

Minutes

Audit Committee Meeting

Thursday 18 January 2024
At 5.00pm

Council Chambers, 39 Bannister Road, Boddington

A vibrant and connected community with excellent lifestyle and employment opportunities in a beautiful natural environment.

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In particular and with 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 Boddington during the course of any meeting is not intended to be and is not taken as notice or approval from the Shire of Boddington. The Shire of Boddington warns that anyone who has an application lodged with the Shire of Boddington must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of that application and any conditions attaching to the decision made by the Shire of Boddington in respect of the application.

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1. DECLARATION OF OPENING

The Chief Executive Officer, Julie Burton declared the meeting open at 5.00pm.

I would like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay my respects to Elders past and present and emerging.

1.1 Election of Chairperson

The Chief Executive Officer will call for nominations for the position of Chairperson, with the appointment expiring at the October 2025 Ordinary Election.

There was one (1) nomination received.

Cr Garry Ventris was declared Chairperson.

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

2.1 Attendance

Cr Garry Ventris	Shire President
Cr Eugene Smalberger	Deputy Shire President
Cr Andrew Ryley	Councillor
Cr Lee Lewis	Councillor
Mrs Julie Burton	Chief Executive Officer
Mrs Cara Ryan	Executive Manager Corporate Services
Mr Jeff Atkins	Manager Works and Services
Mr James Wickens	Executive Manager Development Services
Mrs Thalia Douglas	Executive Assistant (minutes)

Visitors: Nil

2.2 Apologies

Nil

2.3 Leave of Absence

Nil

3. DISCLOSURES OF INTEREST

Nil

4. CONFIRMATION OF MINUTES

Officer Recommendation and Committee Decision

COMMITTEE RESOLUTION: 1/24

Moved: Cr E Smalberger

Seconded: Cr L Lewis

That the minutes of the Audit Committee Meeting held on Thursday 22 June 2023 be confirmed as a true record of proceedings.

Carried: 4-0

For: Cr G Ventris, Cr E Smalberger, Cr L Lewis, C A Ryley

Against: Nil

5. REPORTS BY OFFICERS

5.1 Adoption of Annual Financial Report

File Reference:	3.0033
Applicant:	Not Applicable
Disclosure of Interest:	Nil
Author:	Chief Executive Officer
Attachments:	5.1A Audit Opinion 5.1B Final Management Letter 5.1C Annual Financial Report

Summary

The purpose of this report is for the Audit Committee to consider and review the Independent Auditor Report and Management Letter of the Annual Financial Report for the year ending 30 June 2023.

Background

Following proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General is responsible for the audit of Local Government's Annual Financial Reporting.

AMD Chartered Accountants (AMD) were appointed by the Office of the Auditor General (OAG) to conduct the audit of the Shire of Boddingtons Annual Financial report ending 30 June 2023. The audit procedure has been conducted under the direction of the OAG, who retains responsibility for forming the audit opinion and issuing the Independent Auditor Report to the Shire.

On 30 November 2023, the Shire President, Chief Executive Officer and Executive Manager Corporate Services attended an audit exit meeting with representation from the OAG and AMD. The audit approach and the audit findings contained in both the interim management letter and final management letter were discussed.

Comment

The Audit Opinion, Financial Management Letter and Annual Financial Report are included as attachments. The Audit results again demonstrated the high level of financial management and reporting standards that in place at the Shire, with only one minor item raised in Final Management Letter relating to the overstatement of leave in the reporting worksheets.

There were no other unresolved issues or outstanding matters included in the Independent Auditor Report, and as such, the Auditor General has issued an unqualified audit.

Consultation

Office of the Auditor General
AMD Chartered Accountants

Strategic Implications

Nil

Legislative Implications

Local Government (Audit) Regulations 1995
Regulation 17 – Functions of the Audit Committee

An audit committee has the following functions —

- a) to guide and assist the local government in carrying out
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;

Policy Implications

Nil

Financial Implications

Nil

Economic Implications

Nil

Social Implications

Nil

Environmental Considerations

Nil

Risk Considerations

Risk Statement and Consequence	Lack of compliance with legislation is the key risk regarding this recommendation
Risk Rating (prior to treatment or control)	Medium
Principal Risk Theme	Reputational, Compliance
Risk Action Plan (controls or treatment proposed)	No further actions proposed

Options

Not applicable

Voting Requirements

Simple Majority

Officer Recommendation and Committee Decision

COMMITTEE RESOLUTION: 2/24

Moved: Cr L Lewis

Seconded: Cr A Ryley

That the Audit Committee:

- 1. Receive the 2022-23 Annual Financial report, including the Independent Auditor Report, as presented.**
- 2. Recommends that Council endorse the 2022-23 Annual Financial Report and notes the Independent Auditors Report.**

Carried: 4-0

For: Cr G Ventris, Cr E Smalberger, Cr L Lewis, C A Ryley

Against: Nil



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Boddington

To the Council of the Shire of Boddington

Opinion

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

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

In my opinion, the financial report is:

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

Basis for opinion

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

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

Other information

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a

material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Patrick Arulsingham
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
1 December 2023

SHIRE OF SHIRE OF BODDINGTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	Potential impact on audit opinion	RATING			Prior year finding
		Significant	Moderate	Minor	
1. Annual and long service leave entitlements	No			✓	

KEY TO RATINGS

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

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

SHIRE OF SHIRE OF BODDINGTON
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Annual and long service leave entitlements

Finding

We identified the following when testing annual and long service leave entitlements:

- one employee's annual leave entitlement had not included leave taken prior to 30 June 2023 resulting in the annual leave entitlement being overstated by 16.5 hours at 30 June 2023; and
- one employee's long service leave entitlement had been overstated by \$6,970 due to an incorrect calculation in the entitlement workpaper.

Rating: Minor

Implication

There is an increased risk of misstatement in the Shire's financial accounts.

Recommendation

We recommend a review process to ensure:

- all leave taken during the year is included in the year end annual leave provision calculation; and
- leave entitlement balances for each employee are correct at year end.

Management comment

Management acknowledges the findings and will ensure that future year end calculations for Annual Leave and Long Service Leave, are independently checked and verified.

Responsible person: Cara Ryan (Executive Manager Corporate Services)
Completion date: 21 November 2023

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

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

Boddington is well known for being, a vibrant and connected community, with excellent lifestyle and employment opportunities, in a beautiful natural environment, just 90 minutes from Perth.

