



# AGENDA

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# AUDIT COMMITTEE

---

8 DECEMBER 2022



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**SHIRE OF WAGIN**  
**NOTICE OF MEETING**

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Dear Councillors Blight, Ball, Chilcott and Hegarty,

The next Audit Committee meeting will be held

**ON:** Thursday 8 December 2022

**WHERE:** Council Chambers

**AT:** 11.00am

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Ian McCabe  
**ACTING CHIEF EXECUTIVE OFFICER**

*Note: That, under section 5.65 of the Local Government Act 1995, care should be exercised by all councillors to ensure that a 'financial interest' is declared and that they refrain from voting on any matters which are considered that may come within the ambit of the Act.*



## DISCLAIMER

No responsibility is implied or accepted by the Shire of Wagin for any act, omission or statement or intimation occurring during Council or committee meetings.

The Shire of Wagin disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Wagin during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Wagin

The Shire of Wagin advises that anyone who has any application lodged with the Shire of Wagin shall obtain and should only rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Wagin in respect of the application.

**Ian McCabe**

ACTING CHIEF EXECUTIVE OFFICER

## GIFTS DISCLOSURE INFORMATION

**The Gifts Register contains the disclosures of gifts that have been made by Elected Members, the Chief Executive Officer and Employees in their official capacity.**

To adhere with the changes to gift disclosure regulations in the *Local Government Legislation Amendment Act 2019*, passed by Parliament on 27 June 2019, the Shire of Wagin provides gift disclosure information in the interests of accountability and transparency.

Elected Members and the Chief Executive Officer are required to disclose gifts which are valued over \$300 or are two or more gifts with a cumulative value over \$300 (where the gifts are received from the same donor in a 12-month period) within 10 days of receipt [Sections 5.87A & 5.87B *Local Government Act 1995*].

The Act and Regulations require the Chief Executive Officer to publish an up to date version of the Gifts Register on the Shire's website after a disclosure is made. To protect the privacy of individuals, the register published on the website does not include the address disclosed by an individual donor and will instead include the town or suburb.



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## SHIRE OF WAGIN

Agenda for the Audit Committee meeting to be held in the Council Chambers,  
Wagin on Thursday 8 December 2022 commencing at 11.00am

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## 1. OFFICIAL OPENING

The Presiding Member, Cr Phil Blight opened the meeting at \_\_\_\_am.

## 2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

### 2.1 ATTENDANCE

Cr Phillip Blight	Shire President
Cr Greg Ball	Deputy Shire President
Cr Bronwyn Hegarty	Elected Member
Cr Sherryl Chilcott	Elected Member
Ian McCabe	Acting Chief Executive Officer
Donna George	Acting Deputy Chief Executive Officer
Jenny Goodbourn	Manager of Finance

### 2.2 APOLOGIES

### 2.3 VISITORS

Visitors will attend remotely

Maria Cavallo	Director AMD Chartered Accountants
Aram Madnack	Director Financial Audit, Office of the Auditor-General

## 3. PETITIONS/DEPUTATIONS/PRESENTATIONS

## 4. DISCLOSURE OF FINANCIAL AND OTHER INTERESTS

### 4.1 DISCLOSURE OF FINANCIAL INTEREST – Local Government Act Section 5.60a



**4.2 DISCLOSURE OF PROXIMITY INTEREST – Local Government Act Section 5.6**

**4.3 DISCLOSURE OF IMPARTIALITY INTEREST – Administration Regulation Section 34c**

**5. CONFIRMATION OF PREVIOUS MEETING MINUTES**

**5.1 MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 17 FEBRUARY 2022**

**COUNCIL DECISION**

**Moved Cr**

**Seconded Cr**

- 1. That the minutes of the Audit Committee meeting held on 17 February 2022 and circulated to all Councillors, be confirmed as a true and accurate record.**

**Carried 0/0**



# MINUTES

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# AUDIT COMMITTEE

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17 FEBRUARY 2022

## DISCLAIMER

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**Bill Atkinson**  
CHIEF EXECUTIVE OFFICER

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## SHIRE OF WAGIN

Agenda for the Audit Committee meeting to be held in the Council Chambers, Wagin on  
Thursday 17 February 2022 commencing at 4pm

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## 1. OFFICIAL OPENING

The Presiding Member, Cr Phil Blight opened the meeting at 4:00 pm.

