



Shire of
YILGARN

“good country for hardy people”

*Audit
Committee
Meeting
Agenda*

*20th February
2020*

SHIRE OF YILGARN NOTICE OF MEETING



Committee Members:
Please be advised that a

AUDIT COMMITTEE MEETING

To be held in the Council Chambers on
Thursday, 20 February 2020
commencing at 2:30pm



Peter Clarke
Chief Executive Officer

14/02/2020

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SHIRE OF YILGARN AUDIT COMMITTEE

Objectives of Audit Committees

The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate –

- the enhancement of the credibility and objectivity of external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Audit Committee

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

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

Membership

The committee will consist of four members with three elected and one external person. All members shall have full voting rights.

External persons appointed to the committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.

A sitting fee equal to that applicable to elected members will be paid to each external person who is a member of the committee.

The CEO and employees are not members of the committee.

The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee.

The local government shall provide secretarial and administrative support to the committee.

Meetings

The committee shall meet at least annually.

Additional meetings shall be convened at the discretion of the presiding person.

Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

Duties and Responsibilities

The duties and responsibilities of the committee will be –

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b) Review and suggest improvements to the external auditor's proposed audit scope and approach for financial performance audits;
- c) Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Shire implements relevant recommendations;
- d) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- e) Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously;
- f) Examine the reports of the auditor after receiving a report from the CEO on the matters to –
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- g) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- h) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
- i) Review the annual Compliance Audit Return and report to the council the results of that review, and
- j) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews.

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Agenda for the Audit Committee Meeting to be held in the Council Chambers, 23 Antares Street, Southern Cross on Thursday 20th February, 2020 commencing 2:30pm

1. DECLARATION OF OPENING

2. ATTENDANCE

Cr W Della Bosca	Member (Chair)
Cr S Shaw	Member
Cr J Cobden	Member
Mrs. J Della Bosca	Community Member
Mr. P Clarke	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mrs. N Mwale	Manager of Finance

Apologies:

Observers:

Leave of Absence:

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

4. PUBLIC QUESTION TIME

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 19th December 2020 (Minutes Attached)

Recommendation

That the minutes of the Audit Committee Meeting held on 19 December, 2020 be confirmed as a true and correct record of proceedings.

6. DECLARATIONS BY MEMBERS AND OFFICERS

Members and Officers are to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.

Disclosure of Financial & Proximity Interests

- a. Members must disclose the nature of their interest in matters to be considered at the meeting. (*Sections 5.60B and 5.65 of the Local Government Act 1995*).

- b. Employees must disclose the nature of their interest in reports or advise when giving the report or advice to the meeting. (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be considered at the meeting in respect of which the member or employee has given or will give advice.

7. STATUS OF ACTIONS PREVIOUSLY TABLED

All actions resulting from items previously tabled are complete.

8. RISK DEVELOPMENTS

No change

9. PRESENTATIONS

10. OFFICERS REPORT - CHIEF EXECUTIVE OFFICER

10.1 2019 Annual Compliance Audit Return

File Reference	1.6.6.4
Disclosure of Interest	None
Voting Requirements	Absolute Majority
Attachments	Attachment 1 - 2019 Annual Compliance Audit Return

Purpose of Report

To present to the Audit Committee the 2019 Annual Compliance Audit Return (CAR) for its consideration before presentation to Council for adoption and submission to the Department of Local Government, Sport and Cultural Industries.

Background

Council is required by section 14 of the *Local Government (Audit) Regulations 1996* to complete a CAR each year covering the period 1 January to 31 December. The CAR is to be:-

1. Presented to Council at a meeting of the Council;
2. Adopted by the Council;
3. The adoption recorded in the minutes of the meeting at which it is adopted;
4. Signed by the Shire President and Chief Executive Officer and returned to the Department with a copy of the Council minutes of the meeting at which it was received; and
5. Submitted to the Department of Local Government by 31 March each year.

The CAR must also be reviewed by the Shire of Yilgarn Audit Committee prior to its adoption by Council.

Comment

The 2019 CAR contains 104 questions of which:-

- 56 were complied with
- 46 were not applicable to the Shire of Yilgarn during the year under review, and
- 2 were considered to be non-compliant

The 2 items recorded as being non-compliant relate Questions 6 and 7 of the Integrated Planning and Reporting sections of the CAR. Section 19DA(3) of the *Local Government (Administration) Regulations 1996* state the following:-

19DA. Corporate business plans, requirements for (Act s. 5.56)

- (3) A corporate business plan for a district is to —

- (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
- (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
- (c) **develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.**

Whilst a Long-Term Financial Plan (LTFP) was adopted by Council in 2013/2014 and projected out to 2022/2023, it has not been updated during that time. The Executive Manager Corporate Services is currently reviewing the LTFP and this will be presented to Council for adoption as part of the 2020/2021 Budget.

