



CONFIRMED MINUTES

Shire of West Arthur
Audit & Risk Committee Meeting
Tuesday 18 March 2025

These Minutes were confirmed at the Audit & Risk Committee meeting on 15 December 2025.

Signed:

A handwritten signature in black ink, appearing to be "K. J. L.", is written over a horizontal line.

Presiding Member at the meeting at which the Minutes were Confirmed.

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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.

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**MINUTES OF SHIRE OF WEST ARTHUR
AUDIT & RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS
ON TUESDAY, 18 MARCH 2025 AT 6.00PM**

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 6.00pm.

2 ATTENDANCE/APOLOGIES

COUNCILLORS:	Cr Karen Harrington	(Presiding Member) - remote
	Cr Neil Morrell	(Shire President) - remote
	Cr Graeme Peirce	
STAFF:	Vin Fordham Lamont	(Chief Executive Officer)
	Rajinder Sunner	(Manager Corporate Services) - remote
APOLOGIES:	Nil	
ON LEAVE OF ABSENCE:	Nil	
ABSENT:	Nil	
MEMBER OF THE PUBLIC:	Nil	

3 PUBLIC QUESTION TIME

Nil

4 DISCLOSURES OF INTEREST

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING HELD**5.1 AUDIT & RISK COMMITTEE MEETING 13 DECEMBER 2024****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

COMMITTEE RESOLUTION ARC-2025-001

Moved: Cr Neil Morrell

Seconded: Cr Graeme Peirce

That the Minutes of the Audit & Risk Committee Meeting held in Council Chambers on 13 December 2024 be confirmed as true and correct.

In Favour: Crs Karen Harrington, Neil Morrell and Graeme Peirce

Against: Nil

CARRIED 3/0

6 REPORTS

6.1 2024 COMPLIANCE AUDIT RETURN

File Reference:	ADM044
Location:	N/A
Applicant:	N/A
Author:	Vin Fordham Lamont, Chief Executive Officer
Authorising Officer:	Vin Fordham Lamont, Chief Executive Officer
Date:	2/02/2024
Disclosure of Interest:	Nil
Attachments:	1. 2024 Compliance Audit Return ↓

SUMMARY:

The Audit & Risk Committee is requested to consider recommending to Council the adoption of the Compliance Audit Return (CAR) 2024, as presented, as the official return for the Shire of West Arthur for the period 1 January 2024 to 31 December 2024.

BACKGROUND:

The requirement for local governments to complete a CAR was introduced in 1999 and has therefore changed and developed throughout its years of implementation.

In recent years, the CAR serves three main purposes:

- It acts as a self-assessment tool that informs a local government's Audit & Risk Committee and Council of any compliance issues so that action can be taken to rectify any issues by the local government itself.
- It informs a local government's community of their local government's ability to comply with their legislative requirements, enabling the community to hold their local government to account.
- It informs the regulator (DLGSC) of any compliance issues and provides insight into whether a local government is at risk of not providing good government for its district, through its inability to meet its legislative requirements.

COMMENT:

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 & Risk Committee is required to review the compliance audit return and report the results of that review to Council.

The Shire appears to be compliant with its legislative requirements. There are no abnormalities in the 2024 Compliance Audit Return.

CONSULTATION:

Manager Corporate Services
Manager Financial Reporting
Administration Officer

STATUTORY ENVIRONMENT:

Local Government Act 1995 – section 7.13(1)(i) – Regulations as to audits

Local Government (Audit) Regulations 1996 – reg. 14 - Compliance audits by local governments

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

STRATEGIC IMPLICATIONS:

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	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 (25)
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	Failing to comply with legislation, resulting in financial loss, reputational damage, etc
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Principal Risk Theme	Compliance failure
Risk Action Plan (Controls or Treatment Proposed)	Complete the annual compliance audit return and take note of non-compliance issues to ensure mistakes are not repeated

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RESOLUTION ARC-2025-002

Moved: Cr Neil Morrell

Seconded: Cr Graeme Peirce

That the Compliance Audit Return for 2024, as presented, be recommended to Council for adoption as the official return for the Shire of West Arthur for the period 1 January 2024 to 31 December 2024.

In Favour: Crs Karen Harrington, Neil Morrell and Graeme Peirce

Against: Nil

CARRIED 3/0



COMPLIANCE AUDIT RETURN 2024

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
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 2024?	N/A	No major trading undertakings in 2024.
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 2024?	N/A	No major land transaction in 2024.
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 2024?	N/A	No major land transaction in 2024.
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 2024?	N/A	No major trading undertakings or major land transactions in 2024.
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	No major trading undertakings or major land transactions in 2024.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	No committees have delegated authority
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	No committees have delegated authority
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	N/A	No committees have delegated authority
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	No committees have delegated authority
5	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	N/A	No committees have delegated authority
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 <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	



9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
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?	Yes	
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	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year?	Yes	
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 <i>Local Government (Administration) Regulations 1996</i> , regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
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 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
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 the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	
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	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	Yes	
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	



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 of the <i>Local Government Act 1995</i> ?	Yes	
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 of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> 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	
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 of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A?	Yes	
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	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	N/A	No persons to be removed.
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A	No persons to be removed.
15	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	
16	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 section 5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the	N/A	CEO did not provide any advice on matters relating to a gift in this financial period.



		interest disclosed and any other information required by the Minister for the purposes of the application?		
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the <i>Local Government Act 1995</i> , recorded in the minutes of the council meeting at which the decision was considered?	N/A	CEO did not provide any advice on matters relating to a gift in this financial period.
18	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 that incorporates the model code of conduct?	N/A	Policy was adopted on 25/5/2023 within the Policy Manual document.
19	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) of the <i>Local Government Act 1995</i> ?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	Within the Policy Manual document.
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Adopted in 2021.

Disposal of Property				
No	Reference	Question	Response	Comments
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) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	Yes	



Elections				
No	Reference	Question	Response	Comments
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 in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	No electoral gifts were declared for the 2024 Extraordinary Election.
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 in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	The outgoing elected member did not have any declared electoral gifts.
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 regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	No electoral gifts were declared for the 2024 Extraordinary Election.

Finance				
No	Reference	Question	Response	Comments
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 <i>Local Government Act 1995</i> ?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	N/A	Council has not delegated any of its powers to the Audit and Risk Committee.
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	



4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	
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	No significant matters were raised in the auditor's report.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	Yes	Adopted 19/12/2024, on website 20/12/2024.
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
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	Adopted 27/7/2021 and reviewed 21/12/2023.
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	Reviewed and updated 21/12/2023.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of <i>Local Government (Administration) Regulations 1996</i> 19DA(2) & (3)?	Yes	



Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A?	N/A	No CEO or senior employee vacancies occurred in 2024.
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No CEO or senior employee vacancies occurred in 2024.
3	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) of the <i>Local Government Act 1995</i> ?	N/A	No CEO or senior employee vacancies occurred in 2024.
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	No CEO or senior employee vacancies occurred in 2024.
5	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	No CEO or senior employee vacancies occurred in 2024.