## 2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

### 2.1 ATTENDANCE

Cr Phillip Blight	Shire President
Cr Greg Ball	Deputy Shire President
Cr Bronwyn Hegarty	
Cr Sherryl Chilcott	
Bill Atkinson	Chief Executive Officer
Emily Edwards	A/Deputy Chief Executive Officer

### 2.2 APOLOGIES

Nil

### 2.3 VISITORS

Nil

## 3. PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

### 4.1 DISCLOSURE OF FINANCIAL INTEREST – Local Government Act Section 5.60a

Nil

### 4.2 DISCLOSURE OF PROXIMITY INTEREST – Local Government Act Section 5.6

Nil

### 4.3 DISCLOSURE OF IMPARTIALITY INTEREST – Administration Regulation Section 34c

Nil

## 3. CONFIRMATION OF PREVIOUS MEETING MINUTES

### 5.1 MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 04 NOVEMBER 2021

#### COMMITTEE RESOLUTION

Moved Cr G Ball

Seconded Cr B Hegarty

That the minutes of the Audit Committee meeting held on 04 November 2021 and circulated to all Councillors, be confirmed as a true and accurate record.

Carried 4/0

## 4. CORRESPONDENCE AND REPORTS

### 6.1 SHIRE OF WAGIN 2021 COMPLIANCE AUDIT RETURN

PROPONENT:	N/A
OWNER:	N/A
LOCATION/ADDRESS:	N/A
AUTHOR OF REPORT:	A/Deputy Chief Executive Officer
SENIOR OFFICER:	Chief Executive Officer
DATE OF REPORT:	21 January 2022
PREVIOUS REPORT(S):	04 February 2021
DISCLOSURE OF INTEREST:	Nil
FILE REFERENCE:	
ATTACHMENTS:	<ul style="list-style-type: none"><li>• 2021 Compliance Audit Return</li></ul>

#### OFFICER RECOMMENDATION/COMMITTEE RESOLUTION

Moved Cr S Chilcott

Seconded Cr G Ball

**That the Audit Committee receive and adopt the 2021 Compliance Audit Return for the period 1 January 2021 to 31 December 2021.**

**Carried 4/0**

#### BRIEF SUMMARY

The local government's Audit Committee is required to review the completed 2021 Compliance Audit Return and report the results to council prior to its adoption by council. It must then be submitted to the Department of Local Government by 31 March 2022.

#### BACKGROUND/COMMENT

In accordance with Regulation 13 of the Local Government (Audit) Regulations 1996, each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the Compliance Audit Return (CAR).

The CAR contains 89 questions (plus 9 optional questions) and provides the tool for the Council to monitor legislative compliance by examining a range of prescribed subjects under Regulation 13 of the Local Government (Audit) Regulations 1996 in detail.

The Audit Return has been completed by the CEO and Acting Deputy CEO. A copy of the completed document is included in the Agenda for the Committee to review. No matters of concern are brought to the Committee's attention.

After the CAR has been reviewed by the Audit Committee and presented to Council, a copy certified by the President and CEO, along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March.

#### CONSULTATION/COMMUNICATION

- Chief Executive Officer
- A/Deputy Chief Executive Officer



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### **STATUTORY/LEGAL IMPLICATIONS**

- Local Government (Audit Regulations) Regulation 13.

### **POLICY IMPLICATIONS**

Nil

### **FINANCIAL IMPLICATIONS**

Nil

### **STRATEGIC IMPLICATIONS**

Nil

### **VOTING REQUIREMENTS**

Absolute Majority

Unconfirmed



**5. GENERAL BUSINESS**

Nil

**8. CLOSURE**

There being no further business the Chairperson thanked those in attendance and closed the meeting at 4.23pm.

I certify that this copy of the Minutes is a true and correct record of the meeting held on 17 February 2022

Signed:

.....  
*Presiding Elected Member*

Date:

.....