In respect to the Workforce Plan (WP), mention of Council's workforce is made within the Corporate Plan however, it does not meet the necessary requirements and therefore, a new WP will be developed for presentation to Council in the near future.

Statutory Environment

Local Government (Audit) Regulations 1996

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Strategic Implications

Nil

Policy Implications

Nil

Financial Implications

Nil

Officer Recommendation

That the Audit Committee recommends to Council that it adopts the Local Government Compliance Audit Return (CAR) for the Shire of Yilgarn for the period 1 January 2019 to 31 December 2019 noting the 2 areas of non-compliance identified in respect to the Integrated Planning and Reporting section of the CAR and acknowledging the actions proposed to become compliant in the 2020 calendar year.



Department of
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Yilgarn - Compliance Audit Return 2019

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2019?	N/A		Peter Clarke
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2019?	N/A		Peter Clarke
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2019?	N/A		Peter Clarke
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A		Peter Clarke
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Peter Clarke



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority?	N/A	No Committees have delegated authority	Peter Clarke
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	N/A		Peter Clarke
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	N/A		Peter Clarke
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Peter Clarke
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	N/A		Peter Clarke
6	s5.42(1), 5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act?	Yes		Peter Clarke
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes		Peter Clarke
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes		Peter Clarke
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Peter Clarke
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	N/A		Peter Clarke
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes		Peter Clarke
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2018/2019 financial year?	Yes		Peter Clarke
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required?	Yes		Peter Clarke

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)?	Yes		Peter Clarke



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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings?	N/A	Did not occur other than Councillors declaring Impartiality Interests and being allowed to remain in the chamber and vote on the matter	Peter Clarke
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	Yes		Peter Clarke
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A		Peter Clarke
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A		Peter Clarke
6	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day?	Yes		Peter Clarke
7	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day?	N/A	Not applicable as no new designated employees commenced with the Shire in the year under review	Peter Clarke
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes		Peter Clarke
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes		Peter Clarke
10	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return?	Yes		Peter Clarke
11	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76?	Yes		Peter Clarke
12	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28?	Yes		Peter Clarke
13	s5.89A Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	Yes		Peter Clarke
14	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76?	Yes		Peter Clarke



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No	Reference	Question	Response	Comments	Respondent
15	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee?	Yes		Peter Clarke
16	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes?	Yes		Peter Clarke
17	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report?	N/A	No issues arose during the course of the year under review where an employee was required to disclose their interest.	Peter Clarke
18	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee?	N/A	See Q17	Peter Clarke
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	Yes		Peter Clarke

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5))?	Yes	Related to Leases of Council owned property	Peter Clarke
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes		Peter Clarke



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Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1) (2)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates?	Yes		Peter Clarke
2	Elect Reg 30G(3) & (4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of at least 2 years?	N/A	Not required as no Disclosure of Gifts forms presented	Peter Clarke

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Cameron Watson
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Cameron Watson
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	Yes		Cameron Watson
4	s7.3(1), 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council?	N/A	No appointments made during reporting period	Cameron Watson
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes		Cameron Watson
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes		Cameron Watson
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government, ensure that appropriate action was undertaken in respect of those matters?	N/A	No matters raised	Cameron Watson



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No	Reference	Question	Response	Comments	Respondent
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	N/A	No matters raised	Cameron Watson
9	S7.12A (4)	Within 14 days after the local government gave a report to the Minister under s7.12A(4) (b), did the CEO publish a copy of the report on the local government's official website?	Yes		Cameron Watson
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes		Cameron Watson
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit?	Yes		Cameron Watson
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	Yes		Cameron Watson
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor?	Yes		Cameron Watson
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor?	Yes		Cameron Watson



