



Shire of Quairading

Audit and Risk Committee Meeting Agenda



10th December 2019

Notice of Meeting

10th December 2019

Dear Councillors,

The next Audit and Risk Committee Meeting will be held in the Council Chambers, 10 Jennaberring Road, Quairading, WA on Tuesday 10th December 2019 commencing at 5pm.

Yours faithfully,

Nathan Gilfellow
Executive Manager of Corporate Services

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

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at _____ pm.

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

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr BR Cowcill	
Cr JW Haythornthwaite	
Cr JR Hippisley	
Cr B McGuinness	
Cr PD Smith	
Cr TJ Stacey	

Council Officers

Mr GA Fardon	Chief Executive Officer
Mr A Rourke	Executive Manager of Works & Services
Mr RM Bleakley	IPR/ Strategic Projects Officer

Observers/Visitor

Apologies

Mr NL Gilfellon	Executive Manager of Corporate Services
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Approved Leave of Absence

ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil.

ITEM 4 DECLARATIONS OF INTEREST

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

- Declarations of Financial Interest – Local Government Act 1995 Section 5.60a
- Declarations of Proximity Interest – Local Government Act 1995 Section 5.60b
- Declarations of Impartiality Interest – Administration Regulations 1996 Section 34c

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes – 10th September 2019

Recommendation

That the Minutes of the Audit & Risk Committee Meeting held on the 10th September 2019 be confirmed as a true and accurate record. (Attached)

VOTING REQUIREMENTS – Simple Majority

5.2 Business Arising

SHIRE OF QUAIRADING

The Quairading Audit and Risk Committee Minutes of the Meeting held on 10th September 2019 commencing at 5.08 pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.08 pm.

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

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr B McGuinness	Deputy Shire President
Cr LR Brown	
Cr TJ Stacey	
Cr PD Smith	

Council Officers

Mr GA Fardon	Chief Executive Officer
Mr NL Gilfellon	Executive Manager of Corporate Services
Mr A Rourke	Executive Manager of Works & Services
Ms Jodie Yardley	Senior Finance Officer

Observers/Visitors

Nil.

Apologies

Cr J McRae	
Mr RM Bleakley	IPR/ Strategic Projects Officer

Approved Leave of Absence

ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil.

ITEM 4 DECLARATIONS OF INTEREST

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

Nil.

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes – 11th June 2019

RECOMMENDATION: AR01-19/20

MOVED Cr McGuinness SECONDED Cr Davies

That the Minutes of the Audit & Risk Committee Meeting held on the 11th June 2019 be confirmed as a true and accurate record of the meeting.

CARRIED 6/0

5.2 Business Arising

Nil.

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

Nil to report.

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

7.1 Internal Audit Toolkit Checklist and 2019 OAG Reports

Meeting Date 10th September 2019

Responsible Officer CEO Graeme Fardon

Reporting Officer EMCS Nathan Gilfellon

Attachments 7.1a Internal Audit Toolkit

Owner/Applicant Shire of Quairading

Disclosure of Interest Nil

RECOMMENDATION: AR02-19/20

MOVED Cr Stacey SECONDED Cr McGuinness

That the Audit & Risk Committee recommend to Council:

That Council note the Update Report on the Interim Audit Toolkit Checklist and 2019 Office of the Auditor General Reports.

CARRIED 6/0

IN BRIEF

- The Internal Audit Toolkit Checklist (Checklist) was introduced to assist with the Internal Audit Function and to be undertaken by Council Administration.
- The checklist has been reviewed by Management with responses provided.
- Office of Auditor General (OAG) Reports have been listed with their Recommendations and the Administration's responses.

MATTER FOR CONSIDERATION

To note the updates on the Internal Audit Toolkit Checklist and OAG Reports.

BACKGROUND

The Committee's Terms of Reference provides for the following: -

7.1 Internal Audit

- The Audit and Risk Committee shall monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee shall consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.
- The Audit and Risk Committee shall receive executive summary reports on all internal audits and shall review and monitor managements responsiveness to the findings and recommendations of any such internal audit.
- The Audit and Risk Committee shall meet with Management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.
- The Audit and Risk Committee shall monitor and review the selection process for the External Auditor and any Internal Auditor (if appointed). Appointment of any internal auditor is the responsibility of management.

Audit & Risk Committee discussion at its meeting held on the 12th June 2018 –

“Executive Staff to provide a Scope for the Internal Audit to the next Meeting of the Audit and Risk Committee.”

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Terms of Reference – Audit & Risk Committee (2017)

Local Government (Audit) Regulations 1996

Amendments to the Local Government (Audit) Regulations 1996 came into effect on 8 February 2013 and introduced the following provision

Regulation 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all the matters referred to in sub- regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.”

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

The review of the Internal Audit Toolkit Checklist and OAG Reports are reviewed and implemented internally and therefore at no extra cost.

If the Shire was to implement an Internal Auditor, there will be a financial cost dependent on the scope of the Audit.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S2	Healthy community
S2.1	Advocate on behalf of the community for improved access to health
S2.2	Promote public health

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

Nil

RISK ASSESSMENT

Financial – Risk Matrix Rating is considered Low. Review and implementation of the Checklist and OAG Reports will allow the Shire to decrease risks associated to financial fraud.

Health – Risk Matrix Rating is considered as Low.

Reputation – Risk Matrix Rating is considered as Low. Reduction in risks that reduce reputation loss including fraud risk and operational risk leading to reputation loss are addressed in the Checklist.

Operation – Risk Matrix Rating considered as Low. Plans mentioned in the Checklist including the Continuity Plan and Disaster Recovery Plan decrease risks of extended interruptions in the operations of the Shire.

Natural Environment – Risk Matrix Rating is considered as Low.

COMMENT

The attached checklist has been implemented as an internal auditing tool. The list has been reviewed by management and will be reviewed on an ongoing basis. The checklist helps management identify areas of weakness and where further work is needed.

This process is not able to replace a normal Internal Audit, as there is no independence from management during the process.

Council has requested to provide a snapshot on actions from reports by the OAG. Listed below are reports received from the OAG during 2019:

Records Management in Local Government

The report had 4 recommendations.

1. Implement regular and thorough records training
2. Regular reviews of staff recordkeeping practices
3. Timely disposal of records
4. Adequate protection over digital records.

The Shire is currently undertaking improvements with record keeping. Last year with support from Consultant Kim Boulton the Shire implemented a new record keeping system. Following on from this change, in the current year the administration is focusing on the disposal of records. This will begin with staff training in disposal of records in October and will lead to the disposing of non-permanent records. Following this will be improvements in the Shire records keeping process.

Council's Record Keeping Plan is being reviewed and a Revised Record Keeping Plan (including Digital Information) is required to be submitted to the State Records Office by the 28th February 2020.

The Shire has also budgeted in the 2019/2020 year for the creation of an IT Strategy, which will also include the method of improving digital records protections.

Local Government Building Approvals

Recommendations specific to local governments audited.

The CEO and Manager of Health and Building Services are to review the AGO Report to identify if the report's findings are relevant to the Shire of Quairading.

Verifying Employee Identity and Credentials

The report has 7 recommendations:

1. Have approved policies and procedures for verifying employee identity and credentials which cover:

- using a 100-point identity check
 - criminal background checks, based on the risks associated with the position
 - periodic monitoring of existing employees
2. Assess the positions which may require a criminal background or working with children check and ensure that these requirements are clearly documented in position description forms
 3. For high risk positions, or positions where there is an ongoing requirement to hold a license or professional qualification, obtain regular declarations from employees that there is no significant change in their circumstances
 4. Ensure that sufficient documentary evidence is obtained prior to appointment which supports an employee's:-
 - identification and right to work in Australia;
 - professional qualifications and memberships;
 - criminal background or capacity to work with children (where necessary);
 5. Perform appropriate referee checks for all potential employees and ensure that all employees' reference checks are retained in their employee or recruitment file;
 6. Develop a procedure for monitoring the expiry dates of licenses, certificates or working with children checks so that they can be followed up with the employee close to expiry date; and
 7. Perform periodic criminal background checks for positions which require it.

In 2018 the Shire has implemented a 'new employee' checklist that incorporates many of the recommendations above. The checklist has been used for several new employees. The recommendations above and lessons learnt from the employee's inducted through the new system will be used to conduct a review. The areas noted to be improved are 100 point identity checks, "Right to Work in Australia" checks and the creation of a new periodic checklist to regularly check licenses, professional qualifications, working with children checks and criminal background checks.

Fraud Prevention in Local Government

This report has 7 recommendations.

1. Should assess fraud risks across their business
2. Develop a Fraud and Corruption Control Plan and review it at least once every 2 years,
3. Develop and implement a periodic fraud awareness training program for all staff
4. Ensure that all conflicts of interest are recorded
5. Assessed and appropriate management plans are in place
6. Have policies and procedures in place to verify the identity and integrity of employees and suppliers
7. Document clear internal processes and systems to report any potential fraud, that include anonymous reporting and collect and analyze information received about potential fraud to identify any trends or emerging issues

The Shire has already implemented systems to assess changes to suppliers in order to detect fraud. Managers have also discussed the risks of fraud with their staff. The other recommendations from the report are currently being reviewed.

Management of Supplier Master Files

This report has 8 recommendations.

1. Have policies and procedures that include comprehensive guidance for employees to effectively manage supplier master files
2. Ensure that all additions or amendments to supplier master files are subject to a formal independent review to confirm validity and correctness
3. Regularly review employees' access to create or amend supplier master files to prevent any unauthorised access, and ensure adequate segregation of duties between those amending the master files and those approving payments
4. Ensure all key information is input at the time of creating a new supplier record
5. Apply consistent naming conventions for supplier records, to avoid suppliers being registered under multiple names
6. Ensure that documentary evidence is retained for all additions and amendments to supplier master files and there is a record of the reason for amending the supplier record
7. Include a requirement for a formal and periodic internal review to identify incomplete, incorrect, duplicate or redundant supplier records
8. Ensure any actual, potential or perceived conflicts of interest are declared and effectively managed, and that relevant employees are not involved in the procurement from, or management of supplier records in respect of their related suppliers.

The Shire has a checking system when entering new or changed banking details that includes a segregation of duties. Bank details are checked for each supplier before any payment is made. Administration has incorporated an increased process to identify all changes of bank details which involves a secondary check to confirm details. Administration is underway with the improvement of supplier details held and the process to enter supplier details.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

8.1 WANDRRA

The Report on the Outstanding WANDRRA Claims as at the 31st August 2019 was noted.

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.2

9.1 Audit Regulation 17 – Review Report 2019

Meeting Date	10 th September 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	9.1a Risk Dashboard Report – July 2019
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil.

RECOMMENDATION: AR03-19/20

MOVED Cr McGuinness SECONDED Cr Brown

That the Audit and Risk Committee recommends to Council that Council:

1. Note the results of the Chief Executive Officer's review on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance; and
2. Note that the implementation of the improvements outlined within the report will be prioritised and implemented in a staged approach.

CARRIED 6/0

IN BRIEF

For the Audit and Risk Committee to review the Chief Executive Officer's report on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance and to report to the Committee the results of the review.

BACKGROUND

The Local Government (Audit) Regulations 1996, Regulation 17, requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

STATUTORY ENVIRONMENT

Local Government Act 1995

7.13. Regulations as to audits²⁹

- (1) Regulations may make provision as follows —
 - (aa) as to the functions of a CEO in relation to —
 - (i) a local government audit; and
 - (ii) a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and
 - (iii) an audit report; and
 - (iv) a report on an audit conducted by a local government under this Act or any other written law;
 - (ab) as to the functions of an audit committee, including in relation to —

- (i) the selection and recommendation of an auditor under Division 2;
and
 - (ii) a local government audit; and
 - (iii) an action report; and
 - (iv) an audit report; and
 - (v) a report on an audit conducted by a local government under this Act or any other written law;
- (ac) as to the procedure to be followed in selecting an auditor under Division 2;
- [(ad) deleted]*
- (ae) as to monitoring action taken in respect of any matters raised in an audit report;
- (a) with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);
 - (b) for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;
- (ba) as to a copy of an agreement being provided to the Department;
- (c) as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;
 - (d) in relation to approved auditors, for the following —
 - (i) reviews of, and reports on, the quality of audits conducted;
 - (ii) the withdrawal by the Minister of approval as an auditor;
 - (iii) applications to the State Administrative Tribunal for the review of decisions to withdraw approval;
 - (e) for the exercise or performance by auditors of their powers and duties under this Part;
 - (f) as to the matters to be addressed in an audit report;
 - (g) requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;
 - (h) prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;
 - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.
- (2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

Regulation 17 of the Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

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

- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

POLICY IMPLICATIONS

Organisational Risk Management and Committee Terms of Reference apply.

FINANCIAL IMPLICATIONS

This review was performed internally and therefor there has been no direct cost. However, there has been an indirect cost due to the time taken to complete the review by the CEO and relevant Staff.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2017 – 2027 applies
 Long Term Financial Plan applies
 Corporate Business Plan 2017-2021 applies.

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating determined as Low

Health – Risk Matrix Rating determined as Low.

Reputation – Risk Matrix Rating is determined as Low. Reputational Risk level is mitigated through the Periodic Testing and Reviews of Council’s Compliance, Risk Management and Internal Controls of Procedures and Processes.

Operation – Risk Matrix Rating determined as Low. Review completed “in house” with existing Resources.

Natural Environment – Risk Matrix Rating determined as Low.

REVIEW REPORT

Risk Management

The Risk Management functions of the local government should manage the creation and protection of value within the Shire of Quairading. Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls.

Good audit committee practices in monitoring internal control and risk management programs typically include:

- Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered;
- Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;

- Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas;
 - potential non-compliance with legislation, regulations and standards and local government's policies;
 - important accounting judgements or estimates that prove to be wrong;
 - litigation and claims;
 - misconduct, fraud and theft;
 - significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;
- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment;
- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated; and
- Monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Council reviewed and adopted its Risk Management Policy on the 20th December 2018.

Council's Executive Management Team, with support from the Technical Services Officer and relevant key staff have conducted an extensive review of Council's Risk Management System and Risk Dashboard which was initially developed in conjunction with the LGIS Risk Management Team in 2017.

The latest Review was conducted over 2 Workshop Sessions held on the 10th July 2019 and the 23rd July 2019. The Workshops assessed the Risks and Mitigating Actions and also Results / Outcomes since the last Desktop Review in 2017.

The following areas were assessed: -

- Asset Sustainability Practices
- Business & Continuity Disruption
- Failure to fulfil Compliance Requirements
- Document Management Processes
- Employment Practices
- Engagement Practices
- Environment management
- Errors, Omissions and Delays

- Management of Facilities/Venues /Events
- External Theft and Fraud (inc Cyber)
- Misconduct
- Project / Change Management
- IT or Communications Systems and Infrastructure
- Supplier / Contract management
- Safety and Security Matters

Please refer to the attached "Risk Dashboard Report – July 2019" for a Risk Assessment Overview and Action Plan for each of the above stated Risk Areas.

Internal Control

Is the systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to; conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud, and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. Internal control is a key component of a sound governance framework, which uses instruments such as policies, delegations, authorisations, audit practices, information systems and security, management and operation techniques and human resource practice to create a network of control mitigation to maintain appropriate levels of risk.

An effective and transparent internal control environment is built on the following key areas:

- **Integrity and Ethics**

Council's Code of Conduct was last reviewed and Adopted on 26th July 2018. All Councillor's and Staff have received copies of the revised 'Code of Conduct and were required to sign that they had read and acknowledged the Code of Conduct.

- **Policies**

Council's Policy Framework and Policy Review work was undertaken in 2 Stages with Council adopting the Framework in December 2018.

New and Reviewed Policies were considered and adopted by Council at Meetings held on 27th September 2018 and 20th December 2018.

- **Levels of Responsibilities and Authorities - Delegated Authority**

Council conducts an Annual Review of the Delegated Authorities granted to the CEO and Council Committees. The Delegations were last reviewed and adopted by Council in February 2019. All Delegations and Sub Delegations are in writing and are reviewed at least annually.

- **Audit Practices**

Council's Auditor's UHY Moore Stephens are engaged for a three (3) Year Term concluding with the Annual Financial Statements for the Year ended 30th June 2020. Audit methodology and Memorandum for the Audit is provided by the Auditor prior to each year's Interim and Final Audit.

External

The Shire has undertaken interim and final external Audits with no significant issues being identified within the previous 3 years.

Internal

Administration utilises an internal audit checklist to improve processes in the Shire. The Audit and Risk Committee have deemed this process acceptable over a normal Internal Audit process.

The following are examples of controls reviewed by the CEO and the Executive Management Team:-

Separation of roles and functions, processing and authorisation;

Separation of Duties have been implemented in the processing of Invoices with a 2 out of 3 process for the raising of purchase orders and the receiving and authorising of Invoices. All manual financial transactions involve a separate Approver, other than the creator of the financial transaction.

Limit of direct physical access to assets and records. Control of computer applications and information system standards;

Access is limited to Shire Staff. It is recommended to improve access by only allowing access to staff in specific areas that are deemed necessary.

Regular maintenance and review of financial control accounts and trial balances;

Reconciliations are conducted monthly with a review by a supervising officer. This has been extended to general journals and fuel allocations in the past year.

Through the EMCS and the CEO, there have been continued improvements since October 2018 in the Control and Review Processes undertaken during the Month and also at Month End.

Comparison and analysis of financial results with budgeted amounts;

Analysis and explanations are provided in Monthly Reports. Both the CEO and EMCS review the variations.

Arithmetical accuracy and content of records;

All reporting is checked by a Supervisor before being entered into and processed in the accounting system.

Comparison of the result of physical cash and inventory counts with accounting records.

Cash is reconciled daily and checked by a separate person. Inventories are reconciled monthly with two checks on the physical inventory conducted and a final check being conducted on the reconciliation of the physical and financial amounts.

Overview

The Financial Management Review was undertaken by Council's Consultant Moore Stephens in April/May 2018. The Report was reviewed by the Audit & Risk Committee on the 12th June 2018 and formally received by Council on the 28th June 2018.

Council's Monthly Financial Statements are presented to and received by Council at each Ordinary Council Meeting.

The Chairperson of the Audit & Risk Committee independently reviews the List for Payments and Supporting Documentation prior to each Council Meeting.

In the 2018/19 Year Council conducted Budget Reviews in November 2018 and February/March 2019 to ensure that the Budget was reflective of Council's Programmes and Projects for the Year ended 30th June 2019.

Significant improvements have been made to the format and presentation of the Monthly Financial Statements since October 2018, which provides a clearer representation of Trends and Progress of Actuals to Budgets (both in Operating and Capital Areas).

Legislative Compliance

Involves monitoring compliance with legislation and regulations, reviewing the annual Compliance Audit Return, staying informed about how management is monitoring the effectiveness of its compliance, reviewing procedures which handle complaints, monitoring the local governments compliance framework, obtaining assurances against adverse trends, reviewing statutory and financial returns and other evaluating, monitoring and problem solving against significant compliance issues.

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

Monitoring compliance with legislation and regulations:

Reviewing the Annual Compliance Audit Return and reporting to Council the results of that review:

The Annual Compliance Audit Returns have been completed and considered each year by the Audit & Risk Committee and Council in accordance with the Local Government Act and Regulations.