Unconfirmed



## Wagin - Compliance Audit Return 2021

### 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 the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		Bill Atkinson
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		Bill Atkinson
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2021?	N/A		Bill Atkinson
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		Bill Atkinson
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Bill Atkinson



<b>Delegation of Power/Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Bill Atkinson
2	s5.16	Were all delegations to committees in writing?	N/A		Bill Atkinson
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Bill Atkinson
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Bill Atkinson
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	N/A		Bill Atkinson
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	N/A		Bill Atkinson
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Bill Atkinson
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Bill Atkinson
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	N/A		Bill Atkinson
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Bill Atkinson
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Bill Atkinson
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Bill Atkinson
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Bill Atkinson

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Bill Atkinson



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A		Bill Atkinson
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Bill Atkinson
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	One newly elected member primary return yet to be returned due to leave of absence.	Emily Edwards
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Bill Atkinson
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Bill Atkinson
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Bill Atkinson
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Bill Atkinson
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Bill Atkinson
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Bill Atkinson
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Bill Atkinson
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Bill Atkinson
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	N/A		Bill Atkinson



No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Emily Edwards
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?*  *Question not applicable after 2 Feb 2021	N/A		Bill Atkinson
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	N/A		Bill Atkinson
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Bill Atkinson
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Bill Atkinson
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Bill Atkinson
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	Yes		Bill Atkinson
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes		Bill Atkinson



No	Reference	Question	Response	Comments	Respondent
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	No	Timeline not meet as Council required further time to discuss. Adopted on 25 May 2021	Emily Edwards
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	No		Emily Edwards
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Emily Edwards
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No	Work in progress, currently no code of conduct for employees adopted.	Emily Edwards

**Disposal of Property**

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Bill Atkinson
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		Bill Atkinson



<b>Elections</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Bill Atkinson
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		Bill Atkinson
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes		Emily Edwards

Unconfirmed



<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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		Bill Atkinson
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Emily Edwards
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	Yes		Bill Atkinson
4	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		Bill Atkinson
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A		Bill Atkinson
6	s7.12A(5)	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		Bill Atkinson
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes	OAG Final Audit Review - Emily Edwards 22 October 2021 Exit Meeting and Audit Committee Meeting held 04 November 2021	



<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27 July 2021	Emily Edwards
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27 July 2021	Emily Edwards
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Emily Edwards

<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Bill Atkinson
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A		Bill Atkinson
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Bill Atkinson
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Bill Atkinson
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Bill Atkinson
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Bill Atkinson



<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes		Emily Edwards
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121 (2)?	N/A		Bill Atkinson
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Emily Edwards

<b>Optional Questions</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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 Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes		Emily Edwards
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 Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes		Emily Edwards
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	N/A		Emily Edwards
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes	Policy A.23. ATTENDANCE TO EVENTS	Emily Edwards



No	Reference	Question	Response	Comments	Respondent
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Emily Edwards
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Policy A.21. CONTINUING PROFESSIONAL DEVELOPMENT – ELECTED MEMBERS	Emily Edwards
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	No	No elected member training completed to report.	Emily Edwards
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		Bill Atkinson
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes		Bill Atkinson

**Tenders for Providing Goods and Services**

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	N/A		Bill Atkinson
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Bill Atkinson
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	N/A		Bill Atkinson
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Bill Atkinson



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		Bill Atkinson
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Bill Atkinson
7	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 and publish it on the local government's official website?	Yes		Bill Atkinson
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Bill Atkinson
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A		Bill Atkinson
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Bill Atkinson
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes		Emily Edwards
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Emily Edwards
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A		Emily Edwards
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes		Emily Edwards
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A		Emily Edwards



No	Reference	Question	Response	Comments	Respondent
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Emily Edwards
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A		Emily Edwards
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A		Emily Edwards
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Emily Edwards
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Emily Edwards
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Emily Edwards
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A		Emily Edwards

I certify this Compliance Audit Return has been adopted by council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor/President, Wagin

\_\_\_\_\_  
Signed CEO, Wagin



## 6. CORRESPONDENCE AND REPORTS

### 6.1 2021/22 DRAFT INDEPENDENT AUDITOR'S REPORT

PROPONENT:	Not Applicable
OWNER:	Not Applicable
LOCATION/ADDRESS:	Not Applicable
AUTHOR OF REPORT:	Acting Deputy Chief Executive Officer
SENIOR OFFICER:	Chief Executive Officer
DATE OF REPORT:	6 December 2022
PREVIOUS REPORT(S):	1 November 2021
DISCLOSURE OF INTEREST:	NIL
FILE REFERENCE:	FM.AD.2
ATTACHMENTS:	<ol style="list-style-type: none"><li>1. Audit Exit Meeting Agenda;</li><li>2. DRAFT Independent Auditor's Report 2022</li><li>3. Shire of Wagin Annual Financial Report for the year ended 30 June 2022;</li><li>4. Interim Management Letter;</li><li>5. Final Management Letter.</li></ol>

#### OFFICER RECOMMENDATION

**Moved Cr**

**Secoded Cr**

1. That the Audit Committee receives and accepts the 2022 Draft Independent Auditor's Report; and,
2. That the Audit Committee receive the Annual Financial Report for the year ended 30 June 2022.