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	Adopted by Council at its Ordinary Meeting held on 20 June 2019	Peter Clarke
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	N/A	See above	Peter Clarke
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	Original Strategic Community Plan adopted by Council on 21 July 2016. Currently in community consultation process for new Community Strategic Plan for 2020-2030 that will be adopted prior to 30 June 2020.	Peter Clarke
4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments. Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A	Community Strategic Plan 2016-2026 reviewed by Council at its Ordinary meeting held on 19 July 2018.	Peter Clarke
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	Yes	Asset Management Plan adopted by Council at its Ordinary meeting held on 18 October 2018.	Peter Clarke
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	No	Currently reviewing Long Term Financial Plan for adoption prior to 30 June 2020.	Peter Clarke
7	S5.56 Admin Reg 19DA (3)	Has the local government developed a Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?	No	Whilst a dedicated Workforce Plan has not been adopted, reference to staffing is made within the Corporate Business Plan.	Peter Clarke



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Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	No changes to CEO position in year under review	Peter Clarke
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	N/A	No changes to senior positions in year under review	Peter Clarke
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4)?	N/A		Peter Clarke
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only)?	N/A		Peter Clarke
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	N/A		Peter Clarke



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Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer?	N/A		Peter Clarke
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c)?	Yes	No official complaints received in year under review	Peter Clarke
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made?	Yes		Peter Clarke
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint?	Yes		Peter Clarke
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred?	Yes		Peter Clarke
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c)?	Yes		Peter Clarke



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Local Government (Financial Management) Regulation 5 (2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	Review undertaken in August 2019 by AMD Chartered Accountants	Peter Clarke
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	Review undertaken in August 2019 by AMD Chartered Accountants	Peter Clarke
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes	Appears in Note 16 of the Financial Reports for the 2017/2018 Financial Year that was presented to the Annual Electors meeting held on 21 March 2019	Peter Clarke
4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes		Peter Clarke

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?	Yes		Peter Clarke
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?	N/A		Peter Clarke
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	Yes		Peter Clarke
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	Yes		Peter Clarke



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation?	N/A		Peter Clarke
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16?	Yes		Peter Clarke
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender?	N/A		Peter Clarke
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria?	N/A		Peter Clarke
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection?	Yes		Peter Clarke
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	Yes		Peter Clarke
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	N/A		Peter Clarke
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice?	N/A		Peter Clarke
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services?	N/A		Peter Clarke
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	N/A		Peter Clarke
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	Yes		Peter Clarke



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

No	Reference	Question	Response	Comments	Respondent
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	N/A	Not in the year under review however, Council did invite Panel of Pre-Qualified Suppliers and adopted Panel at its Ordinary meeting on 16 August 2018.	Peter Clarke
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	N/A	See Question 16	Peter Clarke
18	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application?	N/A	See Question 16	Peter Clarke
19	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, given notice of the variation?	N/A		Peter Clarke
20	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications?	N/A		Peter Clarke
21	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria?	N/A		Peter Clarke
22	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG?	N/A		Peter Clarke
23	F&G Reg 24AI	Did the CEO send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted?	N/A		Peter Clarke
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	Yes		Peter Clarke
25	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy?	Yes		Peter Clarke



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

No	Reference	Question	Response	Comments	Respondent
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less?	Yes		Peter Clarke
27	F&G Reg 11A	Did the local government comply with it's current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	Yes		Peter Clarke

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Yilgarn

Signed CEO, Yilgarn

10. OFFICERS REPORT – EXECUTIVE MANAGER CORPORATE SERVICES

10.2 2019/2020 Budget Review

File Reference	8.2.5.3
Disclosure of Interest	Nil
Voting Requirements	Absolute Majority
Attachments	Attachment 1 – 2019/2020 Budget Review

Purpose of Report

Council is requested to accept the 2019/2020 Budget Review and adopt the recommendations made within.

Background

Financial Management Regulation 33A – Review of Budget, requires a Local Government to review its annual budget between the 1st of January and the 31st of March in any given financial year. The outcome of this review is to be submitted to Council for consideration and adoption.

Comment

The budget review document, including budget amendment recommendations, for the 2019/2020 financial year is attached for Councils consideration

Statutory Environment

Local Government (Financial Management) Regulations 1996

33A. Review of budget

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
 - (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government's financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

*Absolute majority required.

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Strategic Implications

There are no strategic implications as a result of this report.

Policy Implications

There are no policy implications as a result of this report.

Financial Implications

The presented review includes several budget amendments.

Officer Recommendation

That the Audit Committee recommends to Council that it adopts the budget review for the period 1st June 2019 to 31st January 2020 inclusive of the recommended budget amendments as indicated in Note 4 of the report.

