

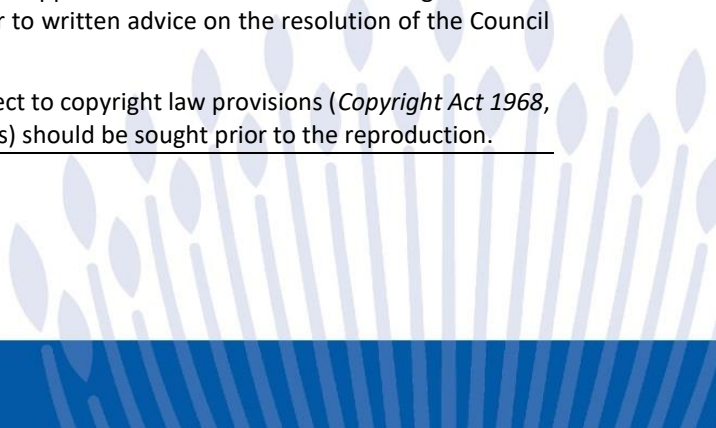
Audit & Risk Committee Meeting

Minutes | 11th February 2025

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Quairading during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Quairading. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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SHIRE OF QUAIRADING

Audit & Risk Committee Meeting

The Audit & Risk Committee Meeting Minutes of Meeting held on 11th February 2025 commencing at 5:00pm.

ITEM 1 **OPENING & ANNOUNCEMENTS**

The Chairperson opened the Meeting at 5.03 pm.

“Before we start our meeting, I would like to acknowledge that we are meeting on Noongar/Ballardong land. We pay respect to the original custodians of the land...past, present and future. I welcome you all here today for this meeting.”

The CEO called for nominations to chair the meeting in the absence of Cr Stacey. Cr Hayes nominated Cr Hippisley. Cr Hippisley accepted the nomination. No other nominations were received.

Cr Hippisley took the chair.

ITEM 2 **ATTENDANCE AND APOLOGIES**

Councillors

Cr JR Hippisley	Chairperson
Cr RC Faltyn	
Cr EV Gom	
Cr JC Hayes	

Council Officers

Ms NJ Ness	Chief Executive Officer
Ms T Brown	Executive Manager, Corporate Services
Ms SE Caporn	Executive Manager, Works & Services
Ms J Green	Executive Manager, Economic Development
Ms M Haeusler	Executive Officer

Observer/Visitor

Apologies

Cr Jo Haythornthwaite
Cr Trevor Stacey
Cr Becky Cowcill

Leave of Absence Previously Granted

Nil

ITEM 3 DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil

ITEM 4 DECLARATIONS OF INTEREST

Nil

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING**5.1 Confirmation of Minutes: Audit & Risk Committee Meeting – 12 November 2024****COMMITTEE RESOLUTION: ARC 017-24/25**

Moved: Cr JC Hayes

Seconded: Cr RC Faltyn

That the Minutes of the Audit & Risk Committee Meeting held on the 12 November 2024 be confirmed as a true and accurate record.





FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippiisley

AGAINST: Nil

CARRIED 4/0**BUSINESS ARISING**

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT**6.1 2023/2024 Financial Audit - Office of the Auditor General (OAG)****Responsible Officer** Natalie Ness, Chief Executive Officer**Reporting Officer** Tricia Brown, Executive Manager, Corporate Services

Attachments

1. Attachment (i) Findings Identified During the Final Audit - Year ended 30 June 2024 [↓](#) 
2. Attachment (ii) Independent Auditor's Report Opinion 2024 [↓](#) 
3. Attachment (iii) Signed Financial Statements 2024 [↓](#) 
4. Attachment (iv) Transmittal Letter to President (OAG) [↓](#) 

Voting Requirements Simple Majority**Disclosure of Interest** Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 018-24/25

Moved: Cr JC Hayes

Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council, that Council:

1. Notes that the Auditors finalised the 2023-2024 Financial Audit on the 4th December 2023 with 1 Significant and 1 Minor Rating – Findings Identified During the Final Audit (Attachment i).
2. Notes Receipt of the Independent Auditor's Report Opinion 2024 (Attachment ii), Signed Financial Statements (Attachment iii), Transmittal Letter to President – OAG (Attachment iv)

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley**AGAINST:** Nil**CARRIED 4/0****IN BRIEF**

- The 2023-2024 Audit was finalised on the 4th December 2024 following an Audit Exit Meeting on the 22nd November 2024 between AMD, the Office of the Auditor General, Cr Haythornthwaite, Cr Stacey and Shire Staff.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

AMD Chartered Accountants (AMD) have been contracted by the OAG to perform the Shire's financial report audit for a 3-year period, commencing with the audit for the year ended 30th June 2021 (prior year audit). The audit occurs in two steps; the first being an interim audit, with the second (final) stage being the audit work to attest the balances and notes that comprise the annual financial statements.

Bob Waddell and Associates were engaged to complete the Shire's Annual Financial Statements for the year ended 30th June 2024.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

International Financial Reporting Standards

POLICY IMPLICATIONS

Purchasing Policy

Records Management Policy

Significant Accounting Policies

Delegation 1.1.13: Payments from the municipal or trust funds

Delegations Register

FINANCIAL IMPLICATIONS

Council has a budget allocation of \$39,500 in the 2024/25 budget for the conduct of the external audit function by the Office of the Auditor General (OAG), for the audit of the 2023/24 annual financial statements. Following a large increase in audit fees for the 2023-2024 audits, it is anticipated that an increase in budget will be required in future years. Officers' efforts to undertake the improvements and report on progress have not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

RISK ASSESSMENT

	Option 1
Financial	Low <i>Cost of the audit is included in the budget. The audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the management report can reduce the risk of this occurring.</i>
Health	Low
Reputation	Low <i>Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.</i>
Operations	Low <i>Council's Management and administration staff assist AMD by providing all information and documents requested. Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The minor rating refers to an employee with excess leave which has consistently been an issue. This is continually monitored closely and has been addressed with the Executive Manager and Staff Member.

In respect of the land held for resale, this was raised due to significant movements in the fair value of land compared to previous years. This was in relation to the Cuneata Rise Land Sales development where the land was sold significantly under the current valuations. Consideration for future land sales may require further position papers to be prepared.

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

Representatives from the OAG and AMD attended the December OCM, 12th December 2024, to present to Council their findings and opinion on the 2023-2024 Audit.

COMMENTS AFFECTING COMMITTEE DECISION

Cr Hippisley asked for an introduction and summary of the audit process, which was given by the EMCS.

Cr Hippisley further enquired whether the major finding concerning the valuation of assets, specifically regarding the sale of the Edwards Way lots. He asked for clarification whether the adjustment of the value of the assets was supposed to have occurred in the previous financial year and before the sale took place. The EMCS responded that this was correct.

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ATTACHMENT

NAME OF ENTITY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Land held for re-sale	No	✓			
2. Excess Leave Balance	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 opinion, it should be addressed promptly.

Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

NAME OF ENTITY**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Land held for re-sale****Finding**

During our review we noted significant movements in the fair value of land held for re-sale compared to previous year. We requested a position paper detailing the assessment of fair value recorded at year-end, which led to a further adjustment of \$88,040.

Rating: Significant**Implication**

Risk of material misstatement of asset values and non-compliance with stated accounting policies.

Recommendation

We recommend that management ensure all properties held for re-sale are assessed in accordance with AASB 102 (Inventories). Additionally, management should prepare a position paper that supports their assessment of the fair value of these properties. This position paper should be thoroughly reviewed to ensure accuracy and completeness.

Management comment

The Shire will ensure assessments are carried out in accordance with AASB 102 (Inventories) and prepare position papers to support their assessments of those properties.

Responsible person:**Executive Manager Corporate Services****Completion date:****28/11/2024**

ATTACHMENT

NAME OF ENTITY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Excess Leave Balance

Finding

During our review of employee leave balances, it was noted that 1 employee has an annual leave balance in excess 8 weeks as at 30 June 2024.

This finding was first raised in 2022-23.

Rating: Minor (2023: Minor)

Implication

Increased risk:

- Of an adverse impact through excessive liabilities.
- Fraud can also be more easily concealed by staff who do not take leave.
- Incorrect leave entries not identified in a timely manner.

Recommendation

The Shire should continue to manage and monitor the excessive annual leave balances to reduce the liability, risk of business interruption and potential fraud, and ensure reconciliation and independent review of leave balances is carried out on a monthly basis.

Management comment

The Shire continues to manage leave balances and excess leave on a monthly basis and through the reporting framework to the Audit & Risk Committee. The Shire and employee had worked together to reduce this balance however it could not be reduced prior to the 30th June and was subsequently reduced in August 2024 by 126 hours due to the timing of an already booked holiday.

Responsible person:

Executive Manager Corporate Services

Completion date:

28/11/2024



Auditor General

INDEPENDENT AUDITOR'S REPORT 2024 Shire of Quairading

To the Council of the Shire of Quairading

Opinion

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

- the statement of financial position as at 30 June 2024, 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 material 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 2024 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities 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 2024, 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

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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, the Regulations and 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 Quairading for the year ended 30 June 2024 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
4 December 2024

UNCONFIRMED

SHIRE OF QUAIRADING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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

"Our Shire is a place of welcome for all, where we work together, with thriving industry creating jobs, a bright future for our young people, and a bustling town in a beautiful and productive rural setting."

Principal place of business:
10 Jennaberring Road
Quairading WA 6383



**SHIRE OF QUAIRADING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Quairading 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 2024 and the financial position as at 30 June 2024.

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

Signed on the *28th* day of *November* November 2024



CEO

Natalie Ness
Name of CEO



**SHIRE OF QUAIRADING
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	2(a),25	2,640,665	2,642,443	2,492,164
Grants, subsidies and contributions	2(a)	2,455,183	437,716	3,020,047
Fees and charges	2(a)	675,445	616,835	617,221
Interest revenue	2(a)	222,726	118,855	159,378
Other revenue	2(a)	459,002	413,189	380,066
		6,453,021	4,229,038	6,668,876
Expenses				
Employee costs	2(b)	(2,264,757)	(2,269,697)	(2,120,531)
Materials and contracts		(2,391,227)	(2,175,621)	(1,840,484)
Utility charges		(309,394)	(268,450)	(276,548)
Depreciation		(3,415,918)	(3,152,353)	(3,088,512)
Finance costs		(10,929)	(13,248)	(13,096)
Insurance		(282,142)	(199,849)	(238,146)
Other expenditure	2(b)	(617,300)	(134,755)	(162,203)
		(9,291,667)	(8,213,973)	(7,739,520)
		(2,838,646)	(3,984,935)	(1,070,644)
Capital grants, subsidies and contributions	2(a)	1,940,991	2,273,038	1,655,806
Profit on asset disposals		6,909	42,582	24,899
Loss on asset disposals		(27,273)	(75,359)	(42,010)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	1,681	0	3,686
		1,922,308	2,240,261	1,642,381
Net result for the period		(916,338)	(1,744,674)	571,737
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	0	15,065,812
Total other comprehensive income for the period	16	0	0	15,065,812
Total comprehensive income/(loss) for the period		(916,338)	(1,744,674)	15,637,549

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



**SHIRE OF QUAIRADING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	NOTE	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,380,453	6,755,895
Trade and other receivables	5	493,168	582,590
Other financial assets	4(a)	659,897	0
Inventories	6	198,674	416,668
Other assets	7	785,995	867,160
TOTAL CURRENT ASSETS		8,518,187	8,622,313
NON-CURRENT ASSETS			
Trade and other receivables	5	35,573	35,506
Other financial assets	4(b)	83,171	81,490
Inventories	6	114,000	345,420
Property, plant and equipment	8	23,438,504	23,720,277
Infrastructure	9	99,655,219	100,177,609
Right-of-use assets	11(a)	33,094	23,588
TOTAL NON-CURRENT ASSETS		123,359,561	124,383,890
TOTAL ASSETS		131,877,748	133,006,203
CURRENT LIABILITIES			
Trade and other payables	12	1,400,057	1,283,060
Other liabilities	13	238,647	511,526
Lease liabilities	11(b)	11,047	20,898
Borrowings	14	67,898	66,106
Employee related provisions	15	176,085	184,697
TOTAL CURRENT LIABILITIES		1,893,734	2,066,287
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	20,646	0
Borrowings	14	209,720	277,617
Employee related provisions	15	35,582	27,895
TOTAL NON-CURRENT LIABILITIES		265,948	305,512
TOTAL LIABILITIES		2,159,682	2,371,799
NET ASSETS		129,718,066	130,634,404
EQUITY			
Retained surplus		41,964,120	42,898,658
Reserve accounts	28	4,111,639	4,093,439
Revaluation surplus	16	83,642,307	83,642,307
TOTAL EQUITY		129,718,066	130,634,404

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



**SHIRE OF QUAIRADING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		42,825,686	3,594,674	68,576,495	114,996,855
Comprehensive income for the period					
Net result for the period		571,737	0	0	571,737
Other comprehensive income for the period	16	0	0	15,065,812	15,065,812
Total comprehensive income for the period		571,737	0	15,065,812	15,637,549
Transfers from reserve accounts	28	351,900	(351,900)	0	0
Transfers to reserve accounts	28	(850,665)	850,665	0	0
Balance as at 30 June 2023		42,898,658	4,093,439	83,642,307	130,634,404
Comprehensive income for the period					
Net result for the period		(916,338)	0	0	(916,338)
Total comprehensive income for the period		(916,338)	0	0	(916,338)
Transfers from reserve accounts	28	121,500	(121,500)	0	0
Transfers to reserve accounts	28	(139,700)	139,700	0	0
Balance as at 30 June 2024		41,964,120	4,111,639	83,642,307	129,718,066

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

**SHIRE OF QUAIRADING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	NOTE	2024 Actual \$	2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		2,613,702	2,440,951
Grants, subsidies and contributions		2,590,991	2,924,338
Fees and charges		675,727	617,708
Interest revenue		222,726	159,378
Goods and services tax received		549,274	338,522
Other revenue		459,002	380,066
		<u>7,111,422</u>	<u>6,860,963</u>
Payments			
Employee costs		(2,294,732)	(2,156,785)
Materials and contracts		(2,165,357)	(1,685,500)
Utility charges		(309,394)	(276,548)
Finance costs		(12,469)	(13,096)
Insurance paid		(282,142)	(238,146)
Goods and services tax paid		(532,958)	(405,962)
Other expenditure		(169,758)	(87,235)
		<u>(5,766,810)</u>	<u>(4,863,272)</u>
Net cash provided by operating activities		<u>1,344,612</u>	<u>1,997,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(505,162)	(335,644)
Payments for construction of infrastructure	9(a)	(2,238,999)	(2,720,137)
Capital grants, subsidies and contributions		1,636,778	1,658,184
Proceeds for financial assets at amortised cost		(659,897)	0
Proceeds from financial assets at amortised cost - self supporting loans		0	1,787
Proceeds from sale of property, plant & equipment		136,909	128,018
Net cash (used in) investing activities		<u>(1,630,371)</u>	<u>(1,267,792)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(66,105)	(66,151)
Payments for principal portion of lease liabilities	27(b)	(23,578)	(29,389)
Net cash (used in) financing activities		<u>(89,683)</u>	<u>(95,540)</u>
Net increase (decrease) in cash held		<u>(375,442)</u>	<u>634,359</u>
Cash at beginning of year		6,755,895	6,121,536
Cash and cash equivalents at the end of the year		<u><u>6,380,453</u></u>	<u><u>6,755,895</u></u>

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

SHIRE OF QUAIRADING
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

NOTE	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES			
Revenue from operating activities			
General rates	2,622,180	2,623,958	2,479,194
Rates excluding general rates	18,485	18,485	12,970
Grants, subsidies and contributions	2,455,183	437,716	3,020,047
Fees and charges	675,445	616,835	617,221
Interest revenue	222,726	118,855	159,378
Other revenue	459,002	413,189	380,066
Profit on asset disposals	6,909	42,582	24,899
Fair value adjustments to financial assets at fair value through profit or loss	1,681	0	3,686
	<u>6,461,611</u>	<u>4,271,620</u>	<u>6,697,461</u>
Expenditure from operating activities			
Employee costs	(2,264,757)	(2,269,697)	(2,120,531)
Materials and contracts	(2,391,227)	(2,175,621)	(1,840,484)
Utility charges	(309,394)	(268,450)	(276,548)
Depreciation	(3,415,918)	(3,152,353)	(3,088,512)
Finance costs	(10,929)	(13,248)	(13,096)
Insurance	(282,142)	(199,849)	(238,146)
Other expenditure	(617,300)	(134,755)	(162,203)
Loss on asset disposals	(27,273)	(75,359)	(42,010)
	<u>(9,318,940)</u>	<u>(8,289,332)</u>	<u>(7,781,530)</u>
Non cash amounts excluded from operating activities	3,895,327	3,188,687	3,183,813
Amount attributable to operating activities	<u>1,037,998</u>	<u>(829,025)</u>	<u>2,099,744</u>
INVESTING ACTIVITIES			
Inflows from investing activities			
Capital grants, subsidies and contributions	1,940,991	2,273,038	1,655,806
Proceeds from disposal of assets	136,909	335,000	128,018
Proceeds from financial assets at amortised cost - self supporting loans	0	0	1,787
	<u>2,077,900</u>	<u>2,608,038</u>	<u>1,785,611</u>
Outflows from investing activities			
Right of use assets received - non cash	(34,373)	0	0
Purchase of property, plant and equipment	(505,162)	(1,710,450)	(335,644)
Purchase and construction of infrastructure	(2,238,999)	(3,057,474)	(2,720,137)
	<u>(2,778,534)</u>	<u>(4,767,924)</u>	<u>(3,055,781)</u>
Non-cash amounts excluded from investing activities	34,373	0	0
Amount attributable to investing activities	<u>(666,261)</u>	<u>(2,159,886)</u>	<u>(1,270,170)</u>
FINANCING ACTIVITIES			
Inflows from financing activities			
Proceeds from new leases - non cash	34,373	0	0
Transfers from reserve accounts	121,500	1,088,825	351,900
	<u>155,873</u>	<u>1,088,825</u>	<u>351,900</u>
Outflows from financing activities			
Repayment of borrowings	(66,105)	(64,364)	(66,151)
Payments for principal portion of lease liabilities	(23,578)	(31,797)	(29,389)
Transfers to reserve accounts	(139,700)	(220,000)	(850,665)
	<u>(229,383)</u>	<u>(316,161)</u>	<u>(946,205)</u>
Non-cash amounts excluded from financing activities	(34,373)	0	0
Amount attributable to financing activities	<u>(107,883)</u>	<u>772,664</u>	<u>(594,305)</u>
MOVEMENT IN SURPLUS OR DEFICIT			
Surplus or deficit at the start of the financial year	2,315,053	2,246,437	2,079,784
Amount attributable to operating activities	1,037,998	(829,025)	2,099,744
Amount attributable to investing activities	(666,261)	(2,159,886)	(1,270,170)
Amount attributable to financing activities	(107,883)	772,664	(594,305)
Surplus or deficit after imposition of general rates	<u>2,578,907</u>	<u>30,190</u>	<u>2,315,053</u>

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

**SHIRE OF QUAIRADING
FOR THE YEAR ENDED 30 JUNE 2024
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**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1. BASIS OF PREPARATION

The financial report of the Shire of Quairading which is a 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 *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board except for disclosure requirements of:

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

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

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls; and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Measurement of employee benefits - note 15

Fair value hierarchy information can be found in note 24

The local government reporting entity

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

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

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 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

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 2021-7c *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*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

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

- AASB 2023-1 *Amendments to Australian Accounting Standards - Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	No refunds	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	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	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

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 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,622,180	18,485	2,640,665
Grants, subsidies and contributions	137,268	0	0	2,317,915	2,455,183
Fees and charges	663,219	0	12,226	0	675,445
Interest revenue	0	0	32,800	189,926	222,726
Other revenue	80,648	0	0	378,354	459,002
Capital grants, subsidies and contributions	0	1,940,991	0	0	1,940,991
Total	881,135	1,940,991	2,667,206	2,904,680	8,394,012

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,479,194	12,970	2,492,164
Grants, subsidies and contributions	64,355	0	0	2,955,692	3,020,047
Fees and charges	602,374	0	14,847	0	617,221
Interest revenue	0	0	17,865	141,513	159,378
Other revenue	55,018	0	0	325,048	380,066
Capital grants, subsidies and contributions	0	1,655,806	0	0	1,655,806
Total	721,747	1,655,806	2,511,906	3,435,223	8,324,682

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2024 Actual \$	2023 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	5	44
Interest on reserve account	163,975	118,253
Trade and other receivables overdue interest	32,800	17,865
Other interest revenue	25,946	23,216
	222,726	159,378

The 2024 original budget estimate in relation to:
Trade and other receivables overdue interest was \$18,850.

Fees and charges relating to rates receivable

Charges on instalment plan	1,290	1,415
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The 2024 original budget estimate in relation to:
Charges on instalment plan was \$1,500.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	31,590	32,220
- Other services – grant acquittals	3,450	500
	35,040	32,720

Employee Costs

Employee benefit costs	1,969,045	1,826,405
Other employee costs	295,712	294,126
	2,264,757	2,120,531

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	10,929	13,096
	10,929	13,096

Other expenditure

Impairment losses on trade receivables	282	487
Write down of inventories to net realisable value	447,260	74,481
Sundry expenses	169,758	87,235
	617,300	162,203

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**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	2,655,601	4,703,084
Term deposits	3,724,852	2,052,811
Total cash and cash equivalents	6,380,453	6,755,895
Held as		
- Unrestricted cash and cash equivalents	1,978,775	2,054,434
- Restricted cash and cash equivalents	4,401,678	4,701,461
	6,380,453	6,755,895

MATERIAL 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.

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

Note	2024	2023
	\$	\$
(a) Current assets		
Financial assets at amortised cost	659,897	0
	659,897	0
Other financial assets at amortised cost		
Term deposits	659,897	0
	659,897	0
Held as		
- Unrestricted other financial assets at amortised cost	659,897	0
	659,897	0
(b) Non-current assets		
Financial assets at fair value through profit or loss	83,171	81,490
	83,171	81,490
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	81,490	77,804
Movement attributable to fair value increment	1,681	3,686
Units in Local Government House Trust - closing balance	83,171	81,490

MATERIAL 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 24 (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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

5. TRADE AND OTHER RECEIVABLES

Note	2024	2023
	\$	\$
Current		
Rates and statutory receivables	279,317	247,385
Trade receivables	138,416	243,172
GST receivable	76,498	92,814
Allowance for credit losses of trade receivables	(1,063)	(781)
	493,168	582,590
Non-current		
Rates and statutory receivables	35,573	35,506
	35,573	35,506

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 2024 Actual	30 June 2023 Actual	1 July 2022 Actual
	\$	\$	\$
Contract assets	7 676,569	837,395	187,707
Allowance for credit losses of trade receivables	5 (1,063)	(781)	(294)
Total trade and other receivables from contracts with customers	675,506	836,614	187,413

MATERIAL 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 or for the construction of recognisable non financial assets 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 and amounts received as 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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

6. INVENTORIES

Note	2024	2023
	\$	\$
Current		
Fuel and materials	8,674	10,828
Land held for resale		
Cost of acquisition	190,000	405,840
	<u>198,674</u>	<u>416,668</u>
Non-current		
Land held for resale		
Cost of acquisition	114,000	345,420
	<u>114,000</u>	<u>345,420</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	762,088	880,254
Inventories expensed during the year	(125,173)	(127,944)
Write down of inventories to net realisable value	2(b) (447,260)	(74,481)
Disposal of inventory	0	(50,000)
Additions to inventory	123,019	134,259
Balance at end of year	<u>312,674</u>	<u>762,088</u>

MATERIAL ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Shire's intentions to release for sale.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	63,741	7,435
Accrued income	45,685	22,330
Contract assets	<u>676,569</u>	<u>837,395</u>
	<u>785,995</u>	<u>867,160</u>

MATERIAL ACCOUNTING POLICIES

Contract assets

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

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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Assets not subject to operating lease			Total Property					Plant and equipment		Total property, plant and equipment
	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings - non-specialised	Buildings - specialised	Work in progress	Total Property	Furniture and equipment	Plant and equipment	
Balance at 1 July 2022	1,295,370	2,110,632	12,871,750	1,295,370	2,110,632	12,871,750	255,519	16,533,271	124,375	4,364,834	21,022,480
Additions	0	0	44,445	0	0	44,445	0	44,445	81,699	209,500	335,644
Disposals	0	0	(11,965)	0	0	(11,965)	0	(11,965)	(20,293)	(62,871)	(95,129)
Revaluation increments / (decrements) transferred to revaluation surplus	(94,499)	479,024	2,712,029	(94,499)	479,024	2,712,029	0	3,096,554	0	0	3,096,554
Depreciation	0	(25,863)	(256,490)	0	(25,863)	(256,490)	0	(282,353)	(34,930)	(340,203)	(657,486)
Transfers	255,519	0	0	255,519	0	0	(255,519)	0	0	18,214	18,214
Balance at 30 June 2023	1,456,390	2,563,793	15,359,769	1,456,390	2,563,793	15,359,769	0	19,379,952	150,851	4,189,474	23,720,277
Comprises:											
Gross balance amount at 30 June 2023	1,456,390	2,563,793	15,359,769	1,456,390	2,563,793	15,359,769	0	19,379,952	285,136	6,123,767	25,788,855
Accumulated depreciation at 30 June 2023	0	0	0	0	0	0	0	0	(134,285)	(1,934,293)	(2,068,578)
Balance at 30 June 2023	1,456,390	2,563,793	15,359,769	1,456,390	2,563,793	15,359,769	0	19,379,952	150,851	4,189,474	23,720,277
Additions	0	0	91,803	0	0	91,803	11,203	103,006	35,442	366,714	505,162
Disposals	0	0	0	0	0	0	0	0	0	(157,273)	(157,273)
Depreciation	0	(36,097)	(308,514)	0	(36,097)	(308,514)	0	(344,611)	(41,134)	(364,472)	(750,217)
Transfers	0	0	86,000	0	0	86,000	0	86,000	17,503	17,052	120,555
Balance at 30 June 2024	1,456,390	2,527,696	15,229,058	1,456,390	2,527,696	15,229,058	11,203	19,224,347	162,662	4,051,495	23,438,504
Comprises:											
Gross balance amount at 30 June 2024	1,456,390	2,563,793	15,537,572	1,456,390	2,563,793	15,537,572	11,203	19,568,958	338,081	6,307,576	26,214,615
Accumulated depreciation at 30 June 2024	0	(36,097)	(308,514)	0	(36,097)	(308,514)	0	(344,611)	(175,419)	(2,256,081)	(2,776,111)
Balance at 30 June 2024	1,456,390	2,527,696	15,229,058	1,456,390	2,527,696	15,229,058	11,203	19,224,347	162,662	4,051,495	23,438,504

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

(i) Fair Value - as determined at the last valuation date	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
	Land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2023	Price per hectare
	Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2023	Price per square metre
	Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<p>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.</p> <p>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. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.</p>						
(ii) Cost						
	Furniture and equipment	3	N/A	Cost	N/A	N/A
	Plant and equipment	3	N/A	Cost	N/A	N/A

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - bridges	Infrastructure - other community & recreation facilities	Infrastructure - work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	73,069,421	594,210	9,181,436	4,952,739	110,376	87,908,182
Additions	1,914,608	32,079	0	21,121	752,329	2,720,137
Revaluation increments / (decrements) transferred to revaluation surplus	9,246,265	10,582	1,709,700	1,002,711	0	11,969,258
Depreciation	(1,850,317)	(34,911)	(156,058)	(360,468)	0	(2,401,754)
Transfers	0	0	0	(18,214)	0	(18,214)
Balance at 30 June 2023	<u>82,379,977</u>	<u>601,960</u>	<u>10,735,078</u>	<u>5,597,889</u>	<u>862,705</u>	<u>100,177,609</u>
Comprises:						
Gross balance at 30 June 2023	102,914,014	1,219,564	18,934,298	9,112,380	862,705	133,042,961
Accumulated depreciation at 30 June 2023	(20,534,037)	(617,604)	(8,199,220)	(3,514,491)	0	(32,865,352)
Balance at 30 June 2023	<u>82,379,977</u>	<u>601,960</u>	<u>10,735,078</u>	<u>5,597,889</u>	<u>862,705</u>	<u>100,177,609</u>
Additions	1,436,460	0	0	802,539	0	2,238,999
Depreciation	(2,125,515)	(32,819)	(181,888)	(300,612)	0	(2,640,834)
Transfers	0	0	0	742,150	(862,705)	(120,555)
Balance at 30 June 2024	<u>81,690,922</u>	<u>569,141</u>	<u>10,553,190</u>	<u>6,841,966</u>	<u>0</u>	<u>99,655,219</u>
Comprises:						
Gross balance at 30 June 2024	104,350,475	1,219,564	18,934,298	10,657,069	0	135,161,407
Accumulated depreciation at 30 June 2024	(22,659,553)	(650,423)	(8,381,109)	(3,815,103)	0	(35,506,188)
Balance at 30 June 2024	<u>81,690,922</u>	<u>569,141</u>	<u>10,553,190</u>	<u>6,841,966</u>	<u>0</u>	<u>99,655,219</u>

**SHIRE OF QUAIRADING
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9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other community & recreation facilities	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF QUAIRADING
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FOR THE YEAR ENDED 30 JUNE 2024**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	25 - 95 years
Furniture and equipment	5 - 40 years
Plant and equipment	4 - 40 years
Unsealed Roads	
- Aggregate Surfaces	15 - 20 years
- Asphalt Surfaces	15 - 20 Years
- Pavement Surfaces	12 - 16 Years
Drainage Systems	60 - 100 Years
Clearing & Formation	Not Depreciated
Culverts/Floodways	60 - 100 Years
Concrete Footpaths	40 - 65 Years
Footpaths Other	15 - 65 Years
Kerbing	60 - 100 Years
Bridges	80 - 175 Years
Other Infrastructure	10 - 175 years
Right-of-use Assets	Based on the remaining lease term

**SHIRE OF QUAIRADING
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10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure 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 reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued 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 land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Right-of-use assets -	
	plant and equipment	Right-of-use assets Total
	Note	
Balance at 1 July 2022		
		\$
		\$
Depreciation		
Balance at 30 June 2023		
Gross balance amount at 30 June 2023		
Accumulated depreciation at 30 June 2023		
Balance at 30 June 2023		
Additions		
Depreciation		
Balance at 30 June 2024		
Gross balance amount at 30 June 2024		
Accumulated depreciation at 30 June 2024		
Balance at 30 June 2024		

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

	2024 Actual	2023 Actual
	\$	\$
Depreciation on right-of-use assets	(24,867)	(29,272)
Finance charge on lease liabilities	(532)	(442)
Total amount recognised in the statement of comprehensive income	(25,399)	(29,714)
Total cash outflow from leases	(24,110)	(29,831)
(b) Lease Liabilities		
Current	11,047	20,898
Non-current	20,646	0
	27(b) 31,693	20,898

The Shire has three leases relating to plant and equipment. Two leases have a term of 3 years and one has a term of 4 years.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 27(b).

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

**SHIRE OF QUAIRADING
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11. LEASES (Continued)

(c) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
1 to 2 years
2 to 3 years

	2024 Actual	2023 Actual
	\$	\$
	51,126	41,472
	39,611	39,508
	392	34,745
	74,253	115,725
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	56,895	46,455

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

The Shire leases houses to staff and aged persons with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

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12. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Sundry creditors	1,121,125	977,943
Prepaid rates	61,978	56,942
Accrued payroll liabilities	76,255	101,480
ATO liabilities	39,359	43,184
Bonds and deposits held	51,392	96,496
Accrued interest	1,148	2,688
Accrued expenditure	48,410	3,547
Income received in advance	390	780
	1,400,057	1,283,060

MATERIAL 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 QUAIRADING
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13. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Contract liabilities	68,952	37,618
Capital grant/contributions liabilities	169,695	473,908
	<u>238,647</u>	<u>511,526</u>
Reconciliation of changes in contract liabilities		
Opening balance	37,618	1,750
Additions	68,952	37,618
Revenue from contracts with customers included as a contract liability at the start of the period	(37,618)	(1,750)
	<u>68,952</u>	<u>37,618</u>
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$68,952 (2023: \$37,618)</p> <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	473,908	471,530
Additions	169,695	473,908
Revenue from capital grant/contributions held as a liability at the start of the period	(473,908)	(471,530)
	<u>169,695</u>	<u>473,908</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	169,695	473,908
	<u>169,695</u>	<u>473,908</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.

