, registered premises within the district, and to ensure inspections are undertaken within required timeframes.	Health Officer, Narrogin

Context of assessment	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Column1
Tender Register												
Entity Wide	8.2.7.	We noted whilst no tenders have been called since 2016, the tender register recorded the value of the consideration being sought by tenderers. Recording such information within the register is contrary to regulation 16 (3)(c) of the <i>Local Government (Functions and General) Regulations 1996</i> .	Breakdown of internal control. Compliance breach.			Possible	Major	Major	High	Prioritised action required	Ensure the tender register contains only the information required to comply with regulation 16 & 17 of the <i>Local Government (Functions and General) Regulations 1996</i> for future tenders called.	Noted.
Community Complaints Procedures												
Functional	8.4.1.	A community complaints register is not currently maintained to follow up and ensure all complaints are adequately addressed.	Breakdown of internal control. Compliance breach.			Possible	Major	Major	High	Prioritised action required	To help ensure all complaints are adequately resolved, a register of customer complaints received should be maintained.	Noted.
Significant Adverse Trend Report												
Entity Wide	85.1.	A significant adverse trend was identified during the 2018-19 and 2019-20 audits. A report was prepared stating actions intended to be taken in relation to the adverse trends noted, which was considered by the audit committee and Council. We noted the following the reports were not considered within three months of receiving the audit report as required by legislation.	Breakdown of internal control. Compliance breach.			Possible	Major	Moderate	High	Prioritised action required	Ensure any future reports are prepared and published within required time frames as required by section 7.12A of the <i>Local Government Act 1995</i> .	Noted.
OSH Audit												
Functional	8.5.2.	Evidence of a recent OSH audit was not available for our review.	Internal control or compliance breach OSH Incident			Possible	Moderate	Major	High	Prioritised action required	Undertake an OSH audit, ensuring subsequent actions and matters identified through the audit are adequately addressed.	Noted.
Internal Audit												
Entity Wide	8.5.3.	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	We suggest as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required as recommended by the OAG in their report to Parliament on the <i>Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities</i> .	Noted.
Financial Management Review												
Entity Wide	8.6.1.	A review was last undertaken in March 2017, with the next review being undertaken in June 2021 which is outside of the time period as required by regulation 17 of <i>Local Government (Audit) Regulations 1996</i> . The financial management review undertaken in March 2017 was performed in house by staff responsible for financial management of the Shire. Regulation 6 of the <i>Local Government (Financial Management) Regulations 1996</i> sets out these employees are not to perform internal audits or reviews of this kind. The review report did not outline the level of consultation undertaken during the review and did not provide any detail to support measures / calculations noted, or whether testing of control activities had been undertaken as part of the review. No evidence of the results of the previous review being reported to Council as required by regulation 5 (2) (c) of the <i>Local Government (Financial Management) Regulations 1996</i> was available.	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	Ensure the next review is undertaken within the time period as required by Regulation 5(2) of <i>Local Government (Financial Management) Regulations 1996</i> . Ensure future reviews are performed by appropriate parties with the required level of independence to undertake the review in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> . When undertaking the next review, ensure recommendations are included following from the review as to the appropriateness and effectiveness of financial management systems and procedures. Ensure future reviews are reported and considered by Council as required by legislation.	Noted.
Audit Regulation 17 Review												
Entity Wide	8.6.2.	A review was last undertaken in November 2016, with the next review being undertaken in June 2021 which is outside of the time period as required by regulation 17 of <i>Local Government (Audit) Regulations 1996</i> . The previous review made no recommendations in relation to the appropriateness and effectiveness of risk management, legislative compliance and internal controls. No evidence was provided of the results of the previous review being reported to Council by the Audit Committee as required by regulation 16 (c) of the <i>Local Government (Audit) Regulations 1996</i> .	Internal and compliance risks not identified.			Possible	Moderate	Moderate	Medium	Planned action required	Ensure the next review is undertaken within the time period as required by legislation Ensure future reviews identifies operational and financial risk, control weaknesses and compliance weaknesses. Ensure future reviews are reported and considered by Council as required by legislation.	Noted.

Probability of Occurrence or Likelihood.

Likelihood	Definition	Frequency of noted occurrences	Score
Almost Certain	Expected to occur in most circumstances or occurs regularly, A clear opportunity already apparent, which can easily be achieved	More than once per year	5
Likely	Occurrence is noticeable or is likely to occur, An opportunity that has been explored and may be achievable	At least once per year	4
Possible	Occurs occasionally or may occur, Possible opportunity identified	At least once in 5 years	3
Unlikely	Occurs infrequently or is not likely to occur, Opportunity that is fairly unlikely to happen	At least once in 10 years	2
Rare	Only occurs in exceptional circumstances, Opportunity that is very unlikely to happen	Less than once in 20 years	1

	Area Impacted	Impact	OPERATIONAL CONSEQUENCE				
			Catastrophic	Major	Moderate	Minor	Insignificant
OPERATIONAL IMPACTS	Service Delivery/ Business Disruption	loss of service,	Major including several important areas of service and/or a protracted period,	Complete loss of an important service area for a short period,	Major effect to an important service area for a short period, brief impact on multiple areas	Brief disruption of important service area, Noticeable effect to non-crucial service area,	Negligible impact on the effectiveness of the organisation's processes
		Improvement to service(s)	Exceptional	Major	Moderate	Minor	Negligible
		Disruption in business processes	Ongoing loss of business systems	Major	Moderate	Minor	Negligible
	Financial	Loss of assets,	>15% of asset value	5%-15% of asset value,	2%-5% of asset value	< 2 of asset value	Insignificant
		Impact on annual revenues or costs (Adverse or positive)	> 15% deviation from budget	5%→15% deviation from budget	2%→5% deviation from budget	<2% deviation from budget,	Negligible income and/or savings
	Physical	Level of Incident	Extreme effecting organisation's survival	Significant affecting multiple locations	Localised significant effect on operations	Localised no effect on operations	Not notifiable or reportable.
		Regulatory non-compliance	Criminal	Major Revenue or cost implications. Individuals at risk of harm.	Minor Revenue or cost implications		
	Legislative/Regulatory/ Policy/ OSH	Code of Conduct	Extreme	Significant	Breach	Minor breach	Little or no impact
		Personal details compromised/ revealed	All	Many	Some	Isolated	An individual's
		Level of Injury	Death	Multiple serious injuries	Serious injury and /or illness	First aid or minor lost time injury	Incident with or without minor injury

Area Impacted	Impact	STRATEGIC CONSEQUENCE				
		Catastrophic	Major	Moderate	Minor	Insignificant
Performance	Ability to achieve key objectives	Unable to achieve	Major impact	Moderate impact	Minor impact	Negligible impact
	Improvement on the delivery of key strategic objectives	Exceptional improvement	Major improvement	Moderate improvement	Minor improvement	Negligible improvement
	Ability to be managed with the current resources	External resources required	Impact cannot be managed	Significant adjustment to resource allocation	Additional internal management efforts required	Impact can be managed through routine activities
	Loss of Infrastructure	Ongoing loss of critical infrastructure	Long-term loss of critical infrastructure	Loss of support infrastructure	Interruption to support infrastructure	Negligible interruption to support infrastructure
Financial	Loss of assets,	>15% of asset value	5%-15% of asset value	2%-5% of asset value	< 2 of asset value	Insignificant loss
	Impact on annual revenues or costs	Adverse >15% deviation from budget	Adverse 5%→15% deviation from budget	Adverse 2%→5% deviation from budget	Adverse impact on revenues and costs <2% deviation from budget	Insignificant adverse impact on annual revenue or costs
	External Audit issues	Audit unable to be completed.	Audit qualification on the report and accounts	Management letter contains significant issues	Management letter contains minor issues	Matters discussed with management not reported.
Environmental	Environmental harm,	Catastrophic long term environmental harm,	Significant long-term environmental harm,	Significant short-term environmental harm,	Minor transient environmental harm,	Negligible transient environmental harm,
	Improvement to environment	Exceptional improvement and/or national environment	Major improvement	Moderate improvement	Minor improvement	Negligible improvement
Reputation	Adverse Publicity	Significant damage to public confidence leading to sustained compromise in the achievement of strategic objectives,	Local publicity of a major and persistent nature, affecting the perception/ standing within the community,	Damage to reputation to a specific audience, may not have significant long-term or community effects,	Minor damage to reputation to an small audience, complaint from a large group of people,	Minor unsubstantiated publicity or damage to reputation to a small audience, complaint from individual/small group.
	Positive Publicity	Extensive positive coverage in local and/or national press	Positive coverage in local press (e.g. extensive or front page)	Positive coverage in local press	Minimal positive coverage in local press	Negligible positive coverage in local press

STRATEGIC IMPACTS

Likelihood	Score	CONSEQUENCE					
		0	Insignificant	Minor	Major	Critical	Extreme
			1	2	3	4	5
Almost Certain	5	Nil	Medium	High	High	Extreme/Exceptional	Extreme/Exceptional
Likely	4	Nil	Medium	Medium	High	High	Extreme/Exceptional
Possible	3	Nil	Low	Medium	Medium	High	High
Unlikely	2	Nil	Low	Low	Medium	Medium	High
Rare	1	Nil	Very low	Low	Low	Medium	Medium

Consequence Rating

Catastrophic	5	1	Insignificant
Insignificant	1	2	Minor
Major	4	3	Moderate
Minor	2	4	Major
Moderate	3	5	Catastrophic

Likelihood rating

	0		
Almost Certain	5	5	Almost Certain
Likely	4	4	Likely
Possible	3	3	Possible
Rare	1	2	Unlikely
Unlikely	2	1	Rare

Risk	Action Required
Extreme/Exceptional	Immediate corrective action
High	Prioritised action required
Medium	Planned action required
Low	Planned action required
Very low	Manage by routine procedures

6.3 Risk Register

FILE REFERENCE:	2.8
LOCATION:	N/A
APPLICANT:	N/A
AUTHOR:	V Fordham Lamont - CEO
AUTHORISING OFFICER:	V Fordham Lamont - CEO
DATE:	25 February 2022
DISCLOSURE OF INTEREST:	N/A
ATTACHMENTS:	Risk Register

SUMMARY:

The Audit Committee is requested to accept the attached Risk Register and consider recommending it to Council for endorsement.

BACKGROUND:

Regulation 17 of the *Local Government (Audit) Regulations 1996* states that:

- (1) "The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance."

The objectives of risk management are to:

- optimise the achievement of the Shire's vision, mission, strategies, goals and objectives.
- provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- enhance risk versus return within our risk appetite.
- embed appropriate and effective controls to mitigate risk.
- achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- enhance organisational resilience.
- optimise the achievement of our vision, mission, strategies, goals and objectives.
- provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- identify and provide for the continuity of critical operations.

A review of risk management was undertaken by external consultants in July 2021 (refer to earlier item in this agenda). The subsequent report recommended that major risks should be identified and recorded in a Risk Register.

COMMENT:

The attached Risk Register has been created after major risks were identified. The Risk Register has been added as a standing item to the agenda of the regular Leadership Team meetings which are now held. The current register will be reviewed at those meetings to ensure that new risks are recorded, obsolete risks are removed, and current risks are being adequately controlled.

CONSULTATION:

Acting CEO
Manager Financial Reporting

STATUTORY ENVIRONMENT:

Local Government (Audit) Regulations 1996
Reg. 17 CEO to review certain systems and procedures

POLICY IMPLICATIONS:

G1.11 Risk Management Policy

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

2031 Community Strategic Plan

Theme: Leadership and Management – Inspirational, Dynamic, Transparent

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff.

RISK IMPLICATIONS:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	High (12)
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Major (4)
Principal Risk Theme	Multiple
Risk Action Plan (Controls or Treatment Proposed)	Maintain risk register and review on a regular basis.

VOTING REQUIREMENTS:

Simple majority

OFFICER RECOMMENDATION:

That the Audit Committee accept the attached Risk Register and recommend it to Council for endorsement.

Moved: Cr Karen Harrington

Seconded: Cr Neil Manuel

CARRIED: 3/0

ATTACHMENT

Risk Register

IDENTIFY RISK			ANALYSE RISK					
Risk Description	Causal Factors	Resulting In	Existing/Proposed Controls	Control Rating	Consequence Category	Consequence	Likelihood	Level of Risk
End of ISDN service May 2022 telephony service at risk including numbers and CRC services	NBN rollout / end of life copper network	No telephony	Commenced project to transfer to fibre optic / new handsets /	Inadequate	Multiple Categories	5	5	25
Capturing corporate knowledge / ensuring continuity by Maxine end date 3 Feb. 2022	Maxine end date 3 Feb. 2022	Business disruption	Engagement of replacement staff / Preparations of handover materials / assessing resources	Inadequate	Service Interruption	4	4	16
Purchase of replacement workstations/notebooks/monitors	Existing hardware out of warranty and due for replacement	Business disruption	Programmed replacement within budget	Adequate	Service Interruption	3	3	9
Specialised electronic records system not in place; inability for new staff to find relevant records in a timely manner; records not all in both hard copy and electronic formats;	Inadequate systems in place, inadequate training; inadequate staff resourcing	Business disruption and high levels of uncertainty	Audit of records management to be conducted and implementation of manual records system with ability to be converted to specialised system.	Inadequate	Multiple Categories	5	5	25
Long term trend in non-compliance by delinquent ratepayers	Debt collection under resourcing; governance practices.	Increased levels of uncollected debt	Letters, budget for collection agency in 22/23	Inadequate	Multiple Categories	4	5	20
Capacity constraints; insufficient resources	Reliance on almost totally part-time workforce; loss of full time staff; under investment in human resources	Highly centralised governance with attendant risks	Unpaid work; delays; governance risk due to absence of separation of duties	Inadequate	Multiple Categories	4	5	20
Compliance failures	Capacity constraints; system failures	Highly centralised governance with attendant risks; some areas unaware or lowered expectation / priority	Low level of systemised approach; low level of trained staff; low levels of risk management and planning	Inadequate	Multiple Categories	4	5	20
Ranger Services MOU agreement required to ensure continuity.	Lack of review process; absence of risk register and risk management review; lack of register of expiring contracts.	Reactionary decision making	Informal agreement; Colie decides service standards	Adequate	Service Interruption	3	3	9
Waste sites below acceptable standard	Historical significant under-investment and management of waste sites	Non-compliance; risk of closure	Waste audit report recommendations being implemented.	Inadequate	Compliance	5	4	20
Poor safety framework; unsafe workplace; no risk management	Capacity constraints; system failures; lack of appropriate development	Inadequate safety framework or awareness; heightened risk	Some safety protocols within works; commenced engagement with LGIS and managers meetings; CEO policy; commit dedicated resource to WHS.	Inadequate	Multiple Categories	5	4	20
DRF approval by external regulator; risk of approval denied; inadequate funding; inadequate capacity - inability to access contractors; economic impacts; claims made against local govt	Delay in approval by regulator; capacity constraints	Roads not fit for purpose; shortened window for works	Awaiting advice; likely to be early Mar. 2022	Adequate	Multiple Categories	4	4	16
Compliance with requirement to be vaccinated; there could be impact on rosters, employment, community and workforce interactions.	Directions by Chief Health Officer	Compliance failure; service failure; business disruption	Relay advice to staff; public notice; registers	Inadequate	Multiple Categories	4	4	16
Delayed clearing permits	Regulator processes	Inability to deliver capital programme	Awaiting advice	Inadequate	Multiple Categories	4	4	16
Works crew structure / recruitment / allocation of workload	Market / incomplete workforce planning	Works and services constraints	Unpaid hours; coping mechanisms; diverting capacity to admin.	Inadequate	Multiple Categories	4	4	16
Admin workforce structure / recruitment / allocation of workload	Market / incomplete workforce planning / staff turnover	Admin constraints	Unpaid hours; coping mechanisms	Inadequate	Multiple Categories	4	5	20
Elected member incomplete training requirements; lowered standard of governance	Timing / capacity constraint	Poor decisions; poor accountability; compliance failure; heightened risk	Training being arranged.	Inadequate	Multiple Categories	5	4	20
Aboriginal Land management / facility access claims; opportunity to develop tourism, cultural growth; potential for Reconciliation Action Plan	Historical perceptions / positions of community engagement	Missed opportunities; suspicion; perception of lack of interest	Communication: seeking explicit statements	Adequate	Reputation	3	3	9
Low vaccination take-up resulting in public health management issues; possible health impacts on residents	Low vaccination; low understanding of possible health impacts; low levels of access to health services	Death or morbidity; impact on social cohesion or services;	Refer item 15; public notices.	Adequate	Multiple Categories	5	4	20
Delayed completion of audit	Regulator processes	Inability to complete audit / annual report / electors meeting / identify improvement opportunities.	Awaiting advice	Inadequate	Multiple Categories	4	5	20
Concern that the use of PPE and or safe working procedures may be compromised; this extent is unknown but asbestos handling and recording is of concern.	Historical perceptions of safe work; low level of risk assessments.	Little safety framework or awareness; heightened risk	Varied and inadequate	Inadequate	Health	5	5	25
HR policy overdue for review; risk of non-compliance with awards and allowances	Capacity constraints; lack of appropriate development	Policies not to standard; out of date; could lead to incorrect interpretation	Subject to review	Inadequate	Multiple Categories	4	4	16
Method of cost recognition time consuming	Use of non integrated system requiring entry of all staff time including CEO	Additional resources	In process of looking at new integrated system to address the issue	Adequate	Multiple Categories	3	3	9

6.4 2020-21 Significant Adverse Trend – Operating Surplus Ratio & Asset Sustainability Ratio

FILE REFERENCE:

LOCATION: N/A
APPLICANT: N/A
AUTHOR: M King – Manager of Financial Reporting
AUTHORISING OFFICER: V Fordham Lamont - CEO
DATE: 4 March 2022
DISCLOSURE OF INTEREST: N/A
ATTACHMENTS: Audit Exit Meeting Notes – Feb 22

SUMMARY:

If a significant matter is reported in an audit report, section 7.12A of the Local Government Act 1995 requires a response from the local government and a report to be prepared stating what action has been taken or is intended to be taken in respect to matters raised within the audit report. The operating surplus ratio of the Shire of West Arthur has been below the required level for three consecutive years and therefore has been included in this year's audit report. The asset sustainability ratio has been below the recommended standard for three years and is also raised this year.

BACKGROUND:

In November 2017, proclamation of the *Local Government Amendment (Auditing) Act 2017* introduced a number of reforms to auditing laws. The legislation requires local governments to examine an audit report it receives and implement appropriate action in respect to the significant matters raised.

The Auditor General's Independent Auditor's Report for 2020-21 identified a significant adverse trend in the financial position of the Shire (attached). Specifically, that the Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries ("the Department") standard for the past three years. This matter was also raised in the 2018/19 and 2019/20 audit reports. The 2020/21 audit report also recognised the Asset Sustainability Ratio has been below the DLGSCI standard for the past three years.

The 2020/21 audit report also states that the Shire does not have a current and up to date asset management plan and long term financial plan which has resulted in the asset renewal funding ratio being unable to be determined.

Local governments must prepare a report addressing the significant matters identified in their audit report, which is to be considered by the local government's audit committee before being adopted by council.

Operating Surplus Ratio

$$\text{Operating Surplus Ratio} = \frac{\text{Operating Revenue MINUS Operating Expense}}{\text{Own Source Operating Revenue}}$$

The purpose of this ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. The Department has determined that a ratio below 0.01 (1%) is below the standard required. OAG standard is Zero.

The following table highlights the Shire's ratio as calculated for the last five financial years, including the figure for the 2020/21 financial year:

	2016/17	2017/18	2018/19	2019/20	2020/21
Operating surplus ratio	0.06	-0.14	-0.73	-0.33	-0.51

Own source operating revenue is made up of rates, fees and charges, interest income, profit on disposals of assets, reimbursements and recoveries, and other revenue. Small regional local governments are limited in their ability to increase own source revenue and are more reliant on grant funding for renewal of assets.

A significant expense recognised in operating expenditure and included in the ratio calculation is depreciation. The depreciation expense recognised in 2020/21 was \$2,128,074 (including \$499,841 bridge depreciation).

While the ratio recognises the depreciation on our fixed assets, the ratio does not recognise capital road or capital project funding and this income is specifically excluded from the ratio. Non-operating road grants including those received from Roads to Recovery (Federal) and Regional Road Group (State) were \$1,020,169. These capital grants are used to fund asset renewal as recognised in the depreciation expense.

The ratio reflects a reliance on sources of funding other than Council's own source funds such as rates, to be sustainable. To have an operating surplus ratio which does not meet the minimum requirements is typical of many local governments.

The ratio will also be affected by the timing of the Federal Assistance Grants. A substantial prepayment of the FAGS grants has been prepaid in recent years however if not consistently prepaid will influence the ratio.

Asset Sustainability Ratio

$$\text{Asset Sustainability Ratio} = \frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation}}$$

The purpose of this ratio is to measure the extent to which assets are being renewed/replaced compared to the amount consumed (depreciation). The interpretation of this ratio is much improved if it is calculated as an average over time as this reduces skewing caused by large scale intermittent investment in major infrastructure (such as buildings and road upgrade)

The OAG has determined that a ratio of below 0.8 (80%) is below the standard required.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Asset sustainability ratio	1.65	1.13	1.24	0.84	1.09	0.84	0.74	0.33	0.52

The average ratio based on the past five years is 0.70. Average ratio over 9 years is 0.93.

The allocation of available funds to new or upgraded infrastructure/buildings/roads as part of the annual capital program will influence this ratio negatively. In 2020/21 upgrade expenditure was \$348,049 (23% of capital expenditure) and included the construction of a new chalet and Growden Place expenditure. Sealing a previously unsealed road is an example of an upgrade.

Bridge depreciation of \$499,841 is recognised. This is not expected to be offset by renewal expenditure on an annual basis unless funding is also received.

The Shire has a current Long Term Financial Plan however this requires review to meet departmental guidelines. The Asset Management Plans require updating.

CONSULTATION:

The report has been prepared in consultation with other local governments. The majority of local governments cannot meet the recommended ratio standards.

STATUTORY ENVIRONMENT:

In November 2017, proclamation of the *Local Government Amendment (Auditing) Act 2017* introduced a number of reforms to auditing laws. The legislation requires local governments to examine an audit report it receives and implement appropriate action in respect to the significant matters raised.

POLICY IMPLICATIONS:

There are no policy implications.

FINANCIAL IMPLICATIONS:

The Operating Surplus Ratio is expected to be reported as having a significant adverse trend in the future. The ratio will continue to be monitored through the long term financial planning and budgeting process.

The Asset Sustainability ratio is also expected to be reported in some future years as having a significant adverse trend in the future however is dependent on the capital works program renewal/upgrade and grant funding for new capital projects received. This ratio will continue to be monitored through the Long Term Financial Plan and budgeting process.

The review of Asset Management Plan and Long Term Financial Plan will require resources.

STRATEGIC IMPLICATIONS:

This item aligns with the community's vision and aspirations as contained in the Shire of West Arthur Corporate Plan 2020 to 2024. Specifically, it relates to the following strategy(s):

5.2 Financial management and decision making will be transparent, accountable and in an accessible format for the public.

VOTING REQUIREMENTS:

Simple majority

OFFICER RECOMMENDATION – (ITEM 6.1.2)

That the Audit Committee recommends that Council:

1. Notes the significant adverse trends in the financial position of the Shire, as identified in the Auditor General's Independent Auditor's Report for 2020-21, stating that the Operating Surplus Ratio and the Asset Sustainability Ratio are below the Office of Auditor General and Department of Local Government, Sport and Cultural Industries standard and that the Shire of West Arthur monitor through the long term financial planning and budgeting process.
2. Acknowledge the comments made relating to the Asset Management Plan and Long Term Financial Plan and direct the CEO to prepare current plans for adoption by Council by the end of the current financial year.
3. Authorises a copy of this report to be forwarded to the Minister for Local Government and be published on the Shire's official website.

Moved: Cr Neil Manuel

Seconded: Cr Karen Harrington

CARRIED: 3/0

ATTACHMENT

Audit Exit Meeting Notes – Feb 22

**SHIRE OF WEST ARTHUR
EXIT MEETING NOTES**

Date: 24 February 2022 at 10.00am
Shire of West Arthur Office, 31 Burrowes Street, Darkan

ATTENDEES:**The Audit Committee Members:**

Neil Morrell	Shire President
Karen Harrington	Audit Committee
Neil Manuel	Audit Committee

Support Staff/Visitors:

Mr Vin Fordham Lamont	Chief Executive Officer
Ms Melinda King	Manager Financial Reporting

AMD Chartered Accountants (via phone conference):

Maria Cavallo	Director
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Office of the Auditor General (via phone conference):

Indika Dias	Acting Assistant Director, Financial Audit, Office of the Auditor General WA
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AGENDA ITEMS:**1. Audit Approach**

Refer also attached Audit Planning Summary Dated May 2021, including Section 5 “Significant Risks” and Section 6 “Audit Emphasis and Significant Account Balances”

- Interim Visit / Testing Completed
- Year End Communications
- Final Visit / Testing Completed

2. Variations to Audit Plan (where applicable)

- No variations

3. Subsequent Events

- Discussion and reconfirmation regarding subsequent events.

NIL

4. Audit Issues

- Status of prior year audit issues:
Prior year management report has been implemented and resolved.
- Audit issues reported in the 2021 audit:
Refer to Final Management Letter document

30 June 2021 Final Findings	Action by Management
1. As required by: <ul style="list-style-type: none"> • Regulation 5(2)(c) of the <i>Local Government (Financial Management) Regulations 1996</i>, the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once every 3 financial years) and report to the local government the results of that review. 	Email correspondence from CEO stating compliance return was uploaded prior to 31 March however submission was not complete, Compliance items have been included in new compliance calendar.

<p>The Shire of West Arthur's last Financial Management Review took place in March 2017 with the next review undertaken in July 2021.</p> <ul style="list-style-type: none"> Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>, the CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance not less than once in every 3 financial years and report to the audit committee the results of that review. <p>The Shire of West Arthur's last Financial Management Review took place in November 2016 with the next review undertaken in July 2021.</p> <ul style="list-style-type: none"> Regulation 15(1) of the <i>Local Government (Audit) Regulations 1996</i>, after the compliance audit return has been presented to the Council, a certified copy of the return is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates. The 31 December 2020 compliance audit return was submitted to the Departmental CEO on the 18 April 2021. 	
<p>2. As required by Regulation 50(1)(c) of the <i>Local Government (Financial Management) Regulations 1996</i>, the Shire is to disclose in its Annual Financial Report an "asset renewal funding ratio" and in terms of Regulation 10(3)(e) of the <i>Local Government (Audit) Regulations 1996</i> the auditor is required to provide an opinion on whether or not the following financial ratios included in the Annual Financial Report are supported by verifiable information and reasonable assumptions:</p> <ul style="list-style-type: none"> (i) The asset consumption ratio; and (ii) The asset renewal funding ratio. <p>An up-to-date asset management plan and long-term financial plan assists the local government to comply with the requirements stated above. The Shire of West Arthur does not have up to date asset management plan (dated 2013 – 2023) in place. In addition, the long-term financial plan had not been adopted by Council as at 30 June 2020 and does not meet the requirements of the Department of Local Government, Sport and Cultural Industries' Long Term Financial Planning Framework and Guidelines considered to be best practice.</p>	Noted and will be reviewed before 30 June 2022.
<p>3. Sundry debtor and credit notes testing identified the following:</p> <ul style="list-style-type: none"> Credit notes are not raised, rather invoices are voided in the system; and There is no agreement to support a quarterly invoice which is raised to a customer for the use of Shire premises. 	Noted and procedures updated. Agreement with customer for contribution towards premises being drafted.
<p>4. Testing of balance sheet reconciliations identified the following:</p> <ul style="list-style-type: none"> Term deposit statements are not currently attached to Municipal and Reserve bank reconciliations; and 	Reserve bank reconciliations have term deposit statements attached. Noted and will be attached for Municipal reconciliation. Excel spreadsheet used for all account balances and term deposit statements available in investment register.

<ul style="list-style-type: none"> The increase in the value of the House Trust investment 2021 financial year of \$1,939 was not recorded. 	<p>Discussion was held with auditors as final movement in Local Government Trust was received at time of audit. Expected to make the adjustment.</p>
<p>5. The Shire of West Arthur has not developed a Risk Register identifying risks, the impact of the risks and controls to mitigate the risk. In addition, the Shire Risk Management Policy references the former AS/NZ 31000:2009 standard as opposed to the current standard, AS/ISO 31000:2018.</p>	<p>Risk register has now been implemented and to be reviewed at scheduled staff meetings. Noted to update policy to reflect guidance number.</p>
<p>6. The Shire of West Arthur does not have a Business Continuity Plan or an Information Technology Disaster Recovery Plan in place.</p>	<p>Business continuity plan draft started. Noted to follow up. IT disaster recovery plan to be drafted and 22/23 budget item.</p>
<p>7. One employee with an annual leave balance of greater than eight weeks</p>	<p>Add annual audit of leave balances to compliance calendar. Relevant manager to arrange leave for employee with excessive balance.</p>
<p>8. The Shire of West Arthur does not have an Information Technology Usage Policy outlining the rules and guidelines with respect to appropriate use of the Shire's IT resources.</p>	<p>Will source appropriate policy and take to Council for adoption.</p>
<p>9. Our testing identified there is no termination checklist in place for when an employee resigns or is terminated, to ensure the termination process has been properly completed e.g., employee's physical and system access being disabled and employee returning all Council's property i.e., laptop and credit cards.</p>	<p>Termination checklist will be included in review of HR processes.</p>

Audit Report

Refer DRAFT Audit Report attached

- Opinion Qualification Matters (where applicable):
 - No qualifications to audit opinion.

- Adverse Ratios:
 - The Operating Surplus Ratio as reported in Note 29 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the last three financial years.
 - The Asset Sustainability Ratio as reported in Note 29 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.