11. CLOSURE OF MEETING



**Shire of Yilgarn
BUDGET REVIEW REPORT
For the Period Ended 31st January 2020**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

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Shire of Yilgarn
STATEMENT OF BUDGET REVIEW
(Statutory Reporting Program)
For the Period Ended 31st January 2020

	Budget v Actual			Predicted Variance			
	Note	Adopted Annual Budget	YTD Actual	Budget Increase / (Decrease)	Timing / (Carryover)	Estimated Year End	Material Variance
		\$	\$	\$	\$	\$	
Net current assets at start of financial year surplus/(deficit)		3,345,560	3,427,368	81,808		3,427,368	▲
Revenue from operating activities (excluding rates)							
Governance		0	0	0		0	
General Purpose Funding		1,873,299	869,807	(150,000)		1,663,952	▼
Law, Order and Public Safety		73,567	71,093	0		77,983	
Health		1,000	1,478	0		2,534	
Education and Welfare		175,932	122,450	0		170,710	
Housing		78,000	47,132	0		80,798	
Community Amenities		680,544	597,422	0		663,721	
Recreation and Culture		60,700	15,180	0		63,573	
Transport		78,900	12,167	0		28,463	▼
Economic Services		725,170	856,538	43,637		1,126,818	▲
Other Property and Services		135,464	119,772	0		187,996	▲
		3,882,576	2,713,039	(106,363)	0	4,066,547	
Expenditure from operating activities							
Governance		(491,927)	(315,950)	3,700		(475,010)	
General Purpose Funding		(304,155)	(143,305)	0		(265,034)	▼
Law, Order and Public Safety		(512,919)	(284,334)	0		(474,485)	
Health		(282,389)	(152,540)	0		(276,624)	
Education and Welfare		(546,516)	(259,162)	0		(497,646)	
Housing		(376,542)	(164,249)	0		(298,539)	▼
Community Amenities		(1,114,688)	(477,064)	16,000		(1,040,074)	
Recreation and Culture		(1,814,142)	(902,717)	73,700		(1,813,352)	
Transport		(6,389,386)	(3,153,554)	0		(6,327,363)	
Economic Services		(1,197,851)	(816,135)	0		(1,443,411)	▲
Other Property and Services		(89,327)	(69,035)	39,000		(131,021)	▲
		(13,119,842)	(6,738,045)	132,400	0	(13,042,558)	
Operating activities excluded from budget							
Add Back Depreciation		6,661,650	3,331,461	0		6,589,248	
Adjust (Profit)/Loss on Asset Disposal		4,050	74,725	0		92,579	
Adjust Provisions and Accruals		0	0	0		0	
Amount attributable to operating activities		773,994	2,808,548	107,845	0	1,133,183	
INVESTING ACTIVITIES							
Non-operating grants, subsidies and contributions		3,016,498	1,323,872	0	0	3,026,436	
Purchase of Investments		0	0	0		0	
Land Held for Resale		0	0	0		0	
Land and Buildings		(2,481,503)	(363,216)	79,694		(2,541,157)	
Plant and Equipment		(1,056,800)	(352,260)	(11,500)		(1,015,260)	
Furniture and Equipment		0	0	0		0	
Infrastructure Assets - Roads		(3,259,036)	(1,738,302)	0		(3,259,912)	
Infrastructure Assets - Other		(3,301,143)	(129,116)	124,500		(3,445,259)	
Proceeds from Disposal of Assets		286,500	147,181	0		290,785	
Proceeds from Sale of Investments		0	0	0		0	
Proceeds from Advances		0	0	0		0	
Amount attributable to investing activities		(6,795,484)	(1,111,841)	192,694	0	(6,944,368)	
FINANCING ACTIVITIES							
Repayment of Debentures	10	0	0	0		0	
Proceeds from New Debentures		0	0	0		0	
Advances to Community Groups		0	0	0		0	
Self-Supporting Loan Principal		6,000	0	0		6,000	
Transfer to Reserves	9	(1,162,610)	(700,507)	0		(1,128,192)	
Transfer from Reserves	9	3,586,154	0	0		3,586,154	
Amount attributable to financing activities		2,429,544	(700,507)	0	0	2,463,962	
Budget deficiency before general rates		(3,878,446)	913,579			(3,347,223)	
Estimated amount to be raised from general rates		4,018,009	4,000,780			4,000,780	
Closing Funding Surplus(Deficit)	2	139,563	4,914,359			653,557	

Shire of Yilgarn
STATEMENT OF BUDGET REVIEW
(Nature or Type)
For the Period Ended 31st January 2020