Principal place of business:
39 Bannister Road
Boddington WA 6390

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

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

STATEMENT BY CEO

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

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

Signed on the 30 day of November 2023



Chief Executive Officer

Julie Burton

Name of Chief Executive Officer

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

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),22	6,124,419	6,125,764	5,228,314
Grants, subsidies and contributions	2(a)	973,317	586,301	916,167
Fees and charges	2(a)	1,690,231	1,494,206	1,530,187
Interest revenue	2(a)	176,304	35,111	24,712
Other revenue	2(a)	285,303	53,250	166,285
		9,249,574	8,294,632	7,865,665
Expenses				
Employee costs	2(b)	(3,136,188)	(3,339,754)	(2,824,713)
Materials and contracts		(2,608,481)	(2,824,521)	(2,573,370)
Utility charges		(354,802)	(360,005)	(325,231)
Depreciation		(2,707,158)	(2,799,320)	(3,013,436)
Finance costs	2(b)	(66,165)	(67,819)	(74,880)
Insurance		(218,803)	(212,345)	(279,029)
Other expenditure	2(b)	(25,245)	(28,150)	(132,254)
		(9,116,842)	(9,631,914)	(9,222,913)
		132,732	(1,337,282)	(1,357,248)
Capital grants, subsidies and contributions	2(a)	1,216,850	1,891,613	989,573
Profit on asset disposals		26,028	14,700	4,870
Loss on asset disposals		0	(10,790)	0
Fair value adjustments to financial assets at fair value through profit or loss	4	1,843	0	1,998
		1,244,721	1,895,523	996,441
Net result for the period		1,377,453	558,241	(360,807)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	9,141,543	0	6,086,095
Total other comprehensive income for the period	14	9,141,543	0	6,086,095
Total comprehensive income for the period		10,518,996	558,241	5,725,288

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

**SHIRE OF BODDINGTON
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	8,009,668	6,328,548
Trade and other receivables	5	635,929	436,069
Other assets	6	7,883	119,792
TOTAL CURRENT ASSETS		8,653,480	6,884,409
NON-CURRENT ASSETS			
Trade and other receivables	5	23,375	12,846
Other financial assets	4	40,745	38,902
Property, plant and equipment	7	38,372,382	30,930,672
Infrastructure	8	62,263,509	60,795,584
TOTAL NON-CURRENT ASSETS		100,700,011	91,778,004
TOTAL ASSETS		109,353,491	98,662,413
CURRENT LIABILITIES			
Trade and other payables	10	911,908	558,532
Other liabilities	11	3,386,114	2,885,730
Borrowings	12	369,416	356,511
Employee related provisions	13	203,240	245,615
TOTAL CURRENT LIABILITIES		4,870,678	4,046,388
NON-CURRENT LIABILITIES			
Other liabilities	11	0	300,000
Borrowings	12	1,386,659	1,756,075
Employee related provisions	13	65,440	48,232
TOTAL NON-CURRENT LIABILITIES		1,452,099	2,104,307
TOTAL LIABILITIES		6,322,777	6,150,695
NET ASSETS		103,030,714	92,511,718
EQUITY			
Retained surplus		34,019,773	33,054,705
Reserve accounts	25	2,041,385	1,629,000
Revaluation surplus	14	66,969,556	57,828,013
TOTAL EQUITY		103,030,714	92,511,718

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

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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		33,376,190	1,668,323	51,741,917	86,786,430
Comprehensive income for the period					
Net result for the period		(360,807)	0	0	(360,807)
Other comprehensive income for the period	14	0	0	6,086,095	6,086,095
Total comprehensive income for the period		(360,807)	0	6,086,095	5,725,288
Transfers from reserve accounts	25	100,000	(100,000)	0	0
Transfers to reserve accounts	25	(60,677)	60,677	0	0
Balance as at 30 June 2022		33,054,705	1,629,000	57,828,013	92,511,718
Comprehensive income for the period					
Net result for the period		1,377,453	0	0	1,377,453
Other comprehensive income for the period	14	0	0	9,141,543	9,141,543
Total comprehensive income for the period		1,377,453	0	9,141,543	10,518,996
Transfers from reserve accounts	25	477,080	(477,080)	0	0
Transfers to reserve accounts	25	(889,465)	889,465	0	0
Balance as at 30 June 2023		34,019,773	2,041,385	66,969,556	103,030,714

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

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

NOTE	2023 Actual	2022 Actual
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	6,087,846	5,234,346
Grants, subsidies and contributions	292,812	1,762,028
Fees and charges	1,691,034	1,530,920
Interest revenue	176,304	24,712
Goods and services tax received	343,480	322,744
Other revenue	285,303	166,285
	8,876,779	9,041,035
Payments		
Employee costs	(3,156,932)	(2,918,573)
Materials and contracts	(2,709,048)	(2,466,669)
Utility charges	(354,802)	(325,231)
Finance costs	(66,165)	(74,880)
Insurance paid	(218,803)	(279,029)
Goods and services tax paid	562,616	(452,463)
Other expenditure	(24,442)	(131,521)
	(5,967,576)	(6,648,366)
Net cash provided by (used in) operating activities	2,909,203	2,392,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	7(a) (489,200)	(353,043)
Payments for construction of infrastructure	8(a) (1,994,539)	(1,524,024)
Capital grants, subsidies and contributions	1,577,650	2,229,475
Proceeds from sale of property, plant & equipment	34,517	9,654
Net cash provided by (used in) investing activities	(871,572)	362,062
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	24(a) (356,511)	(361,057)
Net cash provided by (used in) financing activities	(356,511)	(361,057)
Net increase (decrease) in cash held	1,681,120	2,393,674
Cash at beginning of year	6,328,548	3,934,874
Cash and cash equivalents at the end of the year	3 8,009,668	6,328,548

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

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

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	22	6,124,419	6,125,764	5,228,314
Grants, subsidies and contributions		973,317	586,301	916,167
Fees and charges		1,690,231	1,494,206	1,530,187
Interest revenue		176,304	35,111	24,712
Other revenue		285,303	53,250	166,285
Profit on asset disposals		26,028	14,700	4,870
Fair value adjustments to financial assets at fair value through profit or loss	4	1,843	0	1,998
		<u>9,277,445</u>	<u>8,309,332</u>	<u>7,872,533</u>
Expenditure from operating activities				
Employee costs		(3,136,188)	(3,339,754)	(2,824,713)
Materials and contracts		(2,608,481)	(2,824,521)	(2,573,370)
Utility charges		(354,802)	(360,005)	(325,231)
Depreciation		(2,707,158)	(2,799,320)	(3,013,436)
Finance costs		(66,165)	(67,819)	(74,880)
Insurance		(218,803)	(212,345)	(279,029)
Other expenditure		(25,245)	(28,150)	(132,254)
Loss on asset disposals		0	(10,790)	0
		<u>(9,116,842)</u>	<u>(9,642,704)</u>	<u>(9,222,913)</u>
Non-cash amounts excluded from operating activities	23(a)	2,385,966	2,795,410	3,002,235
Amount attributable to operating activities		<u>2,546,569</u>	<u>1,462,038</u>	<u>1,651,855</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,216,850	1,891,613	989,573
Proceeds from disposal of assets		34,517	67,000	9,654
		<u>1,251,367</u>	<u>1,958,613</u>	<u>999,227</u>
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(489,200)	(1,107,795)	(353,043)
Purchase and construction of infrastructure	8(a)	(1,994,539)	(3,069,757)	(1,524,024)
		<u>(2,483,739)</u>	<u>(4,177,552)</u>	<u>(1,877,067)</u>
Amount attributable to investing activities		<u>(1,232,372)</u>	<u>(2,218,939)</u>	<u>(877,840)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	25	477,080	477,080	100,000
		<u>477,080</u>	<u>477,080</u>	<u>100,000</u>
Outflows from financing activities				
Repayment of borrowings	24(a)	(356,511)	(356,511)	(361,057)
Transfers to reserve accounts	25	(889,465)	(915,260)	(60,677)
		<u>(1,245,976)</u>	<u>(1,271,771)</u>	<u>(421,734)</u>
Amount attributable to financing activities		<u>(768,896)</u>	<u>(794,691)</u>	<u>(321,734)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(b)	1,565,532	1,551,592	1,113,251
Amount attributable to operating activities		2,546,569	1,462,038	1,651,855
Amount attributable to investing activities		(1,232,372)	(2,218,939)	(877,840)
Amount attributable to financing activities		(768,896)	(794,691)	(321,734)
Surplus or deficit after imposition of general rates	23(b)	<u>2,110,833</u>	<u>0</u>	<u>1,565,532</u>