MATERIAL 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 obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF QUAIRADING
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FOR THE YEAR ENDED 30 JUNE 2024**

14. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		67,898	209,720	277,618	66,106	277,617	343,723
Total secured borrowings	27(a)	67,898	209,720	277,618	66,106	277,617	343,723

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Quairading. Other loans relate to transferred receivables. Refer to Note 5.

The Shire of Quairading has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 years.

MATERIAL 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 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

**SHIRE OF QUAIRADING
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	120,960	129,164
Long service leave	33,441	34,533
	<u>154,401</u>	<u>163,697</u>
Employee related other provisions		
Employment on-costs	21,684	21,000
	<u>21,684</u>	<u>21,000</u>
Total current employee related provisions	<u>176,085</u>	<u>184,697</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	31,139	24,681
	<u>31,139</u>	<u>24,681</u>
Employee related other provisions		
Employment on-costs	4,443	3,214
	<u>4,443</u>	<u>3,214</u>
Total non-current employee related provisions	<u>35,582</u>	<u>27,895</u>
Total employee related provisions	<u>211,667</u>	<u>212,592</u>

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.

MATERIAL 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.

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16. REVALUATION SURPLUS

	2024	Total	2024	2023	Total	2023
	Opening	Movement on	Closing	Opening	Movement on	Closing
	Balance	Revaluation	Balance	Balance	Revaluation	Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	918,020	0	918,020	1,012,519	(94,499)	918,020
Revaluation surplus - Buildings	10,706,094	0	10,706,094	7,515,041	3,191,053	10,706,094
Revaluation surplus - Furniture and equipment	20,568	0	20,568	20,568	0	20,568
Revaluation surplus - Plant and equipment	53,677	0	53,677	53,677	0	53,677
Revaluation surplus - Infrastructure - roads	56,645,915	0	56,645,915	47,399,650	9,246,265	56,645,915
Revaluation surplus - Infrastructure - footpaths	374,446	0	374,446	363,864	10,582	374,446
Revaluation surplus - Infrastructure - bridges	11,637,670	0	11,637,670	9,927,970	1,709,700	11,637,670
Revaluation surplus - Infrastructure - other community & recreation facilities	3,285,917	0	3,285,917	2,283,206	1,002,711	3,285,917
	83,642,307	0	83,642,307	68,576,495	15,065,812	83,642,307

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024 Actual \$	2023 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	4,401,678	4,701,461
		<u>4,401,678</u>	<u>4,701,461</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	4,111,639	4,093,439
Contract liabilities	13	68,952	37,618
Capital grant liabilities	13	169,695	473,908
Bonds and deposits held	12	51,392	96,496
Total restricted financial assets		<u>4,401,678</u>	<u>4,701,461</u>

18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Credit card limit		20,000	17,000
Credit card balance at balance date		(1,822)	(6,091)
Total amount of credit unused		<u>18,178</u>	<u>10,909</u>
Loan facilities			
Loan facilities - current		67,898	66,106
Loan facilities - non-current		209,720	277,617
Total facilities in use at balance date		<u>277,618</u>	<u>343,723</u>
Unused loan facilities at balance date		0	0

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

19. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Quairading has identified the following sites to be possible sources of contamination:

- Airstrip (Historic; small agricultural chemical spill)
- Fuel Tanks at Works Depot (Current; recent test showed no leak in fuel tank)
- Old Community Sheep Dip at Doodenanning (Historic; unassessed)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment 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 Environment Regulation Guidelines.

20. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	105,244	122,375
Payable:	105,244	122,375
- not later than one year	105,244	122,375

The Capital expenditure projects outstanding at the end of the current reporting period is the bitumen seal of the Quairading - Corrigin Road.

The capital expenditure projects outstanding at the end of the previous year represent is the Kwirradling Koort Community Park.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
President's annual allowance	1,100	1,100	526
President's meeting attendance fees	6,465	5,780	5,741
	7,565	6,880	6,267
Deputy President's meeting attendance fees	4,378	3,195	3,122
	4,378	3,195	3,122
All other council member's meeting attendance fees	18,558	14,135	14,042
	18,558	14,135	14,042
21(b)	30,501	24,210	23,431

(b) Key Management Personnel (KMP) Compensation

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

Short-term employee benefits	628,981	631,324
Post-employment benefits	66,382	63,422
Employee - other long-term benefits	19,546	16,536
Employee - termination benefits	25,263	39,590
Council member costs	30,501	23,431
21(a)	770,673	774,303

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 QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2024 Actual	2023 Actual
	\$	\$
Sale of goods and services	9,611	642
Payment of council member costs	30,501	23,431
Amounts outstanding from related parties:		
Trade and other receivables	2,104	1,904
Amounts payable to related parties:		
Trade and other payables	5,884	5,667

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 Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

Short-term employee benefits related to an associate person of the CEO 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 QUAIRADING
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22. JOINT ARRANGEMENTS

Share of joint operations

The Shire of Quairading has participated in a joint venture with Homeswest for the construction of two three bedroom duplex units in Suburban Road, Quairading. The provision of this housing aims to provide accommodation for low income families.

The Shire of Quairading has a 18.95% interest in the assets and liabilities of this joint venture.

Council manages the operation of the joint venture under the auspices of Homeswest.

All revenue and expenses of the joint venture are recognised in the relevant financial statements of Council.

Statement of Financial Position

Land and Buildings
Accumulated depreciation
Total assets

	2024 Actual	2023 Actual
	\$	\$
Land and Buildings	97,543	97,543
Accumulated depreciation	(1,264)	0
Total assets	96,279	97,543
Statement of Comprehensive Income		
Other revenue	14,988	6,156
Other expense	(16,408)	(20,527)
Profit/(loss) for the period	(1,420)	(14,371)
Other comprehensive income	0	17,571
Total comprehensive income for the period	(1,420)	3,200

MATERIAL ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

24. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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

SHIRE OF QUAIRADING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2024

25. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2023/24 Actual Rateable Value*	2023/24 Actual Rate Revenue	2023/24 Actual Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
Residential	Gross rental valuation	0.153020	316	2,567,764	392,919	(267)	392,652	392,919	0	392,919	371,764
Industrial	Gross rental valuation	0.153020	22	280,765	42,963	0	42,963	42,963	0	42,963	40,999
Commercial	Gross rental valuation	0.153020	11	248,376	38,006	0	38,006	38,006	0	38,006	35,960
Rural	Unimproved valuation	0.008259	359	249,782,000	2,062,950	(1,511)	2,061,439	2,062,950	0	2,062,950	1,951,591
Non-Rateable	Gross rental valuation	0.000000	232	294,438	0	0	0	0	0	0	0
Total general rates			940	253,173,343	2,536,838	(1,778)	2,535,060	2,536,838	0	2,536,838	2,400,314
Minimum payment			Minimum Payment \$								
Residential	Gross rental valuation	720	61	62,032	43,920	0	43,920	43,920	0	43,920	41,480
Industrial	Gross rental valuation	720	7	9,115	5,040	0	5,040	5,040	0	5,040	3,400
Commercial	Gross rental valuation	720	0	0	0	0	0	0	0	0	0
Rural	Unimproved valuation	720	53	2,200,062	38,160	0	38,160	38,160	0	38,160	34,000
Total minimum payments			121	2,271,209	87,120	0	87,120	87,120	0	87,120	76,880
Total general rates and minimum payments			1,061	255,444,552	2,623,958	(1,778)	2,622,180	2,623,958	0	2,623,958	2,479,194
Ex-gratia Rates			Rate in \$								
CBH Receptal Bin	Tonnage	0.046436	1	398,070	18,485	0	18,485	18,485	0	18,485	12,970
Total amount raised from rates (excluding general rates)			1	398,070	18,485	0	18,485	18,485	0	18,485	12,970
Total Rates							2,640,665			2,642,443	2,492,164
Rate instalment interest							2,409			3,000	2,239
Rate overdue interest							30,391			15,850	15,626

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

*Rateable Value at time of raising of rate.

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

26. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	2022/23 (30 June 2023 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(6,909)	(42,582)	(24,899)
Less: Movement in liabilities associated with restricted cash	5,846	3,557	4,666
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,681)		(3,686)
Add: Loss on disposal of assets	27,273	75,359	42,010
Add: Impairment of Plant and Equipment	8(a) 0	0	0
Add: Depreciation	10(a) 3,415,918	3,152,353	3,088,512
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(67)	0	(4,875)
Employee benefit provisions	7,687	0	7,604
Inventory	447,260	0	74,481
Non-cash amounts excluded from operating activities	3,895,327	3,188,687	3,183,813
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Right of use assets received - non cash	11(a) 34,373	0	0
Non-cash amounts excluded from investing activities	34,373	0	0
(c) Non-cash amounts excluded from financing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to financing activities			
Non cash proceeds from new leases	27(b) (34,373)	0	0
Non-cash amounts excluded from financing activities	(34,373)	0	0
(d) 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	28 (4,111,639)	(3,224,614)	(4,093,439)
Less: Financial assets at amortised cost			
Less: Current assets not expected to be received at end of year			
- Land held for resale	6 (190,000)	(50,000)	(405,840)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 67,898	0	66,106
- Current portion of lease liabilities	11(b) 11,047	31,797	20,898
- Employee benefit provisions	177,148	174,859	171,302
Total adjustments to net current assets	(4,045,546)	(3,067,958)	(4,240,973)
Net current assets used in the Statement of Financial Activity			
Total current assets	8,518,187	4,585,395	8,622,313
Less: Total current liabilities	(1,893,734)	(1,487,247)	(2,066,287)
Less: Total adjustments to net current assets	(4,045,546)	(3,067,958)	(4,240,973)
Surplus or deficit after imposition of general rates	2,578,907	30,190	2,315,053

**SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Depot Building		293,539	0	(49,813)	243,726	0	(51,338)	192,388	193,914	0	(49,813)	144,101
Park Cottages		114,548	0	(14,551)	99,997	0	(14,767)	85,230	85,445	0	(14,551)	70,894
Total		408,087	0	(64,364)	343,723	0	(66,105)	277,618	279,359	0	(64,364)	214,995
Self Supporting Loans												
Golf Club		1,787	0	(1,787)	0	0	0	0	0	0	0	0
Total Self Supporting Loans		1,787	0	(1,787)	0	0	0	0	0	0	0	0
Total Borrowings	14	409,874	0	(66,151)	343,723	0	(66,105)	277,618	279,359	0	(64,364)	214,995

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Depot Building	118	WATC*	3.04%	15/07/2027	(8,398)	(10,647)	(10,279)
Park Cottages	119	WATC*	1.49%	9/06/2029	(1,999)	(2,431)	(2,317)
Total					(10,397)	(13,078)	(12,596)
Self Supporting Loans Finance Cost Payments							
Golf Club	117	WATC*	4.08%	5/08/2023	0	(5)	(58)
Total Self Supporting Loans Finance Cost Payments					0	(5)	(58)
Total Finance Cost Payments					(10,397)	(13,083)	(12,654)

* WA Treasury Corporation

**SHIRE OF QUAIRADING
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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CESM Vehicle		43,647	0	(26,092)	17,555	0	(17,555)	0	17,555	0	(17,555)	0
Canon Copier		6,640	0	(3,297)	3,343	0	(3,343)	0	3,335	0	(3,335)	0
Gym Equipment		0	0	0	0	34,373	(2,680)	31,693	0	0	(10,907)	(10,907)
Total Lease Liabilities	11(b)	50,287	0	(29,389)	20,898	34,373	(23,578)	31,693	20,890	0	(31,797)	(10,907)

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease Term
					\$	\$	\$	
CESM Vehicle	2	Summit Fleet	1.10%	15/02/2024	(73)	(72)	(349)	36 Months
Canon Copier	3	Canon Finance	1.40%	20/05/2024	(47)	(93)	(93)	48 Months
Gym Equipment	5	Maia Financial	4.95%	1/01/2027	(412)	0	0	48 Months
Total Finance Cost Payments					(532)	(165)	(442)	

**SHIRE OF QUAIRADING
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28. RESERVE ACCOUNTS	2024	2024	2024	2024	2024	2024	2024	2024	2023	2023	2023	2023
	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) Long Service Leave Reserve	171,302	5,846	0	177,148	171,302	3,557	0	174,859	166,636	4,666	0	171,302
(b) Building Reserve	925,026	31,569	(15,000)	941,595	925,026	19,208	(430,000)	514,234	972,784	27,242	(75,000)	925,026
(c) Furniture, Fittings & Equipment Reserve	72,254	2,466	(50,000)	24,720	72,254	1,500	(10,000)	63,754	114,060	3,194	(45,000)	72,254
(d) Plant Reserve	779,334	26,587	(56,500)	749,431	779,333	151,183	(478,000)	452,516	740,497	270,737	(231,900)	779,334
(e) Health Reserve	99,576	3,398	0	102,974	99,576	2,068	0	101,644	48,225	51,351	0	99,576
(f) Swimming Pool Reserve	20,278	692	0	20,970	20,278	421	0	20,699	264	20,014	0	20,278
(g) Sustainable Environment Reserve	171,413	5,850	0	177,263	171,412	3,559	0	174,971	166,743	4,670	0	171,413
(h) Town Planning & Development Reserve	72,049	2,459	0	74,508	72,050	1,496	0	73,546	2,000	70,049	0	72,049
(i) HomesWest Joint Venture Housing Reserve	5,425	185	0	5,610	5,425	113	0	5,538	5,277	148	0	5,425
(j) Road Infrastructure Reserve	550,929	18,802	0	569,731	550,929	11,440	(85,675)	476,694	428,918	122,011	0	550,929
(k) Rec Centre Multi Purpose Precinct Reserve	538,610	18,382	0	556,992	538,611	11,184	0	549,795	378,024	160,586	0	538,610
(l) Building Renewal Reserve	125,739	4,291	0	130,030	125,739	2,611	0	128,350	122,314	3,425	0	125,739
(m) Independent Living Reserve	561,504	19,163	0	580,667	561,504	11,660	(85,150)	488,014	448,932	112,572	0	561,504
	4,093,439	139,700	(121,500)	4,111,639	4,093,439	220,000	(1,088,825)	3,224,614	3,594,674	850,665	(351,900)	4,093,439

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) Long Service Leave Reserve	To be used to fund future Employee Leave requirements.
(b) Building Reserve	To be used to Develop and Upgrade Council Infrastructure and Building Assets.
(c) Furniture, Fittings & Equipment Reserve	To be used in funding the various furniture, fittings and equipment installed in Council buildings and for the purchase of IT Hardware and Software.
(d) Plant Reserve	To be used to assist in funding the purchase of major plant items.
(e) Health Reserve	To be used to assist in funding the improvement of Medical Services and Facilities.
(f) Swimming Pool Reserve	To be used to assist in funding future major capital/upgrade works at the Quairading Memorial Swimming Pool.
(g) Sustainable Environment Reserve	To be used to assist in funding projects and initiatives which foster a sustainable environment. Such areas include waste management, recycling, water usage, gravel supplies, energy conservation and environmentally sustainable projects.
(h) Town Planning & Development Reserve	To be used to assist in funding of planning and implementation of the development of Council land and the purchase of land for future development.
(i) HomesWest Joint Venture Housing Reserve	To be used to assist with compliance with Council's Joint Venture Agreement held with the State Housing Commission and to provide funds for the maintenance, management and improvement of the Joint Venture Units.
(j) Road Infrastructure Reserve	To be used towards road infrastructure projects including replacement of culverts and bridges.
(k) Rec Centre Multi Purpose Precinct Reserve	To be used in providing assistance in the future redevelopment and capital upgrade works at the Multi Purpose Precinct.
(l) Building Renewal Reserve	To be used to fund the maintenance and renewal of Councils Building assets.
(m) Independent Living Reserve	To be used to fund the development of Independent Living Units.



Our Ref: F21/69

7th Floor, Albert Facey House
469 Wellington Street, Perth

Ms Jo Haythornthwaite
President
Shire of Quairading
PO Box 38
QUAIRADING WA 6383

Mail to: Perth BC
PO Box 8489
PERTH WA 6849
Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: crhaythornthwaite@quairading.wa.gov.au

Dear Ms Haythornthwaite

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Office has completed the audit of the annual financial report for your local government. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the CEO and the Minister for Local Government, as required by the Act.

The CEO is required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 4 October 2024. This date will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7552 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely,





Cait McGowan
Director
Financial Audit
4 December 2024

Attach

UNCONFIRMED

6.2 Information Technology Change Management Policy

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	<ol style="list-style-type: none"> Attachment (i) Information Technology Change Management Policy DRAFT ↓  Attachment (ii) Annexure A - Change Management Form ↓ 
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 019-24/25

Moved: Cr RC Faltyn

Seconded: Cr EV Gom

That the Audit & Risk Committee recommend to Council, that Council endorse the Information Technology Change Management Policy (Attachment (i)).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- The 2023-2024 Audit was finalised on the 4th December 2024 following an Audit Exit Meeting on the 22nd November 2024 between AMD, the Office of the Auditor General, Cr Haythornthwaite, Cr Stacey and Shire Staff.

BACKGROUND

As part of the 2023-2024 Interim audit AMD (the auditors) noted:

- There is no formal change management policy in place which is crucial for controlling and tracking changes to IT Systems and Infrastructure.

This rating was considered Significant.

Implications noted:

- The absence of a formal change management policy makes it difficult to track and control changes to IT systems and infrastructure, increasing the risk of unintended consequences and disruptions to operations.

The Auditors Recommendation:

- Establish and implement a formal change management policy to track and control changes to IT systems and infrastructure, minimising potential disruptions.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

RISK ASSESSMENT

	Option 1
Financial	Low <i>Cost of the audit is included in the budget. The audit’s purpose is not to uncover any financial fraud, however having strong financial processes in place reduce the risk to council.</i>
Health	Low
Reputation	Low <i>Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.</i>
Operations	Moderate <i>Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

Representatives from the OAG and AMD attended the December OCM, 12th December 2024, to present to Council their findings and opinion on the 2023-2024 Audit.



INFORMATION TECHNOLOGY CHANGE MANAGEMENT POLICY

PURPOSE

The purpose of this Information Technology Change Management Policy is to establish the framework and guidelines for managing changes to information technology (IT) systems, applications, and infrastructure. It aims to ensure that changes are implemented in a controlled, efficient and transparent manner, with minimal disruption to services and operations.

OBJECTIVE

This policy applies to all IT change requests, submitted by employees, contractors, or third-party vendors within the organisation and changes deemed necessary and worthwhile by IT Services. It covers, but is not limited to, changes to hardware, software, applications, databases, networks, CCTV, mobile devices, security, and other IT components.

POLICY

This policy applies to all employees, contractors, third-party vendors and Elected Members.

APPLICATION – CHANGE REQUEST PROCESS

All IT change requests must be made through a formal change request process. This process should include the following steps:

- i. Request Initiation: The requester must submit a formal change request, providing a detailed description of the proposed change and the reason for the change. The request itself must be in writing on the designated IT Change Request Form and sent to the Executive Manager Corporate Services but must have a minimum of manager level of approval.
- ii. Change Review: The change requested should be reviewed by the requester's Executive Manager to determine its feasibility, impact and potential risks.
- iii. Change Approval: Once the review is complete, the Executive Manager Corporate Services will approve or deny the change request based on its potential impact on IT systems, processes, financial considerations, and operations.
- iv. Change Implementation: The Executive Manager Corporate Services will execute the change internally or via approved external IT Services.
- v. Monitor and Review: The Executive Manager Corporate Services will regularly review the change requirements to ensure relevance.

CHANGE MANAGEMENT ROLES AND RESPONSIBILITIES

All employees, contractors, and third-party vendors involved in IT change requests should understand their roles and responsibilities in the change management process. The key roles include:

- a. Change Requester: The individual who initiates the change request.
- b. Change Manager: The designated individual responsible for viewing, approving and managing the changes.
- c. Change implementer: The individual responsible for implementing approved changes.



- d. Change Monitor: The individual responsible for monitoring changes and ensuring that they are functioning as expected.

CHANGE COMMUNICATION AND DOCUMENTATION

All changes should be communicated to relevant stakeholders and documented in a centralised change management system. The documentation should include details such as the reason for the change, the impact on IT systems and processes, the implementation schedule, a financial analysis and the results of testing and verification.

CHANGE CONTROL AND RISK MANAGEMENT

All IT changes must be controlled and managed to minimise the risk of negative impact on IT systems, processes, and operations. Risk assessment should be performed before making any change, and appropriate controls should be in place to mitigate any potential risks.

CHANGE MANAGEMENT REVIEW

The change management process should be reviewed periodically to ensure that it remains effective and efficient. The review should include an assessment of the policy’s effectiveness, recommendations for improvements, and feedback from stakeholders.

Annexure A –

STATUTORY ENVIRONMENT

Local Government Act 1995

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Tricia Brown			New Policy		

INFORMATION TECHNOLOGY CHANGE MANAGEMENT POLICY



ANNEXURE A – IT CHANGE REQUEST FORM

UNCONFIRMED

IT CHANGE REQUEST FORM

Date:

Requesting Officer:

Reason for Request:

RISK PROFILE		RISK ASSESSED
1	Operational Risk: 1. Disruption to Service 2. Resource Strain 3. Increased workload	
2	Organisational Risks: 1. Resistance to Change 2. Cultural Impact 3. Leadership or Governance Challenges	
3	Technological Risks: 1. System Failures or Downtime: 2. Data Security & Privacy Concerns 3. Integration Challenges	
4	Financial Risks: 1. Budget Overruns 2. Funding Shortfalls 3. Return on Investment	
5	Legal and Compliance Risks 1. Non-Compliance with Regulations 2. Contractual Risks 3. Litigation Risk	
6	Human Resources Risks 1. Employee Morale 2. Talent Retention 3. Training & Skills Gap	
7	Strategic & Long-Term Risks 1. Misalignment with Strategic Goals 2. Long Term Sustainability 3. Scope Creep	
	CHANGE MANAGER	CHANGE MANAGER SIGNATURE

CHANGE IMPLEMENTER USE ONLY

RISKS ASSESSED: Y N

EMCS CHECKED: _____ Signature _____

REJECTED ACCEPTED

REASON REJECTED: _____

CHANGE IMPLEMENTATION DATE: _____

1. Operational Risks

- **Disruption to Services:** Changes may cause interruptions to critical services or processes, affecting the delivery of government services to the public.
- **Resource Strain:** Insufficient resources (staff, budget, equipment) may result in delays or ineffective implementation of the change.
- **Overload on Staff:** Increased workload on employees due to the change can lead to burnout, reduced productivity, and decreased morale.

2. Organizational Risks

- **Resistance to Change:** Employees and other stakeholders may resist the change due to fear of the unknown, perceived loss of job security, or skepticism about the effectiveness of the change.
- **Cultural Impact:** Changes may conflict with the existing organizational culture, leading to disengagement, miscommunication, and internal conflict.
- **Leadership or Governance Challenges:** Lack of clear leadership or governance structures during the change process can result in confusion, poor decision-making, or inconsistent implementation.

3. Technological Risks

- **System Failures or Downtime:** If the change involves technological updates or new systems, there is a risk of system malfunctions, incompatibility, or downtime that disrupt operations.
- **Data Security and Privacy Concerns:** Introducing new technologies or systems may expose sensitive data to security risks, increasing the potential for data breaches, cyberattacks, or non-compliance with privacy regulations.
- **Integration Challenges:** New technologies or systems may not integrate well with existing infrastructure, leading to inefficiencies or additional costs for troubleshooting.

4. Financial Risks

- **Budget Overruns:** The change may exceed the initially allocated budget due to unforeseen expenses, poor planning, or scope creep.
- **Funding Shortfalls:** Insufficient funding to support the change process, including training, new technologies, or resource allocation, could halt or delay the initiative.
- **Return on Investment (ROI) Uncertainty:** There may be a risk that the anticipated benefits of the change, such as cost savings or improved efficiency, do not materialize as expected.

5. Legal and Compliance Risks

- **Non-Compliance with Regulations:** Changes, especially those involving new technologies or processes, could lead to non-compliance with local, state, or federal laws, regulations, or standards.
- **Contractual Risks:** If the change involves contracts with third-party vendors or service providers, there may be risks related to breach of contract, failure to meet agreed terms, or disputes over contract fulfillment.
- **Litigation Risk:** Changes that negatively affect employees or the public could result in lawsuits, complaints, or legal challenges, particularly if due process or consultation was not followed.

6. Human Resources Risks

- **Employee Morale:** Employees may feel demotivated or uncertain about their future due to changes in policies, structure, or job roles, leading to lower morale or productivity.
- **Talent Retention:** Significant changes, especially those involving restructuring, can lead to a loss of experienced staff or difficulty attracting new talent.
- **Training and Skill Gaps:** If employees are not adequately trained for new roles, systems, or processes, it could result in skill gaps, mistakes, and inefficiencies.


7. Strategic and Long-term Risks

- **Misalignment with Strategic Goals:** The change may not align with the broader strategic goals or priorities of the local government, leading to inefficiency or diversion of resources from more critical initiatives.
- **Long-term Sustainability:** While a change might bring short-term benefits, there is a risk that the long-term sustainability of the change is not adequately considered (e.g., through continued funding, infrastructure, or human resources).
- **Scope Creep:** Over time, the scope of the change initiative might expand beyond the original objectives, leading to a loss of focus, inefficiencies, or unanticipated consequences.

6.3 Access to Information Technology Policy

Responsible Officer Natalie Ness, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments 1. Attachment (i) Access to Information Technology Policy [↓](#) 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 020-24/25

Moved: Cr RC Faltyn

Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council, that Council endorse the Access to Information Technology Policy (Attachment (i)).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- The 2023-2024 Audit was finalised on the 4th December 2024 following an Audit Exit Meeting on the 22nd November 2024 between AMD, the Office of the Auditor General, Cr Haythornthwaite, Cr Stacey and Shire Staff.

BACKGROUND

As part of the 2023-2024 Interim Audit AMD (the auditors) noted:

- There are no policies in place governing the physical access and logical access to IT applications.

This rating was considered Significant.

Implications noted:

- The absence of policies for physical and logical access to the Shire's IT applications such as Synergysoft and Infrastructure poses a significant security risk, potentially increasing the risk of unauthorised individuals gaining access to sensitive information and systems.

The Auditors Recommendation:

Establish policies and procedures for physical and logical access control to safeguard sensitive information and systems from unauthorised access.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

RISK ASSESSMENT

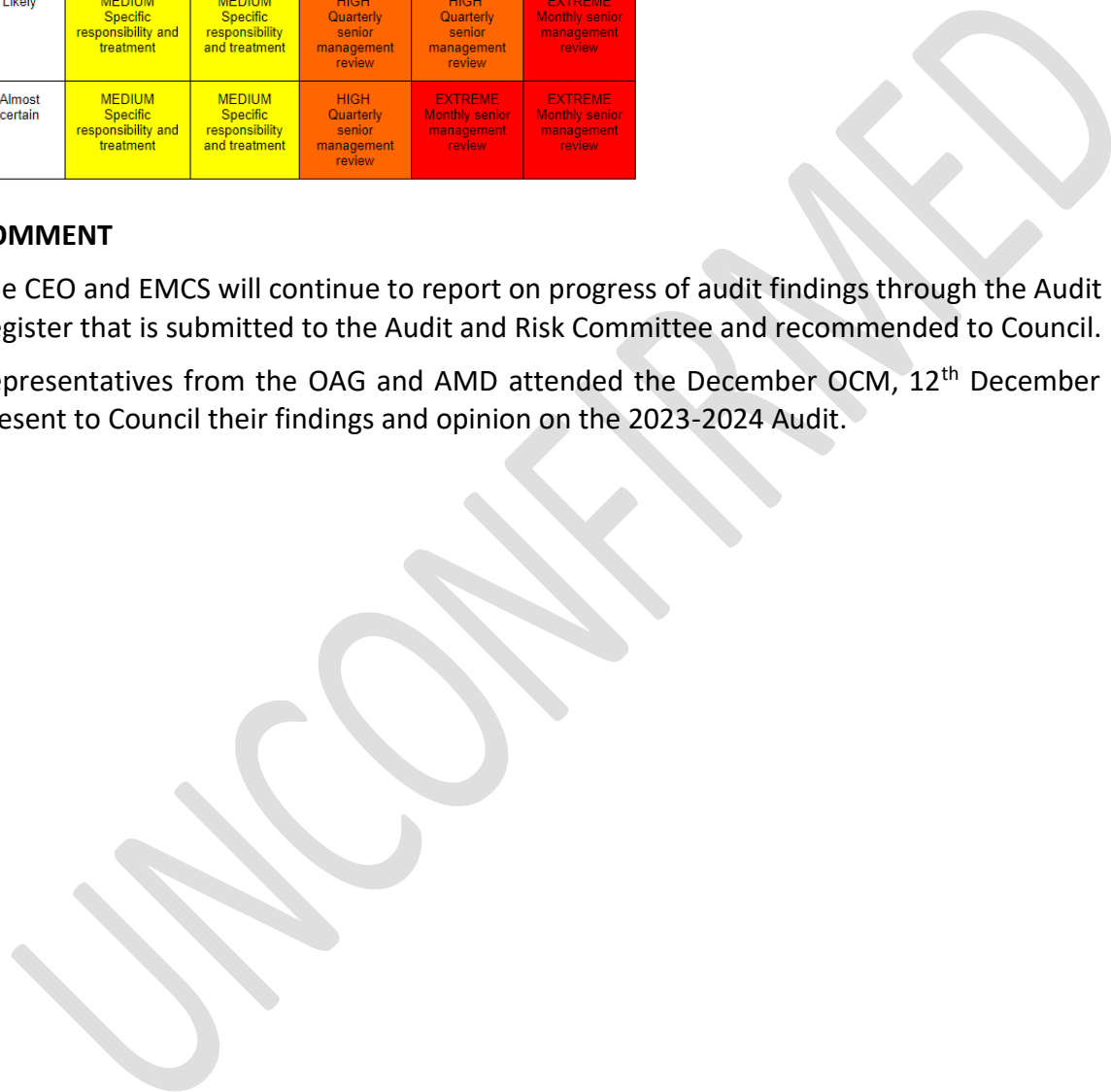
	Option 1
Financial	Low <i>Cost of the audit is included in the budget. The audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the management report can reduce the risk of this occurring.</i>
Health	Low
Reputation	Low <i>Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.</i>
Operations	Low <i>Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

Representatives from the OAG and AMD attended the December OCM, 12th December 2024, to present to Council their findings and opinion on the 2023-2024 Audit.



ACCESS TO INFORMATION TECHNOLOGY POLICY

PURPOSE

This directive establishes the requirements for managing both physical and logical access to Information Technology (IT) applications, ensuring the security, confidentiality, integrity, and availability of systems and data. It outlines the responsibilities, controls, and processes necessary to safeguard IT applications from unauthorized access, mitigate risks, and comply with relevant regulations and standards.

OBJECTIVE

The objective of this policy is to establish and enforce comprehensive controls over both **physical access** (to IT infrastructure) and **logical access** (to IT applications and systems) in order to:

1. **Protect Information Security:** Safeguard the confidentiality, integrity, and availability of sensitive data and IT systems by preventing unauthorized access, misuse, or theft.
2. **Ensure Compliance:** Adhere to legal, regulatory, and industry-specific requirements for access control.
3. **Mitigate Risks:** Reduce the risk of security incidents, including unauthorized access, data breaches, and operational disruptions, by implementing effective access management practices.
4. **Define Access Responsibilities:** Clearly outline the roles and responsibilities of personnel involved in managing and overseeing both physical and logical access to IT resources.
5. **Enforce the Principle of Least Privilege:** Ensure that users and systems only have access to the information and resources necessary for their specific roles, minimizing the potential for misuse or accidental disclosure.
6. **Facilitate Audit and Monitoring:** Establish processes for logging and monitoring access to IT systems and infrastructure, enabling the detection of unauthorized activities and ensuring accountability.
7. **Maintain Business Continuity:** Ensure that access controls are maintained in a way that supports the organization's operational needs while minimizing potential threats to its IT environment.

By achieving these objectives, the policy aims to foster a secure, compliant, and efficient IT environment that supports organizational goals while safeguarding against external and internal security risks.

POLICY

This policy applies to all employees, contractors, vendors, and other authorized users who interact with the organization's IT applications, including both physical access to the hardware infrastructure and logical access to application systems, networks, and data.