The Annual Compliance Return for the period 1st January 2018 to the 31st December 2018 was completed by the CEO and submitted on the 12th March 2019 Audit & Risk Committee Meeting with recommendation made to the Council Meeting on the 28th March 2019.

In accordance with the Act the Statutory Compliance Audit Return was submitted to the DLGSC on the 29th March 2019.

Council and the Audit Committee noted Compliance with the exception of the Undertaking and Reporting by the CEO on Regulation 17 of the Local Government (Audit) Regulations.

Complaint Processes

Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;

Council has a Policy on Complaints and Grievances which is available to all Councillors and Staff. Council's Policies will also be published on Council's Website.

The Policy was adopted by Council on 29th June 2017 and was reviewed on 20th December 2018. The CEO considers that the Policy remains current and effective.

Management disclosures in financial reports of the effect of significant compliance issues

All Reports to Council include both Statutory and Financial Implication Sections and any identified impacts / risks to Council's Financial Position and in particular, impact upon the Current Operating Surplus Ratio.

Report Conclusion

The CEO has reviewed the Shire's systems in relation to risk management, internal controls and legislative compliance and has deemed that the processes are appropriate and effective however some process are deemed to require continued improvement and review and have been identified in the Risk Dashboard and the Internal Audit Checklist provided.

ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

Audit & Risk Committee - Terms of Reference 7.1, 7.3

10.1 Report on Excess Annual Leave and Long Service Leave

Meeting Date 10th September 2019

Responsible Officer EMCS Nathan Giffellon

Reporting Officer SFO Jodie Yardley

Attachments Nil

Owner/Applicant Shire of Quairading

Disclosure of Interest Nil

RECOMMENDATION: AR04-19/20

MOVED Cr Davies SECONDED Cr Stacey

That the Audit and Risk Committee Recommend to Council that: -

Council receive the report on the Shire's Annual Leave and Long Service Leave Liabilities as at the 31st August 2019.

CARRIED 6/0

IN BRIEF

- Information shows the current Annual and Long Service Leave for the 2019/20 Financial Year by Month.
- There are no Employees with Excess Leave entitlements.

MATTER FOR CONSIDERATION

Report on Excess Annual Leave and Long Service Leave Entitlements and Leave Liabilities.

BACKGROUND

Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee.

The current policy defines excess leave as when the Employee has accrued more than 8 weeks paid annual leave.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

The Industry Award defines Excess Leave as -

*“An Employee has an **excess leave accrual** if the employee has accrued more than 8 week’s paid annual leave”*

POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31st August 2019 is \$202,830. The Projected Closing Balance as at the 30th June 2020 of \$205,721.

The Annual Budget treats Current Leave as Accruals.

The Annual and Long Service Leave Reserve funds any prior year Leave entitlements taken by Staff or paid out.

The current Liability for both types of Leave (if all Claimed on 31/08/2019) is calculated at \$250,582.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefor Risk escalation, if Leave accruals are not monitored and managed.

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

Natural Environment – Risk Matrix Rating is considered as Low Risk

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 at the 31st August 2019, there are no employees with excess annual leave.

The CEO has approved of One Employee's Plan to take their Long Service Leave in three instalments. The first of which has now been taken.

One new Employee will have Long Service Leave Liabilities as at the 6th September 2019. Council will write to this Employee and requires a response by the 6th November 2019.

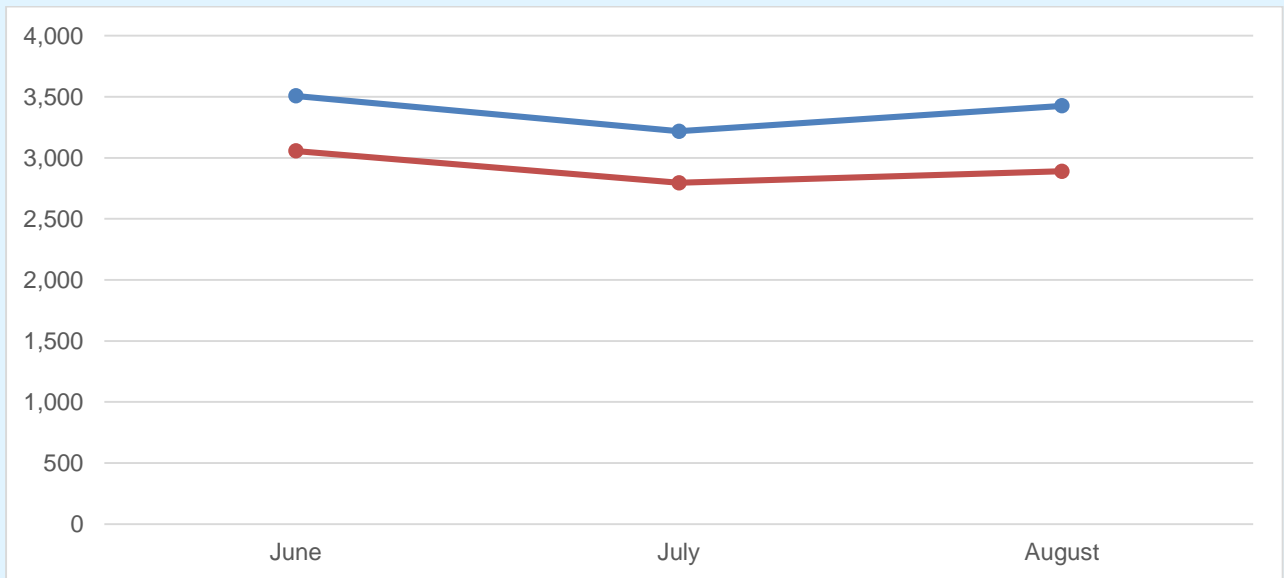
Since the commencement of the 2019/20 financial year, there has been a significant reduction of 7.95% (in Dollar Value) in the Annual Leave Liability through a combination of Separations and current staff taking accrued Annual Leave.

The Long Service Leave Liability has reduced by 1.77% (in Dollar Value) since June 2019.

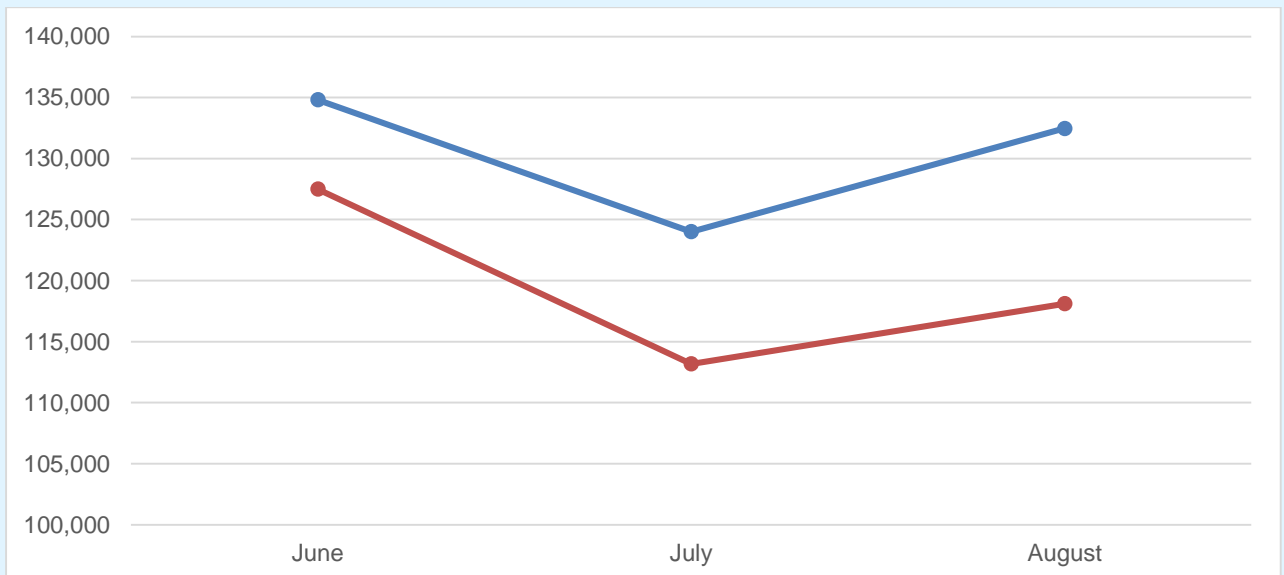
The decrease in July is due to payouts following the separation of two employees with Leave Entitlements. August Leave increased when an Employee returned to work from leave.

	LSL Hours	LSL \$	AL Hours	AL \$
June	3,507	134,820	3,056	127,501
July	3,218	124,006	2,795	113,180
August	3,426	132,468	2,890	118,114

ACCUMULATED HOURS OF LEAVE



ACCUMULATED DOLLAR VALUE OF LEAVE



ITEM 11 STANDING ITEMS – OTHER

Audit & Risk Committee - Terms of Reference 9.2

11.1 Medical Practice Comparison Report

Meeting Date	10 th September 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	11.1a Medical Practice Long Term Financial and Patient Number Comparison
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil.

RECOMMENDATION: AR05-19/20

MOVED Cr Brown SECONDED Cr McGuinness

That the Risk and Audit Committee Recommend to Council that: -

The Medical Practice Financial Statements and Patient Visitation Data (with historical data and trends) be received.

CARRIED 6/0

IN BRIEF

- Council owns and operates the Quairading Medical Practice.
- GP Clinical Services are provided under a Contract Arrangement.
- Council provides an Annual Budget Provision for the operation of the Medical Practice.
- Council receives all revenue associated with the Medical Practice. This will change once the new Private Practice Model begins.
- The six (6) monthly reviews by the Audit and Risk Committee will ensure an additional level of scrutiny and a process to monitor trends. Due to the change to a Private Practice Model this review will no longer be possible.
- Financial and Patient Visitation Information beyond the last 5 years have been added to provide greater context to the trends.
- The patient's figures have been included to add additional information.

MATTER FOR CONSIDERATION

Medical Practice Financial and Patient Visitation Number Comparisons for the last four (5) financial years including the full 2018/19 year.

BACKGROUND

At the February 2018 Ordinary Meeting, Council directed that the Deputy Chief Executive Officer provide the Audit and Risk Committee with detailed financial records on the Medical Practice income and expenditure on a six (6) monthly basis for the last 3 years.

The analysis is designed to identify any noticeable trends for the Medical Practice and strategies that could be utilised to reduce Council's financial exposure and risk in this Activity Area.

In the December 2018 Audit and Risk Meeting, the dates of reporting have been shifted to the closest Committee meeting after the end of each six-month period.

STATUTORY ENVIRONMENT

Nil.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Council had an original budget of an Operating Shortfall of \$165,000. The budget review changed this amount to \$199,000.

The Operating Shortfall as at as at 30th June 2019 is \$198,774. This is in line with the budget review however is over the original budget. Due to the size of the operational deficit the shortfall of the Medical Centre has a large impact on the Operating Surplus Ratio.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S2	Healthy community
S2.1	Advocate on behalf of the community for improved access to health
S2.2	Promote public health

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

The Medical Practice and Health Services in general was identified as a High Priority in Council's Community Engagement Process (March 2017).

RISK ASSESSMENT

Financial – Risk Matrix Rating is considered as Medium Risk. Risk level assessed due to the withdrawal of various Grant / Subsidy Programs previously included in the Practice Income and the ongoing trend of an increasing Operating Shortfall.

Health – Risk Matrix Rating is considered as Low Risk. Public Health Risk will escalate for the Community if the Medical Practice (with GP's) is not operating in a sustainable and effective manner.

Reputation – Risk Matrix Rating is considered as Low Risk. Heightened risk identified as Community expectation of a continuing Medical Service in the District is High. Reputational Risk if Medical Practice / GP availability is not maintained.

Operation – Risk Matrix Rating considered Low Risk. Operation of the Medical Practice and GP Contractor Model is incorporated into Council's operations and budgets. Further Monitoring and Liaising role through Council's Medical Executive Committee.

Natural Environment – Risk Matrix Rating is considered as Low Risk.

COMMENT

The attached patient's analysis shows the full year and shows a decrease in the level of patients and the income received (income achieved includes Consultation fees and Government Grants and Subsidies for operation).

Operating Expenditure has been closely monitored by the Practice Manager/s during the past year and is within Operating Budget except for higher employment costs from the payout of staff entitlements. This is expected to be reduced by between \$9,000 and \$10,000 following end of year provision calculations and bring employment costs to around \$8,000 to \$9,000 over budget.

Practice Nurse has been on Parental Leave for the year to date and correspondingly Practice Nurse Incentive Program (PNIP) income has largely not been received.

Also included with this Report is the Patient/Income Analysis on a Monthly basis from July 2018 to June 2019. This reflects that the average number of Patients seen per month is 412 Billable Patients (both at the Surgery and the Hospital). The 12-year Average for Patients seen per Month is 476 Patients and 4-year Average is 450 Patients per Month.

Over the 12 years there has been a steady overall population (est.1020 Persons) but with an increasingly Ageing Community and a community with many on Welfare / Pension Benefits.

Note that the Practice Nurse Incentive Program (PNIP) and the GP Rural Incentives Program (GPRIP) will be transitioned to the Workforce Incentive Program effective 1st July 2019. The Medical Practice is already registered for the PNIP Stream of this Funding.

Over the past few months the Shire has been working to develop a new model for the Medical Practice. In the new model the GP is contracted to provide services and will collect all income from the practice other than grants from the employment of a Practice Nurse. Due to this the Shire will not have access to Patient and Income figures and therefore no further report on Patients numbers or income will be able to be provided.

ITEM 12 COUNCILLORS' EMERGING ISSUES

12.1 Roe Tourism Association

Refer to attachment provided by the Quairading CRC.

The meeting was provided with the background to Council's previous withdrawal from the Roe Tourism Association given that it was considered by Council that the Association did not have clear direction or strategy.

The meeting noted that there had been significant work undertaken at a local and regional level on Tourism Strategies and supported the CEO preparing a Report to September 2019 Council Meeting on the proposal to re-join the Roe Tourism Association.

12.2 Audit and Risk Committee Meeting Terms of Reference Review

The meeting noted that the Review of the Terms of Reference Review item of the Audit and Risk Committee is scheduled for the next Meeting on 10th December 2019.

ITEM 13 CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

No matters for consideration.

ITEM 14 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 10th December 2019, commencing at 5.00pm at the Council Chambers, 10 Jennaberring Road, Quairading.

The Chairperson thanked the Councillors and the Staff for their attendance and participation during the last two years of the Committee.

ITEM 15 CLOSURE

There being no further business, the Chairman closed the Meeting at 5.46 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 10th September 2019 were confirmed on 10th December 2019 as recorded on Resolution No. _____-19/20.

Confirmed..... 10/12/2019

5.3 Confirmation of Special Meeting Minutes – 31st October 2019

Recommendation

That the Minutes of the Special Audit & Risk Committee Meeting held on the 31st October 2019 be confirmed as a true and accurate record. (Attached)

VOTING REQUIREMENTS – Simple Majority

5.4 Business Arising

SHIRE OF QUAIRADING

The Minutes of the Special Audit & Risk Committee Meeting held on Thursday 31st October 2019 commencing at 4.15 pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chief Executive Officer opened the Meeting at 4.15 pm.

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

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	(Assumed the Chair at 4.17 pm)
Cr WMF Davies	Shire President
Cr BR Cowcill	
Cr JW Haythornthwaite	
Cr JR Hippisley	
Cr B McGuinness	
Cr PD Smith	
Cr TJ Stacey	

Council Officers

Mr GA Fardon	Chie Executive Officer
Mr A Rourke	Executive Manager of Works & Services
Mr N Gilfellow	Executive Manager of Corporate Services
Mr RM Bleakley	IPR/Strategic Projects Officer
Mrs A Strauss	Executive Officer

Apologies

Nil.

Leave of Absence Previously Granted

Nil.

ITEM 3 DECLARATIONS OF INTEREST

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

Nil, at this time.

ITEM 4 ELECTION OF PRESIDING MEMBER

The Chief Executive Officer conducted proceedings for the Call for Nominations and the Election of the Presiding Member.

The Chief Executive Officer advised that nominations for the Office of Presiding Member must be made in writing to himself. The following written nomination was received at the Meeting.

Cr Wayne Davies nominated Cr Jo Haythornthwaite.

Cr Jo Haythornthwaite verbally accepted the Nomination.

The Chief Executive Officer called for any further written nominations.

There being no further nominations for the Office of Presiding Member for the Audit & Risk Committee, Cr Jo Haythornthwaite was declared elected to the Office of Presiding Member for a term of two (2) years concluding in October 2023.

4.17pm Cr Haythornthwaite assumed the Chair and thanked Committee Members for their support.

ITEM 5 CLOSURE

There being no further business, the Chairperson closed the Special Audit & Risk Committee Meeting at 4.17 pm.

I certify the Minutes of the Special Audit and Risk Committee Meeting held on 31st October 2019 were confirmed on 10th December 2019 as recorded.

Confirmed..... 10/12/19

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

6.1 Audit Certificate and Management Letter Year Ended 30th June 2019

Meeting Date	10 th December 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	(i) Independent Auditor's Report (ii) Management Report Letter. (iii) Annual Financial Statements to the 30 th June 2019
Owner/Applicant	Mr Greg Godwin, Auditor, Moore Stephens
Disclosure of Interest	Nil.

OFFICER RECOMMENDATION

That the Audit and Risk Committee recommend to Council:

1. that Council receive and note the Audit Report from Council's Auditor Mr Greg Godwin (Moore Stephens) for the Year Ended 30th June 2019.
2. That Council note that the Annual Meeting with the Auditor, pursuant to Section 7.12A of the Local Government Act was held on the 4th December 2019.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Council's Auditor Mr Godwin has completed and presented the Independent Audit Report for the Year ended 30th June 2019.
- Audit Report to be Received and Noted by Council.
- Management Letter has been prepared and sent to the Shire President by the Auditor.
- There are no Matters raised by the Auditor for the Audit & Risk Committee to consider.

MATTER FOR CONSIDERATION

Receipt of the Annual Auditor's Report and Management Letter for the Year Ended 30th June 2019.

BACKGROUND

The Annual Audit of Council's Financial Statements for the Year ended 30th June 2019 was conducted with an Onsite Audit Visit on from the 4th to the 6th November 2019.

Mr Godwin conducted a Post Audit Exit Meeting Tele-meeting with 6 Elected Members and Senior Staff on Wednesday 4th December 2019.

Council's Auditor, Mr Godwin, has now completed the Audit and has provided the "Independent Auditor's Report" dated the 5th December 2019.

STATUTORY ENVIRONMENT

Local Government Act 1995

- Annual Financial Statements prepared by Council in accordance with Section 6.4
- 2018/19 Audit Completed in accordance with Section 7.9
- Section 7.12A - Council is required to meet with the Auditor at least once in every Year

Local Government (Audit) Regulations 1996

Applies

POLICY IMPLICATIONS

N/A.

FINANCIAL IMPLICATIONS

Audit Fees are provided for in Council's Adopted Budget. No further financial implications are envisaged from the Audit Report.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 – 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G4	Sound Organisation
G4.1	Maintain sustainability ratios at or above basic level

COMMUNITY CONSULTATION

No consultation was required or undertaken in relation to this report.