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	CEO is the complaints officer.
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) of the <i>Local Government Act 1995</i> ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	
4	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?	Yes	



Optional Questions				
No	Reference	Question	Response	Comments
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 the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report.	Yes	9/3/2022
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 <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report.	Yes	9/3/2022
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	
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	Policy C1 - adopted 25/5/2023.
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) of the <i>Local Government Act 1995</i> ?	Yes	
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	Policy C25 - adopted 25/5/2023.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2024?	Yes	



8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the <i>Local Government Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	Did not enter into any multiple contracts rather than a single contract.
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	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16?	Yes	



7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
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	All tenders were submitted at the place, and within the time, specified in the invitation to tender.
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?	Yes	
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	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22?	Yes	
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	All expressions of interest were submitted at the place, and within the time, specified in the notice and complied with any other requirement specified in the notice.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes	
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 <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24?	Yes	
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 <i>Local Government (Functions & General) Regulations 1996</i> regulations 24AD(4) and 24AE?	N/A	No panel of pre-qualified suppliers was established.
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	N/A	No panel of pre-qualified suppliers was established.



		information about the proposed panel or each person who submitted an application notice of the variation?		
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 <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	No panel of pre-qualified suppliers was established.
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 <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG?	N/A	No panel of pre-qualified suppliers was established.
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	No panel of pre-qualified suppliers was established.
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?	N/A	No panel of pre-qualified suppliers was established.
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	No panel of pre-qualified suppliers was established.
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24E and 24F?	N/A	No regional price preference was given.

Chief Executive Officer

Date

Mayor/President

Date

6.2 FINANCIAL MANAGEMENT (FMR 5) AND REVIEW AND AUDIT REG 17 REVIEW 2025

File Reference:	ADM133
Location:	N/A
Applicant:	N/A
Author:	Rajinder Sunner, Manager Corporate Services
Authorising Officer:	Rajinder Sunner, Manager Corporate Services
Date:	13/03/2025
Disclosure of Interest:	Nil
Attachments:	<ol style="list-style-type: none"> 1. FMR 5 Final Report 2025 ↓ 2. Audit Regulation 17 Final Report 2025 ↓

SUMMARY:

The Audit and Risk 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 in undertaking reviews of fees 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 every three 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 about —
 - (a) risk management, and
 - (b) internal control, and
 - (c) legislative compliance.
- (2) The review may relate to any or all the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every three financial years.
- (3) The CEO will report the review results to the audit committee.”

COMMENT:

The last Audit Reg 17 Review and the Financial Management Systems Review were undertaken in July 2021. Both are required to be completed not less than once every three financial years. The Shire engaged Australian Audit to review Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996* in November 2024. The Final report was delivered to the Shire in March 2025.

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 have already started to do so.

CONSULTATION:

Australia Audit
Other Senior Staff

STATUTORY ENVIRONMENT:

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

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:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of the 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, finances, 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 developing specific plans. All items with a risk rating greater than 10 should be added to the Risk Register, and specific controls should be 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 (25)
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	Non-compliance with legislation leads to reputational damage.
Risk Likelihood (based on history and with existing controls)	Almost Certain (5)
Risk Consequence	Major (4)
Risk Rating (Before Treatment or Control): Likelihood x Consequence	Extreme (20)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Address recommended improvements in terms of the action plan identified in the report.

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RESOLUTION ARC-2025-003

Moved: Cr Graeme Peirce

Seconded: Cr Neil Morrell

That the Audit & Risk Committee Accept the 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 the Council for endorsement.

In Favour: Crs Karen Harrington, Neil Morrell and Graeme Peirce

Against: Nil

CARRIED 3/0

DIRECTORS:

ROBERT CAMPBELL RCA, CA
VIRAL PATEL RCA, CA
ALASTAIR ABBOTT RCA, CA
CHASSEY DAVIDS RCA, CA

**AUSTRALIAN
AUDIT** 

ASSOCIATE DIRECTOR:

SANTO CASILLI FCPA PFIIA

4 March 2025

Vincent Fordham Lamont
CEO
Shire of West Arthur
31 Burrows Street
Darkan WA 6392

FINANCIAL MANAGEMENT REVIEW

Dear Vincent

Please find attached our FINAL Financial Management Review report for the Shire of West Arthur which incorporates your management comments.

We would like to thank you and your staff for the positive cooperation extended to us throughout the review process and for promptly providing the requested information.

Yours sincerely



Santo Casilli FCPA PFIIA
Associate Director, Internal Audit, Probity and Risk

Australian Audit

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Shire of West Arthur

Financial Management Review

4 March 2025

FINAL Review Report

(Review in Confidence)

Australian Audit



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Financial Management Review Summary and Conclusion

INTRODUCTION

Australian Audit was engaged to undertake a financial management review of the Shire of West Arthur's financial management systems and procedures as required to be undertaken at least once every 3 years as per Regulation (5)(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

We conducted the review in accordance with Australian Auditing Standard *ASAE 3000—Assurance Engagement other than Audits or Reviews of Historical Financial Information*, which provides limited assurance regarding the appropriateness and effectiveness of the Shire's management controls over its financial management systems and processes.

This Final review report outlines the work undertaken as part of our review and includes our findings and proposed recommendations as identified because of the review and management comments.

The Shire of West Arthur used Reckon as its accounting system and then changed to MAGIQ from 1 July 2024.

CEO's RESPONSIBILITY FOR THE REVIEW REPORT

As per Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, the Chief Executive Officer (CEO) is required to undertake a financial management review, at least once every 3 financial years.

This Final review is to be presented at the next Audit and Risk Committee.

RESPONSIBILITY FOR THE REVIEW

Our responsibility was to conduct the Financial Management Review in accordance with the Australian Auditing Standard *ASAE 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information* and to report to the CEO the review findings and proposed recommendations for management control and process improvement.

We wish to confirm that we are fully independent of the Shire of West Arthur and of its operations regarding this review.



REVIEW LIMITATIONS

The matters raised in this Final review report are only those which came to our attention during the course of performing the financial management review and may not necessarily be a comprehensive statement of all the possible control weaknesses and / or process improvement options that may be made in relation to the Shire of West Arthur financial management systems and procedures.

As part of our review, we have not assessed and examined every financial process and procedure and as such have limited our assessment and evaluations only to those areas where we considered may be of higher risk to the Shire of West Arthur regarding its Financial Management process. As such we did not examine every activity and procedure that may exist at the Shire and therefore only provide limited assurance to the Shire.

Our review, which was conducted in accordance with Australian Auditing Standard *ASAE 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information* was not an audit, and as per ASAE 3000 we can only provide assurance based solely on our assessment of the information which was provided to us by the Shire of West Arthur during the conduct of this review.

This Final review report is to be used solely for the purpose of reporting to satisfy the requirements of *Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996* and should not be used for any other purpose or be distributed, other than to the Shire of West Arthur.