DEFINITIONS

Physical Access: The ability to physically access IT hardware, servers, workstations, networking equipment, and data storage devices.

Logical Access: The ability to access IT applications, systems, and data through authentication and authorization mechanisms such as usernames, passwords, tokens, or biometric data.



ACCESS TO INFORMATION TECHNOLOGY APPLICATIONS POLICY

Access Control: The process of granting or denying access to IT systems, networks, and applications based on security policies.

PHYSICAL ACCESS CONTROL

To protect against unauthorized physical access to IT resources, the organization will implement the following controls:

- **Access Authorization:** Only authorized personnel will be permitted to access sensitive or restricted areas housing critical IT infrastructure, including server rooms, and network equipment locations.
- **Physical Barriers:** Areas containing critical IT assets will be secured by physical barriers such as a lockable door.
- **Access Logging:** All physical access to restricted areas must be logged. Logs should include details such as the identity of the individual, time of entry and exit, and the reason for access.
- **Visitor Management:** Visitors must be accompanied by an authorized staff member and access to restricted areas should be monitored. Visitor logs must be maintained for auditing purposes.

LOGICAL ACCESS CONTROL

To prevent unauthorized logical access to IT applications and systems, the organization will implement the following controls:

- **User Authentication:** Access to IT systems and applications will require the use of secure authentication methods such as passwords or multi-factor authentication (MFA).
- **Role-Based Access Control (RBAC):** Users will be granted access to applications and data based on their role in the organization. Access rights should follow the principle of least privilege, ensuring users only have the necessary access to perform their job functions.
- **Access Reviews:** User access rights will be reviewed periodically to ensure that access is appropriate to the user's role and current job responsibilities. Any discrepancies will be addressed promptly.
- **Password Management:** Users must adhere to organizational password policies, including the use of strong passwords, periodic password changes, and the prohibition of password sharing.
- **Session Monitoring:** All application and system access sessions will be monitored and logged to detect any unauthorized access attempts or suspicious activity.
- **Remote Access:** Access to systems and applications from remote locations will be secured through Virtual Private Networks (VPNs), encrypted communication channels, and other secure methods to prevent interception or unauthorized access.
- **Segregation of Duties:** Critical processes will require the involvement of multiple individuals to ensure no single user has access to both the authorization and execution of sensitive tasks.



ACCESS TO INFORMATION TECHNOLOGY APPLICATIONS POLICY

ACCESS MANAGEMENT RESPONSIBILITIES

- a. **IT Security Team:** Responsible for the implementation, monitoring, and maintenance of physical and logical access controls. This includes managing access permissions, reviewing logs, and ensuring compliance with security policies.
- b. **HR Department:** Responsible for notifying the IT department of new hires, role changes, or terminations to facilitate timely access changes.
- c. **Managers and Supervisors:** Responsible for ensuring that access to IT applications is granted based on the user's job role and that access rights are updated as necessary.
- d. **End Users:** Responsible for following organizational policies and best practices for securing their access credentials and reporting any suspicious activity.

INCIDENT RESPONSE AND BREACH MANAGEMENT

In the event of a physical or logical access breach, the following actions will be taken:

- **Incident Reporting:** All suspected security incidents involving unauthorized access should be immediately reported to the IT Security Team.
- **Investigation:** The IT Security Team will investigate the breach to identify the scope, method, and potential impact of the unauthorized access.
- **Containment:** Immediate steps will be taken to contain the breach, such as disabling accounts, changing passwords, and restricting physical access.
- **Remediation and Recovery:** Corrective actions will be implemented to prevent further incidents, such as tightening access controls, patching vulnerabilities, and conducting employee retraining.
- **Notification:** If required by law or regulation, affected individuals and relevant authorities will be notified about the breach.

COMPLIANCE & AUDITING

Regular Audits: Regular audits of both physical and logical access controls will be conducted to ensure compliance with this directive and identify areas for improvement.

STATUTORY ENVIRONMENT

Local Government Act 1995

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Tricia Brown			New Policy		

6.4 Audit Register - Progress Report

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Audit Register Report (confidential)
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 021-24/25

Moved: Cr JC Hayes

Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommends to Council, that Council notes the progress recorded against each item within the audit register in confidential attachment (i).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- This report provides an update on the progress of actions included in the audit register.
- The audit register includes all open audit findings that have previously been accepted by the Audit and Risk Committee.

MATTER FOR CONSIDERATION

Receipt of the audit register progress report to 31 January 2025.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The audit register lists findings from audit reports previously accepted by the Audit & Risk Committee. The register describes the progress of implementing improvements and percentage completion. Progress on the actions is monitored by management, this Committee and Council.

Any new finding from the 2023/2024 interim audit management letter will form part of this report.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council required a budget allocation of \$39,500 in the 2024/2025 Budget, this was only an indicative cost from the OAG, to perform the full 2023/2024 Audit of the financial statements. Due to increased costs from the OAG in 2024, it is anticipated that a higher budget will be required in future years. Officers’ efforts to undertake the improvements and report on progress have not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low <i>Cost of the annual audit is included in the budget. By regularly reviewing progress against audit findings, the risks associated to misconduct and error are significantly reduced.</i>
Health	Low
Reputation	Low <i>Compliant with legislative requirements. Failure to complete the findings from audit reports would lead to increased reputational risk.</i>
Operations	Low <i>Operational impact is minimal in reporting progress on audit findings. Operational impact of not closing findings would escalate.</i>
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The audit register **confidential attachment (i)** counts actions and totals by “Finding #”. Each finding may have more than one “recommendation” and associated “agreed management action”. Only when all recommendations and agreed management actions within a finding are deemed complete will the finding, as a whole be, totalled at 100% complete and recommended to be closed.

The process for adding and removing findings to the audit register is as follows:

1. An external audit is completed, and an audit report is finalised.
2. The audit report is presented to the Audit and Risk Committee (ARC).
3. The ARC recommends to Council that it notes and accepts the audit report.
4. All findings from the audit report are **added** to the audit register.
5. Progress is reported by management with updates recorded quarterly in “officer comment / action taken”.
6. Any findings deemed as complete by management are marked as “100% complete” with the status of “closed”.
7. The audit register – progress report is submitted by management to the ARC.
8. The ARC reviews the audit register and confirms completion of any 100% and closed findings.
9. The ARC recommends to Council that it notes progress and approves the findings marked as complete to be registered as closed.
10. Closed findings are **removed** from the audit register.

A summary of the audit register, included below, will illustrate the trend of actions that have been added, progressed, and completed.

The blue row represents actions added by the ARC. New audit findings presented to the current meeting are included at the subsequent meeting, following acceptance.

The green row represents actions closed by the ARC and will always total 0 for the current meeting date. The closed actions from the current meeting will then be shown in the “closed by the Audit & Risk Committee” total in the subsequent meeting’s table summary.

Status of Actions	ARC - Meeting Date 11 February 2025						TOTAL
	2/2024	5/2024	8/2024	11/2024	2/2025		
New actions added by ARC	1	0	7	0	2	0	10
Not commenced ≤10%	0	0	0	0	0	0	
Progressed >11% to 99%	0	0	0	0	10	0	
Completed =100%	0	0	0	0	0	0	
Total (0% to 100%)	0	0	0	0	0	0	
Closed by ARC	7	0	0	0	0	0	7
Total cumulative closed by ARC	0	0	0	0	0	0	
Open Actions	0	1	1	8	10	0	

The committee is requested to recommend to Council that Council note the progress and Officer comments.

Two new actions have been added to the register following the final 2023-2024 financial audit. One (1) Significant and one (1) Minor (which was also noted on the previous audit 2022-2023)

It is requested to note the audit register progress report in **confidential attachment (i)**.

ITEM 7 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES**7.1 Financial Management Review 2024****Responsible Officer** Natalie Ness, Chief Executive Officer**Reporting Officer** Tricia Brown, Executive Manager, Corporate Services**Attachments** 1. Attachment (i) Financial Management Review – December 2024**Voting Requirements** Simple Majority**Disclosure of Interest** Reporting Officer: Nil
Responsible Officer: Nil**COMMITTEE RESOLUTION: ARC 022-24/25**

Moved: Cr JC Hayes

Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council that Council receive the Financial Management Review December 2024 (Attachment(i)).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR HippisleyAGAINST: Nil**CARRIED 4/0****IN BRIEF**

Following the interim Audit 2023-2024 it was noted that the Financial Systems Review had not been conducted by the CEO within the last 3 years as required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996. As per the Management Comments provided to the auditors following the interim audit the Financial Management Review costs had been included in the 24/25 Budget. Quotes were being finalised and the review was expected to be completed within the first few months of the 24/25 Financial Year.

MATTER FOR CONSIDERATION

In accordance with Regulation 5(2)(c) in the (Financial Management) Regulations 1996 the Chief Executive Officer (CEO) is required to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures for the local government at least once every three (3) years.

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

- General
- Payments, Payables and Purchases (Incl Petty Cash)
- Corporate Credit, Purchasing and Fuel Cards
- Receivables and Receipts

- Rates
- Bank Reconciliations, Cash Management and Investments
- Budgeting, Long-Term Planning and Cost Management
- Financial Reporting (incl End of Month Process)
- Fees and Charges
- Payroll
- Fixed Assets
- General Journals

BACKGROUND

The last Financial Management Review was conducted by Moore in May 2021. This review was awarded to Source Business Partners to conduct in person on the 7th & 8th November 2024.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996

POLICY IMPLICATIONS

Investment Policy

Purchasing Policy

Corporate Credit Card Policy

FINANCIAL IMPLICATIONS

The cost to have this review undertaken is considerable in the 24/25 financial year however consideration must be given to the fact that the cost is applied only every 3 years.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.2 Governance & Leadership: Forward planning and implementation of plans to determine Strategic Plan and service levels

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

No further consultation outside of the organisation was obtained.

RISK ASSESSMENT

	Option 1
Financial	Low <i>There is no direct financial implication with the requirement of this report.</i>
Health	Low

Reputation	<i>Low</i> <i>Identifying and establishing policies and procedures ensures compliance. This establishes the integrity of financial processes with ethical standards.</i>
Operations	<i>Low</i> <i>These items can be managed by routine procedures and documentation</i>
Natural Environment	<i>Low</i>

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

During the period of review, 57 (25 Minor, 30 Moderate, 2 Significant) observations were noted across the review areas.

MODERATE FINDINGS

A summary of the **Moderate** findings (not including minor);

1.3 and 1.4 - Fraud Risk Management Policy or Framework

- **Recommendation:** Implement a Fraud Risk Framework – Embed a risk framework specific to the financial management systems and procedures.
- **Officer’s Comments:** The Risk Management framework has recently been updated via Council Consultation and we will continue to utilise the new framework to access possible risks

2.1 – September 2024 Creditor Trial Balance had an outstanding Australia Post Invoice

- **Recommendation:** Review the Accounts payable trial balance regularly to identify and verify
- **Officer’s Comments:** This invoice was known to the finance team following regular/monthly reviews of the aged trial balance, the item had not been actioned at the time of review however has since been rectified. No further action required.

2.2 - No independent review conducted to confirm bank details prior to finalising payment runs

- **Recommendation:** Include independent review of the verification report within the payment approval process
- **Officer's Comments:** A verification is conducted between EFTSure and the Shire's Bank prior to uploading payments. The Finance Officer will now print this verification to include in the approval of the payment run for Approvers to check.

3.3 – No Procedures are documented for Corporate Credit Cards

- **Recommendation:** Document procedures to support the use and management of Corporate Credit Cards
- **Officer's Action:** The Shire has all credit card holders sign a Credit Card Agreement which outlines the Conditions of Use. This does not form part of the Credit Card Policy and will need to be reviewed and updated.

4.1 and 4.2 – No defined process or procedure in place being following for debt collection – no tracking of procedures or actions is maintained and easy to review

- **Recommendation:** Review debtors collection policy to ensure it remains appropriate and develop a clear process for Debtor's Officer to follow;
- **Officer's Action:** The debt collection policy was reviewed by staff and is still relevant. A spreadsheet has now been developed to help with tracking the debt collection process so all Finance Officers can understand what process has been conducted in relation to each outstanding debt. These debts are already reviewed on a monthly basis as part of the EOM process.

Employee debts are commonly raised due to money owing over and above their bond in relation to their tenancy with staff housing. Items like electricity/water can only be determined upon vacation of the tenant and more often than not the employee has already been terminated.

5.1 – No Revenue & Rates Strategy developed

- **Recommendation:** Monitor legislative changes for requirement to prepare and adopt a Revenue & Rates Strategy (Policy)
- **Officer's Action:** Implement a Revenue & Rates Strategy in 2025

5.3 - Delegation 1.2.24 Agreement to Payment of Rates & Service Charges – the recording of the exercising of this delegation is not incorporated into the Payment Arrangement Process. The conditions of the delegation do not appear consistent with the two (2) rates policies.

- **Recommendation:** Review the Delegations along with the policies to ensure consistency. Consider whether the condition to report to Council every 6 months detailing payment arrangements is still appropriate. Record the exercising delegation in the delegation register.
- **Officer's Actions:** A review of the two Rates Collection policies, the relevance of reporting to Council and the process of recording payment arrangements under delegation will be reviewed for appropriateness.

5.4 and 5.5 – Outsourced Rates Provider checklists

- **Recommendation:** Document a process/procedure for all rates functions. Incorporate steps that are outsourced to service provider and clearly document Shire's responsibilities/actions in the process. Educate Officers of delegation requirements.

- **Officer's Comments:** The EMCS introduced a new EOM process outlining all the Rates Functions and who is responsible for particular tasks. The Senior Finance Officer is now responsible for checking these items from the checklist for Rates Functions. Officers are to be reminded of the Delegations Register.

5.7 - 2024/2025 Rates Notice RID or GRV is documented as 13.8187 whereas the budget document is 13.8189

- **Recommendation:** Implement a process of review prior to issuing Rates Notices. Develop a checklist for reviewer to ensure completeness of review items.
- **Officer's Comments:** There is a review process in place with the external rates provider which is signed by the EMCS for accuracy. This was discussed by EMCS and the external provider and was purely due to rounding of the last 4 digits and calculations were not affected.

6.1 - No procedures are documented for Cash Handling, Cash Management, Bank Reconciliation, or Investments.

- **Recommendation:** Develop written procedures for all functions
- **Officer's Comments:** Officers will work to establish written procedures for these functions.

6.2 - No separation of duties incorporated into the Shire's investment process.

- **Recommendation:** Review process to enable appropriate separation of duties and include a review of the approval step. Consider amending the process to include minimum number of rates sought to inform investment decision making.
- **Officer's Comments:** A second approver is required for all Rollovers and Initialisation of Term Deposits and Investments.

6.3 and 6.4– All investments are noted as being invested in Westpac Term Deposits and is in accordance with the Portfolio Credit Risk Framework. The investment process does not include a review of rates from other compliant institutions.

- **Recommendation:** Develop a decision tool to assist in the investment decision making. This will also enable an approver to have assurance the investment decisions are within the Shire's investment risk framework limits. Consider amending the process to include minimum number of rates sought to inform investment decision making
- **Officer's Comments:** The process of investment is conducted as per the Investment Policy. The EMCS does consider alternative options however it is not documented. Westpac currently hold the best investment rates for a 3-month Term Deposit. This will be documented in future for the approver.

6.5 – The investment of funds is not evidenced as being conducted in accordance with delegation 1.2.22 Power to Invest.

- **Recommendation:** Amend investment process to be carried out in accordance with requirements of the Investment Policy and Delegations with adherence evidenced.
- **Officer's Comments:** Develop a better process to capture approvals for delegations in relation to investments.

6.10 – Closing of Medical Bank Account

- **Recommendation:** Where the bank is no longer required, it should be closed as soon as practicable. This will ensure unnecessary bank fees and charges are not incurred by the Shire.

- **Officer's Comments:** The EMCS will be presenting this to Council in February 2025

7.1 – No procedures are documented for the budget process

- **Recommendation:** Document the budget process including a breakdown of tasks with clear timeline and responsibilities.
- **Officer's Comments:** There are minimal processes documented, however the Budget Template from Bob Waddell includes most tasks that are required in the one document. The EMCS will endeavour to document the processes further over time as this is quite a significant amount of work.

8.4 - There are no documented procedures for the month end process

- **Recommendation:** Thoroughly document the end-of-month process and regularly review and refine it.
- **Officer's Actions:** The EOM processes required to be completed has been fully documented and was implemented as at 01.07.24 and is working well. No further actions required.

8.6 – The Monthly Report presented to Council does not comply with the Local Government (Financial Management) Regulations 1996 as it does not include material variances categorised by Nature & Type

- **Recommendation:** Include material variances by nature and type in the monthly financial report. The FM Regs do not require reporting by Program, but if the Shire wishes to include, they can but must continue to also include the material variance explanation by Program.
- **Officer's Comments:** The Moore template is used by numerous Councils and is built for local government, in particular to cover all the Financial Management Regulations required. Further investigation is required by EMCS.

9.1 Some fees and charges are incorrectly listed as being subject to GST i.e. Supply of electoral roll, title search, copy of rate notice.

- **Recommendation:** Conduct a review of the Schedule of Fees and Charges to verify correct application of GST across all fee types.
- **Officer's Comments:** These have been reviewed and corrected as required.

10.2, 10.3 and 10.4- Changes made to employee master files are not evidenced as being reviewed or approved to confirm accuracy and completeness. Audit Trail reporting or pay comparison reports are not checked.

- **Recommendation:** Amend payroll process to include review and approval of changes made to employee master files. Include in the payroll process standard reports for pay comparison reports (This Pay vs Last Pay), and Audit Trails.
- **Officer's Comments:** As part of the End of Month process an audit report for changes to employee master files is now conducted and checked. This was implemented as at 01.07.24. Our previous payroll system used to report on prior payroll vs current payroll however since moving to Definitiv this has not been the case. Further investigation into similar reports from Definitiv are required by Officers.

10.5 – Insufficient separation of duties in respect to maintenance of employee master file, payroll processing and payment processing

- **Recommendation:** Documenting a formal procedure for the end-to-end payroll process will assist in identifying where the segregation of duties is required. Ensuring the procedure is followed will reduce the risk of fraud and error.
- **Officer's Comments:** Payroll instructions have been documented and are continually reviewed for accuracy since moving to the Definitiv program – Lack of staff has resulted in lack of separation.

11.3 - No documented procedures for the management or recording of fixed assets.

- **Recommendation:** Document procedures, ensuring compliance with accounting standards, *Local Government Act 1995* and Council policies.
- **Officer's Comments:** The Shire has over the past 3 years engaged Bob Wadell and his team to annually assess the Shire's Assets as part of the End of Year Process. The EMCS records any additions and disposals of plant & equipment etc. however the assessment of road and infrastructure assets has been completed in conjunction with Bob Waddell. There are no formal procedures in place and the EMCS will have to consider documenting these procedures going forward.

12.1 and 12.2- There are no documented procedures for processing journals or general ledger/job creation or maintenance in Synergy. There is currently no independent review of manual journals posted.

- **Recommendation:** Document procedures including approval process. As discussed, providing a listing of all journals, and supporting documents to the CEO for an independent review monthly would be an appropriate solution for the Shire .
- **Officer's Comments:** The EMCS will produce formal procedures for the processing of Journals. The EMCS is working with the Senior Finance Officer to engage in the processing of Journals therefore giving an independent review of those journals. For all other journals the EMCS will need to send to the CEO for review of the journals performed each month.

SIGNIFICANT FINDINGS

A summary of the **Significant** findings (not including minor);

3.4 - It is observed that Credit cards are shared and used by officers other than the Cardholder

- **Recommendation:** This practice is not recommended, however if administration consider this to be unavoidable, consider reducing the risk by implementing an agreement to be signed by the person taking the credit card to abide by the policy and procedures when using the card. Agreement to include date and signature of issue and return of card. Ensure this procedure is documented.
- **Officer's Comments:** Staff employees are currently required to fill out a Credit Card Purchase Request Form which should be sufficient. This form identifies the person other than the cardholder who is purchasing the item and must be signed off by the approver (Cardholder). This is not a documented process so will need to be formally documented and distributed amongst staff.

The EMCS and EMWS have discussed the issue of other staff making purchases on and Executive's Credit Card and believe that a document requiring the following details be maintained as a log for each cardholder;

Purchaser's Name

Date Taken

Date Returned

Signed Returned by the Purchaser

Signed Returned by the Approver (Credit Card Holder)

5.6 - During the review it is noted that as at 30 June 2024 there was 10.34% of uncollected rates totalling \$314k.

- **Recommendation:** Review process for collection of rates, including any proactive measures that can be put in place to encourage payment by due dates. (i.e. SMS reminders and other communication tools)
Set a performance target for an achievable and appropriate level of uncollected rates debts.
Encourage and support Officers to meet targets
- **Officer's Comments:** Although the collection of rates is a continual process and is maintained via an online portal with constant communication from our Debt Collection Agency working through the formal debt collection process. We do not have these processes formally documented. The EMCS and Senior Finance Officer are working on creating a spreadsheet for all the actions taken for each debt that is loaded with AMPC for debt collection. Relevant Officers will have concise and up to date information for each debt and will ensure that actions are taken in a timely manner.

COMMENTS AFFECTING COMMITTEE DECISION

Cr Hayes enquired whether Officers had been satisfied with the services and process of Source Business Partners during the review. The EMCS replied that the consultants had worked very closely with each staff member involved to gain insight into the observed processes and procedures. She further explained that the recommendations made in the final report were a result of consultation with her on what was practicable and possible, and that Officers would be working towards all recommendations made. Officers had already commenced implementing some of the more high risk findings.



Financial Management Review

Shire of Quairading

December 2024



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Executive Summary

Background

The objective of the review is to, in accordance with *Local Government (Financial Management) Regulations 1996* 5.2(c) (FM Reg 5), assist the Chief Executive Officer (CEO) in undertaking an assessment of the appropriateness and effectiveness of the Shire of Quairading's (the Shire) finance systems and procedures in relation to:

- collection of all money owing to the local government
- safe custody and security of all money collected or held by the local government
- maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process)
- accounting for municipal or trust —
 - revenue received or receivable
 - expenses paid or payable
 - assets and liabilities
- authorisation for the incurring of liabilities and the making of payments
- maintenance of payroll, stock control and costing records
- preparation of budgets, budget reviews, accounts and reports required by the Act or Regulations.

Methodology

The review was conducted through a combination of onsite and offsite activities. Various forms of information gathering and testing was undertaken, including interviews with staff, process walkthrough/testing and source documentation testing.

The Review sought to understand and test the:

- context in which the Shire's finance function operates; and
- Shire's financial management systems and procedures in respect to:

<ul style="list-style-type: none"> ○ System Management ○ Purchases, Payments, and Payables ○ Receipts/Receivables ○ Rates ○ Bank Reconciliations ○ Trust Funds ○ Internal controls and risk management in respect to finance ○ Petty Cash Management ○ Fees and Charges ○ Cost Management and Controls 	<ul style="list-style-type: none"> ○ Minutes and Meetings ○ Financial Reporting ○ LTFP & Budgeting ○ General Journals ○ Fixed Assets ○ Delegations in relation to Finance ○ Storage of Financial Documents and Record Keeping ○ Credit Cards ○ Reserves ○ General Compliance
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- Administration & Overheads Allocations
- Policies and Procedures.

The information gathered and tested provided the basis for analysis (qualitative and quantitative), to understand the maturity of the Shire’s Financial Management Systems and Procedures, and to identify any gaps in the effectiveness and/or appropriateness.

The resulting observations and recommendations have been outlined within this report.

Summary Conclusion

To support the Chief Executive Officer in meeting their obligations under Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (FM Regs) a review of the appropriateness and effectiveness of the Shire’s financial management systems and procedures was undertaken.

Through this report and the identified observations and proposed recommendations, we aim to support the Shire in implementing a process of continuous improvement and to further enhance the robustness of the financial management systems and procedures into the future.

During the period of review, 57 (25 Minor; 30 Moderate; 2 Significant) observations were noted across the review areas. For each observation, a recommendation has been provided for consideration.

Review Area	# of Observations
General	4
Payments, Payables and Purchases (Incl. Petty Cash)	7
Corporate Credit, Purchasing and Fuel Cards	5
Receivables and Receipts	2
Rates	9
Bank Reconciliations, Cash Management and Investments	11
Budgeting, Long Term Planning and Cost Management	2
Financial Reporting (Incl End Of Month Processes)	6
Fees and Charges	1
Payroll	5
Fixed Assets	3
General Journals	2
Total	57

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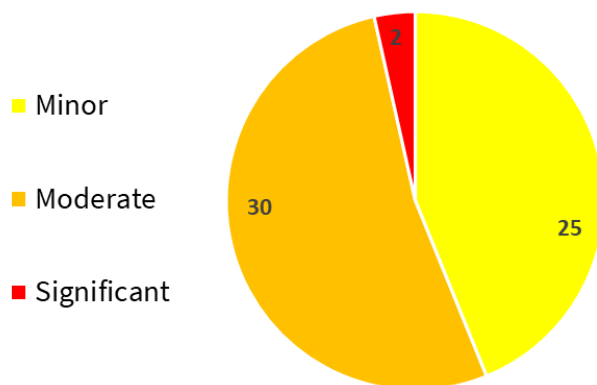
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Observations by Risk Rating



The detailed observations and resulting recommendations are provided in the table of Summary of Observations and Recommendations, commencing on page 6.

This engagement was performed as an advisory engagement, not an Audit or Assurance Engagement and is not subject to any audit or assurance standards issued by the Australian Auditing and Assurance Standards Board (AUASB). No opinion or conclusions in this report are intended to convey any level of assurance.

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Financial Management Systems and Procedures Review

Risk Framework

The Risk framework used has been adapted from the Office of the Auditor General's Risk Framework utilised in the Auditing of Western Australian Local Governments. The Ratings are based on the review team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken.

Consideration is given to the 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). The impacts are considered both individually for each finding, and in the context of the whole review and other associated findings.

Table: Risk Rating Definitions

Significant	Those observations where there is potentially a significant risk to the entity should the observation not be addressed by the entity promptly.
Moderate	Those observations which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
Minor	Those observations that are not of primary concern but still warrant action being taken.
Opportunity for Improvement (OFI)	Those observations that are not of concern, however the reviewers have noted as an opportunity to move towards better practice standards.

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Summary of Observations and Recommendations

Area 1: General		
Ref / Risk	Observation	Recommendation
1.1	Upon review of the 2023 Annual Report, the Independent Auditors Report is missing from the Annual Report. The adopted annual report attachment (Dec 2023) and the website copy are consistently missing this Auditors Report.	Update website documents to ensure Independent Auditors Report is included in the Annual Report.
1.2	Although the Shire is a small team, there are no regular finance meetings held with the team. Regular meetings (i.e. Monthly), provide a vehicle for communication, training and development, risk identification and workflow management.	Consider implementing a monthly team meeting with set agenda for the finance team.
1.3	Upon review of the Shire’s policies, it is observed that there is no Fraud Risk Management Policy or framework in place. Fraud risk management has a critical role in preventing and promptly detecting fraud to minimise loss, retain trust in entities and protect employees.	Implement a Fraud Risk Framework.
1.4	It is noted that the Shire has a Risk Management Framework and Policy in place. Only one strategic risk that relates to financial risk is recorded in the Shire’s risk management. No operation risk register/tool for finance is in place. The process of identifying and assessing all the potential risks associated with the finance management systems and procedures assists in ensuring that all appropriate mitigation / treatment plans are in place. Regular review of the risk register enables staff to consider if any new risks	Embed a risk framework specific to the financial management systems and procedures, in alignment with the Shire’s Risk Management Framework. Implement system for regular review by finance staff.

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	have evolved, treatment plans remain appropriate and effective and elevates risk awareness for staff.	
OFI	The Shire's statement of Significant Accounting Policies was last reviewed in December 2022. Since the last review, significant changes to the <i>Local Government (Financial Management) Regulations 1996</i> (FM Regs) have occurred. Significant Accounting Policies should be reviewed annually and updated for any changes in legislation or significant accounting position.	Include the review of the statement of Significant Accounting Policies as part of the end of year process.

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Area 2: Payments, Payables and Purchases (incl Petty Cash)		
Ref / Risk	Observation	Recommendation
2.1	When reviewing the September 2024 creditor trial balance an Australia Post invoice dated February 2024 was showing as outstanding. It was evidenced that this invoice had already been paid.	Review the Accounts Payable trial balance regularly to identify aged invoices and verify if they are payable or need to be removed from the system.
2.2	EFTsure is used to verify the bank details included in the .aba file. The verification report is checked by the Finance Officer. The current process does not include an independent review to confirm the verification report returns no anomalies prior to finalising payments.	Include independent review of the verification report within the payment approval process.
2.3	A service provider (outsourced rates service) was engaged with only one quote sought. The value of the engagement was within the three (3) quotes range as per the Shire's Purchasing Policy and the same supplier was used for the prior two (2) years.	Consider undergoing request for quotation process to enter a contract for multiple years. This can lessen the administration burden of seeking quotes annually and ensure value for money is achieved. Alternatively consider adding the option of a waiver in the purchasing policy to be exercised at the CEO's discretion but reported to Council on a regular basis.
2.4	Direct debit payments to supplier (PWD) do not appear on the monthly payment listing.	Update report procedure to ensure all payment types are included.
2.5	During the review it is observed that a sample of invoices paid was more than the quoted value. It is signed off by the Executive Manager, but no explanation of variance provided. (Garretts)	Document and implement a procedure with a formal allowable variance, and process to be followed when expenditure incurred is above that variance.
2.6	No formal purchasing authorisations exist or procedure to delegate authorisation if an officer is acting in a role with purchasing authorisation.	Document the purchasing authorisation given to all relevant officers. If purchasing authorisation is given to officers acting in

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		the roles, ensure this is captured via a form so approvals made in the Executive Manager's absence can be verified.
2.7	As per the Purchasing Policy, procurement over \$50,001, purchasing decisions are to be evidenced using the Evaluation Report template. Although quotes were sourced, no evaluation report was completed for works over \$50,001 for Fulton Hogan invoice 15597885.	Document and implement a procedure and record keeping system to ensure that all documentation is completed and retained as per the policy.

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Area 3: Corporate Credit, Purchasing and Fuel Cards		
Ref / Risk	Observation	Recommendation
3.1	The Shire's Credit card policy states that the Chair of Audit & Risk Committee is to sign the CEO's credit card statement. Council members have no administrative authority to approve.	Consider updating policy to have Executive Manager sign off CEO credit card. This recommendation is in line with the most recent OAG best practice guide. Statements and listings of credit cards expenditure are presented to Council monthly to ensure full transparency.
3.2	Credit card agreements were signed prior to the current iteration of Corporate Credit Card Policy.	Consider having the card holders re-sign the agreement when the Policy is updated to ensure they are aware of any changes to the Policy they need to comply with.
3.3	No procedures are documented for Corporate Credit Cards.	Document procedures to support the use and management of Corporate Credit Cards.
3.4	It is observed that Credit cards are shared and used by officers other than the Cardholder.	This practice is not recommended, however if administration consider this to be unavoidable, consider reducing the risk by implementing an agreement to be signed by the person taking the credit card to abide by the policy and procedures when using the card. Agreement to include date and signature of issue and return of card. Ensure this procedure is documented.
3.5	During the period of review one (1) instance of a credit card agreement not being witnessed was observed. Credit card register does not have date of issue or return, nor signature to verify issue and return.	Consider updating register to ensure there is a signed record of card issues and returns. Document and implement a procedure. Assign responsibility to check completeness of forms and registers.
OFl	OAG recently issued Better Practice guidance for Purchasing Cards (which includes Credit Cards, Purchasing Cards and Fuel Cards). The Shire's policy is consistent with the guide in most areas.	Consider adding a clause to the Credit Card Policy to cover the instance when a card holder goes on extended leave and the policy requirements in these instances.

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		Consider implementing a form for issue of a new card or changes to limits.
OFI	The Corporate Credit Card policy mentions that a report will be provided to the Audit and Risk Committee on the control, use, viability and adherence to policy and procedures. This has yet to occur.	The report to Council could be issued annually and could include statistics such as number of cards issued, limits, spend amounts and any instances of non-compliance with the policy.