- Report on Other Legal and Regulatory Requirements:
 - Management does not have a current and up to date asset management plan and long-term financial plan. As a result, the Asset Renewal Funding Ratio in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 is not able to be supported by verifiable information or reasonable assumptions.

The Shire has a Long-Term Financial Plan. This will be reviewed to ensure it meets Department guidelines.

Issues Relevant To Next Audit

Proposed final audit dates of 5th and 6th September may be difficult to meet. Trial balance required to be sent to AMD one week prior to audit. Statements not required until time of audit. OAG and AMD will investigate if two weeks later is possible.

Closed: 4.00pm

7. Other Urgent Business by Decision of Meeting

Nil

8. Tabling of Items for Next Meeting

Nil

9. Closure and Next Meeting

Meeting closed at 9.45am. Next meeting date will be set as required.

11. Reports from Councillors

Cr Neil Morrell (President)

Cr Graeme Peirce (Deputy President)

Cr Neil Manuel

Cr Adam Squires

Cr Robyn Lubcke

Cr Karen Harrington

Cr Duncan South

12. Chief Executive Officer**12.1 - ADOPTION OF 2020/2021 ANNUAL REPORT**

File Reference:	1.1.2
Location:	N/A
Applicant:	N/A
Author:	Vin Fordham Lamont – Chief Executive Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	10 March 2022
Disclosure of Interest:	Nil
Attachments:	1. 2020/2021 Annual Report 2. 2020/2021 Financial Statements 3. 2020/2021 Auditors Report

Summary:

Council is requested to consider:

- receiving the Auditors Report for inclusion in the 2020/21 Annual report;
- accepting the 2020/21 Annual Report; and
- setting the date for the Annual Electors Meeting.

Background:

The Shire of West Arthur is required to prepare an Annual Report for each financial year.

The Auditor's Report for year ended 30 June 2021 is attached. Council is requested to receive it for inclusion in the 2020/21 Annual Report.

The Shire of West Arthur 2020/21 Annual Report is attached, and Council is requested to accept it.

The Annual Report is then to be presented to the annual electors meeting.

Comment:

It is proposed to hold the Annual Electors Meeting in the Hawthorne Room at the West Arthur CRC on Thursday, 24 March 2022 at 6pm.

Consultation:

Nil

Statutory Environment:

It is a statutory requirement that, amongst other prescribed matters, the Financial Report and Auditor's Report for the financial year are included in the Annual Report.

Sections 5.53, 5.54 and 5.55 of the *Local Government Act 1995* outline information to be included in the Annual Report, acceptance of the Annual Report and notice of the Annual Report.

Section 5.27 of the Act requires that the Annual Electors Meeting must be held within 56 days of the adoption of the Council's Annual Report.

Policy Implications:

Nil

Financial Implications:

Nil

Strategic Implications:

Nil

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Nil
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	N/A
Risk Likelihood (based on history and with existing controls)	N/A
Risk Consequence	N/A
Principal Risk Theme	N/A
Risk Action Plan (Controls or Treatment Proposed)	N/A

Voting Requirements:

Absolute Majority

Officer Recommendation:

That Council:

1. receives the Auditors Report for inclusion in the 2020/21 Annual Report;
2. accepts the 2020/21 Annual Report; and
3. sets the date/venue for the Annual Electors Meeting as the Hawthorne Room at the West Arthur CRC on Thursday, 24 March 2022 at 6pm.

Moved: _____

Seconded: _____

ATTACHMENTS

1. 2020/2021 Annual Report
2. 2020/2021 Financial Statements
3. 2020/2021 Auditors Report



ANNUAL REPORT 2020/2021

Shire of West Arthur

Email: shire@westarthur.wa.gov.au

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TABLE OF CONTENTS

About our annual report _____	3
Acknowledgement of country _____	4
Shire president's report _____	5
Chief Executive Officer's Report _____	7
Your Council _____	9
Portfolios and Roles _____	9
Meeting Attendances _____	10
Council Structure _____	10
Executive officers and organisation structure _____	11
Quick Facts _____	12
The Year in review _____	13
Community Wellbeing _____	13
Local Economy _____	19
Built Environment _____	21
Natural Environment _____	23
Governance and Organisation _____	25
Statutory reporting requirements _____	27
National Competition Policy _____	27
Disability Access and Inclusion Plan (DAIP) _____	27
Complaints Register _____	28
State Records Act _____	28
Freedom of Information Statement _____	28
Employee Remuneration _____	28
The year ahead 2020/21 _____	29

ABOUT OUR ANNUAL REPORT

The Shire of West Arthur presents this document, our Annual Report, which showcases our activities and achievements throughout the 2020/21 financial year.

Our vision is to provide a safe, friendly welcoming community with a dynamic and expanding local economy. In order to achieve this vision, the Shire has committed to the following goals:

Our Community – We live in a safe, friendly and inclusive community.

Local Economy – We have a sustainable and stable agricultural industry, supported by a dynamic, growing business sector.

Built Environment – We have well maintained roads, and attractive surrounds which reflect our heritage and rural character.

Natural Environment – We value our natural assets and manage these to meet the needs of the community.

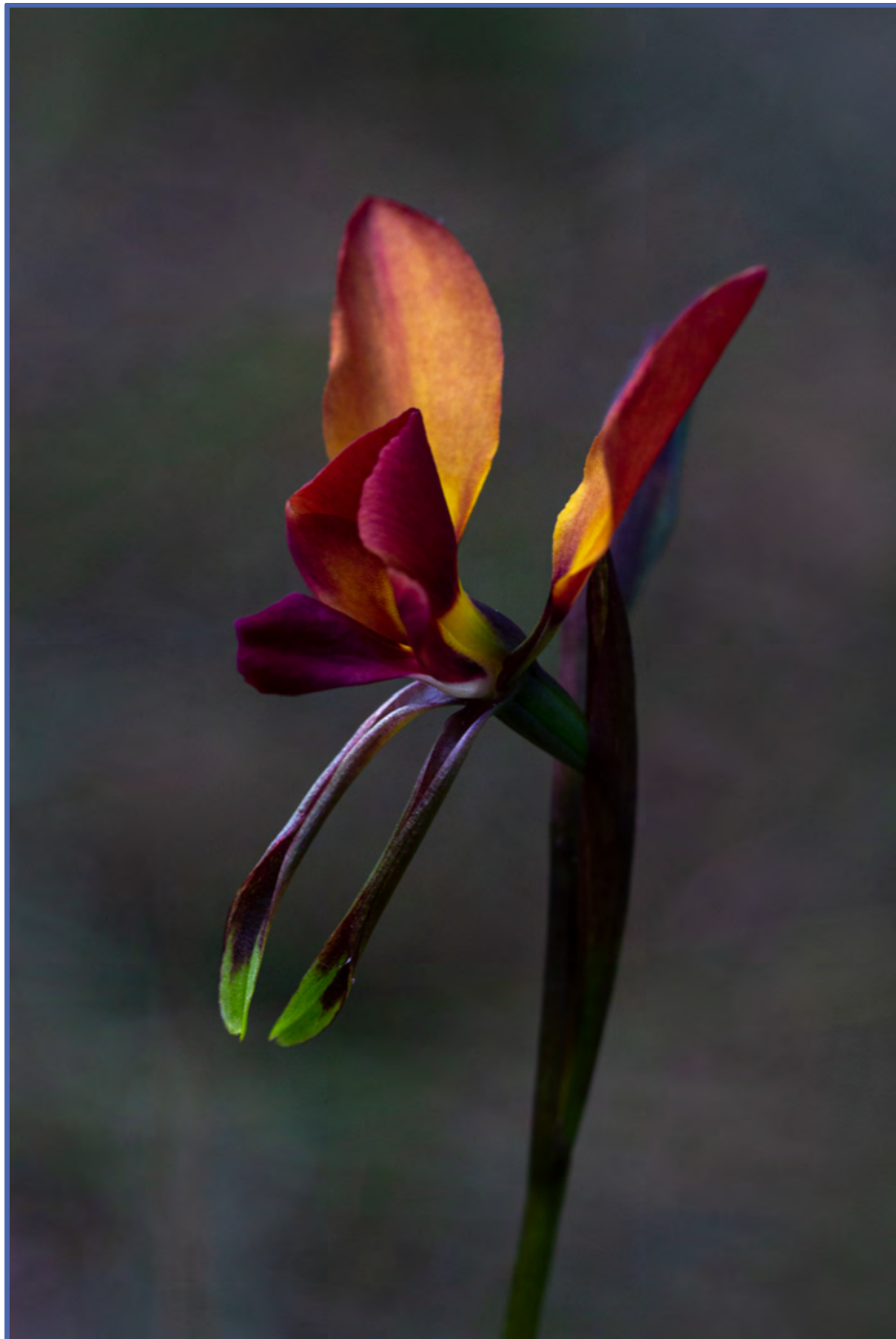
Governance and Organisation – The Shire of West Arthur has inspirational, strong leaders providing transparent and effectively managed governance.

This annual report is organised to align with these goals which are outlined in more detail in our Strategic Community Plan “Towards 2031”. Copies of the Strategic Community Plan and Corporate Business Plan are available from our web site www.westarthur.wa.gov.au and the Shire Office.

Our Annual Financial Statements are included at the rear of the Annual Report and are shown separately on the web site. They have been independently audited and certified by the Auditor General for Western Australia.

ACKNOWLEDGEMENT OF COUNTRY

The Shire of West Arthur respectfully acknowledges that the land upon which we work and live, is the traditional land of the Wilman Nyoongar people. We recognise their cultural heritage, beliefs and continuing relationship with the land. We honour Elders past, present and emerging and we support the principles of a reconciled Australia for all its people.



SHIRE PRESIDENT'S REPORT

The Shire of West Arthur is a unique and beautiful place to work, live and play. We have had many changes in the Council and Shire office, and I would like to take this opportunity to thank the outgoing President Kevin King for his contribution to the community. Kevin has served as a Councillor since 2005 and as Shire president for the past two years.

In addition, our long serving Shire CEO Nicole Wasmann, is also leaving the community. Nicole has served the community for the past 25 years providing stable leadership and good financial stewardship to ensure that the Shire is in an excellent financial position for the upcoming year. I would like to thank Nicole for the many years that she has contributed to making West Arthur into the place it is today. Council wishes Nicole all the best in her new endeavours.

Our leadership team have ensured that the 2020/21 financial year has been a success for the Shire with the implementation of the Local Roads and Community Infrastructure funding program. This funding was supplied by the Federal Government in order to stimulate the economic recovery through the COVID pandemic. The program has resulted in the Shire being able to bring forward developments throughout that would not have been possible this financial year.

Council continues to investigate ways to boost economic development and agricultural diversification in order to improve our population growth. This year's good winter rainfall ensured that the agriculture sector remains strong. Our main street businesses experienced some challenges through the COVID pandemic, and the Shire encouraged everyone to shop local and support these businesses as much as possible. We continue to encourage you in this regard. Our community has not yet seen the full impact of the COVID pandemic, and we hope that support for businesses and each other continues as we face this new challenge.

The Shire finished the year in a strong position with \$ 2,403,335 in reserve funds which will be used to continue to develop infrastructure and assets within the Shire. The next year looks exciting with Phase 2 and 3 of the Local Community Roads and Infrastructure program being invested throughout the Shire.

Our Community Strategic Plan – West Arthur Towards 2031 and Shire Corporate Business Plan – West Arthur 2021- 2025 underwent a full review in this past year, and we thank everyone that engaged in the community consultation that feeds into the development of these documents. These documents provide Council and Shire staff with the direction from the community for decision making in the year ahead.

The next year will also require the Shire staff to settle into a new working environment with many changes to the office staffing including the appointment of a new CEO (Vin Fordham Lamont). The works crew will continue to maintain and upgrade our road network.

The new Council looks forward to working with the Shire staff and implementing some exciting programs throughout the 2021/22 year.

Cr Neil Morrell
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

It is a privilege to present the Shire of West Arthur's annual report for 2020-2021. The report outlines the key milestones and achievements of the Shire for the past 12 months.

The COVID pandemic continued to play a role in decision making within the Shire but also offered up many opportunities through economic stimulus funding provided by the Department of Infrastructure, Transport, Regional Development and Communications. Three phases of funding were announced, and Phase 1 was implemented by the Shire in the 2020-21 financial year.

Projects funded through this program included:

- the resealing of the car park and redevelopment of the jetties and playground at Lake Towerrinning;
- installation of seating and water fountains at the Town Oval;
- design of the newly installed pump track;
- centre white line marking on the Duranillin-Bowelling Road, Darkan South Road (south of Duranillin) and the Moodiarrup-Changerup Road;
- upgrade of Growden Place;
- installation of a new shade structure at the Darkan Swimming Pool;
- refurbishment of the Nissen Hut;
- upgrades to the Arthur River Hall kitchen and Darkan Hall kitchen; and
- ceiling repairs at the Moodiarrup Hall and Sports Complex.

The Shire continued to listen to the local community, undertaking an extensive community consultation program through the latter half of 2020. This informed the review of the Community Strategic Plan and the Shire Corporate Plan which were developed in the early half of 2021.

Road upgrades continued throughout the year. The initial works on the slip road from Capercup North Road onto Darkan South Road commenced. Cement stabilisation occurred on the Boyup Brook Arthur Road and Bokal East Arthur Road. Gravel resheeting was undertaken on Old Collie Road and Jackson Road. Drainage and culverts were improved also on Old Collie Road and Bowelling McAlinden Road.

Cultural activities continued to play an important role in the community with the Shire hosting the biannual Cultural Week which included Irish dancing, a Philippino cooking class and a Kiwi Crafternoon. The Splash test dummies were once again a big hit with the local community. The Shire also recently reconnected with the local Nyoongar Traditional Owners and look forward to working with this group into the future.

The local senior's meals program has continued to provide the aged and vulnerable community with meals on a weekly basis ensuring that those people can continue to live within their community for as long as possible. An audit undertaken by Alzheimer's WA will also assist the Shire to provide an environment that is accessible and inclusive of people with disability, their families and carers.

With the restrictions associated with interstate and international travel we have seen an increase in the number of tourists and travellers coming to the area. Astrotourism continues to be a draw card, along with the new Betty Brown Historical Centre. New brochures and maps were designed and printed to ensure people can easily find their way around the community.

I arrived in West Arthur to take up the CEO role only recently and have taken the opportunity to look back on the achievements made by the past CEO and Council. The community has made me feel very welcome and I look forward to continuing to strive towards making West Arthur a place where people love to work, play and live.

Vin Fordham Lamont
Chief Executive Officer



YOUR COUNCIL

Portfolios and Roles

The Shire of West Arthur has seven Elected Members representing the local community. The Councillors elect the President and Deputy President every two years. The following councillors represented the community in the 2020/21 financial year.

Cr Kevin King (President) - Elected to Office in 2005 Retired October 2021

- Audit Committee
- Executive Appraisal Committee
- Tidy Towns Committee
- Central Country Zone of WALGA
- Regional Road Group

Cr Neil Morrell (Deputy President) - Elected to Office in 2019 Retiring 2023

- West Arthur Bushfire Advisory Committee
- Chair of the Lake Towerrinning Strategic Plan Reference group
- Local Emergency Management Committee
- Proxy to the Development Assessment Panel
- Proxy to the 4WDL VROC Committee

Cr Julie McFall - Elected to Office in 2017 Retired October 2021

- Audit Committee
- Development Assessment Panel
- Central Country Zone of WALGA
- Museum Reference Group

Cr Marie Lloyd - Elected to Office in 2017 Retired October 2021

- Executive Appraisal Committee,
- Development Assessment Panel
- West Arthur Community Resource Centre Committee

Cr Neil Manuel - Elected to Office in 2009 Retiring 2021

- Executive Appraisal Committee
- Arthur River Development Group
- Proxy to the Regional Road Group

Cr Graeme Peirce - Elected to Office in 2019 Retiring 2023

- Audit Committee
- WDL VROC Committee
- Proxy to the Development Assessment Panel

Cr Adam Squires - Elected to Office in 2019 Retiring 2023

- Audit Committee
- Pool Committee
- West Arthur Cottage Homes Committee

Meeting Attendances

COUNCILLOR	GENDER	LINGUISTIC BACKGROUND	ORDINARY MEETING	ANNUAL ELECTORS
Cr Kevin King	Male	English	11	1
Cr Neil Morrell	Male	English	11	1
Cr Neil Manuel	Male	English	9	1
Cr Julie McFall	Female	English	10	1
Cr Marie Lloyd	Female	English	11	1
Cr Graeme Pierce	Male	English	10	1
Cr Adam Squires	Male	English	8	1

Council Structure

Elected Members aged between 18-24 years old	0
Elected Members aged between 25-34 years old	0
Elected Members aged between 35-44 years old	1
Elected Members aged between 45-54 years old	3
Elected Members aged between 55-64 years old	1
Elected Members aged 65 and over	2
Aboriginal or Torres Strait Islander Councillors	0

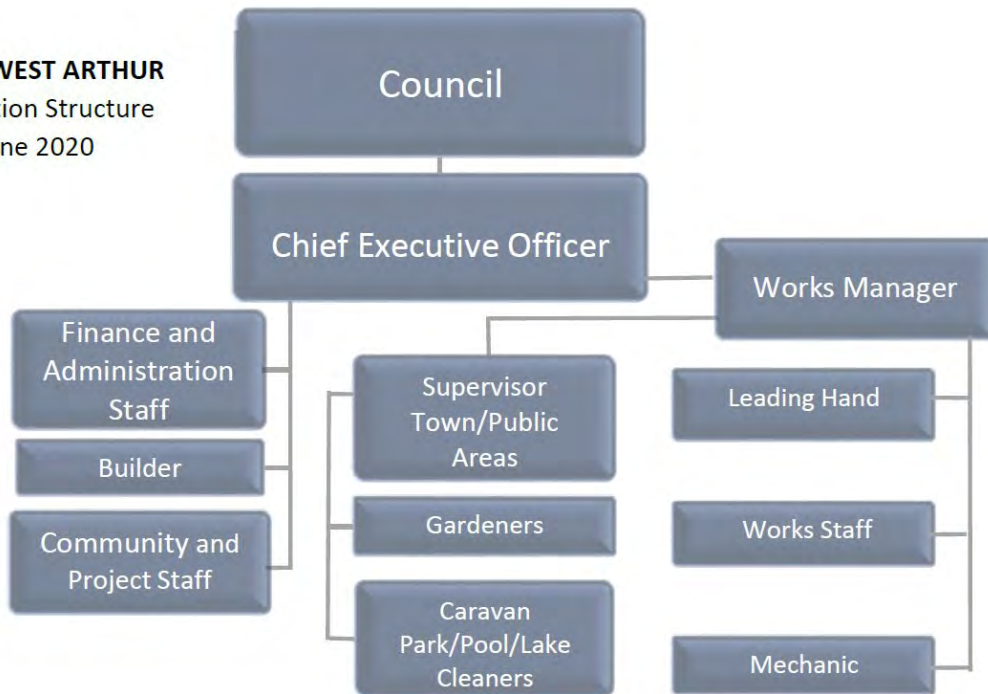


EXECUTIVE OFFICERS AND ORGANISATION STRUCTURE

As at June 30, 2021, our management team consisted of:

Chief Executive Officer	Nicole Wasmann
Manager Works:	Jamie Muir (appointed 19 th May 2021)
Manager Financial Reporting:	Melinda King
Manager Financial Operations:	Maxine McKenzie
Manager Community Services:	Kym Gibbs

SHIRE OF WEST ARTHUR
Organisation Structure
at 30 June 2020



QUICK FACTS

Area: 283,182.7ha

Road length: 208 km sealed roads and 652 km unsealed roads.

Population – 798 ABS Statistics 2018

Number of electors – 624

Year Shire established – 1896

Public Facilities – Darkan Town Hall, Darkan Pioneer Hall, Arthur River Hall, Moodiarrup Hall, Duranillin Town Hall, Darkan Sports Complex, Arthur River Country Club, Moodiarrup Sports Complex, Lake Towerrinning, Darkan to Collie Rail Trail, Arthur River Historical Precinct, Darkan Railway Station, Darkan Station Masters House, Bowelling Railway Station, Six Mile Cottage, Betty Brown Historical Centre, Duranillin School, Glenorchy School, Darkan Swimming Pool, The Shed, Community Gym.



Total capital works value for 2020/21	\$1,480,729
Total operating revenue in 2020/21	\$3,473,725
Total non-operating revenue in 2020/21	\$1,020,169
Total income from rates in 2020/21	\$1,726,902

THE YEAR IN REVIEW

Our vision is to provide a safe, friendly welcoming community with a dynamic and expanding local economy.

Throughout 2020/21 we worked to our Corporate Mission which was “To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery”.

The Strategic Community Plan identifies the community’s desired goals and outcomes for each theme, along with performance measures. It is the Shire’s long-term strategic planning document outlining the Shire’s commitment to achieving the vision and aspirations of the community. It is subject to a minor review every two years and a major review every four years. Our review was postponed last year as we were unable to undertake the community consultation required due to restrictions imposed as a result of the COVID pandemic. At the end of 2020 we undertook extensive consultation with all facets of the community and used input to do a major review of the Community Plan.

The Corporate Business Plan expands on the outcomes identified in the Community Plan with strategies and actions. It translates the strategic direction of the Shire into specific priorities and actions as well as drawing together actions from the Shire’s informing strategies. It informs the annual planning and budgeting process. This also underwent extensive review this year.

The plans are broken down into five key themes of community wellbeing, local economy, built environment, natural environment, and government and organisation. The following pages summarise our progress during the 2020/21 financial year towards achieving the actions and priorities identified in our Corporate Plan 2017-2027 based on these five key themes.

Many of the projects listed in this annual report have been made possible by Economic Stimulus funding provided by the Federal Government through the Local Roads and Community Infrastructure (LRCI) program.

Community Wellbeing

A safe and enabling place to live with a strong sense of identity and a thriving, active culture.

Outcome 1.1: The Shire is a SAFE place to live, strives to reduce risks and is prepared for emergencies.

The Shire is actively involved in managing bushfires and other emergencies in our district. Three Local Emergency Management Committee meetings were held in the past year. And the Local Recovery Plan is in the process of being reviewed. Staff attended an emergency management exercise in Narrogin and quarterly emergency management forums and updated the volunteer

Bushfire Brigade Guidelines and Operational Manual. Introduction to fire fighting and Chief Fire Control Officer training were held in August.

Staff raise awareness of harvest and vehicle movement bans and fire risks through the West Arthur Fire Fighters WhatsApp group and on the Shire Webpage. Hazard reduction around the Darkan town site is undertaken on a regular basis and the Shire manages the Emergency Services Levy funds.

A total of 12 fires were attended by local fire brigades in the 2020/21 fire season. There were a number of fires in the Nangip Creek area which were lit by children. These fires were quickly contained by volunteers. This resulted in the Shire coordinating Department of Fire and Emergency Services personnel to visit the school to provide education on the dangers of fires to children.

The Shire works collaboratively with the local brigades and we acknowledge the dedication of the volunteers, especially that of the Chief Fire Control Officer, Duncan South, who retired from this role in June 2021. Ben Robinson has taken over the CFCO role and is supported by Graeme Pierce as Deputy.



The Shire is continuing its discussions with St John Ambulance in relation to the establishment of a new sub-centre and its proposed location.

The impacts of the COVID pandemic were minimal throughout 2020/21; however the Shire continued to monitor the situation and implement COVID safety plans, assist with establishing with COVID registers, advise businesses of the WA safe app and maintain a heightened cleaning

schedule at all Shire managed facilities. Like all Councils around Australia, the Shire of West Arthur was provided with COVID Economic Stimulus funding to complete roads and community infrastructure Projects. The details of these projects are provided through out this report and referred to as Local Roads and Community Infrastructure Funding (LRCI) Projects.

Outcome 1.2: People of all ages have the support they require to live and participate in the community.

The Shire aims to assist people to remain in their own homes and the community for as long as possible. We continue to provide support to Shire of Wagin Home and Community Care, and Westcare.

We have provided a very successful Seniors Meals programme which continued to run throughout the year. Additional volunteers have been recruited and communication was moved to the WhatsApp platform to assist with coordination. We currently have 24 volunteers each contributing when they are able to.

Approximately 1733 meals were prepared over the 2020/21 year and these were subsidised through Shire coordination time to a value of \$6,607. In addition, the Shire continues to manage the funds associated with the annual Seniors Christmas Luncheon.



The Shire engaged Alzheimer's WA to undertake an environmental audit of the main street and other public facilities to identify issues that could cause problems for those living with dementia. The Shire is now working towards implementing the suggestions and creating an environment that is safe, secure and easy to move around in for everyone.

The Shire coordinated two Dementia friendly workshops for local businesses and family and friends of those living with dementia. The Shire received funds from Department of Communities to run these workshops. In addition, the Shire held singing for the brain and memory book workshops for seniors.

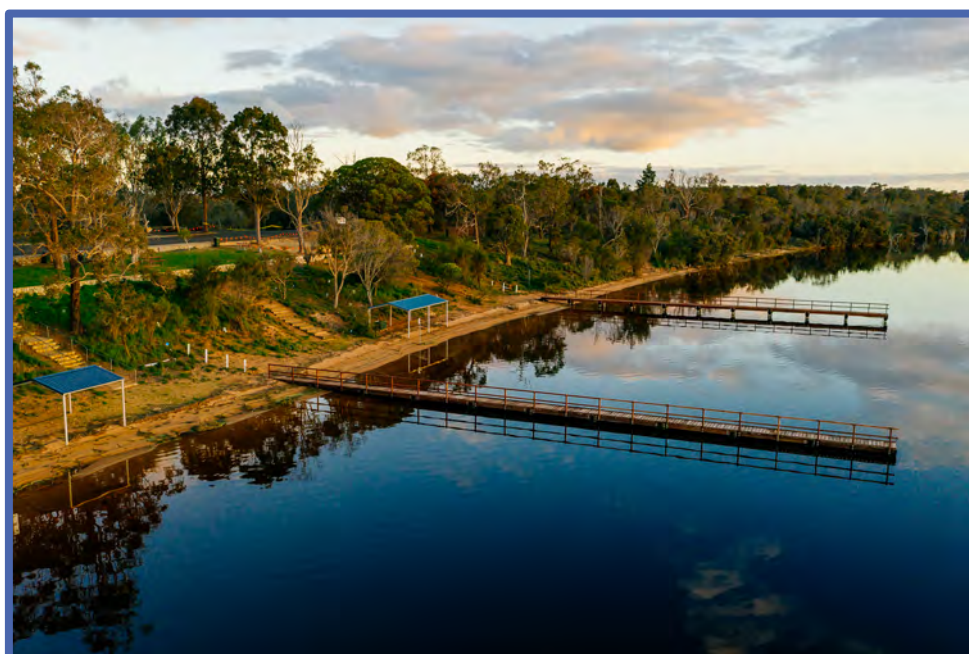
Concern over the current high school bus service resulted in the Shire advocating on behalf of the school for a review of the bus services in rural communities. The Shire facilitated a community survey of stakeholders and then organised a community forum inviting local members, ministers, Darkan Primary School, Collie High School, Public Transport Authority and the local community. This resulted not only in a review of our local bus service but a full review of the transport arrangements currently in place across the state.

The Shire has been part of the committee that has been established to develop the Betty Brown Scholarship for past female students of Darkan, Kojonup and Wagin Schools with access to financial assistance to pursue studies in agriculture, medicine or dentistry.

Outcome 1.3: Physical and mental wellbeing will be enhanced through a variety of sport and recreational opportunities located throughout the Shire.

Our community sport and recreation facilities are maintained or supported by the Shire. LRCI funding allowed us to invest further in these facilities.

Major upgrades were undertaken at Lake Towerrinning through the LRCI funding program. This involved complete refurbishment of the aging jetties, redesign and installation of the lake playground, and development of a master plan for the public area. The annual speed boat races were once again held in October 2020.



LRCI funding program allowed the Shire to design and install the new pump track in the Darkan Railway Reserve. This is the beginning of bigger developments within the area which will be undertaken as part of Phase 2 and 3 of the LRCI program.

A new shade was installed at the Darkan Swimming Pool shade structure and the edges of the cricket wicket were shaved in readiness for the cricket season. The Shire also installed fountains and seating at the town football oval.

A risk assessment was undertaken along the Collie to Darkan Rail trail and risks identified will be addressed over the upcoming year. Shire staff have been liaising with Department of Biodiversity, Conservation and Attractions regarding upgrade of the signage along the rail trail. Shire staff have also spent time investigating opportunities for accessing Hillman Nature Reserve.

The West Arthur Community Resource Centre partnered with the Shire of West Arthur to bring the Splash Test Dummies show to the town in February 2021. The show was well received by the local community.

The Shire continues to manage the local Community Gym, local community halls and Darkan Swimming pool.

The medical services provided at the CRC are considered essential to the community and the Shire continues to subsidise the operational costs of the CRC in order that these services can continue to be provided.

Outcome 1.4: Pride in our community and a strong sense of identity is forged from our cultural heritage and past and present achievements.

The people who live in the Shire of West Arthur have a strong connection to the history of the area. The Betty Brown Historical Centre continued to be popular with locals as well as with visitors to the district. The success of the centre was recognised by Australian Museum and Galleries Association through a National Award. The Centre won the Museum and Galleries National Award for its category Permanent Exhibition or Gallery Fitout - Level 2: Project budget \$20,000 - \$150,000. Shire Staff accepted this award via Zoom presentations in October 2020.

The Collection from the Betty Brown Historical Centre was moved to an online electronic format Collections WA in 2020, allowing people to view our collection from anywhere in the world. Oral histories undertaken for the Centre are also available online to listen to (<https://collections.wa.net.au/organisations/betty-brown-historical-centre-shire-west-arthur>) and were compiled into a book that is available from the Shire Library.

A new temporary exhibit “Play Time” was opened to the public in June 2020. It showcases toys and games from bygone eras. Some toys have been home made by older local residents, and others are examples of toys that could be purchased at different times.