SCOPE AND METHODOLOGY

The review undertook the following approach:

- Information was sought from the Shire of West Arthur and was assessed.
- Discussions were held with the Shire of West Arthur management and relevant staff to understand the financial processes and the management controls currently in place.
- We assessed the adequacy of key management controls currently in place over key financial management systems and procedures in line with the following work program provided to the Shire of West Arthur and based on information that was provided to us during the review period.

WORK PROGRAM

Our review incorporated the following key financial management areas as required under Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996*:

- Procurement (formal quotations and tender process)
- Contract Management
- Accounts Payable
- Cash Collection and Handling
- Revenue and Debt Collection



- Council Rates Fees and Charges
- Payroll
- General Ledger Application Controls (financial year end reconciliations and approvals)
- Investment Management
- Asset and Inventory Management and Control
- Budget Approval Process
- IT General Controls Environment

The IT General Controls Environment work was also undertaken as part of our Regulation 17 Review work for the Shire.

No other financial management systems and procedures were subject to review.

REVIEW CONCLUSION

Based on our review (which was not an audit) of the management controls and processes that exist at the Shire of West Arthur, regarding the above key financial management system areas, nothing came to our attention that would indicate any high-risk management control matters that would require immediate attention by the Shire.

Based on the matters raised in the body of this Final review report under Executive Management Detailed Findings, we can conclude that the financial management systems and processes in place within the Shire are satisfactory.

We did however note areas that can be further improved and several recommendations have been included in this review report for management consideration.

As part of this Final review report, we have reported the findings under 3 separate sections:

- Medium risk rated issues (management action recommended)
- Low risk rated issues (management consideration recommended)
- Observation issues (no management action required but should be considered)

The matters raised in this Final review report were assessed as Medium to Low risk to the Shire.

For these identified matters we have recommended that the Shire should consider exploring the recommended process improvement options which have been incorporated within the body of this report.

Each finding has a recommended action except for those issues reported as "Observations".

We believe that the Shire's implementation of the suggested and recommended process improvements will strengthen the existing financial management controls and processes that are currently in place and will provide greater overall governance within the Shire's financial management operations.



Executive Management Detailed Observations

Medium Risk Rated Issues

1. **Contract Management**

Findings

The Shire currently has a formal policy on contract management and a formal process for recording service-related contracts within a contract register. However, the Shire does not have adequate written procedures for managing existing contracts.

Written procedures should incorporate step-by-step processes for:

- Contract formation requirements (when a formal contract should be formulated).
- Contractor performance management process (how each contract should be managed during the contract period)
- Contract variations process and approvals (how contract variations should be negotiated and the various approval levels required).
- Contract renewal/extension process and approvals (monitoring of contract expirations and the process of contract renewal approval)
- Post-contract assessments (the need to conduct supplier performance appraisals once a contract has expired)

In the absence of formal written procedures, Shire staff responsible for managing contracts may not have a clear understanding of the contractual requirements and required approval processes resulting in possible inconsistent and unacceptable practices.

Recommendation

We recommend that the Shire establish formal contract management procedures/protocols/guidelines over the contract management process.

Management Comments

The manager of Corporate Services will develop a contract management procedure/guideline by the end of June 2025.



Low-Risk Rated Issues

2. Formal Guidelines/Procedures

Although the Shire has satisfactory policies in place, it lacks adequate written procedures, especially for key areas such as payroll, procurement, accounts payable, invoice processing, debt management, budgeting, asset management, and investment management.

Written instructions should not only provide clarity on the input and processing of information within the Shire's systems but also include approval levels, reconciliation processes (if any), and actions to be taken by staff should variances or errors be noted during processing.

In the absence of formal, clear, written procedures, the Shire cannot guarantee that consistent processes are being followed or that key processes are being adequately managed and controlled in accordance with Shire-established controls.

Recommendation

We recommend that the Shire consider developing clear written procedures for all of its key functions, such as accounts payable, procurement, invoice processing and approval, asset management, debt management, general ledger reconciliation and processing, and investment management.

Management Comments

The manager of Corporate Services will collaborate with staff to create written procedures for all departmental roles by the end of December 2025.

3. MAGIQ Staff System Access

As part of our Regulation 17 review and this financial management review, we assessed the adequacy of staff access controls.

We noted several Shire staff have been given various MAGIQ access levels to enable them to perform their responsibilities. These access levels range from view-only access to full access. We understand that full access allows the applicable staff to undertake all aspects of the function for which full access has been granted. We noted some staff who are responsible for a specific key function, for example, accounts payable, have also been provided full access to other key functions such as payroll, general ledger, debtors, and invoices.

We understand that, at times, more than one staff may be given full access to other functions they may not be directly responsible for just in case relevant staff are absent. Although this may be considered appropriate, the Shire would need to ensure that such access to other functions is limited as much as possible to only a few selected staff.



Where too many staff have full access abilities to key functions that they are not directly responsible for, it may pose segregation of duties control issues being compromised which may lead to possible undetected fraudulent action.

Recommendation

We recommend that the Shire, with the assistance of the MAGIQ software system provider, assess the impact of too many staff having full access to functions that they are not directly responsible for to determine if there are any possible control implications associated with granting such levels of access to such staff.

Management Comments

The management acknowledges the recommendation but notes that the implementation of our new Magiq ERP is still a work in progress. Some user access has already been granted to allow for full customisation and effective operation of the system. The Manager of Corporate Services, in collaboration with Magiq, will review all user access in August and September of 2025.



Observations (No Formal Recommendations Made)

Council Rates

There were two issues here:

1. Firstly, we were unable to determine who has the delegation to approve rate exemptions. This needs to be clearly determined.
2. Secondly, we understand that Shire does not regularly (say annually or every two years) review the existing exempt ratepayers to ensure that the ratepayers who are currently receiving a rate exemption because they meet religious or charitable status are still validly eligible to receive one.

Cash Receipting Process

We noted the following:

- No CCTV or Duress alarm exists within the Shire Administration office over the cash receipting facility.
 - No CCTV or Duress alarm was installed at the Caravan Park cash receipting facility.
 - No Duress alarm is installed at the Swimming Pool for the cash receipting facility.
 - No CCTV and duress alarm installed in the Station Shop over the cash receipting facility.
3. Further to the above, as cash is received at facilities outside of the Shire's Administration office, the Shire may want to reassess and strengthen the cash receipting, end-of-day reconciliation, and security processes that currently exist at these facilities to ensure all cash collections are adequately secured and reconciled to prevent possible theft without detection.

Although the amount of cash collected at these facilities is considered minor, proper control and security over any cash receipting facility are essential.