**Carried 0/0**

#### BRIEF SUMMARY

This item will include the Audit Exit Meeting. The exit meeting concludes the audit schedule and allows the Committee to meet the Auditor and receive and discuss the presentation of draft audit findings.

The independent auditor's report for 2022 is attached to this item as well as the 2021/22 Annual Financial Report for consideration and adoption. The Interim and Final Management Letters are attached for reference.

## BACKGROUND/COMMENT

In accordance with Part 7 of the Local Government Act 1995; the Local Government (Audit) Regulations 1996; the Local government (Financial Management) Regulations 1996; and the Local Government Amendment (Auditing) Act 2017, the Auditor-General is responsible for the annual financial report audit for local governments.

AMD Chartered Accountants ('AMD') have been contracted by the Office of the Auditor-General to perform the financial report audit for the financial year ended 30 June 2022.

An audit planning summary was published May 2022 detailing the audit approach and methodology, providing assurance as to independence and compliance with Australian Auditing Standards. That document also referenced the consideration of materiality and the risk of fraud within the scope of the audit and the shire's responsibilities in this regard.

The planning summary also detailed planned meetings, including the exit meeting and the planned discussion of the financial report; the independent auditor's report; and the management letter (all attached to this item).

The audit also considered risk and audit issues; activity cycles; significant financial accounts and the audit approach; the management representation letter; reporting protocols and audit evidence.

An interim audit was conducted June / July 2022 and the onsite audit was concluded October 2022.

The draft Opinion is as follows:

### *'Opinion*

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended*
- Notes comprising a summary of significant accounting policies and other explanatory information.*

*In my opinion, the financial report is:*

- based on proper accounts and records*
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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’.*

For discussion.

## **CONSULTATION/COMMUNICATION**

Aram Madnack, OAG Representative Director; Tim Partridge, Partner AMD; Jonathan Kosareff, Audit Manager AMD; Audit Committee; officers of the Shire of Wagin.

## **STATUTORY/LEGAL IMPLICATIONS**

Part 7 of the Local Government Act 1995 (‘the Act’); Local Government (Audit) Regulations 1996; the Local Government (Financial Management) Regulations 1996; and the Local Government Amendment (Auditing) Act 2017. the Auditor-General is responsible for the annual financial report audit for local governments.

The Act requires compliance with accounting standards and the audit process provides assurance as to that compliance.

Audit is a key part of identifying, reducing and mitigating risk and as such is critical to good governance.

## **POLICY IMPLICATIONS**

There are a number of relevant policies including the entire ‘F.’ group of financial and risk policies within Council’s Policy Manual. In addition, policies A9 and C9 (Record Keeping); A18 Asset Management; A25 Internal Control; A26 Legislative Compliance; and A28 Use of Information and Communications Technology have relevance.

## **FINANCIAL IMPLICATIONS**

There is no direct financial implication to this item. However, expenditure on external audit was \$23,400 in 2021/22 and is expected to approximate \$25,000 in 2022/23.

## **STRATEGIC IMPLICATIONS**

Audit is a key assurance and risk management tool and is therefore central to the planning and review process that facilitates strategic planning.