Shire staff continued the process of organising the Community Archives. Historical documents from various organisations throughout the Shire are now available for people to look at and use for research purposes. All documents are stored in archival quality materials.

The Shire continued to support various groups to manage our historical assets around the Shire. In March 2020 the historically significant Arthur River Post Office suffered a massive blow, with a car leaving Albany Highway and veering through the southern wall of the small historical building. Over the past year the Shire has managed the reconstruction of this building to return it to its former glory. The building was taken down brick by brick and rebuilt to historical standards.

The cemetery at Arthur River was surveyed in April 2021 with Ground Penetrating Radar to locate potential grave sites that had been identified through discussions with local residents. The survey identified a number of areas where graves could be located. These will be surveyed and marked on maps to ensure they are not disturbed in the future.

Other assets the Shire continued to assist with include Six Mile Cottage, Duranillin School, Glenorchy School, Bowelling and Darkan Railway Precincts and the Arthur River Historical precinct.

Shire staff participated in a review of draft heritage Guidelines for the Department of Planning, Lands and Heritage which resulted in DPLH providing the Shire with a grant for a review of the Heritage Inventory. This review is currently underway.

This year we celebrated our cultural diversity through our Biannual Cultural event. Irish Dancing, Philippino cooking and Kids Kiwi Krafteernoon events were held during the week. All events were well attended.

This year Australia Day was once again celebrated at Lake Towerrinning after having the ANZAC service cancelled last year due to COVID concerns. The Shire also provided regular assistance with historical enquiries.

Local Economy

The Shire of West Arthur will be a vibrant, sustainable and growing community with active business and agriculture sectors.

Outcome 2.1: The business community will be dynamic, growing and diverse, providing employment and economic benefits to the Shire.

The Shire continues to explore ways to engage with the business community and grow the economy in our Shire. Following on from last year, the Shire continued to provide information to businesses about grant opportunities or training programmes via a dedicated email. These were also promoted on our Shire Facebook page.

We also continued to promote the Shire to a wider audience and encouraged caravan park visitors to stay an extra night through our “pay for two nights, get third night free” promotion. The Shire became involved in the “Move to More” campaign run by Regional Institute of Australia to encourage people to move to regional areas.

Council approved installation of mobile phone towers at Bowelling, Darkan Williams Road and Moodiarrup West Road.

Outcome 2.2: Agricultural businesses will be viable and sustainable, providing employment and economic benefits to the Shire.

The Shire continued to partner with Blackwood Basin Group (BBG) for delivery of landcare services in the Shire. Support for businesses looking to diversify or value add to the agricultural businesses in the district was provided where required.

Outcome 2.3: The community will have a growing population which will support new business development.

In the past year with travel restricted overseas and interstate, our focus has been on capturing some of the local intrastate travellers. This included updating our information brochures for the Shire and collaboration with the 4WDL group to cross promote our Shires and regions. An overnight itinerary for the Shire was developed and promoted by both the Shire and other 4WDL members during the school holidays. The Shire engaged with Australia's Golden Outback to promote the southern Wheatbelt through the Travel Section of The West Australian newspaper.

Shire staff also underwent training to enable us to become a film friendly shire. The Shire of West Arthur was the first Shire in the state to achieve this qualification. Our Shire is now promoted via ScreenWest as a film friendly shire. Whilst we have yet to have someone produce a film in the area, we have had a number of enquires.

Shire staff and Councillor Pierce were interviewed for a Caravan Podcast. A video promoting the Shire was compiled to include on our facebook page and for the podcast. The Collie to Darkan Rail trail is continually promoted on the Rail Trails WA website.

The Shire has continued to be part of the Astro Tourism project with reflective signage marking our "astro hotspots" being installed. These signs will help visitors find the spots where they are welcome to stop and take photos. This concept was further developed by Astrotowns founder Carol Redford and rolled out to other Astrotowns creating an astro hot spot trail around the Wheatbelt.



Built Environment

The Shire of West Arthur will have well maintained infrastructure that supports the community and the economy.

Outcome 3.1: A well maintained road system.

The Shire continues to maintain the road network and funding from the Local Roads and Infrastructure funding program enabled the Shire to bring forward some works. The total road construction program was \$1,066,520 which included projects outlined in the table below.

Road Name	Description of Works	Total Cost	Funding Received
State Regional Road Group			
Boyup Brook Arthur Road	Cement stabilisation and surface corrections, extend culverts and improve drainage. Reseal previous years works	\$284,633	\$189,756
Bowelling Duranillin Road	Reconstruct and widen. Reseal previous year's works.	\$241,373	\$160,915
Federal Roads to Recovery			
Darkan South Road (CA)	Slip lane and intersection with Capercup North Road	\$66,315	\$66,135
Darkan South Road (CA)	Widening corners at Munyantine Hill	\$4,708	\$4,707
Old Collie Road	Gravel sheet, reform and correct drainage	\$70,157	\$70,157
Bowelling McAlinden Road	Prune, drain, gravel sheet	\$40,144	\$37,743
Boyup Brook Arthur Road	Widen culverts on floodway	\$56,967	\$56,967
Bokal East Arthur	Cement stabilisation	\$72,078	\$72,078
Airlee Road	Dust Suppression, reseal	\$14,278	\$14,278
Jackson Road	Gravel sheet 1000m	\$18,302	\$18,302
Local Roads and Community Infrastructure Funding			
Lake Towerrinning Car Park	Reseal	\$27,975	\$22,557
Growden Place	Drainage, seal and reseal	\$59,729	\$27,118
White Lining	Bowelling-Duranillin, Darkan South, Collie Changerup Roads	\$53,607	\$39,721
Other			
Growden Place	Intersection with Coalfields Hwy	\$96,399	NIL

Plant replacement in 2020/21 included the purchase of a large vibe roller which was purchased for \$131,221.



Outcome 3.2: Sustainable well maintained quality facilities that support long term community needs.

In 2020/21 Shire staff managed the refurbishment of the historical Arthur River Hall kitchen to bring the kitchen to a commercial kitchen standard allowing the community to host meals and functions at the hall. This project was undertaken as part of the LRCI funding programme and the refurbished kitchen was opened to the public by the Arthur River Development group at a fundraiser morning tea for breast cancer.

As part of the LRCI funding program the ceilings were replaced at the Moodiarrup Sports Complex and in the supper room at the Moodiarrup Hall. A new stove and fly wire door were installed in the Darkan Hall Kitchen for the senior's meals programme.

The Shire was successful in obtaining funds from the Social Housing Economic Recovery Package Grants Program to replace the vinyl floor covering in the kitchen dining area, and re-grout the shower recess at 25 Nangip Crescent, replace vinyl floor covering in the kitchen dining area, carpet in the main bedroom, re-grout the shower recess and replace the shower screen at 18 Gibbs Street. Gutters and downpipes were replaced at Units 3 and 4, 12 Hillman Street.

Outcome 3.3: Attractive townscapes and public facilities for locals and visitors to enjoy

Maintenance of public areas (gardens, cemeteries, Lake Towerrinning) to a high standard continued throughout the Shire. Trees were planted at the Darkan Caravan Park in 2020. Some shrubs and ground covers around the Darkan Districts Sports Complex were also planted. Shire

staff assisted the school with the development of their bush tucker garden and upgraded the war memorial garden in time for ANZAC day. The old historical pine trees were removed at the Arthur River Cemetery and the stumps were ground down.

Economic stimulus funding through the LRCI program has allowed the Shire to undertake community infrastructure projects earlier than anticipated. The Nissen Hut was upgraded to enable use by visitors to the community and seating and fountains were installed at the town oval.



A new Chalet at the Caravan Park was constructed this financial year and has been popular since it has become available to visitors.

Outcome 3.4: Appropriate planning and development

The Shire undertook an overall review of all local laws in 2020 and this resulted in a detailed review of the Fencing Local Law and amendment to the Dogs Local Law, which were adopted by Council in March 2021. Council continues to review and approve planning applications as they are submitted.

Natural Environment

Outcome 4.1: Sustainable management of water resources

Water has become more of an issue over the past few seasons with rainfall in the area dropping from an average of 520mm per year to 480mm per year. There has been a call for a more concerted effort to identify and secure water supplies. In the 2020/21 financial year, the Shire secured the services of Water Technology to undertake a whole of Shire Water Strategy. This has involved looking at all the available water in the Shire, water usage and potential water supplies. This report is currently being prepared and is looking at ways of addressing water supply to Duranillin. The Shire currently carts water for the residents that require water in Duranillin.

The Shire has continued to advocate for the reinstatement of the Kylie Dam and water channels to supply water to a tank at Kylie siding. Recently Department of Water and Environmental Regulation has secured funding for this project from the Federal Government and it is anticipated that the project will be undertaken in the near future and an additional water supply will be available for firefighting and emergency stock supplies in the summer of 2022/23.

A new commercial standpipe was installed at Growden Place and the Horwood St 25mm standpipe was made operational.

Outcome 4.2: Waste is minimised and managed sustainably

Shire councillors and staff visited various waste sites in adjacent Shires to determine what issues are involved prior to the review of our own waste management system.

Ongoing waste programs included management of the Darkan and Duranillin refuse sites, refuse and recycling collections services and drummuster collection.

Outcome 4.3: Natural biodiversity of the Shire will be maintained and valued

The Shire partners with Blackwood Basin Group to provide a Landcare service to the residents of the Shire of West Arthur. Our partnership with BBG resulted in the Shire successfully receiving a community Stewardship award to extend community education about red-tailed Phascogales.

As part of the Landcare program, Tucker Bush Schools visited Darkan Primary School to assist the children to build a Bush Tucker Garden. Funding for this garden was obtained through the South32 Junior Landcare 'Connecting Kids to Country' project. Other activities undertaken through this project included artworks created by the school children in the bush tucker garden and a native bee hotel workshop.

Throughout 2020, Landcare was involved in the South West Catchment Council's 'Protecting WA's Black Cockatoo' project. As part of this project the Landcare Officer undertook a community survey and a number of monitoring activities related to this project.

The annual fox shoot was organised by Blackwood Biosecurity Inc. and was supported by Shire of West Arthur. It went ahead despite the restrictions placed on it by COVID. Only local shooters were involved, however this resulted in 196 foxes, 1 cat and 10 rabbits being eliminated.

The Shire continues to liaise with DBCA regarding the management of Nature Reserves in the area, in particular Lake Towerrinning.

Outcome 4.4: Responsible land use planning will be undertaken with viability, sustainability, and the environment considered in all decision making.

The Council approved various planning applications and the environment was considered as part of this process.

Governance and Organisation

Through strong leadership and responsible, ethical management the best outcomes will be achieved in partnership with the people of the Shire

Outcome 5.1: Representation by skilled councillors to achieve the best outcome for the Shire

Councillors at the Shire of West Arthur spend many hours contributing to their community. All Councillors are required to undertake training upon starting in their position as an Elected Member. Additional training relevant to various issues can also be undertaken throughout the year.

Outcome 5.2: Accountable service delivery by Council and well trained, motivated, customer focused staff.

This year's rate payers meeting was well attended by the general public who showed a keen interest in seeing that Council delivered an accountable service.

The use of Webinars because of the COVID pandemic has resulted in many training opportunities being available that would previously have required staff to travel and stay overnight in Perth to undertake the training. Staff attended various forums and professional development opportunities both in person and via streaming services over the year including training on the heritage framework, community builders, film friendly training, and resilience training. One new staff member on the works crew undertook a Certificate III in Civil construction.

Outcome 5.3: Strong leadership in advocacy and planning to ensure the sustainability of the Shire.

Attendance at 4WDL Voluntary Regional Organisation of Councils, Regional Road Group and the Central Zone of WALGA by Shire staff and Councillors ensures that the Shire is well represented regionally, remains up to date with current issues and can advocate in relation to those areas that impact the Shire. COVID restrictions meant that many meetings were able to be attended remotely.

In 2020/21, the Shire of West Arthur provided executive support for 4WDL until a new executive officer could be appointed.

Outcome 5.4: Active engagement with the community to optimise input into planning and decision making

The Shire undertook extensive community consultation at the end of 2020 as part of our integrated planning process. We held Community Coffee and Chat sessions in Duranillin, Darkan and Arthur River, a “Come Taco With Me” youth activity and consultation session, individual discussions with the main street businesses, Seniors Coffee and Chat session, a playgroup visit to liaise with young families, online surveys for new residents and ex-residents, and a community score card mail out.

This all provided us with an insight into what the community expects prior to developing the Community Strategic Plan – “West Arthur Towards 2031” and our Corporate Plan – “West Arthur 2021-2025”. These plans will guide us in our decision making over the next few years.

The Shire continues to engage with the public through Council meetings and our website and Facebook pages.



STATUTORY REPORTING REQUIREMENTS

National Competition Policy

The application of national competition policy in Western Australian local governments is guided by the Clause 7 Statement which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies and legislative review.

(a) Competitive Neutrality

The objective of competitive neutrality involves the introduction of measures effectively to remove any **net** competitive advantages arising simply as a result of local government ownership of business entity. Local government is only required to implement the principles of competitive neutrality to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding \$500,000 annual income.

The Shire did not undertake any activities or functions in 2020/21 year that met the financial benchmark.

(b) Structural Reform of Public Monopolies

The Shire does not have any activities or functions that are considered to be public monopolies and did not privatise any of its activities or functions in 2020/21.

(c) Legislative Review

All local laws have been reviewed for compliance with NCP and all amendments to existing and all future local laws are monitored to ensure no anti-competitive practices are included.

Disability Access and Inclusion Plan (DAIP)

In 2017, the Shire undertook a review of its Disability Access and Inclusion Plan (DAIP) including consultation with key stakeholders and updating the DAIP to guide further improvements to access and inclusion.

The process included:

- examination of the initial DAIP and subsequent progress reports to see what has been achieved and what still needs work;
- consultation with key staff;
- consultation with the community;
- reference to the Age-Friendly Communities study conducted in 2010;
- information from the 2015 Age Friendly Communities in Small Towns project; and
- consultation with HACC, St John's Ambulance, Seniors Coordinator, Shire staff, seniors and community members.

The 2017-2022 DAIP has been completed and endorsed by Council and the Disability Services Commission. A progress report was prepared in 2021. An extensive revision of the DAIP will be undertaken in 2022.

Some specific outcomes achieved or currently being implemented include:

- Improved access into the pool area via a ramp through the entrance gate
- Dedicated ACROD permit parking bay at swimming pool
- Wheelchair accessible chalet at the caravan park
- Wheelchair access to Nissen Hut
- Dementia and Alzheimer's information sessions organised
- Environmental Audit of Shire and public facilities to identify areas that require improvement to be an inclusive community
- Modifications to signage and billboard at front office to improve visibility

Complaints Register

Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints about elected members. There was one complaint recorded in the Register of Complaints in the year under review and this was resolved with no sanction issued by the Local Government Standards Panel.

State Records Act

The Shire of West Arthur Recordkeeping Plan has been prepared to ensure compliance with Section 19 of the State Records Act 2000. A review of the Shire of West Arthur's Recordkeeping Plan was last undertaken in 2016.

Freedom of Information Statement

In complying with the Freedom of Information Act 1992, the Shire of West Arthur is required to prepare and publish an information statement. The Shire's Information Statement was updated in June 2019 and a copy is available from the Shire Office and Shire website. The Shire had nil Freedom of Information requests in the 2020/21 year.

Employee Remuneration

Section 5.53(2)(g) of the Local Government Act 1995 requires the Shire to report on such information as may be prescribed in relation to the payments made to employees. The Shire did not have any employees which met the reportable criteria in 2020/21.

THE YEAR AHEAD 2020/21

In 2020, we undertook extensive community consultation as part of our forward planning process. Consultation was undertaken through Coffee and Chat sessions at Arthur River, Duranillin and Darkan, discussions with local businesses, a Come and Taco with Me event for the Youth of district, meetings with community groups, online surveys and community scorecards.

The feedback from the community was used to inform and develop our new Strategic Community Plan – Towards 2031. The plan was due for release in 2020, however due to COVID restrictions the release of the plan was delayed until July 2021. This plan will direct our goals and achievements into the future.

The next year will see investment (\$264,966) as a result of the Local Roads and Community Infrastructure Program in the following areas:

- The Darkan Railway Reserve Upgrade
- Upgrade of the Lake Towerrinning public space including new shade shelters and furniture
- Installation of new wicket on the cricket pitch and purchase of new covers
- Street seating outside the post office
- Installation of new potable water infrastructure in Darkan
- Resealing of sections of Darkan South and Boyup Arthur Road

There will also be further funding (\$733,388) allocated throughout the Shire on projects identified by Council.

The Shire has budgeted to spend \$530,115 on plant replacement including new prime mover, side tipping trailer, passenger vehicle, forklift, utes and mower.

Our Disability Access and Inclusion Plan will be reviewed, and this will identify barriers to those that are currently living with disabilities. We are striving to be an inclusive community and the identification and resolution of these issues will ensure that those with disabilities are able to live their lives with the same opportunities as able-bodied people.

The Shire will continue to support local businesses and vulnerable groups as we continue to navigate our way out of the COVID pandemic. The safety of our community and workforce will remain a priority.

Major road works in the next financial year will include:

- Sealing of the slip lane on the intersection of Darkan South Road and Capercup North road
- Widening of the road around Munyantine Hill
- Continued widening of the Duranillin Bowelling road
- Bunce King Road bridge repairs
- Rees road resheeting and drainage improvements

Heritage will continue to play an important role with the review of the Shire's 2009 Municipal Inventory. The review will create a Heritage Survey and List in accordance with the *Heritage Act 2018*. This will also require the creation of a Heritage Local Planning Policy and will identify places of heritage significance to the local community. The Shire will investigate opportunities to maintain and develop the State listed Arthur River Shearing Shed and Shearer's Quarters.

The Betty Brown Historical Centre will continue to be an important historical draw card for our area and the continued cataloguing and development of exhibitions will ensure that people return for repeat visits.

We will continue to promote our area to the intrastate and interstate travel market including through the Astrotowns project. We will be working collaboratively with TAFE students to develop market ready products for the Astrotourism marketplace in the 2021/22 year. In addition, we will continue to maintain our rail trail and develop new trails within the Shire, working with Department of Biodiversity, Conservation and Attractions Collie office to install new signs along the trail.

Once the improvements undertaken as part of the LRCI funding program have been undertaken the Lake Towerrinning Management Plan will also undergo a full review to direct our future management of the Lake.

The next year promises to be a busy one with lots of new and exciting developments around the Shire. We look forward to continuing to make the Shire of West Arthur a great place to work, live and play.

Address:

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DARKAN WA 6392

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Facebook

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SHIRE OF WEST ARTHUR
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	51

Principal place of business:
31 Burrowes Street
Darkan WA 6392

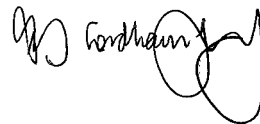
**SHIRE OF WEST ARTHUR
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of West Arthur for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of West Arthur at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 24th day of February 2022



Vincent Fordham Lamont
Chief Executive Officer



SHIRE OF WEST ARTHUR
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	22(a)	1,726,902	1,727,022	1,704,587
Operating grants, subsidies and contributions	2(a)	1,193,697	625,608	1,344,514
Fees and charges	2(a)	287,509	273,365	346,591
Interest earnings	2(a)	62,160	56,364	84,575
Other revenue	2(a)	201,814	169,739	130,608
		3,472,082	2,852,098	3,610,875
Expenses				
Employee costs		(1,491,505)	(1,714,206)	(1,478,600)
Materials and contracts		(775,354)	(765,845)	(573,962)
Utility charges		(81,034)	(91,700)	(80,637)
Depreciation on non-current assets	10(c)	(2,128,074)	(2,137,367)	(2,093,849)
Interest expenses	2(b)	(30,457)	(30,457)	(35,389)
Insurance expenses		(93,484)	(93,484)	(98,444)
Other expenditure		(36,702)	(36,000)	(27,377)
		(4,636,610)	(4,869,059)	(4,388,258)
		(1,164,528)	(2,016,961)	(777,383)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Profit on asset disposals	10(a)	1,643	19,137	30,923
(Loss) on asset disposals	10(a)	0	(18,307)	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	864
		1,021,812	1,247,198	885,148
Net result for the period		(142,716)	(769,763)	107,765
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(142,716)	(769,763)	107,765

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



SHIRE OF WEST ARTHUR
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance		140	500	9,945
General purpose funding		2,805,374	2,232,606	2,900,181
Law, order, public safety		42,307	40,079	40,305
Health		7,165	5,865	7,493
Education and welfare		21,016	13,500	85,000
Housing		130,088	123,690	135,683
Community amenities		57,423	48,800	56,190
Recreation and culture		135,681	137,150	73,988
Transport		127,254	127,175	156,659
Economic services		49,260	46,200	51,987
Other property and services		96,374	76,533	93,444
		3,472,082	2,852,098	3,610,875
Expenses				
Governance		(396,932)	(338,810)	(276,064)
General purpose funding		(88,581)	(90,272)	(96,922)
Law, order, public safety		(140,010)	(160,677)	(152,465)
Health		(107,931)	(104,694)	(130,839)
Education and welfare		(49,015)	(52,512)	(125,697)
Housing		(54,364)	(79,000)	(61,292)
Community amenities		(227,885)	(310,234)	(283,073)
Recreation and culture		(753,287)	(801,951)	(693,320)
Transport		(2,490,143)	(2,620,032)	(2,213,826)
Economic services		(195,320)	(191,262)	(157,982)
Other property and services		(102,685)	(89,158)	(161,389)
		(4,606,153)	(4,838,602)	(4,352,869)
Finance Costs				
Housing	2(b)	(27,235)	(27,235)	(30,894)
Economic services		(1,803)	(1,803)	(2,122)
Other property and services		(1,419)	(1,419)	(2,373)
		(30,457)	(30,457)	(35,389)
		(1,164,528)	(2,016,961)	(777,383)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Profit on disposal of assets	10(a)	1,643	19,137	30,923
(Loss) on disposal of assets	10(a)	0	(18,307)	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	864
		1,021,812	1,247,198	885,148
Net result for the period		(142,716)	(769,763)	107,765
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(142,716)	(769,763)	107,765

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

SHIRE OF WEST ARTHUR
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,450,261	3,642,489
Trade and other receivables	6	387,019	176,113
Other financial assets	5(a)	28,087	27,174
Inventories	7	23,433	22,531
TOTAL CURRENT ASSETS		4,888,800	3,868,307
NON-CURRENT ASSETS			
Other financial assets	5(b)	391,822	419,908
Property, plant and equipment	8	15,774,946	16,057,574
Infrastructure	9	84,520,456	84,901,148
TOTAL NON-CURRENT ASSETS		100,687,224	101,378,630
TOTAL ASSETS		105,576,024	105,246,937
CURRENT LIABILITIES			
Trade and other payables	12	530,920	192,281
Contract liabilities	13	307,675	69,007
Borrowings	14(a)	96,883	95,630
Employee related provisions	15	404,460	404,073
TOTAL CURRENT LIABILITIES		1,339,938	760,991
NON-CURRENT LIABILITIES			
Borrowings	14(a)	523,326	620,208
Employee related provisions	15	32,739	43,001
TOTAL NON-CURRENT LIABILITIES		556,065	663,209
TOTAL LIABILITIES		1,896,003	1,424,200
NET ASSETS		103,680,021	103,822,737
EQUITY			
Retained surplus		10,007,504	10,639,352
Reserves - cash backed	4	2,892,467	2,403,335
Revaluation surplus	11	90,780,050	90,780,050
TOTAL EQUITY		103,680,021	103,822,737

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



SHIRE OF WEST ARTHUR
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		11,178,681	1,756,241	90,780,050	103,714,972
Comprehensive income					
Net result for the period		107,765	0	0	107,765
Total comprehensive income		107,765	0	0	107,765
Transfers from reserves	4	120,855	(120,855)	0	0
Transfers to reserves	4	(767,949)	767,949	0	0
Balance as at 30 June 2020		10,639,352	2,403,335	90,780,050	103,822,737
Comprehensive income					
Net result for the period		(142,716)	0	0	(142,716)
Total comprehensive income		(142,716)	0	0	(142,716)
Transfers from reserves	4	201,129	(201,129)	0	0
Transfers to reserves	4	(690,261)	690,261	0	0
Balance as at 30 June 2021		10,007,504	2,892,467	90,780,050	103,680,021

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



SHIRE OF WEST ARTHUR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,701,653	1,762,022	1,688,917
Operating grants, subsidies and contributions		1,263,175	568,601	1,412,423
Fees and charges		287,509	273,365	346,591
Interest received		62,160	56,364	84,575
Goods and services tax received		171,148	167,500	168,343
Other revenue		201,814	169,739	130,608
		3,687,459	2,997,591	3,831,457
Payments				
Employee costs		(1,491,685)	(1,714,206)	(1,459,292)
Materials and contracts		(444,040)	(757,345)	(659,775)
Utility charges		(81,034)	(91,700)	(80,637)
Interest expenses		(30,457)	(30,457)	(35,389)
Insurance paid		(93,484)	(93,484)	(98,444)
Goods and services tax paid		(190,887)	(164,500)	(141,849)
Other expenditure		(36,702)	(36,000)	(27,377)
		(2,368,289)	(2,887,692)	(2,502,763)
Net cash provided by (used in) operating activities	16	1,319,170	109,899	1,328,694
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(254,332)	(757,000)	(239,964)
Payments for construction of infrastructure	9(a)	(1,226,397)	(1,905,215)	(1,293,277)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Proceeds from financial assets at amortised cost - self supporting loans		27,173	27,174	26,290
Proceeds from sale of property, plant & equipment	10(a)	17,618	52,000	93,160
Net cash provided by (used in) investment activities		(415,769)	(1,336,673)	(560,430)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(95,629)	(95,630)	(90,697)
Net cash provided by (used in) financing activities		(95,629)	(95,630)	(90,697)
Net increase (decrease) in cash held		807,772	(1,322,404)	677,567
Cash at beginning of year		3,642,489	3,642,489	2,964,922
Cash and cash equivalents at the end of the year	16	4,450,261	2,320,085	3,642,489

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

SHIRE OF WEST ARTHUR
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	1,199,648	1,199,648	1,162,096
		1,199,648	1,199,648	1,162,096
Revenue from operating activities (excluding rates)				
Governance		140	500	9,945
General purpose funding		1,078,472	505,584	1,196,458
Law, order, public safety		42,307	40,079	40,305
Health		7,165	5,865	7,493
Education and welfare		21,016	13,500	85,000
Housing		130,088	123,690	135,683
Community amenities		57,423	48,800	56,190
Recreation and culture		135,681	137,150	73,988
Transport		128,897	146,312	187,582
Economic services		49,260	46,200	51,987
Other property and services		96,374	76,533	93,444
		1,746,823	1,144,213	1,938,075
Expenditure from operating activities				
Governance		(396,932)	(338,810)	(276,064)
General purpose funding		(88,581)	(90,272)	(96,922)
Law, order, public safety		(140,010)	(160,677)	(152,465)
Health		(107,931)	(104,694)	(130,839)
Education and welfare		(49,015)	(52,512)	(125,697)
Housing		(81,599)	(106,235)	(92,186)
Community amenities		(227,885)	(310,234)	(283,073)
Recreation and culture		(753,287)	(801,951)	(693,320)
Transport		(2,490,143)	(2,638,339)	(2,213,826)
Economic services		(197,123)	(193,065)	(160,104)
Other property and services		(104,104)	(90,577)	(163,762)
		(4,636,610)	(4,887,366)	(4,388,258)
Non-cash amounts excluded from operating activities	23(a)	2,126,251	2,136,537	2,081,369
Amount attributable to operating activities		436,112	(406,968)	793,282
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Proceeds from disposal of assets	10(a)	17,618	52,000	93,160
Proceeds from financial assets at amortised cost - self supporting loans		27,173	27,174	26,290
Purchase of property, plant and equipment	8(a)	(254,332)	(757,000)	(239,964)
Purchase and construction of infrastructure	9(a)	(1,226,397)	(1,905,215)	(1,293,277)
Amount attributable to investing activities		(415,769)	(1,336,673)	(560,430)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(95,629)	(95,630)	(90,697)
Transfers to reserves (restricted assets)	4	(690,261)	(684,840)	(767,949)
Transfers from reserves (restricted assets)	4	201,129	797,089	120,855
Amount attributable to financing activities		(584,761)	16,619	(737,791)
Surplus/(deficit) before imposition of general rates		(564,418)	(1,727,022)	(504,939)
Total amount raised from general rates	22(a)	1,726,902	1,727,022	1,704,587
Surplus/(deficit) after imposition of general rates	23(b)	1,162,484	0	1,199,648

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

**SHIRE OF WEST ARTHUR
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	15
Note 4	Reserves - Cash backed	16
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Revaluation Surplus	28
Note 12	Trade and Other Payables	29
Note 13	Contract liabilities	30
Note 14	Information on Borrowings	31
Note 15	Employee Provisions	33
Note 16	Notes to the Statement of Cash Flows	34
Note 17	Total Assets Classified by Function and Activity	35
Note 18	Capital Commitments	36
Note 19	Elected Members Remuneration	37
Note 20	Related Party Transactions	39
Note 21	Investments in Joint Arrangements	40
Note 22	Rating Information	41
Note 23	Rate Setting Statement Information	43
Note 24	Financial Risk Management	44
Note 25	Trust Funds	47
Note 26	Other Significant Accounting Policies	48
Note 27	Activities/Programs	49
Note 28	Financial Ratios	50

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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 financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