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Area 4: Receivables and Receipts		
Ref / Risk	Observation	Recommendation
4.1	The Shire’s debt collection policy outlines the sundry debtors process to follow in respect to the collection of outstanding debts. It was observed that whilst statements are issued and some reminder letters are sent, there is no clearly defined process or procedure that is in place or being followed for Sundry Debtors. No tracking of procedures or actions is maintained to enable easy review of: status; evidence of collection process being followed; or next collection action to be taken.	Review debtors’ collection policy to ensure it remains appropriate and develop clear process/procedure for debtors’ officer to follow. Develop tracking system or utilise current system functionality to maintain a register of debtor collection actions taken.
4.2	Outstanding Sundry Debtors at 30 September 2024 totalled \$201,168. \$105,883 related to debtors >90days outstanding. Of this, two debtors make up most of the outstanding balance (\$100,893) being the Australian Taxation Office (\$46,439 – 101 days) and Main Roads (54,454 – 122 days). Further sampling observed that the Australia Taxation Office debtor had been resolved, just not cleared as was an unreconciled item on the bank reconciliation. The remainder of the >90 days is made up of debts <\$1,000 and one debtor >\$1,000, of which some are current or former Shire staff. The longest outstanding debtor is 678 days past due (Debtor 95040 - \$945). Timely collection of sundry debts ensures that the Shire continues to have the necessary funds to meet its financial	A clear process on collection procedures will ensure proactive, regular and effective action is taken to collect outstanding debts (per 4.1.) Consider process for employee related debts to form part of the payroll process where approved deductions are taken from the employee’s net pay. Ensure process of terminated employees includes checking for any outstanding debts to the Shire prior to termination and make arrangement for payment. Review, investigate and resolve outstanding debtors in a timely manner.

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obligations. Regular follow up actions and maintenance of the sundry debtors aged trial balance can provide indicators of errors or misstatements in other areas and reduce potential for bad debts.	
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Area 5: Rates		
Ref / Risk	Observation	Recommendation
5.1	It is noted that there is no separate Revenue & Rates Strategy developed. Currently, the rates strategy has been incorporated into the LTFP assumptions, being 1.6% above CPI for each year of the LTFP. Legislative changes as part of the Local Government Act Reform are expected to be in place for 2025, with the requirement for local governments to prepare and adopt a Revenue & Rates Policy, setting out information about the local government's projected revenue from rates and other sources of projected revenue, by 1 March each year.	Monitor legislative changes for requirement to prepare and adopt Revenue & Rates Strategy (Policy).
5.2	Throughout the review it is noted that there are two Council Policies that cover the collection of rates and are conflicting in some policy statements.	Consider reviewing both policies to incorporate current policy position into the one Council Policy and seek removal of the outdated Policy. Ensure Policy Position is consistent with conditions of Delegation 1.2.24 (Review delegation if required).
5.3	Upon review of the application of Delegation 1.2.24 Agreement to Payment of Rates and Service Charges the following observations are noted: - the recording of the exercising of this delegation is not incorporated into the Payment Arrangement process and does not occur. - the conditions of the delegation do not appear consistent with the two (2) rates collection policies and the policy statements within.	Review the conditions of the Delegation alongside the review of the policies to ensure consistency. Consider whether the condition to report to Council every six months detailing payment arrangements is still appropriate, revise conditions or incorporate reporting mechanism into council report cycle. Recording the exercising of the delegation in the delegation register may be a sufficient process to report arrangements Council, rather than a separate council report.

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	<p>- condition d. of the delegation requires a report to Council every six months detailing the payment arrangements entered into. This is not evidenced as occurring.</p>	<p>Document complete process, include requirement to record exercising the delegation in the delegation register.</p>
<p>5.4</p>	<p>The Shire’s rating function is outsourced to a service provider, whilst a comprehensive process (checklists) performed by the consultants is evidenced, there is no internal process documented or evidence of review of rates processes by the Shire or by a senior consultant other than the processing consultant.</p> <p>The service provider completes rates functions such as:</p> <ul style="list-style-type: none"> - Rates Billing (Annual) - Amendments to the Rate Record (Interim Rates) - End of Month Processes including charging of interest - End of Year Processes <p>To ensure accuracy, and completeness, it is important that there is a level of review and approval completed by the Shire as their system is updated. Amendments to the Rate Record are also a delegation from Council to the CEO, and sub delegation to the EMCS.</p>	<p>Document a process/procedure for all rates functions. Incorporate steps that are outsourced to service provider and clearly document Shire’s responsibilities/actions in the process. Educate officers of delegation requirements.</p>
<p>5.5</p>	<p>Amendment of the Rate Record delegation exists with sub delegation to EMCS. As mentioned in 5.4 the processes that include amendments to the Rate Record do not incorporate the exercising of the delegation (approval by EMCS) or recording of the delegation being exercised in the delegation register.</p>	<p>Recommendation incorporated into 5.4.</p>

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5.6	<p>During the review it is noted that as at 30 June 2024 there was 10.34% of uncollected rates totalling \$314k.</p> <p>Through discussions with the EMCS it was identified that there is no performance measure or target set as an appropriate level of uncollected rates to work towards. Officers noted that their priority is to monitor the debt collection processes and continually achieve reductions in the outstanding level of rate debtors by enforcing collection measures.</p> <p>Rates is a significant source of funds required by local governments to carry out their functions. High levels of uncollected rates may put the Shire at risk of meeting its debts when they fall due.</p>	<p>Review process for collection of rates, including any proactive measures that can be put in place to encourage payment by due dates. (i.e. SMS reminders and other communication tools)</p> <p>Set a performance target for an achievable and appropriate level of uncollected rates debts. Encourage and support officers to meet targets.</p>
5.7	<p>2024/25 Rates Notices Rate in the Dollar (RiD) for GRV is documented as 13.8187 whereas the 24/25 Budget document and Agenda adopted rate is 13.8189. Recalculation performed for Rates Levied report and Rates Notices demonstrates that the adopted rate was charged, however the rates notice shows the incorrect RiD.</p>	<p>Implement a process of review prior to issuing Rates Notices. Develop a checklist for reviewer to ensure completeness of review items.</p>
5.8	<p>2024/25 Annual Budget, note 2 - Rates and Services Charges, is missing the rateable value for Minimum Payment rating/property categories.</p>	<p>Review presentation of Annual Budget note to ensure compliance with requirements of the <i>Local Government Act 1995</i>.</p>
5.9	<p>During the review it is observed that the September 2024 Rates Note Levied Amount \$2,781,111 (Monthly Financial Report) does not match Levied Report or Budget Levied \$2,781.425. Interims</p>	<p>Review the setup of the rates note reconciliation in the Monthly Financial Report to ensure information is presented accurately.</p>

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	posted after the Levied amount should be in the interim's columns.	
OFI	The format of the Rating Information Notes, reported in financial budgets and reports, breaks down the GRV and UV rate categories into property categories, such as GRV Residential, GRV Industrial, GRV Commercial. Whilst this information may be useful to Council, the current format has no clear descriptors and presents in a manner that the Shire rates differentially (Differential Rates), not Uniform General Rates for GRV & UV.	To avoid any confusion as to whether differential rates are charged or uniform rates, consider amending the format in which the Rating Information is presented within financial budgets and reports.

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Area 6: Bank Reconciliations, Cash Management, and Investments		
Ref / Risk	Observation	Recommendation
6.1	No procedures are documented for Cash Handling, Cash Management, Bank Reconciliation, or Investments.	Develop written procedures for all functions.
6.2	It has been observed that there is no separation of duties incorporated into the Shire’s investment process from cash surplus identification, investment decisions, and investment cash transfers (to and from) is completed by one officer.	Review process to enable an appropriate separation of duties and include a review and approval step.
6.3	The Shire’s Investment Policy details risk guidelines, including the Portfolio Credit Framework and the Term to Maturity Framework. Investment decisions, and reporting does not take into consideration the limits set by the risk guideline frameworks. During the review, all investments are noted as being invested in Westpac Term Deposits, AA- long term rating, and is in accordance with the Portfolio Credit Risk Framework.	Develop a decision tool to assist in investment decision making. This will also enable an approver to have assurance the investment decisions are within the Shire’s investment risk framework limits.
6.4	The investment process does not include seeking or review of interest rates from other compliant deposit taking institutions (like seeking quotes), this practice would ensure investment decisions are providing the overall best value for investment of surplus funds.	Consider amending process to include minimum number of rates sought to inform investment decision making.
6.5	The investment of funds process is not evidenced as being conducted in accordance with Delegation 1.2.22 Power to Invest. Sub Delegation 1.2.22 Power to Invest, is delegated to EMCS. Condition 1. of the sub delegation requires a decision to invest to	The current delegation and sub-delegation, when carried out in accordance with the conditions, is appropriate. Amend investment process to be carried out in accordance with requirements of the Investment Policy and Delegations with adherence evidenced (i.e. Approval form, email, etc).

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	<p>be jointly confirmed by two Delegates. To be compliant with the Head Delegation and the Sub Delegation, this would require the CEO and the EMCS to jointly approve each investment and reinvestment decision. This is currently not being performed as part of the investment practices.</p> <p>Condition 2. of the sub delegation limits the EMCS to making investment decisions up to \$1,000,000. All investment decisions exceeding this value is to be referred to the CEO (condition 3.). During the review two (2) Reserve Term Deposits are over \$1,000,000 of which have not had approval by the CEO. Given condition 1. Requires two Delegates to approve, currently, if this condition was incorporated into the process (CEO & EMCS approval of each investment and reinvestment decision), condition 2. And condition 3. would be achieved.</p> <p>Exercising of the Delegation is not being recorded in the Shire's Delegation Register.</p>	<p>Ensure the exercising of the delegation is recorded in the delegations register.</p>
6.6	<p>Delegation 1.2.22 Power to Invest, conditions from Council to CEO require that details of the investment Portfolio's performance, exposures and changes since last reporting date is reported to Council monthly. The current format of the Investment Note does not detail changes from month to month.</p>	<p>Review format of Investment note in monthly report.</p>
6.7	<p>Investment account balances are reconciled through the finance systems bank reconciliation module. During the period of review there was a system issue waiting to be resolved which prevented the reconciliation of investments to be completed in the bank</p>	<p>Where system issues are occurring, include a manual reconciliation of bank accounts, and record relevant transactions (i.e. Interest, principal balance movements).</p>

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	reconciliation modules. During this interim period, no manual reconciliations were being performed to confirm the general ledger matched the term deposit accounts. There is no separate investment reconciliation process to reconcile interest on term deposits to the general ledger. During the review it is noted that the Reserve Investment balances presented in the Investment note of the monthly report do not match the Term deposit balances at the period end date.	Consider developing a standalone reconciliation for investments (or further enhancing the functionality of the Investment note), to reconcile principal balances and interest earned YTD against the general ledger.
6.8	Whilst the Shire's Investment Policy does not require the <i>Monthly Investment Report</i> to include adherence to the Investment Policy including compliance with Risk Management Guidelines, it is good practice to report on this to enable oversight of the risk profile of the Shire's investments. (Policy states that monthly report 'may' include.)	Review format of Investment note in monthly report to include performance against Policy framework.
6.9	Outstation cash floats are not independently verified on a regular basis.	Document and implement a procedure to ensure that cash floats are verified by a finance officer on a regular basis. Include as an action on the relevant monthly checklist.
6.10	Discussion with management provided that the Medical Practice is now contracted, and medical practice bank account is not required. Through discussions with Management, the account still requires closing, and during the review it is observed that the account continues to incur bank fees and interest each month. It is also noted that the Medical Practice bank account is in credit (\$31.48) at 30 September 2024.	Where the bank account is no longer required, it should be closed as soon as practicable. This will ensure unnecessary bank fees and charges are not incurred by the Shire.
6.11	Discussion with management provided that the process for the Container Deposit Scheme is transitioning to a cashless point of sale. The cash float has not yet been collected/returned to Shire	Collect cash float from outstation and record any remaining entries required in the Shire's finance system. Receipt/bank any balance of cash float and clear balance sheet account.

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Administration to finalise the process and return funds to the Shire's bank account.	
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Area 7: Budgeting, Long Term Planning and Cost Management		
Ref / Risk	Observation	Recommendation
7.1	No procedures are documented for the budget process.	Document the budget process including a breakdown of tasks with clear timeline and responsibilities.
7.2	Noted that in the September 2024 monthly report that YTD budget vs actuals variances are upwards of 50% with timing given as the explanation.	Consider when costs will be incurred when phasing budget for upload to the system. Recommend collecting expected months of expenditure based on prior year and management knowledge. Capital projects are normally planned at certain times of the year.
OFI	Whilst compliant with the <i>Local Government Act 1995</i> , adoption of budget late August can lead to cashflow issues as the first payment of rates is not due until October. Any issues in preparing the budget, such as staff absence or objections, could also hold up the budget process beyond the 31 August compliance date. Tenders and quotes may not be sought until after budget adoption potentially delaying projects.	Consider beginning budget process earlier for an earlier adoption.
OFI	The resolution adopted for reporting material variances for the financial year 2024/2025 incorrectly referenced 2023/2024.	To prevent similar errors in the future, consider implementing a process where another member of the Finance team proofreads reports to provide feedback and perform a sense check.

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Area 8: Financial Reporting (incl End of Month Processes)		
Ref / Risk	Observation	Recommendation
8.1	There are no movements posted to inventory for the year to date.	Add to the monthly checklist and reconcile inventory monthly.
8.2	On the grants register in the monthly report there are two prior year RRG grants for Quairading - Corrigin Road, which are shown as a grant liability, but have not been budgeted as revenue for 24/25.	These grant liabilities appear to be carried forward from prior years. Investigate to determine treatment. Determine if they will be recognised as revenue in the future, or whether they need to be returned.
8.3	Investment note in monthly report includes actual date of maturity of each investment.	To reduce risk of fraudulent activity, only disclose the month of maturity.
8.4	There are no documented procedures for the month end process.	Thoroughly document the end-of-month process and regularly review and refine it. This approach will help identify training opportunities for team members, build collective knowledge within the team, and enable the Executive Manager to conduct a more comprehensive review.
8.5	No depreciation is presented on the respective Statement of Financial Activity during the periods of review.	Although the asset ledger journals cannot be run until audit sign off, consider manually processing a reversing depreciation journal until the asset module is rolled over. (see also 11.1)
8.6	The monthly report presented to Council does not comply with the <i>Local Government (Financial Management) Regulations 1996</i> (FM Regs), as it does not include material variances categorised by nature and type.	Include material variances by nature and type in the monthly financial report. The FM Regs do not require reporting by Program, but if the Shire wishes to include, they can but must continue to also include the material variance explanation by Program.
OFl	The <i>Local Government (Financial Management) Regulations 1996</i> (FM Regs) state that the statement of financial activity and the statement of financial position need to be presented at the OCM and recorded in the minutes of the meeting it is presented.	Consider expanding the Council resolution to receive the monthly financial statements as per the FM Regs, for example:

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		<i>“That Council receives the Monthly Financial Report for the period ended xxxx 20xx, including the Statement of Financial Activity, Statement of Financial Position, explanation of material variances and other relevant information as contained in Attachment X”</i>
OFI	The agenda report that accompanies the monthly financial reports appears outdated. Included remain references to implications of COVID and war.	Review and update regularly to ensure accurate and relevant information is provided to the readers of the report.

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Area 9: Fees and Charges		
Ref / Risk	Observation	Recommendation
9.1	Some fees and charges are incorrectly listed as being subject to GST i.e. Supply of electoral roll, title search, copy of rate notice.	Conduct a review of the Schedule of Fees and Charges to verify correct application of GST across all fee types.

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Area 10: Payroll		
Ref / Risk	Observation	Recommendation
10.1	<p>Identification and verification of new employees is conducted as part of the onboarding process, including a requirement for National Police Check.</p> <p>A review of changes to the verification process is not completed past initial onboarding. High risk roles, including those with authority to make payments from the Shire's funds, should undergo regular reviews of identity and credentials. This ensures that criminal background checks, qualifications, and required professional memberships are maintained as per the requirements of each identified role.</p>	<p>Develop a framework that identifies roles considered 'high risk' and determine the qualifications, identity, and verification requirements each role. Include requirements for, and regularity of monitoring and review of credentials.</p> <p>Ensure identified roles include particulars within the relevant Position Descriptions.</p> <p>Ensure appropriate documentation to demonstrate verification and monitoring of credentials against the framework requirements.</p>
10.2	<p>Changes made to employee masterfiles are not evidenced as being reviewed or approved to confirm accuracy and completeness. Upon discussion with the payroll officer, the current process does not include review or approval of masterfile changes.</p>	<p>Amend payroll process to include review and approval of changes made to employee master files. This could form part of every pay run approval, where an audit trail of employee master file maintenance is run and included within the pay run approval documents/reports along with the source documentation evidencing the initiation of the changes.</p>
10.3	<p>Pay period / pay run process does not include key checks such as audit trail reporting or pay comparison reports. Reports such as these aid in the identification of errors, misstatements, or fraud in respect to payroll.</p>	<p>Include in the payroll process standard reports for pay comparison reports (This Pay vs Last Pay), and Audit Trails. Reports should form part of the approval documentation prior to finalising payroll processing.</p>
10.4	<p>In addition to 10.3 above, it is noted that an audit trail report is completed monthly and reviewed and signed by the EMCS.</p>	<p>Where 10.2 is implemented as part of every pay run process, a monthly report may not be required in addition. However, where</p>

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	However, there is no evidence that the source information is reviewed to match the changes detailed in the Audit Report. ie. Bank Details changes, or changes in employment conditions.	10.2 is not implemented, source documentation must be supplied and reviewed at the time the Audit Report is reviewed and approved.
10.5	Insufficient separation of duties in respect to maintenance of employee masterfile, payroll processing and payment processing. Payroll officer updates employee masterfiles, processes payroll, uploads bank file and is an authorised approver in the bank.	Documenting a formal procedure for the end-to-end payroll process will assist in identifying where the segregation of duties is required. Ensuring the procedure is followed will reduce the risk of fraud and error.

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Area 11: Fixed Assets		
Ref / Risk	Observation	Recommendation
11.1	The fixed assets module of Synergy cannot be updated until the prior year is finalised which takes place once the annual audit has been signed off. During the interim period, no depreciation is posted in the current year.	If the system cannot be used to post depreciation, consider manually posting a reversing journal until they fixed asset module is rolled. (see also 8.5)
11.2	Infrastructure assets are not capitalised until 30 June.	Consider implementing a process to capture the capitalisation of assets at practical completion.
11.3	No documented procedures for the management or recording of fixed assets.	Document procedures, ensuring compliance with accounting standards, <i>Local Government Act 1995</i> and Council policies.

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Area 12: General Journals		
Ref / Risk	Observation	Recommendation
12.1	There are no documented procedures for processing journals or general ledger/job creation or maintenance in Synergy.	Document procedures including approval process and record keeping requirements.
12.2	There is currently no independent review of manual journals posted.	As discussed, providing a listing of all journals, and supporting documents to the CEO for an independent review monthly would be an appropriate solution for the Shire.

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Appendix 1: Effective and Appropriate Financial Management Systems and Procedures for Local Government

Appropriate and effective finance systems and procedures are key to managing a local government's financial resources in a way that ensures accuracy, transparency, efficiency, and compliance. They provide a structured framework for handling all financial activities, from planning and budgeting to reporting and auditing.

Whilst not exhaustive, below provides a some of the key elements of appropriate and effective finance systems and procedures:

Clear Financial Policies and Procedures

Policy Documentation: Well-defined policies should address the key areas of finance, such as budgeting, accounting, procurement, payments, and audits. These documents serve as a roadmap for how financial matters should be handled across the organisation.

Approval Processes: Defined procedures for approving transactions, such as spending thresholds and authority levels, reduce the risk of fraud and errors.

Internal Controls

Segregation of Duties: Critical financial tasks should be split among different individuals or departments to prevent any one person from having too much control over a process (e.g., authorising, and approving payments).

Authorisation & Access Control: Only authorised individuals should have access to sensitive financial data or the ability to make changes to accounts.

Audit Trails: Proper documentation and record-keeping practices help track every financial transaction. This allows for transparency, accountability, and effective auditing.

Budgeting and Financial Planning

Annual Budgeting: A comprehensive budgeting process should be in place to plan for expected revenues and expenditures. The budget serves as a benchmark for financial performance and helps manage cash flow.

Forecasting: Periodic financial forecasts based on updated information help the organisation adapt to changes in revenues and expenses.

Accounting and Bookkeeping Systems

Accurate Record-Keeping: Maintaining accurate records of all financial transactions is essential. This includes using accounting software that tracks accounts payable, accounts receivable, payroll, and general ledger entries.

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Standardised Chart of Accounts: A well-structured chart of accounts ensures that financial transactions are categorised properly and can be reported on consistently.

Reconciliation: Regular reconciliation of accounts (bank accounts, ledgers, etc.) ensures that the financial records are accurate and aligned with actual transactions.

Cash Flow Management

Receivables & Payables: Procedures should be in place for timely invoicing and collections, as well as for managing accounts payable to ensure that liabilities are paid on time.

Cash Flow Forecasting: Regular forecasting ensures that the organisation has enough liquidity to meet its obligations and avoid cash shortages.

Treasury Management: Effective treasury management ensures that surplus funds are managed properly, optimising interest income or investment returns.

Compliance with Regulations and Reporting Standards

Legal & Regulatory Compliance: The finance system should comply with local, state, and federal regulations (such as tax laws, financial reporting standards, and industry-specific regulations).

Financial Reporting: Timely and accurate financial reporting should include balance sheets, income statements, cash flow statements, and other key financial reports. These reports are essential for internal decision-making and external stakeholders.

Risk Management and Fraud Prevention

Risk Assessment: Periodic financial risk assessments should be conducted to identify and mitigate potential financial risks, including fraud, strategic or operational risks.

Fraud Prevention Measures: Financial procedures should include checks and balances, such as requiring multiple signatures, random audits, and whistleblower protection policies.

Technology and Automation

Financial Software: Using integrated financial management software enhances efficiency, reduces human error, and ensures accurate reporting. It can also help with automation in invoicing, payroll, and financial consolidation.

Cloud-Based Systems: Cloud-based systems allow for real-time access to financial data, providing more transparency and flexibility in managing finances from anywhere.

Data Security: Ensuring that financial systems are secure is critical to protect sensitive data from cyber threats.

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Training and Staff Competence

Ongoing Staff Training: Financial staff should be regularly trained on the organisation's financial procedures, new software tools, and any changes in financial regulations.

Clear Roles & Responsibilities: Staff should have well-defined roles in the finance system, ensuring that everyone understands their responsibilities and the organisation's expectations.

Monitoring, Auditing, and Continuous Improvement

Regular Audits: Internal and external audits help ensure the accuracy and integrity of financial records. Audits can also identify areas of improvement in systems and procedures.

Performance Metrics: The use of financial key performance indicators (KPIs) allows organisations to measure the effectiveness of their financial systems and procedures.

Continuous Improvement: Finance systems should be periodically reviewed and updated to adapt to changes in regulations, technology, and operational needs.

By establishing and maintaining these finance systems and procedures, organisations can ensure that their financial operations run smoothly, remain compliant, and support strategic decision-making.

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Appendix 2: Useful Resources

The following provides a list of useful resources. Proactive use of these resources can aid in continuous training and development of staff and for the organisation to utilise as self-assessment tools for financial and risk management practices.

Western Australian Legislation

Seek in force Western Australian legislation directly from the source each time it is required or referenced. Including the *Local Government Act 1995* and associated Regulations.

<https://www.legislation.wa.gov.au/>

Office of the Auditor General

The Office of the Auditor General's website details report of all financial and performance audits they conduct. Included in each report are recommendations and better practice principles. Other OAG developed tools and resources can also be found on their website.

<https://audit.wa.gov.au/>

Department of Local Government, Sport, and Cultural Industries Resources

The Department provides resources and information to assist local governments to fulfil their legislative obligations and develop best practices. Resources include Local Government Financial Policy and Accounting specific Support Hotline, Circulars and Alerts and Guidance Material, including an Introduction to Local Government Accounting Guide.

[Financial policy and accounting | DLGSC](#)

Local Government Professionals WA Finance Network

The Finance Professionals Network provides an opportunity for local government finance professionals to connect and support each other. Network Committee members details are provided on the below website and welcome connection from their network.

[Finance Network \(lgprofessionalswa.org.au\)](http://lgprofessionalswa.org.au)

Accounting Professionals Member Organisations

Extensive resources are made available to members of accounting professional member organisations including, but not limited to, [Chartered Accountants Australia and New Zealand](#) and [CPA Australia](#).

Australian Accounting Standards Board (AASB)

View the latest Accounting Standards by operative date and recent compiled and uncompiled amending pronouncements.

[Accounting Standards](#)

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Disclaimer

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This engagement was performed as an advisory engagement, not an Audit or Assurance Engagement and is not subject to any audit or assurance standards issued by the Australian Auditing and Assurance Standards Board (AUASB). No opinion or conclusions in this report are intended to convey any level of assurance.

We do not accept any liability of any kind whatsoever, including liability by reason of negligence, to the Shire of Quairading or any other person for losses incurred as a result of placing reliance on this report.

Confidentiality

This report contains confidential information intended solely for the use of the Chief Executive Officer and the Shire of Quairading. Unauthorised disclosure, distribution, or use of this report is strictly prohibited and may also put the Shire at risk.

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7.2 Investment Policy - Two year review

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Investment Policy
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 023-24/25

Moved: Cr RC Faltyn

Seconded: Cr EV Gom

That the Audit & Risk Committee recommends to Council for Council to endorse the two-year review of the Investment Policy (Attachment i).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- The Shire of Quairading has an Investment Policy which was last reviewed in December 2022.
- Shire policies are required to be reviewed every two years.
- Minor amendments and new policies can be considered and adopted by Council at any time.
- Senior management have undertaken a review of the current policy, and no changes are required to be made within this Biennial Review.

MATTER FOR CONSIDERATION

For the Audit and Risk Committee to recommend to Council for Council to endorse no changes to the two-year review of the Investment Policy.

BACKGROUND

In accordance with section 2.7(2)(b) of the *Local Government Act 1995*, Council is to determine the local government's policies. Reviewing these documents on a regular basis ensures policies reflect current operating practices and procedures and legislative change.

The Audit & Risk Committee, as a committee of Council, is able to review new policies and policy amendments and make recommendation of policy adoption to Council.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Australian Accounting Standards

POLICY IMPLICATIONS

Investment Policy

FINANCIAL IMPLICATIONS

The financial implications in this policy are low as the policy takes a reasonably 'low risk' stance.

The interest received from the Shire's investment portfolio is contained within the 2024/25 budget.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low <i>The content within the Investment Policy covers areas of financial risk to the Shire. However, by having the policy, risks are minimised.</i>
Health	Low
Reputation	Low <i>The development and regular review of policies ensures a consistent and adopted approach for the Shire to effectively achieve strategic objectives contained within the key result areas of the Strategic Community Plan.</i>
Operations	Low <i>The content within the Investment Policy has an aspect of risk to operations. The overall impact of the policy is an attempt to mitigate the level of risk to the Shire through sound governance and management policy.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Shire policies are reviewed biannually to ensure that they are still consistent with Council’s current stance, preference and consistent with current legislation.

Although no changes have been made to the Policy it was recommended during the Financial Management Review conducted by Source Business Partners in December 2024, which includes Section 6.3 and 6.4 of the Report, to develop a decision tool to assist in investment decision making.

Although the Executive Manager Corporate Services does determine the best rates available for investments funds when considering rolling over investments, however it is not documented.

As part of the recommendation, I have now created an Investment Template to be completed as an evaluation of the investment process at the time of each investment decision based on the Investment Policy (Attachment ii).

As per the recommendation this will enable an approver to have assurance the investment decisions are within the Shire’s investment risk framework limits.

INVESTMENT POLICY

PURPOSE

This policy is to ensure that there are effective and accountable systems in place to safeguard the Shire's financial resources. This includes the development of proper systems to authorise, verify and record the investment of monies in appropriate financial instruments.

This policy ensures the Council and all officers entrusted with a role in the investment of the Shire's funds act with the highest regard for their fiduciary duties.

OBJECTIVE

The policy on investment of surplus funds is intended to reflect the intention of Council to minimise the possibility of incurring capital loss on any investment whilst providing a reasonable rate of return.

The objectives of the Policy on investment of surplus funds are: -

- a. To provide maximum capital preservation of funds.
All investments are to be made in a manner that seeks to ensure security and safeguard the portfolio by effectively managing credit risk and interest rate risk within identified parameters.
- b. To provide the best available rate of interest from an approved source.
- c. To ensure sufficient liquidity to meet Council's cash flow requirements.
Proper consideration is to be given to the present and likely future daily operational cash requirements of the Shire when selecting investments.

POLICY & PROCEDURE

1. Authorised Institutions

Investments are limited to authorised institutions, in accordance with *Local Government (Financial Management) Regulations Section 19C*, being: -

- a. Authorised deposit-taking institution as defined in the *Banking Act 1959* (Commonwealth) section 5; or
- b. The Western Australian Treasury Corporation established by the *Western Australian Treasury Corporation 1986*.

2. Authorised Investments

The only types of authorised investments under *Local Government Act 1995* - section 6.14(1), and *Local Government (Financial Management) Regulations 1996* – Regulation 19C, are as follows: -

- a. Deposits with an authorised institution and the term is to be no more than 36 months;
- b. Bonds that are guaranteed by the Commonwealth Government, or a State or Territory government with a term to maturity of up to 3 years; and
- c. Australian currency only.



INVESTMENT POLICY

3. Prohibited Investments

This investment policy prohibits any investment carried out for speculative purposes including: -

- a. Derivative based instruments;
- b. Principal only investments or securities that provide potentially nil or negative cash flow; and
- c. Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind.

This policy also prohibits the use of leveraging (borrowing to invest) of an investment.

4. Risk Management Guidelines

Investments obtained are to comply with the two (2) key criteria relating to: -

- a. **Portfolio Credit Framework:** Limit overall exposure of the portfolio as a whole, according to credit rating.
- b. **Term to Maturity Framework:** limits based upon maturity of securities to ensure adequate working capital needs are met.

If any of the Council’s investments are downgraded such that they no longer fall within the investment policy, they are to be divested as soon as practicable. Investments fixed for greater than 12 months are to be reviewed on a regular term and invested for no longer than 3 years.

Portfolio Credit Framework

To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Short Term Rating	Fitch Ratings	Maximum % in Credit rating Category
AAA	A-1+	AAA	100%
AA	A-1	AA	100%
A	A-2	A	60%
BBB	A-3	BBB	40%

Term to Maturity Framework

The investment portfolio is to be invested within the following maturity constraints: -

Investment Type	0 to 3 Months		3 to 6 Months		6 to 12 Months		1 to 2 years		2 to 3 years	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Deposit with ADI – Maximum 36 months	15%	100%	0%	60%	0%	40%	0%	20%	0%	10%
Government Bonds	0%	20%	0%	20%	0%	20%	0%	20%	0%	10%

INVESTMENT POLICY

**5. Reporting to Council**

A monthly report is to be provided to Council. The report is to detail the investment portfolio in terms of holdings and impact of changes in market value since the previous report. The monthly report may also detail the investment income earned versus budget year to date and confirm compliance of Council's investments within legislative and policy limits. Council may nominate additional content for reporting.

6. Delegated Authority

That, under section 6.10 of the *Local Government Act 1995*, and as prescribed in regulation 19 of the *Local Government (Financial Management) Regulations 1996*, the CEO be delegated to administer the Investment Policy.

7. Prudent Person Standard

The investment will be managed with the care, diligence and skill that a prudent person would exercise. Officers are to manage the investment portfolio to safeguard it in accordance with spirit of this policy.

8. Ethics and Conflicts of Interest

Officers shall refrain from personal activities that would conflict with the proper execution and management of Council's investment portfolio.

This policy requires officers to disclose any conflict of interest to the CEO.

SUPPLEMENTARY CONSIDERATIONS**Corporate Social Responsibility**

In making investment decisions, consideration may be given to the corporate social responsibility profile of the financial institutions with whom the Shire invests.

It is emphasised that this is a subjective criteria and may only be taken into account when making investment decisions **after** all of the objectives of this policy have been met.

Where this criteria is exercised, the justification for applying it should be recorded for future audit purposes.

Transaction Costs & Administrative Matters

The administrative, banking and reporting costs that may be associated with the particular financial instrument are to be considered in selecting an appropriate financial instrument.

INVESTMENT POLICY

**SCOPE**

The policy applies to any investment of surplus funds other than bank deposits for operational purposes.

Legislative and Strategic Context

Legislation covering investment of surplus funds includes:

- a. *Local Government Act 1995* Section 6.14.
- b. *The Trustees Act 1962* – Part III Investments as amended by the Trustees Amendment Act.
- c. *Local Government (Financial Management) Regulations 1996* – Regulation 19, Regulation 19C, Regulation 28 and Regulation 49.
- d. Australian Accounting Standards.