## **VOTING REQUIREMENTS**

Absolute Majority



**SHIRE OF WAGIN  
EXIT MEETING AGENDA**

**Thursday 8 December 2022 at 11:00 am  
Shire of Wagin Offices, 2 Arthur Road, Wagin  
and through Microsoft Teams**

**ATTENDEES:**

**The Audit Committee Members:**

Cr P Blight (Shire President)  
Cr G Ball (Deputy President)  
Cr S Chilcott  
Cr B Hegarty

**Support Staff/Visitors:**

Ian McCabe	Acting Chief Executive Officer
Donna George	Acting Deputy Chief Executive Officer
Jenny Goodbourn	Manager of Finance
Kirsty Simkins	Executive Assistant

**AMD Chartered Accountants (via teams):**

Maria Cavallo	Director
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**Office of the Auditor General (via teams):**

Aram Madnack	Director Financial Audit
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**AGENDA ITEMS:**

**1. Audit Approach**

*Refer also attached Audit Planning Summary Dated March 2022, including Section 5 “Significant Risks and Other Audit Issues” and Section 6 “Audit Emphasis and Significant Account Balances”*

<b>Details of Risk / Issue</b>	<b>Audit Approach</b>
<p>We have identified the following areas that we consider require additional focus during the 2021/2022 Local Government Audits:</p> <ul style="list-style-type: none"> <li>• Fair value of land, buildings and infrastructure (now revalued on a 5 year cycle unless fair value is materially different from the carrying amount). Plant and equipment recorded at depreciated replacement cost.</li> <li>• Revenue recognition including the application of <i>AASB 15 Revenue from Contracts with Customers</i> and <i>AASB 1058 Income of Not-for-profit Entities</i>.</li> <li>• Identification and recording of leases in accordance with <i>AASB 16 Leases</i>, including commercial leases recognising ROU asset and corresponding liability and concessionary leases recorded at zero.</li> </ul>	<ul style="list-style-type: none"> <li>• Land and buildings were revalued during 21/22. Infrastructure was last revalued in 17/18 and due for revaluation in 22/23. Accounting treatment and disclosures reviewed with no changes required.</li> <li>• Revenue recognition correctly applied in accordance with Australian Accounting Standards. Accounting treatment and disclosures reviewed with no changes required.</li> <li>• Not applicable</li> </ul>



<ul style="list-style-type: none"> <li>• Key reconciliations being performed timeously.</li> <li>• General accounting journals.</li> <li>• Trust account balances.</li> <li>• <i>Planning and Development Act 2005</i> change (effective 12 September 2020) whereby cash-in-lieu funds received to be in separate reserve account.</li> <li>• Related party disclosures.</li> <li>• Contingent Liabilities, including waste facility and contaminated sites.</li> <li>• Joint arrangements (joint operations, joint ventures).</li> <li>• Purchasing processes and documented evidence relating to obtaining quotations and tenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit testing identified the following exceptions reported in the Interim and Final Management Letter:             <ul style="list-style-type: none"> <li>- Fixed Asset, Creditor and Daily Banking reconciliations not signed as evidence of independent review;</li> <li>- Fixed Asset reconciliations not performed on a regular basis.</li> </ul> </li> <li>• General accounting journal testing did not identify any control deficiencies.</li> <li>• Not applicable</li> <li>• No cash in lieu of public open space therefore no impact on audit approach.</li> <li>• Accounting treatment and disclosures reviewed with no changes required.</li> <li>• No contingent liabilities were identified during the course of the audit.</li> <li>• Not applicable.</li> <li>• Sample testing did not identify any deviations from controls.</li> </ul>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> <li>• Provision for annual and long service leave</li> <li>• Fair value of assets</li> <li>• Impairment of assets</li> </ul>	<p>We devoted attention to addressing potential management bias in accounting estimates, enhanced assessment of inherent risk factors and applying greater professional scepticism. We reviewed the method and underlying data that management used when determining critical accounting estimates. This included considering the reasonableness of assumptions and corroborating representations.</p> <p>No matters noted requiring reporting with the exception of:</p> <ul style="list-style-type: none"> <li>- Fair Value of Infrastructure Assets, Frequency of Valuations. It is recommended that management consider assessing whether there are trigger events that would indicate movement in these assets annually, including a peer review by an approved independent valuer as appropriate.</li> </ul>



**2. Variations to Audit Plan (where applicable)**

- No variations

**3. Subsequent Events**

- Discussion and reconfirmation regarding subsequent events.

**4. Audit Issues**

- Status of prior year audit issues:

<b>30 June 2021 Interim and Final Findings</b>	<b>Rating</b>	<b>Action by Management</b>
Creditor's and Fixed Asset reconciliations not signed as evidence of independent review	Moderate	Not cleared in current audit
Daily banking reconciliations not signed as evidence of independent review	Moderate	Not cleared in current audit
No Information Technology Usage Policy	Moderate	Not cleared in current audit
No Information Technology Disaster Recovery Plan	Significant	Not cleared in current audit

- Status of audit issues reported at 2022 interim:

It was noted that issues raised in the previous year were not resolved at the time of the 30 June 2022 interim audit. As a result, the above audit issues from 30 June 2021 were raised again in the 30 June 2022 Interim Management Letter.