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

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	130	500	320
General purpose funding	1,021,895	455,954	1,118,168
Law, order, public safety	38,897	39,479	39,268
Education and welfare	3,640	0	19,908
Housing	850	0	0
Community amenities	186	0	0
Recreation and culture	924	2,500	39,314
Transport	127,175	127,175	125,536
Economic services	0	0	2,000
	1,193,697	625,608	1,344,514
Non-operating grants, subsidies and contributions			
General purpose funding	366,694	253,187	0
Recreation and culture	0	30,000	0
Transport	653,475	874,758	853,361
Economic services	0	88,423	0
	1,020,169	1,246,368	853,361
Total grants, subsidies and contributions	2,213,866	1,871,976	2,197,875
Fees and charges			
Governance	10	0	30
General purpose funding	2,951	2,000	2,469
Law, order, public safety	3,330	600	837
Health	200	200	498
Education and welfare	16,648	13,500	65,082
Housing	114,203	108,200	118,037
Community amenities	53,289	47,300	53,104
Recreation and culture	10,348	11,550	10,426
Economic services	48,925	46,200	49,559
Other property and services	37,605	43,815	46,549
	287,509	273,365	346,591

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (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.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	237,967	213,337	102,019
Fees and charges	281,780	270,865	341,638
Other revenue	0	0	130,609
Non-operating grants, subsidies and contributions	1,020,169	1,246,368	853,361
	<u>1,539,916</u>	<u>1,730,570</u>	<u>1,427,627</u>
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at the start of the period	69,007	0	0
Revenue from contracts with customers recognised during the year	450,740	484,202	574,266
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,020,169	1,246,368	853,361
	<u>1,539,916</u>	<u>1,730,570</u>	<u>1,427,627</u>
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	198,716		42,915
Contract liabilities from contracts with customers	(307,675)		(69,007)

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

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

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,726,902	1,727,022	1,704,587
Statutory permits and licences	4,929	2,500	4,853
Fines	800	0	100
	<u>1,732,631</u>	<u>1,729,522</u>	<u>1,709,540</u>

Other revenue

Reimbursements and recoveries	201,814	169,739	130,608
	<u>201,814</u>	<u>169,739</u>	<u>130,608</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	12,734	12,734	13,618
Interest on reserve funds	21,553	21,630	27,169
Rates instalment and penalty interest (refer Note 22(b))	20,806	8,000	27,683
Other interest earnings	7,067	14,000	16,105
	<u>62,160</u>	<u>56,364</u>	<u>84,575</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Audit of the annual financial report	29,300	29,100	29,300
Other services	900	900	900
	<u>30,200</u>	<u>30,000</u>	<u>30,200</u>

Interest expenses (finance costs)

Borrowings	14(b) 30,457	30,457	35,389
	<u>30,457</u>	<u>30,457</u>	<u>35,389</u>

SHIRE OF WEST ARTHUR

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		4,450,261	3,642,489
Total cash and cash equivalents		4,450,261	3,642,489
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		3,223,875	2,496,149
		3,223,875	2,496,149
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,892,467	2,403,335
Contract liabilities from contracts with customers	13	307,675	69,007
Bonds and deposits		23,733	23,807
Total restricted assets		3,223,875	2,496,149

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

PAGE 120
SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	208,620	1,871	0	210,491	208,619	1,878	0	210,497	156,203	52,417	0	208,620
(b) Plant Reserve	319,811	316,669	(113,603)	522,877	319,812	316,679	(480,000)	156,491	94,158	311,286	(85,633)	319,811
(c) Building Reserve	691,332	66,309	(80,000)	677,641	691,332	66,331	(130,000)	627,663	631,562	59,770	0	691,332
(d) Town Development Reserve	70,672	634	0	71,306	70,672	636	(70,000)	1,308	69,595	1,077	0	70,672
(e) Recreation Reserve	121,685	41,091	0	162,776	121,685	41,095	0	162,780	31,202	100,483	(10,000)	121,685
(f) Heritage Reserve	5,343	412	0	5,755	5,343	348	0	5,691	5,128	215	0	5,343
(g) Community Housing Reserve	131,406	22,361	0	153,767	131,406	21,183	(25,000)	127,589	109,024	22,382	0	131,406
(h) Waste Management Reserve	121,282	1,088	0	122,370	121,282	1,092	(60,000)	62,374	80,044	41,238	0	121,282
(i) Darkan Swimming Pool Reserve	38,734	5,347	0	44,081	38,734	5,349	0	44,083	33,219	5,515	0	38,734
(j) Information Technology Reserve	46,885	3,420	0	50,305	46,885	3,422	0	50,307	57,988	3,897	(15,000)	46,885
(k) Darkan Sport and Community Centre Reserve	257,208	32,307	0	289,515	257,208	32,315	0	289,523	223,747	33,461	0	257,208
(l) Arthur River Country Club Reserve	27,795	6,249	0	34,044	27,795	6,250	0	34,045	25,049	6,387	(3,641)	27,795
(m) Museum Reserve	128,102	1,281	(1,228)	128,155	128,102	1,153	(5,000)	124,255	127,858	1,978	(1,734)	128,102
(n) Moodiarrup Sports Club Reserve	9,475	5,085	(1,021)	13,539	9,475	5,085	0	14,560	7,879	1,596	0	9,475
(o) Landcare Reserve	42,763	383	(5,277)	37,869	42,763	385	(27,089)	16,059	46,885	725	(4,847)	42,763
(p) Corporate Planning and Valuation Reserve	34,526	310	0	34,836	34,526	311	0	34,837	34,000	526	0	34,526
(q) Kids Central Reserve	670	937	0	1,607	670	6	0	676	429	241	0	670
(r) The Shed Reserve	11,550	708	0	12,258	11,550	104	0	11,654	11,019	531	0	11,550
(s) Recreation Trails Reserve	1,203	11	0	1,214	1,203	11	0	1,214	1,185	18	0	1,203
(t) Community Gym Reserve	8,367	2,659	0	11,026	8,367	75	0	8,442	6,887	1,480	0	8,367
(u) Economic Development Reserve	43,229	30,388	0	73,617	43,229	30,389	0	73,618	3,180	40,049	0	43,229
(v) Road Reserve	82,677	150,741	0	233,418	82,677	150,743	0	233,420	0	82,677	0	82,677
	2,403,335	690,261	(201,129)	2,892,467	2,403,335	684,840	(797,089)	2,291,086	1,756,241	767,949	(120,855)	2,403,335

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

PAGE 121
SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021
4 RESERVES - CASH BACKED (Continued)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	To be used to fund long service leave and annual leave requirements
(b) Plant Reserve	Ongoing	To be used for the purchase of major plant
(c) Building Reserve	Ongoing	To be used for the construction and maintenance of Council buildings
(d) Town Development Reserve	Ongoing	To be used to enhance town infrastructure
(e) Recreation Reserve	Ongoing	To be used to enhance recreation infrastructure
(f) Heritage Reserve	Ongoing	To be used to maintain and improve the heritage buildings of the Shire
(g) Community Housing Reserve	Ongoing	To be used for the maintenance and provision of housing within the Shire
(h) Waste Management Reserve	Ongoing	To be used to assist with funding future infrastructure requirements for waste management
(i) Darkan Swimming Pool Reserve	Ongoing	To be used to assist with funding works at the Darkan swimming pool
(j) Information Technology Reserve	Ongoing	To be used for upgrades to computers and office equipment
(k) Darkan Sport and Community Centre Reserve	Ongoing	To be used to maintain and improve the Darkan Sport and Community Centre
(l) Arthur River Country Club Reserve	Ongoing	To be used to maintain and improve the Arthur River Country Club
(m) Museum Reserve	Ongoing	To be used to maintain and to provide new displays in the Museum
(n) Moodiarrup Sports Club Reserve	Ongoing	To be used to maintain and improve the Moodiarrup Sports Club Reserve
(o) Landcare Reserve	Ongoing	To be used to fund the landcare expenditure of the Shire
(p) Corporate Planning and Valuation Reserve	Ongoing	To be used to fund the corporate planning and valuation expenditure of the Shire
(q) Kids Central Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(r) The Shed Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(s) Recreation Trails Reserve	Ongoing	To be used for the construction and maintenance of recreation trails
(t) Community Gym Reserve	Ongoing	To be used for the renewal of gym equipment and activities
(u) Economic Development Reserve	Ongoing	To be used for economic development initiatives that benefit the Shire
(v) Road Reserve	Ongoing	To be used to fund road improvements or urgent repairs

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2021	2020
	\$	\$
	28,087	27,174
	28,087	27,174
	28,087	27,174
	28,087	27,174
	338,407	366,493
	53,415	53,415
	391,822	419,908
	338,407	366,493
	338,407	366,493
	53,415	53,415
	53,415	53,415

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Allowance for impairment of rate debtors	
Trade and other receivables	
GST receivable	

2021	2020
\$	\$
237,534	207,282
(92,157)	(83,882)
212,105	42,915
29,537	9,798
387,019	176,113

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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.

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

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

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	23,433	22,531
	23,433	22,531
	22,531	21,550
	(155,916)	(189,529)
	156,818	190,510
	23,433	22,531

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	957,016	2,172,241	10,496,243	13,625,500	7,184	2,764,961	16,397,645
Additions	0	0	45,056	45,056	16,115	178,793	239,964
(Disposals)	0	0	0	0	0	(62,237)	(62,237)
Depreciation (expense)	0	(43,961)	(158,493)	(202,454)	(3,409)	(311,935)	(517,798)
Balance at 30 June 2020	957,016	2,128,280	10,382,806	13,468,102	19,890	2,569,582	16,057,574
Comprises:							
Gross balance amount at 30 June 2020	957,016	2,259,668	10,838,647	14,055,331	31,175	3,590,656	17,677,162
Accumulated depreciation at 30 June 2020	0	(131,388)	(455,841)	(587,229)	(11,285)	(1,021,074)	(1,619,588)
Balance at 30 June 2020	957,016	2,128,280	10,382,806	13,468,102	19,890	2,569,582	16,057,574
Additions	0	0	123,111	123,111	0	131,221	254,332
(Disposals)	0	0	0	0	0	(15,975)	(15,975)
Depreciation (expense)	0	(43,962)	(159,259)	(203,221)	(5,847)	(311,917)	(520,985)
Balance at 30 June 2021	957,016	2,084,318	10,346,658	13,387,992	14,043	2,372,911	15,774,946
Comprises:							
Gross balance amount at 30 June 2021	957,016	2,259,668	10,961,758	14,178,442	31,175	3,699,376	17,908,993
Accumulated depreciation at 30 June 2021	0	(175,350)	(615,100)	(790,450)	(17,132)	(1,326,465)	(2,134,047)
Balance at 30 June 2021	957,016	2,084,318	10,346,658	13,387,992	14,043	2,372,911	15,774,946

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Price per hectare or m2
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Market data/improvements to land using construction costs and current market conditions (Level 2)
Buildings - specialised	2	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level 3) inputs
(ii) Cost					
Furniture and equipment	3	Deemed Cost	Deemed Cost	NA	Purchase Cost
Plant and equipment	2	Deemed Cost	Deemed Cost	NA	Purchase Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - other	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2019	63,092,097	3,493,666	18,598,159	85,183,922
Additions	1,293,277	0	0	1,293,277
Depreciation (expense)	(938,156)	(138,054)	(499,841)	(1,576,051)
Balance at 30 June 2020	63,447,218	3,355,612	18,098,318	84,901,148
Comprises:				
Gross balance at 30 June 2020	66,210,204	3,757,706	19,098,000	89,065,910
Accumulated depreciation at 30 June 2020	(2,762,986)	(402,094)	(999,682)	(4,164,762)
Balance at 30 June 2020	63,447,218	3,355,612	18,098,318	84,901,148
Additions	1,066,520	159,877	0	1,226,397
Depreciation (expense)	(969,194)	(138,054)	(499,841)	(1,607,089)
Balance at 30 June 2021	63,544,544	3,377,435	17,598,477	84,520,456
Comprises:				
Gross balance at 30 June 2021	67,276,724	3,917,583	19,098,000	90,292,307
Accumulated depreciation at 30 June 2021	(3,732,180)	(540,148)	(1,499,523)	(5,771,851)
Balance at 30 June 2021	63,544,544	3,377,435	17,598,477	84,520,456

PAGE 128
SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 10 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 15,975	\$ 17,618	\$ 1,643	\$ 0	\$ 51,170	\$ 52,000	\$ 19,137	\$ (18,307)	\$ 62,237	\$ 93,160	\$ 30,923	\$ 0
	15,975	17,618	1,643	0	51,170	52,000	19,137	(18,307)	62,237	93,160	30,923	0

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Transport				
Roller	15,976	17,618	1,642	0
	15,976	17,618	1,642	0
	15,976	17,618	1,642	0

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2021 \$	2020 \$
Furniture and equipment	9,903	0
Plant and equipment	60,224	0
Infrastructure - other	5,215	0
	75,342	0

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	43,962	43,961	43,961
Buildings - specialised	159,259	158,172	158,493
Furniture and equipment	5,847	5,848	3,409
Plant and equipment	311,917	309,855	311,935
Infrastructure - roads	969,194	981,491	938,156
Infrastructure - other	138,054	137,549	138,054
Infrastructure - bridges	499,841	500,491	499,841
	2,128,074	2,137,367	2,093,849

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	70 years
- bituminous seals	15 - 25 years
- asphalt surfaces	15 to 25 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheeting	10-15 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Bridges	60 to 90 years

Depreciation on revaluation

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

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

11. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	613,871	613,871	613,871	613,871
Revaluation surplus - Buildings - non-specialised	6,960,184	6,960,184	6,960,184	6,960,184
Revaluation surplus - Furniture and equipment	10,206	10,206	10,206	10,206
Revaluation surplus - Infrastructure - roads	61,648,086	61,648,086	61,648,086	61,648,086
Revaluation surplus - Infrastructure - other	1,703,099	1,703,099	1,703,099	1,703,099
Revaluation surplus - Infrastructure - bridges	19,844,604	19,844,604	19,844,604	19,844,604
	90,780,050	90,780,050	90,780,050	90,780,050

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreation facility of State, or regional, significance should no longer be recognised.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Bonds and deposits held	

2021	2020
\$	\$
470,276	137,986
4,078	7,350
32,833	23,138
23,733	23,807
530,920	192,281

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

13. CONTRACT LIABILITIES

Current
 Contract liabilities

	2021	2020
	\$	\$
	307,675	69,007

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

PAGE 135
SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

14. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	96,883	95,630
Non-current	523,326	620,208
	620,209	715,838

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Actual	Actual	Actual
				1 July 2020	Principal	Interest	Principal	1 July 2020	Principal	Interest	Principal	1 July 2019	Principal	Interest	Principal
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing															
GROH Housing	70	WA Treasury	6.56%	237,347	(44,061)	(14,501)	193,286	237,347	(44,061)	(14,501)	193,286	278,632	(41,285)	(17,276)	237,347
Economic services															
Industrial Land	72	WA Treasury	3.27%	58,848	(9,931)	(1,803)	48,917	58,848	(9,931)	(1,803)	48,917	68,460	(9,612)	(2,122)	58,848
Other property and services															
Staff Housing - Lot 30 Hillman Street	69	WA Treasury	6.88%	25,976	(14,464)	(1,419)	11,512	25,977	(14,464)	(1,419)	11,513	39,486	(13,510)	(2,373)	25,976
				322,171	(68,456)	(17,723)	253,715	322,172	(68,456)	(17,723)	253,716	386,578	(64,407)	(21,771)	322,171
Self Supporting Loans															
Housing															
WA Cottage Homes	73	WA Treasury	3.32%	393,667	(27,173)	(12,734)	366,494	393,667	(27,174)	(12,734)	366,493	419,957	(26,290)	(13,618)	393,667
				393,667	(27,173)	(12,734)	366,494	393,667	(27,174)	(12,734)	366,493	419,957	(26,290)	(13,618)	393,667
				715,838	(95,629)	(30,457)	620,209	715,839	(95,630)	(30,457)	620,209	806,535	(90,697)	(35,389)	715,838

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

14. INFORMATION ON BORROWINGS (Continued)

	2021	2020
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	150,000	150,000
Bank overdraft at balance date	0	0
Total amount of credit unused	150,000	150,000
Loan facilities		
Loan facilities - current	96,883	95,630
Loan facilities - non-current	523,326	620,208
Total facilities in use at balance date	620,209	715,838
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 24.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	161,477	242,596	404,073
Non-current provisions	0	43,001	43,001
	161,477	285,597	447,074
Additional provision	123,082	19,306	142,388
Amounts used	(123,659)	(28,604)	(152,263)
Balance at 30 June 2021	160,900	276,299	437,199
Comprises			
Current	160,900	243,560	404,460
Non-current	0	32,739	32,739
	160,900	276,299	437,199

	2021	2020
	\$	\$
Less than 12 months after the reporting date	231,442	104,012
More than 12 months from reporting date	205,757	343,062
	437,199	447,074

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

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.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits 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

Other long-term employee benefits (Continued)

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.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	4,450,261	2,320,085	3,642,489
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(142,716)	(769,763)	107,765
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(864)
Depreciation on non-current assets	2,128,074	2,137,367	2,093,849
(Profit)/loss on sale of asset	(1,643)	(830)	(30,923)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(210,906)	50,000	9,726
(Increase)/decrease in inventories	(902)	(1,500)	(981)
Increase/(decrease) in payables	338,639	10,000	(71,200)
Increase/(decrease) in employee provisions	(9,875)	0	5,676
Increase/(decrease) in other liabilities	238,668	(69,007)	69,007
Non-operating grants, subsidies and contributions	(1,020,169)	(1,246,368)	(853,361)
Net cash from operating activities	1,319,170	109,899	1,328,694

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	35,289	38,646
General purpose funding	251,870	236,271
Law, order, public safety	366,459	409,577
Health	2,854,465	2,883,482
Education and welfare	2,826	4,080
Housing	2,246,940	2,285,066
Community amenities	1,059,674	933,233
Recreation and culture	9,290,823	9,126,444
Transport	84,081,673	83,930,066
Economic services	978,179	876,033
Other property and services	4,407,826	4,524,039
	105,576,024	105,246,937

**CITY/TOWN/SHIRE OF SOMEWHERE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	96,000	0
	51,725	0
	147,725	0

19. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Kevin King - President			
President's annual allowance	4,000	4,000	2,421
Meeting attendance fees	3,481	3,550	1,935
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	458	0	0
	8,439	8,050	4,856
Cr Neil Morrell - Deputy President			
Deputy President's annual allowance	1,000	1,000	559
Meeting attendance fees	2,415	2,470	1,080
Annual allowance for ICT expenses	500	500	375
Travel and accommodation expenses	1,131	1,104	707
	5,046	5,074	2,721
Cr Adam Squires - Elected Member			
Meeting attendance fees	1,943	2,080	945
Annual allowance for ICT expenses	500	500	375
	2,443	2,580	1,320
Cr Marie Lloyd - Elected Member			
Meeting attendance fees	2,810	2,890	1,440
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	462	434	374
	3,772	3,824	2,314
Cr Julie McFall - Elected Member			
Meeting attendance fees	2,151	2,280	855
Annual allowance for ICT expenses	500	500	500
	2,651	2,780	1,355
Cr Graeme Peirce - Elected Member			
Meeting attendance fees	2,152	2,260	945
Annual allowance for ICT expenses	500	500	250
Travel and accommodation expenses	745	719	459
	3,397	3,479	1,654
Cr Neil Manuel - Elected Member			
Meeting attendance fees	1,698	1,763	720
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	481	450	336
	2,679	2,713	1,556
Cr Ray Harrington - Elected Member			
President's annual allowance	0	0	745
Meeting attendance fees	0	0	315
Annual allowance for ICT expenses	0	0	125
	0	0	1,185
Cr Michael Meredith - Elected Member			
Meeting attendance fees	0	0	270
Annual allowance for ICT expenses	0	0	125
Travel and accommodation expenses	0	0	183
	0	0	578
	28,427	28,500	17,539

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	4,000	4,000	3,166
Deputy President's allowance	1,000	1,000	559
Meeting attendance fees	16,650	17,293	8,505
Annual allowance for ICT expenses	3,500	3,500	3,250
Travel and accommodation expenses	3,277	2,707	2,059
	28,427	28,500	17,539

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

20. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	246,908	240,284
Post-employment benefits	25,777	26,168
Other long-term benefits	3,393	7,444
Termination benefits	1,004	0
	<u>277,082</u>	<u>273,896</u>

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

2021 Actual	2020 Actual
\$	\$
0	0

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

21. JOINT ARRANGEMENTS

(a) Share of joint operations

The Shire has a joint arrangement with the Department of Communities which provides housing for the community. The only assets are land and housing units of which the Shire owns a percentage share. The assets are included in Property, Plant & Equipment as follows:

Non-current assets

		2021 \$	2020 \$
Land - 10 Hillman Street	54%	16,200	16,200
Land - 12 Hillman Street	35%	10,500	10,500
Land - 18 Gibbs St/25 Nangip Cres	22%	6,820	6,820
Building - 10 Hillman Street	54%	127,556	129,448
Building - 12 Hillman Street	35%	53,098	53,767
Building - 18 Gibbs Street	22%	12,940	13,132
Building - 25 Nangip Cres	22%	9,566	9,707
Total assets		236,680	239,574

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

PAGE 145
SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in	Number of Properties	2020/21 Actual Rateable Value	2020/21 Actual Rate Revenue	2020/21 Actual Interim Rates	2020/21 Actual Back Rates	2020/21 Actual Total Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Interim Rate	2020/21 Budget Back Rate	2020/21 Budget Total Revenue	2019/20 Actual Total Revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Differential general rate / general rate												
Gross rental valuations												
GRV Townsite	0.0728	84	732,300	53,311	0	0	53,311	53,311	0	0	53,311	52,652
GRV Commercial	0.0728	13	239,564	17,440	0	0	17,440	17,440	0	0	17,440	15,751
GRV Industrial	0.0728	7	112,580	8,196	0	0	8,196	8,196	0	0	8,196	8,095
GRV Other Townsite	0.0728	14	89,544	6,519	0	0	6,519	6,519	0	0	6,519	6,438
Unimproved valuations												
UV Rural	0.0055416	371	283,565,500	1,571,407	(1,364)	0	1,570,043	1,571,407	0	0	1,571,407	1,559,859
Sub-Total		489	284,739,488	1,656,873	(1,364)	0	1,655,509	1,656,873	0	0	1,656,873	1,642,795
Minimum payment	\$											
Gross rental valuations												
GRV Townsite	516	36	176,706	18,576	(70)	0	18,506	18,576	0	0	18,576	18,360
GRV Commercial	516	9	22,440	4,644	342	0	4,986	4,644	0	0	4,644	4,590
GRV Industrial	516	3	6,490	1,548	0	0	1,548	1,548	0	0	1,548	1,530
GRV Other Townsite	361	19	20,820	6,859	0	0	6,859	6,859	0	0	6,859	6,783
Unimproved valuations												
UV Rural	516	68	4,002,139	35,088	970	0	36,058	35,088	0	0	35,088	27,135
Sub-Total		135	4,228,595	66,715	1,242	0	67,957	66,715	0	0	66,715	58,398
Total amount raised from general rate		624	288,968,083	1,723,588	(122)	0	1,723,466	1,723,588	0	0	1,723,588	1,701,193
Ex-gratia rates							1,723,466				1,723,588	1,701,193
Totals							3,436				3,434	3,394
							1,726,902				1,727,022	1,704,587

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

22. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	18/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	18/09/2020	5.00	3.00%	8.00%
Second instalment	20/11/2020			
Option Three				
First instalment	18/09/2020	15.00	3.00%	8.00%
Second instalment	20/11/2020			
Third instalment	22/01/2021			
Fourth instalment	29/03/2021			

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	19,608	6,200	25,918
Interest on instalment plan	1,198	1,800	1,765
Charges on instalment plan	680	600	670
	21,486	8,600	28,353

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

23. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (1,643)	(19,137)	(30,923)
Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	(864)
Movement in employee benefit provisions (non-current)	(10,262)	0	7,423
Movement in accrued wages	10,082	0	11,884
Add: Loss on disposal of assets	10(a) 0	18,307	0
Add: Depreciation on non-current assets	10(c) 2,128,074	2,137,367	2,093,849
Non cash amounts excluded from operating activities	2,126,251	2,136,537	2,081,369
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (2,892,467)	(2,291,086)	(2,403,335)
Less: Financial assets at amortised cost - self supporting loans	5(a) (28,087)	(28,087)	(27,174)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14(a) 96,883	96,883	95,630
- Employee benefit provisions	16(a) 437,293	434,936	427,211
Total adjustments to net current assets	(2,386,378)	(1,787,354)	(1,907,668)
Net current assets used in the Rate Setting Statement			
Total current assets	4,888,800	2,490,969	3,868,307
Less: Total current liabilities	(1,339,938)	(703,615)	(760,991)
Less: Total adjustments to net current assets	(2,386,378)	(1,787,354)	(1,907,668)
Net current assets used in the Rate Setting Statement	1,162,484	0	1,199,648

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2021					
Cash and cash equivalents	0.76%	4,450,261	0	4,450,261	
2020					
Cash and cash equivalents	1.04%	3,642,489	0	3,642,489	

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2021	2020
Impact of a 1% movement in interest rates on profit and loss and equity*	\$ 44,503	\$ 36,425

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	52,824	42,356	26,145	116,209	237,534
Loss allowance					0
30 June 2020					
Rates receivable					
Expected credit loss					
Gross carrying amount	53,747	31,655	24,157	97,723	207,282
Loss allowance					0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	207,442	2,737	759	1,167	212,105
Loss allowance					0
30 June 2020					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	41,588	196	222	909	42,915
Loss allowance					0

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2021</u>					
Payables	541,847	0	0	541,847	530,920
Borrowings	122,115	401,650	96,444	620,209	620,209
Contract liabilities	296,748	0	0	296,748	307,675
	<u>960,710</u>	<u>401,650</u>	<u>96,444</u>	<u>1,458,804</u>	<u>1,458,804</u>
<u>2020</u>					
Payables	261,288	0	0	261,288	192,281
Borrowings	126,086	438,083	285,219	849,388	715,838
Contract liabilities	0	0	0	0	69,007
	<u>387,374</u>	<u>438,083</u>	<u>285,219</u>	<u>1,110,676</u>	<u>977,126</u>

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. TRUST FUNDS

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

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Westcare	44,354	222	(301)	44,275
Seniors Luncheon	854	457	0	1,311
Arthur River Development	4,327	20	(300)	4,047
RSL Trust Fund	4,387	23	0	4,410
Darkan Arts Council	8,341	40	(200)	8,181
Arthur River Hall	3,084	12	(685)	2,411
Arthur River Restoration	10,273	53	0	10,326
	75,620	827	(1,486)	74,961

SHIRE OF WEST ARTHUR NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To set and achieve Council's goals and objectives for the ratepayers by providing high level direction, co-ordination and management policy</p>	<p>Cost associated with meetings, elections, preparing annual reports and other statutory reporting requirements, public relations and policy development and review.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Costs associated with raising and collecting rates, rate enquiries, preparing general purpose grant returns and investing the Shire's surplus funds.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Fire control and prevention, and animal control.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Provision and maintenance of medical buildings and subsidies to health services, services of an Environmental Health Officer including food control.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>School bus routes, support to families and childrens services including schools, support for seniors and welfare services.</p>
<p>HOUSING To provide housing for employees of local industry and government departments.</p>	<p>Maintenance and provision of GROH and community housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Rubbish collection services, operation of refuse site, administration of the town planning scheme, storm water drainage, protection of the environment, cemetery maintenance.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>Maintenance of halls, provision of library services, maintenance of historical buildings and maintenance of reserves and recreation facilities.</p>
<p>TRANSPORT To provide a smooth, safe, efficient and clearly defined road network that is environmentally acceptable and which enhances travels throughout the Shire.</p>	<p>Maintenance of roads, drainage works, footpaths, street lighting, median strips, traffic management, parking facilities and roadworks program.</p>
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing.</p>	<p>Tourism and area promotion, caravan park, standpipes, pest control services and implementation of building controls.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts.</p>	<p>Public works overheads, plant/vehicle operations, stock and materials, depot operations and private works.</p>

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

28. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.47	2.99	2.47
Asset consumption ratio	0.93	0.58	0.59
Asset renewal funding ratio	Unable to calculate	0.92	0.91
Asset sustainability ratio	0.52	0.33	0.74
Debt service cover ratio	7.90	10.97	3.96
Operating surplus ratio	(0.51)	(0.33)	(0.73)
Own source revenue coverage ratio	0.49	0.52	0.43

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of West Arthur

To the Councillors of the Shire of West Arthur

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of West Arthur:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio and Asset Sustainability Ratio as reported in Note 28 of the annual financial report are below the Department of Local Government, Sport and Cultural Industries standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Management does not have a current and up to date asset management plan and long-term financial plan. As a result the Asset Renewal Funding Ratio in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 is not able to be supported by verifiable information or reasonable assumptions.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of West Arthur for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Nayna Raniga
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
2 March 2022

12.2 - LRCI FUNDING PHASE 3 – PART 1

File Reference:	1.21.2
Location:	N/A
Applicant:	N/A
Author:	Kerryn Chia – Project Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	3 March 2022
Disclosure of Interest:	Nil
Attachments:	1. List of potential projects

Summary:

Council is requested to consider projects to be nominated for the work schedule for the Local Roads and Community Infrastructure Program (LRCIP) Phase 3.

Three projects have been excluded from this item to enable them to be considered separately due to possible interests for elected members affecting the ability to reach a quorum.

The projects recommended in this item are:

• Darkan Railway Reserve Redevelopment	\$350,000
• Darkan Swimming Pool Upgrade	\$210,888
• Astrotourism site	\$ 6,000
• Moodiarrup Hall Upgrade	\$ 5,000
• Darkan Footpath refurbishments	\$ 25,500
Total	\$597,388

The remainder of the funds (\$136,000) is allocated in Agenda Items 12.3 and 12.4.

Background:

The Shire of West Arthur has received an allocation of \$733,388 under the LRCI Program Phase 3.

The objective of the LRCI funding program is to stimulate additional infrastructure construction activity in local communities to manage the economic impacts of COVID 19. The intended outcomes are to provide stimulus to protect and create local short-term employment opportunities and deliver benefits to communities such as improved road safety, accessibility and visual amenity.