Appendix A – Risk Criteria

The following risk criteria were used to assess level of risk on review findings included in the Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	Rare – May occur, only in exceptional circumstances	< once in 15 years
2	Unlikely – Could occur at some time	At least once in 10 years
3	Possible – Should occur at some time	At least once in 3 years
4	Likely – Will probably occur in most circumstances	At least once per year
5	Almost Certain – Expected to occur in most circumstances	> once per year

Consequence of Risk:

Description	Health	Financial Loss	Operation	Compliance	Reputation	Project
1. Insignificant	No injuries or illness	<\$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.	Small variation to cost, timeliness, scope or quality of objectives and required outcomes.
2. Low	First Aid treatment	\$50,000 to \$250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.	5-10% increase in time or cost or variation to scope objective requiring approval
3. Medium	Medical treatment required	\$250,000 to \$1 million	Significant delays to major deliverables	Breach requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact, moderate news profile.	10-20% increase in time or cost or variation to scope objective requiring Senior Management approval
4. Significant	Death or extensive injuries	\$1 million to \$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3 rd party actions.	20-50% increase in time or cost or significant variation to scope objective requiring restructure of project and Senior Management or Council approval
5. Severe	Multiple deaths or sever permanent disabilities	>\$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, 3 rd party actions.	>50% increase in time or cost or inability to meet project objectives requiring the project to be abandoned or redeveloped

**Risk Exposure:**

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 - 8	Low	9 - 19	Medium	20 - 25	High

DIRECTORS:

ROBERT CAMPBELL RCA, CA
VIRAL PATEL RCA, CA
ALASTAIR ABBOTT RCA, CA
CHASSEY DAVIDS RCA, CA

**AUSTRALIAN
AUDIT** 

ASSOCIATE DIRECTOR:

SANTO CASILLI FCPA PFIIA

4 March 2025

Vincent Fordham Lamont
CEO
Shire of West Arthur
31 Burrows Street
Darkan WA 6392

REGULATION 17 REVIEW

Dear Vincent

Please find attached our FINAL Regulation 17 review report for the Shire of West Arthur which includes management comments.

We would like to thank you and your staff for the positive cooperation provided to us during the review process and for promptly providing information requested during the conduct of this review.

Yours sincerely


Santo Casilli FCPA PFIIA
Associate Director, Internal Audit, Probity and Risk

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Shire of West Arthur

Regulation 17 Review

5 March 2025

FINAL Review Report

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Regulation 17 Review Summary and Conclusion

Regulation 17 Review

INTRODUCTION

Australian Audit was engaged to review the Shire of West Arthur's risk management, internal control, and legislative compliance as required by Regulation 17 of the *Local Government (Audit) Regulations 1996*.

As per Regulation 17(1), (2) and (3) of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer (**CEO**) is required to undertake a review, at least once every 3 financial years of the following processes:

- Risk Management.
- Internal Control; and
- Legislative Compliance.

The Shire of West Arthur previously used Reckon as its accounting system but implemented MAGIQ Software as its accounting system on 1 July 2024.

The Shire of West Arthur does not currently have an Internal Audit Function nor an in-house Information Technology business unit. The Shire's Chief Executive Officer is responsible for overseeing the Governance function and the Shire has engaged an external IT Provider (Infinitum Technologies Pty Ltd) to oversee the Shire's Information Technology processes.

SCOPE AND METHODOLOGY

The review undertook the following approach:

- Information relating to risk management, internal control and legislative compliance was requested from the Manager Corporate Services prior to commencement of the review to assess adequacy of policies, procedures and overall control processes that are currently in place within the Shire.
- An Information Technology questionnaire was also sent to the Manager Corporate Services which was forwarded to Infinitum Technologies Pty Ltd to assess the Shire's Information Systems General Control Environment.

The matters raised in this Final review report are only those which came to our attention during performing our review and may not necessarily be a comprehensive statement of all the possible process improvement options that may exist in relation to the Risk Management, Internal Control and Legislative Compliance matters.

Our review was conducted in accordance with ASAE 3500 – Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.



Our review report is provided to the Shire to enable the Shire to meet their statutory obligations under Regulation 17 and as such we do not encourage this Final review report to be used for any other purpose.

WORK PROGRAM

Our work incorporated the following areas for review as required under Regulation 17:

1. RISK MANAGEMENT

To establish that:

- A Governance Framework is in place and endorsed by the Audit and Risk Committee.
- A formal governance unit exists responsible for proper governance compliance.
- Satisfactory risk management and governance policies are in place and have been endorsed by the Audit and Risk Committee/Council.
- Operational and Strategic Risk Registers are in place and are being constantly reviewed and updated to mitigate risk.
- Regular development of risk reports and actions to address risks are identified and actioned and such actions are regularly communicated to and endorsed by the Audit and Risk Committee.
- Fraud Risk Identification and Prevention policies are in place including the establishment of a Whistle Blower policy.
- An effective Audit and Risk Committee exists, and proper Committee processes are in place and being complied with.

2. INTERNAL CONTROL

To establish that:

- A Delegation of Authority is in place, up to date and reviewed regularly.
- Proper and formal documented Management policies (guidelines and procedures) are in place and are kept up to date.
- Internal assessment of control processes exists e.g., via an internal audit function or by the Shire's own Governance area.
- An Internal Control policy targeted for all employees, council and committee members on the importance of management controls.
- Reliance can be placed on the work undertaken by the Shire's external internal auditors re the review of the Shire's control environment and legislative compliance including general controls over the Shire's Information Technology systems.
- Proper segregation of duties and management controls exist in relation to the following key accounting processes:
 - Accounts payable.
 - Cash collection, receipting and reconciliations.
 - General Ledger amendments and reconciliations.



- Payroll.
- Procurement.

3. LEGISLATIVE COMPLIANCE

To establish that:

- The Compliance Audit Return (CAR) is properly completed each year and any non-compliance matters are investigated promptly and adequate action is taken to ensure similar non-compliance no longer occurs.
- The Shire has an appropriate system and/or processes to identify and comply with the various local government legislations and Regulations.
- The establishment of proper complaints policies and registers including gift policies and registers.
- Legislative compliance regarding all Local Government Act and Regulation requirements are continually monitored and regularly reviewed to ensure continual compliance.



REVIEW CONCLUSION

Based on our assessment of the management controls and processes that exist at the Shire regarding the above three key areas of the Regulation 17 review, we wish to conclude as follows:

Risk Management

Positive Outcomes

- A Risk Management Framework document is currently in place and is in line with AS/NZS ISO 31000 2018 requirements.
- The Shire has an effective Fraud Prevention policy in place.
- The Shire's Governance function is in place and coordinated by the Chief Executive Officer.
- A proper and up-to-date Business Continuity Plan is in place and appears reasonable for the size of the Shire of West Arthur.

Issues

- There does not appear to be an appropriate strategic and operational risk register in place to enable Shire to identify, monitor and manage its risks.
- The Audit and Risk Committee terms of reference do not clearly state that the Committee is responsible for overseeing the Shire's risks.
- The Audit and Risk Committee terms of reference is silent on the need for the Shire's strategic and operational risks to be monitored and reported at each Audit and Risk Committee meeting.
- The Audit and Risk Committee's terms of reference state that an external independent member is to be appointed, but no external member has been appointed as yet.
- There is no induction program and processes in place for new staff and new Audit and Risk Committee members and Councilors.
- Although a Business Continuity Plan and an IT Disaster Recovery plan is in place there is no process in place to regularly test the plan to ensure that the plan is effective and workable should there be a disastrous event.