Additional findings reported in the 30 June 2022 Interim Management Letter include:

<b>30 June 2022 Interim Findings</b>	<b>Rating</b>	<b>Action by Management</b>
Monthly reconciliation checklist not signed as evidence of independent review	Moderate	Not cleared in current audit
Fixed asset reconciliations not performed on a regular basis	Moderate	Not cleared in current audit

- Audit issues reported in the current audit:

Fair Value of Infrastructure Assets – Frequency of Valuations (Significant)

Although Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 requires the local government to revalue land, buildings and infrastructures no more than 5 years after the last valuation, we recommend that management consider assessing whether there are trigger events that would indicate movement in these assets annually. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Movements. Where an entity undertakes the formal valuation internally it is recommended this assessment be peer reviewed (i.e. review the valuation methodology, inputs and model etc for reasonableness) by an approved independent valuer.

**5. Adjustments and unadjusted amounts**

Unadjusted amounts:

No unadjusted audit differences identified.

Adjusted amounts:

No adjusted audit differences identified.



**6. Audit Report**

*Refer DRAFT Audit Report attached*

- Opinion Qualification Matters (where applicable):  
No qualifications to audit opinion.

**7. Issues Relevant To 2022 Audit Finalisation**

- Signed Financial Report
- Signed Management Representation Letter
- AMD sign off to OAG

**8. Issues Relevant To Next Audit**

Follow-up on resolution of current and prior year audit findings.

**9. Close**



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2022 Shire of Wagin

To the Councillors of the Shire of Wagin

### Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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

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

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

### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

## **My independence and quality control relating to the report on the financial report**

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

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Wagin for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
**xx December 2022**

**SHIRE OF WAGIN**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

Certification of Financial Report	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Rate Setting Statement	7
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The Shire of Wagin conducts the operations of a local government with the following community vision:

To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring Wagin is a place people like to live in and visit.

Principal place of business:  
2 Arthur Road  
WAGIN WA 6315

**SHIRE OF WAGIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Wagin for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Wagin at 30 June 2022 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 \_\_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Name of Chief Executive Officer

**SHIRE OF WAGIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	21(a),2(a)	2,422,470	2,430,396	2,369,728
Operating grants, subsidies and contributions	2(a)	2,785,586	1,422,200	2,054,182
Fees and charges	20(c),2(a)	762,553	839,443	802,247
Interest earnings	2(a)	17,338	34,086	20,171
Other revenue	2(a)	339,324	425,546	231,980
		6,327,271	5,151,671	5,478,308
<b>Expenses</b>				
Employee costs		(2,491,587)	(2,875,828)	(2,417,005)
Materials and contracts		(1,243,693)	(1,326,731)	(1,059,284)
Utility charges		(302,409)	(377,293)	(372,713)
Depreciation	10(a)	(2,706,150)	(2,727,261)	(2,622,817)
Finance costs	2(b)	(27,605)	(27,905)	(31,112)
Insurance		(204,189)	(201,777)	(190,012)
Other expenditure	2(b)	(164,625)	(155,204)	(145,928)
		(7,140,258)	(7,691,999)	(6,838,871)
		(812,987)	(2,540,328)	(1,360,563)
Capital grants, subsidies and contributions	2(a)	1,181,295	1,364,052	1,025,945
Profit on asset disposals	10(c)	7,046	9,580	7,969
Loss on asset disposals	10(c)	(1,393)	(8,504)	(19,204)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
		1,190,945	1,365,128	1,017,295
<b>Net result for the period</b>	20(b)	<b>377,958</b>	<b>(1,175,200)</b>	<b>(343,267)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	1,938,000	0	0
<b>Total other comprehensive income for the period</b>	15	<b>1,938,000</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>2,315,958</b>	<b>(1,175,200)</b>	<b>(343,267)</b>