GUIDELINES**Legislative Requirements**

All investments are to be made in accordance with and to comply with the following:

- a. *Local Government Act 1995* - Section 6.14;
- b. *Trustees Act 1962* - Part III Investments;
- c. *Bank Act 1959*;
- d. *Local Government (Financial Management) Regulations 1996* - Regulation 19C, 28, and 49; and
- e. Australian Accounting Standards

Annexure A – Definitions**STATUTORY ENVIRONMENT**

Local Government Act 1995

Local Government (Financial Management) Regulations 1996 - Regulation 19C, 28, and 49; and

Australian Accounting Standards



INVESTMENT POLICY

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Graeme Fardon	26/08/10	32-100/11	New Policy		
02	Graeme Fardon	31/05/12	226-11/12	Revised		
03	Graeme Fardon	27/09/12	58-12/13	Revised		
04	Graeme Fardon	29/05/14	192-13/14	Revised		
05	Graeme Fardon	27/09/18	41-18/19	<i>Policy Review Project – 5/09/2018</i>		
06	Graeme Fardon	17/12/20	97-20/21	Biennial Policy Review	Dec 22	
07	Leah Horton	15/12/22	137 - 22/23	Biennial Policy Review	Dec 24	
08	Tricia Brown			Biennial Policy Review	Dec 26	

UNCONFIRMED

ANNEXURE A – DEFINITIONS

Standard & Poor's Rating Guide

S&P Global Ratings credit rating symbols provide a simple, efficient way to communicate creditworthiness and credit quality. The S&P global rating scale provides a benchmark for evaluating the relative credit risk of issuers and issues worldwide.

General Summary of the Opinions Reflected by S&P Ratings

- a. **'AAA'** Extremely strong capacity to meet financial commitments. Highest rating
- b. **'AA'** Very strong capacity to meet financial commitments
- c. **'A'** Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
- d. **'BBB'** Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
- e. **'BBB-'** Considered lowest investment grade by market participants

Fitch Ratings

Fitch Ratings publishes credit ratings that are forward-looking opinions on the relative ability of an entity or obligation to meet financial commitments. Financial Institutions Viability Ratings (VRs) measure the intrinsic creditworthiness of a bank or non-bank financial institution and reflect Fitch's opinion on the likelihood that the entity will fail.

- a. **aaa:** Highest fundamental credit quality
'aaa' ratings denote the best prospects for ongoing viability and lowest expectation of failure risk. They are assigned only to banks with extremely strong and stable fundamental characteristics, such that they are most unlikely to have to rely on extraordinary support to avoid default. This capacity is highly unlikely to be adversely affected by foreseeable events.
- b. **aa:** Very high fundamental credit quality
'aa' ratings denote very strong prospects for ongoing viability. Fundamental characteristics are very strong and stable; such that it is considered highly unlikely that the bank would have to rely on extraordinary support to avoid default. This capacity is not significantly vulnerable to foreseeable events.
- c. **A:** High fundamental credit quality
'a' ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to avoid default. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
- d. **Bbb:** Good fundamental credit quality
'bbb' ratings denote good prospects for ongoing viability. The bank's fundamentals are adequate, such that there is a low risk that it would have to rely on extraordinary support to avoid default. However, adverse business or economic conditions are more likely to impair this capacity.

INVESTMENT DECISION TEMPLATE

DATE:

INVESTMENT TYPE	0 - 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 3 years
Deposit with ADI - Max 36 mths	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government Bonds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	FUND	CURRENT BALANCE
Reserves Cash at Bank	<input type="checkbox"/>	
Reserves Term Deposit 1	<input type="checkbox"/>	
Reserves Term Deposit 2	<input type="checkbox"/>	
Reserves Term Deposit 3	<input type="checkbox"/>	
Reserves Term Deposit 4	<input type="checkbox"/>	
Municipal Cash at Bank	<input type="checkbox"/>	
Municipal Term Deposit 1	<input type="checkbox"/>	
Municipal Term Deposit 2	<input type="checkbox"/>	
Municipal Term Deposit 3	<input type="checkbox"/>	

EXPECTED GAINS	
Interest	
Bonds	

COMPARISON RATES	Westpac	Institution 2	Institution 3


2ND APPROVER	Marion Hauesler	Natalie Ness

COMMENTS:

ADDED TO DELEGATIONS REGISTER	YES <input type="checkbox"/>	NO <input type="checkbox"/>

FINAL APPROVER - EMCS	TRICIA BROWN	DATE:

7.3 Risk Management Policy Review

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Risk Management Policy ↓ 
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 024-24/25

Moved: Cr JC Hayes
Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council to endorse the changes to the Risk Management Policy to align with the risks identified in the Risk Management Review September – November adopted by Council Resolution: OCM 078-24/25 (Attachment i)

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

The Shire of Quairading's Risk Management Policy was due for its biennial review in August 2025.

Following the adoption of the new Risk Register Matrix in November 2024 the requirement to review the policy was brought forward to January 2025.

The Policy is an overarching document that shares Council's commitment to risk management and mitigation, and what Council is doing to manage risk in the workplace that may affect workers, Elected Members, visitors and residents.

The Policy has been included in Attachment [1] for Council consideration.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee recommend to Council to consider endorsing the updated Risk Management Policy.

BACKGROUND

The Shire of Quairading has a Risk Management Policy as an overarching Policy that shares the commitment and objectives of Council to ensure risk is effectively managed across the organisation, and to ensure transparency and accountability.

It is the Shire's Policy to achieve best practice (aligned with ISO 31000:2018 Risk Management-Guidelines), in the management of all risks that may affect the Shire, its customers, employees, assets, functions, objectives, operations or members of the public.

Documents have been implemented or updated following the Risk Management Review September to December 2024, with processes and procedures implemented to assist with the mitigation of risk due to the severity of possible consequences for non-compliance with the *Work, Health & Safety Act 2020*. This Policy encompasses:

1. Risk Management Governance Framework.
2. Business Continuity Management Procedure Manual & Response Plan.
3. Regular Audit & Risk Progress Reporting to Council.
4. Regular reporting on Annual Leave liabilities to Council.
5. Regular reporting against the Risk Register/Matrix to Council.
6. Adherence to the Work Health & Safety Policy.
7. Regular review and update of Risk Management related documents.
8. Regular review of Council Policies.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Risk Management Policy

Work Health & Safety Policy

FINANCIAL IMPLICATIONS

There are no financial implications with the review and update of this Policy.

ALIGNMENT WITH STRATEGIC PRIORITIES

- 5.3 Governance & Leadership:** Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community
- 5.4 Governance & Leadership:** Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

- 3.1 Governance, Financial and Compliance Risks:** Financial Viability and Asset Management

RISK ASSESSMENT

	Option 1
Financial	Low <i>There are no financial implications with regard to reviewing this Policy.</i>
Health	Low <i>This Policy is the overarching document expressing the Shire’s commitment to risk mitigation, which encompasses staff, Councillors, visitors and the public’s safety.</i>
Reputation	Low <i>It is now essential that the Shire provides a safe environment for workers. This Policy ensures Councils commitment to risk management and mitigation.</i>
Operations	Low <i>This Policy needs to be reviewed biennially.</i>
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

RISK MANAGEMENT POLICY

PURPOSE

Effective risk management minimises the impact of adverse events by implementing and monitoring effective mitigation of risks. It also assists to maximise on opportunities that arise when risks are identified.

The Shire will embed a coherent, systematic, and structured approach to effectively manage risks arising from objectives identified in the Strategic Community Plan, Risk Management Forum, and Risk Management Register.

This policy applies to management of all strategic and operational risks associated with the delivery of projects and services.

POLICY

It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public.

Risk Management will form part of the strategic, operational, project and line management responsibilities and will be incorporated within the Shire's Integrated Planning Framework.

The Shire's Executive Management Team will determine and communicate the Risk Management Policy, objectives, and procedures, as well as, direct and monitor implementation, practice and performance.

Council's commitment to effective risk management is supported by the Risk Management Framework which facilitates:

1. Embedding an organisation-wide risk management approach that aligns to the achievement of strategic objectives;
2. Developing a risk management policy and framework that implements the guidance provided by Australian New Zealand Standard for Risk Management (AS/NZS ISO 31000:2018);
3. Integrating the risk management and governance frameworks;
4. Deploying sufficient resources to effectively manage risks;
5. Managing risks effectively to protect Council's intangible and tangible assets;
6. Building confidence and trust with stakeholders by consistently and efficiently managing risks;
7. Regularly monitoring and reviewing the effectiveness and efficiency of the risk management policy and risk management framework;
8. Reporting risk management against performance indicators;
9. Communicating effectively and working together with internal and external stakeholders inviting and, where appropriate, implementing feedback received; and
10. Assigning roles and responsibilities for ownership and accountability for managing risks; and
11. Identifying emerging risks.

RISK MANAGEMENT POLICY

**RISK MANAGEMENT PROCESS**

Systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring, and reviewing risk.

OBJECTIVE

The objectives of the Risk Management Policy are delivered through the Risk Management Framework. These objectives are:

1. Develop, implement and maintain effective risk management systems and tools to identify, assess and mitigate strategic risks;
2. Assign roles and responsibilities for risk ownership;
3. Ensure treatment of risks aligns with Risk Appetite and Risk Tolerance;
4. Engage senior management to drive a risk aware culture that 'sets the tone from the top';
5. Provide adequate training and resources for councillors and officers to assist the Shire to move towards embedding risk management in the culture;
6. Review and develop a risk register to record how strategic risks are being managed by aligning identified risks to the Strategic Community Plan aspirations;
7. Actively monitor and report on the management of risks to the Audit & Risk Committee and Council;
8. Communicate and engage with internal and external stakeholders about risk management at the Shire; and
9. Continuously improve tools within the risk management framework.

RICK MANAGEMENT OBJECTIVES

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

RISK MANAGEMENT POLICY

**RISK APPETITE**

The Shire defined its risk appetite through the development and endorsement of the Shire's Risk Assessment & Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

All organisational risk is reported at corporate level and assessed according to the Shire's Risk Assessment & Acceptance Criteria to allow consistency and informed decision-making. For operational requirements (e.g., special projects; satisfy external stakeholder requirements) alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment and approved by the CEO.

ROLES, RESPONSIBILITIES AND ACCOUNTABILITIES

Council's role is to -

1. Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.
2. Engage with Executive Manager Corporate Services and external auditors to report on financial statements annually.
3. Establish and maintain an Audit & Risk Improvement Committee in accord with the Local Government Act.

The CEO is responsible for the allocation of roles, responsibilities, and accountabilities (refer to the Risk Management Procedures).

3 Monitor & Review

The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

This policy will be managed by the Executive Manager Corporate Services and reviewed by the Executive Management team and Council biennially.

DEFINITIONS**Risk**

The effect of uncertainty on objectives. An effect is a deviation from the expected. It can be positive, negative or both, and can address, create, or result in opportunities and threats. Objectives can have different aspects and categories, and can be applied at different levels AS/NZ ISO 31000:2018

Risk management

Coordinated activities to direct and control an organization regarding risk (AS/NZ ISO 31000:2018)

RISK MANAGEMENT POLICY

**Risk Management Policy**

Statement of the overall intentions and direction of an organization related to risk management (ISO Guide73:2009)

Risk Management Framework

Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization (ISO Guide73:2009)

Risk Tolerance

An organisation's or stakeholder's readiness to bear the risk after risk treatment to achieve its objectives (ISO Guide73:2009)

Risk Assessment

Overall process of risk identification, risk analysis and risk evaluation (ISO Guide73:2009)

Risk Tolerance

An organisation's or stakeholder's readiness to bear the risk after risk treatment to achieve its objectives (ISO Guide73:2009)

Risk Assessment

Overall process of risk identification, risk analysis and risk evaluation (ISO Guide73:2009)

RISK MITIGATION

1. Risk Management Governance Framework.
2. Business Continuity Management Procedure Manual & Response Plan.
3. Regular Audit & Risk Progress Reporting to Council.
4. Regular reporting on Annual Leave liabilities to Council.
5. Regular reporting against the Risk Register/Matrix to Council.
6. Adherence to the Work Health & Safety Policy.
7. Regular review and update of Risk Management related documents.
8. Regular review of Council Policies.

STATUTORY ENVIRONMENT

Australian New Zealand Standard for Risk Management (AS/NZS ISO 31000:2018)

ISO Guide 73:2009, Risk management — Vocabulary

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

Local Government Act 1995 Section 2.7 – Role of Council

Local Government Act 1995 Part 7 – Audit

RISK MANAGEMENT POLICY




Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Graeme Fardon	29/11/14	100-14/15	New Policy		
02	Graeme Fardon/ LGIS Consultant	20/12/18	115-18/19	<i>Policy Review Project – 5/12/2018</i>		
03	Graeme Fardon	17/12/20	97-20/21	Biennial Policy Review	Dec 2020	
04	Nicole Gibbs	31/08/23	52-23/24	Biennial Policy Review	Aug 2025	<i>Nicole Gibbs</i>
05	Tricia Brown			Biennial Policy Review	Feb 2027	

UNCONFIRMED

7.4 Light Vehicle Fleet Management Policy Review

Responsible Officer Natalie Ness, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments 1. Attachment (i) Light Vehicle Fleet Management Policy [↓](#) 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Indirect Financial
Responsible Officer: Indirect Financial

COMMITTEE RESOLUTION: ARC 025-24/25

Moved: Cr RC Faltyn

Seconded: Cr EV Gom

That the Audit & Risk Committee recommend to Council, that Council approve the Light Vehicle Fleet Management Policy Review for which no changes were made – Attachment (i).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

Council adopted the Light Vehicle Fleet Management Policy on 29th September 2022 and is due for its biennial review.

MATTER FOR CONSIDERATION

For Council to adopt the Light Vehicle Fleet Management Policy Review for which no changes were made.

BACKGROUND

The purpose of this Policy is to ensure the effective management of the Shire's fleet of light vehicles in line with community expectations and operational business needs.

This Policy provides direction on the purchase and utilisation of light vehicles for Shire use and therefore applies to all employees (and contract staff) who may have the need to operate a Shire owned vehicle.

It is essential for Council to have a fleet of light vehicles available to staff that is:

- Cost-effective;
- Fit for purpose;
- Reliable and safe;
- Economical;
- Environmentally sustainable; and

- Able to meet operational requirements.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Purchasing Policy

Asset Management Policy

FINANCIAL IMPLICATIONS

The procurement and disposal of light vehicles will be undertaken in accordance with the Shire’s Purchasing Policy, Long Term Financial Plan and annual budget.

Light vehicles will be disposed of at appropriate intervals to minimise whole of life costs.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil – The EMWS & EMCS reviewed the policy for accuracy.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

RISK ASSESSMENT

	Option 1
Financial	Low <i>This Policy establishes vehicle procurement and management arrangements that provide for a more cost-efficient and effective light vehicle fleet</i>
Health	Low
Reputation	Moderate <i>Community Perception is important. If the community feels that purchasing decisions are not transparent or unjust it may lead to uncertainty around vehicle use and budget.</i>
Operations	Low <i>Vehicles purchased by the Shire are appropriate and fit-for-purpose.</i>
Natural Environment	Low <i>Council will consider the environmental impact of a vehicle prior to its purchase</i>

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

No changes have been made to this Policy.

UNCONFIRMED

LIGHT VEHICLE FLEET MANAGEMENT POLICY

OBJECTIVES

To ensure optimal light vehicle fleet utilisation, minimise overall vehicle Total Cost of Ownership and reduce vehicle emissions consistent with industry best practice.

To ensure that processes are in place to manage the purchase, use, operation and disposal of vehicles in the Shire's fleet.

To ensure the effective management of the Shire's fleet of Light Vehicles in line with community expectations and operational business needs.

DEFINITIONS

Fleet

A number of workplace vehicles operating together or under the same ownership. The vehicle may be a vehicle shared by multiple staff members for work use or a vehicle used by one staff member for personal use.

SCOPE

This policy applies to all staff, elected members, contractors and volunteers of the Shire of Quairading in the operation of the Shire's light vehicle fleet.

POLICY

The Shire will retain a fleet of motor vehicles that are essential for operational requirements to service the community.

The vehicle fleet will comprise a range of suitable, safe and environmentally friendly vehicles with some flexibility in vehicle type for staff with full private use.

1 Value of Vehicles

In order to meet functional requirements of the reason for which the vehicle is being acquired it must be fit for purpose, have low whole of life costs and ensure employee benefits are appropriate.

The operational needs of the Shire are the primary consideration of the policy, including the cost, size and vehicle specification, environmental credentials, acquisition, management/maintenance and disposal.

CEO approval is required prior to staff recruitment if there is a potential need for a vehicle.

LIGHT VEHICLE FLEET MANAGEMENT POLICY



All employees or authorised personnel must abide by their responsibilities to ensure the vehicle is used and maintained in a suitable manner.

2 Vehicle Purchases & Selection

Vehicle purchases will be in accordance with the Procurement Policy and relevant management practices and as defined in an employee's contract of employment.

A weighted assessment will take into consideration the economic, environmental and safety aspects for a range of vehicles that meet the Shire's fit for purpose requirements.

The purchase and renewal of the Shire's light vehicles will be selected from the relevant State Government Fleet Acquisition Contract, unless the vehicles are second-hand.

3 Environmental Considerations

In order to minimise the impact of the Shire's light vehicle fleet on the environment, hybrid and low emissions or alternative fuel vehicles will be considered for purchase if and where strategically practical and where budget allows.

4 Vehicle Disposals

The replacement of vehicles will occur on an appropriate timeline in line with usage, warranty, suitability, maintenance and cost.

The optimum replacement timing for the Shire's light fleet is to be reviewed at least every five years.

Under this Policy, vehicles will be changed over at five years or 100,000 kms (whichever is first).

Disposals of the Shire's fleet are as per the *Local Government Act 1995, Policy 304 - Disposal of disused equipment, machinery and other material* and the relevant management practice for the disposal of property, either through trade-in or auction. The most cost effective method for sale of each vehicle will be evaluated with the aim to maximise return on the Shire's investment.

Light fleet vehicles identified with low levels of operational requirements will be phased out over time (the next three years).

5 Private Vehicle Use

Private use vehicle conditions will be in accordance with the relevant employment contract or the Award.

LIGHT VEHICLE FLEET MANAGEMENT POLICY



GUIDELINES

Practice 223.1 Fleet Management

Policy 301 Procurement

Policy 304 Disposal of disused equipment, machinery and other material

STATUTORY ENVIRONMENT

Local Government Act 1995

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Nicole Gibbs	29/09/2022	66 - 22/23	New Policy	Sept 22	
01	Tricia Brown			Biennial Review – 2024	Sept 26	

UNCONFIRMED

7.5 Report on Excess Annual Leave and Long Service Leave Entitlements

Responsible Officer	Natalie Ness, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 026-24/25

Moved: Cr RC Faltyn

Seconded: Cr JC Hayes

That the Audit & Risk Committee recommends to Council that Council receive the report on the Shire's leave liabilities.

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

- Not taking a reasonable amount of annual leave or long service leave may pose a threat to the health and safety of employees and represent a significant financial liability for the Shire, therefore there are steps in place to ensure that leave balances are monitored and are at appropriate levels.
- Employee entitlement movements during the year are due to many reasons, such as, leave taken during the period, increased accrued leave balances, increases in remuneration rates and changes in the underlying staff with leave balances transferred to and from the Shire.

MATTER FOR CONSIDERATION

Receipt of the report on excess annual leave and long service leave entitlements and leave liabilities up to the last payroll date 26/01/2025.

BACKGROUND

The current Leave Management Policy defines "excess leave" as when the employee has accrued more than eight weeks paid annual leave and provides management with direction to effectively manage the annual and long service leave entitlements of employees.

The Shire encourages employees to take leave by reinforcing the positive benefits of taking leave when it becomes due. Sometimes there are circumstances that prevent leave being able to be taken, such as staff shortages, outside influences and work demands.

There will be movements in employee entitlements throughout the year. Balances will increase naturally as employees accrue leave entitlements and decrease when employees take leave accrued. This natural fluctuation is monitored by management and through this report to ensure any excess is managed appropriately.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Minimum Conditions of Employment Act 1993

POLICY IMPLICATIONS

Leave Management Policy

FINANCIAL IMPLICATIONS

The Employee Entitlements (Annual and Long Service Leave) reserve fund cash balance as of 31 January 2025 is \$177,148. The excess in reserve funds will be reviewed with the Annual Financial Statements.

The annual budget treats current leave as accruals.

The current liability for both types of leave (if all claimed on 26/01/2025) is calculated at \$101,354.15.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

RISK ASSESSMENT

	Option 1
Financial	Low <i>Financial exposure and therefore risk escalation occurs if leave accruals are not monitored and managed. Adequate reserve balances reduce the risk of financial exposure.</i>
Health	Low
Reputation	Low
Operations	Low <i>Impact to operations where employees with excess leave are requested to take leave. This can be mitigated by agreement of mutually acceptable timeframes for taking leave that are not during heavy workload times.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As of 26 January 2025, there has been moderate change overall to the annual leave liabilities due to Christmas Leave being taken during this period.

As of 26 January 2025, there has been a significant reduction overall to the long service liabilities. Only one employee has minimal Long Service Leave available.

Annual Leave:

There are currently two employees over and above the accepted level of excess annual leave. There is also 1 other employees with over 7 weeks leave accrued. The Executive Manager has been advised and will encourage the staff members to reduce their balance to an acceptable level. One

of the employees with excess leave is currently waiting on a date for a medical procedure and is hoping to reduce their leave to a minimum following this.

There has been less than a 1% increase (dollar value) in the annual leave liability since January 2024.

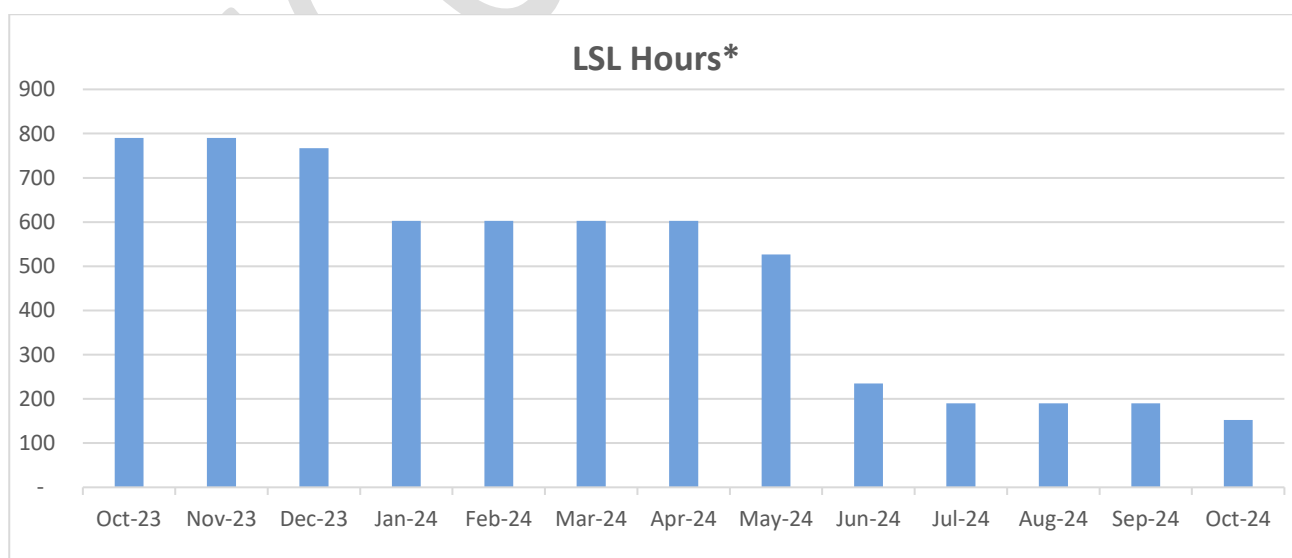
Long Service Leave:

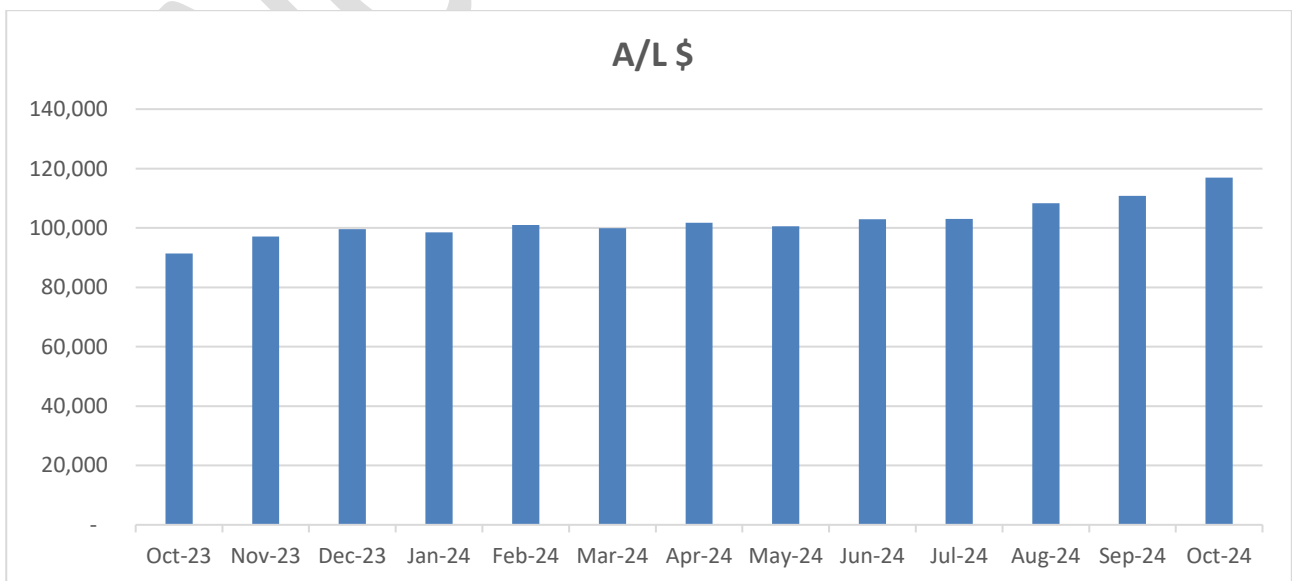
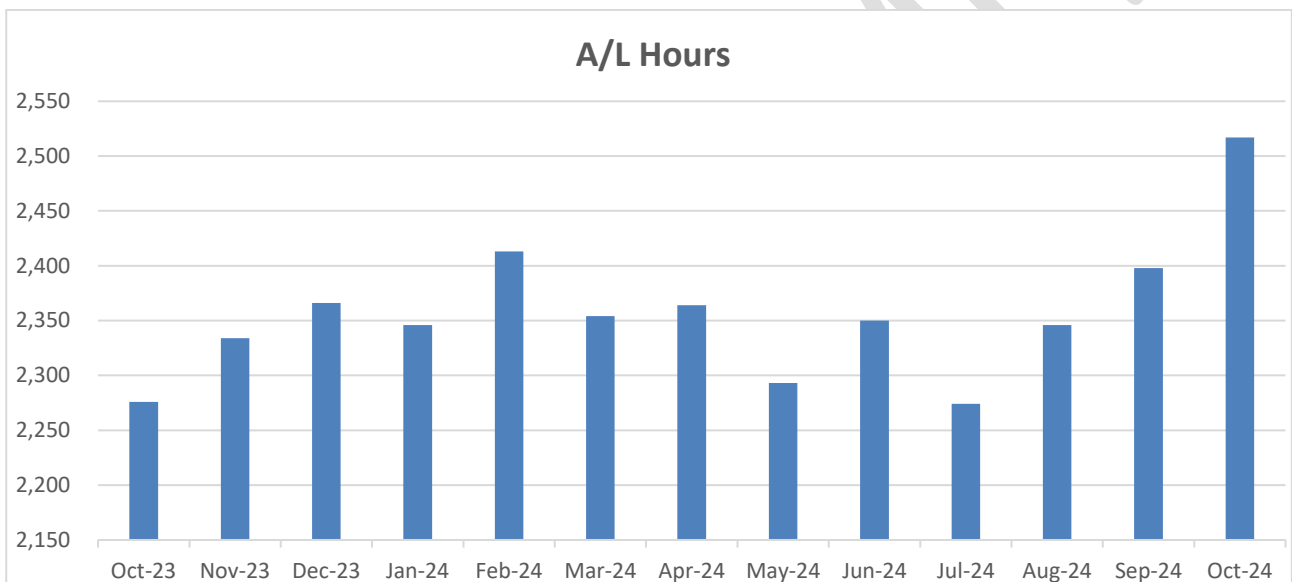
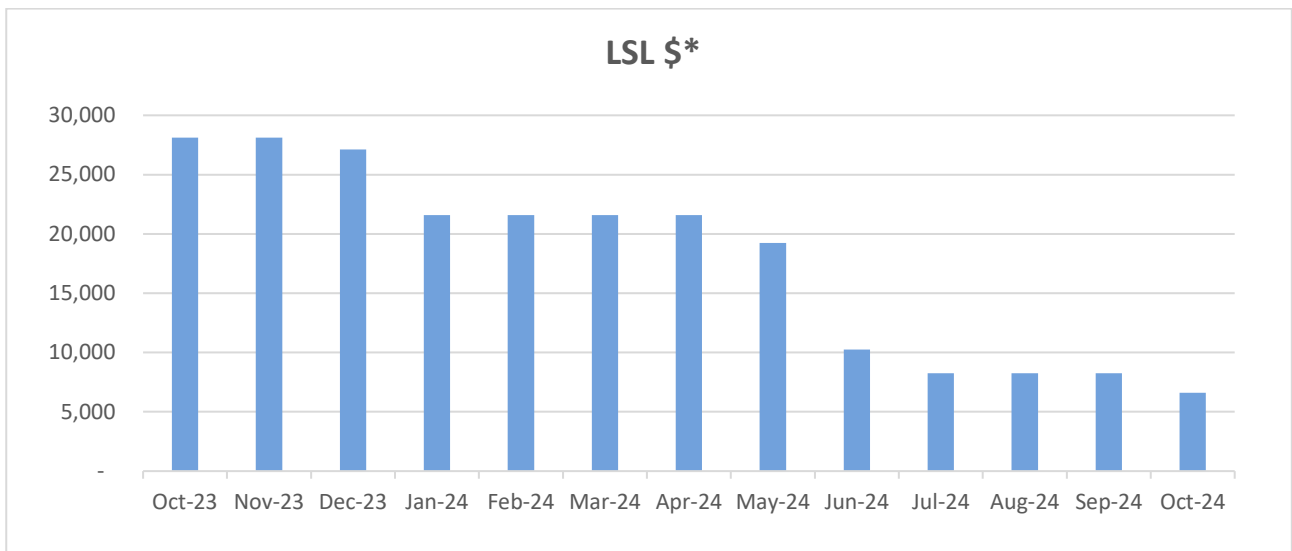
Only one staff member as at 26/01/2025 has Long Service Leave entitlements of 45.6 hours.

There has been a decrease of 166% (dollar value) in the long service leave liability since January 2024.

The following table and graphs show the fluctuations in the accrued hours and dollar values of both annual leave and long service leave over the period of January 2024 to January 2025.

	LSL Hours	LSL \$	A/L Hours	A/L \$
January 24	603	21,589	2,346	98,475
February 24	603	21,589	2,413	100,928
March 24	603	21,589	2,354	99,908
April 24	603	21,589	2,364	101,708
May 24	527	19,245	2,293	100,537
June 24	235	10,243	2,350	102,946
July 24	190	8,260	2,274	103,015
August 24	190	8,260	2,346	108,268
September 24	190	8,260	2,398	110,843
October 24	152	6,608	2,517	116,979
November 24	152	6,608	2,665	123,512
December 24	91.2	3,965	2,533	117,339
January 25	45.6	1,982	2,178	99,371







7.6 Risk Management Dashboard Review

Responsible Officer Natalie Ness, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments

1. Attachment (i) Risk Management Dashboard [↓](#) 
2. Attachment (ii) Risk Management Register [↓](#) 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 027-24/25

Moved: Cr JC Hayes

Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council that Council endorse the changes to the Risk Management Dashboard (Attachment (i)) to align with the risks identified in the Risk Register adopted by Council Resolution: OCM 078-24/25 (Attachment (ii)).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

The Shire of Quairading's Risk Management review was conducted by James Butterworth with a comprehensive workshop conducted on 26 September 2024, together with Shire Councillors and the Executive Management Team.