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

**SHIRE OF BODDINGTON
FOR THE YEAR ENDED 30 JUNE 2023
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SHIRE OF BODDINGTON

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

1. BASIS OF PREPARATION

The financial report of Shire of Boddington which is Class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

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

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. The Shire does not currently hold any monies in a Trust.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

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

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Youth Centre stock	Single point in time	Payment in advance at the time of purchase	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	Payment in full in advance	Refund if event cancelled	On entry or at conclusion of hire
Fees and charges - other goods and services	Cemetery fees, library fees and childcare centre	Single point in time	Payment in advance or on normal trading terms if credit provided	Refund for non-delivery of goods or services	Output method based on provision of goods or services

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	6,124,419	0	6,124,419
Grants, subsidies and contributions	49,236	0	106,671	817,410	973,317
Fees and charges	1,306,425	0	350,290	33,516	1,690,231
Interest revenue	0	0	17,930	158,374	176,304
Other revenue	33,215	0	105,763	146,325	285,303
Capital grants, subsidies and contributions	0	1,216,850	0	0	1,216,850
Total	1,388,876	1,216,850	6,705,073	1,155,625	10,466,424

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	5,228,314	0	5,228,314
Grants, subsidies and contributions	100,822	0	142,966	672,379	916,167
Fees and charges	1,173,684	0	315,915	40,588	1,530,187
Interest revenue	0	0	20,252	4,460	24,712
Other revenue	41,506	0	56,608	68,171	166,285
Capital grants, subsidies and contributions	0	989,573	0	0	989,573
Total	1,316,012	989,573	5,764,055	785,598	8,855,238

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Interest on reserve account funds	34,466	1,678
Other interest revenue	141,838	23,034
	176,304	24,712

Fees and charges relating to rates receivable

Charges on instalment plan	4,920	2,560
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The 2023 original budget estimate in relation to:
Charges on instalment plan was \$2,500.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	30,500	34,500
- Other services – grant acquittals	4,730	7,000
	35,230	41,500

Employee Costs

Employee benefit costs	2,612,217	2,451,235
Other employee costs	523,971	373,478
	3,136,188	2,824,713

Finance costs

Interest and financial charges paid/payable
for financial liabilities not at fair value
through profit or loss

66,165	74,880
66,165	74,880

Other expenditure

Impairment losses on other receivables	803	733
Sundry expenses	24,442	131,521
	25,245	132,254

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

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	8,009,668	6,328,548
Total cash and cash equivalents	8,009,668	6,328,548
Held as		
- Unrestricted cash and cash equivalents	2,882,169	1,813,818
- Restricted cash and cash equivalents	15 5,127,499	4,514,730
	8,009,668	6,328,548

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

	2023	2022
	\$	\$
Non-current assets		
Financial assets at fair value through profit or loss	40,745	38,902
	40,745	38,902
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	38,902	36,904
Movement attributable to fair value increment	1,843	1,998
Units in Local Government House Trust - closing balance	40,745	38,902

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 21 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

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

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

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

5. TRADE AND OTHER RECEIVABLES

Note	2023 \$	2022 \$
Current		
Rates and statutory receivables	300,227	275,370
Trade receivables	328,914	138,804
Receivables for employee related provisions	11,661	23,926
Allowance for credit losses of trade receivables	(4,873)	(4,070)
Other sundry receivables	0	2,039
	635,929	436,069
Non-current		
Rates and statutory receivables	23,375	12,846
	23,375	12,846

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers	328,914	138,804	1,318,935
	5 (4,873)	(4,070)	(3,337)
Total trade and other receivables from contracts with customers	324,041	134,734	1,315,598

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Accrued income	7,883	119,792
	7,883	119,792

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	3,703,000	4,391,384	21,273,010	29,367,394	75,564	2,616,463	32,059,421
Additions	103,049	0	45,597	148,646	45,928	158,469	353,043
Disposals	0	0	0	0	0	(4,784)	(4,784)
Depreciation	0	(309,044)	(848,116)	(1,157,160)	(27,646)	(292,202)	(1,477,008)
Balance at 30 June 2022	3,806,049	4,082,340	20,470,491	28,358,880	93,846	2,477,946	30,930,672
Comprises:							
Gross balance amount at 30 June 2022	3,806,049	4,744,798	22,172,541	30,723,388	372,629	3,173,517	34,269,534
Accumulated depreciation at 30 June 2022	0	(662,458)	(1,702,050)	(2,364,508)	(278,783)	(695,571)	(3,338,862)
Accumulated impairment loss at 30 June 2022	0	0	0	0	0	0	0
Balance at 30 June 2022	3,806,049	4,082,340	20,470,491	28,358,880	93,846	2,477,946	30,930,672
Additions	99,004	47,322	12,096	158,422	117,487	213,291	489,200
Disposals	0	0	0	0	0	(8,489)	(8,489)
Revaluation increments / (decrements) transferred to revaluation surplus	338,447	877,329	7,201,706	8,417,482	0	0	8,417,482
Depreciation	0	(92,883)	(1,039,826)	(1,132,709)	(18,673)	(299,487)	(1,450,869)
Transfers	0	(2,544,108)	2,544,108	0	1,754	(7,368)	(5,614)
Balance at 30 June 2023	4,243,500	2,370,000	29,188,575	35,802,075	194,414	2,375,893	38,372,382
Comprises:							
Gross balance amount at 30 June 2023	4,243,500	2,370,000	38,283,510	44,897,010	491,871	4,230,117	49,618,998
Accumulated depreciation at 30 June 2023	0	0	(9,094,935)	(9,094,935)	(297,457)	(1,854,224)	(11,246,616)
Balance at 30 June 2023	4,243,500	2,370,000	29,188,575	35,802,075	194,414	2,375,893	38,372,382

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	Level 2	Market Approach	Independent registered valuers	June 2023	Recent observable market data for similar properties/income approach using discounted cash flow methodology
Buildings - non-specialised	Level 2	Market Approach	Independent registered valuers	June 2023	Recent observable market data for similar properties/income approach using discounted cash flow methodology
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment		Not applicable	Deemed Cost	Not applicable	Not applicable
Plant and equipment		Not applicable	Deemed Cost	Not applicable	Not applicable