Eligible local roads projects are projects that involve the construction and maintenance of roads managed by local governments with a focus on how works can support road safety outcomes.

Eligible community infrastructure projects are projects that involve construction, maintenance or improvements to Shire owned assets (including natural assets) that are generally accessible to the public.

State owned assets can be eligible where the local government can demonstrate they have the authority of the landowner. These projects must deliver benefits to the community such as improved accessibility, visual amenity, and/or safety. Examples of eligible projects outlined in the guidelines include CCTV, bike and walk paths, painting and improvements to community facilities, repairing and replacing fencing, improved accessibility of community facilities and areas, landscaping improvements, picnic shelters, BBQ facilities, community or public art, playgrounds or skateparks, noise and vibration mitigation measures, and off-road car parks.

The Shire is required to submit a work schedule to the funding body for approval and all works must be completed by June 2023.

Comment:

The Darkan Railway Reserve project includes the construction of a shade structure (some of which is being funded under Phase 2 of the LRCI program), purchase of furniture and installation of a kitchen/BBQ facilities in the shade structure; purchase and installation of additional play equipment, purchase and installation of gym equipment.

The Darkan Swimming Pool upgrade includes upgrade of the solar heating system, installation of new ablutions, banding of the metal lane ropes and handrails to the distribution box, installation of a solar panel system with concrete pad and fence.

The construction of an Astro tourism site will include the construction of a parking bay and fence at the Bokal CBH bin to allow Astro photographers to safely take photos and to prevent them from entering the site.

The Moodiarrup Hall Upgrade project includes the upgrade of the toilets at the hall and the painting of the ceiling.

Darkan footpath upgrade includes upgrades to footpaths on Burrowes Street, Hull Street and Fisher Street with concrete slab replacements.

Three additional projects are included in agenda items 12.3 and 12.4

Consultation:

- Shire staff have liaised with community groups to ascertain the needs for community infrastructure.
- Elected members were also asked to contribute and rank projects.
- Darkan District High School has been consulted in relation to the improvements to the Darkan Swimming Pool.
- Public Transport Authority has been contacted regarding the leasing of an area at the Bokal CBH bin for the Astrophotography site.
- Moodiarrup Hall Committee was consulted regarding upgrades required at the hall.
- Shire builder was consulted regarding the Darkan Footpath upgrade and Moodiarrup Hall toilets upgrade.

Statutory Environment:

Local Government Act 1995

s6.8 Expenditure from Municipal fund not included in annual budget

Policy Implications:

Nil

Financial Implications:

If the funding is not spent by June 2023 there is the potential for the funding to be lost.

The funding will assist the Shire to bring forward works planned for future years and carry out immediate repairs required on community infrastructure.

Strategic Implications:

Many of the projects are outlined in the Shire's Corporate Business Plan.

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Nil
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	N/A
Risk Likelihood (based on history and with existing controls)	N/A
Risk Consequence	N/A
Principal Risk Theme	N/A
Risk Action Plan (Controls or Treatment Proposed)	N/A

Voting Requirements:
Absolute Majority**Officer Recommendation:**

1. That Council supports the nomination of the following projects for the local Roads and Community Infrastructure Program Phase 3:

Darkan Railway Reserve Redevelopment	\$350,000
Darkan Swimming Pool Upgrade	\$210,888
Astrotourism site	\$ 6,000
Moodiarrup Hall Upgrade	\$ 5,000
Darkan Footpath refurbishments	\$ 25,500
Total	\$597,388

2. That the following be considered as reserve projects (should any of the nominated projects be considered ineligible or expenditure be less than forecast):

Water Infrastructure Projects:	\$50,000
Lake Towerrinning Disability Access Ramp:	\$70,000
Hillman Access Road:	\$60,000

Moved: _____

Seconded: _____

ATTACHMENT

1. List of potential projects

Local Roads and Community Infrastructure Funding Programme			
Round 3			
Project	Total Project Cost estimate	Notes	
Darkan Railway Reserve (Shade Shelter and Play ground)	\$ 350,000.00	This includes construction of the Shade Shelter and associated furniture (Approx. \$260,000) installation of play equipment (\$34,000), purchase of play equipment (\$76,000). Gym equipment (\$50,000). Total \$420,000. \$40,000 is available from Phase 2 LRCI (originally \$60,000 but have spent some already), \$50,000 budgeted in general revenue.	Have had 2 requests for quotes out there but first one hasn't been able to provide a quote (despite having it since Nov). However they did provide an estimate was for \$260,000 (recent phone conversation suggests there maybe a 20% increase on this). Second builder (Collie based) provided a quote for \$120,000 (without the furniture)
Lake Towerrinning upgrade project - boat ramp, change rooms	\$ 46,000.00	The boat ramp was part of round 1 but did not get undertaken due to weather conditions. Partially done and not paid for. Have provided a new quote. Will require lake water to be 1.2m deep at 6m out from end of ramp - have two season to get it done. Will required Shire to provide blue metal (\$200). There is a possibility of a cost overrun as a result of unknown conditions at the end of the jetty and potential to not be able to undertake the project. Lake Towerrinning change room conversion to interpretative centre and landscaping in public space area (\$10,000).	
Darkan Swimming pool upgrade	\$ 210,888.00	Quote for the power upgrade and replacement of solar heating system - \$46,000. A ball park replacement cost of ablutions (estimate from Geoff Bunce) \$50,000. Additional estimate from Jeff Riley was \$2000-\$3000 per square meter. Current change rooms are 32.5m2. (therefore likely to be around \$65,000). There is also the requirement to band the metal lane ropes and handrails to earth strip in distribution box. I have included \$50,000 here for this (Adam indicated that this should be sufficient). Solar panels \$49888 (see explanation next column)	Solar panels - spoke to school. There are currently no buildings strong enough to hold solar panels. The construction of new ablutions could rectify this. Option 1 - on roof solar panels \$18,000 (unlikely to have roof space - need about 50m2); Option 2 - on ground solar panels - \$34,000 (panels only - will also need concrete pad and fencing. Geoff provided estimate of \$15,880 for concrete pad and fencing (so total cost \$49,880)
Sports Precinct power upgrade	\$ 90,000.00	Geoff has supplied an estimate from an electrical contractor - \$60,000 for the purchase of the transformer, \$500 design fee, consultants of \$6500, new main distribution board \$20,000	
Development of Astro sites	\$ 6,000.00	Bokal. Have approval from PTA needs a fence and parking area developed. Estimate of \$5000 for construction of parking area and \$1000 for fence. Total \$87,000	
Moodiarrup Hall Upgrade (toilets, ceiling painted)	\$ 5,000.00	This could be split into three parts if required - toilets need urgent upgrade. Toilet upgrade includes new toilets, hand basins, urinal, tapware and painting of the doors, new window.	
Footpaths (Darkan Townsite)	\$ 25,500.00	Improve disable/elderly access. Could also include disabled parking outside Shire office and on main street (not included in cost estimate here). This estimate is based on Burrowes street, Hull street and Fisher street concrete slab replacement (old sections).	
Total	\$ 733,388.00		
Allocated funding	\$ 733,388.00	\$ -	
Reserve projects			
Hillman Rock Access road	\$ 41,000.00	Discussions with landowners have commenced. Working group needs to form and develop this site. Initial discussion have been held with DBCA.	Have not included a fence in this costing so have had to leave this one out. Fence could cost around \$18000 at contract rates
Water Projects (to be determined based on water report)	\$ 50,000.00	Could include capturing water from Sports complex roof. Installation of meters on town dam and re-running Hillman paleochannel info through ag dept software. Water report still needs to be finalised.	Water report not presented to council yet - not quite ready to do this yet
Lake Towerrinning Disability access ramp	\$ 70,000.00	Provide access to the beach from the car park area. Would need to be a surveyed path. Has been in our strategic plan for a long time but have had no funding. This estimate is based on materials for a boardwalk style disability access ramp	Too expensive to fit in as a large project - good large reserve project if something else falls through. This is more likely to be shovel ready than Hillman Access road.
Lake Towerrinning signage - welcome etc (could include some landscaping in this)	\$ 2,000.00		Could be a top up project if required

Local Roads and Community Infrastructure Funding Programme			
Round 3			
Project	Total Project Cost estimate	Notes	
Other projects			
Arthur River Car Park Development (adjacent to the Hall)		Jamie to cost up? Not sure where land transfer is at. Will need to check with Main roads	
Darkan Station Masters House development		Not sure if this will fit in the guidelines. Not shovel ready	
Arthur River Information Bay Signage	\$ 6,000.00	Has been talked about for ages - the AR development group are very undecided on what they want so that could be the sticking point for this project	
Inventors Museum		Comes up regularly	
Under road Sheep crossing - Munyantine Hill (Darkan South Road)	\$ 70,000.00	Safety issue on a corner. Sheep regular need to cross over the road. Underpass would make this safer. Trucks coming down hill have difficulty slowing down	Council had an issue with this one as it sets a precedent for other farmers wanting crossings
Darkan Beautification		From DIAP - brighten up seats, pots at door way of town hall, paint town hall door, footpaths, bench seats outside town hall door, signage for town hall toilets, contrasting colour painting on doors, update Shire of West Arthur signage on the shire building,	
St John Ambulance	\$ 80,000.00	This project was part of round 2 but did not get undertaken. If this project is to be included we need the following information - management order over this part of the reserve, detailed building plans from St John, details of funding for building, St John hierarchy also need to approve the plan and location.	Still unsure of LRCIP requirements of when the building needs to be completed.

12.3 - LRCI FUNDING PHASE 3 – PART 2

File Reference:	1.21.2
Location:	N/A
Applicant:	N/A
Author:	Kerryn Chia – Project Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	3 March 2022
Disclosure of Interest:	Nil
Attachments:	1. List of potential projects

Summary:

Council is requested to consider projects to be nominated for the work schedule for the Local Roads and Community Infrastructure Program (LRCIP) Phase 3.

The Lake Towerrinning project was excluded from Agenda Item 12.2 to enable it to be considered separately due to Proximity interest for one elected member.

The project recommended in this item is the Lake Towerrinning Upgrade Project at a cost of \$46,000

The remainder of the funds (\$687,388) are allocated in Agenda Items 12.2 and 12.4

Background:

The Shire of West Arthur has received an allocation of \$733,388 under the LRCI Program Phase 3.

The objective of the LRCI funding program is to stimulate additional infrastructure construction activity in local communities to manage the economic impacts of COVID 19. The intended outcomes are to provide stimulus to protect and create local short term employment opportunities and deliver benefits to communities such as improved road safety, accessibility and visual amenity.

Eligible local roads projects are projects that involve the construction and maintenance of roads managed by local governments with a focus on how works can support road safety outcomes.

Eligible community infrastructure projects are projects that involve construction, maintenance or improvements to Shire owned assets (including natural assets) that are generally accessible to the public.

State owned assets can be eligible where the local government can demonstrate they have the authority of the landowner. these projects must deliver benefits to the community such as improved accessibility, visual amenity, and/or safety. Examples of eligible projects outlined in the guidelines include CCTV, bike and walk paths, painting and improvements to community facilities, repairing and replacing fencing, improved accessibility of community facilities and areas, landscaping improvements, picnic shelters, BBQ facilities, community or public art, playgrounds or skateparks, noise and vibration mitigation measures, and off-road car parks.

The Shire is required to submit a work schedule to the funding body for approval and all works must be completed by June 2023.

Comment:

The Lake Towerrinning Upgrade Project includes the extension of the boat ramp and the conversion of the old change rooms to a sheltered picnic area and interpretative centre and landscaping of the public lawn area.

The upgrade of the Lake Towerrinning Boat ramp includes the extension of the ramp using cement mats to prevent the dangerous drop off that occurs at the end of the ramp. The drop off is caused by boats being revved onto trailers and has “blown out” a hole at the end of the ramp. This has been an ongoing issue for many years and various solutions have been trialled without success (including rubber matting and blue metal).

The Project was originally proposed for inclusion in the LRCI program under Phase 1 and contractors constructed the mats and visited the site to install the mats. The contractors were unable to install the mats as the water levels had risen too high as a result of heavy rainfall. The project was withdrawn from Phase 1 and no payments were made to the contractors.

The contractors have indicated that the water level needs to be at 1.2m at 6m from the end of the boat ramp in order for them to be able to install the mats. There will be seasonal opportunities before the funding needs to be spent for this to be undertaken (April 2022 and April 2023).

The old change rooms are not currently being used and it is proposed to open the front of the change rooms and convert them into a covered area that can be used by people visiting the lake when shelter is required. Interpretative signage about the lake environment and Aboriginal connections to the area could be included around the shelter. Landscaping around the public lawn could also be done as part of this project.

Consultation:

Shire staff have liaised with community groups to ascertain the needs for community infrastructure.

Elected members were also asked to contribute and rank projects.

Shire staff liaised with Department of Transport regarding the potential for the project to be funded under the Recreation Boating Facilities Scheme as an alternative and it was indicated that it did not meet the guidelines.

Statutory Environment:

Local Government Act 1995

s6.8 Expenditure from Municipal fund not included in annual budget

Policy Implications:

Nil

Financial Implications:

If the funding is not spent by June 2023 there is the potential for the funding to be lost.

The funding will assist the Shire to bring forward works planned for future years and carry out immediate repairs required on community infrastructure.

Strategic Implications:

This project has been listed in the Shire's Corporate Business plan for many years. Funding for this project has been difficult to find.

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	The mats cannot be installed due to high water level
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	High (12)
Risk Likelihood (based on history and with existing controls)	Low (3)
Risk Consequence	Major (4)
Principal Risk Theme	Inadequate environmental management
Risk Action Plan (Controls or Treatment Proposed)	Monitor weather conditions, ensure decision to install or not install is made early enough that funds can be redirected if necessary.

Voting Requirements:

Absolute Majority

Officer Recommendation:

1. That Council supports the nomination of the Lake Towerrinning Upgrade Project at a cost of \$46,000 for inclusion in Phase 3 of the Local Roads and Community Infrastructure Program.
2. That the following be considered as reserve projects (should any of the nominated projects be considered ineligible or expenditure be less than forecast):

Water Infrastructure Projects:	\$50,000
Lake Towerrinning Disability Access Ramp:	\$70,000
Hillman Access Road:	\$60,000

Moved: _____

Seconded: _____

ATTACHMENT

1. List of potential projects

12.4 - LRCI FUNDING PHASE 3 – PART 3

File Reference:	1.21.2
Location:	N/A
Applicant:	N/A
Author:	Kerryn Chia – Project Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	3 March 2022
Disclosure of Interest:	Nil
Attachments:	1. List of Potential Projects

Summary:

Council is requested to consider projects to be nominated for the work schedule for the Local Roads and Community Infrastructure Program (LRCIP) Phase 3.

The project recommended in this item is the Sports precinct power upgrade - \$90,000.

The remainder of the funds (\$643,388) are included in Agenda Items 12.2 and 12.3.

Background:

The Shire of West Arthur has received an allocation of \$733,388 under the LRCI Program Phase 3.

The objective of the LRCI funding program is to stimulate additional infrastructure construction activity in local communities to manage the economic impacts of COVID 19. The intended outcomes are to provide stimulus to protect and create local short term employment opportunities and deliver benefits to communities such as improved road safety, accessibility and visual amenity.

Eligible local roads projects are projects that involve the construction and maintenance of roads managed by local governments with a focus on how works can support road safety outcomes.

Eligible community infrastructure projects are projects that involve construction, maintenance or improvements to Shire owned assets (including natural assets) that are generally accessible to the public.

State owned assets can be eligible where the local government can demonstrate they have the authority of the landowner. these projects must deliver benefits to the community such as improved accessibility, visual amenity, and/or safety. Examples of eligible projects outlined in the guidelines include CCTV, bike and walk paths, painting and improvements to community facilities, repairing and replacing fencing, improved accessibility of community facilities and areas, landscaping improvements, picnic shelters, BBQ facilities, community or public art, playgrounds or skateparks, noise and vibration mitigation measures, and off-road car parks.

The Shire is required to submit a work schedule to the funding body for approval and all works must be completed by June 2023.

Comment:

The Sports Club Power upgrade will require the purchase and installation of a new transformer and distribution board to all supply power to the Darkan town oval, Darkan and Districts Sports Club, Football change rooms and the Darkan Caravan Park.

In the past there have been issues with the current system becoming overloaded and not being able to operate. An upgrade would alleviate these issues.

Consultation:

Shire staff have liaised with community groups to ascertain the needs for community infrastructure.

Elected members were also asked to contribute and rank projects.

Shire staff have liaised with an electrical contractor regarding the requirements of the upgrade.

Statutory Environment:

Local Government Act 1995

s6.8 Expenditure from Municipal fund not included in annual budget

Policy Implications:

Nil

Financial Implications:

If the funding is not spent by June 2023 there is the potential for the funding to be lost.

The funding will assist the Shire to bring forward works planned for future years and carry out immediate repairs required on community infrastructure.

Strategic Implications:

Nil

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Difficulty getting Western Power to install prior to deadline
Risk rating (Prior to treatment or control) Likelihood x Consequence	Medium (6)
Risk Likelihood (based on history and with existing controls)	Unlikely (2)
Risk Consequence	Moderate (3)
Principal Risk Theme	Inadequate supplier/contract management
Risk Action Plan (Controls or Treatment Proposed)	Commence engagement of contractor as soon as works schedule is approved.

Voting Requirements:

Absolute Majority

Officer Recommendation:

- That Council supports the nomination of the Sports Precinct Power Upgrade Project at a cost of \$90,000 for inclusion in Phase 3 of the Local Roads and Community Infrastructure Program.
- That the following be considered as reserve projects (should any of the nominated projects be considered ineligible or expenditure be less than forecast):

Water Infrastructure Projects:	\$50,000
Lake Towerrinning Disability Access Ramp:	\$70,000
Hillman Access Road:	\$60,000

Moved: _____

Seconded: _____

ATTACHMENT

- List of potential projects

12.5 - SHORT-TERM LEASE FOR NISSEN HUT

File Reference:	6.21
Location:	Darkan Caravan Park (Reserves 32784 and 10341)
Applicant:	Traditional Owners/Cultural Representatives (Michelle Cockie and Charmaine Williams and families)
Author:	Kerryn Chia – Project Officer
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	2 March 2022
Disclosure of Interest:	Nil
Attachments:	1. Reserve Details – Landgate Plan 2. Vesting Orders 3. Plan for Nissen Hut from Applicant; 4. Email from Shire to Applicant; 5. Letter in response to Council

Summary:

Council is requested to endorse the change the purposes of Reserves 37824 and 10341 to include “Cultural Purposes” and request the power to lease Reserve 37824.

Background:

The Shire of West Arthur has been in discussions with the Traditional Owners/Cultural Representatives of the Darkan Caravan Park since 2020 regarding ownership of the Nissen Hut at the Darkan Caravan Park.

The Caravan Park, Nissen Hut and Pony Club were originally an Aboriginal Reserve which was provided by the State Government in the 1960s and 1970s for Aboriginal people to camp in the area. The Department of Native Affairs erected a few small cement houses and the Nissen Hut which was used for recreational purposes. The reserves housed up to 50 Aboriginal people at any one time. Aboriginal families lived on this reserve until 1972 when the reserve was closed. The Applicant’s families, Cockies, Thornes, and Abrahams were the last families to live on the Reserve before the Reserve was closed and the families were moved into houses on the Darkan Railway Reserve. In 1975 the Pony Club and Girl Guides established themselves at the Nissen Hut and operated there until the 1980s.

The reserve is now split into two separate reserves (see attachments 1 and 2). Reserve 37824 is vested in the Shire of West Arthur for the purposes of Caravan Park. A caravan park was erected on this reserve in the 1980s. The Nissen Hut is located on part of this Reserve. Reserve 10341 (the pony club area) is vested in the Shire of West Arthur for the purposes of Recreation.

Ideally, the applicants would like to reclaim ownership of the Nissen Hut and the adjacent pony club area for cultural purposes which have been outlined in attachment 2. As such, the Applicants applied for it to be included in the Noongar Land Estate that forms part of the Native Title Settlement. Discussions with Department of Planning, Lands and Heritage (DPLH) confirmed that the reserves will not be included in the Noongar Estate and an agreement needs to be made between the Shire and the Applicants for use of the reserves.

The reserves are both State owned and managed by the Shire, so transfer of ownership is not possible. However, lease arrangements could be made for the applicants to use the Nissen Hut in accordance with the plan outline attached.

Comment:

The Shire would need to change the purposes of the reserves to accommodate “Cultural Purposes” through the Department of Planning Lands and Heritage.

The Nissen Hut was recently renovated using Shire funds and funds from the Local Community Roads and Infrastructure Funding program (\$15,325) with the intention that it could be used for accommodation. In particular, groups such as horse riders who use the rail trail would be a likely target. Such groups have previously used the hut for accommodation. The hut now includes a small kitchenette, sofa, table and chairs and a large open space for swags. There are no shower or toilet facilities and users of the hut are expected to pay \$5 per person per day for use of showers and toilets at the caravan park.

The original intention was to honour the use of the area as an Aboriginal Reserve and plant a native garden including a talking circle around the Hut. The Traditional Owners would like to take control of this process.

Consultation:

- Meeting held with Traditional Owners/Cultural Representatives and families (Cockie and Thorne families), Council representatives (Neil Morrell, Neil Manuel, Graeme Peirce) and Shire Staff (Kerryn Chia and Ian McCabe)
- Traditional Owner Joe Northover
- Department of Planning, Lands and Heritage

Statutory Environment:

Land Administration Act 1997

Part 4 – Reserves

Section 18 – Power to lease reserves

Policy Implications:

Nil

Financial Implications:

- Potential costs for rubbish removal
- Potential increased usage of the Nissen Hut and therefore small increase in fees paid for caravan park toilets and shower usage.

Strategic Implications:

Shire of West Arthur's Strategic Community Plan Towards 2031 and Corporate Business Plan 2021 – 2025

Outcome 1.3 - A unique identity and a strong connection to our past

Outcome 4.3 – Our cultural heritage is preserved and promoted

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct

- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Nissen Hut not available for use by others
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (6)
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Minor (2)
Principal Risk Theme	Ineffective facility management
Risk Action Plan (Controls or Treatment Proposed)	Short term lease arrangement with conditions

Voting Requirements:

Simple Majority

Officer Recommendation:

That Council:

1. Requests the Minister for Planning, Lands and Heritage to change the purposes of Reserves 37824 and 10341 to include "Cultural Purposes";
2. Requests the Minister for Planning, Lands and Heritage for the power to lease Reserve 37824; and
3. Negotiates a non-exclusive, short-term lease with the Traditional Owners that includes the conditions:
 - a per person/per day payment is made for use of showers and toilets at the caravan park;
 - booking to use the hut is made via the current caravan park booking system; and
 - no permanent changes to the Nissen Hut during the term of the lease.

Moved: _____

Seconded: _____

ATTACHMENTS

1. Reserve Details – Landgate Plan
2. Vesting Orders
3. CONFIDENTIAL - Plan for Nissen Hut from Applicant;
4. Email from Shire to Applicant;
5. Letter in response to Council

Location of Darkan Caravan Park, Nissen Hut and Pony Club

Reserve 37824

Reserve Details	
General Details	Reserve Land Listing Additional Details Reserve Report
Reserve Number	37824
Reserve Name	N/A
File Number	2543/981
Legal Area (ha)	2.3104
Status	CURRENT
Current Purpose	CARAVAN PARK
Class	C
Responsible Agency	DEPARTMENT OF PLANNING, LANDS AND HERITAGE (SLSD)
Date of Last Change	01/04/2014
Management Orders	SHIRE OF WEST ARTHUR
Document Number	M534771
Local Government Authority	SHIRE OF WEST ARTHUR
Land Use	CARAVAN PARK
Type	N/A
Notes	N/A
Additional Reserve Information	RESERVE COMPRISES LOT 420 ON DP77655 (M534768)



[Click to Launch Map Viewer Plus](#)

Reserve 10341

Reserve Details	
General Details	Reserve Land Listing Additional Details Reserve Report
Reserve Number	10341
Reserve Name	N/A
File Number	4879/06
Legal Area (ha)	1.4446
Status	CURRENT
Current Purpose	RECREATION
Class	C
Responsible Agency	DEPARTMENT OF PLANNING, LANDS AND HERITAGE (SLSD)
Date of Last Change	01/04/2014
Management Orders	SHIRE OF WEST ARTHUR
Document Number	M534772
Local Government Authority	SHIRE OF WEST ARTHUR
Land Use	RECREATION
Type	N/A
Notes	WITH POWER TO LEASE FOR ANY TERM NOT EXCEEDING 21 YEARS, SUBJECT TO THE CONSENT OF THE MINISTER FOR LANDS
Additional Reserve Information	RESERVE COMPRISES LOT 421 ON DP77655 (M534770)



[Click to Launch Map Viewer Plus](#)

FORM LAA-1023

DUPLICATE

SECTION 46

WESTERN AUSTRALIA
LAND ADMINISTRATION ACT 1997 as amended
TRANSFER OF LAND ACT 1893 as amended

MANAGEMENT ORDER (XE)

RESERVE DESCRIPTION (NOTE 1)

10341

EXTENT

Whole

VOLUME

0000
3164

FOLIO

000
248

MANAGEMENT BODY (NOTE 2)

Shire of West Arthur
31 Burrowes Street
DARKAN WA 6392


CONDITIONS (NOTE 3)

(1) To be utilised for the designated purpose of "Recreation" only.
(2) Power to lease (or sub-lease or licence) for the designated purposes is granted for the whole of the land or any portion thereof for any term not exceeding twenty-one (21) years from the date of the lease subject to the approval in writing of the Minister for Lands being first obtained to each and every lease or assignment of lease pursuant to the provisions of section 18 of the Land Administration Act 1997.

THE MINISTER FOR LANDS (IN THE NAME OF AND ON BEHALF OF THE STATE OF WESTERN AUSTRALIA) ORDERS THAT THE CARE, CONTROL AND MANAGEMENT OF THE ABOVE RESERVE BE PLACED WITH THE MANAGEMENT BODY DESCRIBED ABOVE FOR THE PURPOSE FOR WHICH THE LAND COMPRISING THE RESERVE IS RESERVED UNDER SECTION 41 OF THE LAND ADMINISTRATION ACT 1997, AND FOR PURPOSES ANCILLARY OR BENEFICIAL TO THAT PURPOSE SUBJECT TO THE CONDITIONS ABOVE

Dated this 23 day of January in the year 2014

ATTESTATION (NOTE 4)



NAME: Harroo-Robin
SENIOR STATE LAND OFFICER
TEAM: Goldfields, Esperance & Wheatbelt

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1 should be used with appropriate headings. The boxed sections should only contain the words "See Annexure".
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the person signing this document and their witnesses.

NOTES

1. RESERVE DESCRIPTION
Reserve number and details to be stated. The Volume and Folio numbers to be stated.
2. MANAGEMENT BODY
State the full name and address of management body.
3. CONDITIONS
Detail the conditions specified by the Minister to be observed by the management body in its care control and management of the Reserve.
4. ATTESTATION
This document is to be executed by the Minister for Lands or a person to whom the power to grant a management order under section 46 of the Land Administration Act 1997 has been duly delegated under section 9(1) of the Act (if applicable).

EXAMINED

DUPLICATE



M534772 XE

30 Jan 2014 08:40:51 Midland

MANAGEMENT ORDER (XE)

LODGED BY Department of Lands

ADDRESS DoL - Goldfields Wheatbelt - Box 98C

PHONE No.
FAX No.

04879-1906-02

REFERENCE No. Shannon Alford File: 02543-1981 Job:
130645 Ph: 6552 4661 Fax: 6552 4417

ISSUING BOX No.

PREPARED BY Department of Lands

ADDRESS DoL - Goldfields Wheatbelt - Box 98C

PHONE No.
FAX No.