	Budget v Actual		Predicted Variance			
	Note	Adopted Annual Budget	YTD Actual	Budget Increase / (Decrease)	Timing / (Carryover)	Estimated Year End
		\$	\$	\$	\$	\$
Net current assets at start of financial year surplus/(deficit)		3,345,560	3,427,368	81,808		3,427,368
Revenue from operating activities (excluding rates)						
Grants, Subsidies and Contributions		2,024,419	1,122,650	(106,363)		1,879,046
Profit on Asset Disposal		57,550	0	0		0
Fees and Charges		1,015,298	961,545	0		1,330,225
Service Charges		314,310	322,149	0		322,149
Interest Earnings		244,799	135,230	0		206,812
Other Revenue		226,200	171,465	0		328,315
		3,882,576	2,713,039	(106,363)	0	4,066,547
Expenditure from operating activities						
Employee Costs		(3,080,786)	(1,620,259)	15,000		(2,901,429)
Materials and Contracts		(2,291,429)	(933,642)	109,900		(2,237,458)
Utilities Charges		(498,052)	(421,943)	(7,500)		(791,185)
Depreciation (Non-Current Assets)		(6,661,650)	(3,331,461)	0		(6,589,248)
Interest Expenses		0	0	0		0
Insurance Expenses		(267,332)	(285,223)	0		(311,313)
Loss on Asset Disposal		(61,600)	(74,725)	0		(92,579)
Other Expenditure		(258,993)	(153,413)	0		(206,389)
		(13,119,842)	(6,820,666)	117,400	0	(13,129,600)
Funding Balance Adjustment						
Add Back Depreciation		6,661,650	3,331,461	0		6,589,248
Adjust (Profit)/Loss on Asset Disposal		4,050	74,725	0		92,579
Adjust Provisions and Accruals		0	0	0		0
Amount attributable to operating activities		773,994	2,725,927	92,845	0	1,046,141
INVESTING ACTIVITIES						
Non-Operating Grants, Subsidies and Contributions		3,016,498	1,323,872	0		3,026,436
Land Held for Resale		0	0	0		0
Land and Buildings		(2,481,503)	(363,216)	79,694		(2,541,157)
Plant and Equipment		(1,056,800)	(352,260)	(11,500)		(1,015,260)
Furniture and Equipment		0	0	0		0
Infrastructure Assets - Roads		(3,259,036)	(1,738,302)	0		(3,259,912)
Infrastructure Assets - Other		(3,301,143)	(129,116)	124,500		(3,445,259)
Purchase of Investments		0	0	0		0
Proceeds from Disposal of Assets		286,500	147,181	0		290,785
Proceeds from Sale of Investments		0	0	0		0
Amount attributable to investing activities		(6,795,484)	(1,111,841)	192,694	0	(6,944,368)
FINANCING ACTIVITIES						
Proceeds from New Debentures		0	0	0		0
Proceeds from Advances		0	0	0		0
Self-Supporting Loan Principal		6,000	0	0		6,000
Transfer from Reserves		3,586,154	0	0		3,586,154
Repayment of Debentures		0	0	0		0
Advances to Community Groups		0	0	0		0
Transfer to Reserves		(1,162,610)	(700,507)	0		(1,128,192)
Amount attributable to financing activities		2,429,544	(700,507)	0	0	2,463,962
Budget deficiency before general rates		(3,878,446)	913,579			(3,347,223)
Estimated amount to be raised from general rates		4,018,009	4,000,780			4,000,780
Closing Funding Surplus(Deficit)		139,563	4,914,359			653,557

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The budget review report has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget review report are presented below and have been consistently applied unless stated otherwise.

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 budget review.

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.

(b) 2019/20 Actual Balances

Balances shown in this budget review report as 2019/20 Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

(c) Rounding Off Figures

All figures shown in this budget review report, other than a rate in the dollar, are rounded to the nearest dollar.

(d) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the Shire obtains control over the assets comprising the contributions.

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

(e) 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 Note 4 Net Current Assets

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.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Cash and Cash Equivalents

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 4 Net Current Assets.

(h) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(i) Inventories

General

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

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

Land Held for Resale

Land held for development and sale 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. Finance 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 on to the buyer at this point.

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

(j) Fixed Assets

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Fixed Assets (Continued)

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation of the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

Major depreciation periods used for each class of depreciable asset are:

Asset	Years
Buildings	30 to 50 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	5 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
bituminous seals	30 years
asphalt surfaces	25 years
Gravel Roads	
formation	not depreciated
pavement	50 years
gravel sheet	15 years
Formed roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	12 years
Sewerage piping	50 years
Water supply piping & drainage systems	50 years
Airfields and runways	30 years
Refuse disposal sites	not depreciated

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 profit or loss in the period which they arise.