Following the adoption of the new Risk Register Matrix in November 2024 the requirement to review the Risk Management Dashboard was required.

The Risk Management Dashboard has been updated and now submitted to the Audit & Risk Committee as per the updated Risk Register.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee recommend to Council to consider endorsing the updated Risk Management Dashboard.

BACKGROUND

The Shire of Quairading Council recognises that Risk Management is an integral part of good governance and management practice.

The new Risk Register reflects a more organised, detailed and resource-oriented approach, consolidating related risks and enhancing clarity in risk management and mitigation strategies.

Based on the risk ratings provided in the Risk Register Matrix, the ordered list of risks from highest to lowest score is as follows:

1. Risk # 2, Power Supply Reliability and Emergency Response - Score: 25 (Extreme)
2. Risk # 4, Workplace Health and Safety Compliance - Score: 25 (Extreme)
3. Risk # 10, Housing Availability and Affordability - Score: 20 (Extreme)
4. Risk # 3, Road and Infrastructure Maintenance - Score: 20 (Extreme)
5. Risk # 1, Workforce Challenges and Skills Shortage - Score: 16 (High)
6. Risk # 8, Cybersecurity and Data Protection - Score: 16 (High)
7. Risk #5, Healthcare Service Stability - Score: 15 (High)
8. Risk # 7, Financial Viability and Asset Management - Score: 15 (High)
9. Risk # 6, Natural and Man-Made Disasters - Score: 12 (High)
10. Risk # 11, Social Challenges and Community Expectations - Score: 12 (High)
11. Risk # 9, Organisational Misconduct - Score: 5 (Moderate)

The revised Risk Register, included at Appendix 2, consolidates and refines risk themes into four overarching categories:

1. Infrastructure and Operational Risks
2. Community Health and Safety Risks
3. Governance, Financial, and Compliance Risks
4. Strategic Social and Economic Risks

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Risk Management Policy

Work Health & Safety Policy

FINANCIAL IMPLICATIONS

There are no financial implications with the review and update of this Policy.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Risk management Workshop with Council and the Executive Management Team.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

- 3.1 Governance, Financial and Compliance Risks:** Financial Viability and Asset Management
- 3.2 Governance, Financial and Compliance Risks:** Cybersecurity and Data Protection
- 3.3 Governance, Financial and Compliance Risks:** Organisational Misconduct
- 1.1 Infrastructure and Operational Risks:** Workforce Challenges and Skills Shortage
- 1.2 Infrastructure and Operational Risks:** Power Supply Reliability and Emergency Response
- 1.3 Infrastructure and Operational Risks:** Road Infrastructure and Maintenance
- 2.1 Community Health and Safety Risks:** Workplace Health and Safety Compliance
- 2.2 Community Health and Safety Risks:** Healthcare Service Stability
- 2.3 Community Health and Safety Risks:** Natural and Man-Made Disasters
- 4.1 Strategic, Social and Economic Risks:** Housing Availability and Affordability
- 4.2 Strategic, Social and Economic Risks:** Social Challenges and Community Expectations

RISK ASSESSMENT

	Option 1
Financial	Low <i>There are no financial implications regarding reviewing this Risk Management Dashboard.</i>
Health	Low <i>This Risk Management Dashboard aligns with the Shire's overarching Risk Management documents, showing the Shire's commitment to risk mitigation, which encompasses staff, Councillors, contractors, visitors and the public's safety.</i>
Reputation	Low <i>Having a well aligned Risk Management Governance Framework is essential to ensure a cohesive and comprehensive approach to Risk Management.</i>
Operations	Low <i>This Risk Management Dashboard needs to be reviewed biennially.</i>
Natural Environment	Low

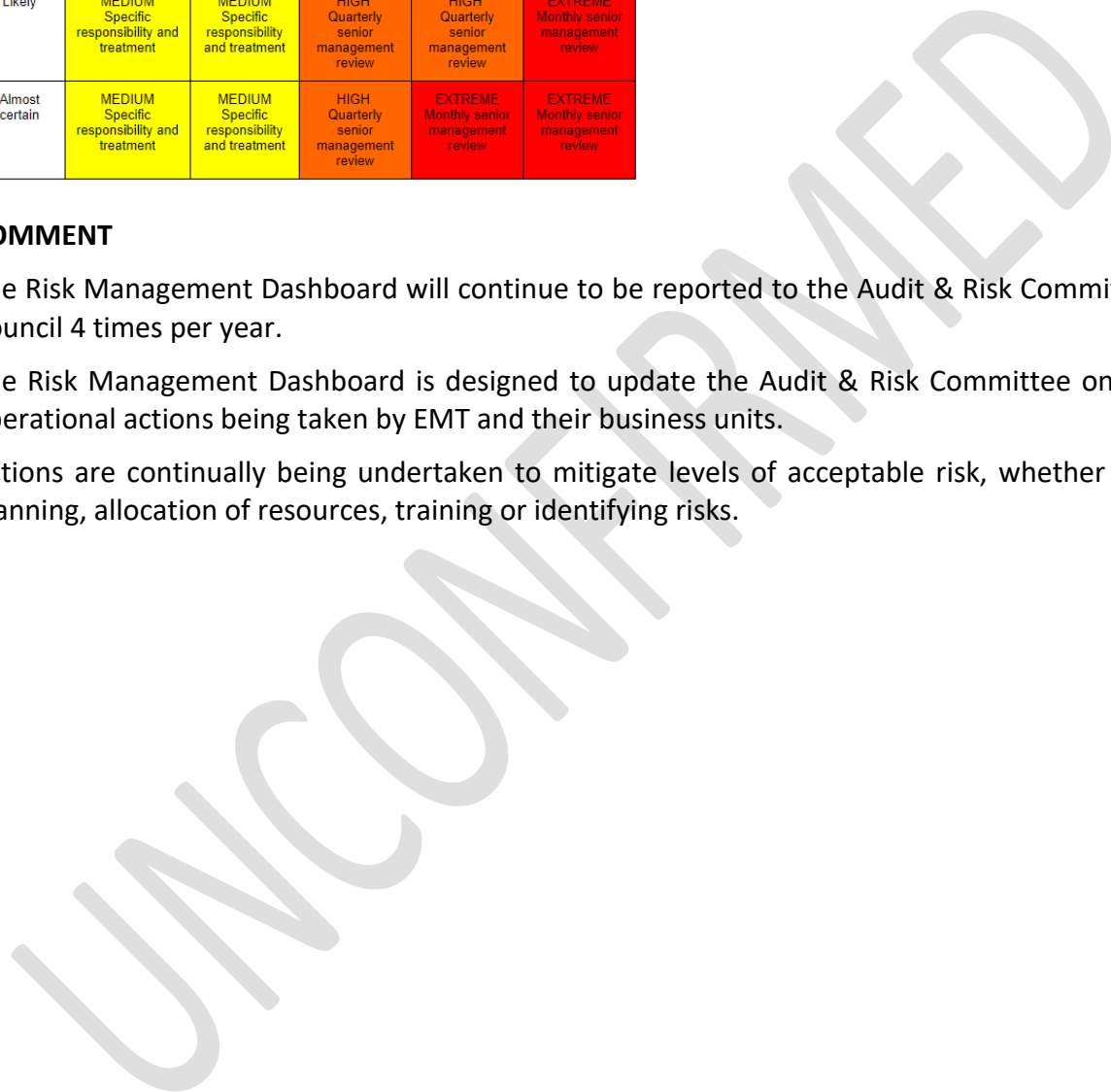
	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
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Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The Risk Management Dashboard will continue to be reported to the Audit & Risk Committee and Council 4 times per year.

The Risk Management Dashboard is designed to update the Audit & Risk Committee on current operational actions being taken by EMT and their business units.

Actions are continually being undertaken to mitigate levels of acceptable risk, whether through planning, allocation of resources, training or identifying risks.



APPENDIX 1

Shire of Quairading Risk Register

November 2024

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline	
Theme 1. Infrastructure and Operational Risks – critical for day-to-day operations and business continuity, and can produce immediate effects										
1.	<p>Workforce Challenges and Skills Shortage</p> <p>Workforce challenges, including an inability to source sufficiently skilled new employees and high staff turnover, pose significant risks to the Shire. These issues have the potential to negatively impact current Shire operations, hinder program delivery, and increase stress on existing employees, leading to reduced service quality and operational efficiency. As one example, the employment of un- or under-qualified Shire personnel (e.g., in technical services) has the potential to create major WHS consequences.</p>	<p>1. Core Operations Impacted: Disruption to Shire business and less effective service delivery.</p> <p>2. Community resilience and sustainability threatened, potentially leading to population decline.</p> <p>3. Reputation Damage: Negative outcomes affect community trust.</p> <p>4. Legal penalties (e.g., for WHS breach).</p> <p>5. Employee Well-being: Increased burnout, low staff morale, and poor 'corporate memory' and knowledge retention.</p> <p>6. Limited pool of suppliers and inability to control contractor pricing.</p>	Likely	Major	16 M	Existing Risk	<p>1. Implement a comprehensive Workforce Plan inclusive of:</p> <ul style="list-style-type: none"> Employee Retention: Implement a retention scheme with associated benefits and incentives. Strategic Recruitment: Develop 'persuasive' staff recruitment and induction processes. Professional Development: Undertake training and development planning to enhance staff skills and job satisfaction. Succession and Leadership Planning: Create a clear pathway for career progression and promote from within where able. <p>2. Promote work flexibility and positive organisational culture.</p> <ul style="list-style-type: none"> Work Flexibility: Promote to accommodate diverse needs and improve work-life balance. Positive Representation: Foster a culture of respect for staff during community engagements to enhance the Shire's reputation and boost employee morale. <p>3. Retain core focus on 'safety first'.</p>	<p>Operational budget.</p> <p>Up to \$20,000 per annum for the training component.</p>	<p>1 CEO</p> <p>2 EMT</p>	March 2025

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
2.	<p>Power Supply Reliability and Emergency Response</p> <p>Mains power supply failures and ongoing unreliability pose significant risks to the Shire, potentially resulting in the loss of critical emergency communications and substantial disruptions to local businesses. Issues could compromise public safety during emergencies and, more generally, lead to economic losses across the community.</p>	<p>1. Emergency Management: Severely compromises the ability to control emergency situations and maintain communications. Impacts include delayed response times and impaired coordination among emergency services.</p> <p>2. Public Safety: Significantly threatens community safety, particularly during emergencies.</p> <p>3. Evacuation Capabilities: Hampers required evacuation efforts, potentially leaving vulnerable populations at risk.</p> <p>4. Business Continuity: Causes immediate and longer-term impacts.</p> <p>5. Critical Services disrupted: Includes fuel supply, electronic payments, refrigeration and medical equipment.</p> <p>6. Economic Development: Acts as a disincentive for new businesses to establish in Shire.</p> <p>7. Infrastructure Reliability: Undermines confidence, potentially affecting local investment and property values.</p>	Almost Certain	Catastrophic	25 E	Existing Risk	<p>1. Microgrid Development: Secure capital and operational funding to establish and operate a local microgrid. This system would provide reliable local energy generation and storage, incorporating renewable energy sources and battery technology.</p> <p>2. Emergency Communications Resilience: Work to future-proof communications systems where possible, particularly through the implementation of Uninterruptible Power Supply (UPS) solutions. This strategy ensures that critical communication channels remain operational during power outages, maintaining public safety and response/coordination capabilities.</p> <p>3. Government Advocacy: To address the root cause of the power supply issues at a systemic level, actively lobby both government and opposition parties for a more reliable power service.</p> <p>4. Strategically place generators around the town.</p>	<p>Nil, other than officer time.</p> <p>Electricity is a State Government responsibility.</p> <p>Seek grant funding where able.</p>	1 CEO 2 CESM	<p>March 2025</p> <p>Monthly updates to be provided whenever risk changes or new information becomes available</p>

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
3.	<p>Road and Infrastructure Maintenance</p> <p>If routine maintenance and timely construction of Shire roads, bridges and other key infrastructure are not completed to standard requirements, public safety dangers and other negative outcomes are probable.</p> <p>The Shire has noted, for example, that materials for road building are becoming more marginal which affects the strengths ratio.</p>	<p>1. Personal and/or public liability impacts (up to \$1M fine and/or 20 years in prison).</p> <p>2. Increased injury and fatality.</p> <p>3. Diminished access to properties – impacts on farm operations and productivity.</p> <p>4. Dissatisfied community/ ratepayers.</p> <p>5. Negative reputational outcomes/lawsuits.</p>	Likely	Catastrophic	20 E	Existing Risk	<p>1. Safety and Compliance:</p> <ul style="list-style-type: none"> • Retain core focus on 'safety first' • Conduct internal WHS Audit • Ensure machine and plant operators are sufficiently qualified. <p>2. Financial Management:</p> <ul style="list-style-type: none"> • Institute strong cost management (e.g., materials, contractors) • Source additional external grant funding for new roads. <p>3. Operational Efficiency:</p> <ul style="list-style-type: none"> • Respond to external feedback • Implement immediate risk mitigation measures (e.g., barriers, signage) when risks can't be immediately eliminated. 	Operational budget	EMWS	Quarterly updates

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 2. Community Health and Safety Risks – underline the importance of safety and compliance										
4.	<p>Workplace Health and Safety Compliance</p> <p>Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and Fair Work Act 2009, has the potential to detrimentally affect Shire functioning. The new WA Work Health & Safety legislation introduces additional challenges, including in managing Bushfire and VFRS Brigades, potentially increasing the risk of WHS breaches for the Shire.</p> <p>Mismanagement of employee wellbeing, harassment, bullying, and safety breaches in employment practices directly affect workplace health and safety, potentially leading to increased WHS claims.</p>	<p>1. Legal and Financial Consequences:</p> <ul style="list-style-type: none"> Personal and/or public liability (up to \$1M fine and/or 20 years in prison) Severe legal penalties and financial losses/fines. <p>2. Reputational Damage:</p> <ul style="list-style-type: none"> Negative outcomes leading to lawsuits and dissatisfied community/ratepayers. <p>3. Safety and Operational Impacts:</p> <ul style="list-style-type: none"> Death or permanent injury Community safety diminished Bushfire and VFRS Brigades become increasingly marginal operationally (i.e., via increased compliance, safety training and reporting requirements). 	Almost Certain	Catastrophic	25 E	Existing Risk	<p>1. Governance and Reporting:</p> <ul style="list-style-type: none"> Council to maintain strong oversight of Risk Management documents CEO and CESM to report monthly to Council on risk mitigation and elimination strategies. <p>2. Safety and Compliance:</p> <ul style="list-style-type: none"> Retain core focus on 'safety first' Conduct internal WHS Audit Monitor and maintain registration and training requirements Enact a "no training, no fire ground" policy position. <p>3. Operational Efficiency:</p> <ul style="list-style-type: none"> Institute strong cost management (e.g., materials, contractors) Ensure machine and plant operators are sufficiently qualified. <p>4. Communication and Response:</p> <ul style="list-style-type: none"> Improve communications via new app software Respond to external feedback Implement immediate risk mitigation measures (e.g., barriers, signage) where risks can't be immediately eliminated. 	Standard operational budget for WHS initiatives	CEO EMT	Ongoing Monthly reporting

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
5.	Healthcare Service Stability The Quairading Medical Practice faces significant challenges in maintaining consistent and affordable medical services due to potential loss of medical personnel and increasing operational costs, which could result in reduced healthcare access for the community.	1. Loss of local medical services, leading to: <ul style="list-style-type: none"> Increased travel burden for medical care Closure of allied health services (e.g., chemist). 2. Threats to community sustainability: <ul style="list-style-type: none"> Community dissatisfaction Potential population decline Economic impacts on local businesses. 3. Negative reputational outcomes for the Shire.	Possible	Catastrophic	15 H	Existing Risk	1. Keep costs for running the medical practice as cost-effective as possible (while maintaining service quality). 2. Establish a second option practitioner for when the current practitioner (a) takes annual leave, or (b) eventually leaves (including list of locums). 3. Current Supply of Practitioner Agreement for a term of three years expiry 25 January 2027 + three-year option. 4. Develop a long-term recruitment and retention strategy for medical professionals, including incentives and support for rural practice. 5. Investigate telemedicine options to supplement in-person care and potentially reduce costs.	Significant resources required; develop options for resource allocation	1 CEO 2 EMCS	Present options March 2025
6.	Natural and Man-Made Disasters Natural and manmade disasters have the potential to affect Shire business continuity. <i>Includes fire, flood, storm, earthquake, extreme heat, pandemic, chemical spill, terrorism.</i> Climate change has been	1. Loss of critical infrastructure. 2. Injury and fatalities. 3. High recovery costs. 4. Loss of business continuity. 5. Shire core business impacts. 6. Businesses choose not to re-establish. 7. Environmental degradation (e.g., drought, soil erosion) 8. Economic instability: generational farms are no	Possible	Major	12 H	Existing Risk	1. Implement a Business Continuity Framework. 2. Local Emergency Management Arrangements – ensure current and tested through LEMC Exercises. 3. Review and update key hazard plans including Bushfire Risk Management Plan. 4. Convene quarterly meetings with key agencies.	Cost-prohibitive; high dependency on State and Federal funding for disaster resilience.	1 CEO 2 CESM	Current and Ongoing

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
	recognised by the Shire, including the prevalence of extreme fire and other weather events.	longer workable.								
Theme 3. Governance, Financial, and Compliance Risks – includes a need to discuss resource allocation and budgeting element										
7.	Financial Viability and Asset Management If the Shire is struggling to remain financially viable, the ability to comply with its Asset Management Plan may be compromised	<ol style="list-style-type: none"> 1. Cost of managing aging infrastructure becomes prohibitive. 2. Creates degradation and loss of useful/useable assets. 3. Increased safety risk. 4. Reduced ability to regenerate or create economic benefit across the Shire. 	Possible	Catastrophic	15 H	Existing Risk	<ol style="list-style-type: none"> 1. Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley has done). 2. Consider marketing campaigns for attracting new investors and residents into the Shire, including people seeking a 'tree change'. 3. Explore and promote quality affordable housing options, and lead by example. 4. Encourage light industrial activity and support small business ventures through flexible policies. 5. Increase the rate-base through the above-mentioned strategies. 	Resource range: \$500,000 to \$1 million for various asset management projects	1 CEO 2 EMT	Jun 2025
8.	Cybersecurity and Data Protection Any data breach/hack of Shire information and communications technology systems has the potential to affect Shire operations, Includes data theft, ransomware and phishing.	<ol style="list-style-type: none"> 1. Financial misappropriation/loss. 2. Community member and/or employee financial records compromised or stolen. 3. Loss of data and data integrity. 4. Shire business continuity significantly compromised. 5. Shire reputation impacted. 	Likely	Major	16 H	Existing Risk	<ol style="list-style-type: none"> 1. Develop and maintain Business Continuity and IT Disaster Recovery Plans. 2. Implement robust IT security measures (e.g., firewalls, access controls, UPS/backup systems). 3. Conduct regular security audits and recovery exercises. 	Allocated within operational IT budget	1 CEO 2 EMCS	June 2025

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
							4. Provide staff cybersecurity awareness training.			
9.	Organisational Misconduct Unethical or illegal behavior by Shire employees, executives or office holders, including both financial and non-financial misconduct, has the potential to produce significant negative consequences for the Shire.	1. Council suspension or leadership changes (e.g., CEO removal, employee terminations). 2. Independent investigations and regulatory actions (e.g., Fair Work Commission). 3. Intense public and media scrutiny. 4. Reputational damage. 5. Financial penalties and economic impacts. 6. Business continuity and viability challenges.	Rare	Catastrophic	5 M	Existing Risk	1. Financial Controls and Processes <ul style="list-style-type: none"> • Update cash handling procedures • Conduct financial management reviews and implement controls. 2. Governance Frameworks <ul style="list-style-type: none"> • Update the delegated authority framework • Enhance the IT Security Framework. 3. Human Resource Management <ul style="list-style-type: none"> • Revise the staff on-boarding/induction program • Implement a performance management program • Update HR Policies and Code of Conduct (for Council and staff). 4. Operational Safety <ul style="list-style-type: none"> • Establish supervision and induction processes to use plant and equipment. 5. External Oversight <ul style="list-style-type: none"> • Conduct regular external audits. 	Standard operational budget to cover governance improvements and external audits	1 CEO 2 EMT	Current and Ongoing

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 4. Strategic Social and Economic Risks – emphasise the long-term impact on the community and the Shire’s sustainability										
10.	<p>Housing Availability and Affordability</p> <p>Seniors and Aged Care: Absence of local independent living facilities may force older residents to leave prematurely, disrupting community cohesion.</p> <p>Essential Worker Housing: Insufficient housing for government workers and Country Health Service staff can hinder recruitment and retention.</p> <p>Public and Community Housing: Limited public housing options may increase housing stress for low-income individuals, leading to potential homelessness.</p>	<p>1. Low property resale values and return on investment undermine community sustainability.</p> <p>2. Population decline due to:</p> <ul style="list-style-type: none"> • Higher outward migration and lower inward migration • Workforce reduction • Residents forced to relocate due to housing shortages. <p>3. Economic impacts:</p> <ul style="list-style-type: none"> • Impeded economic growth • Reduced local spending. <p>4. Threats to community viability:</p> <ul style="list-style-type: none"> • Loss of professional and community-based services • Weakening of community fabric • Potential loss of local infrastructure. 	Almost Certain	Major	20	Existing Risk	<p>1. Lead by example, explore and promote quality affordable housing options including joint venture options for the construction of Residential Independent Living Units.</p> <p>2. Noting that the Shire does not have 50% of the total cost of the project to contribute to a grant/tender application under the Housing Support Program, explore options with bespoke groups i.e., Central East Accommodation & Care Alliance Inc (CEACA).</p> <p>3. Promote Quairading as a destination with a ‘point of difference’ (e.g., as Beverley and Katanning have done).</p> <p>4. Consider marketing campaigns and other strategies for attracting new investors and residents, including people seeking a ‘tree change’.</p>	Officer time until solutions have been identified. May need to form budgets, e.g., for marketing initiatives.	CEO EMED	June 2025

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
11.	<p>Social Challenges and Community Expectations</p> <p>Social challenges (e.g., crime, antisocial behavior, vandalism, housing crisis, homelessness) may significantly impact ratepayers' expectations of the Shire's responsibilities and perceived effectiveness. Misalignment between community expectations and Shire jurisdiction could lead to reputational damage, resource pressure and potential conflict.</p>	<ol style="list-style-type: none"> 1. Disgruntled ratepayers and reputational damage 2. Blame towards staff and Council Members 3. Diminished service outcomes and increased pressure on resources 4. Higher rates payment defaults and debt collections 5. Difficulty attracting new residents/businesses 6. Strained community relationships and social cohesion 7. Increased demand for social services beyond Shire capacity/jurisdiction 	Likely	Moderate	12 H	New Risk	<ol style="list-style-type: none"> 1. Develop and implement a community engagement strategy to better understand ratepayers' expectations. 2. Hold at least two community forums each year. 3. Establish clear guidelines on the Shire's responsibilities and limitations regarding social issues, and communicate these effectively. 4. Maintain healthy relationships with government agencies, funding bodies and WALGA. 5. Prioritise grant writing and winning. 6. Continue focus on social media messaging while retaining hard copy dissemination for older generations. 7. Formalise regular contributions to the Banksia Bulletin and Passion Sheet. 	Operational budget, with emphasis on engagement activities	1 CEO 2 EMED	Current and Ongoing

APPENDIX 1

Shire of Quairading Risk Register

November 2024

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline	
Theme 1. Infrastructure and Operational Risks – critical for day-to-day operations and business continuity, and can produce immediate effects										
1.	<p>Workforce Challenges and Skills Shortage</p> <p>Workforce challenges, including an inability to source sufficiently skilled new employees and high staff turnover, pose significant risks to the Shire. These issues have the potential to negatively impact current Shire operations, hinder program delivery, and increase stress on existing employees, leading to reduced service quality and operational efficiency. As one example, the employment of un- or under-qualified Shire personnel (e.g., in technical services) has the potential to create major WHS consequences.</p>	<p>1. Core Operations Impacted: Disruption to Shire business and less effective service delivery.</p> <p>2. Community resilience and sustainability threatened, potentially leading to population decline.</p> <p>3. Reputation Damage: Negative outcomes affect community trust.</p> <p>4. Legal penalties (e.g., for WHS breach).</p> <p>5. Employee Well-being: Increased burnout, low staff morale, and poor 'corporate memory' and knowledge retention.</p> <p>6. Limited pool of suppliers and inability to control contractor pricing.</p>	Likely	Major	16 M	Existing Risk	<p>1. Implement a comprehensive Workforce Plan inclusive of:</p> <ul style="list-style-type: none"> Employee Retention: Implement a retention scheme with associated benefits and incentives. Strategic Recruitment: Develop 'persuasive' staff recruitment and induction processes. Professional Development: Undertake training and development planning to enhance staff skills and job satisfaction. Succession and Leadership Planning: Create a clear pathway for career progression and promote from within where able. <p>2. Promote work flexibility and positive organisational culture.</p> <ul style="list-style-type: none"> Work Flexibility: Promote to accommodate diverse needs and improve work-life balance. Positive Representation: Foster a culture of respect for staff during community engagements to enhance the Shire's reputation and boost employee morale. <p>3. Retain core focus on 'safety first'.</p>	<p>Operational budget.</p> <p>Up to \$20,000 per annum for the training component.</p>	<p>1 CEO</p> <p>2 EMT</p>	March 2025

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
2.	<p>Power Supply Reliability and Emergency Response</p> <p>Mains power supply failures and ongoing unreliability pose significant risks to the Shire, potentially resulting in the loss of critical emergency communications and substantial disruptions to local businesses. Issues could compromise public safety during emergencies and, more generally, lead to economic losses across the community.</p>	<p>1. Emergency Management: Severely compromises the ability to control emergency situations and maintain communications. Impacts include delayed response times and impaired coordination among emergency services.</p> <p>2. Public Safety: Significantly threatens community safety, particularly during emergencies.</p> <p>3. Evacuation Capabilities: Hampers required evacuation efforts, potentially leaving vulnerable populations at risk.</p> <p>4. Business Continuity: Causes immediate and longer-term impacts.</p> <p>5. Critical Services disrupted: Includes fuel supply, electronic payments, refrigeration and medical equipment.</p> <p>6. Economic Development: Acts as a disincentive for new businesses to establish in Shire.</p> <p>7. Infrastructure Reliability: Undermines confidence, potentially affecting local investment and property values.</p>	Almost Certain	Catastrophic	25 E	Existing Risk	<p>1. Microgrid Development: Secure capital and operational funding to establish and operate a local microgrid. This system would provide reliable local energy generation and storage, incorporating renewable energy sources and battery technology.</p> <p>2. Emergency Communications Resilience: Work to future-proof communications systems where possible, particularly through the implementation of Uninterruptible Power Supply (UPS) solutions. This strategy ensures that critical communication channels remain operational during power outages, maintaining public safety and response/coordination capabilities.</p> <p>3. Government Advocacy: To address the root cause of the power supply issues at a systemic level, actively lobby both government and opposition parties for a more reliable power service.</p> <p>4. Strategically place generators around the town.</p>	<p>Nil, other than officer time.</p> <p>Electricity is a State Government responsibility.</p> <p>Seek grant funding where able.</p>	1 CEO 2 CESM	<p>March 2025</p> <p>Monthly updates to be provided whenever risk changes or new information becomes available</p>

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
3.	<p>Road and Infrastructure Maintenance</p> <p>If routine maintenance and timely construction of Shire roads, bridges and other key infrastructure are not completed to standard requirements, public safety dangers and other negative outcomes are probable.</p> <p>The Shire has noted, for example, that materials for road building are becoming more marginal which affects the strengths ratio.</p>	<p>1. Personal and/or public liability impacts (up to \$1M fine and/or 20 years in prison).</p> <p>2. Increased injury and fatality.</p> <p>3. Diminished access to properties – impacts on farm operations and productivity.</p> <p>4. Dissatisfied community/ ratepayers.</p> <p>5. Negative reputational outcomes/lawsuits.</p>	Likely	Catastrophic	20 E	Existing Risk	<p>1. Safety and Compliance:</p> <ul style="list-style-type: none"> • Retain core focus on 'safety first' • Conduct internal WHS Audit • Ensure machine and plant operators are sufficiently qualified. <p>2. Financial Management:</p> <ul style="list-style-type: none"> • Institute strong cost management (e.g., materials, contractors) • Source additional external grant funding for new roads. <p>3. Operational Efficiency:</p> <ul style="list-style-type: none"> • Respond to external feedback • Implement immediate risk mitigation measures (e.g., barriers, signage) when risks can't be immediately eliminated. 	Operational budget	EMWS	Quarterly updates

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 2. Community Health and Safety Risks – underline the importance of safety and compliance										
4.	<p>Workplace Health and Safety Compliance</p> <p>Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and Fair Work Act 2009, has the potential to detrimentally affect Shire functioning. The new WA Work Health & Safety legislation introduces additional challenges, including in managing Bushfire and VFRS Brigades, potentially increasing the risk of WHS breaches for the Shire.</p> <p>Mismanagement of employee wellbeing, harassment, bullying, and safety breaches in employment practices directly affect workplace health and safety, potentially leading to increased WHS claims.</p>	<p>1. Legal and Financial Consequences:</p> <ul style="list-style-type: none"> Personal and/or public liability (up to \$1M fine and/or 20 years in prison) Severe legal penalties and financial losses/fines. <p>2. Reputational Damage:</p> <ul style="list-style-type: none"> Negative outcomes leading to lawsuits and dissatisfied community/ratepayers. <p>3. Safety and Operational Impacts:</p> <ul style="list-style-type: none"> Death or permanent injury Community safety diminished Bushfire and VFRS Brigades become increasingly marginal operationally (i.e., via increased compliance, safety training and reporting requirements). 	Almost Certain	Catastrophic	25 E	Existing Risk	<p>1. Governance and Reporting:</p> <ul style="list-style-type: none"> Council to maintain strong oversight of Risk Management documents CEO and CESM to report monthly to Council on risk mitigation and elimination strategies. <p>2. Safety and Compliance:</p> <ul style="list-style-type: none"> Retain core focus on 'safety first' Conduct internal WHS Audit Monitor and maintain registration and training requirements Enact a "no training, no fire ground" policy position. <p>3. Operational Efficiency:</p> <ul style="list-style-type: none"> Institute strong cost management (e.g., materials, contractors) Ensure machine and plant operators are sufficiently qualified. <p>4. Communication and Response:</p> <ul style="list-style-type: none"> Improve communications via new app software Respond to external feedback Implement immediate risk mitigation measures (e.g., barriers, signage) where risks can't be immediately eliminated. 	Standard operational budget for WHS initiatives	CEO EMT	Ongoing Monthly reporting

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
5.	Healthcare Service Stability The Quairading Medical Practice faces significant challenges in maintaining consistent and affordable medical services due to potential loss of medical personnel and increasing operational costs, which could result in reduced healthcare access for the community.	1. Loss of local medical services, leading to: <ul style="list-style-type: none"> Increased travel burden for medical care Closure of allied health services (e.g., chemist). 2. Threats to community sustainability: <ul style="list-style-type: none"> Community dissatisfaction Potential population decline Economic impacts on local businesses. 3. Negative reputational outcomes for the Shire.	Possible	Catastrophic	15 H	Existing Risk	1. Keep costs for running the medical practice as cost-effective as possible (while maintaining service quality). 2. Establish a second option practitioner for when the current practitioner (a) takes annual leave, or (b) eventually leaves (including list of locums). 3. Current Supply of Practitioner Agreement for a term of three years expiry 25 January 2027 + three-year option. 4. Develop a long-term recruitment and retention strategy for medical professionals, including incentives and support for rural practice. 5. Investigate telemedicine options to supplement in-person care and potentially reduce costs.	Significant resources required; develop options for resource allocation	1 CEO 2 EMCS	Present options March 2025
6.	Natural and Man-Made Disasters Natural and manmade disasters have the potential to affect Shire business continuity. <i>Includes fire, flood, storm, earthquake, extreme heat, pandemic, chemical spill, terrorism.</i> Climate change has been	1. Loss of critical infrastructure. 2. Injury and fatalities. 3. High recovery costs. 4. Loss of business continuity. 5. Shire core business impacts. 6. Businesses choose not to re-establish. 7. Environmental degradation (e.g., drought, soil erosion) 8. Economic instability: generational farms are no	Possible	Major	12 H	Existing Risk	1. Implement a Business Continuity Framework. 2. Local Emergency Management Arrangements – ensure current and tested through LEMC Exercises. 3. Review and update key hazard plans including Bushfire Risk Management Plan. 4. Convene quarterly meetings with key agencies.	Cost-prohibitive; high dependency on State and Federal funding for disaster resilience.	1 CEO 2 CESM	Current and Ongoing