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO
OTHER THAN LODGING PARTY

TITLES, LEASES, DECLARATIONS ETC LODGED
HEREWITH

1. _____ Received Items
2. _____ Nos.
3. _____
4. _____ Receiving Clerk
5. _____
6. _____

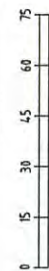


130645-009

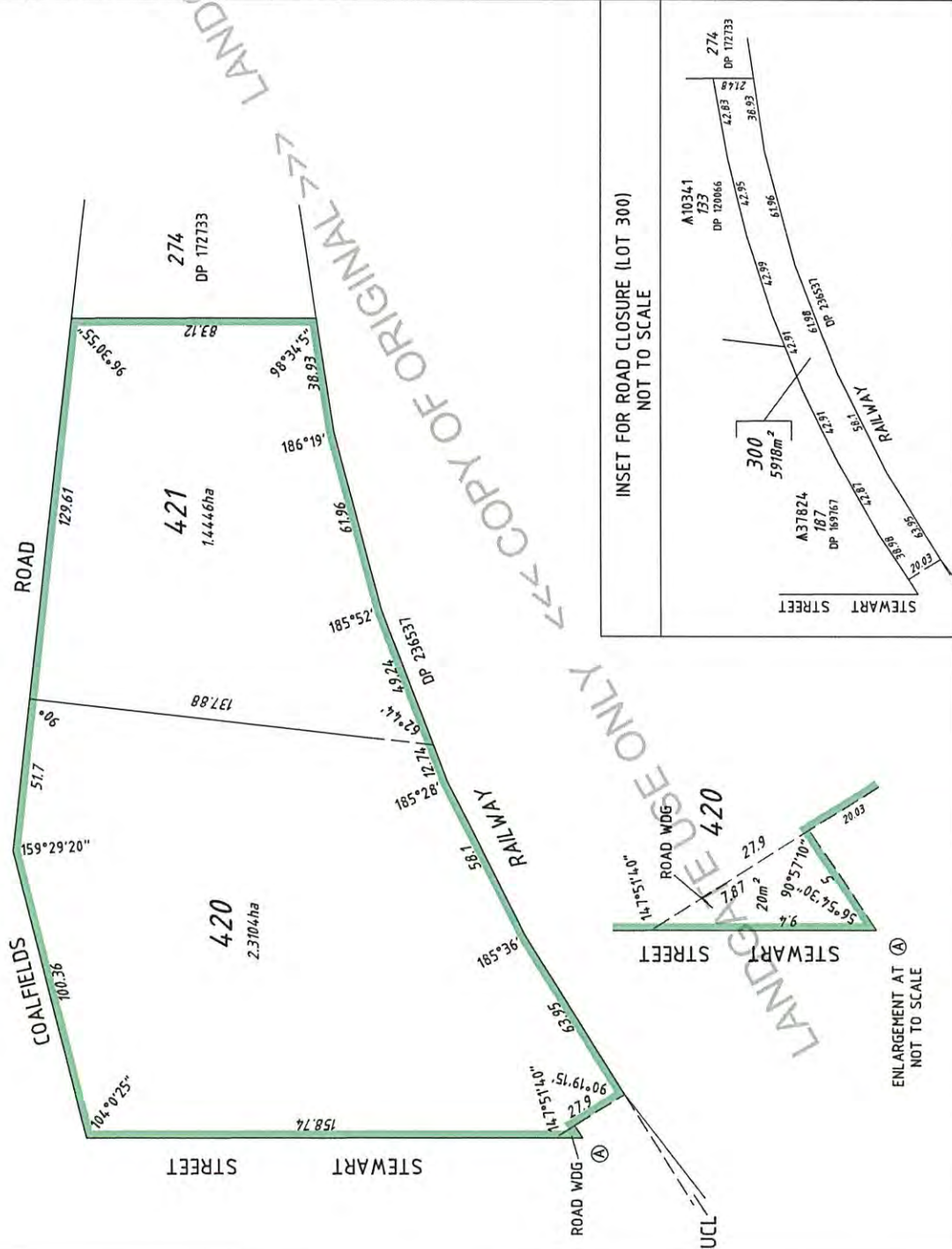


Registered pursuant to the provisions of the TRANSFER OF
LAND ACT 1893 as amended on the day and time shown
above and particulars entered in the Register.



NAME _____
SENIOR STATE LAND OFFICER _____
TEAM _____

VER 2	AMENDMENT INCLUSION OF LOT 421	AUTHORISED BY DoL	DATE 17.12.2013	<p>LOTS 420 & 421 & ROAD WIDENING</p>	<p>HELD BY LANDGATE IN DIGITAL FORM ONLY</p>
				<p>TYPE CROWN</p> <p>PURPOSE SUBDIVISION</p> <p>PLAN OF</p>	
				<p>DISTRICT WELLINGTON</p> <p>TOWNSITE DARKAN</p> <p>TRIM FILE 21043-2011</p> <p>LOCAL AUTHORITY SHIRE OF WEST ARTHUR</p> <p>LOCALITY DARKAN</p>	<p>FORMER TENURE LOT 133 ON DP 120066 LR 3954/13 LOT 187 ON DP 189767 LR 3020/804 LOT 300 ON THIS PLAN</p>
				<p>REFERENCE DoL FILE: 02453-1981/01 p. 72 JOB: 130645</p>	<p>INDEX SEE SMARTPLAN</p>
				<p>SCALE @A3: ALL DISTANCES ARE IN METRES 1:1500</p>	
<p>SUBJECT TO SURVEY NOT FOR ALIENATION PURPOSES</p>					
<p>LOGGED DATE: 4.11.2013</p>	<p>TYPE OF VALIDATION FULL AUDIT: P.W.K.</p>	<p>SURVEY FIRM LANDGATE - Z. K. DATE 4.11.2013</p>			
<p>FEE PAID N/A</p>	<p>LEGAL COMPONENT CERTIFIED CORRECT</p>				
<p>ASSESS No. N/A</p>	<p>Lead Consultant M.Baker 04/11/2013</p>				
<p>IN ORDER FOR DEALINGS</p>					
<p>SUBJECT TO</p>					
<p>1. ROAD CLOSURE</p> <p>2. ROAD DEDICATION - SEC 28 (1) LAA</p> <p>3. RESERVE ACTION</p>					
<p>FOR AUTHORISED LAND OFFICER DATE 4/11/2013</p>					
<p>APPROVED</p>					
<p>AUTHORISED LAND OFFICER DATE 30/1/2014</p>					



ANDGATE USE ONLY, COPY OF ORIGINAL, NOT TO SCALE

LANDGATE USE ONLY

LANDGATE USE ONLY

INSET FOR ROAD CLOSURE (LOT 300)
NOT TO SCALE

ENLARGEMENT AT A
NOT TO SCALE

WESTERN



AUSTRALIA

REGISTER NUMBER 421/DP77655	
DUPLICATE EDITION N/A	DATE DUPLICATE ISSUED N/A

RECORD OF QUALIFIED CERTIFICATE

VOLUME **LR3164** FOLIO **248**

OF
CROWN LAND TITLE
UNDER THE TRANSFER OF LAND ACT 1893
AND THE LAND ADMINISTRATION ACT 1997

NO DUPLICATE CREATED

The undermentioned land is Crown land in the name of the STATE of WESTERN AUSTRALIA, subject to the interests and Status Orders shown in the first schedule which are in turn subject to the limitations, interests, encumbrances and notifications shown in the second schedule.


REGISTRAR OF TITLES 

LAND DESCRIPTION:

LOT 421 ON DEPOSITED PLAN 77655

STATUS ORDER AND PRIMARY INTEREST HOLDER:
(FIRST SCHEDULE)

STATUS ORDER/INTEREST: RESERVE UNDER MANAGEMENT ORDER

PRIMARY INTEREST HOLDER: SHIRE OF WEST ARTHUR OF 31 BURROWES STREET, DARKAN
(XE M534772) REGISTERED 30 JANUARY 2014

LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
(SECOND SCHEDULE)

1. M534770 RESERVE 10341 FOR THE PURPOSE OF RECREATION REGISTERED 30.1.2014.
M534772 MANAGEMENT ORDER. CONTAINS CONDITIONS TO BE OBSERVED. WITH
POWER TO LEASE FOR ANY TERM NOT EXCEEDING 21 YEARS, SUBJECT TO THE
CONSENT OF THE MINISTER FOR LANDS. REGISTERED 30.1.2014.

- Warning: (1) A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
Lot as described in the land description may be a lot or location.
(2) The land and interests etc. shown hereon may be affected by interests etc. that can be, but are not, shown on the register.
(3) The interests etc. shown hereon may have a different priority than shown.

-----END OF CERTIFICATE OF CROWN LAND TITLE-----

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: DP77655.
PREVIOUS TITLE: LR3154-13.
PROPERTY STREET ADDRESS: NO STREET ADDRESS INFORMATION AVAILABLE.
LOCAL GOVERNMENT AREA: SHIRE OF WEST ARTHUR.
RESPONSIBLE AGENCY: DEPARTMENT OF LANDS (SLSD).

END OF PAGE 1 - CONTINUED OVER

ORIGINAL CERTIFICATE OF CROWN LAND TITLE
QUALIFIED

REGISTER NUMBER: 421/DP77655

VOLUME/FOLIO: LR3164-248

PAGE 2

NOTE 1: M534770

CORRESPONDENCE FILE 04879-1906-02RO

NOTE 2: M534766

SUBJECT TO SURVEY - NOT FOR ALIENATION PURPOSES

LANDGATE USE ONLY <<< COPY OF ORIGINAL >>> LANDGATE USE ONLY

FORM LAA-1023

DUPLICATE

SECTION 46

WESTERN AUSTRALIA
LAND ADMINISTRATION ACT 1997
TRANSFER OF LAND ACT 1893 AS AMENDED

MANAGEMENT ORDER (XE)

RESERVE DESCRIPTION (NOTE 1)

10341

EXTENT

Whole

VOLUME

~~0000~~
3154

FOLIO

~~000~~
13

MANAGEMENT BODY (NOTE 2)

Shire of West Arthur of Burrowes Street, Darkan WA 6392

CONDITIONS (NOTE 3)

(i) To be utilised for the designated purpose of "Recreation" only.

(ii) Power to lease (or sub-lease or licence) for the designated purpose is granted for the whole or any portion thereof for any term not exceeding twenty-one (21) years from the date of the lease subject to the approval in writing of the Minister for Lands being first obtained to each and every lease or assignment of lease pursuant to the provisions of Section 18 of the Land Administration Act 1997.

THE MINISTER FOR LANDS (IN THE NAME OF AND ON BEHALF OF THE STATE OF WESTERN AUSTRALIA) ORDERS THAT THE CARE, CONTROL AND MANAGEMENT OF THE ABOVE RESERVE BE PLACED WITH THE ABOVE DESCRIBED MANAGEMENT BODY FOR THE PURPOSE FOR WHICH THE LAND IS RESERVED UNDER SECTION 41 OF THE LAND ADMINISTRATION ACT 1997, AND FOR PURPOSES ANCILLARY OR BENEFICIAL TO THAT PURPOSE SUBJECT TO THE CONDITIONS STATED ABOVE

Dated this 06 day of May in the year 2008

ATTESTATION



SENIOR STATE LAND OFFICER
WHEATBELT REGION
STATE LAND SERVICES

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1 should be used with appropriate headings. The boxed sections should only contain the words "See Annexure".
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3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the person signing this document and their witnesses.

NOTES

1. RESERVE DESCRIPTION
Reserve number and details to be stated. The Volume and Folio numbers to be stated.
2. MANAGEMENT BODY
State the full name and address of the management body.
3. CONDITIONS
Specify all conditions to be observed by the lessee in the operation of the area affected by this permit.
4. EXECUTION
A separate attestation is required for every person signing this document. Each signature should be separately witnessed by an Adult Person. The address and occupation of the witness must be stated.

EXAMINED

DUPLICATE



K587679 XE
06 May 2008 13:57:51 Midland

MANAGEMENT ORDER (XE)

LODGED BY State Land Services

ADDRESS DPI - Wheatbelt - Box 98C

PHONE No.
FAX No.

REFERENCE No. Cody Rampant 04879-1906-02RO Ph:
9347 5181 Fax: 9347 5002

ISSUING BOX No.

PREPARED BY State Land Services

ADDRESS DPI - Wheatbelt - Box 98C

PHONE No. FAX No.

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO
OTHER THAN LODGING PARTY

TITLES, LEASES, DECLARATIONS ETC LODGED
HEREWITH

1. _____ Received Items
2. _____ Nos.
3. _____
4. _____ Receiving Clerk
5. _____
6. _____

072356-001



Registered pursuant to the provisions of the TRANSFER OF
LAND ACT 1893 as amended on the day and time shown
above and particulars entered in the Register.

STATE LAND SERVICES
WHEATBELT REGION
GENERAL MANAGER



VESTING ORDER

S. 194c

LAND ACT, 1933

(Section 33)

Corres. No. 4879/06

I, Air Commodore Hughie Idwal Edwards, Victoria Cross, Companion of the Most Honourable Order of the Bath, Companion of the Distinguished Service Order, Officer of the Most Excellent Order of the British Empire, Distinguished Flying Cross, Governor in and over the State of Western Australia and its Dependencies in the Commonwealth of Australia, do hereby, in pursuance of the powers enabling me in that behalf, and under and by virtue of the provisions of section 33 of the Land Act, 1933, direct that Reserve No. 10341

shall vest in and be held by the Shire of West Arthur

in trust for the following objects and purposes (that is to say)

"Recreation"

or other the purposes for which the land is reserved, subject nevertheless to the powers reserved to me by section 37 of the said Act.

Given under my hand, at Perth, this 14th

day of August 19. 74

John Gaudet
Governor.

THE LAND ACT, 1898.

Corr. N~~6~~879/06.....

SIR ROBERT FURZE MC. MILLAN

I, ~~COLONEL SIR WILLIAM ROBERT CAMPION~~, Knight Commander of the
Most Distinguished Order of St. Michael and St. George, ~~D.S.O.~~ ^{Lieutenant Administrator} Governor in and

over the State of Western Australia and its Dependencies, in the Commonwealth
of Australia, do hereby, in pursuance of the powers enabling me in that behalf,
and under and by virtue of the provisions of Section 42 of "The Land Act, 1898,"

direct that Reserve No. 10341 at Darken

shall vest in and be held by The West Arthur Road Board

.....in trust for the following objects and purposes
(that is to say) Recreation

.....or other the purposes for which the land is
reserved, subject nevertheless to the powers reserved to me by Section 41 of the
said Act.

Given under my hand, at Perth, this fifteenth

day of January 1929

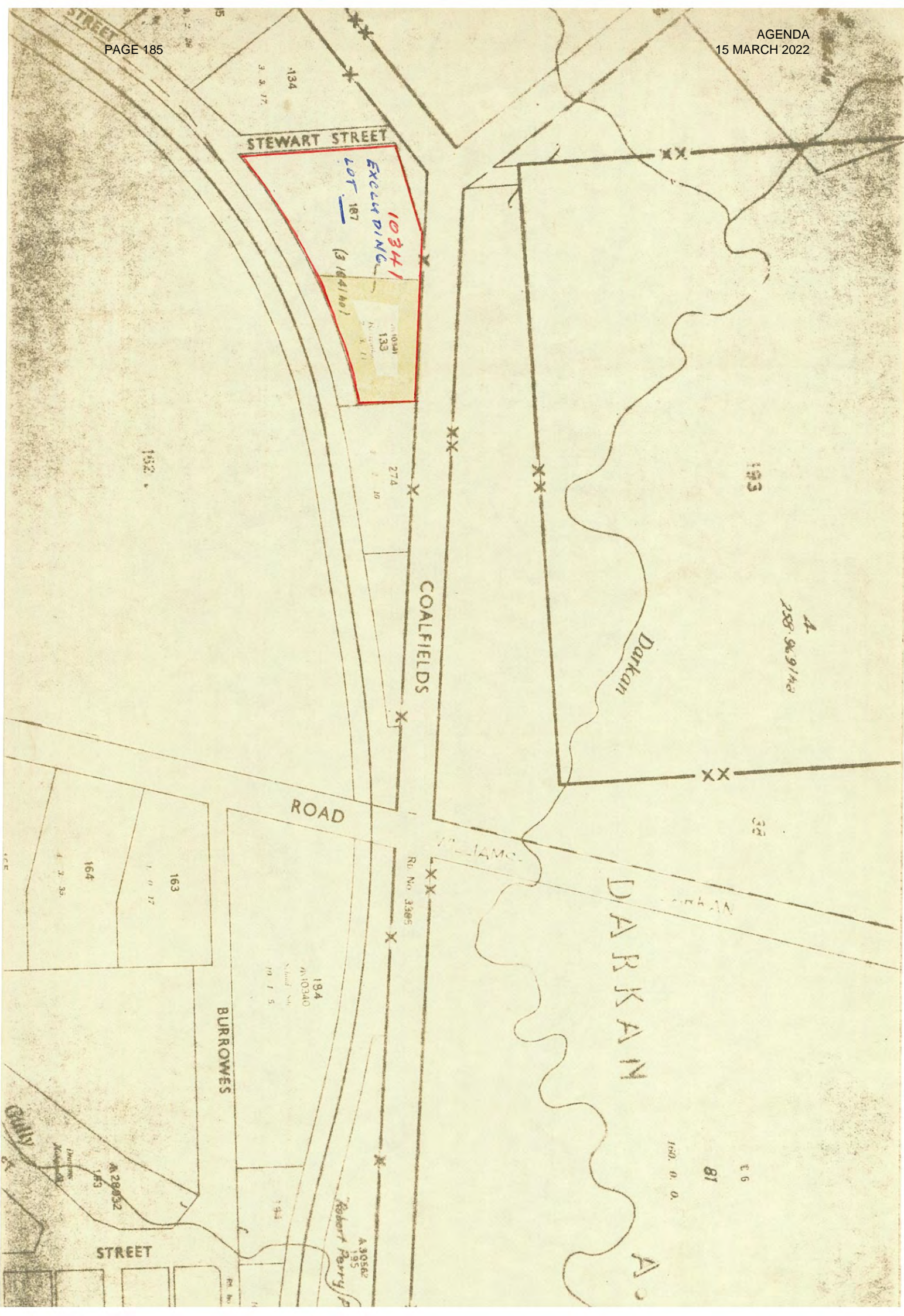
R. F. McMillan

Lieutenant GOVERNOR Administrator

u 13261/28

q. 27/1/31.
q. 27/10/31

g
y



STEWART STREET

10341
EXCISE DINDC
LOT 187
(3184140)

COALFIELDS

ROAD

Darkan

DARKAN

BURROWES

STREET

A 3058
1995
Robert Perry

134
3. 3. 17

162

193

A
238. 9. 9/42

38

163
1. 0. 17

164
4. 7. 35

194
A10340
Sund. No.
10. 1. 5

199. 0. 0.
81
E 6

Gully
A 29832
1993

FORM LAA-1023

DUPLICATE

SECTION 46

WESTERN AUSTRALIA
LAND ADMINISTRATION ACT 1997 as amended
TRANSFER OF LAND ACT 1893 as amended

MANAGEMENT ORDER (XE)

RESERVE DESCRIPTION (NOTE 1)

37824

EXTENT

Whole

VOLUME

0000
3164

FOLIO

000
247

MANAGEMENT BODY (NOTE 2)

Shire of West Arthur
31 Burrowes Street
DARKAN, WA 6392

CONDITIONS (NOTE 3)

To be utilised for the designated purpose of "Caravan Park" only.

THE MINISTER FOR LANDS (IN THE NAME OF AND ON BEHALF OF THE STATE OF WESTERN AUSTRALIA) ORDERS THAT THE CARE, CONTROL AND MANAGEMENT OF THE ABOVE RESERVE BE PLACED WITH THE MANAGEMENT BODY DESCRIBED ABOVE FOR THE PURPOSE FOR WHICH THE LAND COMPRISING THE RESERVE IS RESERVED UNDER SECTION 41 OF THE LAND ADMINISTRATION ACT 1997, AND FOR PURPOSES ANCILLARY OR BENEFICIAL TO THAT PURPOSE SUBJECT TO THE CONDITIONS ABOVE

Dated this 23 day of January in the year 2014

ATTESTATION (NOTE 4)

[Signature]

NAME: Horacio Pacheco
SENIOR STATE LAND OFFICER
TEAM: Goldfields, Karpuranga & Wheatbelt

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet Form B1 should be used with appropriate headings. The boxed sections should only contain the words "See Annexure".
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the person signing this document and their witnesses.

NOTES

1. RESERVE DESCRIPTION
Reserve number and details to be stated. The Volume and Folio numbers to be stated.
2. MANAGEMENT BODY
State the full name and address of management body.
3. CONDITIONS
Detail the conditions specified by the Minister to be observed by the management body in its care control and management of the Reserve.
4. ATTESTATION
This document is to be executed by the Minister for Lands or a person to whom the power to grant a management order under section 46 of the Land Administration Act 1997 has been duly delegated under section 9(1) of the Act (if applicable).

EXAMINED

DUPLICATE



M534771 XE

30 Jan 2014 08:40:51 Midland

MANAGEMENT ORDER (XE)

LODGED BY Department of Lands

ADDRESS DoL - Goldfields Wheatbelt - Box 98C

PHONE No.
FAX No.

REFERENCE No. Shannon Alford File: 02543-1981 Job:
130645 Ph: 6552 4661 Fax: 6552 4417

ISSUING BOX No.

PREPARED BY Department of Lands

ADDRESS DoL - Goldfields Wheatbelt - Box 98C

PHONE No.
FAX No.

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO
OTHER THAN LODGING PARTY

TITLES, LEASES, DECLARATIONS ETC LODGED
HEREWITH

1. _____ Received Items
2. _____ Nos.
3. _____
4. _____ Receiving Clerk
5. _____
6. _____

130645-008



Registered pursuant to the provisions of the TRANSFER OF
LAND ACT 1893 as amended on the day and time shown
above and particulars entered in the Register.



NAME
SIGNATURE
DATE

WESTERN



AUSTRALIA

REGISTER NUMBER 420/DP77655	
DUPLICATE EDITION N/A	DATE DUPLICATE ISSUED N/A

RECORD OF QUALIFIED CERTIFICATE
OF
CROWN LAND TITLE
UNDER THE TRANSFER OF LAND ACT 1893
AND THE LAND ADMINISTRATION ACT 1997
NO DUPLICATE CREATED

VOLUME **LR3164** FOLIO **247**

The undermentioned land is Crown land in the name of the STATE of WESTERN AUSTRALIA, subject to the interests and Status Orders shown in the first schedule which are in turn subject to the limitations, interests, encumbrances and notifications shown in the second schedule.


REGISTRAR OF TITLES 

LAND DESCRIPTION:

LOT 420 ON DEPOSITED PLAN 77655

**STATUS ORDER AND PRIMARY INTEREST HOLDER:
(FIRST SCHEDULE)**

STATUS ORDER/INTEREST: RESERVE UNDER MANAGEMENT ORDER

PRIMARY INTEREST HOLDER: SHIRE OF WEST ARTHUR OF 31 BURROWES STREET, DARKAN
(XE M534771) REGISTERED 30 JANUARY 2014

**LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
(SECOND SCHEDULE)**

1. M534768 RESERVE 37824 FOR THE PURPOSE OF CARAVAN PARK REGISTERED 30.1.2014.
M534771 MANAGEMENT ORDER. CONTAINS CONDITIONS TO BE OBSERVED.
REGISTERED 30.1.2014.

- Warning: (1) A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
Lot as described in the land description may be a lot or location.
(2) The land and interests etc. shown hereon may be affected by interests etc. that can be, but are not, shown on the register.
(3) The interests etc. shown hereon may have a different priority than shown.

-----END OF CERTIFICATE OF CROWN LAND TITLE-----

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: DP77655.
PREVIOUS TITLE: LR3020-804.
PROPERTY STREET ADDRESS: NO STREET ADDRESS INFORMATION AVAILABLE.
LOCAL GOVERNMENT AREA: SHIRE OF WEST ARTHUR.
RESPONSIBLE AGENCY: DEPARTMENT OF LANDS (SLSD).

NOTE 1: L892425 CORRESPONDENCE FILE 02543-1981-01RO

END OF PAGE 1 - CONTINUED OVER

ORIGINAL CERTIFICATE OF CROWN LAND TITLE
QUALIFIED

REGISTER NUMBER: 420/DP77655

VOLUME/FOLIO: LR3164-247

PAGE 2

NOTE 2: M534766 SUBJECT TO SURVEY - NOT FOR ALIENATION PURPOSES

LANDGATE USE ONLY <<< COPY OF ORIGINAL >>> LANDGATE USE ONLY

LAND ACT, 1933

(Section 33)

V E S T I N G O R D E R

File No. 2543/981

I, Sir Francis Theodore Page Burt, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Lieutenant Governor and Administrator, in and over the State of Western Australia and its Dependencies in the Commonwealth of Australia, do hereby, in pursuance of the powers enabling me in that behalf, and under and by virtue of the provisions of Section 33 of the Land Act, 1933, direct that Reserve No. 37824

shall vest in and be held by the Shire of West Arthur

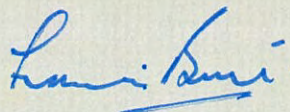
in trust for the following objects and purposes (that is to say)
"Caravan Park Site"

subject nevertheless to the powers reserved to me by Section 37 of the said Act.

Given under my hand, at Perth,

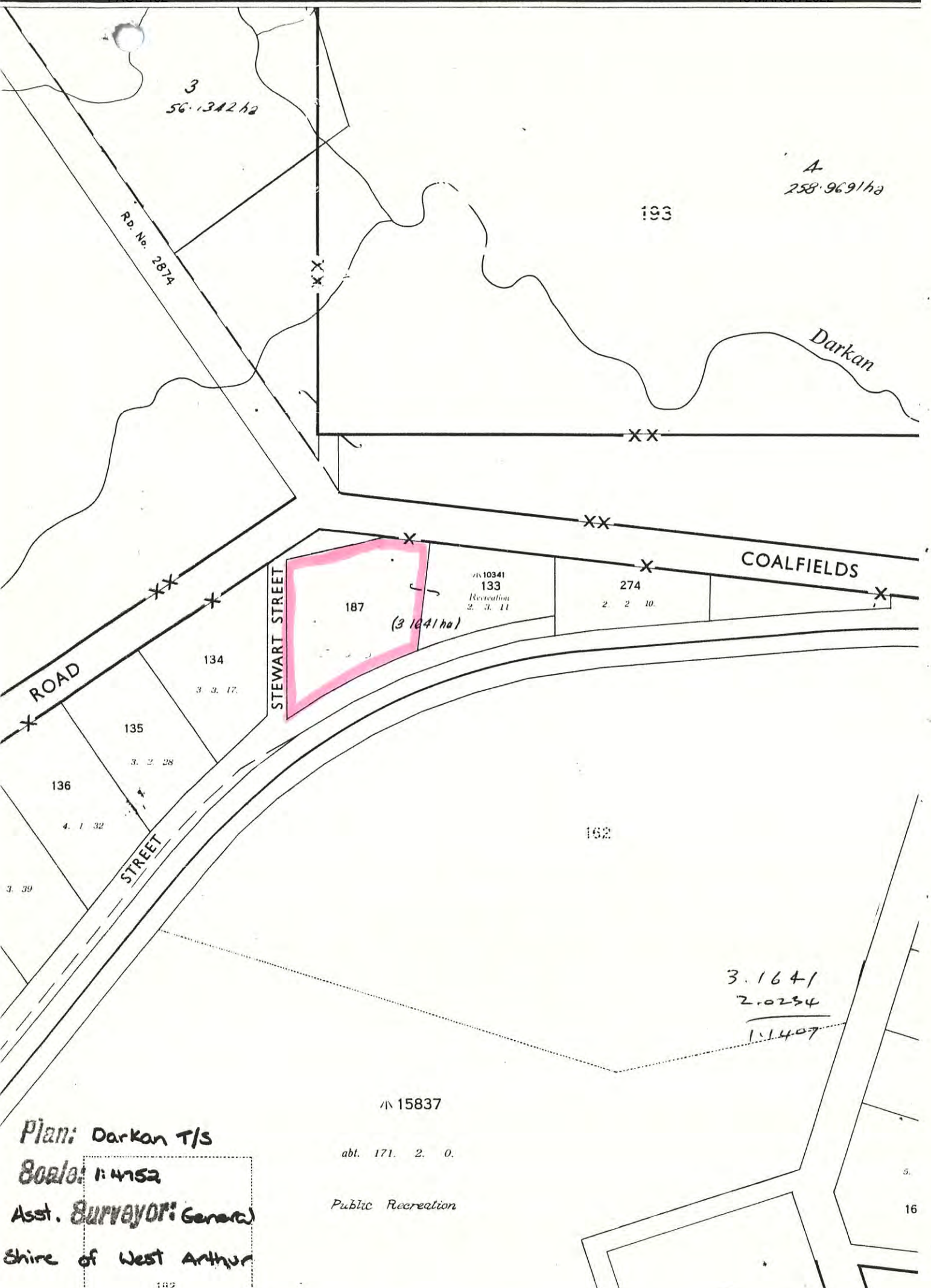
this 20th day

of July 1982



.....
Lieutenant Governor and
Administrator.

Handwritten initials or a mark consisting of two circles and a vertical line, possibly representing 'OP'.



Plan: Darkan T/S
 Scale: 1:4752
 Asst. Surveyor: General
 Shire of West Arthur

15837
 abt. 171. 2. 0.
 Public Recreation

3.1641
 2.0234
 1.1407



From: Contractor
Sent: Thursday, February 17, 2022 9:38 AM
To: Michelle.Cockie@education.wa.edu.au <Michelle.Cockie@education.wa.edu.au>
Cc: Vin Fordham Lamont <ceo@westarthur.wa.gov.au>
Subject: Nissen Hut

Hi Michelle

Thanks for having a chat with me today regarding the Nissen hut. As I mentioned on the phone, Council asked for some additional information in relation to your proposal. Specifically, could you please include in the proposal document that you sent through the following information:

- toilets and shower facilities - if you are staying there, would you use the showers and toilets at the caravan park (note that this is \$5 per person per night)
- disposal of rubbish - would you remove or would you be expecting Shire to remove? Would you be prepared to pay a fee to have this removed?
- Fire control - Council are concerned about the issues associated with fire. Could you please address how this will be managed
- Accommodation - Council were concerned that the facility would become permanent accommodation rather than short stay accommodation. Can you please make this clear that you are only looking at using it for short stay accommodation rather than permanent accommodation.

In addition, at this stage Council would prefer to look at short term lease arrangements as a trial run so we can see how things are working out. They discussed the possibility of the garden development but would rather not paint the outside of the hut until we see how things go.

At this stage Council does not want to enter into an exclusive arrangement where other community groups would be unable to use the hut when you are not using it. Therefore would you be prepared to enter into a non-exclusive arrangement? Could we manage that arrangement through the caravan park booking system? You would then just pay for the showers and ablutions. Additionally, as I mentioned there is a storage room at the end of the verandah that is lockable and if you are planning to use the hut on a more regular basis there is the possibility that this could be included in the lease arrangements as a place for you to store art products or other items you wish to keep there.

If you return your document to me by March 9th 2022 I would be able to do an agenda item for next council meeting on March 15th.

Any queries, please give me a call
Regards

Kerryn Chia
Project Officer
M: 0429 631044

To the Councillors of the Shire West Arthur

The Cultural Representatives and Traditional owners were disappointed that the Council is concerned about Aboriginal people visiting and using the Aboriginal reserve.

It was our intention to work in partnership with the council but that requires a trusting relationship on both parties. The CR/TOs would be prepared to use the hut as per any other group – including paying for the use of toilets, rubbish disposal and fire management.