(k) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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

**SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Fair Value of Assets and Liabilities (Continued)

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.

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 an asset at its current service capacity.

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 and 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.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost approach (Continued)

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget review report as necessary.

(I) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments (Continued)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) Financial liabilities

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

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

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.

(m) Impairment of Assets

In accordance with Australian Accounting Standards the Shire 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 revaluation decrease in accordance with that other standard.

(m) Impairment of Assets (Continued)

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget review report, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2019.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget review report.

(n) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

(p) 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.

(q) Provisions

Provisions are recognised when the Shire has a 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.

(r) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

SHIRE OF YILGARN
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE YEAR ENDED 30 JUNE 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(t) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture 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.

(u) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(v) Comparative Figures

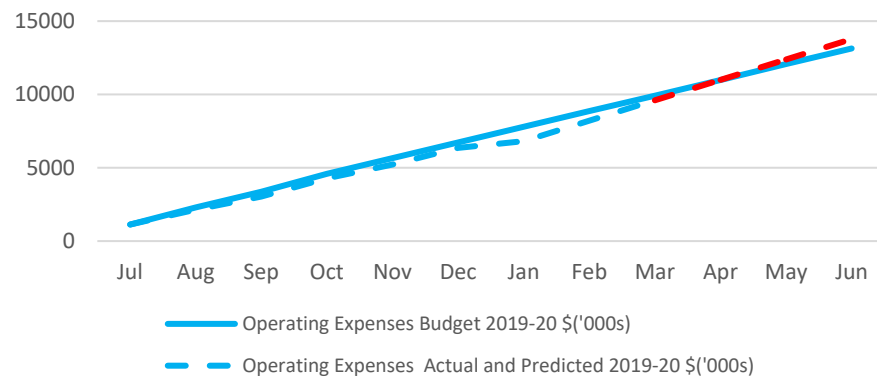
Where required, comparative figures have been adjusted to conform with changes in presentation for the current budget year.

(w) Budget Comparative Figures

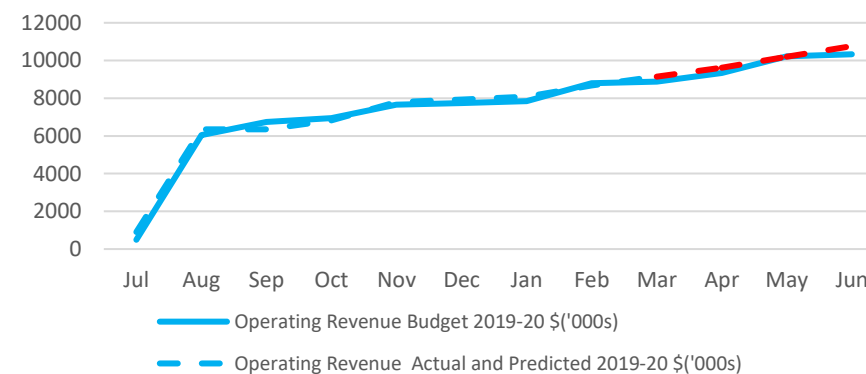
Unless otherwise stated, the budget comparative figures shown in this budget review report relate to the original budget estimate for the relevant item of disclosure.

SHIRE OF YILGARN
SUMMARY GRAPHS - BUDGET REVIEW
For the Period Ended For the Period Ended 31st January 2020