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
	recognised by the Shire, including the prevalence of extreme fire and other weather events.	longer workable.								
Theme 3. Governance, Financial, and Compliance Risks – includes a need to discuss resource allocation and budgeting element										
7.	Financial Viability and Asset Management If the Shire is struggling to remain financially viable, the ability to comply with its Asset Management Plan may be compromised	<ol style="list-style-type: none"> 1. Cost of managing aging infrastructure becomes prohibitive. 2. Creates degradation and loss of useful/useable assets. 3. Increased safety risk. 4. Reduced ability to regenerate or create economic benefit across the Shire. 	Possible	Catastrophic	15 H	Existing Risk	<ol style="list-style-type: none"> 1. Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley has done). 2. Consider marketing campaigns for attracting new investors and residents into the Shire, including people seeking a 'tree change'. 3. Explore and promote quality affordable housing options, and lead by example. 4. Encourage light industrial activity and support small business ventures through flexible policies. 5. Increase the rate-base through the above-mentioned strategies. 	Resource range: \$500,000 to \$1 million for various asset management projects	1 CEO 2 EMT	Jun 2025
8.	Cybersecurity and Data Protection Any data breach/hack of Shire information and communications technology systems has the potential to affect Shire operations, Includes data theft, ransomware and phishing.	<ol style="list-style-type: none"> 1. Financial misappropriation/loss. 2. Community member and/or employee financial records compromised or stolen. 3. Loss of data and data integrity. 4. Shire business continuity significantly compromised. 5. Shire reputation impacted. 	Likely	Major	16 H	Existing Risk	<ol style="list-style-type: none"> 1. Develop and maintain Business Continuity and IT Disaster Recovery Plans. 2. Implement robust IT security measures (e.g., firewalls, access controls, UPS/backup systems). 3. Conduct regular security audits and recovery exercises. 	Allocated within operational IT budget	1 CEO 2 EMCS	June 2025

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
							4. Provide staff cybersecurity awareness training.			
9.	Organisational Misconduct Unethical or illegal behavior by Shire employees, executives or office holders, including both financial and non-financial misconduct, has the potential to produce significant negative consequences for the Shire.	1. Council suspension or leadership changes (e.g., CEO removal, employee terminations). 2. Independent investigations and regulatory actions (e.g., Fair Work Commission). 3. Intense public and media scrutiny. 4. Reputational damage. 5. Financial penalties and economic impacts. 6. Business continuity and viability challenges.	Rare	Catastrophic	5 M	Existing Risk	1. Financial Controls and Processes <ul style="list-style-type: none"> • Update cash handling procedures • Conduct financial management reviews and implement controls. 2. Governance Frameworks <ul style="list-style-type: none"> • Update the delegated authority framework • Enhance the IT Security Framework. 3. Human Resource Management <ul style="list-style-type: none"> • Revise the staff on-boarding/induction program • Implement a performance management program • Update HR Policies and Code of Conduct (for Council and staff). 4. Operational Safety <ul style="list-style-type: none"> • Establish supervision and induction processes to use plant and equipment. 5. External Oversight <ul style="list-style-type: none"> • Conduct regular external audits. 	Standard operational budget to cover governance improvements and external audits	1 CEO 2 EMT	Current and Ongoing

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 4. Strategic Social and Economic Risks – emphasise the long-term impact on the community and the Shire’s sustainability										
10.	<p>Housing Availability and Affordability</p> <p>Seniors and Aged Care: Absence of local independent living facilities may force older residents to leave prematurely, disrupting community cohesion.</p> <p>Essential Worker Housing: Insufficient housing for government workers and Country Health Service staff can hinder recruitment and retention.</p> <p>Public and Community Housing: Limited public housing options may increase housing stress for low-income individuals, leading to potential homelessness.</p>	<p>1. Low property resale values and return on investment undermine community sustainability.</p> <p>2. Population decline due to:</p> <ul style="list-style-type: none"> • Higher outward migration and lower inward migration • Workforce reduction • Residents forced to relocate due to housing shortages. <p>3. Economic impacts:</p> <ul style="list-style-type: none"> • Impeded economic growth • Reduced local spending. <p>4. Threats to community viability:</p> <ul style="list-style-type: none"> • Loss of professional and community-based services • Weakening of community fabric • Potential loss of local infrastructure. 	Almost Certain	Major	20	Existing Risk	<p>1. Lead by example, explore and promote quality affordable housing options including joint venture options for the construction of Residential Independent Living Units.</p> <p>2. Noting that the Shire does not have 50% of the total cost of the project to contribute to a grant/tender application under the Housing Support Program, explore options with bespoke groups i.e., Central East Accommodation & Care Alliance Inc (CEACA).</p> <p>3. Promote Quairading as a destination with a ‘point of difference’ (e.g., as Beverley and Katanning have done).</p> <p>4. Consider marketing campaigns and other strategies for attracting new investors and residents, including people seeking a ‘tree change’.</p>	Officer time until solutions have been identified. May need to form budgets, e.g., for marketing initiatives.	CEO EMED	June 2025




Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
11.	<p>Social Challenges and Community Expectations</p> <p>Social challenges (e.g., crime, antisocial behavior, vandalism, housing crisis, homelessness) may significantly impact ratepayers' expectations of the Shire's responsibilities and perceived effectiveness. Misalignment between community expectations and Shire jurisdiction could lead to reputational damage, resource pressure and potential conflict.</p>	<ol style="list-style-type: none"> 1. Disgruntled ratepayers and reputational damage 2. Blame towards staff and Council Members 3. Diminished service outcomes and increased pressure on resources 4. Higher rates payment defaults and debt collections 5. Difficulty attracting new residents/businesses 6. Strained community relationships and social cohesion 7. Increased demand for social services beyond Shire capacity/jurisdiction 	Likely	Moderate	12 H	New Risk	<ol style="list-style-type: none"> 1. Develop and implement a community engagement strategy to better understand ratepayers' expectations. 2. Hold at least two community forums each year. 3. Establish clear guidelines on the Shire's responsibilities and limitations regarding social issues, and communicate these effectively. 4. Maintain healthy relationships with government agencies, funding bodies and WALGA. 5. Prioritise grant writing and winning. 6. Continue focus on social media messaging while retaining hard copy dissemination for older generations. 7. Formalise regular contributions to the Banksia Bulletin and Passion Sheet. 	Operational budget, with emphasis on engagement activities	1 CEO 2 EMED	Current and Ongoing

7.7 Compliance Audit Return 2024

Responsible Officer Natalie Ness, Chief Executive Officer

Reporting Officer Marion Haeusler, Executive Officer

Attachments

1. Compliance Audit Return 2024 [DRAFT] [↓](#) 
2. Cuneata Rise Land Sale - attachment to CAR 2024 [↓](#) 
3. Extension to submit financial reports - attachment to CAR 2024 [↓](#) 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 028-24/25

Moved: Cr RC Faltyn

Seconded: Cr EV Gom

That the Audit & Risk Committee recommend to Council that Council endorse the Statutory Compliance Audit Return for the period 1st January 2024 to 31st December 2024.

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

A Compliance Audit Return (CAR) is an opportunity for Council to review internal procedures and processes considered “high risk” to ensure they are compliant with relevant local government Acts and Regulations.

In previous years Council budgeted for Council’s Compliance Audit Return to be prepared by an independent consultant. However, Officers deemed an external consultant unnecessary to perform the audit, so it was completed internally. Previously, an external consultant reviewed Officers’ responses to the Compliance Audit Return questions. As the questions asked in the 2024 Compliance Audit Return do not differ from the previous year’s questions, this was deemed an unnecessary action to undertake before presenting the CAR to the Audit & Risk Committee.

N/A responses indicate that the compliance requirement was not actioned nor required during the Year under Review.

MATTER FOR CONSIDERATION

The submission of a Compliance Audit Return for the period 1st January 2024 to 31st December 2024 is a statutory requirement. The CAR must be submitted to the Director General of the Department for Local Government, Sport and Cultural Industries no later than the 31st of March 2025.

BACKGROUND

Under the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* Council is required to undertake a Compliance Audit Return via the Statutory Compliance Return provided by the Department of Local Government each year.

The CAR contains 92 questions relating to specific sections of the *Local Government Act 1995* and to the prescribed statutory requirements in the *Local Government (Administration) Regulations 1996*, *Local Government (Audit) Regulations 1996*, *Local Government (Elections) Regulations 1997*, *Local Government (Financial Management) Regulations 1996* and *Local Government (Functions and General) Regulations 1996*.

The Local Government's Audit Committee is required to review the completed CAR and report the results to Council prior to its adoption by Council. A copy of the Statutory Compliance Audit Return signed by the CEO and Shire President, and the relevant section of the Council Meeting Minutes must then be provided to the Director General of the Department of Local Government by the 31st of March 2025. Submission must be made through the Department's online portal.

Non-compliance reported in the 2024 Compliance Audit Return should be a reminder for Local Government Officers to engage with Council members via the Audit & Risk Committee, providing advice on what action has or will be taken to address it.

The Compliance Audit Return comprises of Questions in the following areas of activity:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions (all answered)
- Tenders for Providing Good & Services

The only issues of non-compliance noted related to

- Disposal of Property – Questions 1 & 2

The sale of 11 lots in the residential property development Cuneata Rise was conducted neither by public auction nor by tender. Where a Local Government disposes of property in such a manner, in accordance with section 3.58(3) of the *Local Government Act 1995*, the Local Government is to advertise the sale of the property to the public, including in its notice the details listed in section 3.58(4) of the Act, in order for the public to have the opportunity to submit their opinion on the sale to the Local Government. Officers failed to notify the public in accordance with the above sections of the Act before the sale of the 11 properties was conducted.

Officers have since informed themselves on the specific legislation and regulations relating to the disposal of property by a Local Government and have ensured that all subsequent disposals of property have occurred or will occur in strict accordance with the relevant legislation.

- Optional – Question 1

Officers failed to engage an independent consultant to carry out a review of Council's financial systems and controls within the prescribed three-year time frame. The last review was endorsed by Council in June 2021. A subsequent review should have been conducted in time for Council to endorse it in June 2024. The Review has since been completed by Viaje Strategic and will be presented to Council for endorsement at their Ordinary Council Meeting in February 2025.

Officers have concluded that this oversight occurred as a direct result of significant staff turnover during the last 24 months and have since developed procedures for easier tracking of statutory timeframes and to ensure timely consideration for budget development.

Council's procedures, processes and actions for the 2024 calendar year were reviewed and the draft statutory compliance return has been developed for consideration by the Audit & Risk Committee.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Administration) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government (Elections) Regulations 1997

Local Government (Functions and General) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.1 Governance & Leadership: Shire communication is consistent, engaging and responsive

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

RISK ASSESSMENT

	Option 1
Financial	Low <i>The CAR has been completed internally without incurring additional costs.</i>
Health	N/A
Reputation	Low <i>The Compliance Audit Return is an opportunity for Council to ensure that internal processes are being completed in line with statutory requirements.</i>
Operations	Low <i>The completion of the CAR is not out of Council Officers' normal scope of work.</i>
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Quairading



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Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024?	N/A	No major trading undertaking in 2024
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2024?	N/A	No major land transaction in 2024
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2024?	N/A	No such land transaction in 2024
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024?	N/A	No such land transaction or trading undertaking in 2024
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	No such land transaction or trading undertaking in 2024

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	No delegations to committees
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	No delegations to committees
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	No delegations to committees
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	No delegations to committees
5	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	N/A	No delegations to committees
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	Resolution: OCM 201 – 23/24 30 May 2024

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				https://www.quairading.wa.gov.au/wp-content/uploads/2024/06/Delegation-Register-2024-ENDORSED-May-24-201-23_24.pdf
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Resolution: OCM 201 – 23/24 30 May 2024
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/06/Delegation-Register-2024-ENDORSED-May-24-201-23_24.pdf
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/06/Delegation-Register-2024-ENDORSED-May-24-201-23_24.pdf
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	Resolution: OCM 201 – 23/24 30 May 2024
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/06/Delegation-Register-2024-ENDORSED-May-24-201-23_24.pdf
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year?	Yes	Resolution: OCM 201 – 23/24 30 May 2024
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	Register of exercise of delegations as presented to Concept Forum monthly

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Resolution OCM 183 – 23/24 OCM April 2024 Resolution OCM 079 – 24/25 OCM November 2024

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				Resolution OCM 099 – 24/25 and Resolution OCM 100 – 24/25 OCM December 2024
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	Special CM January 2024, OCMs February, March, April, May, November and December 2024
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/10/QSC-PRIMARY-AND-ANNUAL-RETURNS-REGISTER-October-2024.pdf
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/10/QSC-PRIMARY-AND-ANNUAL-RETURNS-REGISTER-October-2024.pdf
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/10/QSC-PRIMARY-AND-ANNUAL-RETURNS-REGISTER-October-2024.pdf
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/11/2024-12-23-DISCLOSURE-OF-INTEREST-REGISTER-December-2024-1.pdf
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	

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10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/QSC-REGISTER-OF-GIFTS-DECEMBER-2024.pdf
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/QSC-REGISTER-OF-GIFTS-DECEMBER-2024.pdf
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Resolution OCM 208 – 23/24 OCM May 3034 Recommendation 12.11 and Resolution OCM 100 – 24/25 OCM December 2024
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	Adopted March 2021 (OCM 142 – 20/21) Last reviewed April 2023 (Resolution 216 – 22/23)

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19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2023/07/Code-of-Conduct-for-Elected-Members-Committee-Members-Candidates.pdf
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2023/07/Code-of-Conduct-for-Elected-Members-Committee-Members-Candidates.pdf
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Last reviewed February 2024 (OCM 155 – 23/24) https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/Employee-Code-of-Conduct-v0224.pdf

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	No	Shire of Quairading failed to notify the public in the prescribed manner of the intended sale of 11 residential lots. Please see attachment for further detail.
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	No	as question 1.

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Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/QSC-ELECTORAL-GIFT-REGISTER_DEC-2024.pdf
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	No unsuccessful candidates during 2024
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/QSC-ELECTORAL-GIFT-REGISTER_DEC-2024.pdf

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Resolution: OCM 100 – 23/24 OCM October 2024
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	No powers delegated
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	Resolution: OCM 101 – 24/25 OCM December 2024
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995	Yes	Actions ongoing.

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		required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?		
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor’s report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	No significant findings reported in the Auditor’s Opinion
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government’s official website?	N/A	No significant findings reported in the Auditor’s Opinion
7	Audit Reg 10(1)	Was the auditor’s report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Resolution: OCM 228 – 23/24 OCM June 2024
5	s5.37(2)	Where council rejected a CEO’s recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	No recommendation was rejected.

Official Conduct				
No	Reference	Question	Response	Comments

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1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	CEO appointed Complaints Officer Resolution 123 – 20/21 OCM February 2021
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	Nil complaints recorded
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/01/2025-01-07-QSC-STATUTORY-COMPLAINTS-REGISTER-DECEMBER-2024.pdf
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government’s official website?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/01/2025-01-07-QSC-STATUTORY-COMPLAINTS-REGISTER-DECEMBER-2024.pdf

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	WALGA Preferred Supplier Portal utilised

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4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/02/2025-02-06-TENDER-REGISTER-December-2024-1.pdf
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	no such tenders submitted
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	Tenderers notified through the WALGA Preferred Supplier Portal
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	Nil expressions of interest in 2024
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	Nil expressions of interest in 2024

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14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	Nil expressions of interest in 2024
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	Not required
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	Not required
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	Not required
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	Not required
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	Not required
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	Not required
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Not required
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	Not required

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Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	29/07/2021 Resolution: OCM 006 – 21/22 OCM July 2021 https://www.quairading.wa.gov.au/wp-content/uploads/2023/07/Strategic-Community-Plan-2021-2031-ENDORSED-July-2021-6-21_22-2.pdf
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	30/03/2023 Resolution: OCM 183-22/23 OCM March 2023 https://www.quairading.wa.gov.au/wp-content/uploads/2023/07/Corporate-Business-Plan-2023-2027-ENDORSED-MARCH-2023-183-22_23-2.pdf
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government’s financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council’s resolution to accept the report.	No	Review carried out, but outside of the three-year time frame. Last Review adopted by Council in June 2021 with resolution OCM 186 – 20/21 Current review has been completed and will be tabled to Council at OCM February 2025.

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2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government’s systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council’s resolution to accept the report.	Yes	28/11/2024 Resolution: OCM 078 – 24/25 OCM November 2024
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2025/01/QSC-REGISTER-OF-GIFTS-DECEMBER-2024.pdf
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government’s website, a policy dealing with the attendance of council members and the CEO at events?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2023/07/Attendance-at-Events-Policy.pdf
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government’s website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	District Map: https://www.quairading.wa.gov.au/wp-content/uploads/2024/03/Map-of-District-Quairading.pdf Local Laws: https://www.quairading.wa.gov.au/my-council/local-laws-legislation/ Annual Budget: https://www.quairading.wa.gov.au/wp-content/uploads/2024/09/Annual-Budget-Book-without-Fees-Charges.pdf Fees & Charges: https://www.quairading.wa.gov.au/wp-content/uploads/2024/09/Adopted-Fees-and-Charges-2024-2025.pdf Planning for the Future:

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				https://www.quairading.wa.gov.au/my-council/strategies-policies/ Agendas and Minutes of all public Meetings: https://www.quairading.wa.gov.au/my-council/committee-meetings/council-minutes/
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/06/Elected-Member-Continuing-Professional-Development-Policy-v0524.pdf
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2023/2024 financial year and publish it on the local government's official website by 31 July 2024?	Yes	https://www.quairading.wa.gov.au/wp-content/uploads/2024/07/QSC-COUNCILLOR-TRAINING-REPORT-FY-2023.2024.pdf
8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	No	Balanced Accounts and Annual Financials submitted on 4 October 2024 after extension applied for and received from the Minister for Local Government (see attachment).
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date

From: [Natalie Ness](#)
To: [Marion Haeusler](#)
Subject: Cuneata Rise Land Sale - summary of events
Date: Friday, 7 February 2025 1:13:32 PM

Hi Marion,

Please see below summary of events for the Cuneata Rise Land Sale.

In November 2023 Council resolved with Resolution OCM 118-23/24 to offer 12 lots of the Cuneata Rise residential property development (Edwards Way and Reid Street in Quairading) for a price of \$10,000 for purchase to local residents for a timeframe of 4 months starting on 1 December 2023. The unsold remainder of the lots (no more than 5) were then to be auctioned off with a reserve price of \$5 to any interested party in September 2024 after an extensive media campaign targeting the metropolitan and regional Western Australian market. This initiative was agreed upon by Council to revitalise the housing and rental market in Quairading after the same lots had been for sale for over 10 years at a cost of \$30,000 - \$45,000 with little interest. All lots were under offer by the end of the 4-month period, making an auction unnecessary. The employment of a new CEO at the intersection between planning and implementation of the initiative and following a recent change in staffing of the Executive Officer position, through subsequent collective lack of experience, led to the oversight of sections 3.58(3) and (4) of the *Local Government Act 1995*, which describe the requirements for disposal of property other than by public auction or tender process. By the time this oversight was recognised, 11 of the 12 lots had already been successfully sold. Officers will ensure that the relevant sections of the Act will be adhered to before any contract regarding the last property is entered into. The same will be ensured for any subsequent relevant disposal of property initiated by the Shire of Quairading.

Kind Regards

[Natalie Ness](#)
CHIEF EXECUTIVE OFFICER
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PO Box 38, 10 Jennaberring Road, Quairading WA 6383



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



Our Ref E24152478
Enquiries Suleila Felton
Phone (08) 6552 1408
Email legislation@dlgsc.wa.gov.au

Ms Natalie Ness
Chief Executive Officer
Shire of Quairading
Email: Natalie.ness@quairading.wa.gov.au

Dear Ms Ness,

SHIRE OF QUAIRADING – 2023-2024 ANNUAL FINANCIAL REPORT

Thank you for your application seeking an extension of time to complete and submit to your Auditor the Annual Financial Report for the 2023-2024 financial year.

I advise that in accordance with the authority delegated by the Minister for Local Government, I have approved an extension of time to 4 October 2024 to submit to your Auditor the balanced accounts and Annual Financial Report for 2023-2024.

If you wish to discuss this matter, please contact Suleila Felton, Director Local Government Financial policy and Statutory Approvals via the contact details listed above.

Yours sincerely

TOM GRIFFITHS
EXECUTIVE DIRECTOR - LOCAL GOVERNMENT


01 October 2024

246 Vincent Street Leederville WA 6007
Gordon Stephenson House, 140 William Street Perth WA 6000
PO Box 8349 Perth Business Centre WA 6849
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7.8 Risk Management Governance Framework

Responsible Officer Natalie Ness, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments 1. Attachment (i) Risk Management Governance Framework (DRAFT)
 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

COMMITTEE RESOLUTION: ARC 029-24/25

Moved: Cr EV Gom

Seconded: Cr RC Faltyn

That the Audit & Risk Committee recommend to Council that Council endorse the changes to the Risk Management Governance Framework (Attachment (i)).

FOR: Crs RC Faltyn, EV Gom, JC Hayes and JR Hippisley

AGAINST: Nil

CARRIED 4/0

IN BRIEF

The Shire's Risk Management Governance Framework sets out the Shire's approach and strategy to identify, assess, manage, report and monitor risks. The Risk Management Governance Framework assists in balancing the workplace's ability to maximise the potential to achieve goals and objectives, and minimise potential for harm or loss.

The Shire of Quairading is required to have a Risk Management Governance Framework that is updated on a biennial basis. The last review was conducted in 2022.

The Shire of Quairading's Risk Management review was conducted by James Butterworth with a comprehensive workshop conducted on 26 September 2024, together with Shire Councillors and the Executive Management Team.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee recommend to Council to consider endorsing the updated Risk Management Governance Framework.

BACKGROUND

The Shire's Risk Management Governance Framework sets out the Shire's approach and strategy to identify, assess, manage, report and monitor risks.

All components contained within the document are based on Australian Standard: AS ISO 31000:2018 Risk Management. It is essential that all areas of the Shire adopt these safety procedures to ensure:

1. Strong corporate governance through demonstrated leadership in and commitment to risk management.
2. Compliance with relevant legislation, regulations and internal policies; and
3. Integrated Planning and Reporting requirements are met.

The framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire along with existing time, resource and workload pressures.

Risk management is a key business process for effective planning and decision making. The Shire of Quairading aims to develop organisational wide awareness in risk management to ensure a consistent, efficient and effective assessment of risk in the achievement of strategic objectives and to keep all Shire workers and infrastructure safe.

Risk management does not mean the Shire is “risk adverse” but rather recognises that risk is inherent in all Shire functions. Having an effective Risk Management Governance Framework allows the Shire the opportunity to use identified risks to effectively manage business systems and processes to achieve an appropriate balance between realising opportunities for gain, while minimising adverse impacts. It is an integral part of good management practice and an essential element of sound corporate governance.

Risk management involves establishing an appropriate governance framework and workplace safety culture, and outlining a logical and systematic method to apply, to identify and manage risks by:

1. Implementing and communicating an organisational policy and framework.
2. Defining the organisation’s risk appetite, tolerance and likelihood guidelines.
3. Training Elected Members and Officers to establish the context for assessing potential risks; and
4. Identifying, analysing, evaluating, treating, monitoring, and communicating risks associated with any activity, function or process, in a way that will maximise the potential to achieve goals and objectives and minimise potential for harm or loss.

By implementing the above, in relation to risk management, the Shire of Quairading will be able to:

1. Improve decision making and minimise the impact of an adverse event occurring.
2. Foster workers to have the confidence to pursue opportunities with the knowledge that they have adequately managed and accepted the risks in an appropriate way; and
3. Improve business outcomes.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Risk Management Policy

Work Health & Safety Policy

FINANCIAL IMPLICATIONS

The costs associated with an external consultant were minor when considering the financial consequences associated with identification of critical risks.

ALIGNMENT WITH STRATEGIC PRIORITIES

- 5.3 Governance & Leadership:** Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community
- 5.4 Governance & Leadership:** Implement systems and processes that meet legislative and audit obligations

CONSULTATION

This review was conducted in collaboration with James Butterworth, an external consultant.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

- 3.1 Governance, Financial and Compliance Risks:** Financial Viability and Asset Management
- 3.2 Governance, Financial and Compliance Risks:** Cybersecurity and Data Protection
- 3.3 Governance, Financial and Compliance Risks:** Organisational Misconduct
- 1.1 Infrastructure and Operational Risks:** Workforce Challenges and Skills Shortage
- 1.2 Infrastructure and Operational Risks:** Power Supply Reliability and Emergency Response
- 1.3 Infrastructure and Operational Risks:** Road Infrastructure and Maintenance
- 2.1 Community Health and Safety Risks:** Workplace Health and Safety Compliance
- 2.2 Community Health and Safety Risks:** Healthcare Service Stability
- 2.3 Community Health and Safety Risks:** Natural and Man-Made Disasters
- 4.1 Strategic, Social and Economic Risks:** Housing Availability and Affordability
- 4.2 Strategic, Social and Economic Risks:** Social Challenges and Community Expectations

RISK ASSESSMENT

	Option 1
Financial	High <i>Financial consequences for Executive Managers and Council can be significant if critical incidents occur and risk mitigation processes have not been met.</i>
Health	High <i>This Document is the Shire's overarching Risk Management Framework, showing the Shire's commitment to risk mitigation, which encompasses staff, Councillors, contractors, visitors and the public's safety.</i>

Reputation	Moderate <i>Having a well aligned Risk Management Governance Framework is essential to ensure a cohesive and comprehensive approach to Risk Management. It is a legal requirement to have a Risk Management Governance Framework that adheres to the Australian Standard: AS ISO 31000:2018 Risk Management</i>
Operations	Medium <i>This Dashboard needs to be reviewed biennially.</i>
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

NIL



RISK MANAGEMENT GOVERNANCE FRAMEWORK

Endorsed 25th August 2022, 38 – 22/23

 @ShireofQuairading

 @QuairadingCaravanPark

 @shireofquairading



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SECTION ONE: INTRODUCTION

The policy and procedures form the Risk Management Framework for the Shire of Quairading (“the Shire”). It sets out the Shire’s approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS/NZS ISO 31000:2009 Risk Management.

It is essential that all areas of the Shire adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations, and internal policies.
- Compliance with Integrated Planning and Reporting requirements.
- Understanding of uncertainty and its effects on objectives.

This framework aims to balance a documented, structured, and systematic process with the current size and complexity of the Shire along with existing time, resource, and workload pressures.

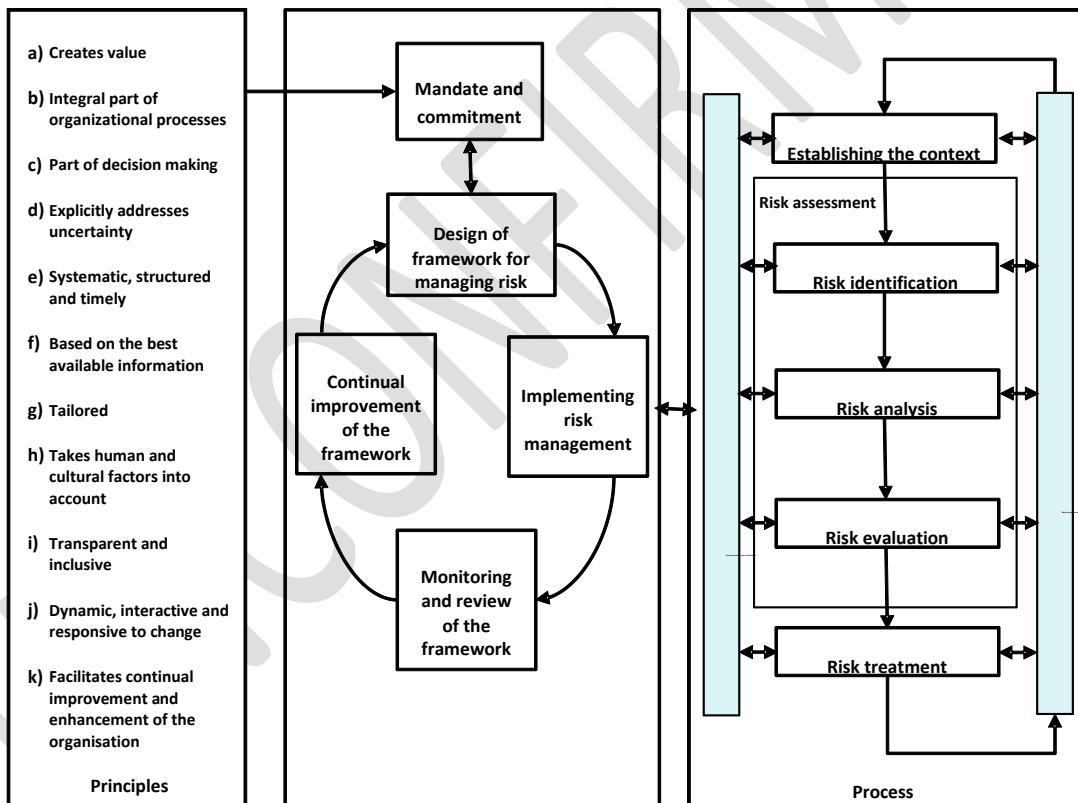


Figure 1: Risk Management Process (Source: AS/NZS 31000:2009)

SECTION TWO: RISK MANAGEMENT PROCEDURES**1.1****2.1 Governance**

Appropriate governance of risk management within the Shire of Quairading (the “Shire”) provides:

- Transparency of decision-making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective Governance Structure to support the risk framework.

2.1.1 Framework Review

A biennial review of the Risk Management Framework confirms appropriateness and effectiveness.

2.1.2 Operating Model

The Shire has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision-making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, management, and community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate, and operational plans.

2.1.2.1 First Line of Defence

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

2.1.2.1.1 Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).

2.1.2.1.2 Undertaking adequate analysis (data capture) to support the decision-making of risk matters.

- 2.1.2.1.3 Prepare risk acceptance proposals where necessary, based on level of residual risk.
- 2.1.2.1.4 Retain primary accountability for the ongoing management of their risk and control environment.

2.1.2.2 Second Line of Defence

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

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st & 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

- 2.1.2.2.1 Providing independent oversight of risk matters as required.
- 2.1.2.2.2 Monitoring and reporting on emerging risks.
- 2.1.2.2.3 Co-ordinating the Shire's risk reporting for the CEO and Executive Management Team and the Audit Committee.