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure - bridges & culverts	Infrastructure - drainage, kerb and channel	Infrastructure - footpaths	Infrastructure - parks and ovals	Infrastructure - public facilities	Infrastructure - other infrastructure	Infrastructure - foreshore infrastructure	Infrastructure - caravan park	Infrastructure - waste	Infrastructure - Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
Balance at 1 July 2021	34,456,896	9,049,227	1,442,445	1,494,495	707,894	1,725,467	1,704,140	2,775,677	75,608	1,290,044	0	54,721,893
Additions	1,212,515	0	0	111,722	0	25,000	133,470	41,317	0	0	0	1,524,024
Revaluation increments / (decrements) transferred to revaluation surplus	7,187,058	(1,077,888)	158,657	(181,732)	0	0	0	0	0	0	0	6,086,095
Depreciation	(858,057)	(214,091)	(80,851)	(55,761)	(30,017)	(121,903)	(66,687)	(51,470)	(12,784)	(44,807)	0	(1,536,428)
Transfers	0	0	0	0	(16,238)	0	16,238	0	0	0	0	0
Balance at 30 June 2022	41,998,412	7,757,248	1,520,251	1,368,724	661,639	1,628,564	1,787,161	2,765,524	62,824	1,245,237	0	60,795,584
Comprises:												
Gross balance at 30 June 2022	50,506,072	14,397,132	2,257,688	2,581,869	779,977	2,128,857	2,216,184	2,920,853	125,625	1,423,388	0	79,337,645
Accumulated depreciation at 30 June 2022	(8,507,660)	(6,639,884)	(737,437)	(1,213,145)	(118,338)	(500,293)	(429,023)	(155,329)	(62,801)	(178,151)	0	(18,542,061)
Balance at 30 June 2022	41,998,412	7,757,248	1,520,251	1,368,724	661,639	1,628,564	1,787,161	2,765,524	62,824	1,245,237	0	60,795,584
Additions	1,089,854	98,000	8,258	172,050	0	0	561,324	0	0	0	65,053	1,994,539
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	724,061	0	0	0	0	724,061
Depreciation	(714,199)	(148,266)	(56,189)	(43,631)	0	0	(294,004)	0	0	0	0	(1,256,289)
Transfers	0	0	0	0	(661,639)	(1,628,564)	6,369,402	(2,765,524)	(62,824)	(1,245,237)	0	5,614
Balance at 30 June 2023	42,374,067	7,706,982	1,472,320	1,497,143	0	0	9,147,944	0	0	0	65,053	62,263,509
Comprises:												
Gross balance at 30 June 2023	51,595,926	14,495,132	2,265,946	2,753,919	0	0	13,475,180	0	0	0	65,053	84,651,156
Accumulated depreciation at 30 June 2023	(9,221,859)	(6,788,150)	(793,626)	(1,256,776)	0	0	(4,327,236)	0	0	0	0	(22,387,647)
Balance at 30 June 2023	42,374,067	7,706,982	1,472,320	1,497,143	0	0	9,147,944	0	0	0	65,053	62,263,509

Transfers for 30 June 2023

Parks and ovals, Public Facilities, Foreshore, Caravan Park and Waste have been transferred into one class of assets being 'Other Infrastructure'. There are no changes to depreciation rates for 2022/2023.

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

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure - bridges & culverts	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - drainage, kerb and chan	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - parks and ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - public facilities	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - other infrastructure	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - foreshore infrastructure	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - caravan park	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - waste	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

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

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	5 to 100 years
Furniture and equipment	1 to 12 years
Plant and equipment	1 to 15 years
Sealed roads and streets	
- formation	not depreciated
- pavement	75 years
seal	
- bituminous seals	10 to 30 years
- asphalt surfaces	10 to 30 years
Gravel roads	
- formation	not depreciated
- pavement	6 to 15 years
Footpaths - slab	30 years
Bridges and Culverts	60 to 100 years
Sewerage piping	75 years
Water supply piping and drainage systems	20 to 75 years
Caravan park infrastructure	7 to 15 years
Foreshore infrastructure	10 to 25 years
Parks and ovals infrastructure	5 to 25 years
Public use facilities infrastructure	5 to 30 years
Waste site infrastructure	20 to 40 years
Other infrastructure	3 to 50 years

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

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

Impairment

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

Gains or losses on disposal

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

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

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued interest on loan borrowings	
Unclaimed Funds	
Road Safety Alliance	

	2023	2022
	\$	\$
	493,705	370,404
	44,892	46,079
	52,827	43,919
	12,262	(6,265)
	147,144	92,995
	9,691	11,400
	490	0
	150,897	0
	911,908	558,532

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

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

11. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	0	160,416
Capital grant/contributions liabilities	3,086,114	2,725,314
Retirement village - lease loan	300,000	0
	<u>3,386,114</u>	<u>2,885,730</u>
Non-current		
Retirement village - lease loan	0	300,000
	<u>0</u>	<u>300,000</u>
Reconciliation of changes in contract liabilities		
Opening balance	160,416	149,144
Additions	0	160,416
Revenue from contracts with customers included as a contract liability at the start of the period	(160,416)	(149,144)
	<u>0</u>	<u>160,416</u>
<p>The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	2,725,314	1,485,412
Additions	3,086,114	2,725,314
Revenue from capital grant/contributions held as a liability at the start of the period	(2,725,314)	(1,485,412)
	<u>3,086,114</u>	<u>2,725,314</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	3,086,114	2,725,314
	<u>3,086,114</u>	<u>2,725,314</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Capital grant/contribution liabilities

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

Retirement village - lease loan

The Retirement village lease loan is a 45 year non-transferable lease for a residence at "Hotham Rise Lifestyle Village" located at Forrest Street, Boddington. After the lease is terminated and, a replacement resident settles the grant of a new lease, the Shire has agreed to repay the lessee the loan amount.

The tenant has given notice to terminate lease, as the Shire will not be continuing with the lease loan arrangement, repayment of the loan amount will be settled within the next 12 months.

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

12. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		369,416	1,386,659	1,756,075	356,511	1,756,075	2,112,586
Total secured borrowings	24(a)	369,416	1,386,659	1,756,075	356,511	1,756,075	2,112,586

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 21(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 24(a).