The CR/TO have no intention of using the hut as long term accommodation and would use the hut in accordance with the agreed lease. We understand that Council initially would like to enter into a short term lease and we would be prepared to do this. We also agree that booking the hut through the current caravan park system is the best way to manage our use of the hut and ensure that others can also use the hut when we are not there.

We hope that Council does not have negative stereotypes about our people and can continue to develop the relationship that we are trying to build.

From Michelle Cockie and Thorne Family

12.6 - CORPORATE CREDIT CARD FACILITY AND POLICY

File Reference:	2.30.1
Location:	N/A
Applicant:	N/A
Author:	Darren Friend – Acting Manager Corporate Services
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	4 March 2022
Disclosure of Interest:	Nil
Attachments:	Draft Credit Card Policy

Summary:

Council has informally discussed the requirement for a corporate credit card facility and is requested to consider the establishment of the facility along with the attached draft credit card policy which is based on the relevant Western Australian Local Government Association (WALGA) template.

Background:

The CEO and Works Manager are required to attend meeting/events outside the Shire. This has meant that the officers have been required to purchase fuel with their own funds, and later seek a refund from the Shire. Similarly, other staff have purchased goods or services for the Shire with their private credit cards and sought reimbursement.

This is not an appropriate situation, and it is recommended that a corporate credit card facility be established to assist staff in those instances where issuing a purchase order to receive goods or services on credit is not practical or even accepted by an external provider e.g., a service station. If other staff have need to pay for something in relation to the Shire, they can approach the cardholders to assist with the purchase.

Comment:

Council has requested the CEO to prepare an appropriate credit card policy for Council to adopt prior to the establishment of a corporate credit card facility. A template policy was sourced from WALGA and customised to suit the Shire of West Arthur.

Establishment of the Corporate Credit Card facility can be undertaken at the same time.

Consultation:

Nil

Statutory Environment:

Local Government Act 1995

Section 6.5(a) - Accounts and Records

Local Government (Financial Management) Regulations 1996

Regs 5 - Financial Management Duties of the CEO & 11(1)(a) & (2) - Payments of Accounts

Policy Implications:

The new policy will be added to the policy manual as F4.6 Credit Card Policy.

Financial Implications:

Minor – credit card facility bank fee.

Strategic Implications:

Community Strategic Plan West Arthur Towards 2031

Theme: Leadership and Management – inspirational, dynamic, transparent

Outcome 5.3: Establish and maintain sound business and governance structures

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. **Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Inadequate internal controls
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Principal Risk Theme	Misconduct
Risk Action Plan (Controls or Treatment Proposed)	Comply with the new policy

Voting Requirements:
Simple Majority

Officer Recommendation:

That Council:

1. Authorises the establishment of a Corporate Credit Card facility to a maximum of \$5,000;
and
2. Adopts the attached Credit Card Policy.

Moved: _____

Seconded: _____

ATTACHMENTS

Draft Credit Card Policy

F4.6 CREDIT CARD POLICY

Policy Objective

To provide the Chief Executive Officer with a framework of principles to guide the use and management of Credit Card facilities and which:

1. Ensures efficient and effective procurement and payment operations.
 2. Minimises the risk of misuse, fraudulent or corrupt use.
 3. Defines allowable and prohibited uses.
 4. Defines management and oversight obligations.
 5. Defines Cardholder duty of care and responsible use obligations.
-

Policy Scope

This policy provides an in-principle framework to guide the Chief Executive Officer when fulfilling their statutory duties for establishing and implementing appropriate systems and procedures for incurring expenditure and making payments specific to Credit Cards.

Policy Statement

1 Definitions

Cardholder means an employee who has been authorised by the CEO to incur expenditure by means of a Credit Card.

Credit Card means a card facility (which may include; credit, store, parking, cab-charge and fuel cards) approved for use in lieu of cash Credits, to incur expenditure for goods and services for the purposes of the Shire of West Arthur business activities only in accordance with relevant Shire of West Arthur Policies.

2 Management Oversight and Reporting

2.1 Legislation

- (1) Section 6.5(a) of the *Local Government Act 1995* prescribes the Chief Executive Officer's (CEO) duty to ensure that proper accounts and records of the Credits and affairs of the Local Government are kept in accordance with regulations.
- (2) The *Local Government (Financial Management) Regulations 1996* prescribe:
 - a. Regulation 5, the Chief Executive Officer's duties to ensure efficient systems and procedures are established for the proper authorisation of incurring of liabilities and the making of payments.
 - b. Regulation 11(1)(a) and (2) of the requires Local Government to develop procedures that ensure effective security for the authorisation and payment of accounts and for the authorised use of payment methods, including credit cards.

2.2 Determining When Credit Card Facilities are Appropriate

- (1) Credit Card facilities may be implemented and maintained where the card facility provides benefit to the Shire of West Arthur operations by ensuring:
 - a. goods and services can be obtained in a timely and efficient manner to meet the business needs of the Shire of West Arthur;
 - b. financial management and accounting standards are met; and
 - c. purchasing and payment functions are secure, efficient and effective.

- (2) Credit Card facility providers will only be acceptable where, in the opinion of the CEO, they:
 - a. Provide appropriate and sufficient statement, administration and acquittal controls that enable the Shire of West Arthur to sufficiently administer the facility; and
 - b. Provide the Shire of West Arthur with protection and indemnification from fraudulent unauthorised Credits.

- (3) The maximum Credit Card facility provision is \$5,000.

2.3 Management Oversight

The Chief Executive Officer shall determine and implement systems and procedures adequate to ensure:

- a. Assessment and selection of Credit Card facilities suitable to the efficient and effective operations of the Shire of West Arthur;
- b. Authorisation and appointment of suitably eligible Cardholders;
- c. Cardholder duties and responsibilities are documented, and Cardholders provided with training; and
- d. Monitoring and auditing of Credit Card activities is planned and reported.

2.4 Reporting

The CEO will ensure that acquitted Credit statements for each Credit Card facility are provided to Council as part of the monthly financial reporting regime.

2.5 Misuse, Misconduct and Fraudulent Use

Any alleged misuse of Credit Cards will be investigated and may be subject to disciplinary procedures.

Where there is reasonable suspicion of misconduct or fraudulent activity arising from Credit Card facilities the matter will be reported to the appropriate regulatory agency, subject to the requirements of the *Public Sector Management Act 1994* and the *Corruption, Crime and Misconduct Act 2003*.

2.6 Principles for Credit Card Usage

2.6.1 Allowable Credits

- (1) Credit Card facilities may only be used where:
 - a. The expenditure is directly arising from a Shire of West Arthur operational business activity for which there is an Annual Budget provision;
 - b. The expenditure is in accordance with legislation, the Shire of West Arthur Purchasing Policy, Code of Conduct and any conditions or limitations applicable to the individual Cardholder.
 - c. The procurement of the required goods or services is impractical or inefficient if undertaken via a purchase order or is not able to be obtained other than by a Credit Card;
 - d. Supplier surcharges (fees) on Credits are minimised and only allowable where the alternative method of obtaining the supply (i.e. by purchase order) is more onerous, not cost effective or there is no alternative mode of supply.
 - e. Hospitality expenditure may only occur when it is in accordance with the Shire of West Arthur's Hospitality Policy or is undertaken with the express written permission of the CEO.
 - f. Official travel, accommodation and related expenses may only occur in accordance with Shire of West Arthur policies and procedures;
 - g. Accounts payable payments are made under the direction of the Manager Corporate Services;
 - h. A sufficient record of each Credit is obtained and retained in the local government record.
- (2) Allowable Credit modes include:
 - a. In-person and over the counter retail purchases;
 - b. Telephone or facsimile purchasing;
 - c. Mail order purchasing and subscriptions;
 - d. Internet purchasing.

2.6.2 Prohibited Credits

- (1) The Shire of West Arthur prohibits the use of Credit Card facilities for:
 - a. Cash advances;
 - b. Incurring expenses which are personal or private (i.e. any expenditure which is not an approved Local Government activity);
 - c. Making deposits onto the Card, whether to offset misuse or otherwise;
 - d. Incurring Capital expenditure;
 - e. Incurring expenditure for goods or services which are subject to a current supplier contract;
 - f. Incurring expenses which are not in accordance with legislation, the Shire of West Arthur Purchasing Policy, the Annual Budget and / or the conditions or limitations relevant to the individual Cardholder;
 - g. Splitting expenditure to avoid compliance with the Purchasing Policy or to negate limits or conditions applicable to the Cardholder; and
 - h. Incurring expenses for the primary purpose of obtaining personal advantage through the Credit (i.e. membership or loyalty rewards).

- (2) For clarity, Elected Members are prohibited from using Shire of West Arthur Credit Cards as the *Local Government Act 1995* does not provide authority for an Elected Member to incur liabilities on behalf of the Local Government. The Act limits Local Governments to only paying Elected Member allowances and reimbursing Elected Member expenses.

2.6.3 Cardholder duty of care and responsible use obligations

- (1) A Cardholder is required to:
- a. Keep the Credit Card and access information in a safe manner; protected from improper use or loss.
 - b. Only use the Credit Card for allowable purposes and not for prohibited purposes.
 - c. Obtain, create and retain Local Government records that evidence Credits.
 - d. Acquit the reconciliation of Credit Card usage in the required format and within required timeframes. The onus is on the cardholder to provide sufficient detail for each Credit to avoid any potential perception that a Credit may be of a personal nature.
 - e. Return the Credit Card to the Shire of West Arthur before termination of employment, inclusive of reconciliation records.
 - f. Reimburse the Shire of West Arthur the full value of any unauthorised, prohibited or insufficiently reconciled expenditure.
- (2) Benefits obtained through use of a Credit Card (i.e. membership or loyalty rewards) are the property of the Shire of West Arthur and may only be used for Shire of West Arthur business purposes. Such benefits must be relinquished by the Cardholder to the Shire of West Arthur. Under no circumstances may such benefits be retained as a personal benefit.

2.6.4 Credit evidence

- (1) A sufficient Credit record must include the following minimum information:
- a. Invoice and / or receipt that includes; the date, company name, address, ABN, amount and any GST amount included;
 - b. Where an invoice and / or receipt cannot be obtained, the Cardholder must provide a Statutory Declaration, in accordance with the *Oaths, Affidavits and Statutory Declarations Act 2005*, detailing the nature of the expense and sufficient information to satisfy the requirements of subclause (a) above.
- (2) Where a Credit Card is used to incur an expense for hospitality, the Credit record must include for the purposes of Fringe Benefits Tax calculations and probity:
- a. the number of persons entertained;
 - b. the names of any employees in that number; and
 - c. the purpose of providing the entertainment or hospitality.

13. Finance**13.1 - FINANCIAL REPORTS – FEBRUARY 2022**

File Reference:	N/A
Location:	N/A
Applicant:	N/A
Author:	M King
Authorising Officer	V Fordham Lamont
Date:	10 March 2022
Disclosure of Interest:	N/A
Attachments:	Financial Reports – February 2022
Previous Reference:	N/A

Summary:

Consideration of the financial reports for the period ending 28th February 2022

Background:

The financial reports for the periods ending 28th February 2022 are included as attachments.

Comment:

If you have any questions regarding details in the financial reports, please contact the office prior to Council meeting so that sufficient time is given to research the request. This will enable the information to be provided at the Council meeting.

Consultation:

Not applicable.

Statutory Environment:

Section 34 (1) (a) of the Local Government (Financial Management) Regulations 1996 states that a Local Government is to prepare monthly statement of financial activity including annual budget estimates, monthly budget estimates, actual monthly expenditure, revenue and income, material variances between monthly budget and actual figures and net current assets on a monthly basis.

Policy Implications:

Not applicable.

Financial Implications:

Not applicable.

Strategic Implications:

Not applicable.

Sustainability Implications:

- **Environmental:** There are no environmental implications.
- **Economic:** There are no economic implications.
- **Social:** There are no social implications.

Risk Implications:

Risk	Low (1)
Risk Likelihood (based on history and with existing controls)	Low (1)
Risk Impact / Consequence	Low (1)
Risk Rating (Prior to Treatment or Control)	Low (1)
Principal Risk Theme	Low (1)
Risk Action Plan (Controls or Treatment Proposed)	Low (1)

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives; occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of 2 has been determined for this item. Any items with a risk rating over 10 (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating over 17 will require a specific risk treatment plan to be developed.

Voting Requirements:

Simple majority

Officer Recommendation:

That the financial report for the period ending 28th February 2022 as presented be accepted.

Moved: _____

Seconded: _____

ATTACHMENT

Financial Reports – February 2022

SHIRE OF WEST ARTHUR
STATEMENT OF FINANCIAL ACTIVITY
(By Nature or Type)
For the Period Ended 28 February 2022

	Note	Annual Budget 2021/2022 \$	YTD Budget (a) \$	YTD Actual (b) \$	Var. \$ (b)-(a) \$	Var. % (b)-(a)/(a) %	Var.
Opening Funding Surplus (Deficit)	2	1,162,486	1,162,486	1,162,486	0	0%	
Revenue from operating activities							
Rates		1,776,244	1,776,244	1,775,915	(329)	(0%)	
Operating Grants, Subsidies and Contributions	6	813,807	570,097	645,669	75,572	13%	▲
Fees and Charges		262,985	199,913	232,003	32,090	16%	▲
Interest Earnings		36,389	12,130	9,752	(2,378)	(20%)	
Other Revenue		71,872	35,936	45,693	9,757	27%	
Profit on Disposal of Assets		6,799	0	1,129	1,129		
		2,968,096	2,594,320	2,710,161	115,841		
Expenditure from operating activities							
Employee Costs		(1,869,777)	(1,464,602)	(1,526,502)	(61,900)	(4%)	
Less overhead and wage allocations			237,058	236,066	(992)		
Materials and Contracts		(811,033)	(556,079)	(602,857)	(46,778)	(8%)	
less Pdepn and POC allocations			164,079	163,392	(687)		
Utility Charges		(93,534)	(54,562)	(48,237)	6,325	12%	
Depreciation on Non-Current Assets		(2,140,359)	(347,315)	(340,095)	7,220	2%	
Interest Expenses		(25,232)	(13,288)	(13,288)	0	0%	
Insurance Expenses		(103,791)	(103,791)	(103,527)	264	0%	
Other Expenditure		(36,500)	(18,250)	(24,403)	(6,153)	(34%)	
Loss on Disposal of Assets		(5,350)	0	(2,968)	(2,968)		
		(5,085,576)	(2,156,750)	(2,262,419)	(105,669)		
Operating activities excluded from budget							
Add back Depreciation		2,140,359	347,315	340,095	(7,220)	(2%)	
Adjust (Profit)/Loss on Asset Disposal		(1,449)	0	1,839	1,839		
Adjust Provisions and Accruals		0	(32,833)	(32,833)	0	0%	
Amount attributable to operating activities		21,430	752,053	756,843	4,790		
Investing activities							
Grants, Subsidies and Contributions	6	995,128	304,600	304,600	0	0%	
Proceeds from Disposal of Assets		64,228	0	38,432	38,432		▲
Land and Buildings	7	(579,700)	(35,000)	(35,168)	(168)	(0%)	
Infrastructure Assets - Roads	7	(1,138,717)	(460,396)	(450,408)	9,988	2%	
Infrastructure Assets - Other	7	(586,188)	(160,000)	(156,659)	3,341	2%	
Plant and Equipment	7	(530,115)	(385,715)	(385,712)	3	0%	
Furniture and Equipment	7	(8,500)	(8,500)	(6,437)	2,063	24%	▲
Amount attributable to investing activities		(1,783,864)	(745,011)	(691,352)	53,659		
Financing Activities							
Proceeds from Self Supporting Loan - repayments		28,087	13,927	13,927	0	0%	
Transfer from Reserves	5	1,237,967	0	0	0		
Repayment of Debentures		(96,883)	(49,755)	(49,755)	0	0%	
Transfer to Reserves	5	(569,223)	(165)	(168)	(3)	(2%)	
Amount attributable to financing activities		599,948	(35,993)	(35,996)	(3)		
					0		
Closing Funding Surplus (Deficit)	2	0	1,133,534	1,191,981	58,447	5%	

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 1 for an explanation of the reasons for the variance.

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

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 1: 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 budget materially.

The material variance adopted by Council for the 2021/22 year is \$10,000 or 10% whichever is the greater.

Operating Grants, Subsidies and Contributions

51128	General Purpose Grant above budget
23142	WALGGC - Roads Grant above budget

Fees and Charges

36,789	Caravan Park Income is above budget. Includes \$21,627 employee accommodation (non cash).
--------	---

Employee Costs

(61,900)	Employee costs greater than budget due to Council decision made 3 November 2021 and payment of entitlements. Recognition of accommodation for staff at caravan park chalet (non cash). Partly offset by vacant positions.
----------	---

Materials and Contracts

(25,986)	Fire shed for Arthur River ESL funded. Will be offset by income. Council decision Sep 21. Will be moved to capital expenditure.
(28,630)	Plant operation costs are above budget. Fuel cost increase and increased plant repairs.
(25,518)	Storm damage expenditure. Council approval November 21. Expected reimbursement to offset.
33,356	There are several non reportable variances which partly offset the additional expenditure.

Proceeds from Disposal of Assets

37,302	Sale of Toyota Prado - unbudgeted. Council decision Nov 21.
--------	---

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 2: Net Current Funding Position

Positive=Surplus (Negative=Deficit)

	Note	Last Years Closing	Current
		30 June 2021	28 Feb 2022
		\$	\$
Current Assets			
Cash Unrestricted	3	1,261,046	1,108,138
Cash Restricted	5	2,892,467	2,892,635
Cash Restricted - unspent grants		296,748	246,522
Receivables - Rates	4	145,377	188,330
Receivables - Other	4	241,642	44,459
Inventories		23,433	23,433
		4,860,713	4,503,517
Less: Current Liabilities			
Payables		(509,012)	(172,379)
Unspent grants, contributions and reimbursements 20/21		(296,748)	(139,940)
Unspent grants, contributions and reimbursements current 21/22		0	(106,582)
		(805,760)	(418,901)
Less: Cash Reserves	5	(2,892,467)	(2,892,635)
Net Current Funding Position		1,162,486	1,191,981

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 3: Cash and Investments

	Unrestricted	Restricted	Trust	Total Amount	Institution	Interest Rate	Maturity Date
	\$	\$	\$	\$			
(a) Cash Deposits							
Municipal Bank Account	114,431			114,431	NAB	0.01%	At Call
Municipal Bank - Bendigo	9,629			9,629	Bendigo	0.01%	At Call
Municipal Cash Maximiser	50,000			50,000	NAB	0.01%	At Call
Trust Bank Account			3,049	3,049	NAB	0.01%	At Call
Trust Cash Maximiser			10,269	10,269	NAB	0.01%	At Call
Reserve Cash Maximiser		4		4	NAB	0.01%	At Call
Bendigo Reserve		9		9	Bendigo	0.10%	At Call
(b) Term Deposits							
Municipal term deposit	300,000			300,000	NAB	0.43%	8/03/2022
Municipal term deposit	400,000			400,000	NAB	0.43%	5/04/2022
Municipal term deposit	480,000			480,000	Bendigo	0.29%	7/04/2022
Reserve term deposit		1,278,005		1,278,005	NAB	0.34%	28/06/2022
Reserve term deposit		1,614,617		1,614,617	Bendigo	0.40%	2/03/2022
Trust term deposit			60,000	60,000	NAB	0.29%	7/04/2022
Total	1,354,060	2,892,635	73,318	4,260,013			

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 4: Receivables

Receivables - Rates Receivable	28 Feb 2022	30 June 2021	Receivables - General	Current	30 Days	60 Days	90+ Days	Total
	\$	\$		\$	\$	\$	\$	\$
Opening Arrears Previous Years	237,534	199,932	Receivables - General	961	468	999	41,266	43,694
Levied this year (incl rubbish & ESL)	1,876,228	1,847,083						
<u>Less Collections to date</u>	(1,835,536)	(1,809,481)	Balance per Trial Balance					
Equals Current Outstanding	278,226	237,534	Sundry Debtors					0
Add paid in advance	2,261		Receivables - Other					0
Net Rates Collectable	280,487	237,534	Total Receivables General Outstanding					43,694
% Collected	86.84%	88.40%						
Less Recognised as doubtful	(92,157)	(92,157)	Amounts shown above include GST (where applicable)					
			90+ day amount includes funding including \$36,669 LRCI to be received when annual report/acquittal finalised and accepted.					
\$41,368 outstanding will be paid by instalments.	2.6%							
\$2,103 pensioner rebates to be processed	0.1%							

\$277,711 was outstanding at the 28 February 2021.

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 5: Cash Backed 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	210,490	842	12	0	0	(25,000)	0	186,332	210,502
Plant Reserve	522,877	2,102	30	310,000	0	(465,887)	0	369,092	522,907
Building Reserve	677,641	2,712	39	85,650	0	(515,000)	0	251,003	677,680
Town Development Reserve	71,305	285	4	0	0	(70,000)	0	1,590	71,309
Recreation Reserve	162,775	651	9	0	0	0	0	163,426	162,784
Heritage Reserve	5,755	23	0	300	0	0	0	6,078	5,755
Community Housing Reserve	153,767	610	9	20,000	0	(25,000)	0	149,377	153,776
Waste Management Reserve	122,370	489	7	0	0	(100,000)	0	22,859	122,377
Darkan Swimming Pool Reserve	44,081	176	3	5,000	0	0	0	49,257	44,084
Information Technology Reserve	50,306	201	3	50,000	0	0	0	100,507	50,309
Darkan Sport and Community Centre Reserve	289,516	1,158	17	30,000	0	0	0	320,674	289,533
Arthur River Country Club Renewal Reserve	34,043	136	2	6,000	0	0	0	40,179	34,045
Museum Reserve	128,155	497	7	0	0	(5,000)	0	123,652	128,162
Moodiarrup Sports Club Reserve	13,539	58	1	5,000	0	0	0	18,597	13,540
Landcare Reserve	37,871	173	2	0	0	(17,080)	0	20,964	37,873
Corporate Planning and Valuation Reserve	34,836	139	2	0	0	(15,000)	0	19,975	34,838
Kids Central Members Reserve	1,607	3	0	5,704	0	0	0	7,314	1,607
The Shed Reserve	12,258	47	1	0	0	0	0	12,305	12,259
Recreation Trails Reserve	1,214	5	0	0	0	0	0	1,219	1,214
Community Gym Reserve	11,026	34	1	0	0	0	0	11,060	11,027
Economic Development Reserve	73,617	294	4	40,000	0	0	0	113,911	73,621
Road Reserve	233,418	934	14	0	0	0	0	234,352	233,432
	2,892,467	11,569	168	557,654	0	(1,237,967)	0	2,223,723	2,892,635

Note: Reserve transfers are generally completed at year end unless funds are required sooner.

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 6: Grants and Contributions	Grant Provider	Type	Opening Balance (a)	Budget Operating (b)	Capital (c)	YTD Actual Revenue (f)	(Expended) (g)	Unspent Grant (a)+(f)+(g) \$	Comment
General Purpose Funding									
Grants Commission - General	WALGGC - General Purpose Grant	Operating	0	279,900	0	261,053	0	0	Grant income expected to be \$68,172 above budget
Grants Commission - Roads	WALGGC - Local Roads Grant	Operating	0	237,417	0	201,205	0	0	Grant income expected to be \$30,855 above budget
Law, Order and Public Safety									
FESA Grant - Operating Bush Fire Brigade	Dept. of Fire & Emergency Services	Operating - Tied	0	43,126	0	32,781	(32,781)	0	
Federal Road & Community Infrastructure - St Johns Building	Dept. of Infrastructure, Transport, Regional Development and Communications	Operating - Tied	0	75,000	0	0	0	0	Project reallocated
Housing									
Community Housing Repairs	Dept of Communities	Operating - Tied	0	10,495	0	10,495	(10,495)	0	Recognised as income when corresponding expenditure recognised
Community Amenities									
Federal Road & Community Infrastructure - Seat	Dept. of Infrastructure, Transport, Regional Development and Communications	Operating - Tied	0	2,000	0	0	0	0	Seat ordered.
Recreation and Culture									
Federal Road & Community Infrastructure - Railway reserve and cricket wicket	Dept. of Infrastructure, Transport, Regional Development and Communications	Non-operating	0	0	77,000	24,511	(24,008)	503	
Federal Road & Community Infrastructure - Swimming pool	Dept. of Infrastructure, Transport, Regional Development and Communications	Operating - Tied	0	20,000	0	0	0	0	Project reallocated.
Federal Road & Community Infrastructure - Lake Towerrinning shade and landscaping	Dept. of Infrastructure, Transport, Regional Development and Communications	Non-operating	0	0	27,996	47,966	(25,953)	22,013	Additional LRCI funds allocated to project.
Heritage Inventory	Dept of Planning, Lands & Heritage	Operating - Tied	0	9,198	0	9,198	(4,774)	4,424	
Community event grants	Unknown	Operating - Tied	0	1,000	0	0	0	0	
Transport									
Roads To Recovery Grant - Cap	Roads to Recovery	Non-operating	0	0	320,264	118,794	(59,210)	59,584	
Roads To Recovery Grant - Cap	Roads to Recovery	Non-operating	0	0	102,073	102,073	(102,073)	0	Shown as a liability until spent, then recognised as income
RRG Grants - Capital Projects	Regional Road Group	Non-operating	0	0	350,884	140,354	(93,356)	46,998	Shown as a liability until spent, then recognised as income
Federal Road & Community Infrastructure Direct Grant	Main Roads - Direct Grant	Non-operating	0	0	38,000	113,000	0	113,000	Line marking project reallocated. Reseal projects new allocation.
Operating		Operating	0	134,671	0	134,671	0	0	
Economic Development									
Kylie Dam Project	Department of Water	Non-operating	0	0	53,911	0	0	0	
Federal Road & Community Infrastructure - Potable water	Dept. of Infrastructure, Transport, Regional Development and Communications	Non-operating	0	0	25,000	0	0	0	
TOTALS			0	812,807	995,128	1,196,101	(352,650)	246,522	
SUMMARY									
Operating	Operating Grants, Subsidies and Contributions		0	651,988	0	596,929	0	0	
Operating - Tied	Tied - Operating Grants, Subsidies and Contributions		0	160,819	0	52,474	(48,050)	4,424	
Non-operating	Non-operating Grants, Subsidies and Contributions		0	0	995,128	546,698	(304,600)	242,098	
TOTALS			0	812,807	995,128	1,196,101	(352,650)	246,522	

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 7: Capital Acquisitions

Assets	Account	YTD Actual			Budget			Variance Total YTD to Budget	Comment
		Wages and Plant	Materials and Contractors	Total YTD	Wages and Plant	Materials and Contractors	Total Budget		
		\$	\$	\$	\$	\$	\$		
Furniture									
Other Property & Services									
	Printer	0	(6,437)	(6,437)	0	(8,500)	(8,500)	2,063	
	Furniture Total	0	(6,437)	(6,437)	0	(8,500)	(8,500)	2,063	
Land and Buildings									
Housing									
	Renovations to existing joint venture community housing units	0	0	0	0	(25,000)	(25,000)	25,000	
Community Amenities									
	Chalet completion	0	(23,612)	(23,612)	(1,000)	(25,000)	(26,000)	2,388	
	Toilet - Bowelling (grant to be sourced for materials)	0	0	0	(8,700)	0	(8,700)	8,700	
Other Property & Services									
	Staff housing improvements/renovations	0	0	0	(8,300)	(50,000)	(58,300)	58,300	
	New staff house	0	(11,556)	(11,556)	(11,700)	(450,000)	(461,700)	450,144	Land has been purchased.
	Buildings Total	0	(35,168)	(35,168)	(29,700)	(550,000)	(579,700)	544,532	
Infrastructure									
Community Amenities									
	Darkan Refuse Site	0	0	0	(20,000)	(100,000)	(120,000)	120,000	
Recreation And Culture									
	Darkan Railway Reserve - redevelopment of play and youth area	(3,366)	(115,324)	(118,690)	(30,000)	(220,000)	(250,000)	131,310	
	Cricket oval infrastructure - wicket	(368)	(6,573)	(6,941)	0	(17,000)	(17,000)	10,059	
	Lake Towerrinning - Shade and landscaping	(4,575)	(25,953)	(30,528)	0	(40,000)	(40,000)	9,472	
Transport									
	Slip lane car park off Burrowes Street	0	0	0	(34,073)	(19,115)	(53,188)	53,188	
Economic Development									
	Kylie Dam Water Project	0	(500)	(500)	(14,000)	(67,000)	(81,000)	80,500	
	Potable water Infrastructure	0	0	0	0	(25,000)	(25,000)	25,000	
	Infrastructure Total	(8,309)	(148,350)	(156,659)	(98,073)	(488,115)	(586,188)	429,529	
Plant , Equip. & Vehicles									
Transport									
	Prime Mover	0	(163,656)	(163,656)	0	(170,000)	(170,000)	6,344	
	Side Tipping Trailer	0	(20,600)	(20,600)	0	(120,000)	(120,000)	99,400	
	Passenger Vehicle	0	(51,725)	(51,725)	0	(52,225)	(52,225)	500	
	Forklift	0	(22,325)	(22,325)	0	(25,000)	(25,000)	2,675	
	Road Broom	0	0	0	0	(45,000)	(45,000)	45,000	
	Utes	0	(107,123)	(107,123)	0	(104,000)	(104,000)	(3,123)	
	Mower	0	(10,890)	(10,890)	0	(13,890)	(13,890)	3,000	
	Spray unit	0	(9,393)	(9,393)	0	0	0	(9,393)	Council decision Nov 21
	Plant, Equip & Vehicles Total	0	(385,712)	(385,712)	0	(530,115)	(530,115)	144,403	

SHIRE OF WEST ARTHUR
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ended 28 February 2022

Note 7: Capital Acquisitions

Assets	Account	YTD Actual			Budget			Variance Total YTD to Budget	Comment
		Wages and Plant	Materials and Contractors	Total YTD	Wages and Plant	Materials and Contractors	Total Budget		
		\$	\$	\$	\$	\$	\$		
Roads									
Regional Road Group									
	Boyup Brook Arthur Road	(96,211)	(41,276)	(137,487)	(158,152)	(126,856)	(285,008)	147,521	
	Bowelling Duranillin Road	0	(2,547)	(2,547)	(146,055)	(104,307)	(250,362)	247,815	
	Regional Road Group Total	(96,211)	(43,823)	(140,034)	(304,207)	(231,163)	(535,370)	395,336	
Roads to Recovery									
	Darkan South Road - Slip Lane and Intersection	(466)	(595)	(1,061)	(28,850)	(29,600)	(58,450)	57,389	
	Darkan South Road - Widening Corners	(131)	0	(131)	(67,652)	(40,220)	(107,872)	107,741	
	Sandalwood Road	(86,125)	(9,852)	(95,977)	(83,641)	(26,480)	(110,121)	14,144	
	Moodiarrup South Road	(63,763)	0	(63,763)	(46,394)	(12,450)	(58,844)	(4,919)	Allocations above budget, materials will be below.
	Darkan South Road	(351)	0	(351)	(47,664)	(51,100)	(98,764)	98,413	
	Roads to Recovery Total	(150,836)	(10,447)	(161,283)	(274,201)	(159,850)	(434,051)	272,768	
Road and Community Infrastructure Program									
	Bowelling Dura, Darkan South, Moodiarrup Changerup Centre line	0	(4,989)	(4,989)	0	(38,000)	(38,000)	33,011	
	Shire Funded Total	0	(4,989)	(4,989)	0	(38,000)	(38,000)	33,011	
Shire Funded									
	Burnett Road	(75,249)	0	(75,249)	(53,011)	(11,031)	(64,042)	(11,207)	Allocations above budget
	Cordering North Road	(68,853)	0	(68,853)	(50,019)	(11,690)	(61,709)	(7,144)	Allocations above budget
	Collie South East Road	0	0	0	(225)	(5,320)	(5,545)	5,545	
	Shire Funded Total	(144,102)	0	(144,102)	(103,255)	(28,041)	(131,296)	(12,806)	
	Roads Total	(391,149)	(59,259)	(450,408)	(681,663)	(457,054)	(1,138,717)	688,309	
	Capital Expenditure Total	(399,458)	(634,926)	(1,034,384)	(809,436)	(2,033,784)	(2,843,220)	1,808,836	

13.2 - ACCOUNTS FOR PAYMENT – FEBRUARY 2022

File Reference:	N/A
Location:	N/A
Applicant:	N/A
Author:	R Schinzig
Authorising Officer	V Fordham Lamont
Date:	10 March 2022
Disclosure of Interest:	N/A
Attachments:	Cheque Listing – February 2022
Previous Reference:	N/A

Summary:

Council to note payments of accounts as presented.