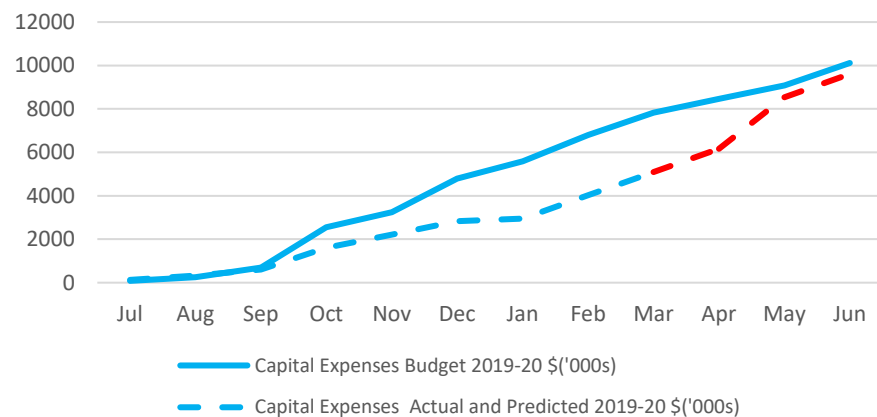
Operating Expenses



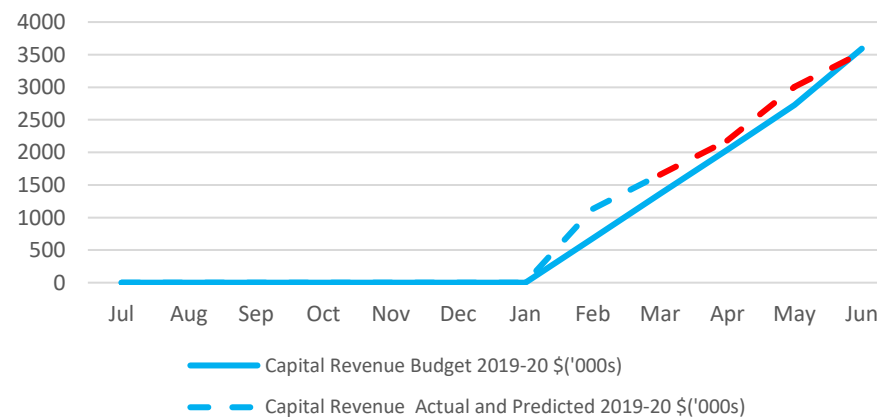
Operating Revenue



Capital Expenditure



Capital Revenue



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

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2020

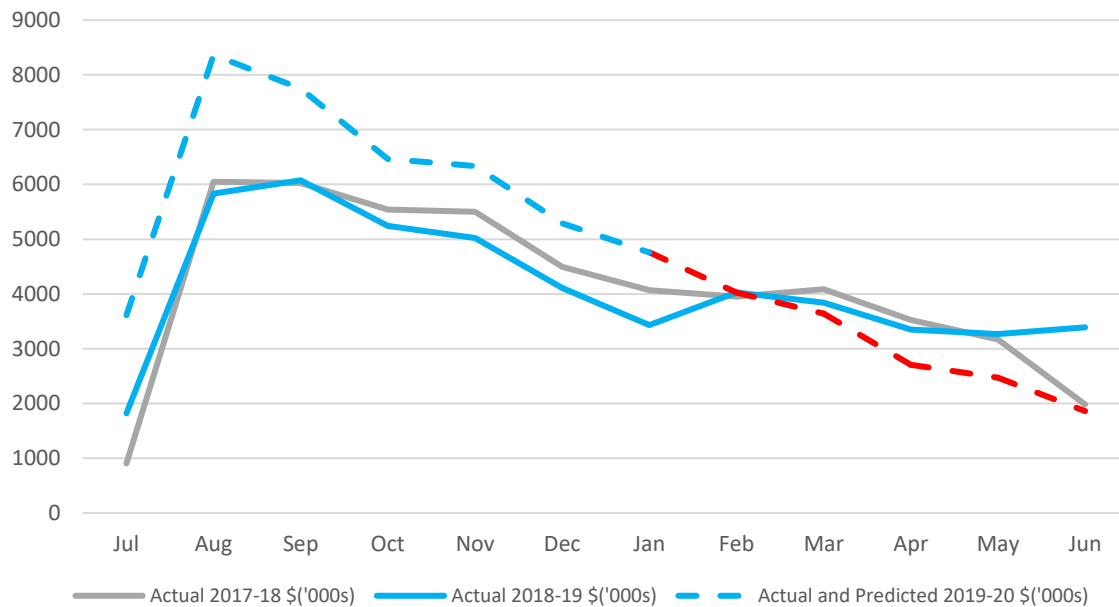
Note 3: NET CURRENT FUNDING POSTION

Positive=Surplus (Negative=Deficit)

2019-20

	Note	This Period	Last Period	Same Period Last Year
		\$	\$	\$
Current Assets				
Cash Unrestricted		4,277,964	4,713,242	2,228,357
Cash Restricted		7,282,270	7,274,639	6,194,991
Receivables - Rates and Rubbish		889,166	951,648	1,151,246
Receivables -Other		81,303	57,691	339,442
Inventories		26,792	27,092	9,246
		12,557,495	13,024,312	9,923,281
Less: Current Liabilities				
Payables		(286,384)	(228,829)	(44,819)
Provisions		(228,772)	(229,089)	(253,226)
		(515,156)	(457,918)	(298,045)
Less: Cash Restricted		(7,282,270)	(7,274,639)	(6,194,991)
Net Current Funding Position		4,760,069	5,291,755	3,430,245