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Independent Audit conducted by Council's Auditor in accordance with Legislation, Australian Accounting Standards and Moore Stephens Memorandum of Audit. The Audit comprised of an Interim Audit in June and a Final Audit in November 2019. Audit Opinion is Unqualified and there are no Significant Matters to report to Council. Audit Report is forwarded by Mr Godwin to the Minister for Local Government, the Shire President and the Chief Executive Officer.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Unqualified Audit Report is included in Council's Annual Report which is received by Council and also presented to the Annual Meeting of Electors.

Operation – Risk Matrix Rating is assessed as Low. Audit Visits and follow up work were undertaken as part of Council's normal Administration and Finance Operations.

Natural Environment – Risk Matrix Rating is assessed as Low.

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF QUAIRADING**

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2 The Esplanade, Perth, WA 6000

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Shire of Quairading (the Shire), which comprises the Statement of Financial Position as at 30 June 2019, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Quairading:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF QUAIRADING (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the 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 our 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF QUAIRADING (CONTINUED)****REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- i. All required information and explanations were obtained by us.
- ii. All audit procedures were satisfactorily completed in conducting our audit.
- iii. In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Quairading for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 5 December 2019
Perth, WA

MOORE STEPHENS

5 December 2019

Cr W Davies
The Shire President
Shire of Quairading
PO Box 38
QUAIRADING WA 6383

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Dear Cr Davies

MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2019

We advise that we have completed our audit procedures for the year ended 30 June 2019.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We did not note any matters we wish to draw to your attention.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin
Partner
[Moore Stephens](http://www.moorestephens.com.au)

Encl.

SHIRE OF QUAIRADING
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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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 30TH JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Quairading for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Quairading at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 5th day of December 2019



Chief Executive Officer

Graeme A. Fardon

Name of Chief Executive Officer

SHIRE OF QUAIRADING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	2,224,133	2,222,510	2,134,238
Operating grants, subsidies and contributions	2(a)	2,107,542	4,177,517	1,922,628
Fees and charges	2(a)	1,101,918	1,116,147	1,303,540
Interest earnings	2(a)	108,186	94,444	119,780
Other revenue	2(a)	3,400,482	60,331	5,677,498
		8,942,261	7,670,949	11,157,684
Expenses				
Employee costs		(2,099,150)	(2,245,848)	(1,991,717)
Materials and contracts		(4,172,604)	(4,706,085)	(7,427,116)
Utility charges		(275,759)	(221,056)	(261,784)
Depreciation on non-current assets	11(b)	(1,935,381)	(3,373,211)	(3,478,945)
Interest expenses	2(b)	(24,199)	(37,361)	(20,833)
Insurance expenses		(200,427)	(198,094)	(175,512)
Other expenditure		(142,253)	(121,697)	(31,821)
		(8,849,773)	(10,903,352)	(13,387,728)
		92,488	(3,232,403)	(2,230,044)
Non-operating grants, subsidies and contributions	2(a)	590,991	831,780	1,249,135
Profit on asset disposals	11(a)	19,804	0	41,655
(Loss) on asset disposals	11(a)	(53,703)	0	(38,626)
		557,092	831,780	1,252,164
Net result for the period		649,580	(2,400,623)	(977,880)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(35,530,608)
Total other comprehensive income for the period		0	0	(35,530,608)
Total comprehensive income for the period		649,580	(2,400,623)	(36,508,488)

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

SHIRE OF QUAIRADING
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		13,512	19,876	14,914
General purpose funding		4,132,009	3,112,960	3,944,739
Law, order, public safety		202,274	188,450	187,872
Health		382,307	456,258	444,294
Education and welfare		172,580	186,798	225,749
Housing		103,151	105,776	96,015
Community amenities		192,797	204,725	170,067
Recreation and culture		236,010	39,039	59,123
Transport		2,885,247	2,956,667	5,397,181
Economic services		193,159	134,680	228,413
Other property and services		429,215	265,720	389,317
		8,942,261	7,670,949	11,157,684
Expenses				
	2(b)			
Governance		(581,229)	(683,305)	(477,681)
General purpose funding		(71,281)	(105,955)	(72,214)
Law, order, public safety		(319,795)	(338,482)	(322,553)
Health		(653,680)	(715,529)	(698,030)
Education and welfare		(307,627)	(281,663)	(301,500)
Housing		(186,793)	(243,041)	(219,890)
Community amenities		(419,013)	(499,451)	(480,126)
Recreation and culture		(1,081,475)	(831,392)	(867,599)
Transport		(4,430,590)	(6,311,681)	(9,083,691)
Economic services		(483,837)	(616,226)	(541,868)
Other property and services		(290,254)	(239,266)	(301,743)
		(8,825,574)	(10,865,991)	(13,366,895)
Finance Costs				
	2(b)			
General purpose funding		0	(10,000)	0
Recreation and culture		(6,926)	(7,444)	(9,209)
Transport		(17,273)	(17,444)	(11,624)
Economic services		0	(2,473)	0
		(24,199)	(37,361)	(20,833)
		92,488	(3,232,403)	(2,230,044)
Non-operating grants, subsidies and contributions	2(a)	590,991	831,780	1,249,135
Profit on disposal of assets	11(a)	19,804	0	41,655
(Loss) on disposal of assets	11(a)	(53,703)	0	(38,626)
		557,092	831,780	1,252,164
Net result for the period		649,580	(2,400,623)	(977,880)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(35,530,608)
Total other comprehensive income for the period		0	0	(35,530,608)
Total comprehensive income for the period		649,580	(2,400,623)	(36,508,488)

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

SHIRE OF QUAIRADING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,733,276	916,978
Trade receivables	5	401,051	3,135,380
Other financial assets	8(a)	35,811	1,829,161
Inventories	6	4,870	10,256
Other assets	7	18,046	4,240
TOTAL CURRENT ASSETS		5,193,054	5,896,015
NON-CURRENT ASSETS			
Trade receivables	5	30,035	26,506
Other financial assets	8(b)	119,928	85,670
Inventories	6	698,000	699,502
Property, plant and equipment	9	20,499,077	20,559,853
Infrastructure	10	75,773,884	75,965,367
TOTAL NON-CURRENT ASSETS		97,120,924	97,336,898
TOTAL ASSETS		102,313,978	103,232,913
CURRENT LIABILITIES			
Trade and other payables	13	341,006	1,744,231
Borrowings	14(b)	81,311	78,722
Employee related provisions	15	315,964	393,660
TOTAL CURRENT LIABILITIES		738,281	2,216,613
NON-CURRENT LIABILITIES			
Borrowings	14(b)	438,628	519,940
Employee related provisions	15	30,486	39,357
TOTAL NON-CURRENT LIABILITIES		469,114	559,297
TOTAL LIABILITIES		1,207,395	2,775,910
NET ASSETS		101,106,583	100,457,003
EQUITY			
Retained surplus		43,943,920	43,324,345
Reserves - cash backed	4	2,326,360	2,296,355
Revaluation surplus	12	54,836,303	54,836,303
TOTAL EQUITY		101,106,583	100,457,003

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

SHIRE OF QUAIRADING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		44,265,455	2,333,125	90,366,911	136,965,491
Comprehensive income					
Net result for the period		(977,880)	0	0	(977,880)
Other comprehensive income	12	0	0	(35,530,608)	(35,530,608)
Total comprehensive income		(977,880)	0	(35,530,608)	(36,508,488)
Transfers from/(to) reserves		36,770	(36,770)	0	0
Balance as at 30 June 2018		43,324,345	2,296,355	54,836,303	100,457,003
Comprehensive income					
Net result for the period		649,580	0	0	649,580
Total comprehensive income		649,580	0	0	649,580
Transfers from/(to) reserves		(30,005)	30,005	0	0
Balance as at 30 June 2019		43,943,920	2,326,360	54,836,303	101,106,583

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,167,042	2,252,510	2,081,612
Operating grants, subsidies and contributions		2,109,776	6,977,517	1,909,476
Fees and charges		1,101,918	1,116,147	1,303,540
Interest received		108,186	94,444	119,780
Goods and services tax received		778,957	50,000	1,127,902
Other revenue		5,984,056	60,331	2,975,133
		12,249,935	10,550,949	9,517,443
Payments				
Employee costs		(2,236,235)	(2,245,848)	(1,942,953)
Materials and contracts		(5,531,539)	(5,056,085)	(6,006,322)
Utility charges		(275,759)	(221,056)	(261,784)
Interest expenses		(24,889)	(37,361)	(19,461)
Insurance paid		(200,427)	(198,094)	(175,512)
Goods and services tax paid		(646,942)	0	(1,188,238)
Other expenditure		(142,253)	(121,697)	(31,821)
		(9,058,044)	(7,880,141)	(9,626,091)
Net cash provided by (used in) operating activities	16	3,191,891	2,670,808	(108,648)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(736,019)	(1,409,914)	(1,378,168)
Payments for construction of infrastructure	10(a)	(1,131,775)	(1,976,307)	(3,543,639)
Proceeds/ (Payments) for financial assets at amortised cost		1,794,588	0	(1,794,588)
Non-operating grants, subsidies and contributions	2(a)	590,991	831,780	1,249,135
Proceeds from sale of property, plant & equipment	11(a)	150,773	235,000	265,665
Net cash provided by (used in) investment activities		668,558	(2,319,441)	(5,201,595)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(78,723)	(85,199)	(54,106)
Proceeds from new borrowings	14(b)	0	150,000	500,000
Proceeds from self supporting loans	14(b)	34,572	34,572	32,525
Net cash provided by (used in) financing activities		(44,151)	99,373	478,419
Net increase (decrease) in cash held		3,816,298	450,740	(4,831,824)
Cash at beginning of year		916,978	2,711,667	5,748,802
Cash and cash equivalents at the end of the year	16	4,733,276	3,162,407	916,978

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

SHIRE OF QUAIRADING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,634,796	1,839,098	3,255,389
		1,634,796	1,839,098	3,255,389
Revenue from operating activities (excluding rates)				
Governance		13,512	19,876	14,914
General purpose funding		1,920,782	901,906	1,816,436
Law, order, public safety		202,274	188,450	187,872
Health		382,307	456,258	444,294
Education and welfare		172,580	186,798	225,749
Housing		103,151	105,776	96,015
Community amenities		192,797	204,725	170,067
Recreation and culture		236,010	39,039	59,123
Transport		2,905,051	2,956,667	5,438,836
Economic services		193,159	134,680	228,413
Other property and services		429,215	265,720	389,317
		6,750,838	5,459,895	9,071,036
Expenditure from operating activities				
Governance		(589,820)	(683,305)	(499,289)
General purpose funding		(71,281)	(115,955)	(72,214)
Law, order, public safety		(321,861)	(338,482)	(322,553)
Health		(654,612)	(715,529)	(698,030)
Education and welfare		(307,627)	(281,663)	(309,433)
Housing		(186,793)	(243,041)	(219,890)
Community amenities		(419,870)	(499,451)	(480,126)
Recreation and culture		(1,102,600)	(838,836)	(876,808)
Transport		(4,467,714)	(6,329,125)	(9,104,400)
Economic services		(486,273)	(618,699)	(541,868)
Other property and services		(295,025)	(239,266)	(301,743)
		(8,903,476)	(10,903,352)	(13,426,354)
Non-cash amounts excluded from operating activities	24(a)	1,883,009	3,373,211	3,498,240
Amount attributable to operating activities		1,365,167	(231,148)	2,398,311
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	590,991	831,780	1,249,135
Proceeds from disposal of assets	11(a)	150,773	235,000	265,665
Purchase of property, plant and equipment	9(a)	(736,019)	(1,409,914)	(1,378,168)
Purchase and construction of infrastructure	10(a)	(1,131,775)	(1,976,307)	(3,543,639)
Amount attributable to investing activities		(1,126,030)	(2,319,441)	(3,407,007)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(78,723)	(85,199)	(54,106)
Proceeds from borrowings	14(b)	0	150,000	500,000
Proceeds from self supporting loans	14(b)	34,572	34,572	32,525
Transfers to reserves (restricted assets)	4	(468,052)	(463,900)	(469,730)
Transfers from reserves (restricted assets)	4	438,047	745,867	506,500
Amount attributable to financing activities		(74,156)	381,340	515,189
Surplus/(deficit) before imposition of general rates		164,981	(2,169,249)	(493,507)
Total amount raised from general rates	23	2,211,227	2,211,054	2,128,303
Surplus/(deficit) after imposition of general rates	24(b)	2,376,208	41,805	1,634,796

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

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	8,882	16,130	8,245
General purpose funding	1,800,388	798,000	1,697,066
Law, order, public safety	55,477	180,250	44,681
Health	0	500	0
Education and welfare	51,847	158,250	55,967
Housing	753	5,650	0
Community amenities	44,527	64,000	29,733
Recreation and culture	8,153	2,800	9,296
Transport	127,291	2,932,717	74,640
Economic services	10,224	10,000	0
Other property and services	0	9,220	3,000
	2,107,542	4,177,517	1,922,628
Non-operating grants, subsidies and contributions			
Law, order, public safety	81,840	81,840	0
Recreation and culture	90,000	264,449	0
Transport	419,151	485,491	1,249,135
	590,991	831,780	1,249,135
Total grants, subsidies and contributions	2,698,533	5,009,297	3,171,763

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Significant revenue

WANDRRA Flood Damage

Other revenue

Reimbursements and recoveries

Other

Fees and Charges

Governance

General purpose funding

Law, order, public safety

Health

Education and welfare

Housing

Community amenities

Recreation and culture

Economic services

Other property and services

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Interest earnings

Loans receivable - clubs/institutions

Reserve accounts interest

Rates instalment and penalty interest (refer Note 23b)

Other interest earnings

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
WANDRRA Flood Damage	2,733,306	2,854,397	4,832,424
Reimbursements and recoveries	2,992,339	0	5,146,952
Other	408,143	60,331	530,546
	3,400,482	60,331	5,677,498
Governance	1,731	100	115
General purpose funding	4,041	5,450	3,424
Law, order, public safety	3,890	4,200	3,750
Health	377,131	455,758	444,194
Education and welfare	99,443	28,548	30,458
Housing	96,294	100,126	90,187
Community amenities	146,932	140,725	140,140
Recreation and culture	22,505	23,655	24,438
Economic services	86,477	124,585	224,564
Other property and services	263,474	233,000	342,270
	1,101,918	1,116,147	1,303,540
Loans receivable - clubs/institutions	6,926	7,444	9,761
Reserve accounts interest	59,316	53,900	51,515
Rates instalment and penalty interest (refer Note 23b)	27,226	18,100	22,326
Other interest earnings	14,718	15,000	36,178
	108,186	94,444	119,780

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

(b) Expenses

Significant expense

WANDRRA Flood Damage

Damage was sustained to 96 of the districts roads during the January and February 2017 rain events. Due to the scale and complexity of the repair task, Council undertook a competitive public tender process inviting suitable and experienced consultants to provide project management and claims management services to Council. The estimated total cost of the repairs is in excess of \$8.9 million

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
# WANDRRA Flood Damage	2,170,662	2,854,397	5,299,164

2. REVENUE AND EXPENSES (Continued)

(b) Expenses (Continued)

The WANDRRA Flood Damage expense is included in the Statement of Comprehensive Income by Nature & Type under Materials and contracts and included in the Statement of Comprehensive Income by Program under Transport.

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings (refer Note 14(b))
- Other

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	22,497	20,700	25,426
	2,100	6,000	3,650
	24,597	26,700	29,076
	24,199	27,361	20,833
	0	10,000	0
	24,199	37,361	20,833

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		2,156,198	916,978
Short Term Deposits		2,577,078	0
Total cash & cash equivalents		4,733,276	916,978
Financial Assets at amortised cost (term deposits)	8	0	1,794,588
Total cash, cash equivalents, and all term deposits		4,733,276	2,711,566
Comprises:			
- Unrestricted cash and cash equivalents		2,215,132	186,818
- Restricted cash and cash equivalents		2,518,144	2,524,748
		4,733,276	2,711,566
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Long Service Leave Reserve	4	202,295	207,600
Building Reserve	4	906,547	964,730
Furniture, Fittings & Equipment Reserve	4	62,392	11,027
Plant Reserve	4	313,858	284,547
Health Reserve	4	47,072	46,040
Swimming Pool Reserve	4	258	6,904
Sustainable Environment Reserve	4	162,755	159,185
Town Planning & Development Reserve	4	290,735	284,360
HomesWest Joint Venture Housing Reserve	4	5,151	5,038
Road Infrastructure Reserve	4	284,180	326,924
Rec Centre Multi Purpose Precinct Reserve	4	51,117	0
		2,326,360	2,296,355
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	101,756	228,393
Bonds and Deposits Held	13 & 26	90,028	0
Total restricted cash and cash equivalents		2,518,144	2,524,748

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

4. RESERVES - CASH BACKED		2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018	
		Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
		Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
		Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a)	Long Service Leave Reserve	207,600	44,695	(50,000)	202,295	207,601	44,878	(67,106)	185,373	179,221	44,276	(15,897)	207,600
(b)	Building Reserve	964,730	41,817	(100,000)	906,547	633,163	42,621	(280,000)	395,784	1,139,331	25,399	(200,000)	964,730
(c)	Furniture, Fittings & Equipment Reserve	11,027	51,365	0	62,392	11,028	50,259	0	61,287	10,760	267	0	11,027
(d)	Plant Reserve	284,547	260,568	(231,257)	313,858	616,115	256,685	(337,000)	535,800	302,702	272,448	(290,603)	284,547
(e)	Health Reserve	46,040	1,032	0	47,072	46,039	1,082	(5,000)	42,121	44,923	1,117	0	46,040
(f)	Swimming Pool Reserve	6,904	144	(6,790)	258	6,903	162	(6,761)	304	6,736	168	0	6,904
(g)	Sustainable Environment Reserve	159,185	3,570	0	162,755	159,185	3,741	0	162,926	155,345	3,840	0	159,185
(h)	Town Planning & Development Reserve	284,360	6,375	0	290,735	284,360	6,682	0	291,042	277,525	6,835	0	284,360
(i)	HomesWest Joint Venture Housing Reserve	5,038	113	0	5,151	5,037	118	0	5,155	4,915	123	0	5,038
(j)	Road Infrastructure Reserve	326,924	7,256	(50,000)	284,180	326,924	7,672	(50,000)	284,596	211,667	115,257	0	326,924
(k)	Rec Centre Multi Purpose Precinct Reserve	0	51,117	0	51,117	0	50,000	0	50,000	0	0	0	0
		2,296,355	468,052	(438,047)	2,326,360	2,296,355	463,900	(745,867)	2,014,388	2,333,125	469,730	(506,500)	2,296,355

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Long Service Leave Reserve	Ongoing	To be used to fund future Employee Leave requirements.
(b) Building Reserve	Ongoing	To assist in funding the construction of new Council buildings and to provide for future maintenance and upgrading of Council commercial and residential properties.
(c) Furniture, Fittings & Equipment Reserve	Ongoing	To be used in funding the various furniture, fittings and equipment installed in Council buildings.
(d) Plant Reserve	Ongoing	To be used to assist in funding the purchase of major plant items.
(e) Health Reserve	Ongoing	To be used to assist in funding the improvement of Medical Services and Facilities.
(f) Swimming Pool Reserve	Ongoing	To be used to assist in funding future major capital/upgrade works at the Quairading Memorial Swimming Pool.
(g) Sustainable Environment Reserve	Ongoing	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	Ongoing	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	Ongoing	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	Ongoing	To be used towards road infrastructure projects including replacement of culverts and bridges.
(k) Rec Centre Multi Purpose Precinct Reserve	Ongoing	To be used in providing assistance in the future redevelopment and capital upgrade works at the Multi Purpose Precinct.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

Pensioner's rates and ESL deferred	
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	2019	2018
	\$	\$
	237,459	183,897
	156,410	2,810,052
	26,115	158,130
	(18,933)	(16,699)
	401,051	3,135,380
	30,035	26,506
	30,035	26,506

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Write down of inventories to net realisable value

Additions to inventory

Carrying amount at 30 June

	2019	2018
	\$	\$
	4,870	10,256
	4,870	10,256
	698,000	699,502
	698,000	699,502
	709,758	708,371
	(147,967)	(116,010)
	(1,502)	0
	142,581	117,397
	702,870	709,758

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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 Council's intentions to release for sale.