Internal Control

Positive Outcomes

- The Shire has in place formal policies to cater for Council and financial related matters.
- A delegation of Authority is in place and is appropriate.
- Adequate management controls are in place over key financial operations, including accounts payable, payroll, cash collection and handling, the general ledger, and procurement.
- Shire has appointed an external IT provider that oversees all of Shire's IT requirements and provides oversight regarding IT-related controls and cyber threats.

Issues

- There is no internal control policy to enable Shire staff to identify the need to continually assess control processes and to empower all Shire staff to be responsible for the Shire's control environment.
- Although Shire has adequate and up-to-date policies, there are no written financial and administration procedures/guidelines for key processes such as accounts payable processing and authorisation, invoicing control and authorisation, debt management, general ledger control and end-of-month reconciliations, cash collection, reconciliation and banking.
- Currently, Shire staff are provided with logon access through Shire's outsourced IT provider to login to their computer and are required to have a further logon (obtained via MAGIQ) to access the MAGIQ software accounting system. Separate logins are not considered appropriate for security purposes, as all login access should be controlled and monitored via Shire's outsourced IT provider.
- A few Shire staff have been given various MAGIQ access levels to enable them to perform their responsibilities. These access levels range from view-only access to full access.

We understand that granting full access allows designated staff to handle all aspects of their assigned functions. However, we have observed that some employees responsible for the accounts payable function have also been given full access to payroll, the general ledger, debtors, and the ability to approve invoices. While it can be beneficial to provide full access to multiple staff members for continuity in case of absences, Shire must ensure that such access is limited to a select few individuals whenever possible. It has come to our attention that several staff members currently have full access to various functions.



Legislative Compliance

Positive Outcomes

- The Shire uses Skefto to monitor legislative compliance requirements. Relevant staff are allocated various legislative requirements which are loaded into Skefto requiring compliance.
- An annual Compliance Audit Return (CAR) is completed and monitored by the CEO.

Issues

- Although Shire has implemented Skefto to assist them with legislative compliance, there are no formal procedures developed to document the process that should be followed to ensure compliance is managed and reviewed.



FINDINGS AND RECOMMENDATIONS

The following matters were identified which have been reported below for consideration by Shire management:

MEDIUM RISK ISSUES

1. Risk Registers

Finding

The Shire does not have a formal strategic risk register or an operational risk register to identify risks to Shire. We noted that a risk register has been placed on Skefto, but only 2 risks have been recorded, and there is no indication when these risks were identified or last reviewed.

We also noted that Shire's risks are not tabled or discussed at Audit and Risk Committee meetings.

Recommendation

Shire should develop both a strategic risk register and an operational risk register as a matter of priority and ensure that it implements a process for subjecting identified risks to ongoing review to ensure that they are being adequately managed.

It is also recommended that the operational and strategic risk registers be discussed regularly at the Audit and Risk Committee meetings. The registers should detail any new risks that have been identified and outline the progress of action taken by Shire to mitigate the identified risks.

Management Comments

Manager Corporate Services has been working on developing a risk framework for some time and will prioritise strategic and operational risk registers.

The admin officer is reviewing the standard agenda for the Audit and Risk Committee meeting, which will include regular discussions of the risk registers.

2. Audit and Risk Committee responsibilities

Finding

The Audit and Risk Committee's terms of reference do not clearly state that the Committee is responsible for overseeing Shire's risks.

The Audit and Risk Committee terms of reference are also silent on the need to monitor and report on the Shire's strategic and operational risks at each meeting.



The Audit and Risk Committee as part of their terms of reference states that an external independent member is to be appointed to the Committee, but as yet no external member has been appointed.

Recommendation

We recommend that the Committee's Terms of Reference document should be updated to reflect their responsibility for monitoring the Shire's risks and that a copy of the Shire's risk register, including evidence of the Shire's progress of actions taken to minimise the Shire's risks be tabled at each Audit and Risk Committee meeting to enable the Committee to be satisfied that the Shire identified risks are being managed. This should be a standing agenda item for each Audit and Risk Committee.

The terms of reference and best practice suggest that an external member should be appointed, so the Committee should appoint an external independent member as soon as possible.

Management Comments

The admin officer is already in the process of reviewing the Audit and Risk Committee's terms of reference and will be included in the responsibilities for monitoring the Shire's risks.

The Admin Officer will also advertise for an external independent Chair and deputy chair of the Audit and Risk Committee.

3. Internal Controls

Finding

As the Shire does not have a formal Internal Audit function to periodically assess compliance with the Shire management controls, the Shire should consider developing an **Internal Control policy** that outlines the following:

- The promotion of a risk-based approach to the development and maintenance of documented internal controls and procedures. This is to support a continual assessment of appropriate controls throughout the organisation by identifying the need for new controls (based on risk) and ensuring existing outdated and unnecessary controls are discontinued. This can be accomplished via staff awareness of the importance of compliance with key management controls and by incorporating and identifying management controls within written procedures and guidelines. I understand the Corporate Services Staff are currently in the process of developing formal written procedures for their functions.
- Documenting the Shire's key internal controls, including making staff aware of the importance of maintaining proper segregation of duties controls, especially within the finance and procurement functions.
- Outlining a set of measures that should be implemented, such as continual training, etc., to ensure staff are fully aware of and understand the relevant importance of key internal controls within their workplace and the impact this may have on the Shire operations should staff not comply with management controls.



The Shire could also consider including the requirement for all staff to be responsible for control awareness and also to contribute to the identification of control related risk areas within their workplace and their areas of responsibility by adding these responsibilities to their respective job descriptions and incorporating them as part of their **staff induction program**.

Recommendation

The shire should consider developing an Internal Controls Policy that outlines staff's responsibilities regarding internal control compliance and incorporates these responsibilities into staff job descriptions and induction programs. This policy should highlight the importance of proper segregation of duties, system access controls, and the approval processes that need to be complied with.

Management Comments

The Shire's current Internal Control Policy (C9) is not suitable for its intended purpose. The Manager of Corporate Services will create a new policy, which will be presented to the Council by the end of June 2025 after reviewing existing policies from other local governments in Western Australia.



LOW RISK ISSUES

4. Induction Program

Finding

There is no induction program and processes in place for new staff and new Audit and Risk Committee members and Councilors

Recommendation

We recommend that the Shire develop a formal induction program.

We also recommend that the Shire develop a sign-off process for new staff and elected members to formally sign off on their induction as evidence that an induction was undertaken.

Management Comments

The Manager of Corporate Services will work with the Payroll/Human Resources Officer to review and create a new checklist for new Staff and for our Councilors.

5. Business Continuity Plan

Finding

Although a Business Continuity Plan and an IT Disaster Recovery Plan are in place, there is no formal process for regularly testing the plan to ensure that it is effective and workable should a disastrous event occur.

Recommendation

The Shire is considering developing a formal process to test the plans.