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

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	134,861	145,239
Long service leave	68,379	100,376
	203,240	245,615
Total current employee related provisions	203,240	245,615
Non-current provisions		
Employee benefit provisions		
Long service leave	65,440	48,232
	65,440	48,232
Total non-current employee related provisions	65,440	48,232
Total employee related provisions	268,680	293,847

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

14. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,160,759	338,448	2,499,207	2,160,759	0	2,160,759
Revaluation surplus - Buildings - non-specialised	6,782,899	1,925,218	8,708,117	6,782,899	0	6,782,899
Revaluation surplus - Buildings - specialised	341,556	6,153,816	6,495,372	341,556	0	341,556
Revaluation surplus - Plant and equipment	118,039	0	118,039	118,039	0	118,039
Revaluation surplus - Infrastructure - roads	34,557,745	0	34,557,745	27,370,687	7,187,058	34,557,745
Revaluation surplus - Other infrastructure - bridges & culverts	7,798,848	0	7,798,848	8,876,736	(1,077,888)	7,798,848
Revaluation surplus - Infrastructure - drainage, kerb and channel	912,062	0	912,062	1,093,794	(181,732)	912,062
Revaluation surplus - Infrastructure - footpaths	728,982	0	728,982	570,324	158,657	728,982
Revaluation surplus - Infrastructure - parks and ovals	409,916	(409,916)	0	409,916	0	409,916
Revaluation surplus - Infrastructure - public facilities	1,658,763	(1,658,763)	0	1,658,763	0	1,658,763
Revaluation surplus - Infrastructure - other infrastructure	704,614	4,446,570	5,151,184	704,614	0	704,614
Revaluation surplus - Infrastructure - foreshore infrastructure	261,249	(261,249)	0	261,249	0	261,249
Revaluation surplus - Infrastructure - caravan park	43,871	(43,871)	0	43,871	0	43,871
Revaluation surplus - Infrastructure - waste	1,348,710	(1,348,710)	0	1,348,710	0	1,348,710
	57,828,013	9,141,543	66,969,556	51,741,917	6,086,095	57,828,013

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

15. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2023 Actual \$	2022 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	5,127,499	4,514,730
		5,127,499	4,514,730
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	25	2,041,385	1,629,000
Contract liabilities	11	0	160,416
Capital grant liabilities	11	3,086,114	2,725,314
Total restricted financial assets		5,127,499	4,514,730

**16. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit		750,000	750,000
Bank overdraft at balance date		0	0
Credit card limit		50,000	50,000
Credit card balance at balance date		(1,979)	(1,272)
Total amount of credit unused		798,021	798,728
Loan facilities			
Loan facilities - current		369,416	356,511
Loan facilities - non-current		1,386,659	1,756,075
Total facilities in use at balance date		1,756,075	2,112,586

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

17. CONTINGENT LIABILITIES

In compliance with Contaminated Sites Act 2003 Section 11, the Shire has listed sites to be possible sources of contamination. Details of those sites are:

- Shire Refuse Site - Lot 71 Robins Rd, Boddington
- Shire Old Depot - 50 Johnstone Street, Boddington
- Shire Old Refuse Site - Lot 15965 River Road, Boddington

Development of a waste site management plan has been included in the Council Plan at 5.2.1, with a provision for engaging a consultant to conduct the assessment in the 2023/2024 Annual Budget. The management plan will include an evaluation of the future use of the waste site after closure. Until the Shire determines the future use of the site then it is unable to estimate the potential costs to remediate the land, if required.

All sites have been registered with the Department of Water and Environmental Regulations with 'possibly contaminated' and memorials have been applied to the titles. The memorials prevent any further development of the land and there is no immediate requirement to investigate or remediate the land, unless the Shire wishes to develop the land.

Until the Shire completes its investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Water and Environmental Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

18. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	153,976	119,022
- plant & equipment purchases	27,270	102,868
	181,246	221,890
Payable:		
- not later than one year	181,246	221,890

The capital expenditure projects outstanding at the end of the current reporting period represent the purchase of transportable lunchroom, water tanks, and installation of lighting for entry sign. The plant and equipment purchase represents purchase of a pod for the ranger vehicle

The prior year commitments represents supply of lighting at Hotham Park and the purchase of a 7.5m tandem axle trailer and a new mower.

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

19. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	8,925	8,925	8,500
President's meeting attendance fees	11,550	11,550	11,000
President's annual allowance for ICT expenses	541	541	515
President's travel and accommodation expenses	409	500	273
	<u>21,425</u>	<u>21,516</u>	<u>20,288</u>
Deputy President's annual allowance	2,231	2,231	2,125
Deputy President's meeting attendance fees	5,775	5,775	5,500
Deputy President's annual allowance for ICT expenses	541	541	515
Deputy President's travel and accommodation expenses	1,585	500	255
	<u>10,132</u>	<u>9,047</u>	<u>8,395</u>
All other council member's meeting attendance fees	28,875	28,875	27,041
All other council member's annual allowance for ICT expenses	2,705	2,705	2,533
All other council member's travel and accommodation expenses	1,754	2,500	690
	<u>33,334</u>	<u>34,080</u>	<u>30,264</u>
19(b)	<u>64,891</u>	<u>64,643</u>	<u>58,947</u>

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	506,453	369,637
Post-employment benefits	68,791	60,518
Employee - other long-term benefits	49,245	43,870
Employee - termination benefits	3,615	76,854
Council member costs	64,891	58,947
19(a)	<u>692,995</u>	<u>609,826</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

19. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	6,447	8,627
Purchase of goods and services	255,473	105,060
Short term employee benefits - other related parties	36,582	0
Payment of council member costs (Refer to Note 19(a))	64,891	58,947

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 19(a) and 19(b)

ii. Other Related Parties

Sale of goods and services relates to rental payments in relation to domestic tenancies.

The major component of purchase of goods and services relates to transactions with a contractor to install lighting at Hotham Park equating to \$179,154. The contractor is a closely related party to one of the council members.

Short-term employee benefits related to an associate person of the Executive Manager Corporate Services who was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

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

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

20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period that are to be included in 2022/2023.

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

21. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

22. RATING INFORMATION

(a) General Rates

RATE TYPE			2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
General	Gross rental valuation	0.111213	501	27,988,941	3,112,734	(345)	3,112,389	3,112,734	500	3,113,234	2,656,047
Rural	Unimproved valuation	0.006196	127	110,247,000	683,090	0	683,090	683,090	500	683,590	747,631
Mining	Unimproved valuation	0.035258	49	51,338,414	1,810,090	0	1,810,090	1,810,090	0	1,810,090	1,432,819
Commercial	Unimproved valuation	0.025432	2	1,013,000	25,763	0	25,763	25,763	0	25,763	22,469
Rural Residential	Unimproved valuation	0.010326	131	13,411,500	138,487	0	138,487	138,487	0	138,487	0
Total general rates			810	203,998,855	5,770,164	(345)	5,769,819	5,770,164	1,000	5,771,164	4,858,966
Minimum payment		\$									
General	Gross rental valuation	900	132	251,571	118,800	0	118,800	118,800	0	118,800	151,536
Rural	Unimproved valuation	900	98	10,666,000	88,200	0	88,200	88,200	0	88,200	175,500
Mining	Unimproved valuation	900	42	176,928	37,800	0	37,800	37,800	0	37,800	42,312
Rural Residential	Unimproved valuation	900	122	9,160,000	109,800	0	109,800	109,800	0	109,800	0
Total minimum payments			394	20,254,499	354,600	0	354,600	354,600	0	354,600	369,348
Total general rates and minimum payments			1,204	224,253,354	6,124,764	(345)	6,124,419	6,124,764	1,000	6,125,764	5,228,314
Total Rates							6,124,419			6,125,764	5,228,314
Rate instalment interest							3,407			2,500	2,551
Rate overdue interest							14,804			18,350	17,702