7. OTHER ASSETS

Other current assets

Prepayments

Accrued Income

	2019	2018
	\$	\$
	13,347	0
	4,699	4,240
	18,046	4,240

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

8. OTHER FINANCIAL ASSETS

	NOTE	2019 \$	2018 \$
(a) Current assets			
Other financial assets at amortised cost		0	1,794,588
Other loans and receivables		35,811	34,573
		35,811	1,829,161
Other financial assets at amortised cost			
- Financial assets at amortised cost - term deposits	3	0	1,794,588
		0	1,794,588
Financial assets previously classified as loans and receivables			
- Loans receivable - clubs/institutions		35,811	34,573
		35,811	34,573
(b) Non-current assets			
Financial assets at fair value through profit and loss		70,068	0
Other loans and receivables		49,860	85,670
		119,928	85,670
Financial assets at fair value through profit and loss			
- <i>Unlisted equity investments</i>			
Units in Local Government House Trust		70,068	0
		70,068	0
Financial assets previously classified as loans and receivables			
- Loans receivable - clubs/institutions		49,860	85,670
		49,860	85,670

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans. The units in Local Government House Trust have been recognised at their fair value as at 30 June 2018. Changes in the fair value of units in the Local Government House Trust have not been recognised nor considered as they are unlikely to be material and are unable to be reliably determined at the time of preparation of these statements.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Term Deposits with the original terms of three months or more were classified as cash and cash equivalents in the 2018 financial report. However, they have now been reclassified as financial assets at amortised cost.

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 27 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	1,531,007	360,000	1,891,007	3,186,850	9,996,000	13,182,850	15,073,857	157,743	4,747,739	51,831	20,031,170
Additions	0	0	0	0	792,583	792,583	792,583	34,843	550,742	0	1,378,168
(Disposals)	0	0	0	0	0	0	0	(5,799)	(256,837)	0	(262,636)
Depreciation (expense)	0	0	0	(46,350)	(221,858)	(268,208)	(268,208)	(22,044)	(296,597)	0	(586,849)
Transfers	0	0	0	0	51,831	51,831	51,831	0	0	(51,831)	0
Carrying amount at 30 June 2018	1,531,007	360,000	1,891,007	3,140,500	10,618,556	13,759,056	15,650,063	164,743	4,745,047	0	20,559,853
Comprises:											
Gross carrying amount at 30 June 2018	1,531,007	360,000	1,891,007	3,186,850	10,840,414	14,027,264	15,918,271	208,439	5,242,928	0	21,369,638
Accumulated depreciation at 30 June 2018	0	0	0	(46,350)	(221,858)	(268,208)	(268,208)	(43,696)	(497,881)	0	(809,785)
Carrying amount at 30 June 2018	1,531,007	360,000	1,891,007	3,140,500	10,618,556	13,759,056	15,650,063	164,743	4,745,047	0	20,559,853
Additions	0	0	0	0	166,486	166,486	166,486	0	375,030	194,503	736,019
(Disposals)	(5,000)	0	(5,000)	0	(16,066)	(16,066)	(21,066)	(11,223)	(152,383)	0	(184,672)
Depreciation (expense)	0	0	0	(46,402)	(235,517)	(281,919)	(281,919)	(21,926)	(308,278)	0	(612,123)
Carrying amount at 30 June 2019	1,526,007	360,000	1,886,007	3,094,098	10,533,459	13,627,557	15,513,564	131,594	4,659,416	194,503	20,499,077
Comprises:											
Gross carrying amount at 30 June 2019	1,526,007	360,000	1,886,007	3,186,850	10,980,900	14,167,750	16,053,757	189,121	5,429,631	194,503	21,867,012
Accumulated depreciation at 30 June 2019	0	0	0	(92,752)	(447,441)	(540,193)	(540,193)	(57,527)	(770,215)	0	(1,367,935)
Carrying amount at 30 June 2019	1,526,007	360,000	1,886,007	3,094,098	10,533,459	13,627,557	15,513,564	131,594	4,659,416	194,503	20,499,077

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
Management valuation 2016	2	Market approach using recent observable market data for similar items	Management valuation	June 2016	Price per item
Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

Movement in the carrying amounts 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	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	100,737,774	368,258	4,355,807	5,382,593	110,844,432
Additions	3,543,639	0	0	0	3,543,639
Revaluation increments / (decrements) transferred to revaluation surplus	(39,102,002)	12,051	3,461,878	97,465	(35,530,608)
Depreciation (expense)	(2,419,238)	(6,608)	(160,972)	(305,278)	(2,892,096)
Carrying amount at 30 June 2018	62,760,173	373,701	7,656,713	5,174,780	75,965,367
Comprises:					
Gross carrying amount at 30 June 2018	82,291,157	707,101	11,850,787	7,637,760	102,486,805
Accumulated depreciation at 30 June 2018	(19,530,984)	(333,400)	(4,194,074)	(2,462,980)	(26,521,438)
Carrying amount at 30 June 2018	62,760,173	373,701	7,656,713	5,174,780	75,965,367
Additions	1,045,848	0	0	85,927	1,131,775
Depreciation (expense)	(886,949)	(5,869)	(132,784)	(297,656)	(1,323,258)
Carrying amount at 30 June 2019	62,919,072	367,832	7,523,929	4,963,051	75,773,884
Comprises:					
Gross carrying amount at 30 June 2019	83,337,005	707,101	11,850,787	7,723,687	103,618,580
Accumulated depreciation at 30 June 2019	(20,417,933)	(339,269)	(4,326,858)	(2,760,636)	(27,844,696)
Carrying amount at 30 June 2019	62,919,072	367,832	7,523,929	4,963,051	75,773,884

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	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	Management valuation	June 2018	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	Management valuation	June 2018	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	Management valuation	June 2018	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.

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	5,000	229	0	(4,771)	0	0	0	0	0	0	0	0
Buildings - specialised	16,066	0	0	(16,066)	0	0	0	0	0	0	0	0
Furniture and equipment	11,223	0	0	(11,223)	0	0	0	0	5,799	0	0	(5,799)
Plant and equipment	152,383	150,544	19,804	(21,643)	235,000	235,000	0	0	256,837	265,665	41,655	(32,827)
	184,672	150,773	19,804	(53,703)	235,000	235,000	0	0	262,636	265,665	41,655	(38,626)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Governance				
2018 Mazda CX9 AWD	43,635	36,363	0	(7,272)
Transport				
2015 Mazda Diesel BT	18,790	22,727	3,937	0
2015 Mazda BT 50 Ute	11,219	17,273	6,054	0
2015 Mazda BT 50 4x2 Gdn Ute	10,534	13,636	3,102	0
Ford Ranger MY XL	38,656	29,545	0	(9,111)
2011 Nissan Navara	5,027	5,455	428	0
2009 Nissan Navara	4,515	4,545	30	0
2006 Ammann Multi Tyre Roller	14,747	21,000	6,253	0
Other property and services				
D9656 Dangin South Road	5,000	229	0	(4,771)
	152,123	150,773	19,804	(21,154)

SHIRE OF QUAIRADING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Assets expensed due to change in accounting policy (note 28)				
Governance	\$	\$	\$	\$
2 Toshiba Satellite pro I850 notebooks	3	0	0	(3)
Ceo/Ceo Sec & admin new tower	46	0	0	(46)
Conference call phone	233	0	0	(233)
Office Refridgerator	49	0	0	(49)
Panasonic projector & screen	965	0	0	(965)
Toshiba satellite I850	20	0	0	(20)
Law, order, public safety				
Fast track bushfire trailer	2,066	0	0	(2,066)
Health				
Elite 3 section electrical couch - surgery	269	0	0	(269)
Privacy screens at surgery	663	0	0	(663)
Community amenities				
Lot 333 (reserve r16735) cubbine road - recycling office	857	0	0	(857)
Recreation and culture				
1 set galvanised steel hockey goals	1,667	0	0	(1,667)
150 setting of crockery / cutlery for the c/building	765	0	0	(765)
Crockery for community building	103	0	0	(103)
44 McLennan street - ag male toilets	2,597	0	0	(2,597)
44 McLennan street - ag poultry shed	2,400	0	0	(2,400)
Lot 22 (21) railway street pantapin -hall toilets	1,000	0	0	(1,000)
Lot 3 (3) weir road - golf greenkeepers shed	1,824	0	0	(1,824)
Community building - split system recycle airconditioner	320	0	0	(320)
Glass front commercial vestfrost drinks fridge	1,167	0	0	(1,167)
Hall - crockery & cutlery	245	0	0	(245)
Library - new towe pcs piv	563	0	0	(563)
Rolf harris painting	500	0	0	(500)
Storage cupboards in community guilding	193	0	0	(193)
Upright chiller fridge - community building	547	0	0	(547)
Upright glass chiller	310	0	0	(310)
Transport				
1986 Cherry Picker trailer	885	0	0	(885)
2009 8 x 5 fuel trailer	211	0	0	(211)
10 Jennaberring road - part depot toilet block	1,667	0	0	(1,667)
10 Jennaberring rd depot shelter for fuel pumps	2,362	0	0	(2,362)
10 Jennaberring road - depot office - transportable (steel framed)	3,360	0	0	(3,360)
Green deluxe marquee 4040 - sidewall-carry bag-4 sand bags	96	0	0	(96)
Metrocount vehicle classifier system	2,000	0	0	(2,000)
Depot printer/copier/scanner	94	0	0	(94)
Upgrade it service	66	0	0	(66)
Economic services				
Refurbishment of Barracks furniture & fittings	2,436	0	0	(2,436)
	32,549	0	0	(32,549)
	184,672	150,773	19,804	(53,703)

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	46,402	70,191	46,350
Buildings - specialised	235,517	240,999	221,858
Furniture and equipment	21,926	20,644	22,044
Plant and equipment	308,278	292,610	296,597
Infrastructure - Roads	886,949	2,303,798	2,419,238
Infrastructure - Footpaths	5,869	6,518	6,608
Infrastructure - Bridges	132,784	129,705	160,972
Infrastructure - Other community & recreation facilities	297,656	308,746	305,278
	1,935,381	3,373,211	3,478,945

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Land	Not Depreciated
Buildings	30-50 Years
Plant & Equipment	
- Heavy (eg Loaders)	5-15 Years
- Medium (eg Light Trucks)	5-10 Years
- Light (eg Chainsaws)	3-5 Years
Furniture & Equipment	4-10 Years
Computer & Electronic Equipment	2-3 Years
Unsealed Roads	25-30 Years
Sealed Roads and Streets - Original Surfacing & Major - Re-surfacing	
- Aggregate Surfaces	15 - 25 Years
- Asphalt Surfaces	15 - 25 Years
- Pavement Surfaces	90 - 110 Years
Drainage Systems	80 - 100 Years
Clearing & Formation	Not Depreciated
Culverts/Floodways	90 - 110 Years
Concrete Footpaths	100 - 120 Years
Footpaths Other	100 - 120 Years
Kerbing	90 - 110 Years
Bridges	75 - 85 Years

Depreciation (Continued)

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

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

12. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,503,156	1,503,156	1,503,156	0	0	0	1,503,156
Revaluation surplus - Buildings - non-specialised	5,718,836	5,718,836	5,718,836	0	0	0	5,718,836
Revaluation surplus - Furniture and equipment	20,568	20,568	20,568	0	0	0	20,568
Revaluation surplus - Plant and equipment	53,677	53,677	53,677	0	0	0	53,677
Revaluation surplus - Infrastructure - Roads	37,410,260	37,410,260	76,512,262	0	(39,102,002)	(39,102,002)	37,410,260
Revaluation surplus - Infrastructure - Footpaths	272,857	272,857	260,806	12,051	0	12,051	272,857
Revaluation surplus - Infrastructure - Bridges	7,821,408	7,821,408	4,359,530	3,461,878	0	3,461,878	7,821,408
Revaluation surplus - Infrastructure - Other community & recreation facilities	2,035,541	2,035,541	1,938,076	97,465	0	97,465	2,035,541
	54,836,303	54,836,303	90,366,911	3,571,394	(39,102,002)	(35,530,608)	54,836,303

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Bonds and Deposits Held	
Accrued interest on long term borrowings	

	2019	2018
	\$	\$
	179,981	1,622,026
	26,302	25,336
	41,718	93,202
	90,028	0
	2,977	3,667
	341,006	1,744,231

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

14. INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	81,311	78,722
Non-current	438,628	519,940
	519,939	598,662

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019					30 June 2018							
				Actual Principal	Actual Principal	Actual Interest	Budget Principal	Budget New Loans	Budget Principal	Budget Interest	Budget Principal	Actual Principal	Actual New Loans	Actual Principal	Actual Interest	Actual Principal			
				1 July 2018	repayments	repayments	1 July 2018	Loans	repayments	repayments	outstanding	1 July 2017	Loans	repayments	repayments	outstanding			
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Transport																			
Loan 118 - Depot Building	118	WA Treasury Corporation	3.04%	478,419	44,151	17,273	434,268		478,419	0	44,150	17,444	434,269		0	500,000	21,581	11,624	478,419
Economic services																			
Loan 119 - Park Cottages	N/A	N/A	N/A	0	0	0	0		0	150,000	6,477	2,473	143,523		0	0	0	0	0
				478,419	44,151	17,273	434,268		478,419	150,000	50,627	19,917	577,792		0	500,000	21,581	11,624	478,419
Self Supporting Loans																			
Recreation and culture																			
Loan 115 - Bowling Club*	115	WA Treasury Corporation	6.39%	109,267	31,256	6,472	78,011		109,267	0	31,256	6,962	78,011		138,604	0	29,337	8,597	109,267
Loan 117 - Golf Club *	117	WA Treasury Corporation	4.08%	8,255	1,796	87	6,459		2,974	0	1,796	106	1,178		9,715	0	1,460	436	8,255
Loan 116 - Tennis Club *	116	WA Treasury Corporation	3.89%	2,721	1,520	367	1,201		8,002	0	1,520	376	6,482		4,449	0	1,728	176	2,721
				120,243	34,572	6,926	85,671		120,243	0	34,572	7,444	85,671		152,768	0	32,525	9,209	120,243
				598,662	78,723	24,199	519,939		598,662	150,000	85,199	27,361	663,463		152,768	500,000	54,106	20,833	598,662

*Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

14. INFORMATION ON BORROWINGS (Continued)

The Shire did not have any new borrowings as at 30 June 2019.

The Shire did not have any unspent debentures as at 30 June 2019.

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(655)	(1,856)
Total amount of credit unused	4,345	3,144
Loan facilities		
Loan facilities - current	81,311	78,722
Loan facilities - non-current	438,628	519,940
Total facilities in use at balance date	519,939	598,662

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	201,906	191,754	393,660
Non-current provisions	0	39,357	39,357
	201,906	231,111	433,017
Additional provision	132,108	28,811	160,919
Amounts used	(188,138)	(59,348)	(247,486)
Balance at 30 June 2019	145,876	200,574	346,450
Comprises			
Current	145,876	170,088	315,964
Non-current	0	30,486	30,486
	145,876	200,574	346,450

Amounts are expected to be settled on the following basis:

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

	2019	2018
	\$	\$
Less than 12 months after the reporting date	255,233	220,682
More than 12 months from reporting date	91,217	212,335
	346,450	433,017

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	4,733,276	3,162,407	916,978
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	649,580	(2,400,623)	(977,880)
Non-cash flows in Net result:			
Depreciation	1,935,381	3,373,211	3,478,945
(Profit)/loss on sale of asset	33,899	0	(3,029)
Adjustment to fair value of financial assets at fair value through profit and loss	(70,068)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	2,730,800	2,880,000	(2,828,479)
(Increase)/decrease in other assets	(13,806)	0	0
(Increase)/decrease in inventories	6,888	0	(1,387)
Increase/(decrease) in payables	(1,403,225)	(350,000)	1,468,437
Increase/(decrease) in provisions	(86,567)	0	3,880
Grants contributions for the development of assets	(590,991)	(831,780)	(1,249,135)
Net cash from operating activities	3,191,891	2,670,808	(108,648)

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	953,306	1,177,276
General purpose funding	0	210,403
Law, order, public safety	1,671,178	1,694,055
Health	239,566	294,504
Education and welfare	691,797	716,765
Housing	3,201,604	4,222,045
Community amenities	760,804	1,273,338
Recreation and culture	7,058,611	7,335,043
Transport	72,589,848	75,859,892
Economic services	5,339,681	5,506,610
Other property and services	1,875,546	1,783,899
Unallocated	7,932,037	3,159,083
	102,313,978	103,232,913

18. CONTINGENT LIABILITIES

Council has no Contingent Liabilities at 30 June 2019.

19. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2019	2018
	\$	\$
	292,777	0
	292,777	0
	292,777	0

The capital expenditure projects outstanding at the end of the current reporting period represents the construction of the new Caravan Park Cottages and the replacement Bowling Club Green.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years

	2019	2018
	\$	\$
	19,374	19,374
	8,073	27,447
	27,447	46,821

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	26,786	32,205	32,575
President's Allowance	508	508	508
	<u>27,294</u>	<u>32,713</u>	<u>33,083</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	630,667	545,198
Post-employment benefits	57,408	50,819
Other long-term benefits	12,509	12,430
	<u>700,584</u>	<u>608,447</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	677	6,522

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

21. JOINT ARRANGEMENTS

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.

Council is required to maintain a Contingency Reserve for maintenance equal to 25% of the gross rental for the preceding 12 months, calculated as at 30 June each year.

All profits derived from the operation of the Joint Venture Housing are to be recognised as Restricted Assets to provide for future maintenance or the provision of future housing.

Suburban Road Duplex Financial Activity

	2019	2018
	\$	\$
- Opening Balance	5,038	4,916
- 25% of Gross Rent Restricted	0	0
- Interest Earned	113	122
- Funds Utilised	0	0
- Closing Balance	5,151	5,038

Share of joint operations

The following assets are jointly held by the Shire and are included in Property, Plant and Equipment.