2.1.2.3 Third Line of Defence

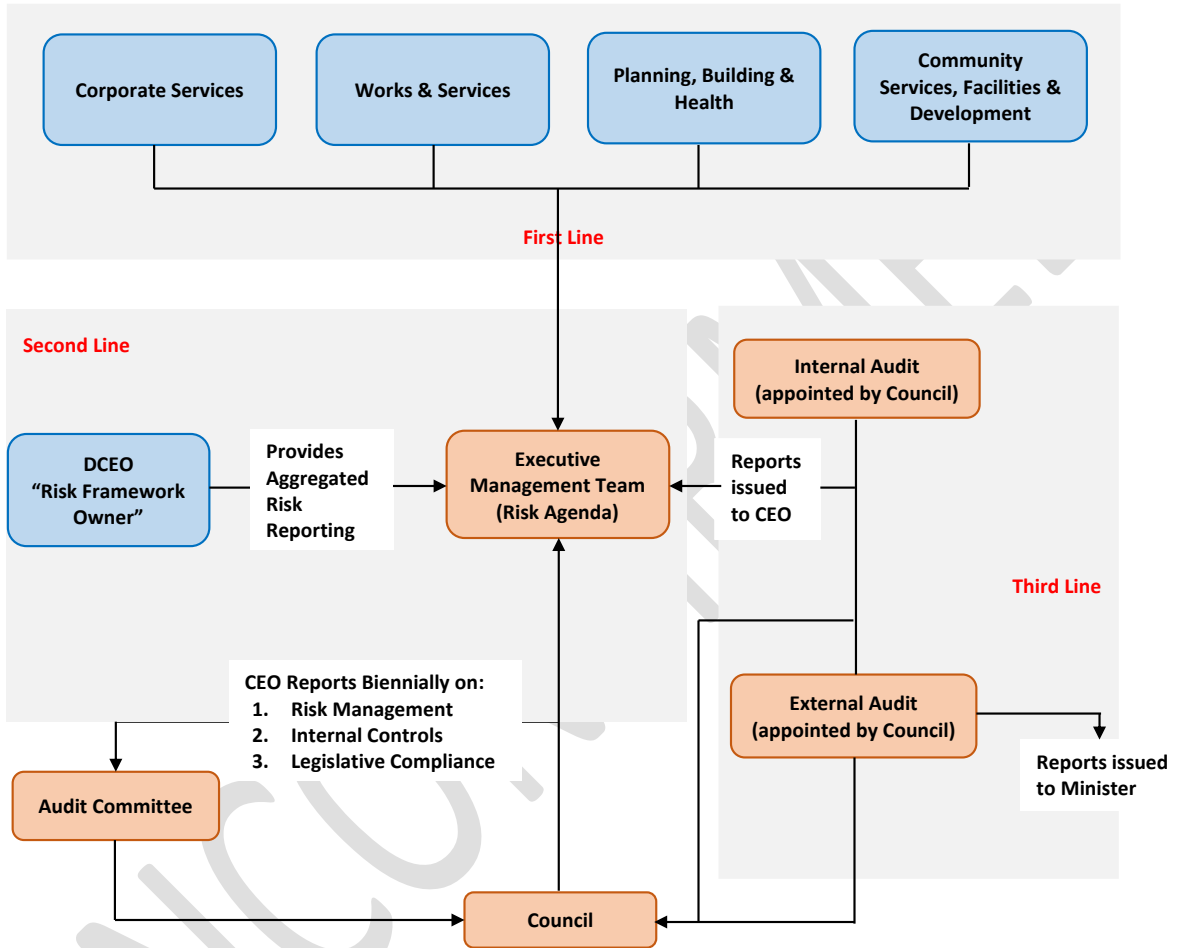
Internal & External Audit are the '**3rd Line**' of defence, providing independent assurance to the Council, Audit Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The CEO and the Audit Committee determine the scope.

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the President and CEO on the annual financial statements only.

2.1.3 Governance Structure

The following diagram depicts the current operating structure for risk management within the Shire.



2.1.4 Roles & Responsibilities**2.1.4.1 Council**

2.1.4.1.1 Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.

2.1.4.1.2 Establish and maintain an Audit & Risk Improvement Committee in accordance with the Local Government Act.

2.1.4.2 Audit Committee

2.1.4.2.1 Support Council to provide effective corporate governance.

2.1.4.2.2 Oversight of all matters that relate to the conduct of External Audits.

2.1.4.2.3 Must be independent, objective and autonomous in deliberations.

2.1.4.2.4 Make recommendations to Council on External Auditor appointments.

2.1.4.3 CEO/Executive Management Team (in capacity as "Risk Committee")

2.1.4.3.1 Undertake Internal Audits as required under Local Government (Audit) Regulations.

2.1.4.3.2 Liaise with Council in relation to risk acceptance requirements.

2.1.4.3.3 Approve and review the appropriateness and effectiveness of the Risk Management Framework.

2.1.4.3.4 Drive consistent embedding of a risk management culture.

2.1.4.3.5 Analyse and discuss emerging risks, issues, and trends.

2.1.4.3.6 Document decisions and actions arising from 'risk matters'.

2.1.4.3.7 Own and manage the Risk Themes at Shire Level.

2.1.4.4 Executive Manager, Corporate Services (in capacity as "Risk Framework Owner")

2.1.4.4.1 Oversee and facilitate the Risk Management Framework.

2.1.4.4.2 Champion risk management within operational areas.

2.1.4.4.3 Support reporting requirements for risk matters.

2.1.4.4.4 Monitor KPI's for risk.

2.1.4.4.5 Appoint/engage external auditors to report on financial statements annually.

2.1.4.5 Managers/Teams

2.1.4.5.1 Drive risk management culture within work areas.

2.1.4.5.2 Own, manage and report on specific risk issues as required.

2.1.4.5.3 Assist in the Risk & Control Management process as required.

2.1.4.5.4 Highlight any emerging risks or issues accordingly.

2.1.4.5.5 Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items:

2.1.4.5.5.1 New or emerging risks.

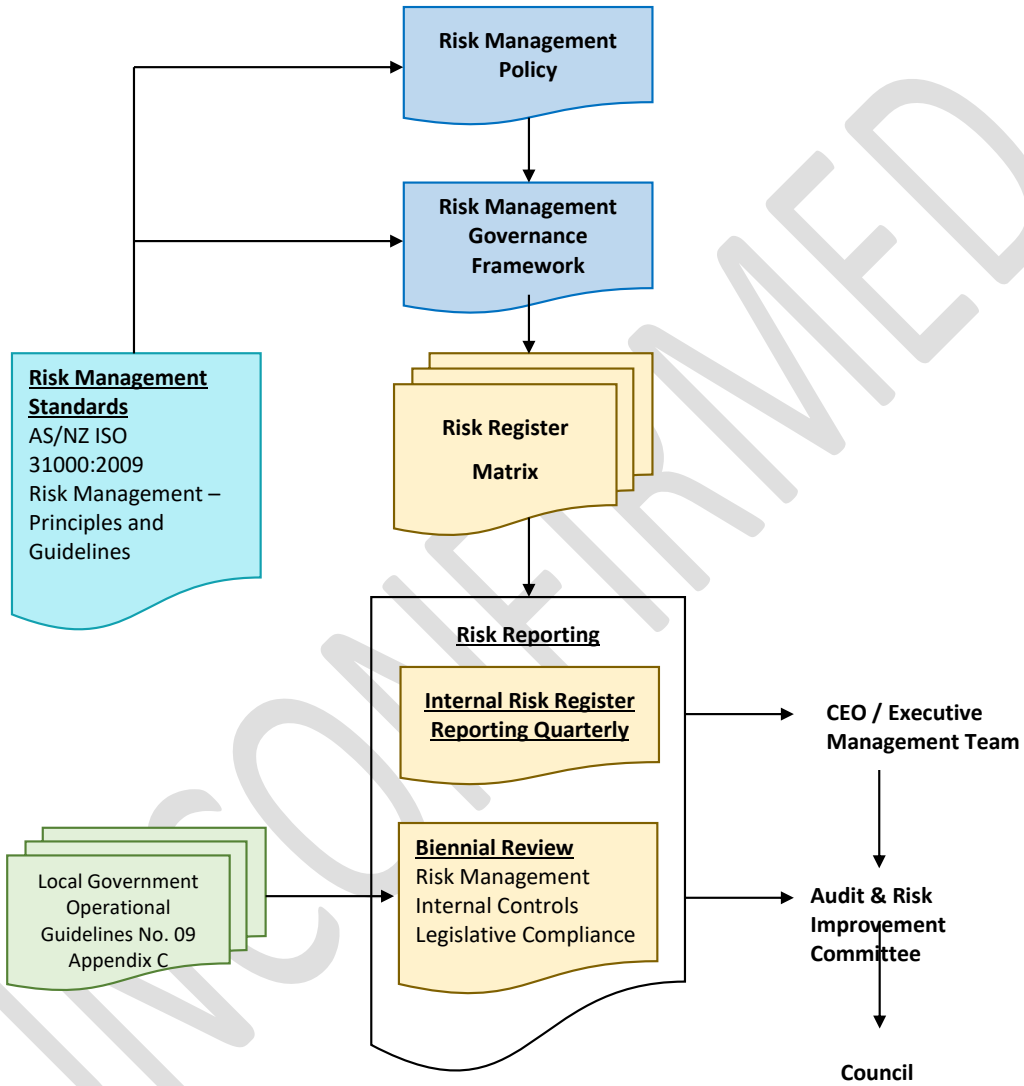
2.1.4.5.5.2 Review existing risks.

2.1.4.5.5.3 Control adequacy.

2.1.4.5.5.4 Outstanding issues and actions.

2.1.5 Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.



2.2 Risk & Control Management

All work areas of the Shire are required to assess and manage the Risk Register on an ongoing basis.

Each manager, in conjunction with the Executive Manager, Corporate Services, is accountable for ensuring that Risks are:

- Reflective of the material risk landscape of the Shire.
- Reviewed on at least a 24-month cycle unless there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported using key data inputs, workshops and ongoing business engagement.

2.2.1 Risk & Control Assessment

To ensure alignment with ISO 31000:2009 Risk Management, the following approach is to be adopted from a Risk & Control Assessment perspective.

A. Establishing the Context

The first step in the risk management process is to understand the context within which the risks are to be assessed. This comprises two elements:

Organisational Context

The Shire's Risk Management Matrix provides the basic information and guidance regarding the organisational context to conduct a risk assessment. This includes risk assessment and acceptance criteria (Appendix A) and any other tolerance tables as developed. In addition, existing risk themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the risk themes must be approved by the Executive Manager, Corporate Services and CEO.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within the planning and decision-making processes.

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process.

For risk assessment purposes the Shire has been divided into three levels of risk assessment context:

1. Strategic Context

These risks are associated with achieving the organisation's long-term objectives. They can be of an internal or external nature. Inputs to establishing the strategic risk assessment context may include:

- Organisations Vision/Mission
- Stakeholder Analysis
- Environment Scan/SWOT Analysis
- Strategies/Objectives/Goals

2. Operational Context

The Shire's day-to-day activities, functions, infrastructure, and services. Prior to identifying operational risks, the operational area should identify its Key Activities (i.e., what are you trying to achieve?). Note: these may already be documented in business plans, budgets etc.

3. Project Context

Project Risk has two main components:

- **Direct** refers to the risks that may arise as a result of project activity (i.e., impacting on process, resources or IT systems) which may prevent the Shire from meeting its objectives
- **Indirect** refers to the risks that threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

B. Risk Identification

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, answer the following questions, capture, and review the information within each Risk Theme.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How may this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating? (Consequences)

C. Risk Analysis

To analyse the risks, the Shire's Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of Consequence and Likelihood, determine the risk rating (Level of Risk)

D. Risk Evaluation

The Shire is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e., are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward/Opportunity

The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Note: Individual Risks or Issues may need to be escalated due to its urgency, level of risk or systemic nature.

E. Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce Consequence / Likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on:

- Cost versus benefit
- Ease of implementation
- Alignment to organisational values / objectives.

Once a treatment is implemented, the Executive Manager, Corporate Services, is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (refer to Risk Acceptance section).

F. Monitoring & Review

The Shire is to review all Risk Themes on a 24-month cycle at a minimum or if triggered by one of the following:

- Changes to context
- A treatment is implemented
- An incident occurs or due to audit/regulator findings.

The Executive Manager, Corporate Services, is to monitor the status of risk treatment implementation and report on, if required.

The CEO & Executive Management Team will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Catastrophic

- Risks with Likelihood Rating of Almost Certain.

The design and focus of the Risk Dashboard report will be determined from time to time on the direction of the CEO & Executive Management Team. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the Shire.

G. Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

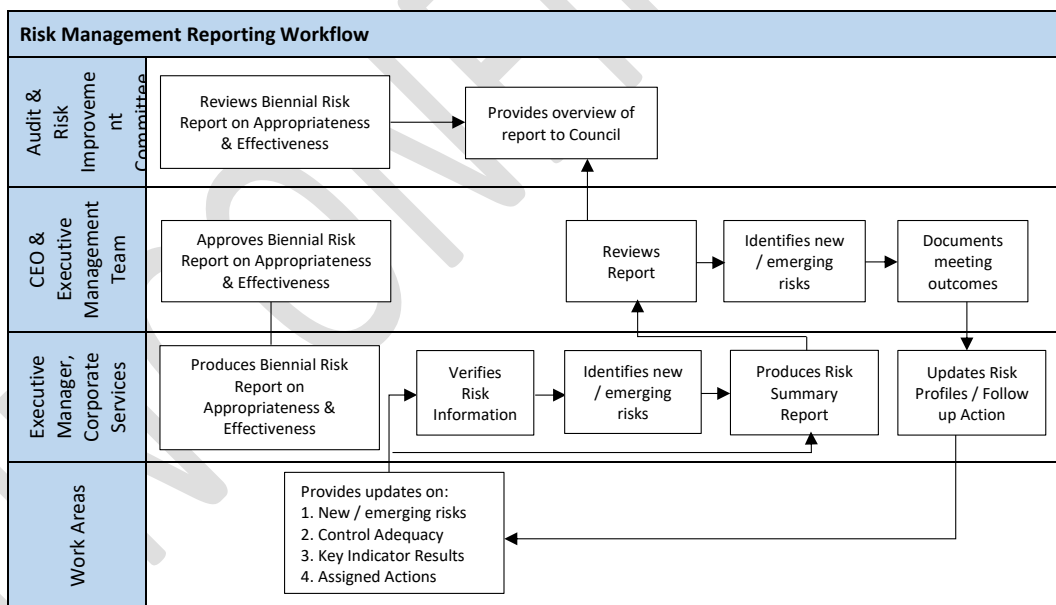
Risk management awareness and training will be provided to relevant staff.

Risk management will be included within the employee induction process to ensure new employees are introduced to the Shire’s risk management culture.

2.3 Reporting Requirements

2.3.1 Coverage & Frequency

The following diagram provides a high-level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new, emerging risks, control effectiveness, and key indicator performance to the Executive Manager, Corporate Services.
- Work through assigned actions and provide relevant updates to the Executive Manager, Corporate Services.
- Risks / Issues reported to the CEO & Executive Management Team are reflective of the current risk and control environment.

The Executive Manager, Corporate Services is responsible for:

- Ensuring Shire Risk Profiles are formally reviewed and updated on a 24-month cycle at a minimum, or when there has been a material restructure, change in risk ownership, or change in the external environment.
- Quarterly Risk Reporting for the CEO & Executive Management Team – contains an overview of the Risk Dashboard for the Shire.
- Annual Compliance Audit Return completion and lodgement.

2.4 Key Indicators

Key Indicators (KI's) may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of KI's:

- Identification
- Validity of Source
- Tolerances
- Monitor & Review.

2.4.1 Identification

The following represent the minimum standards when identifying appropriate KI's key risks and controls:

- 2.4.1.1 The risk description and causal factors are fully understood
- 2.4.1.2 The KI is fully relevant to the risk or control
- 2.4.1.3 Predictive KI's are adopted wherever possible
- 2.4.1.4 KI's provide adequate coverage over monitoring key risks and controls

2.4.2 Data Quality & Integrity

In all cases an assessment of the data quality, integrity, and frequency must be completed to ensure that the KI data is relevant to the risk or control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping KI's can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the KI, the data is required to be revalidated to ensure reporting of the KI against a consistent baseline.

2.4.3 Tolerances

Tolerances are set based on the Shire's Risk Appetite. They are set and agreed over three levels:

2.4.3.1 Green – within appetite; no action required.

2.4.3.2 Amber – the KI must be closely monitored, and relevant actions set and implemented to bring the measure back within the green tolerance.

2.4.3.3 Red – outside risk appetite; the KI must be escalated to the CEO & Executive Management Team, where appropriate management actions are to be set and implemented to bring the measure back within appetite.

2.4.4 Monitor & Review

All active KI's are updated as per their stated frequency of the data source.

The monitoring KI's need to incorporate overall trends over a longer timeframe instead of simple 'point in time' measurements. The trend of the KI is specifically used as an input to the risk and control assessment.

2.5 Risk Acceptance

Day to day operational management decisions is generally managed under the delegated authority framework of the Shire.

Risk Acceptance is a management decision to accept, within authority levels, material risks which will remain outside the appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

- 2.5.1 A description of the risk.
- 2.5.2 An assessment of the risk (e.g., Impact consequence, materiality, likelihood, working assumptions etc.).
- 2.5.3 Details of any mitigating action plans or treatment options in place.
- 2.5.4 An estimate of the expected remediation date.

Responsible action should be taken to mitigate the risk. A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (ie., Executive Manager, Corporate Services, Executive Management Team).

2.6 Annual Controls Assurance Plan

The annual assurance plan is a monitoring schedule prepared by the Executive Management Team that sets out the control assurance activities to be conducted over the next 12 months. This plan needs to consider the following components.

- 2.6.1 Coverage of all risk classes (Strategic, Operational, Project).
- 2.6.2 Existing control adequacy ratings across the Shire's Risk Profiles.
- 2.6.3 Consider control coverage across a range of risk themes (where commonality exists).
- 2.6.4 Building profiles around material controls to assist in design and operating effectiveness reviews.
- 2.6.5 Consideration of significant incidents.
- 2.6.6 Nature of operations.
- 2.6.7 Additional or existing 2nd line assurance information / reviews (e.g., HR, Financial Services, IT).
- 2.6.8 Frequency of monitoring / checks being performed.
- 2.6.9 Review and development of Indicators.
- 2.6.10 Timetable for assurance activities.
- 2.6.11 Reporting requirements.

Whilst this document and subsequent actions are owned by the CEO, input and consultation will be sought from individual work areas.

APPENDIX A: RISK ASSESSMENT AND ACCEPTANCE CRITERIA

Measures of Consequence									
RATING	People	Service Interruption	Reputation (Social / Community)	Compliance	Property (Plant, Equipment, Buildings)	Natural Environment	Financial Impact	Project	
								Time	Budget
Insignificant (1)	Near-Miss	No material service interruption Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile, or no media item.	No noticeable regulatory or statutory impact	Inconsequential damage	Contained, reversible impact managed by on-site response	Less than \$1,000	Exceeds deadline by 5% of project timeline	Exceeds project budget by 10%
Minor (2)	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non-compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$1,001 - \$10,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 15%
Moderate (3)	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$10,001 to \$100,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 Days / temporary disability	Prolonged interruption of services – additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire/Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$100 001 to \$500,000	Exceeds deadline by 20% of project timeline	Exceeds project budget by 25%
Extreme (5)	Fatality, permanent disability	Indeterminate prolonged interruption of services non-performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or significant damages or penalties to Officers	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building	Uncontained, irreversible impact	Greater than \$500,000	Exceeds deadline by 25% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year
4	Likely	The event will probably occur in most circumstances	At least once per year
3	Possible	The event should occur at some time	At least once in 3 years
2	Unlikely	The event could occur at some time	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years

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

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	DCEO / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	<ol style="list-style-type: none"> Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	<ol style="list-style-type: none"> Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	<ol style="list-style-type: none"> Processes (Controls) not operating as intended. Processes (Controls) do not exist or are not being complied with. Have not been reviewed or tested for some time.

APPENDIX B: RISK PROFILE TEMPLATE

Risk Theme	Date		
Risk Definition (What could go right/wrong?) Definition of Theme			
Potential causes (What could cause it to go right/wrong?) List of potential causes			
Key Controls (What we have in place to prevent it going wrong)	Type	Date	Rating
List of Controls			
Overall Control Ratings:			
Actions	Due Date	Responsibility	
List proposed actions			
Consequence Category	Risk Ratings		Rating
	Consequence:		
	Likelihood:		
Overall Risk Ratings:			
Indicators (These would 'indicate' to us that something has or might go right/wrong)	Type	Benchmark/Tolerance	
List of Indicators	Leading		
	Lagging		
Comments Rationale for all above ratings			

APPENDIX C: RISK THEME DEFINITIONS

THEME 1 – INFRASTRUCTURE AND OPERATIONAL RISKS

1. Workforce Challenges and Operational Risks

Workforce challenges, including difficulties in sourcing sufficiently skilled employees and high staff turnover, present significant risks to the Shire's operations. These issues can negatively affect the Shire's ability to deliver services effectively, increase stress on existing employees, and disrupt core operations. Additionally, the employment of unqualified or underqualified personnel, particularly in critical areas like technical services, can lead to serious workplace health and safety (WHS) concerns.

Impact (Consequences)

1. **Core Operations Impacted:** Disruption to Shire business and reduced effectiveness in service delivery due to a lack of skilled personnel.
2. **Community Resilience and Sustainability Threatened:** Workforce challenges may hinder the Shire's ability to maintain essential services, potentially leading to population decline.
3. **Reputation Damage:** Negative outcomes from workforce issues can damage the Shire's reputation and erode community trust.
4. **Legal Penalties (e.g., for WHS Breach):** Failure to meet workplace health and safety standards can lead to legal consequences, including fines and penalties.
5. **Employee Wellbeing:** Increased burnout, low staff morale, and the loss of corporate knowledge due to high turnover and inadequate staffing.
6. **Limited Pool of Suppliers and Inability to Control Contractor Pricing:** Challenges in staffing and sourcing skilled contractors can lead to a limited supplier pool, making it harder to control costs and negotiate favourable terms.

2. Power Supply Reliability and Emergency Response

Mains power supply failures and ongoing unreliability present significant risks to the Shire. These issues can result in the loss of critical emergency communications and cause substantial disruptions to local businesses. Such disruptions threaten public safety during emergencies and can lead to wider economic losses across the community.

Impact (Consequences)

- **Emergency Management:** Severely compromises the ability to manage emergencies and maintain effective communication. This includes delayed response times and impaired coordination among emergency services.
- **Critical Services Disrupted:** Affects vital services like fuel supply, electronic payments, refrigeration, and medical equipment, putting essential operations at risk.
- **Public Safety:** Poses a significant threat to community safety, especially in emergencies when reliable power is needed.
- **Economic Development:** Discourages new businesses from establishing in the Shire due to unreliable infrastructure.
- **Evacuation Capabilities:** Hampers evacuation efforts, potentially leaving vulnerable populations at risk.
- **Infrastructure Reliability:** Undermines public confidence in the Shire's infrastructure, which may reduce local investment and lower property values.
- **Business Continuity:** Causes both immediate and long-term disruptions to business operations and overall economic stability.

3. Road & Infrastructure Maintenance

If the routine maintenance and timely construction of Shire roads, bridges, and other key infrastructure are not carried out according to standard requirements, there is a high probability of public safety risks and other negative outcomes. Notably, materials for road construction are becoming more marginal, affecting the strength and reliability of these infrastructure components, leading to potential hazards.

Impact (Consequences)

- **Personal and Public Liability:** Failure to meet maintenance standards could result in significant legal consequences, including fines up to \$1 million or up to 20 years in prison.
- **Increased Injury and Fatality:** Poor infrastructure conditions increase the risk of accidents, leading to injuries or fatalities.
- **Dissatisfied Community/Ratepayers:** Community members and ratepayers may express dissatisfaction due to perceived negligence in infrastructure upkeep.

- **Negative Reputational Outcomes/Lawsuits:** The Shire could face lawsuits and damage to its reputation due to substandard infrastructure.
- **Diminished Access to Properties:** Poorly maintained roads and bridges can limit access to properties, especially impacting farm operations and overall productivity.

THEME 2 – COMMUNITY HEALTH AND SAFETY RISKS

4. Workplace Health & Safety Compliance

Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and the Fair Work Act 2009, can severely affect the Shire's operations and overall functioning. The introduction of new WA Work Health & Safety legislation presents additional challenges, particularly in managing Bushfire and Volunteer Fire and Rescue Service (VFRS) Brigades, potentially increasing the risk of non-compliance and safety breaches. Poor management of employee wellbeing, workplace harassment, bullying, and safety violations can directly impact workplace health and safety, leading to a higher number of Workplace Health and Safety (WHS) claims.

Impact (Consequences)

- **Legal and Financial Consequences:**
 - Personal and/or public liability, with fines up to \$1 million and/or up to 20 years in prison.
 - Severe legal penalties and financial losses, including substantial fines.
- **Safety and Operational Impacts:**
 - Death or permanent injury due to safety breaches.
 - Diminished community safety and an increased risk of incidents affecting the broader community.
 - Operational challenges with Bushfire and VFRS Brigades, including compliance, safety training, and reporting, leading to marginal operations and reduced effectiveness.
- **Reputational Damage:**
 - Negative outcomes, such as lawsuits and dissatisfied community members or ratepayers, resulting from failure to comply with safety standards.

5. Healthcare Service Reliability

The Quairading Medical Practice faces significant challenges in maintaining reliable, affordable medical services due to the potential loss of medical personnel and rising operational costs. These issues could result in reduced access to healthcare for the community, affecting both the quality and availability of essential medical services.

Impact (Consequences)

1. Loss of Local Medical Services:
 - Community dissatisfaction due to limited or no access to healthcare.
 - Increased burden on residents to travel for medical care, particularly for those with mobility issues or urgent needs.
 - Potential population decline as residents seek better healthcare access elsewhere.
 - Closure of allied health services, such as the pharmacy, which further reduces healthcare access.
 - Economic impacts on local businesses because of decreased community health and wellbeing.
2. Threats to Community Sustainability:
 - The overall sustainability of the community is jeopardized without consistent access to healthcare services, which is essential for long-term liveability and growth.
3. Negative Reputational Outcomes for the Shire:
 - The Shire may face reputational damage due to the failure to maintain reliable healthcare services, which can lead to dissatisfaction among residents and potential challenges in attracting new residents or businesses.

6. Natural and Man-Made Disasters

Natural and man-made disasters, such as fires, floods, storms, earthquakes, extreme heat, pandemics, chemical spills, and terrorism, have the potential to significantly disrupt the Shire's business continuity. These events can impact infrastructure, disrupt essential services, and pose immediate threats to public safety. The Shire has recognized climate change as a contributing factor, particularly in the increased frequency and severity of extreme fire events and other adverse weather conditions, further heightening the risk of such disasters.

THEME 3 – GOVERNANCE, FINANCIAL AND COMPLIANCE RISKS

7. Financial Viability and Asset Management

If the Shire faces challenges in maintaining financial viability, it may struggle to comply with its Asset Management Plan. This can lead to an inability to properly manage and maintain infrastructure, resulting in long-term consequences for the Shire's operational effectiveness and economic sustainability.

Impact (Consequences)

- **Cost of Managing Aging Infrastructure becomes Prohibitive:** As infrastructure ages, the financial burden of maintaining and repairing it may become unsustainable, diverting funds from other critical needs.
- **Increased Safety Risk:** Aging or neglected infrastructure poses greater safety risks to the community, potentially leading to accidents or service disruptions.
- **Degradation and Loss of Useful/Usable Assets:** Failure to maintain assets according to the Asset Management Plan may lead to their degradation or complete loss, reducing the Shire's operational capacity.
- **Reduced Ability to Regenerate or Create Economic Benefit:** Financial constraints and inadequate asset management can limit opportunities for development and economic growth within the Shire, affecting long-term prosperity.

8. Cybersecurity and Data Protection

Any breach or hack of the Shire's information and communications technology systems, including incidents such as data theft, ransomware attacks, and phishing schemes, has the potential to severely disrupt Shire operations and pose significant risks to data integrity and security.

Impact (Consequences)

- **Financial Misappropriation/Loss:** Cyberattacks may result in the misappropriation or loss of funds, affecting the Shire's financial stability.
- **Shire Business Continuity Significantly Compromised:** A data breach or system hack could severely disrupt the Shire's daily operations, potentially halting critical services.
- **Community Member and/or Employee Financial Records Compromised or Stolen:** Sensitive personal data, including financial records, may be stolen, putting community members and employees at risk of fraud.

- **Shire Reputation Impacted:** A cybersecurity breach can lead to a loss of trust among the public, damaging the Shire's reputation and public confidence.
- **Loss of Data and Data Integrity:** Data may be lost, corrupted, or manipulated, compromising the Shire's ability to make informed decisions and operate efficiently.

9. Organisational Misconduct

Unethical or illegal behaviour by Shire employees, executives, or office holders, whether involving financial misconduct or non-financial violations, can have significant negative consequences for the Shire, impacting its operations, reputation, and legal standing.

Impact (Consequences)

- **Council Suspension or Leadership Changes:** Misconduct may lead to suspension of the Council or the removal of key leadership figures, such as the CEO, or the termination of employees involved.
- **Reputational Damage:** The Shire's reputation could suffer significantly, eroding trust within the community and among stakeholders.
- **Independent Investigations and Regulatory Actions:** The Shire may face external investigations and regulatory actions, such as those from the Fair Work Commission, which could result in legal consequences.
- **Financial Penalties and Economic Impacts:** Misconduct could lead to substantial financial penalties, affecting the Shire's budget and potentially leading to broader economic consequences.
- **Intense Public and Media Scrutiny:** High-profile cases of misconduct can attract media attention, leading to public scrutiny and criticism.
- **Business Continuity and Viability Challenges:** Organisational misconduct can disrupt the Shire's day-to-day operations and undermine its long-term viability, making it harder to deliver services and achieve goals.

THEME 4 – STRATEGIC AND ECONOMIC RISKS

10. Housing Availability and Affordability

Limited housing availability and affordability pose significant risks to the Shire's social and economic sustainability. The absence of adequate housing for seniors, essential workers, and low-income individuals can

disrupt community cohesion, hinder recruitment, and retention efforts, and increase housing stress, leading to potential homelessness.

Impact (Consequences)

1. **Low Property Resale Values and Return on Investment:** The lack of affordable and available housing can result in low property resale values, which undermines community sustainability and reduces the overall return on investment for residents and the Shire.
2. **Population Decline Due to:**
 - **Higher Outward Migration and Lower Inward Migration:** Housing shortages can lead to residents leaving for other areas with more affordable housing, while potential new residents may be discouraged from moving in.
 - **Workforce Reduction:** Insufficient housing for essential workers, such as government employees and health service staff, can make it difficult to recruit and retain a skilled workforce.
 - **Residents Forced to Relocate Due to Housing Shortages:** Lack of housing may force residents to move elsewhere, leading to a decline in community size and cohesion.
3. **Threats to Community Viability:** The combined effects of population decline, workforce reduction, and housing shortages can weaken the fabric of the community, potentially leading to the loss of local services and infrastructure.
4. **Economic Impacts:** Insufficient housing and the resulting population decline can impede economic growth, limiting opportunities for local businesses and development.

11. Social Challenges and Community Expectations

Social challenges, such as crime, antisocial behaviour, vandalism, housing crisis, and homelessness, can significantly influence ratepayers' expectations of the Shire's responsibilities and its perceived effectiveness in addressing these issues. When there is a misalignment between community expectations and the Shire's jurisdictional capacity, it can result in reputational damage, strained resources, and potential conflict.

Impact (Consequences)

- **Disgruntled Ratepayers and Reputational Damage:** Failure to meet community expectations may lead to dissatisfaction among ratepayers, damaging the Shire's reputation.

- **Difficulty Attracting New Residents/Businesses:** A perception of ineffective governance in addressing social challenges may discourage new residents and businesses from moving to the Shire.
- **Blame Towards Staff and Council Members:** Community frustration may result in blame being directed at Shire staff and Council Members, straining relationships.
- **Strained Community Relationships and Social Cohesion:** Social challenges, combined with unmet expectations, can lead to weakened community relationships and decreased social cohesion.
- **Diminished Service Outcomes and Increased Pressure on Resources:** Increased demand for services due to unresolved social issues can stretch the Shire's resources, leading to a decline in service quality and outcomes.
- **Increased Demand for Social Services Beyond Shire Capacity/Jurisdiction:** The Shire may face pressure to provide services beyond its capacity or jurisdiction, further stretching resources.
- **Higher Rates Payment Defaults and Debt Collections:** Economic stress due to unmet social needs may lead to increased financial difficulties for residents, resulting in higher rates payment defaults and debt collection issues.

ITEM 8 EMERGING ISSUES/LATE ITEMS**8.1 CEO KPI Performance Review**

The CEO reported that Officers had been tasked by the President, Cr Haythornthwaite, to seek quotes from consultants on the cost of conducting the CEO's performance review with the Committee. Initial inquiries indicate that the cost would be in the range of \$10,000 - \$12,000 for an independent consultant to support the Committee in their review.

The CEO suggested after discussion with the Executive Management Team, that as a matter of procedure the bi-monthly meetings between her and the Council for the purpose of updating on achievements with regard to the set KPIs have put Councillors in the position to already be aware of the progress made. The CEO asked whether Councillors wanted to spend the above amount on a "facilitator" for the review or whether they felt the Committee could carry out the review on their own.

Cr Hippisley asked the opinion of the Councillors present and the consensus around the room was that the Committee would prefer to carry out the performance review without an independent consultant.

ITEM 9 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 13 May 2025 commencing at 5.00pm in the Council Chambers, 10 Jennaberring Road, Quairading, WA.

ITEM 10 CLOSURE

There being no further business, the Chairperson closed the Meeting at 5.21 pm.