Background:

The schedule of accounts is included as an attachment for Council information.

Comment:

If you have any questions regarding payments in the listing please contact the office prior to the Council meeting.

Consultation:

There has been no consultation.

Statutory Environment:

Section 12 of the Local Government (Financial Management) Regulations 1996 states that

- 12 (1) A list of creditors is to be compiled for each month showing –
- (a) The payee's name;
 - (b) The amount of the payment;
 - (c) Sufficient information to identify to transaction; and
 - (d) The date of the meeting of the council to which the list is to be resented.

Policy Implications:

There are no policy implications.

Financial Implications:

There are no financial implications.

Strategic Implications:

There are no strategic implications.

Sustainability Implications:

- **Environmental:** There are no environmental implications.
- **Economic:** There are no economic implications.
- **Social:** There are no social implications.

Risk Implications:

Risk	Low (1)
Risk Likelihood (based on history and with existing controls)	Low (1)
Risk Impact / Consequence	Low (1)
Risk Rating (Prior to Treatment or Control)	Low (1)
Principal Risk Theme	Low (1)
Risk Action Plan (Controls or Treatment Proposed)	Low (1)

Risk Matrix:

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives; occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of 2 has been determined for this item. Any items with a risk rating over 10 (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating over 17 will require a specific risk treatment plan to be developed.

Voting Requirements:

Simple majority

Officer Recommendation:

That in accordance with section 13 of the Financial Management Regulations of the Local Government Act 1995 and in accordance with delegation, payment of Municipal Fund vouchers 03022022.1-03022022.22 & 22022022.1-22022022.26, Licensing, Salaries and Wages and EFT Transfers, Direct Debit totalling \$317576.17 listed (attached) be noted as approved for payment.

Moved: _____

Seconded: _____

ATTACHMENT

Cheque Listing – February 2022

Shire of West Arthur
Cheque Detail
February 2022

AGENDA
15 MARCH 2022

Date	Num	Name	Original Amount
03/02/2022	EFT	SALARIES & WAGES	53,941.38
		PAYROLL	
03/02/2022	03022022.1	AIR LIQUIDE	88.96
		FACILITY FEES ON CYLINDERS	
03/02/2022	03022022.2	ASTROTOURISM WA PTY LTD	3,300.00
		ASTROTOURISM PROJECT	
03/02/2022	03022022.3	BUNCE, GEOFF	573.49
		AIR CON CEILING VENTS, CUTLERY DRAWER INSERT, CONTINUOUS HINGE, SLIDING DOOR ROLLERS X 2	
03/02/2022	03022022.4	CENTRAL GREAT SOUTHERN SHEDS	16,107.50
		SUPPLY ARTHUR RIVER FIRE SHED PLUS TWO WALL VENTS AND ONE RIDGE VENT	
03/02/2022	03022022.5	CIVIC LEGAL	770.00
		LEGAL ADVICE RE CARAVAN AND PARKING GROUNDS ACT 1995 (ESTIMATE)	
03/02/2022	03022022.6	COLLIE EMBROIDERY SERVICE	74.80
		TWO SHIRE POLO SHIRTS	
03/02/2022	03022022.7	CORSIGN	8,496.40
		URBAN SIGNS, RURAL SIGNAGE, LAKE TOWERINNING SERVICE SIGN	
03/02/2022	03022022.8	DARDANUP BUTCHERING COMPANY	632.47
		MEAT FOR SENIOR MEALS AND AUSTRALIA DAY BREAKFAST	
03/02/2022	03022022.9	EASIFLEET MANAGEMENT- MOUNTSVILLE PTY LTD	1,318.99
		SALARY SACRIFICE PAYMENTS BUNCE - MONTH OF FEBRUARY 2022	
03/02/2022	03022022.10	G & M DETERGENTS	2,808.95
		CLEANING AND SANITISING EQUIPMENT, TOILET ROLLS, BIN BAGS, DISPOSABLE RESPIRATOR, COVERALL WHITE	
03/02/2022	03022022.11	LANDGATE	157.34
		RURAL UV INTERIM VALUATION SHARED	
03/02/2022	03022022.12	MALATESTA ROAD PAVING & HOTMIX	984.00
		3 X 44 GALLON DRUMS OF BITUMEN EMULSION FOR PATCHING	
03/02/2022	03022022.13	McKENZIE MAXINE	177.69
		REIMBURSE SUSTENANCE FOR BUSHFIRE VOLUNTEERS ATTENDING FIRE AT SAUNDERS	
03/02/2022	03022022.14	METAL ARTWORK CREATIONS	18.04
		GOLD ALUMINIUM DESK NAME PLATE	
03/02/2022	03022022.15	NM MANUEL	120.01
		REIMBURSE DIESEL FUEL - ARTHUR RIVER FIRE TRUCK - 80.06L	
03/02/2022	03022022.16	OFFICE OF THE AUDITOR GENERAL	2,310.00
		CERTIFICATION OF FUNDING FOR YEAR ENDED 30 JUNE 2021 - ROADS TO RECOVERY & LRCIP	
03/02/2022	03022022.17	PFD FOOD SERVICES PTY LTD	589.30
		CONTAINERS FOR SENIORS MEALS QUOTED	
03/02/2022	03022022.18	SHIRE OF NARROGIN (SUPPLIER)	820.50
		HEALTH OFFICER JANUARY 2022	
03/02/2022	03022022.19	SOS OFFICE EQUIPMENT	73.08
		JANUARY 2022 USAGE ON XEROX APEOSPORT C4570	
03/02/2022	03022022.20	THE PRINT SHOP	1,150.60
		WELCOME TO WEST ARTHUR BOOKLET	
03/02/2022	03022022.21	TOLL TRANSPORT PTY LTD	37.18
		FREIGHT FOR WATER EXAMS - LAKE & POOL	
03/02/2022	03022022.22	WURTH AUSTRALIA PTY LTD	1,411.71
		MASKS - WS CLEANER- CLAMPS- BULBS - DISINFECTANT - COVERALLS	
17/02/2022	EFT	SALARIES & WAGES	55,725.34
		PAYROLL	
22/02/2022	22022022.1	BRUCE ROCK ENGINEERING	22,660.00
		SIDE TIPPING TRAILER RFQ 2105 - AS QUOTED STE210813 LM 12/08/21 - 20% DEPOSIT ONLY	
22/02/2022	22022022.2	BUNBURY MACHINERY	8,923.87
		TRANSMISSION REPAIRS TO JCB BACKHOE	
22/02/2022	22022022.3	C & D CUTRI	26,400.00
		BRIDGE 4022 BUNCE KING ROAD. PILE REPAIRS COMPLETED	
22/02/2022	22022022.4	CHIA, KERRY N	288.90
		REIMBURSE SENIORS MEALS AND AUSTRALIA DAY GOODS	
22/02/2022	22022022.5	CJD EQUIPMENT PTY LTD	810.08
		2 X HYDRAULIC HOSE & 4 X O RINGS	
22/02/2022	22022022.6	COALFIELDS WEARPARTS	2,279.75
		7FT GRADER BLADES	
22/02/2022	22022022.7	COLLIE ELECTRICAL SERVICES	211.20
		DISCONNECT OLD HOT WATER SYSTEM AND RECONNECT NEW SYSTEM AT 10 GIBB ST DARKAN	
22/02/2022	22022022.8	COLLIE MOWERS & MORE	48.40
		MOWING HEAD AND FILE PER JIM PO 409	
22/02/2022	22022022.9	CORSIGN	3,870.90
		SIGNAGE - VARIOUS	
22/02/2022	22022022.10	DARKAN AGRI SERVICES	689.75
		SIGNAGE HARDWARE, PARKS & GARDENS SUPPLIES, WORKSHOP CONSUMABLES, CLEANING SUPPLIES	
22/02/2022	22022022.11	DEPARTMENT OF THE PREMIER AND CABINET	1,766.80
		GOVERNMENT GAZETTE ENTRY - LOCAL LAWS	

Shire of West Arthur
Cheque Detail
 February 2022

AGENDA
 15 MARCH 2022

Date	Num	Name	Original Amount
22/02/2022	22022022.12	EXTERIA STREET AND PARK OUTFITTERS	28,548.30
		SHADE SHELTERS FOR LAKE TOWERRINNING	
22/02/2022	22022022.13	FLEAYS STORE	1,139.85
		AUSTRALIA DAY BREAKFAST, JAN/FEB SENIORS MEALS, OFFICE MILK & TEABAGS	
22/02/2022	22022022.14	FORDHAM LAMONT, V	63.63
		REIMBURSE DIESEL FUEL FOR CEO VEHICLE	
22/02/2022	22022022.15	FUELS WEST PETROLEUM	18,823.20
		12000 LITRES DIESEL	
22/02/2022	22022022.16	INTEGRATED ICT	1,027.40
		FIXED FEE IT REMOTE SUPPORT AGREEMENT & SERVER MAINTENANCE	
22/02/2022	22022022.17	LUSH FIRE & PLANNING	607.75
		TOWN PLANNING SERVICES - KING STREET ENQUIRES - LOT 1 CORDERING RD BOWELLING	
22/02/2022	22022022.18	MARBRET TEXTILES	335.83
		CARAVAN PARK - QB SHEETS X3, QB MATTRESS PROTECTOR X2, SHOWER CURTAIN X4	
22/02/2022	22022022.19	NARROGIN FREIGHTLINES	251.02
		FLAG POLE AND SIGMA CHEMICAL PALLETS	
22/02/2022	22022022.20	RANGEVIEW GRAZING	320.00
		A/CEO ACCOMMODATION FOUR NIGHTS	
22/02/2022	22022022.21	RAREBITS ON BURROWES 1	450.00
		CATERING - JAN SPECIAL MEETING, OFFICE CHRISTMAS GATHERING, MEET & GREET DINNER	
22/02/2022	22022022.22	SAUNDERS, PAUL	190.01
		REIMBURSE DIESEL REFILL FOR ARTHUR RIVER FIRE TRUCK	
22/02/2022	22022022.23	SHIRE OF COLLIE	500.00
		ANIMAL CONTROL EXPENSES - ESTIMATED COST APPROX 5HRS	
22/02/2022	22022022.24	SIGMA CHEMICALS- COMPANIES GROUP PTY LTD	1,506.82
		POOL CHEMICALS	
22/02/2022	22022022.25	WARREN BLACKWOOD WASTE	2,531.22
		WASTE DISPOSAL CHARGES	
22/02/2022	22022022.26	WEST ARTHUR COMMUNITY RESOURCE CENTRE	68.00
		MEMBERSHIP AND LAMINATING CARAVAN T & C UPDATED	
03/02/2022	BPAY	CR ADAM SQUIRES - AUSTRALIANSUPER	985.00
		SITTING FEES & COMMUNICATIONS ALLOWANCE FOR COUNCILLOR MEETINGS - 1/10 TO 31/12 2021	
03/02/2022	BPAY	SYNERGY	830.11
		VARIOUS ELECTRICITY USAGE AND SUPPLY CHARGES	
03/02/2022	BPAY	SYNERGY	1,886.98
		VARIOUS ELECTRICITY USAGE AND SUPPLY CHARGES	
22/02/2022	BPAY	WATER CORPORATION	6,185.51
		WATER USAGE & SERVICE CHARGES - VARIOUS	
22/02/2022	BPAY	TELSTRA	995.22
		VARIOUS TELEPHONE USAGE AND SUPPLY CHARGES	
21/02/2022	BPAY	AUSTRALIAN TAXATION OFFICE	23,312.00
		JAN 2022 BAS	
02/02/2022	DirectDebit	BENDIGO BANK	177.46
		MERCHANT FEES	
02/02/2022	DirectDebit	NAB	39.74
		NAB CONNECT FEES	
24/02/2022	DirectDebit	NAB	31.49
		NAB CONNECT FEES	
25/02/2022	DirectDebit	NAB	10.00
		ACCOUNT FEES	
28/02/2022	DirectDebit	NAB	46.80
		ACCOUNT FEES	
		VOUCHERS	AMOUNT
MUNICIPAL FUND			
		03022022.1 - 03022022.22	42,021.01
		22022022.1 - 22022022.26	124,312.68
		EFT/DEBIT/BPAY	34,500.31
		SALARIES & WAGES	109,666.72
		LICENSING FEBRUARY 2022 TRANSFERS	7,075.45
		TOTAL	317,576.17

13.3 – BUDGET REVIEW FEBRUARY 2022

File Reference:	1.3
Location:	N/A
Applicant:	N/A
Author:	Melinda King – Manager of Financial Reporting
Authorising Officer	Vin Fordham Lamont – Chief Executive Officer
Date:	10 March 2022
Disclosure of Interest:	N/A
Attachments:	1. Monthly Statement of Financial Activity with Projected Variances – 28 February 2022 2. Explanation of Variance – 28 February 2022

Summary:

Consideration of the budget review for the eight month period from 1 July 2021 to 28 February 2022.

Background:

Local governments are required to conduct at least one budget review between six and nine months into a financial year.

The budget review is a comparison of the year to date actual results with the adopted budget.

The following reports are included for information:

Monthly Statement of Financial Activity with Projected Variances – 28 February 2022
Explanation of Variance – 28 February 2022

Comments are provided in Note 1: Explanation of Variance.

Comment:

It is expected that the Shire will finish 2021/2022 with a surplus due in part to additional revenue and staff vacancies. It is proposed to reallocate some reserve funds to fund additional required expenditure in the current financial year.

Reserve Transfer Leave Entitlements:

The Shire holds funds in the Leave Reserve to assist with funding long service leave and annual leave. The leave reserve at the beginning of the 2021/2022 year was \$210,490 and transfer from reserve to fund leave taken was \$25,000. It is proposed to increase the transfer from reserve to \$90,000 to fund the payment of long service leave for existing staff and termination payments of entitlements.

Reserve Transfer Ute Purchase:

The 2021/22 budget includes funds for the replacement of three utes which have been purchased. An insurance claim for a written off dual cab ute has reduced available vehicles. It is proposed to fund the balance of the purchase of an additional vehicle, less the insurance payout of \$9,686, from the Plant Reserve. The amount required to be funded from the reserve would be \$28,314. The purchase of the road broom is not required this year to be funded from the plant reserve. This was budgeted for \$45,000 and will be postponed for three years.

Reallocation of Road Infrastructure Project

Darkan South super elevation was budgeted for in the 2021/2022 year to be funded under the Roads to Recovery program. The project cost was budgeted as \$98,764. It is proposed to replace this project with the reconstruction of Rees Road. The Rees Road project has become high priority due to the required closure of the road for four months and the substantial vehicle usage per day.

- The cost of the Rees Road project is \$54,807 allocations
 - \$11,632 materials
 - (\$66,439 total).

Materials funded by the reallocation will be \$39,468 less.

- It is also proposed to fund \$24,000 works on Bunce-King Bridge under Roads to Recovery. The bridge works were budgeted to be funded this year from general revenue.

AED for Hillman Skydivers

A request was received for funding for an automated external defibrillator (AED) for the Hillman Skydivers. The request is for \$2,500 toward this equipment and was discussed during the briefing session at the February Council meeting.

Consultation:

CEO, A/MCS, Works Manager, Projects Officer

Statutory Environment:

Local governments are required to conduct a budget review between 1 January and 31 March each financial year. This is a requirement covered by Regulation 33A of the Local Government (Financial Management) Regulations 1996.

Regulation 33A(2) and (3) of the Financial Management Regulations requires the results of the budget review to be submitted to Council within 30 days of the review. Council is then to consider the review and determine whether or not to adopt the review. Regulation 33A(4) states that within 30 days after Council has made a determination a copy of the review and determination is to be provided to the Department.

The Local Government Act Part 6, Division 4, 6.8 requires any expenditure for an additional purpose that is not included in the annual budget to be authorised in advance by resolution (absolute majority required).

Policy Implications:

Nil

Financial Implications:

Acceptance of the recommendations will alter the allocations of budgeted expenditure.

Strategic Implications:

Nil

Risk Implications:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Low (1)
Risk Likelihood (based on history and with existing controls)	Low (1)
Risk Consequence	Low (1)
Principal Risk Theme	Low (1)
Risk Action Plan (Controls or Treatment Proposed)	Low (1)

Voting Requirements:

Absolute majority in relation to approval of unbudgeted expenditure

Officer Recommendation:

- a. That the budget review as at 28 February 2022 for the 2021/22 financial year, as presented, be adopted.
- b. That amendments be made to the 2021/22 budget to allow:
- an additional \$65,000 to be transferred from the leave reserve to fund leave entitlements paid during 2021/22; and
 - an additional \$38,000 plant expenditure to fund the purchase of a replacement ute for a written off vehicle. \$28,314 to be funded from the plant reserve;
 - Rees Road construction project be approved to replace the Darkan South super elevation project and source funding for Bunce King Bridge project to be Roads to Recovery;
 - That \$2,500 is approved to fund an automated external defibrillator for the Hillman Skydivers.

Moved: _____

Seconded: _____

ATTACHMENTS

1. Monthly Statement of Financial Activity with Projected Variances – 28 February 2022
2. Explanation of Variance – 28 February 2022

**SHIRE OF WEST ARTHUR
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

Note	Budget v Actual		Predicted		
	Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)
	\$	\$	\$	\$	\$
OPERATING ACTIVITIES					
Net current assets at start of financial year surplus/(deficit)					
	1,162,486	1,162,486	0	0	1,162,486
Revenue from operating activities (excluding rates)					
Operating grants, subsidies and contributions	813,807	645,669	123,906	0	937,713 ▲
Profit on asset disposals 4.1.1	6,799	1,129	0	0	6,799
Fees and charges 4.1.2	262,985	232,003	39,760	0	302,745 ▲
Service charges	0	0	0	0	0
Interest earnings 4.1.7	36,389	9,752	0	0	36,389
Other revenue 4.1.8	71,872	45,693	0	0	71,872
	1,191,852	934,246	163,666	0	1,355,518
Expenditure from operating activities					
Employee costs 4.2.1	(1,869,777)	(1,290,436)	(70,760)	0	(1,940,537) ▲
Materials and contracts	(811,033)	(439,465)	(6,879)	(16,245)	(834,157) ▲
Utility charges 4.2.3	(93,534)	(48,237)	0	0	(93,534)
Depreciation on non-current assets	(2,140,359)	(340,095)	0	0	(2,140,359)
Interest expenses	(25,232)	(13,288)	0	0	(25,232)
Insurance expenses	(103,791)	(103,527)	0	0	(103,791)
Loss on asset disposals 4.2.6	(5,350)	(2,968)	0	0	(5,350)
Other expenditure 4.2.7	(36,500)	(24,403)	0	0	(36,500)
	(5,085,576)	(2,262,419)	(77,639)	(16,245)	(5,179,460)
Operating activities excluded from budget					
Depreciation on assets	2,140,359	340,095	0	0	2,140,359
(Profit)/loss on asset disposal 4.4.3	(1,449)	1,839	0	0	(1,449)
Adjust provisions and accruals	0	(32,833)	0	0	0
Amount attributable to operating activities	(592,328)	143,414	86,027	(16,245)	(522,546)
INVESTING ACTIVITIES					
Non-operating grants, subsidies and contributions 4.1.3	995,128	304,600	(1,697)	0	993,431 ▼
Purchase land held for resale	0	0	0	0	0
Purchase land and buildings	(579,700)	(35,168)	(54,000)	500,000	(133,700) ▼
Purchase plant and equipment	(530,115)	(385,712)	(26,000)	0	(556,115) ▲
Purchase furniture and equipment	(8,500)	(6,437)	0	0	(8,500)
Purchase and construction of infrastructure-roads	(1,138,717)	(450,408)	(75,000)	0	(1,213,717) ▲
Purchase and construction of infrastructure-other	(586,188)	(156,659)	47,000	99,115	(440,073) ▼
Purchase of investments	0	0	0	0	0
Proceeds from disposal of assets	64,228	38,432	34,802	0	99,030 ▲
Proceeds from sale of investments	0	0	0	0	0
Amount attributable to investing activities	(1,783,864)	(691,352)	(74,895)	599,115	(1,259,644)
FINANCING ACTIVITIES					
Proceeds from new borrowings	0	0	0	0	0
Proceeds from advances	0	0	0	0	0
Proceeds from self supporting loans	28,087	13,927	0	0	28,087
Transfers from cash backed reserves (restricted assets)	1,237,967	0	(882)	(572,500)	664,585 ▼
Repayment of debentures	(96,883)	(49,755)	0	0	(96,883)
Advances to community groups	0	0	0	0	0
Transfers to cash backed reserves (restricted assets)	(569,223)	(168)	0	8,745	(560,478) ▼
Amount attributable to financing activities	599,948	(35,996)	(882)	(563,755)	35,311
Budget deficiency before general rates	(1,776,244)	(583,934)	10,250	19,115	(1,746,879)
Estimated amount to be raised from general rates	1,776,244	1,775,915			1,776,244
Closing funding surplus/(deficit)	0	1,191,981	10,250	19,115	29,365 ▲
Expected restricted cash at year end					0
Closing funding surplus/(deficit) after restricted cash considered					29,365

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
4.1 OPERATING REVENUE (EXCLUDING RATES)		
4.1.1 PROFIT ON ASSET DISPOSAL		
	0	
4.1.2 FEES AND CHARGES		
Caravan park accommodation will be above budget	15,000	
Caravan park staff accommodation will be above budget (non cash and offset by expense)	32,760	
Private works income below budget.	(8,000)	
4.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS		
General Purpose Grant will be above budget	68,171	
Local Roads Grant will be above budget	30,856	
Storm damage grant funding to offset expenditure expected	24,879	
4.1.7 INTEREST EARNINGS		
No Material Variance		
4.1.8 OTHER REVENUE		
No Material Variance		
Predicted Variances Carried Forward	163,666	0
Predicted Variances Brought Forward	163,666	0
4.2 OPERATING EXPENSES		
4.2.1 EMPLOYEE COSTS		
Wages and associated employee expenses are expected to be above budget. Works wages is under budget due to vacant positions. Admin wages will be above budget due to payment of entitlements.	(38,000)	
Provision of housing recognised (non cash)	(32,760)	
4.2.2 MATERIAL AND CONTRACTS		
Town planning expense - additional expenditure	(20,000)	
Reallocation of LRCI Phase 2 funding from Ambulance subcentre to resealing	75,000	
Storm damage assessment - expected to offset with grant income	(24,879)	
Telephony project to be funded from IT Reserve	(30,000)	
IT Audit additional expenditure		(8,745)
Records Management system additional expenditure		(7,500)
Darkan swimming pool LRCI funding reallocated to shade shelters at Lake Towerrinning	20,000	
Bridge maintenance expenditure below budget	39,000	
Plant costs expected to be above budget. Increasing fuel costs forecast.	(66,000)	
4.2.3 UTILITY CHARGES		
No Material Variance		
4.2.4 DEPRECIATION (NON CURRENT ASSETS)		
No Material Variance		
4.2.4 INTEREST EXPENSES		
No Material Variance		
4.2.5 INSURANCE EXPENSES		
No Material Variance		
4.2.6 LOSS ON ASSET DISPOSAL		
No Material Variance		
4.2.7 OTHER EXPENDITURE		
No Material Variance	0	
Predicted Variances Carried Forward	86,027	(16,245)

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

4. PREDICTED VARIANCES**Comments/Reason for Variance**

	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	86,027	(16,245)
4.3 CAPITAL REVENUE		
4.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS		
Fire shed grant additional grant receivable	52,214	
Kylie Dam grant will not be received this year	(53,911)	
4.3.2 PROCEEDS FROM DISPOSAL OF ASSETS		
Sale of CEO vehicle	37,302	
Road broom will not be traded this year.	(2,500)	
4.3.3 PROCEEDS FROM NEW DEBENTURES		
No Material Variance		
4.3.4 PROCEEDS FROM SALE OF INVESTMENT		
No Material Variance		
4.3.5 PROCEEDS FROM ADVANCES		
No Material Variance		
4.3.6 SELF-SUPPORTING LOAN PRINCIPAL		
No Material Variance		
Predicted Variances Carried Forward	119,132	(16,245)
Predicted Variances Brought Forward	119,132	(16,245)
4.4 CAPITAL EXPENSES		
4.4.1 LAND HELD FOR RESALE		
No Material Variance		
4.4.2 LAND AND BUILDINGS		
Staff Housing expenditure will be below budget (material component not spent). Wages not allocated to capital projects is included in the wages reported in the statement of budget review.		
Fire shed build cost - grant funded	(54,000)	
Renovations to joint venture housing expected to be below budget		25,000
Staff housing improvements/renovations below budget		45,000
New staff house expenditure will be carried forward to following year		430,000
4.4.3 PLANT AND EQUIPMENT		
Ute mounted spray unit to be purchased from general revenue	(10,000)	
CEO vehicle to be purchased	(61,000)	
Road broom will not be purchased this year.	45,000	
4.4.4 FURNITURE AND EQUIPMENT		
No Material Variance		
4.4.5 INFRASTRUCTURE ASSETS - ROADS		
Reallocation of LRCI from centre lining project to reseals	38,000	
Additional reseals LRCI phase 2 reallocation	(113,000)	
4.4.6 INFRASTRUCTURE ASSETS - OTHER		
Additional allocation of funds from LRCI to Lake Towerrinning shade shelters	(20,000)	
Darkan refuse site expenditure to be carried forward to next year - reserve funded.		80,000
Slip lane car park material component.		19,115
Kylie Dam Water Project will not be completed this year	67,000	
4.4.7 PURCHASES OF INVESTMENT		
No Material Variance		
4.4.8 REPAYMENT OF DEBENTURES		
No Material Variance		
4.4.9 ADVANCES TO COMMUNITY GROUPS		
No Material Variance		
Predicted Variances Carried Forward	11,132	582,870

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	11,132	582,870
4.5 OTHER ITEMS		
4.5.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)		
IT audit - reduced transfer to IT Reserve		8,745
4.5.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)		
Transfer from IT Reserve to fund telephony project	30,000	
Changeover of CEO vehicle	23,698	
Records management system - funded from reserve		7,500
Joint venture housing renovations will not be done this year		(25,000)
Staff housing renovations will not be done this year		(45,000)
New staff house will be carried forward to following year		(430,000)
Darkan refuse site works to be carried forward to future year.		(80,000)
Kylie dam works not funded from reserve	(12,080)	
Road broom will not be purchased this year	(42,500)	
4.5.1 RATE REVENUE		
No Material Variance		
4.5.2 OPENING FUNDING SURPLUS(DEFICIT)		
No Variance	0	
4.5.3 NON-CASH WRITE BACK OF PROFIT (LOSS)		
No Material Variance	0	
Total Predicted Variances as per Annual Budget Review	10,250	19,115

14. Planning and Technical Services**15. Elected Members Motions of Which Previous Notice Has Been Given****16. New Business or Urgent Business Introduced by Decision of the Meeting**

New business of an urgent nature introduced by decision of the meeting. Best practice provides that Council should only consider items that have been included on the Agenda (to allow ample time for Councillors to research prior to the meeting) and which have an Officer Report (to provide the background to the issue and a recommended decision).

16.1 Elected Members**16.2 Officers****17. Matters Behind Closed Doors****18. Closure of Meeting**

The Presiding Member to declare the meeting closed.