Freehold land at:		
- Independent valuation 2017 - level 2	12,507	12,507
Non-Specialised buildings at:		
- Independent valuation 2017 - level 2	56,850	56,850
Less: accumulated depreciation	(1,744)	(873)
	67,613	68,484

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance ⁽¹⁾ 1/07/17	2017/18	2017/18	Balance ⁽¹⁾ 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES - Operations Grant - State Emergency	9,317	10,552	(9,317)	10,552	51,478	(39,754)	22,276
DFES - Grant Wammo Water Tank	0	4,062	0	4,062	0	(4,062)	0
Education and welfare							
LotteryWest - Childcare Grant	0	2,850	(2,850)	0	0	0	0
Childcare Grant - REEDS	0	0	0	0	35,000	(35,000)	0
Youth Centre - Permaculture	0	0	0	0	2,041	(2,041)	0
Youth Centre - Better Choices Program	0	0	0	0	5,981	0	5,981
Community amenities							
Dept of Primary Industries & Regional Dev - Bird Observation Hide	0	8,493	0	8,493	0	(7,493)	1,000
Dept of Primary Industries & Regional Dev - Connecting Corridors	0	21,240	(10,400)	10,840	20,000	(8,526)	22,314
Community Stewardship Grant - Combating Vegetation Decline	0	0	0	0	24,624	0	24,624
Recreation and culture							
Dept of Sport & Recreation Kidsport	0	1,785	(1,785)	0	0	0	0
Transport							
MRWA - Grain Freight Funding - Cunderdin/Quairading Road	899,382	510,800	(1,410,182)	0	265,362	(265,362)	0
Dept of Transport & Regional Services - Roads to Recovery Grant	805,612	637,803	(1,267,530)	175,885	153,789	(329,674)	0
Economic services							
NRM - Fox control Funding	8,781	0	(8,781)	0	0	0	0
NRM - Drainage Water Grant	28,301	0	(12,740)	15,561	0	0	15,561
PM & C Grant (NAIDOC)	0	3,000	0	3,000	0	(3,000)	0
Signage Grant	0	0	0	0	10,000	0	10,000
Total	1,751,393	1,200,585	(2,723,585)	228,393	568,275	(694,912)	101,756

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate									
Gross rental valuations									
Residential	0.130784	314	2,550,656	333,585	0	333,585	333,585	333,585	322,214
Industrial	0.130784	20	261,785	34,237	0	34,237	34,237	34,237	33,046
Commercial	0.130784	11	248,376	32,484	0	32,484	32,484	32,484	33,284
Unimproved valuations									
Rural	0.013007	376	134,648,500	1,750,910	636	1,751,546	1,751,373	1,751,373	1,683,959
Sub-Total		721	137,709,317	2,151,216	636	2,151,852	2,151,679	2,151,679	2,072,503
Minimum payment	\$								
Gross rental valuations									
Residential	625	62	67,999	38,750	0	38,750	38,750	38,750	37,200
Industrial	625	5	6,315	3,125	0	3,125	3,125	3,125	3,000
Commercial	625	0	0	0	0	0	0	0	0
Unimproved valuations									
Rural	625	28	667,195	17,500	0	17,500	17,500	17,500	15,600
Sub-Total		95	741,509	59,375	0	59,375	59,375	59,375	55,800
Total amount raised from general rate		816	138,450,826	2,210,591	636	2,211,227	2,211,054	2,211,054	2,128,303
Ex-gratia rates						2,211,227		2,211,054	2,128,303
Rates Written Off						11,689		12,156	11,239
Movement in Excess Rates						(1,280)		(700)	(98)
Totals						2,497		0	(5,206)
						2,224,133		2,222,510	2,134,238

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Single full payment	14 Sep 2018			11.00%
First instalment	14 Sep 2018			11.00%
Second instalment	14 Nov 2018	5	5.50%	11.00%
Third instalment	14 Jan 2019	5	5.50%	11.00%
Fourth instalment	14 Mar 2019	5	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	21,742	14,000	17,552
Interest on instalment plan	4,186	3,700	3,578
Interest on ESL	862	0	728
Interest on deferred rates	436	400	468
Charges on instalment plan	1,715	1,950	1,805
	28,941	20,050	24,131

24. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
Adjustments to operating activities			
Less: Profit on asset disposals	11(a) (19,804)	0	(41,655)
Less: Movement in liabilities associated with restricted cash	(5,305)	0	28,379
Less: Fair value adjustments to financial assets at fair value through profit and loss	(70,068)	0	0
Movement in pensioner deferred rates (non-current)	(3,529)	0	(3,424)
Movement in inventory (non-current)	1,502	0	0
Movement in employee benefit provisions (non-current)	(8,871)	0	(2,631)
Add: Loss on disposal of assets	11(a) 53,703	0	38,626
Add: Depreciation on assets	11(b) 1,935,381	3,373,211	3,478,945
Non cash amounts excluded from operating activities	1,883,009	3,373,211	3,498,240
(b) Surplus/(deficit) after imposition of general rates			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
Adjustments to net current assets			
Less: Reserves - restricted cash	3 (2,326,360)	(2,014,388)	(2,296,355)
Less: Other loans and receivables (current)	8(a) (35,811)	0	(34,573)
Add: Current Borrowings	14(a) 81,311	43,221	78,722
Add: Current Liabilities not expected to be cleared at end of year	4 202,295	207,600	207,600
Total adjustments to net current assets	(2,078,565)	(1,763,567)	(2,044,606)
Net current assets used in the Rate Setting Statement			
Total current assets	5,193,054	3,620,713	5,896,015
Less: Total current liabilities	(738,281)	(1,815,341)	(2,216,613)
Less: Total adjustments to net current assets	(2,078,565)	(1,763,567)	(2,044,606)
Net current assets used in the Rate Setting Statement	2,376,208	41,805	1,634,796

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.13%	4,733,276	2,577,078	2,156,198	0
2018					
Cash and cash equivalents	0.09%	916,978	0	916,978	0
Financial assets at amortised cost	2.63%	1,794,588	1,794,588	0	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	41,495	38,715

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 14(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable.

The Shire's Rates Aged Trial Balance is a live report that can't be reproduced for the purpose of this note, therefore the categories used for the 1 July 2018 Gross Carrying Amounts are based only on information that the Shire has available. Hence, the expected credit loss percentage has been averaged between more than 1 year and more than 2 year to create a expected Credit Loss for the more than 1 year past due category as at 1 July 2018.

	Current	More than 1 year past due	More than 2 years past due	Total
30 June 2019				
Rates receivable				
Expected credit loss	0.12%	5.23%	15.03%	
Gross carrying amount	91,353	47,515	98,591	237,459
Loss allowance	110	2,484	14,816	17,410

	Current	More than 1 year past due	More than 2 years past due	Total
01 July 2018				
Rates receivable				
Expected credit loss	1.50%	16.16%	N/A	
Gross carrying amount	100,012	83,885	N/A	183,897
Loss allowance	1,500	13,557	N/A	15,057

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.03%	6.40%	2.46%	6.52%	
Gross carrying amount	133,286	450	673	22,001	156,410
Loss allowance	43	29	17	1,435	1,523

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
01 July 2018					
Sundry Receivables					
Expected credit loss	0.02%	0.06%	0.80%	1.50%	
Gross carrying amount	1,765,401	998,024	6,859	39,768	2,810,052
Loss allowance	391	599	55	597	1,642

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	341,006	0	0	341,006	341,006
Borrowings	98,644	285,842	204,262	588,748	519,939
	439,650	285,842	204,262	929,754	860,945
2018					
Payables	1,744,231	0	0	1,744,231	1,744,231
Borrowings	99,780	326,565	262,623	688,968	598,662
	1,844,011	326,565	262,623	2,433,199	2,342,893

26. TRUST FUNDS

In previous years bonds and deposits were held in trust. They are now included in restricted cash at note 3 and shown as a current liability at note 13.

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

	1 July 2018	Amounts Received	Amounts Paid	Reclassified as Restricted Cash	30 June 2019
	\$	\$	\$		\$
Department of Transport	9,508	511,875	(511,687)	0	9,696
Factory Unit Bonds	1,088	0	0	(1,088)	0
CRC Rental Bond	1,150	0	(1,150)	0	0
Hall/C Building Hire Bonds	625	9,325	(6,717)	(3,233)	0
Cottage Bond	800	8,000	(8,600)	(200)	0
Housing Bond	326	0	0	(326)	0
Building Reg	56	2,149	(785)	(1,420)	0
QARRAS - Luncheon	3,451	0	0	(3,451)	0
Doodenanning Cemetery	1,196	0	0	(1,196)	0
South Caroling Cemetery	4,887	0	0	(4,887)	0
Town Planning - Peacock 2 Yrs	1,000	0	0	(1,000)	0
Rural Youth	73,227	0	0	(73,227)	0
Bus Hire Bond	0	660	(660)	0	0
Barracks Bond	0	800	(800)	0	0
	97,314	532,809	(530,399)	(90,028)	9,696

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	<u>Adjustments</u>	<u>01 July 2018</u>
		\$
Assets		
Trade receivables	(a),(b)	0
Total Assets		<u>0</u>
Total adjustments to Retained Surplus		
Accumulated surplus/(deficit)	(a),(b)	0
		<u>0</u>

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables	3,020,455	3,020,455	0	0
Loans and advances	120,243	120,243	0	0
	<u>3,140,698</u>	<u>3,140,698</u>	<u>0</u>	<u>0</u>

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment on the Shire's Trade receivables.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	<u>16,699</u>	<u>0</u>	<u>16,699</u>
	16,699	0	16,699

28. CHANGE IN ACCOUNTING POLICY

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, requires this amendment to the asset values to be treated as a change in accounting policy. The standard requires balances to be adjusted retrospectively, unless it is impracticable to determine the period-specific or cumulative effects of the change. As the overall impact was immaterial, an adjustment to prior period balances was not required.

As a result, during the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised in error. The total amount of these assets was \$32,549 (refer to Note 11).

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

Note	AASB 118	Reclassification	AASB 15
	carrying amount 30 June 2019		carrying amount 01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	101,756	101,756
Adjustment to retained surplus from adoption of AASB 15	29(d)	(101,756)	

(b) Leases

The Shire will adopt AASB 16 retrospectively from 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire will apply this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 2.79%.

	2019
	\$
Operating lease commitments disclosed as at 30 June 2019	27,447
Lease liability recognised as at 1 July 2019	
Discounted using the Shire's incremental borrowing rate of 2.79%	26,489
Right-of-use asset recognised at at 1 July 2019	26,489

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any pre-paid or accrued lease payments.

Property, plant and equipment increases by \$26,489 on 1 July 2019 resulting in no impact on retained surplus on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount	
	Note	30 June 2019	Reclassification	01 July 2019
		\$	\$	\$
Trade and other payables		341,006	15,004	356,010
Adjustment to retained surplus from adoption of AASB 1058	29(d)		(15,004)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services will not be recognised in as the fair value of the services cannot be reliably estimated.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	Note	2019
		\$
Retained surplus - 30 June 2019		43,943,920
Adjustment to retained surplus from adoption of AASB 15	29(a)	(101,756)
Adjustment to retained surplus from adoption of AASB 1058	29(c)	(15,004)
Retained surplus - 01 July 2019		43,827,160

30. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

To provide a decision making process for the efficient allocation of scarce resources.

The Governance function accumulates the costs of Members expenses and other costs of Council that relate to the tasks of assisting councillors and the Ratepayers on matters which do not concern specific Council services, being election costs; allowances and expenses of members; policy and training and audit fees.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services that are not fully funded by specific fees and charges.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision of local laws, fire control which covers the maintenance of bushfire equipment and insurance; animal control and a shared community emergency services manager.

HEALTH

To provide an operational framework for environmental and community health.

Health inspections, food quality control, pest control and operation of the medical centre.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Operation and maintenance of the Little Rainmakers Childcare Centre, Arthur Kelly Village and minor in-kind association with the Fail Aged Lodge, Youth programme and Quairading Youth Centre.

HOUSING

To provide and maintain housing.

Maintenance of housing rented to staff and non staff.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish and recycling services and administration of Town Planning Scheme and Heritage services. Community bus service, maintenance of cemeteries, public conveniences and environmental services.

31. ACTIVITIES/PROGRAMS (CONTINUED)

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of Halls, Swimming Pool, community buildings and various reserves and library.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, drainage works, footpaths, parking facilities and cleaning of streets. Natural disaster road and bridge repairs. On-line licensing centre for Department of Transport. Maintenance of the Airstrip.

ECONOMIC SERVICES

To help promote the Shire Quairading and its economic wellbeing.

Community development, operation of caravan park and short stay accommodation, tourism and townscape, control of noxious weeds/plants. Pests and building control, community gym and building control.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire of Quairading overheads.

Private works overheads, plant operating costs, allocation of salaries and wages. Operation of electrical services and private works.

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	6.00	1.68	3.91
Asset consumption ratio	0.60	0.60	0.57
Asset renewal funding ratio	0.61	0.60	0.60
Asset sustainability ratio	0.52	1.14	1.16
Debt service cover ratio	19.61	16.98	41.90
Operating surplus ratio	0.01	(0.24)	(0.42)
Own source revenue coverage ratio	0.77	0.69	0.69

The above ratios are calculated as follows:

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

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

No matters for consideration.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

No matters for consideration.

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.2

9.1 Rates Collection Policy

Meeting Date	10 th December 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	FIN.5 Rates Collection Policy
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Finance and Risk Committee recommend to Council that Council adopt the FIN.5 Rates Collection Policy.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Council requested that the Administration prepare a Draft Policy for Rate Collection, which includes an Outstanding Rates Target Percentage.
- Research has been undertaken of multiple Councils to obtain relevant wording for the Draft Policy
- Draft Policy submitted for Committee Consideration and Recommendation to Council.

MATTER FOR CONSIDERATION

The establishment of a new Policy - FIN.5 Rate Collection Policy.

BACKGROUND

All local governments have policies relevant to their operations. The Shire of Quairading has a number of policies that it maintains and reviews. As a continuous improvement initiative, Council at its Ordinary Meeting held on the 26th September 2019 (Motion 57-19/20) resolved that: -

That Council request the Chief Executive Officer to prepare a Draft Outstanding Rates Collection Policy, which includes an outstanding rates target percentage and present the Draft to the December 2019 Audit & Risk Committee Meeting for Consideration.

It was observed during the research for this Draft Policy that only one of the Councils researched had a Target Percentage for Outstanding Rates. This was a Percentage of 5%, but did not clearly state whether that percentage was of Total Rates Levied (including Prior Year Rates) or just the Current Years Rates Levied.

Whilst the Target Percentage may be intended to aspirational and reaching, it must be highlighted that Council had Outstanding Rates as at the 30th June 2019 totalling \$237,459, which includes a number of properties that Council is seeking to sell for long outstanding Rates and also Pensioner properties which are legally able to defer the payment of Rates until the Pensioner entitlement ceases or the property is sold, normally as a Deceased Estate.

10% of Council's Rates Levied in 2019/2020 equates to \$229,960.

Council's Outstanding Rates Debtors (as at 5th December 2019) totals \$409,223 which includes Ratepayers who have lawfully elected to pay by 4 Instalments during the 2019/2020 year.

The process for the Sale of a Property for Outstanding Rates is very protracted under the Local Government Act and then there is no guarantee that the sale of the land will be achieved and also that if sold, that the Proceeds of the sale will cover the outstanding Rates after Selling Expenses, which will then need the balance of the Unpaid Rates to be written off.

On the basis of the above issues raised, the Draft does not include a Percentage for Outstanding Rates as it should be Council's and the Administrations aim to maximise cashflow by the management of all Revenue Streams.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Rates and Charges (Rebates and Deferments) Act 1992

POLICY IMPLICATIONS

Establishment of a new Policy.

FINANCIAL IMPLICATIONS

The Policy if adopted would formalise the Rate Collection Process to be undertaken by Council's Administration, in accordance with both the Local Government Act and the Rates and Charges (Rebates and Deferments) Act and the relevant Regulations.

The Policy may give guidance to the Rate Collection Procedure, with the objective of improving the Cashflow to Council from Rates and Charges that have been lawfully levied on properties in the District.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 – 2027

Nil.

COMMUNITY CONSULTATION

No consultation was required or undertaken in relation to this report.

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Policy would be largely procedural as Council Staff are actively pursuing and managing Rates and Sundry Debtors that are owed to Council. Failure to effectively manage Council's Finances, including Revenue Streams would result in an increased Financial Risk.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Sound and consistently applied Rate Collection Policy and Procedures will minimise the risk of reputational damage.

Operation – Risk Matrix Rating is assessed as Low. Rate Collection and Revenue monitoring is part of Council's normal operations.

Natural Environment – Risk Matrix Rating is assessed as Low.

COMMENT

The attached Policy documents are provided for Council consideration and are self-explanatory.



RATES COLLECTION POLICY

Document Status	Draft
Statutory Environment	Local Government Act 1995 Local Government (Financial Management) Regulations 1996 Rates and Charges (Rebates and Deferments) Act 1992

Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Nathan Giffellon			New Policy for consideration	10/12/2019

PURPOSE

To provide guidance in the recovery of all Rates Revenue owed to the Shire, including outstanding Rates, Rubbish Charges and ESL Charges, as the Shire requires reliable revenue streams in order to meet the service provisions of the organisation.

To enable the Shire to meet its service obligations, it is necessary to ensure that revenues are received in a timely manner. The Shire is required to ensure that where revenue is not received in a timely manner, that appropriate measures are undertaken to recover outstanding amounts.

As a means to encourage the early payment of rates in full, the Shire may offer and administer a 'Rates Incentive Scheme'. This scheme provides eligible ratepayers with the opportunity to win prizes for prompt and full payment.

OBJECTIVE

To provide a framework for the efficient and effective collection of outstanding rates and charges debts to reduce the likely occurrence of unrecoverable debts and to ensure consistency for all debt collection activities, whilst treating all people respectfully, fairly and consistently, and to fulfil statutory requirements in relation to the collection of rates and charges.

POLICY

1. Recovery of Rates, Service and ESL Charges

The recovery of outstanding rates will be collected in a fair and timely manner. Rate notices are due for payment 35 days from date of issue in accordance with the Local Government Act 1995.

1.1 Amounts that remain outstanding past the prescribed due date will have interest applied.

Interest is calculated on the number of days from the due date of payment until the day the payment is received by the Shire of Quairading. This includes overdue amounts where the rate payer has elected to pay by an instalment option.

1.2 Accounts unpaid by the due date shown on the Rate Notice

Where accounts remain outstanding after the prescribed due date, a Final Notice shall be issued requesting full payment within fourteen (14) days, unless the rate payer has entered into a payment arrangement which has been agreed upon by both parties.

Final Notices are not to be issued to eligible persons registered to receive a pensioner or senior rebate under the Rates and Charges (Rebates and Deferments) Act 1992, as such persons have until the 30th June of the current financial year to make payment, without incurring any penalty interest. Final notices will, however, be issued to registered pensioners or seniors where there are unpaid charges which are not subject to a rebate or deferment e.g. rubbish collection charges.

1.3 Accounts unpaid after the expiry date shown on the Final Notice

Where amounts remain outstanding after the expiry date shown on the Final Notice, recovery action will commence based upon a risk management approach as determined by the value and type of debt and may include such action as referral to Council's debt collection agency.

1.4 Seizure of Rent for Non Payment of Rates

Where the property owner of a leased or rented property on which Rates and Service Charges are outstanding cannot be located or refuses to settle Rates and Service Charges owed, a Notice may be served on the lessee or tenant under the provisions of Section 6.60 of the Local Government Act 1995 requiring the lessee or tenant to pay to the Shire the rent due that they would otherwise pay under the lease/tenancy agreement as it becomes due, until the amount in arrears has been paid.

1.5 Options to recover rates debt where rates are in arrears for in excess of (3) years

Under the guidance of the Shire's debt collection service provider, legal action may be undertaken to recover outstanding rates and charges. This action may include General Procedure Claims and Property Seizure and Sale Orders (Goods). Any costs incurred in undertaking legal action in a Court of competent jurisdiction are recoverable from ratepayers under section 6.56 of the Local Government Act 1995.