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

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

23. DETERMINATION OF SURPLUS OR DEFICIT

	2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2021/22 (30 June 2022 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(26,028)	(14,700)	(4,870)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,843)	0	(1,998)
Add: Loss on disposal of assets	0	10,790	0
Add: Depreciation	2,707,158	2,799,320	3,013,436
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(10,529)	0	12,655
Employee benefit provisions	17,208	0	(16,988)
Retirement Village - Lease Loan	(300,000)	0	0
Non-cash amounts excluded from operating activities	2,385,966	2,795,410	3,002,235
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	25 (2,041,385)	(2,067,181)	(1,629,000)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	12 369,416	369,415	356,511
Total adjustments to net current assets	(1,671,969)	(1,697,766)	(1,272,489)
Net current assets used in the Statement of Financial Activity			
Total current assets	8,653,480	4,587,162	6,884,409
Less: Total current liabilities	(4,870,678)	(2,889,396)	(4,046,388)
Less: Total adjustments to net current assets	(1,671,969)	(1,697,766)	(1,272,489)
Surplus or deficit after imposition of general rates	2,110,833	0	1,565,532

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

24. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget		
		New Loans		Principal	Principal at 30 June 2022	Principal	Principal at 30 June 2023	Principal		
		Principal at 1 July 2021	During 2021-22	Repayments During 2021-22		Repayments During 2022-23		Principal at 1 July 2022	Repayments During 2022-23	Principal at 30 June 2023
\$	\$	\$	\$	\$	\$	\$	\$	\$		
Administration Centre		429,525	0	(138,335)	291,190	(142,705)	148,485	292,375	(142,705)	149,670
Doctors Residence		12,942	0	(12,942)	0	0	0	0	0	0
Childcare Centre		102,445	0	(18,728)	83,717	(18,989)	64,728	84,619	(18,989)	65,630
House - 3 Pecan Place		179,384	0	(15,256)	164,128	(16,256)	147,872	164,128	(16,256)	147,872
House - 34 Hill Street		181,920	0	(15,472)	166,448	(16,486)	149,962	166,448	(16,486)	149,962
Recreation Centre		660,580	0	(65,711)	594,869	(65,981)	528,888	596,762	(65,981)	530,781
Recreation Centre		906,847	0	(94,613)	812,234	(96,094)	716,140	812,235	(96,094)	716,141
Total		2,473,643	0	(361,057)	2,112,586	(356,511)	1,756,075	2,116,567	(356,511)	1,760,056

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending	Budget for year ending	Actual for year ending
						30 June 2023	30 June 2023	30 June 2022
						\$	\$	\$
Administration Centre		105	WATC*	4.01%	11/06/2024	(9,932)	(10,206)	(14,315)
Doctors Residence		83	WATC*	6.47%	16/01/2022	0	0	(247)
Childcare Centre		100	WATC*	6.42%	2/03/2026	(4,671)	(5,075)	(4,955)
House - 3 Pecan Place		94	WATC*	6.45%	28/05/2030	(10,232)	(10,328)	(11,237)
House - 34 Hill Street		97	WATC*	6.45%	28/05/2030	(10,376)	(10,474)	(11,396)
Recreation Centre		106	WATC*	3.36%	13/03/2030	(18,775)	(19,438)	(19,067)
Recreation Centre		107	WATC*	1.56%	3/06/2030	(12,179)	(12,298)	(13,662)
Total						(66,165)	(67,819)	(74,879)

* WA Treasury Corporation

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

25. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Plant reserve	221,394	54,684	0	276,078	221,394	51,107	0	272,501	221,172	222	0	221,394
(b) Building reserve	97,222	202,057	0	299,279	97,221	200,486	0	297,707	97,125	97	0	97,222
(c) Local organisation assistance reserve	40,648	40,860	0	81,508	40,649	40,203	0	80,852	31,617	9,031	0	40,648
(d) Refuse site reserve	39,509	40,836	0	80,345	39,510	40,198	0	79,708	39,471	38	0	39,509
(e) Aged housing reserve	267,197	45,653	(100,000)	212,850	267,197	41,336	(100,000)	208,533	366,827	370	(100,000)	267,197
(f) Swimming pool reserve	21,027	200,445	0	221,472	21,026	200,105	0	221,131	21,006	21	0	21,027
(g) River crossing reserve	47,691	41,009	0	88,700	47,692	40,238	0	87,930	47,643	48	0	47,691
(h) Prepaid conditional grants reserve	199,760	4,226	0	203,986	199,759	0	0	199,759	199,559	201	0	199,760
(i) Unspent conditional grants reserve	377,080	7,978	(377,080)	7,978	377,080	0	(377,080)	0	376,700	380	0	377,080
(j) Public open space reserve	267,472	50,659	0	318,131	267,473	101,337	0	368,810	267,203	269	0	267,472
(k) Town Weir reserve	50,000	201,058	0	251,058	50,000	200,250	0	250,250	0	50,000	0	50,000
	1,629,000	889,465	(477,080)	2,041,385	1,629,001	915,260	(477,080)	2,067,181	1,668,323	60,677	(100,000)	1,629,000

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

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Plant reserve	to fund the purchase of new or second hand plant and equipment
(b) Building reserve	to fund the requirements for maintenance, renewal, upgrade or new buildings and associated facilities
(c) Local organisation assistance reserve	to fund the Shire's co-contribution towards projects received under the Community Facilities Fund
(d) Refuse site reserve	to fund the establishment and operation of the refuse disposal facilities
(e) Aged housing reserve	to fund future aged housing developments
(f) Swimming pool reserve	to fund the maintenance and upgrade requirements of the swimming pool
(g) River crossing reserve	to fund the upgrading and refurbishment of river crossings
(h) Prepaid conditional grants reserve	to provide a mechanism for identifying prepaid grants where the expenditure will be incurred in the next financial year
(i) Unspent conditional grants reserve	to provide a mechanism for identifying conditional unspent grants where the expenditure will be undertaken in future years be it operating or capital in nature
(j) Public open space reserve	to fund the upgrade and rationalisation of Public Open Space and parklands within the Shire
(k) Town Weir reserve	to fund renewal, replacement, upgrade and maintenance expenses related to the town weir

5.2 Progress Report | Financial Management Systems Review and Regulation 17 Review

File Reference: 2.033
Applicant: Not Applicable
Disclosure of Interest: Nil
Author: Chief Executive Officer
Attachments: 5.2A Progress Report as at 31 December 2023

Summary

The purpose of this report is to provide a progress update on actions resulting from the Financial Management Systems Review and the Regulation 17 (Risk Management) Review.

Background

In accordance with the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996, Local Government CEO's are required to undertake a review into the appropriateness and effectiveness of financial management systems, as well as a review of the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance, every three years. This requirement is in addition to the two financial audits that are undertaken each year.

In 2022, the Shire of Boddington engaged Moore Australia to undertake the requirements for both reviews, with the resulting report presented to the Audit Committee August 2022.

Comment

This report provides an update on actions arising from audits and progress made since the report was provided to the Committee June 2023. The schedule (Attachment 5.2A) includes actions from both Reviews.

Progress has been made on a number of the recommendations in the previous months, with only 7 items yet to be completed.

Other actions will continue to be addressed in accordance with priority and resource allocation. It is reasonable to expect all actions to be addressed prior to the due date for the next Reviews, being June 2025.