Management Comments

The Manager of Corporate Services will work with our IT Provider to establish a formal process for testing the effectiveness of our Business Continuity and IT Disaster Recovery plans.



6. IT Access Controls

Finding

- At present, Shire staff access their computers using login credentials provided by Shire's outsourced IT provider. Additionally, they need a separate login obtained through MAGIQ to access the MAGIQ software accounting system. Having two separate logons is not ideal for security reasons; all access should be controlled and monitored through the Shire's outsourced IT provider.
- Further several Shire staff have been given various MAGIQ access levels to enable them to perform their responsibilities. These access levels range from view-only access to full access. We understand that full access allows the applicable staff to undertake all aspects of the function for which full access has been granted. We noted some staff who are responsible for, say, accounts payable function have also been granted full access to payroll, general ledger, and debtors, and to approve invoices. We understand that, at times, more than one member of staff may be given full access to other functions they may not be directly responsible for just in case relevant staff are absent. Although this may be considered appropriate Shire would need to ensure that access to other functions is limited as much as possible to only a few selected staff. We noted that several staff have been provided with full access to various functions.

Recommendation

The Shire should discuss the need for single logons with the outsourced IT provider, INFINITUM TECHNOLOGIES PTY LTD, in order to ensure all logon access is monitored and controlled by the IT provider.

Additionally, the Shire should reassess the MAGIQ access levels that have been provided to various staff to ensure that they are needed in line with their direct responsibility requirements and that such access is not provided freely to too many staff, which may have compromised segregation of duties control.

Management Comments

The Manager of Corporate Services will work closely with our IT provider, Infnitum, and our ERF provider, Magiq, to evaluate access and control of the Shire's platform. Since Magiq was implemented less than 12 months ago, we will review user access in consultation with Magiq during August and September 2025.

Restricting access can be impractical in a small local government, as one staff member often handles multiple roles within the Shire.



7. Legislative Compliance Procedures

Finding

Although the Shire has implemented Skefto to assist with the legislative compliance process, we noted that there are no formal procedures in place outlining the process that should be followed by all relevant Shire staff to ensure that all legislative compliance matters are managed, monitored, and reviewed on a timely basis.

Recommendation

The Shire should consider developing written procedures for the legislative compliance process to ensure the Shire remains consistent in meeting its legislative requirements.

Management Comments

The Chief Executive Officer will work with Skefto to draft or obtain appropriate operating procedures for Skefto.

6.3 2024/2025 HALF YEARLY BUDGET REVIEW

File Reference: ADM131
Location: N/A
Applicant: N/A
Author: Melinda King, Manager Financial Reporting
Authorising Officer: Rajinder Sunner, Manager Corporate Services
Date: 13/03/2025
Disclosure of Interest: Nil
Attachments: 1. Budget Review 2024/2025 [↓](#)

SUMMARY:

The Audit & Risk Committee recommends that the Council adopt the budget review for the eight months from 1 July 2024 to 28 February 2025 and adopt the budget amendments as presented.

BACKGROUND:

Local governments are required to conduct at least one budget review between six and nine months into a financial year.

The budget review compares the actual results from the year to date with the adopted budget.

The following reports are included for information:

- Budget Review
- Explanation of Variances

COMMENT:

Comments are provided in the Explanation of Variances.

CONSULTATION:

Chief Executive Officer
Manager Corporate Services
Manager Works and Services

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) 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 14 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 1995* Part 6, Division 4, s6.8 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:

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		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 (25)
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	Failing to undertake a legislated requirement to review the annual budget
Risk Likelihood (based on history and with existing controls)	Rare (1)
Risk Consequence	Minor (2)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Low (2)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Ensure the budget review is included in the Compliance Calendar

VOTING REQUIREMENTS:

Absolute Majority

COMMITTEE RESOLUTION ARC-2025-004

Moved: Cr Graeme Peirce

Seconded: Cr Neil Morrell

1. The Audit & Risk Committee recommends that the Council adopt the budget review for the 2024/2025 financial year, as presented.
2. That the Audit & Risk Committee, in view of the calculated budget deficit shown in the budget review, recommend that the Council approve the following budget amendments:
 - An additional \$86,252 to be transferred from the Leave Reserve.

In Favour: Crs Karen Harrington, Neil Morrell and Graeme PeirceAgainst: Nil**CARRIED 3/0 BY ABSOLUTE MAJORITY**

SHIRE OF WEST ARTHUR**BUDGET REVIEW REPORT****FOR THE PERIOD ENDED 28 FEBRUARY 2025***LOCAL GOVERNMENT ACT 1995**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996***TABLE OF CONTENTS**

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SHIRE OF WEST ARTHUR
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 28 FEBRUARY 2025

Budget v Actual						
Note	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual	Estimated Year at End Amount (b)	Predicted Variance (a) - (b)	
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Revenue from operating activities						
General rates	2,118,003	2,118,003	2,114,852	2,118,003	0	
Grants, subsidies and contributions	4.1 530,944	685,594	540,429	665,594	(20,000)	▼
Fees and charges	4.2 353,890	353,890	268,229	399,430	45,540	▲
Interest revenue	185,748	185,748	53,390	185,748	0	
Other revenue	4.3 166,640	169,250	110,583	218,256	49,006	▲
Profit on asset disposals	4.4 14,339	14,339	113,637	339	(14,000)	▼
	3,369,564	3,526,824	3,201,120	3,587,370	60,546	
Expenditure from operating activities						
Employee costs	4.5 (2,222,894)	(2,222,894)	(1,708,052)	(2,382,974)	(160,080)	▼
Materials and contracts	4.6 (1,509,750)	(1,690,592)	(1,193,510)	(1,750,518)	(59,926)	▼
Utility charges	4.7 (153,690)	(153,690)	(69,340)	(140,690)	13,000	▲
Depreciation	4.8 (3,077,887)	(3,077,887)	(466,817)	(3,565,938)	(488,051)	▼
Finance costs	(25,446)	(25,446)	(16,034)	(25,446)	0	
Insurance	(134,430)	(134,430)	(133,040)	(134,430)	0	
Other expenditure	(66,300)	(66,300)	(27,291)	(66,300)	0	
Loss on asset disposals	(16,137)	(16,137)	0	(16,137)	0	
	(7,206,534)	(7,387,376)	(3,614,084)	(8,082,433)	(695,057)	
Non-cash amounts excluded from operating activities	4.9 3,079,685	3,079,685	353,180	3,581,736	502,051	▲
Amount attributable to operating activities	(757,285)	(780,867)	(59,784)	(913,327)	(132,460)	
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	1,750,780	1,750,780	489,830	1,750,780	0	
Proceeds from disposal of assets	4.10 195,000	195,000	113,637	174,637	(20,363)	▼
Proceeds from self supporting loans	31,016	31,016	15,380	31,016		
	1,976,796	1,976,796	618,847	1,956,433	(20,363)	
Outflows from investing activities						
Purchase of land and buildings	4.1 (444,871)	(444,871)	(112,377)	(364,871)	80,000	▲
Purchase of plant and equipment	4.2 (1,161,116)	(1,161,116)	(576,914)	(1,056,116)	105,000	▲
Purchase of furniture and equipment	(78,647)	(78,647)	0	(78,647)	0	
Purchase and construction of infrastructure-roads	(1,577,058)	(1,577,058)	(563,567)	(1,577,058)	0	
Purchase and construction of infrastructure-other	4.3 (236,514)	(236,514)	(158,013)	(226,514)	10,000	▲
	(3,498,206)	(3,498,206)	(1,410,871)	(3,303,206)	195,000	
Amount attributable to investing activities	(1,521,410)	(1,521,410)	(792,024)	(1,346,773)	174,637	
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Proceeds from new borrowings	0	0	0	0	0	
Transfers from reserve accounts	4.4 1,469,241	1,492,823	850,472	1,464,438	(28,385)	▼
	1,469,241	1,492,823	850,472	1,464,438	(28,385)	
Cash outflows from financing activities						
Repayment of borrowings	(137,156)	(137,156)	(74,429)	(137,156)	0	
Transfers to reserve accounts	(479,505)	(479,505)	(23,647)	(479,505)	0	
	(616,661)	(616,661)	(98,076)	(616,661)	0	
Amount attributable to financing activities	852,580	876,162	752,396	847,777	(28,385)	
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	1,426,115	1,412,323	1,412,323	1,412,323	0	
Amount attributable to operating activities	(757,285)	(780,867)	(59,784)	(913,327)	(132,460)	
Amount attributable to investing activities	(1,521,410)	(1,521,410)	(792,024)	(1,346,773)	174,637	
Amount attributable to financing activities	852,580	876,162	752,396	847,777	(28,385)	
Surplus or deficit after imposition of general rates	3(a),4.5 0	(13,792)	1,312,911	0	13,792	▲

**SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2025**

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

Judgements and estimates

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

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

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

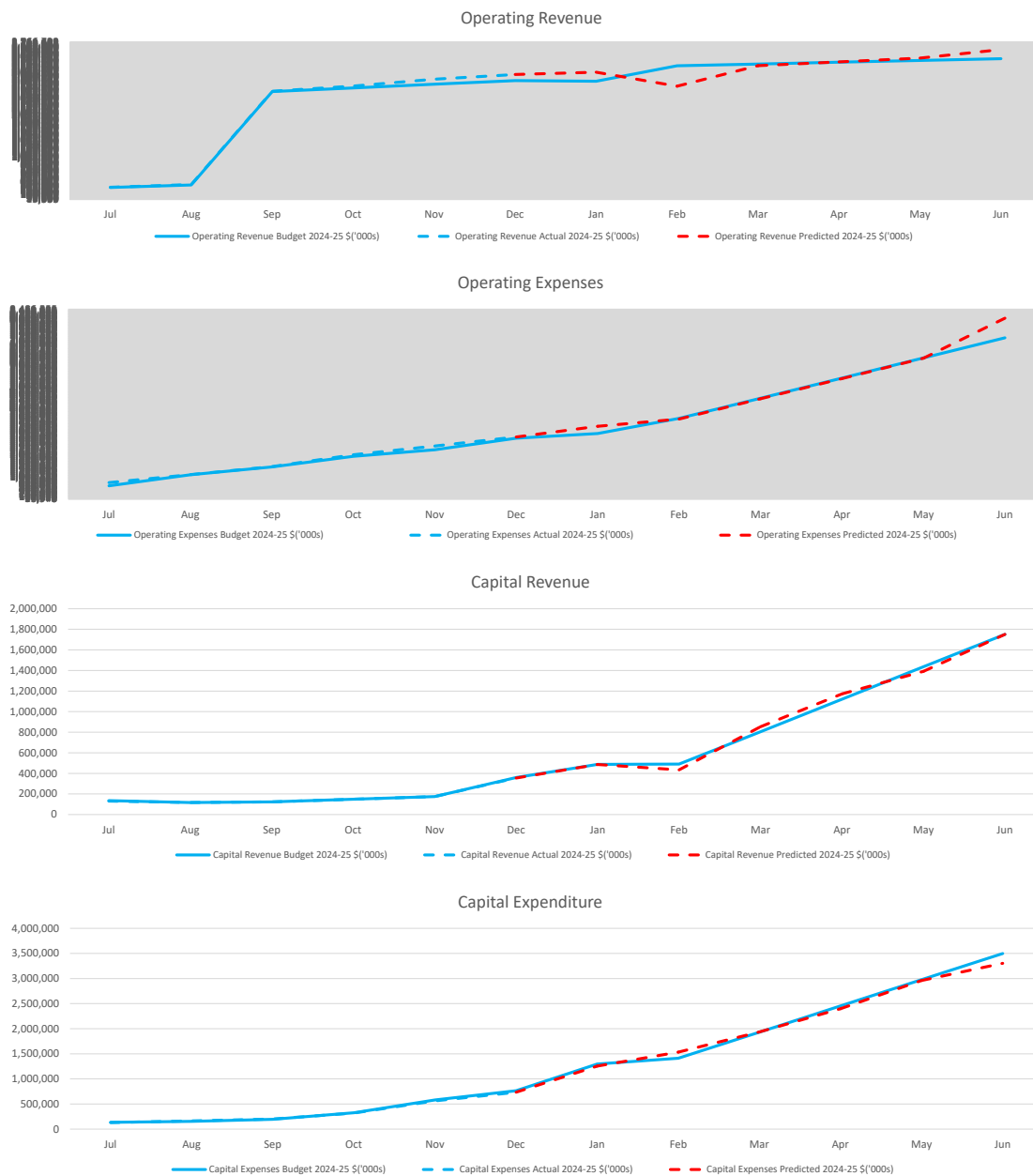
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

SIGNIFICANT ACCOUNTING POLICES

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

SHIRE OF WEST ARTHUR
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 28 FEBRUARY 2025

2. SUMMARY GRAPHS - BUDGET REVIEW



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

SHIRE OF WEST ARTHUR
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2025

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

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	4,451,619	1,857,956	2,099,372	3,305,858	2,042,318
Financial assets	31,016	31,016	31,016	15,636	31,016
Trade and other receivables	223,764	197,081	178,809	328,495	138,809
Inventories	100,973	18,855	13,485	91,855	13,485
Other assets	91,157	11,579			0
Contract assets					0
Assets classified as held for sale	65,107	0	0	0	0
	4,963,636	2,116,487	2,322,682	3,741,844	2,225,628
Less: current liabilities					
Trade and other payables	(402,794)	(310,130)	(310,130)	(242,342)	(390,130)
Other liabilities	(208,199)	0	0	(163,737)	0
Capital grant/contribution liability			0	0	0
Lease liabilities			0	0	0
Borrowings	(137,156)	(92,358)	(92,358)	(62,727)	(92,358)
Employee related provisions	(365,491)	(309,447)	(309,447)	(364,455)	(309,447)
Other provisions					
	(1,113,640)	(711,935)	(711,935)	(833,261)	(791,935)
Net current assets	3,849,996	1,404,552	1,610,747	2,908,583	1,433,693
Less: Total adjustments to net current assets	(2,437,673)	(1,404,552)	(1,405,308)	(1,595,672)	(1,433,693)
Closing funding surplus / (deficit)	1,412,323	0	205,439	1,312,911	0