2. Alternative payment arrangement

Where ratepayers are unable to make payment of their rates by one of the prescribed instalment options, they may apply for a special payment arrangement in order to avoid legal action for recovery. Special payments arrangements are to involve regular weekly, fortnightly or monthly repayments of a fixed amount, and are to achieve full payment of outstanding rates by the end of the financial year. A minimum payment of an equivalent of \$25 per week is to apply. Special payment arrangements will incur a one-off Administration Fee in accordance with Council's adopted Fees and Charges. Interest on overdue amounts accrues at the prevailing interest rate as set out in the adopted Fees & Charges.

Each Alternative Payment Arrangement requires the approval of the Chief Executive Officer in accordance with Delegation R.1 – Agreement as to Payment of Rates and Service Charges.

2.1 Options to recover rates debt where rates are in arrears for in excess of three (3) years.**(i) Lodging a Caveat on the Title for Land**

If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years a caveat may be registered on the title for the land, under the provisions of Section 6.64 (3) of the Local Government Act 1995. The approval of Council is required before this course of action is undertaken.

(ii) Sale of Property

If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least five (5) years, Council may take possession of the land under the provisions of Section 6.64 of the Local Government Act 1995. The approval of Council is required to be obtained before this course of action is undertaken.

3. Write off Debts

Financial Hardship is not a ground to write off debt. Where a person is experiencing financial hardship and is unable to pay their outstanding debt, the Shire may assist the applicant, where applicable, to negotiate an Alternative Payment Arrangement.

All write-offs will be presented to Council for Consideration and will include:

- Name of Debtor / Rate Payer
- Amount to be written off
- Description of invoice / Assessment Number
- Reason for write-off.

For a debt to be written off one of the following conditions must be satisfied:

- The debtor cannot be located
- Uneconomical to pursue the debt
- The hardship circumstances of the debtor do not warrant the taking or continuation of recovery action
- Legal proceedings through the courts have proved, or on legal advice would prove, unsuccessful.

4. Management Reporting

Rates Debtors:

Management are required to maintain a status report of recovery action against all rates in arrears of more than one year.

5. Rates Incentive Scheme

A rate incentive scheme, in the form of prizes donated by sponsors, will be operated in each rating year on the basis that:

- (a) Only those who have paid their rates in full, within thirty-five days of the Date of Issue, be eligible for an Entry in the Draw.
- (b) The winners to be selected by the Drawing out of Entry Forms. Such Draw to be administered and supervised by the Chief Executive Officer.
- (c) Council to allocate a budget to provide/subsidise a Rates Incentive Scheme.

GUIDELINES

- Local Government Act 1995: Part 6, Division 4, Clause 6.13 - Interest on money owing to local governments
- Local Government Act 1995: Part 6, Division 6, Subdivision 4, Clause 6.45 – Options for payment of rates and service charges
- Local Government Act 1995: Part 6, Division 6, Subdivision 4, Clause 6.51 - Accrual of interest on overdue rates or service charges
- Local Government Act 1995: Part 6, Division 6, Subdivision 5, Clause 6.56 - Rates or service charges recoverable in court
- Local Government Act 1995: Part 6, Division 6, Subdivision 5, Clause 6.60 - Local government may require lessee to pay rent
- Local Government Act 1995: Part 6, Division 6, Subdivision 6, Clause 6.64 - Actions to be taken
- Local Government (Financial Management) Regulations 1996
- Rates and Charges (Rebates and Deferments) Act 1992

9.2 Review of Community Grants Process

Meeting Date	10 th December 2019
Responsible Officer	Richard Bleakley (IPR and Strategic Projects Officer)
Reporting Officer	Jen Green (Grants and Project Officer)
Attachments	CS.3 COMMUNITY GRANTS POLICY_2019_12_3 rb CS.3 COMMUNITY GRANTS - COUNCIL ASSESSMENT CRITERIA_2019_12_3rb SOQ_COMMUNITY_GRANT1_APPLICATIONFORM_2020rb SOQ_COMMUNITY_GRANT2_APPLICATIONFORM_2020rb SOQ_COMMUNITY_GRANT3_APPLICATIONFORM_2020rb SOQ_COMMUNITY_GRANT4_APPLICATIONFORM_2020rb Extracts from Community Grant Survey
Owner/Applicant	n/a
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Risk and Audit Committee Recommend to Council that: -

1. Council adopt the revised Community Grants Policy and supporting documentation; and
2. That the revised Funding Program be publicised to all Community Groups and Clubs with an application deadline of 31st March 2020 for Round 1.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Two rounds of the Community Grant Process have been delivered with a total of 37 grant applications being funded.
- This is the second review of the process and includes revisions to the Community Grant Policy, Assessment Criteria and the Grant Application Forms.
- Current review will add greater clarity and further streamline the process.

MATTER FOR CONSIDERATION

Adoption of revised Community Grants Policy and supporting documentation.

BACKGROUND

In 2018/19 the Shire introduced a Community Grants Process. This entailed the drafting and adoption of a Community Grant Policy and Strategy, Assessment Criteria, and Grant Application Forms.

First round was held in 2nd Quarter of 2018 with nine (9) applications being received.

A review of Community Grant Documents and Application Forms was conducted in November 2018 with the revisions being adopted by Council in December 2019.

In 2019, a second iteration of the process was conducted with two rounds (March 2019 and September 2019). Fifteen applications were received in Round 1, a further 5 applications (Grant 2 – Small Grants) in the second round.

A total of seven (7) applications have been received for Grant 1 – in-Kind grants.

In November 2019, the Grants Team conducted a further review of the Community Grant Process and is presenting revised documents to the Audit and Risk Committee for deliberation.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Revisions to existing Community Grants Policy and supporting documentation

FINANCIAL IMPLICATIONS

2020/2021 Budget – Subject to Applications received and supported.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 – 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

A short survey on Survey Monkey has been conducted with applicants from 2019/20 Program. This has provided additional feedback on the process

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Low Risk

- Further refinements to the Community Grant process will reduce risk to Council and the Clubs / Organisations through better planning and delivery of Projects supported by the Shire

Health – Low Risk

Reputation – Low Risk

- Further refinements to the Community Grant Process will increase transparency and accountability of both the Shire, the clubs and organisations.
- It will also streamline the process.

Operation – Low Risk

Natural Environment – Low Risk.

COMMENT

- With the introduction of the Community Grant Process, the Shire has seen an increase in the number of clubs and organisation submitting applications.
- Feedback from the majority of applicants (Survey Monkey) has indicated in general, that the process is straightforward. Further detail on the responses will be provided to the Committee.
- Shire needs to ensure that adequate resources are allocated for the second round of applicants (3rd Quarter)
- There is still the question as to whether there should be a distinction and separation between
 - Recurrent funding applications (subsidized of O&M costs); and
 - Grant 1-3 – applications for programs, events and activities.
- Further streamlining is needed for the Grant 1 – In-Kind Funding.



COMMUNITY GRANTS POLICY

Document Status	Adopted
Statutory Environment	Local Government Act 1995

Record of Policy Review					
<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	29 March 2018	169-17/18	New Policy	
02	Graeme Fardon/ Richard Bleakley			Policy Review Project	5/12/2018
03	A&R Committee	20 December 2018	115-18/19	<i>Revised 12/12/2018</i>	
04	Grants Team				5/12/2019

PURPOSE

Council's Annual Community Grants Program is a strategic tool for capacity building, supporting innovation and addressing community need in line with the Council and Community's vision.

OBJECTIVES

- Enhance Community Organisation's capacity to provide one off projects / services / events.
- Improve the quality and opportunities for user accessibility and / or safety of Community space.
- Increase Community participation in Community activities.
- Help provide funding for a service or activity seen as a need for the betterment of and improvement to the enjoyment of life within the Community.

POLICY

Funding is available to assist community groups in establishing and or continuing a service or activity seen as a need for the betterment of and improvement to the enjoyment of life within the community.

Allocation of Resources

Council will review and confirm allocation of resources annually as part of their Annual Budget processes.

- **Annual Recurrent Funding** – A single tranche allocated and available to Groups / Clubs from the adoption of the Annual Budget.
- **Small Grants** – Grant funding allocation divided into two tranches:
 - Grant submissions (closure 31st March) 75%
 - Grant submissions (closure 30th September) 25%
- **Major Projects and Events** – A single tranche allocated and available to Groups / Clubs from the adoption of the Annual Budget
- **In-Kind** - A single tranche allocated and available to Groups / Clubs throughout the financial year from the adoption of the Annual Budget.

Category of Grants

Grants will be categorised as either In-kind, Small Grants, Major Projects and Events, or Annual Recurrent Funding.

- **In-Kind Contribution** – Each community group can apply to the CEO for in-kind contributions towards events or projects throughout the year. CEO has delegated authority to approve / reject applications. This may include access to venues, equipment or staff (max \$500 annually). Applications must be received at least 4 weeks prior to the event or project commencement.
- **Small Grants** cover requests for financial assistance from Council for between \$500 and \$2500 ex GST. Support may be either financial or in-kind and based on one third from Council, and two thirds from the applicant organisation and/or by way of external funding. Groups can only apply for one small grant per year. There is a requirement to provide an acquittal report back to Council to show where funds have been spent at the end of each financial year.
- **Major Projects and Events** covers requests for financial support over \$2,500. Support may be either financial or in-kind and based on one third from Council, and two thirds from the applicant organisation and/or by way of external funding. Maximum of one application per year. There is a requirement to provide an acquittal report back to Council to show where funds have been spent at the end of each financial year.

In-Kind, Small Grants and Major Projects and Events grant funding is for projects, events and activities, and **not** for operational costs.

- **Annual Recurrent Funding** is financial support extended to community groups that maintain or operate in Shire-owned or club-owned venues / clubrooms. Groups must submit an application form each year by 31st March. There is a requirement to provide an acquittal report back to Council to show where funds have been spent at the end of each financial year.

Eligibility

- Applicant groups must be based within the Shire of Quairading.
- All successful project activities and events are to be completed by the end of the financial year in which funding was awarded.
- Applicants should demonstrate a link to the Shire's strategic plans and strong community benefit for their project or event.
- Incorporation is desirable but not essential.
- Funding will not be awarded to private businesses or individuals.
- Requests for funding or support cannot be for a project / event / activity that has already occurred.

General Conditions – Major Grants & Events / Small Grants Funding

- Council's position is to fund to a maximum of one third of the total project cost and applicants are encouraged to contribute their own funding and/or obtain grant or loan funding for the remaining project costs.
- Voluntary labour and equipment may be included in the applicant's contribution but may not exceed one third of the completed value of the project. Volunteer hourly rate should be included at \$20.00/hour.
- Council may opt to use their employees or equipment in lieu of a cash contribution.
- Council reserves the right to carry out a Progress Inspection or request a Progress Report at any stage of the project.
- Budget allocation for the Community Grants Program will be determined during the Council's Annual Budgeting Process.
- Allocation of grant funding, partial or entire, will be at the sole discretion of the Council.

General Conditions – In-Kind Funding

- Applications are welcome all year-round.
- An In-Kind grant is an offer by the Shire to provide a service, piece of equipment or a facility, which is normally charged at a set fee, free of charge or at a reduced cost.
- Bond fees are still applicable.
- CEO has delegated authority to approve / reject applications. This may include access to venues, equipment or staff (max \$500 annually).
- Applications must be received at least 4 weeks prior to the event or project commencement.
- Budget allocation for the Community Grants Program will be determined during the Council's Annual Budgeting Process.
- Allocation of grant funding, partial or entire, will be at the sole discretion of the Council.

Acquittal

All Groups that receive funding will have to provide the following after their project's completion or by no later than 31st July of the next financial year:

- Completed Acquittal Form (to be provided);
- Proof the project, activity or event took place (e.g. photographs etc.);
- Proof of expenditure (e.g. copy of financial records and invoices paid); and
- Evaluation of project, activity or event (e.g. copy of participant feedback, surveys etc.).

Assessment Process

- Applications will be assessed by the Grants Team based on Grant Criteria and a recommendation made to Council.
- Applications will be presented to Council and assessed based on eligibility and merit.
- Allocation of grant funding is at the discretion of the Council
- All applicants will be contacted regarding the outcome of the application process by post.

Submission Deadline

All applications must be received by COB 31st March or 30th September annually. Applications can be received via mail, email or printed copies dropped into the Front Counter at Shire Administration Office. Late applications will not be accepted.

GUIDELINES

Annexure A - Assessment Criteria (Attached)

Annexure B - Community Grant Scheme Funding Process (Attached).

Community Grants Application Form (Separate Document).

Annexure A

ASSESSMENT CRITERIA

Each Small and Major Grant Submission will be assessed based on the following criteria

Criteria 1 – Community Benefit:

- Does the project align with Shire’s Strategic Community Plan?
- Is there identified and demonstrated community need?
- What are the benefits (value adding) to the Quairading community?

Criteria 2 – Organisation:

- Incorporated body? Y/N
- Purpose of organisation including the type and number of activities they undertake annually
- Current Membership
- Current Financial Position (incl. Financial Statement)
- Sustainability of organisation

Criteria 3 – Project Cycle:

- Planning and design of project
- Management and delivery of project (incl. milestones and works schedule)
- Project Budget
- Financial contribution - \$; In-Kind, External
- Evaluation of project
- Sustainability of project

SCORE

Each Grant Application will be assessed based on these criteria

Each criteria will be evaluated and given a score between 1 (Poor) and 5 (Excellent).

WEIGHTING

Weighting for each criteria to be determined by the Council.

Proposed weighting is: -	
Community Benefit -	40%
Organisation -	20%
Project Planning -	40%

RANKING

Following the individual evaluations, the scores will be entered into a Ranking Spreadsheet.

This spreadsheet will aggregate the *Criteria Scores*, and apply the *Weighting Ratios*.

The spreadsheet will then determine the Ranking of the individual grant applications.

Annexure B

YEAR 2020/2021

Shire of Quairading Community Grant Scheme Funding Process





COMMUNITY GRANTS 2020/21 ASSESSMENT CRITERIA

(Council Use Only)

FUNDING OBJECTIVES

- To enhance community organisations capacity to provide one off projects / services / events.
- Improve the quality and opportunities for user accessibility and/or safety of community space.
- Increase community participation in community activities.
- Help provide funding for a service or activity seen as a need for the betterment of and improvement to the enjoyment of life within the Community.

ASSESSMENT CRITERIA - MAJOR GRANTS / SMALL GRANTS / ANNUAL RECURRENT FUNDING

Each Grant Submission will be assessed based on the following criteria

Criteria 1 – Community:

- Does the project align with Shire's Strategic Community Plan?
- Identified and demonstrated community need?
- Benefits to the Community

Criteria 2 – Organisation:

- Incorporated body? Yes / No Does it have a Constitution? Yes / No
- Structure and Mode of Operation
- Type of activities
- Membership
- Ownership of assets
- Financial management (incl. Financial Statement)
- Insurance
- Sustainability

Criteria 3 – Project:

- Type of Project
- Planning and design of project
- Management and delivery of project (incl. schedule)
- Project Budget
- Financial contribution
 - \$
 - In Kind
 - External
- Evaluation
- Sustainability of project

SCORE

Each Grant Application will be assessed based on these criteria

Each criteria will be evaluated and given a score between 1 (Poor) and 5 (Excellent).

WEIGHTING

Weighting for each criteria to be determined by the Council.

Proposed weighting is: -	
1. Community	40%
2. Organisational	20%
3. Project –	40%

RANKING

Following the individual evaluations, the scores will be entered into a Ranking Spreadsheet.

This spreadsheet will aggregate the *Criteria Scores*, and apply the *Weighting Ratios*.

The spreadsheet will then determine the Ranking of the individual grant applications.

Applicant Information			
Name of Club/ Organisation			
Project			
Contact Person			
Position			
Phone		Email	

Criteria 1 - Community	SCORE	
• Does the project align with Shire's Strategic Community Plan?		
• Identified and demonstrated community need?		
• Benefits to the Community		

Criteria 2 - Organisation	SCORE	
• Incorporated body? Does it have a Constitution?		
• Structure and Mode of Operation		
• Type of activities		
• Membership		
• Ownership of assets		
• Financial management (incl. Financial Statement)		
• Sustainability (inc insurance)		

Criteria 3 - Project	SCORE	
• Planning and design of project		
• Management and delivery of project (incl. schedule)		
• Project Budget		
• Financial contribution <ul style="list-style-type: none"> o \$ o In Kind External		
• Evaluation		
• Sustainability of Project		

SCORE:

- 1 POOR
- 5 EXCELLENT

ASSESSMENT PROCESS – IN-KIND GRANTS

- Application Form received through admin office and forwarded to GPO.
- Brief assessment undertaken by GPO based on following Criteria:
 - Criteria 1 – Community:**
 - Does the project align with Shire’s Strategic Community Plan?
 - Benefits to the Community
 - Criteria 2 – Project:**
 - Type of Project
 - Timeframe
 - Project Budget
 - Financial contribution
- GPO Submits Memo to CEO with all details of application, amount requested and any relevant details.
- CEO to sign Memo once approved.
- GPO to contact grant applicant with outcome, copied to the admin office for cost allocation.
- Grant applicant responsible for confirming all bookings and bond payments.



Community Grants Application Form Grant 1 – In-Kind Support (up to \$500 p.a.) 2020/21

DESCRIPTION: This grant is designed for groups to apply for in-kind contributions valued up to \$500 for Council services, equipment or venues that normally incur a fee.

WHO IS ELIGIBLE: Only not-for-profit organisations providing a service or undertaking activities within the Shire of Quairading are eligible to apply for a Grant 1. Business, for profit organisations and individuals are not eligible to apply for this grant.

Clubs are able to apply an unlimited number of times per year for this grant, provided their total grant amount per year does not exceed \$500 (Ex GST).

FUNDING POSSIBILITIES: An in-kind contribution is an offer by the Shire of Quairading to provide a service or to make available a service, piece of equipment or facility, which is normally charged at a set fee, free of charge or at a reduced price. For example, an in-kind contribution may be:

- Free or reduced cost to hire community facilities such as Youth Centre, Town Hall, CRC Meeting Rooms or Community Building
- Free or reduced cost to hire the Community Bus
- Purchase materials such as sand, mulch or gravel
- Use of Trestle Tables and Chairs
- Works Crew (Labour charge in Annual Budget)

Applications are welcome all year but must be received at least 4 weeks prior to the need.

HOW TO APPLY:

1. Contact the Shire's Grants & Project Officer to discuss your project and eligibility.
2. Applications must be completed in full and signed by an office holder of the organisation.
3. Lodge your application form with the Shire's Administration Office either in person or via email shire@quairading.wa.gov.au
4. Organisations may provide additional relevant material where they feel that this will aid in the decision-making process.
5. You will be notified in writing on the success of your Grant 1 application within 15 working days.



Community Grants Application Form

Grant 1 – In-Kind Support (up to \$500 p.a.)