An action register will continue to be presented to the Audit Committee on a biannual basis to provide updates on the progress in relation to the recommendations.

Consultation

Nil

Strategic Implications

Aspiration	Performance
Outcome 12	Visionary Leadership and Responsible Governance
Objective 12.1	Maintain a high standard of leadership, corporate governance and customer service

Legislative Implications

In accordance with the Local Government (Audit) Regulations 1996 – Regulation 17, the Chief Executive Officer is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- a. Risk management
- b. Internal control and
- c. Legislative compliance

Each of those matters is to be the subject of a review not less than once in every 3 financial years, with the results of that review to be reported to the Audit Committee.

The Local Government (Financial Management) Regulations 1996 Section 5(2)(c) require the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

Policy Implications

Nil

Financial Implications

Nil

Economic Implications

Nil

Social Implications

Nil

Environmental Considerations

Nil

Risk Considerations

Risk Statement and Consequence	The primary risk in relation to this item is the failure to action the stated items outlined in Reviews in a timely manner.
Risk Rating (prior to treatment or control)	Moderate
Principal Risk Theme	Compliance
Risk Action Plan (controls or treatment proposed)	Regular reporting of progress to achieve the stated actions will continue.

Options

Not applicable

Voting Requirements

Simple Majority

Officer Recommendation and Committee Decision

COMMITTEE RESOLUTION: 3/24

Moved: Cr L Lewis

Seconded: Cr E Smalberger

That the Audit Committee receives the Progress Report as at 31 December 2023, on the progress related to the Financial Management Systems Review and the Regulation 17 (Risk Management) Review.

Carried: 4-0

For: Cr G Ventris, Cr E Smalberger, Cr L Lewis, C A Ryley

Against: Nil

Progress Report - Financial
Risk Assessment 6.2.1 - 6.2.14

Name	Mitigation and Management	Status	Action Taken
Policy - 5.16 Elected members continuing professional development policy	Review and consider any policy updates, ensure the policy is adopted by an absolute majority to comply with section 5.128 of the Local Government Act 1995.	Complete	Policy amended at March OCM.
Policy 9.2 - Depreciation rates	Rescind the Policy or alternatively review and amend the policy, requiring depreciation rates and remaining useful life to be assessed annually in accordance with accounting standards.	Complete	Policy deleted at March OCM.
Policy 9.3 - Long service leave	Rescind the Policy or alternatively review and amend the policy, requiring probability rates to be assessed annually. Rescind the Policy or alternatively review and amend the policy, removing the requirement to hold funds or hold a certain percentage of funds.	Complete	Policy deleted at March OCM.
Policy 9.17 - Issue and use of credit cards	Review the Policy to amend the authorisation process of the CEO's credit card. In line with the Western Australian Auditor General's Report dated 7 May 2018 relating to Controls Over Corporate Credit Cards, periodically report credit card transactions to Council, clearly identifying them for noting. We note all credit card transactions are currently reported to Council along with the list of payment of accounts.	Complete	Policy deleted at March OCM.
Policy 10.3 - Policy Manual	Following the biennial or any other Council review of Policies, update the history section within each Policy to provide an accurate record of the Policy review occurring.	Complete	Policy deleted at March OCM.
Policy 11.1 - Appointment of Acting CEO policy	Review the policy to detail considerations required to maintain legislative compliance with any remuneration for an Acting Chief Executive Officer.	Complete	Policy amended at March OCM.
Policy - 11.6 Use of Shire Equipment - Staff	Consider the Private use of plant by Shire employees and whether it should only be in accordance with the same terms and conditions as the hire of plant by the general public.	Complete	Policy deleted at March OCM.
11.11 Local Government Manager's Association (LGMA)	Update policies to remove specific and / or detailed references to legislation and other external references to assist with maintaining appropriate alignment and consistency in Council policies.	Complete	Policy deleted at March OCM.
Policy 11.34 - Risk Management	Review and update the Policy to align to the current Risk Management Standard ISO 31000:2018.	Complete	Adopted in November 2022.

Policy 13.3 Purchasing of Goods and Services	"Amend the Policy to provide the following: Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by Local Government (Functions and General) Regulations 1996 Regulation 11(2) (j) (iv). Purchasing requirements for the issuing of contract variations and extensions for contracts not awarded by public tender. Consideration should be given to circumstances where the contract value increases over a policy threshold level, due to the variation or extension."	In Progress	Commenced Policy review. To be presented to Council in early 2024.
Internal Control Policy	We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.	Complete	Presented to Council June 2023.
Legislative Compliance Policy	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.	Complete	Presented to Council June 2023.
Payments to employees in addition to contract or award	Develop and adopt a policy to sufficiently address compliance with section 5.50 of the Local Government Act 1995 and align to the current organisational structure.	Complete	Policy adopted in April 2022
General Policy Actions	Review and update these policies to consider the appropriate separation of the roles of the council and the CEO. Consider review and update of policies to articulate the strategic direction of Council, particularly where legislation does not provide such direction.	Complete	Policy Review underway

Risk Assessment 7.1.1 - 7.1.4

Name	Mitigation and Management	Status	Action Taken
Business Continuity Plan	Progress the review, update of the Business Continuity Plan and test it to ensure its validity, including validity of the documented key business continuity risks along with the treatments. Ensure content of the plan is relevant and current to the Shire, and risk treatments are consolidated with overarching risk management activities.	Complete	Business Continuity Plan review completed in November 2022.
ICT Strategic Plan	Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level.	Complete	ICT Strategic Plan completed in July 2022.
ICT Disaster Recovery Plan	Develop an ICT Disaster Recovery Plan. Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level. Maintain, review and test the plan to ensure validity.	In Progress	A basic ICT Disaster Recovery Plan has been drafted, and will continue to be refined throughout 2023/24. Wallis ICT have been engaged to review and undertake a test of the Plan. This is scheduled to happen before May 2024.
Workforce Plan	Prepare a Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	In Progress	To be completed in 2023/24