Liquidity Over the Year



Comments/Notes - Net Current Funding Position

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2020

Note 4: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
Budget Adoption			Opening Surplus(Deficit)		81,808		81,808	
Budget Amendments Previously Approved								
CRF01	CRF - Bodallin South Rd - Construct to 7m Seal - SLK 2.7 - 4.9 (1'	215/2019	Capital Expenses			406,367	(406,367)	
R12111	Commodity Route Funding	215/2019	Capital Revenue		406,367		406,367	
Budget Amendments Resulting From Review								
<u>03. General Purpose Funding</u>								
R03200	Grants Commission General		Operating Revenue			45,000	(45,000)	Greater than 50% prepayment made in prior year
R03201	Grants Commission Roads		Operating Revenue			105,000	(105,000)	Greater than 50% prepayment made in prior year
<u>04. Governance</u>								
E04123	Ict - Councillors		Operating Expenses			3,700	(3,700)	Newly Elected Councillor iPads
<u>09. Housing</u>								
E09413	120 Antares Street - Land & Buildings Capital		Capital Expenses		20,806		20,806	Works completed under Maintenance
<u>10. Community Amenities</u>								
E10450	Marvel Loch Sewerage Scheme - Infrastructure Capital		Capital Expenses		10,500		10,500	Works completed under Maintenance
J10601	Australia Day Celebrations		Operating Expenses			3,000	(3,000)	Increased Scope of Activities due to Pool Closure
J10605	Community Development - General		Operating Expenses			8,000	(8,000)	Additional Events and Shows
E10610	Town Planning Scheme - Other		Operating Revenue			5,000	(5,000)	Costs associated with Subdivision of 50 Antares St
<u>11. Recreation & Culture</u>								
J11151	Southern Cross War Memorial - Infrastructure Capital		Capital Expenses			15,000	(15,000)	Greater than anticipated Quotation Value
E11212	Swimming Pool Water		Operating Expenses			4,500	(4,500)	Half Pool season due to delayed Construction
E11213	Swimming Pool Electricity		Operating Expenses			3,000	(3,000)	Half Pool season due to delayed Construction
E11214	Swimming Pool Chemicals/Gas		Operating Expenses			1,200	(1,200)	Half Pool season due to delayed Construction
J11201	Swimming Pool maintenance		Operating Expenses			5,000	(5,000)	Half Pool season due to delayed Construction
J11316	Marvel Loch Townsite Maintenance		Operating Expenses			60,000	(60,000)	Contribution to Fencing & Demolition of Derelict House
J11330	Playground Equipment - Constellation Park - Infrastructure Capital		Capital Expenses			120,000	(120,000)	Increased scope of works
J11502	Yilgarn History Museum - Land & Buildings Capital		Capital Expenses			10,000	(10,000)	Increased cost or remedial works

Shire of Yilgarn
NOTES TO THE BUDGET REVIEW REPORT
For the Period Ended 31st January 2020

Note 4: BUDGET AMENDMENTS

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change - (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance	Comments
				\$	\$	\$	\$	
<u>12. Transport</u>								
J12300	Depot - Plant & Equipment Capital		Capital Expenses			35,500	(35,500)	Installtion of Secure Diesel Bowser
<u>13. Economic Services</u>								
R13701	Transfer From Trust Account		Operating Revenue		43,637		43,637	Transfer from unspent grants held in Trust
E13750	Skeleton Weed - Plant & Equipment Capital		Capital Expenses	47,000			0	Item purchased in prior year resulting in lower CF \$
<u>14. Other Property & Services</u>								
E14212	Training		Operating Expenses			15,000	(15,000)	Increase in Training Requirements
E14642	11 Antares Street Admin Centre - Maintenance		Operating Expenses		24,000		24,000	Less Maint Exp required due to increased Cap Exp
J14603	11 Antares Street - Land & Buildings Capital		Capital Expenses			60,500	(60,500)	Capital expenditure required to lease 2 spaces
E14653	Digital Infrastructure Upgrade - Capital		Capital Expenses			30,000	(30,000)	Improvmnts to Depot / CP wireless connection
Amended Budget Cash Position as per Council Resolution				47,000	587,118	935,767	(348,649)	