2020/21

APPLICATION FORM, GRANT 1:

Name of Organisation	Click or tap here to enter text.
Contact Person	Click or tap here to enter text.
Position	Click or tap here to enter text.
Contact Phone Number	Click or tap here to enter text.
Email Address	Click or tap here to enter text.
Postal Address	Click or tap here to enter text.
Organisation's ABN:	Click or tap here to enter text.
Are you registered for GST?	YES <input type="checkbox"/> NO <input type="checkbox"/>
Date of event or activity:	Click or tap here to enter text.
Project / Event Title:	Click or tap here to enter text.
What is the purpose of your project? How will it benefit the Quairading community?	Click or tap here to enter text.
What equipment / services do you wish to use?	Click or tap here to enter text.
Does your organisation receive any other sources of funding? If yes, what?	Click or tap here to enter text.
How will you acknowledge support from the Shire of Quairading?	Click or tap here to enter text.

PROJECT BUDGET:



[Click Here to view the Shire's Schedule of Fees & Charges 2019-](#)

Item / Activity	Council Funding (ex GST)	Club or External Funding
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
Sub-Total Budget	\$	\$
Total Budget	\$	

DECLARATION:

I acknowledge that:

- I am authorised to make this application on behalf of the organisation.
- The information provided is true and correct.
- I may be required to supply further information to enable consideration of this application.

I give my permission for the Shire of Quairading to promote this grant as part of any communications or public relations activity.

Name:

Signed:

Date:

OFFICE USE	<i>File Ref:</i>
<i>Received by:</i>	<i>Date:</i>
<i>Officer Recommendation:</i>	<i>YTD Total: \$</i>
<i>Signed CEO:</i>	
<i>Date:</i>	
<i>Comments:</i>	



Community Grants Application Form

Grant 2 – Small Grants \$500 - \$2500

2020/21

DESCRIPTION: This grant is to cover requests for financial assistance from Council for between \$500 and \$2500. There are two rounds per year. Funding rounds close on 31st March (Round 1) and 30th September (Round 2) each year. Groups can apply for one Grant 2 per year

WHO IS ELIGIBLE: Only not-for-profit organisations providing a service or undertaking activities within the Shire of Quairading are eligible to apply for a Grant 2. Businesses, for profit organisations and individuals are not eligible to apply for this grant.

FUNDING CONDITIONS:

1. Applicant groups must be based within the Shire of Quairading.
2. Funding can be used for a range of small projects or events as relevant to your organisation.
3. All successful Grant 2 events or projects are to be completed by the end of the financial year in which funding was awarded.
4. Applicants should demonstrate a link to the Shire's strategic plans and strong community benefit for their project or event.
5. It is Council's policy to fund a maximum of one third of the total project cost for Grant 2 and applicants are encouraged to contribute their own funding and/or obtain grant or loan funding for the remaining project costs.
6. Requests for funding or support cannot be for a project / event / activity that has already occurred.
7. Voluntary labour and equipment may be included in the budget as an applicant contribution. Volunteer hourly rate should be included at \$20.00/hour.
8. Council may opt to use their employees or equipment in lieu of a cash contribution.
9. Budget allocation for the Community Grants Program will be determined during the Council's Annual Budgeting Process.
10. Allocation of grant funding, partial or entire, will be at the sole discretion of the Council
11. All Groups that receive funding will have to provide the following after their project's completion or by no later than 31st July of the next financial year:
 - Completed Acquittal Form (to be provided);
 - Proof the project, activity or event took place (e.g. photographs etc.);
 - Proof of expenditure (e.g. copy of financial records and invoices paid); and
 - Evaluation of project, activity or event (e.g. copy of participant feedback, surveys etc.)
12. Applications to be submitted by either 31st March (Round 1) or 30th September (Round 2) each year.

HOW TO APPLY:

1. Contact the Shire's Grants & Project Officer to discuss your project and eligibility.
2. Applications must be completed in full and signed by an office holder of the organisation.
3. Lodge your application form with the Shire's Administration Office either in person or via email shire@quairading.wa.gov.au
4. Organisations may provide additional relevant material where they feel that this will aid in the decision-making process.

5. You will be notified in writing on the outcome of your application when the Shire's Annual Budget is adopted (July Council Meeting) for Round 1 applications or reviewed (November Council Meeting) for Round 2 applications.

SUBMISSION INFORMATION:

All applications to be received BEFORE 4pm, 31st March 2020 (Round 1) or 30th September (Round 2).

Late applications will not be accepted.

Please forward your application form and all attachments to:

Chief Executive Officer, Shire of Quairading

Email: shire@quairading.wa.gov.au or post to: PO Box 38, Quairading WA 6383

CONTACT:

For further information or assistance with the Application Form, please contact the Shire's Grants & Projects Officer on ph. 9645 1607 or email gpo@quairading.wa.gov.au



Community Grants Application Form

Grant 2 – Small Grants \$500 - \$2500

2020/21

APPLICANT DETAILS

Name of Organisation	Click or tap here to enter text.
Contact Person	Click or tap here to enter text.
Position	Click or tap here to enter text.
Contact Phone Number	Click or tap here to enter text.
Email Address	Click or tap here to enter text.
Postal Address	Click or tap here to enter text.
Organisation's ABN:	Click or tap here to enter text.
Are you registered for GST?	Choose an item.
Please provide your Bank BSB and Account Number	Click or tap here to enter text.

The Grant referred to in this Agreement is exclusive of GST. If the Organisation is registered for GST, the Grant will be 'grossed up' by 10% of the grant amount.

Please provide membership numbers for the previous financial year.			
Adults		Juniors	
Volunteers		Paid Staff	
Have you received support from Council previously?	Choose an item.		
Year: Click or tap here to enter text.	Amount: Click or tap here to enter text.		
Does your organisation receive any other source of funding? If yes, what?	Click or tap here to enter text.		
What is your club's current financial position?	Transaction Account \$	Cash Reserves \$	

PROJECT / EVENT DETAILS:

PROJECT TITLE: [Click or tap here to enter text.](#)

Please provide a description of the project or event for which you are seeking financial assistance. You should also include:-

- The main services / activities your Club / Organisation provides and how this project / event works to progress those
- How you fund your organisational activities currently and why the funding assistance from the Shire is necessary (i.e. have you explored other funding bodies?);
- How your organisation is going to manage and deliver your project;
- How will your organisation fund or maintain your event or project on an ongoing basis (if relevant)
- Attach any supporting documentation such as meeting minutes, project plans, photos or diagrams to illustrate your request.

Describe how your event or project delivers benefit to the Quairading community or your target group. How does your proposal align with the Shire’s Strategic Plans and Policies?



[Click Here to view the Shire's Strategic Community Plan](#)

The *Strategic Community Plan 2017-2027* provides long-term vision for the community, our aspirations for the future and the key strategies and outcomes Council and wider Quairading community will focus on. Your project should complement one of the outcomes listed in the Plan (*starting on Page 25*).

Would it be possible to share your project with another group?

(i.e. Is there someone you can partner with? Does your proposal duplicating an existing service?) *Please Comment*

Yes

No

MILESTONES & TIMEFRAME:

Please list the tasks needed to achieve your event or project. Who will be responsible for completing them and by when?

Item / Activity	Completed By Who?	Start Date	Completion Date

PROJECT BUDGET & COSTINGS:

Please ensure all relevant quotes are attached to your application. Volunteer labour can be included at a cost of \$20/hour.

Item/Activity	Supplier	Council Funding (ex GST)	Club Funding (Ex GST)	External Funding (ex GST)
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
	Sub-Total Budget	\$	\$	\$
	Total Budget	\$		

External Funding – Grants / Loans / Donations

Please provide details of any other funding your group has applied for or received that will contribute to this project:

Name of organisation/funding source/type	Status (e.g. Received, pending)

BUDGET BREAKDOWN:		
Description	Funding amount (ex GST)	Percentage (%)
Applicant Club / Organisation	\$	
External Funding (Grants / Loans / Donations)	\$	
Council	\$	
Total	\$	100%

How will you acknowledge the support received from the Shire of Quairading?	Click or tap here to enter text.
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CHECKLIST OF REQUIREMENTS:

1. Latest copy of financial statements
2. Minutes of latest AGM with listed office bearers
3. Any relevant supporting documentation

DECLARATION:

I acknowledge that:

- I am authorised to make this application on behalf of the organisation.
- The information provided is true and correct.
- I may be required to supply further information to enable consideration of this application.

I give my permission for the Shire of Quairading to promote this grant as part of any communications or public relations activity.

Name:

Signed:

Date:

SUBMISSION INFORMATION:

All applications to be received BEFORE 4pm, 31st March 2020 (Round 1) or 30th September (Round 2).

Late applications will not be accepted.

Please forward your application form and all attachments to:

Chief Executive Officer, Shire of Quairading

Email: shire@quairading.wa.gov.au or post to: PO Box 38, Quairading WA 6383

CONTACT:

For further information or assistance with the Application Form, please contact the Shire's Grants & Projects Officer on ph. 9645 1607 or email gpo@quairading.wa.gov.au



Community Grants Application Form Grant 3 – Major Grants – Over \$2500 2020/21

DESCRIPTION: This grant is to cover requests for financial assistance from Council for amounts over \$2500. Groups can submit one (1) Grant 3 application per year with applications closing on 31st March 2020.

WHO IS ELIGIBLE: Only not-for-profit organisations providing a service or undertaking activities within the Shire of Quairading are eligible to apply for a Grant 3.

Businesses, for profit organisations and individuals are not eligible to apply for this grant.

FUNDING CONDITIONS:

1. Applicant groups must be based within the Shire of Quairading.
2. Funding can be used for a range of projects or events as relevant to your organisation.
3. All successful Grant 3 events or projects are to be completed by the end of the financial year in which funding was awarded.
4. Applicants should demonstrate a link to the Shire's strategic plans and strong community benefit for their project or event.
5. Requests for funding or support cannot be for a project / event / activity that has already occurred.
6. It is Council's policy to fund to a maximum of one third of the total project cost for Grant 3 and applicants are encouraged to contribute their own funding and/or obtain grant or loan funding for the remaining project costs.
7. Voluntary labour and equipment may be included in the budget as an applicant contribution but may not exceed one third of the completed value of the project. Volunteer hourly rate included at \$20.00/hour.
8. Council may opt to use their employees or equipment in lieu of a cash contribution.
9. Budget allocation for the Community Grants Program will be determined during the Council's Annual Budgeting Process.
10. Allocation of grant funding, partial or entire, will be at the sole discretion of the Council
11. All Groups that receive funding will have to provide the following after their project's completion or by no later than 31st July of the next financial year:
 - Completed Acquittal Form (to be provided);
 - Proof the project, activity or event took place (e.g. photographs etc.);
 - Proof of expenditure (e.g. copy of financial records and invoices paid); and
 - Evaluation of project, activity or event (e.g. copy of participant feedback, surveys etc.)
12. Applications must be submitted prior to 31st March each year.

HOW TO APPLY:

1. Contact the Shire's Grants & Project Officer to discuss your project and eligibility.
2. Applications must be completed in full and signed by an office holder of the organisation.
3. Lodge your application form with the Shire's Administration Office either in person or via email shire@quairading.wa.gov.au

4. Organisations may provide additional relevant material where they feel that this will aid in the decision-making process.
5. You will be notified in writing on the outcome of your application when the Shire's Annual Budget is adopted (July Council Meeting).

SUBMISSION INFORMATION:

All applications must be received BEFORE 4pm, 31st March 2020.

Late applications will not be accepted.

Please forward your application form and all attachments to:

Chief Executive Officer, Shire of Quairading

Email: shire@quairading.wa.gov.au or post to PO Box 38, Quairading WA 6383.

CONTACT:

For further information or assistance with the Application Form, please contact the Shire's Grants & Projects Officer on ph. 9645 1607 or email gpo@quairading.wa.gov.au.



Community Grants Application Form Grant 3 – Major Grants – Over \$2500 2020/21

APPLICANT DETAILS

Name of Organisation	Click or tap here to enter text.
Contact Person	Click or tap here to enter text.
Position	Click or tap here to enter text.
Contact Phone Number	Click or tap here to enter text.
Email Address	Click or tap here to enter text.
Postal Address	Click or tap here to enter text.
Organisation's ABN:	Click or tap here to enter text.
Are you registered for GST?	Choose an item.
Please provide your Bank BSB and Account Number	Click or tap here to enter text.

The Grant referred to in this Agreement is exclusive of GST. If the Organisation is registered for GST, the Grant will be 'grossed up' by 10% of the grant amount

Please provide membership numbers for the previous financial year.			
Adults		Juniors	
Volunteers		Paid Staff	
Have you received support from Council previously?	Choose an item.		
Year: Click or tap here to enter text.	Amount: Click or tap here to enter text.		
Does your organisation receive any other source of funding? If yes, what?	Click or tap here to enter text.		
What is your club's current financial position?	Transaction Account \$	Cash Reserves \$	

PROJECT / EVENT DETAILS:

PROJECT TITLE: [Click or tap here to enter text.](#)

Please provide a description of the project or event for which you are seeking financial assistance.

You should include:-

- The main services / activities your Club / Organisation provides and how this project / event works to progress those
- How you fund your organisational activities currently and why the funding assistance from the Shire is necessary (i.e. have you explored other funding bodies?);
- How your organisation is going to manage and deliver your project;
- How will your organisation fund or maintain your event or project on an ongoing basis (if relevant)
- Attach any supporting documentation such as meeting minutes, project plans, photos or diagrams to illustrate your request.

Describe how your event or project delivers benefit to the Quairading community or your target group. How does your proposal align with the Shire's Strategic Plans and Policies?

The *Strategic Community Plan 2017-2027* provides long-term vision for the community, our aspirations for the future and the key strategies and outcomes Council and wider Quairading community will focus on. Your project should complement one of the outcomes listed in the Plan (*starting on Page 25*).



[Click Here to view the Shire's Strategic Community Plan](#)

Would it be possible to share your project with another group?

(i.e. Is there someone you can partner with? Does your proposal duplicating an existing service?) *Please Comment*

Yes

No

MILESTONES & TIMEFRAME:

Please list the tasks needed to achieve your event or project. Who will be responsible for completing them and by when?

Item / Activity	Completed By Who?	Start Date	Completion Date

PROJECT BUDGET & COSTINGS:

Please ensure all relevant quotes are attached to your application. Volunteer labour can be included at a cost of \$20/hour.

Item/Activity	Supplier	Council Funding (ex GST)	Club Funding (Ex GST)	External Funding (ex GST)
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
Sub-Total Budget		\$	\$	\$
Total Budget		\$		

External Funding – Grants / Loans / Donations

Please provide details of any other funding your group has applied for or received that will contribute to this project:

Name of organisation/funding source/type	Status (e.g. Received, pending)

BUDGET BREAKDOWN:		
Description	Funding amount (ex GST)	Percentage (%)
Applicant Club / Organisation	\$	
External Funding (Grants / Loans / Donations)	\$	
Council	\$	
Total	\$	100%

How will you acknowledge the support received from the Shire of Quairading?	Click or tap here to enter text.
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CHECKLIST OF REQUIREMENTS:

1. Latest copy of financial statements
2. Minutes of latest AGM with listed office bearers
3. Any relevant supporting documentation

DECLARATION:

I acknowledge that:

- I am authorised to make this application on behalf of the organisation.
- The information provided is true and correct.
- I may be required to supply further information to enable consideration of this application.

I give my permission for the Shire of Quairading to promote this grant as part of any communications or public relations activity.

Name: Click or tap here to enter text.

Signed:.....

Date: Click or tap here to enter text.

SUBMISSION INFORMATION:

All applications must be received BEFORE 4pm, 31st March 2020. **Late applications will not be accepted.**

Please forward your application form and all attachments to:

Chief Executive Officer, Shire of Quairading

Email: shire@quairading.wa.gov.au or post to PO Box 38, Quairading WA 6383.

CONTACT:

For further information or assistance with the Application Form, please contact the Shire's Grants & Projects Officer on ph. 9645 1607 or email gpo@quairading.wa.gov.au.

Community Grants Application Form Grant 4 – Annual Recurrent Funding 2020/21

DESCRIPTION: This grant is to extend financial support to community groups that maintain or operate Shire-owned venues or club-owned clubrooms within the Shire of Quairading.

WHO IS ELIGIBLE: Only not-for-profit organisations providing a service or undertaking activities with the Shire of Quairading are eligible to apply for a Grant 4. Business, for profit organisations and individuals are not eligible to apply for this grant.

FUNDING POSSIBILITIES: Funding is extended to community groups for the purposes of maintaining or improving their clubrooms. There is a requirement to provide an acquittal back to Council to show where funds have been spent at the end of the financial year. For example, grant funds may go towards:

- General repairs and maintenance
- Utilities charges such as water or electricity
- New or upgraded equipment

GRANT CONDITIONS:

1. Applicant groups must be based within the Shire of Quairading.
2. Funding must be spent by the end of the financial year in which funding was awarded.
3. Allocation of grant funding, partial or entire, will be at the sole discretion of the Council
4. All Groups that receive funding will have to provide the following after their project's completion or by no later than 31st July of the next financial year:
 - Completed Acquittal Form (to be provided);
 - Proof the project, upgraded repairs or maintenance activity or event took place (e.g. photographs), if applicable; and
 - Proof of expenditure (e.g. copy of financial records and paid invoices).
5. Applications should be submitted annually prior to 31st March each year.

HOW TO APPLY:

1. Contact the Shire's Grants & Project Officer to discuss your project and eligibility.
2. Applications must be completed in full and signed by an office holder of the organisation.
3. Lodge your application form with the Shire's Administration Office either in person, post or via email shire@quairading.wa.gov.au
4. Organisations may provide additional relevant material where they feel that this will aid in the decision-making process.
5. You will be notified in writing on the success of your Grant 4 application when the Shire's Annual Budget is adopted.



Community Grants Application Form Grant 4 – Annual Recurrent Funding 2020/21

APPLICANT DETAILS

Name of Organisation	Click or tap here to enter text.
Contact Person	Click or tap here to enter text.
Position	Click or tap here to enter text.
Contact Phone Number	Click or tap here to enter text.
Email Address	Click or tap here to enter text.
Postal Address	Click or tap here to enter text.
Organisation's ABN:	Click or tap here to enter text.
Are you registered for GST?	Choose an item.
Please provide your Bank BSB and Account Number	Click or tap here to enter text.

The Grant referred to in this Agreement is exclusive of GST. If the Organisation is registered for GST, the Grant will be 'grossed up' by 10% of the grant amount

Please provide membership numbers for the previous financial year.			
Adults		Juniors	
Volunteers		Paid Staff	
Have you received support from Council previously?	Choose an item.		
Year: Click or tap here to enter text.	Amount: \$ Click or tap here to enter text.		
Does your organisation receive any other source of funding? If yes, what?	Click or tap here to enter text.		
What is your club's current financial position?	Transaction Account \$	Cash Reserves \$	

CHECKLIST OF REQUIREMENTS:

1. Latest copy of financial statements
2. Minutes of latest AGM with listed office bearers
3. Photographs and quotes for proposed works to be completed (if relevant)

DECLARATION:

I acknowledge that:

- I am authorised to make this application on behalf of the organisation.
- The information provided is true and correct.
- I may be required to supply further information to enable consideration of this application.

I give my permission for the Shire of Quairading to promote this grant as part of any communications or public relations activity.

Name: Click or tap here to enter text.

Signed:

Date: Click or tap here to enter text.