(b) Non-cash amounts excluded from operating activities

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

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(222,863)	(14,339)	(14,339)	(113,637)	(339)
Add: Loss on disposal of assets	51,234	16,137	16,137	0	16,137
Add: Depreciation on assets	3,586,841	3,077,887	3,077,887	466,817	3,565,938
Non-cash movements in non-current assets and liabilities:					
Financial assets at amortised cost	(1,262)	0	0	0	0
Investment property					
Pensioner deferred rates					
Assets held for sale	(65,107)		0	0	0
Employee benefit provisions	88,818	0	0	0	0
Other provisions	0	0	0	0	0
Movement in accrued wages	8,154				
Inventory	(9,118)				
Non-cash amounts excluded from operating activities	3,436,697	3,079,685	3,079,685	353,180	3,581,736

(b) Investing activities excluded from budgeted deficiency

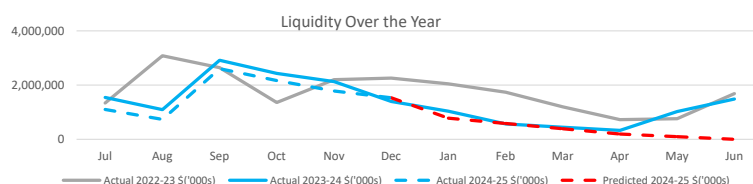
The following non-cash revenue and expenditure has been excluded from investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to investing activities					
Movement in non-current capital grant/contribution liability	0	0	0	0	0
Less: Grants, subsidies and contributions for assets received in-kind					
Less: Movement in current unspent capital grants associated with restricted cash				0	
Non cash amounts excluded from investing activities	0	0	0	0	0

(c) Current assets and liabilities excluded from budgeted deficiency

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

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(2,828,645)	(1,838,909)	(1,838,909)	(2,001,820)	(1,867,294)
Less: Financial assets at amortised cost - self supporting loans	(31,016)	(31,016)	(31,016)	(15,636)	(31,016)
Less: Land held for resale	(79,118)	0	0	(70,000)	0
Less: Assets held for resale	(65,107)				
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	137,156	92,358	92,358	62,727	92,358
- Employee benefit provisions	429,057	373,015	372,259	429,057	372,259
Total adjustments to net current assets	(2,437,673)	(1,404,552)	(1,405,308)	(1,595,672)	(1,433,693)



**SHIRE OF WEST ARTHUR
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2025**

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

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

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

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

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

INVENTORIES

General

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

CONTRACT ASSETS

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

CONTRACT LIABILITIES

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

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

PROVISIONS

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

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

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

PREPAID RATES

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

EMPLOYEE BENEFITS

Short-Term Employee Benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2025

4 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
4.1 Grants, subsidies and contributions Department of Education contribution to pool costs \$20,000 will not be received.	(20,000) ▼
4.2 Fees and charges Caravan park fees expected to be greater than budget. \$15,000. Private works greater than budget \$12,540. Sale of water greater than budget by \$7,000	45,540 ▲
4.2 Interest revenue No reportable variance	0
4.3 Other revenue Station Shop income unbudgeted - offset by project expenditure \$19,926 Staff cost reimbursement greater than budget \$18,080 Insurance claim, \$11,000	49,006 ▲
4.4 Profit on asset disposals Profit on sale will be below budget. \$14,000	(14,000) ▼
Expenditure from operating activities	
4.5 Employee costs Greater wages FRRR expenditure budgeted as materials. \$28,000. Externally funded wages of \$18,080. Wages greater than budget - relief staff for staff on leave, Isl payments on termination. Associated superannuation on additional wages greater than budget.	(160,080) ▼
4.6 Materials and contracts Compliance/legal cost greater than budget. \$25,000 ESL expenditure will be greater than budget (partly offset by ESL grant) \$25,000 Plant repairs greater than budget by \$20,000 Other admin materials greater than budget \$13,000. Telstra budgeted as utilities. FRRR expenditure part wages, budgeted as materials \$28,000 FRRR expenditure greater - offset by sales income. CESM cost greater than budget \$10,000 Medical costs below budget Town planning greater than budget \$8,000 Landcare materials will be below budget. Transport materials will be below budget. \$15,000	(59,926) ▼
4.7 Utility charges Admin utilities below budget by \$13,000	13,000 ▲
4.8 Depreciation Increase in depreciation post increase in valuation of bridge assets. \$331,858 Increase in depreciation post addition of road assets. \$94306 Increase in depreciation post addition of other infrastructure assets. \$25,225 Increase in depreciation post addition of plant assets. \$36,662	(488,051) ▼
4.8 Loss on asset disposals No reportable variance	0
Non-cash amounts excluded from operating activities Increase in depreciation post revaluation of assets. Minor variations in profit/loss on sale of assets.	502,051 ▲
Inflows from investing activities	
4.10 Proceeds from disposal of assets Proceeds on sale of vehicle below budget \$20,363	(20,363) ▼
Outflows from investing activities	
4.1 Purchase of land and buildings Renovation to existing home will less than budget this year CEO house expenditure will be below budget this year. Rebudget for 2025/26 Item to be considered at March 25 meeting regarding reserve funded purchase of Station Masters House	80,000 ▲

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SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2025

4 PREDICTED VARIANCES

	Variance
	\$
4.2 Purchase of plant and equipment	105,000 ▲
Excavator and attachment will be below budget \$31,000	
Parks Tipper expected below budget \$24,000	
6 Wheeler expected above budget \$6,000	
Mechanic flatbed below budget \$6,000	
Kubota mower below budget \$9,000	
Spray tank will not be purchased this year. <u>\$10,000</u>	
Light trailer below budget \$4,000	
Light vehicle purchase cost below budget \$27,000	
4.2 Purchase of furniture and equipment	0
4.3 Purchase and construction of infrastructure-other	10,000 ▲
Material component of playground \$10,000 below budget.	

SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2025

4 PREDICTED VARIANCES

	Variance
	\$
Cash inflows from financing activities	
4.4 Transfers from reserve accounts	(28,385) ▼
Renovation to existing house will be less than budget this year. \$30,000	
Plant purchases funded by reserve will be less than budget \$84,637	
An addition \$86,252 to be transferred from the leave reserve.	
Cash outflows from financing activities	
4.4 Transfers to reserve accounts	0
No reportable variance	
4.4 Surplus or deficit at the start of the financial year	0
Opening balance variance	
4.5 Surplus or deficit after imposition of general rates	13,792 ▲
Opening balance variance	

7 NEW OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

Nil

8 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 6.20pm.