Risk Assessment 7.2.1 - 7.2.18

Name	Mitigation and Management	Status	Action Taken
Operational Procedures at Shire Facilities	Update systems and controls to ensure staff at Shire facilities are aware of and understand the control environment required to be adhered to.	Complete	A full review of the hiring of Shire facilities has been undertaken. Changes in processes have been implemented.
Risk Management Procedures	Risk management procedures and process to be developed in accordance with the latest risk management standard (ISO 31000:2018). Implement risk management procedures and processes throughout the organisation.	Complete	Risk Management Procedures developed and finalised in October 2022.
Asset Management Condition Ratings	Ensure regular data collection is undertaken to develop key data to be used for the asset management decisions of Council. They should include the maintenance of systems allow and support the process in an efficient manner.	Complete	Road and Building condition inspections are now complete.
Contractor Inductions	Develop procedures to enable the induction of all contractors prior to work being undertaken by the Contractor for the Shire.	Complete	Processes are now developed and active.
Caravan Park Management	Formalise an agreement for the management of the Caravan Park, outlining the expectations of the performance of the role and consideration to be given for the performance of duties.	Complete	The arrangement no longer exists due to the Shire managing the day to day operations of the Park.
Accounts Payable	Invoices signed by only one employee increase the risk of an improper invoice being paid. A second signature verifying the payment of an invoice will assist in providing independent review.	Complete	The creditor stamp has been modified and now includes requirement for 2 signatures
Creditors Audit Trails	Procedures to minimise risk of unauthorised changes to creditor details should be implemented. Independent regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where employees responsible for processing creditors transactions are unable to make changes to creditor master file details.	Complete	An Audit trail report is printed each pay run which details all access and changes to creditor master file. This is independently check by Finance Co-ordinator.
Rates	Establish policies and procedures to demonstrate appropriate controls and authorisations exist for routine rating functions including interim rating processes and annual rates billing.	Complete	The finance co-ordinator signs off on all batch related rating changes as well as independently checks of the revaluation reconciliation.
Fixed Assets Register	Improve procedures and controls for updating the fixed assets register including evidencing review and authorisation by an independent officer.	Complete	Fixed Asset Reconciliation is actioned monthly.
Overhead & Administration Allocations	Finalise the review of activity based costings to support calculation of overhead and administration allocations.	Complete	Review of method of calculation is complete.
Procurement	All procurement of goods or services should be undertaken in accordance with legislative requirements and the Purchasing Policy. Any instances where a purchase pre-dates a purchase order should be documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.	Complete	Staff reminded of the requirement and training provided to key staff involved in procurement activities.
Overdue Debtors	Create and document procedures to ensure a transparent and consistent approach is applied to overdue debtors.	Complete	A action register is being developed to accompany the monthly debtors reconciliation.

Asset Disposals	Ensure future asset disposals are in accordance with the requirements of section 3.58 of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996.	Complete	Future disposal of assets, to be in-accordance with section 3.54 of LG Act 1995.
ICT User Access	Ensure regular reviews are undertaken of the ICT accounts and access level to ensure access is only available to current and authorised staff and users.	Complete	This forms part of the Exit process and off boarding is processed via the Wallis portal
Cyber Security	Ensure regular training is undertaken by staff equipping them with the knowledge to understand and identify cyber security threats.	Complete	Training at staff meeting October 2022. Additional information added to intranet for cybersecurity month. This will be included in the annual training program for Office Staff.
General Journals	Document internal controls to ensure any journals are reviewed and approved/authorised.	Complete	All general journals are co-signed. There were no instances of this not occurring at the final audit.
Asset Register	Review system processes to ensure regular and timely review of asset reconciliations.	Complete	Monthly Asset Reconciliations commenced in March 2022 and is signed off independently
Records	Develop systems and process to monitor the practice of record keeping within the organisation and identify any misuse and correct appropriately.	Complete	Process was in place at the time of audit.

Risk Assessment 7.3.1 - 7.3.10

Name	Mitigation and Management	Status	Action Taken
Employee Termination Procedures	Ensure termination procedures include the correct documentation to notify and record the termination date and reasoning for all employees.	Complete	An exit checklist is in place
Staff Contract and Employee Files	Undertake a review of all personnel files to reconcile documentation relating to conditions of employment, remuneration, roles and responsibilities.	Complete	Recruitment and on boarding process in development, including checklists for key documentation.
Payroll Audit Trails	Procedures to minimise risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where those responsible for processing payroll transactions are unable to make changes to employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes.	Complete	An audit trail report is run from Definitiv each pay and is independently signed of by EMCS.
Changes to Banking Details	Review and update procedures to ensure the following matters are appropriately considered and controls are adequate to: <ul style="list-style-type: none"> •Validate the change request and its origin; •Change requests are appropriately authorised; and; •Validate and control the changes once completed. 	Complete	Changes to banking details is always completed online, with appropriate authorisation through banking software.
Interview panels conflict of interest	Require conflict of interest declarations are completed for all members of an interview panel to ensure a fair and unbiased process is undertaken.	Complete	Included in interview templates.

Letter of Offer	Ensure any offer of employment is only given to a prospective employee after the prospective employee submits documentation required for their position. Alternatively, the offer of employment letter can be altered to be subject to the requirements being fulfilled.	Complete	Complete
Employee Code of Conduct	Undertake a review of all personnel files to ensure the current code of conduct is read, understood and signed by all employees.	Complete	Confirmed with HR Officer that this practice is now standard.
Payroll	Ensure all changes to an employee rate of pay are documented and authorised by an appropriate person.	Complete	
Staff Training	Develop and maintain a staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.	In Progress	First draft of training matrix developed. Procedures being implemented to ensure regular updating of this matrix.
Payroll reconciliations	Review system processes to ensure regular and timely review of payroll reconciliations.	Complete	Payroll reconciliations commenced May 2022 and are completed each month

Risk Assessment 8.1.1 - 8.5.1

Name	Mitigation and Management	Status	Action Taken
Council and Committee Minutes	Ensure all attachments supporting the minutes are included in the official minutes, and the minutes are published on the official local government website.	Complete	In previous years, the list of accounts was incorrectly excluded from the publicly available content. This was corrected in 2021. Confidential resolutions are published in accordance with the legislative requirements.
ICT Register	Develop a register listing the current ICT Hardware and Software and include information required for the effective monitoring and management for this equipment and systems.	In Progress	Draft ICT Register in development.
Delegation Register	Review and update the delegations register to ensure delegations are appropriate and are consistent with relevant legislation.	Complete	Delegation Register reviewed in November 2022.
Risk Register	Maintaining risk registers for all identified key risks is important to help ensure appropriate identification, recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately mitigated to within accepted risk appetite. Routine (at least quarterly) review of the risk register is required for sound risk management.	Complete	Review of Strategic and Operational Risk Registers complete in October 2022.
Contracts Register	Maintain a register to record details of contracts and their status to assist with ensuring contracts are monitored and actioned as required.	In Progress	Being developed in line with upcoming State Legislation proposal.
Tender Register	Ensure the tender register complies with Regulation 16 & 17 of the Local Government (Functions and General) Regulations 1996 for any future tenders called.	Complete	Processes are now in place for the tender register to be completed and maintained correctly. No non-compliance since 2020/21.

Financial Interest Register	Review systems and procedures to ensure the acknowledgement of receipts of all returns occurs and are appropriately filed in the register of financial interests as required by legislation.	Complete	Process reviewed, and training of the responsible officer undertaken.
Grants Register	Maintain a register of grants register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.	In Progress	Grants register developed. Internal processes to update this Register are being finalised.
Insurance Claims Register	Develop and maintain an insurance claims register or alternatively develop systems within the risk register to monitor and manage insurance claims.	Complete	Underway
Internal Audit	We suggest the level of documentation in relation to the external review procedures undertaken increases. This may help to confirm adherence to documented policies and procedures in relation to high-risk areas as recommended by the OAG in their report to Parliament on the Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities.	On Hold	No current resources exist for an internal auditor, and this action is not proposed to be implemented in the short term.

6. CLOSURE OF MEETING

There being no further business, Cr Garry Ventris, Shire President, declared the meeting closed at 5.04pm.

These minutes were confirmed by the Committee as a true and accurate record at the Ordinary Council Meeting on [date, month, year].

Shire President Full Name

Shire President Signature

Date