SUBMISSION INFORMATION

All applications to be received BEFORE 4pm, 31st March 2020. **Late applications will not be accepted.**

Please forward your application form and all attachments to:

Chief Executive Officer, Shire of Quairading

Email: shire@quairading.wa.gov.au or post to: PO Box 38, Quairading WA 6383

CONTACT

For further information or assistance with this Application Form, please contact the Shire’s Grants & Projects Officer ph. 9645 1607 or email gpo@quairading.wa.gov.au

Extracts from Community Grant Survey

Q14. Would your Group undertake your project/event if funding was not available from the Shire? What would you do differently if funding was not available?

No / the cost per attendee would be far greater in order to cover costs that funding doesn't.

No

The Bowling Club would not have been able to undertake the original project to install the artificial greens without the assistance from the Shire in underwriting a loan and the continued annual grant of \$10,000. Committee would have to consider looking at alternative options for funding. Unsure what would be available.

Possibly do extra fundraising or request some form of physical assistance from the shire for management of the site

Most likely not as our numbers are dwindling and therefore parents are becoming tired and exhausted already from running numerous clubs their children are already in.

Please tell us what you think so we can make the adjustments to improve our Community Grants Policy and Guidelines for every Community Club and Group. Provide any additional comments below on any part of the Grants process. Your feedback is appreciated.

Nil feedback

The process the applications go through to be assessed seem very disjointed. It seems those who are making the final decision (Council) don't get access to all the information that staff have assessed each application on, therefore there's the chance of poor, uninformed decisions being made. Can staff be involved in more of the process? Can they be present at the committee meeting the applications are discussed at so that questions can be answered and solutions talked through? Council can still make the ultimate decisions, and the hard working community groups can know that decisions have been made with all the facts understood. I don't think it's relevant for clubs to have to provide their financials. What impact does this have on the assessment of the applications?

Is the time frame of applying for the grant and being accepted be shorter

Nil feedback

The questions under the project details were irrelevant and just felt like extra work for no purpose for the 'utilities' grant-this is an ongoing cost not a project.

ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

Audit & Risk Committee - Terms of Reference 7.1, 7.3

10.1 Report on Excess Annual Leave and Long Service Leave

Meeting Date	10 th December 2019
Responsible Officer	EMCS Nathan Giffellon
Reporting Officer	SFO Jodie Yardley
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Audit and Risk Committee Recommend to Council that: -

Council receive the report on the Shire's Leave Liabilities.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee
- Council receive the report on the Shire's Leave Liabilities.

MATTER FOR CONSIDERATION

Report on Excess Annual Leave and Long Service Leave Entitlements and Leave Liabilities.

BACKGROUND

Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee.

The current policy defines excess leave as when the Employee has accrued more than 8 weeks paid annual leave.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

The Industry Award defines Excess Leave as -

*“An Employee has an **excess leave accrual** if the employee has accrued more than 8 weeks paid annual leave”*

POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 30th November 2019 is \$203,936. The Projected Closing Balance as at the 30th June 2020 of \$205,721.

The Annual Budget treats Current Leave as Accruals.

The Annual and Long Service Leave Reserve funds any prior year Leave entitlements taken by Staff or paid out.

The current Liability for both types of Leave (if all Claimed on 30th November 2019) is calculated at \$250,725.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefor Risk escalation, if Leave accruals are not monitored and managed.

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

Natural Environment – Risk Matrix Rating is considered as Low Risk.

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 at the 30th November 2019, there are no employees with excess annual leave.

The Chief Executive Officer has approved of One Employee's Plan to take their Long Service Leave in three instalments. The first of which has now been taken.

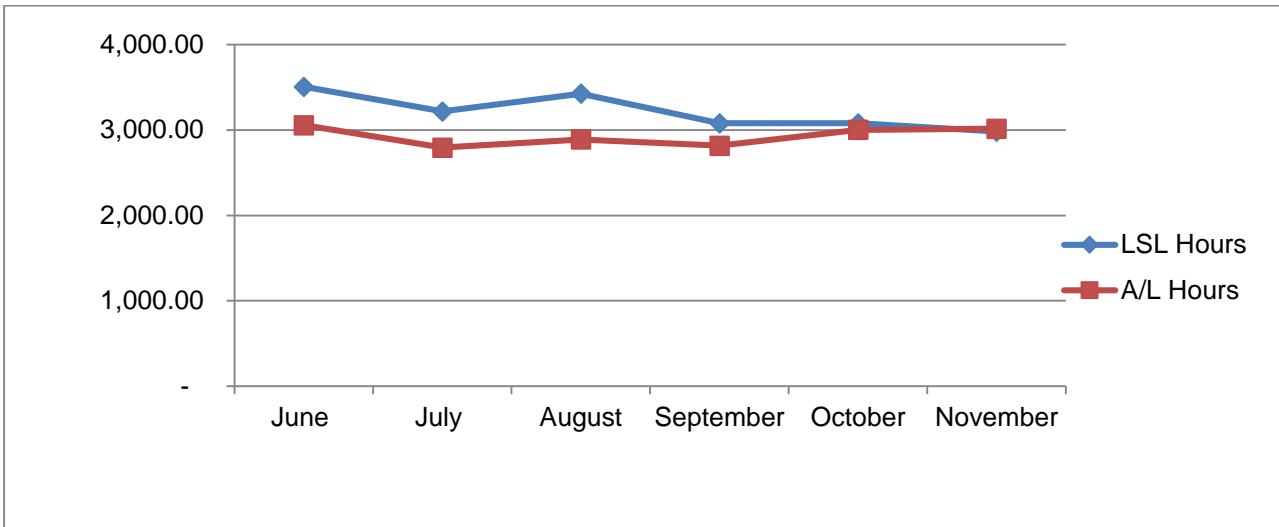
One Employee has Long Service Leave Liabilities as at the 6th September 2019. This has been approved to commence in March 2020.

Since the commencement of the 2019/20 financial year, it has remained steady with an increase of 1.22% (in Dollar Value) in the Annual Leave Liability through a combination of Separations and current staff taking accrued Annual Leave. Annual Leave Liability has risen slightly due to the increase of pay rates and an increase of accrued hours leading into the main holiday period.

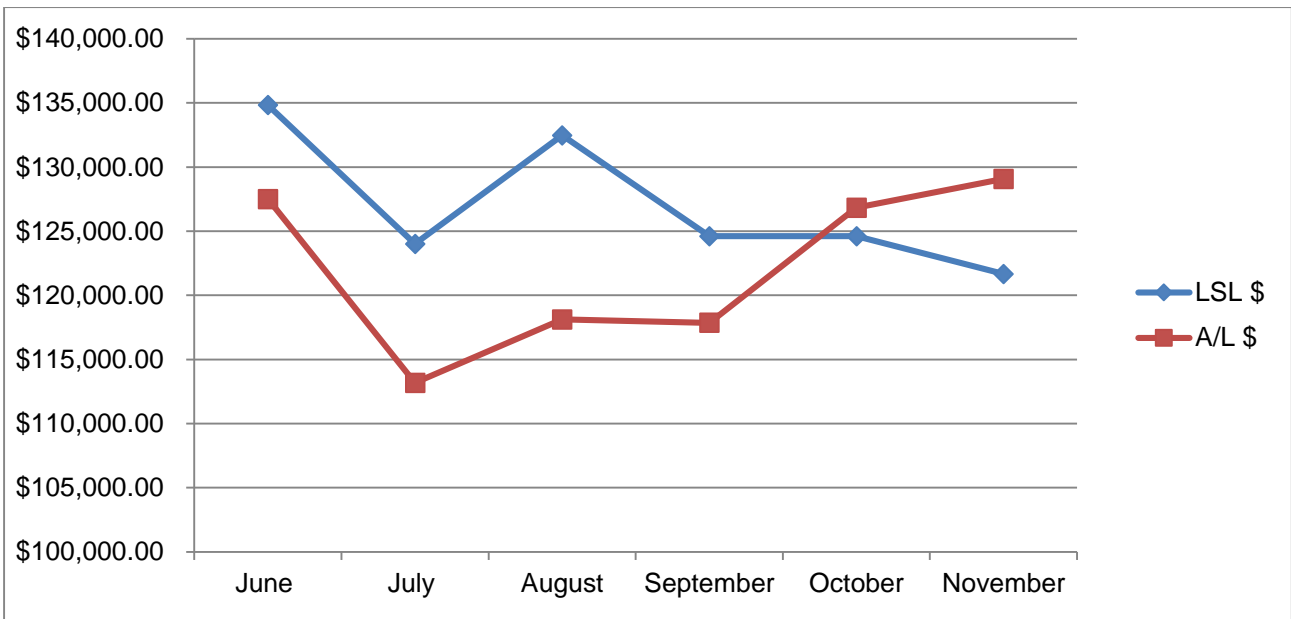
The Long Service Leave Liability has significantly reduced by 9.76% (in Dollar Value) since June 2019. The decrease can be attributed to payouts following the separation of three employees with Long Service Leave Entitlements and another redeeming their Long Service Leave.

	<i>LSL Hours</i>	<i>LSL \$</i>	<i>AL Hours</i>	<i>AL \$</i>
June	3,507	134,820	3,056	127,501
July	3,218	124,006	2,795	113,180
August	3,426	132,468	2,890	118,114
September	3,080	124,610	2,817	117,850
October	3,080	124,610	3,003	126,828
November	2,981	121,657	3,016	129,068

Accumulated Hours of Leave



Outstanding Accumulated Dollar Value of Leave



ITEM 11 STANDING ITEMS – OTHER

Audit & Risk Committee - Terms of Reference 9.5

11.1 Review of Committee Terms of Reference

Meeting Date	10 th December 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	(i) GOV.5 Audit & Risk Committee – Terms of Reference December 2019 Revised
Owner/Applicant	Audit & Risk Committee
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Risk and Audit Committee Recommend to Council that: -

Council adopt the revised Audit and Risk Committee Terms of Reference (Dated 10th December 2019).

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- This report recommends that the Terms of Reference to reviewed to reflect the legislative requirements of the Audit and Risk Committee.
- Committee was established by Council in October 2017 for a 2-year term coinciding with the Election Cycle.
- Council has re-established the Committee on the 31st October 2019 with all Councillors being Members of the Committee.
- The Administration have reviewed the Terms of Reference and made suggested tracked changes to the current Terms of Reference to be considered by Committee before Recommendation to Council.

MATTER FOR CONSIDERATION

The Review of the Audit & Risk Committee Terms of Reference

BACKGROUND

The primary purpose of an Audit & Risk Committee is to provide oversight of the financial reporting processes, the audit process, the Shire's system of internal controls and compliance with legislation and regulations.

In 2017, amendments to the Local Government Act 1995 were passed by State Parliament enabling the Auditor General to audit local government finances and performance. This Amendment also provided more detail on the role and responsibilities of the Audit Committee.

The amendments to the Act have been supported by changes to the *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations 1996* which were gazette on 26 June 2018.

The Department of Local Government Sports and Cultural Industries (DLGSCI) has also produced a guide on the Local Government Audit Reforms, [Link to Guide to Local Government Auditing Reforms](#)

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Audit) Regulations 1996

Reg16.Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

POLICY IMPLICATIONS

In accordance with clause 9.5 of the Audit & Risk Committee Terms of Reference, the committee is required to, at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

Public consultation was not relevant to the development of this report.

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Councillors Meeting Fees are provided for in Council's Budget. Auditor Fees are provided for in Council's Budget.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Reputational Risk is Mitigated with the effective operation of Council's Risk and Audit Committee and sound Governance and Financial management in place.

Operation – Risk Matrix Rating is assessed as Low. The annual review process provides a mechanism to ensure good governance of Council's Audit & Risk Committee. The Review process and Committee Structure is part of Council's normal operations.

Natural Environment – Risk Matrix Rating is assessed as Low.



AUDIT & RISK COMMITTEE TERMS OF REFERENCE

Document Status	Under Review
Statutory Environment	Local Government Act 1995, Local Government (Audit) Regulations 1996, Local Government (Financial Management) Regulations 1996

Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	26 October 2017	72-17/18	New Policy	
02	Graeme Fardon	30 November 2017	98-17/18	Revised	
03	Graeme Fardon			Annual Review	4/12/2018
04	A&R Committee	20 December 2018	117-18/19	<i>Revised 12/12/2018</i>	
05	A&R Committee			Annual Review	10/12/2019

PURPOSE

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the Local Government Act 1995 and associated Regulations.

The Committee will also undertake a Risk Management function to ensure adequate statutory compliance and best practice mitigation is occurring.

OBJECTIVE

The objective of the Committee is to assist Council in providing a transparent and independent process in its audit, risk and governance management to ensure accountability to the community in the governance and compliance framework and its financial and risk management responsibilities.

POLICY

The Audit & Risk Committee (the "Committee") is a formally appointed Committee of the Shire of Quairading, pursuant to a number of specific pieces of legislation. These include: -

The *Local Government Act 1995*, *The Local Government (Audit) Regulations 1996*, the *Local Government (Financial Management) Regulations 1996*. The *Local Government Act 1995*, Section 7 deals specifically with the audit and process.

The Committee does not have executive powers or authority to implement actions in areas where Management has the responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent from management.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by the Committee and Council in relation to the discharge of its responsibilities.

1. MEMBERSHIP

- 1.1 Members of the Committee are appointed by Council. The Committee is to consist of all Elected Members. The Elected Members are to vote and elect the Chairperson.
- 1.2 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member has to vote on every matter that is before the Committee for decision.
- 1.3 The Chief Executive Officer, Senior Management and other Administration Staff may attend any meeting as observers or be responsible for preparing papers for the Committee.
- 1.4 The Councils External auditors may be invited to attend meetings of the Committee.
- 1.5 Appointment of all members of the Committee will be for a term of two (2) years at the commencement of each Council term after a Council Election
- 1.6 Committee members are paid meeting attendance fees in accordance with the requirements of the Local Government Act.

2. SECRETARIAL/ADMINISTRATIVE RESOURCES

2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

3. QUORUM

3.1 The quorum necessary for the transaction of business shall be five (5) members of the Audit and Risk Committee.

4. FREQUENCY OF MEETINGS

4.1 The Committee may meet at least quarterly at a minimum or as determined by the Committee.

4.2 A schedule of ordinary meetings is ~~to be developed~~ determined by Council for the Year, ~~and agreed by the members of the Committee.~~

4.3 The Chief Executive Officer is delegated the authority to vary the meeting schedule after liaison with the Committee Chairperson.

4.4 The Chief Executive Officer is delegated not to call an ordinary meeting of the Committee should the Committee have no Matters for Consideration. Such Delegation to only be exercised after liaison with the Committee Chairperson.

5. NOTICE OF MEETINGS

5.1 Ordinary meetings of the Committee ~~may be~~ to be held at dates/times determined by Council.

5.2 A Special Meeting of the Committee may be called with the approval of all the Committee members.

5.3 The Agenda of the Committee meetings, subject to any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are also required to be made available to the public.

5.4 The Notice of Meeting and Supporting Papers is to be lodged in the Document Centre on the Quairading Website no later than three (3) clear days prior to the date of the Meeting.

6. MINUTES OF MEETINGS

6.1 The Minutes of the Committee Meetings are to be in accordance with the provisions of the LG Act, LG Regulations and Departmental Guidelines.

6.2 Minutes of the Committee are to be lodged in the Document Centre on the Quairading Website within five (5) working days after a meeting.

7. ROLES OF THE AUDIT COMMITTEE

7.1 Support Function

The Committee will also support the Auditor as required and have functions to oversee: -

- the implementation of audit recommendations made by the Auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

7.2 Financial Reporting

The Committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Committee is required to review and challenge where necessary: -

- The consistency of, and any changes to, accounting policies both on a year on year basis;
- The methods used to account for significant or unusual transactions where different approaches are possible;

- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors;
- The clarity of disclosure in the Councils financial reports and the context in which statements are made; and
- All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

7.3 Internal Control & Risk Management Systems

The Committee is required to: -

- Keep under review the effectiveness of the Council's internal controls and risk management systems;
- Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the Audit and Financial Management Regulations.
- Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;
- Receive and review reports from the Chief Executive Officer on the activities of the Strategic Risk Management Plan and the Operational Risk Management Plan ("[Risk Management Dashboard](#)").

~~7.4 Strategic Management Plans and Annual Business Plans~~

~~The Committee is to propose and provide information relevant to a review of the Council Strategic Management Plans or Annual Business Plan.~~

~~7.57.4 Other Investigations~~

~~The Committee, when necessary, propose and review the exercise of Council's powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.~~

~~7.67.5 Internal Audit~~

- The Committee is required to monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee can consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.
- The Committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.
- The Committee may meet with Management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.
- The Committee is required to monitor and review the selection process for the External Auditor and any internal auditor (if appointed). Appointment of any internal auditor is the responsibility of management.

~~7.77.6 External Audit~~

- The Committee is required to monitor and review guidelines on the supply of non- audit services by the External Auditor, taking into account any relevant ethical guidance on the matter.
- The Committee may consider, and make recommendations to the Council, in relation to the appointee, reappointment and removal of the Council External Auditor. The Committee is to oversee the selection process for a new External Auditor and if the External auditor resigns, the Committee endeavours to investigate the issues leading to the resignation and decide whether any action is required.
- The Committee is required to oversee the relationship with the External Auditor, including, but not limited to: -

Commented [SOQ1]: This clause is a function of the Strategic Planning Committee. Recommend Removal from Audit & Risk ToR

SHIRE OF QUAIRADING**POLICY****GOV.5 AUDIT & RISK COMMITTEE - TERMS OF REFERENCE DECEMBER 2019 REVISED**

- Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - Recommending the approval of the external auditors terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor; including the provision of any non-audit services;
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
 - Monitoring the external auditor's compliance with legislative requirements in the rotation of audit partner's and
 - Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process;
 - Oversee the transition of the Audit Function to the Office of the Auditor General.
- (d) The Committee may review and make recommendation to the Annual Audit Plan and ensure that it is consistent with the scope of the engagement and relevant legislation and standards.
- (e) The Committee is to review the findings of the External Audit. This may include, but not be limited to, the following: -
- Discussion of any major issues which arose during the audit;
 - Any accounting and audit judgments; and
 - Levels of errors identified during the audit.
- (f) The Committee is to review any representation letter(s) requested by the External Auditor before they are signed by Management.
- (g) The Committee is to review the report to the Chief Executive Officer and Management's response to the External auditor's findings and recommendations.

7-87.7 CEO Performance Appraisal

The Committee is also responsible for facilitating / arranging Chief Executive Officer's Performance Review Process.

8. REPORTING RESPONSIBILITIES

8.1 The minutes of the Committee are to be presented to the Council after every meeting to identify and present advice and recommendations.

9. OTHER MATTERS

The Committee is to: -

- 9.1 Have access to, at the Councils expense, legal or other professional advice on any matter within its Terms of Reference.
- 9.2 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.
- 9.3 Give due consideration to laws and regulations of the *Local Government Act 1995*.
- 9.4 Oversee any investigation of activities which are within its Terms of Reference.
- 9.5 At least once per year, review its own performance, membership and Terms of Reference to ensure it is operating at a maximum effectiveness and recommend changes it considers necessary to the Council for approval.

GUIDELINES

Local Government Act 1995;

Local Government (Audit) Regulations 1996;

Local Government (Financial Management) Regulations 1996.

ITEM 12 COUNCILLORS' EMERGING ISSUES

ITEM 13 CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

No matters for consideration.

ITEM 14 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 12th March 2019, commencing at 5.00pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15 CLOSURE

There being no further business, the Chairman closed the Meeting at _____ pm.