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

**SHIRE OF WAGIN  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,672,362	3,158,235
Trade and other receivables	5	195,270	241,721
Other financial assets	4(a)	2,030,573	19,925
Inventories	6	52,102	34,903
Other assets	7	43,168	34,896
<b>TOTAL CURRENT ASSETS</b>		<b>4,993,475</b>	<b>3,489,680</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	56,066	51,932
Other financial assets	4(b)	154,759	171,298
Property, plant and equipment	8	21,136,189	19,590,362
Infrastructure	9	103,058,693	103,616,883
<b>TOTAL NON-CURRENT ASSETS</b>		<b>124,405,707</b>	<b>123,430,475</b>
<b>TOTAL ASSETS</b>		<b>129,399,182</b>	<b>126,920,155</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	199,488	233,319
Other liabilities	12	515,399	244,213
Borrowings	13	74,569	70,889
Employee related provisions	14	403,352	361,196
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,192,808</b>	<b>909,617</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	420,772	495,341
Employee related provisions	14	63,545	109,101
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>484,317</b>	<b>604,442</b>
<b>TOTAL LIABILITIES</b>		<b>1,677,125</b>	<b>1,514,059</b>
<b>NET ASSETS</b>		<b>127,722,057</b>	<b>125,406,097</b>
<b>EQUITY</b>			
Retained surplus		33,914,402	34,116,553
Reserve accounts	24	2,288,741	1,708,631
Revaluation surplus	15	91,518,913	89,580,913
<b>TOTAL EQUITY</b>		<b>127,722,057</b>	<b>125,406,097</b>

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

**SHIRE OF WAGIN**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>34,512,143</b>	<b>1,656,308</b>	<b>89,580,913</b>	<b>125,749,364</b>
Comprehensive income for the period					
Net result for the period		(343,267)	0	0	(343,267)
Total comprehensive income for the period		(343,267)	0	0	(343,267)
Transfers from reserves	24	223,077	(223,077)	0	0
Transfers to reserves	24	(275,400)	275,400	0	0
<b>Balance as at 30 June 2021</b>		<b>34,116,553</b>	<b>1,708,631</b>	<b>89,580,913</b>	<b>125,406,097</b>
Comprehensive income for the period					
Net result for the period		377,958	0	0	377,958
Other comprehensive income for the period	15	0	0	1,938,000	1,938,000
Total comprehensive income for the period		377,958	0	1,938,000	2,315,958
Transfers from reserves	24	185,500	(185,500)	0	0
Transfers to reserves	24	(765,610)	765,610	0	0
<b>Balance as at 30 June 2022</b>		<b>33,914,402</b>	<b>2,288,741</b>	<b>91,518,913</b>	<b>127,722,057</b>

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

**SHIRE OF WAGIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,431,177	2,420,396	2,369,090
Operating grants, subsidies and contributions		2,819,485	1,262,883	2,002,091
Fees and charges		765,935	839,443	798,374
Interest received		17,338	34,086	20,171
Goods and services tax received		0	0	231,980
Other revenue		339,324	425,546	
		6,373,259	4,982,354	5,421,706
<b>Payments</b>				
Employee costs		(2,483,987)	(2,875,828)	(2,299,007)
Materials and contracts		(1,313,995)	(1,251,731)	(1,142,379)
Utility charges		(302,409)	(377,293)	(372,713)
Finance costs		(27,605)	(28,105)	(31,112)
Insurance paid		(204,189)	(201,777)	(190,012)
Other expenditure		(164,625)	(155,204)	(145,928)
		(4,496,810)	(4,889,938)	(4,181,151)
<b>Net cash provided by (used in) operating activities</b>	16(b)	1,876,449	92,416	1,240,558
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(344,632)	(589,172)	(699,727)
Payments for construction of infrastructure	9(a)	(1,448,228)	(1,778,204)	(1,607,100)
Non-operating grants, subsidies and contributions		1,448,810	1,364,052	1,177,578
Proceeds from financial assets at amortised cost		(2,000,000)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		9,888	19,925	19,333
Proceeds from sale of property, plant & equipment	10(c)	42,727	41,000	167,729
<b>Net cash provided by (used in) investing activities</b>		(2,291,435)	(942,399)	(942,187)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	23(a)	(70,889)	(70,889)	(67,403)
<b>Net cash provided by (used In) financing activities</b>		(70,889)	(70,889)	(67,403)
<b>Net increase (decrease) in cash held</b>		(485,875)	(920,872)	230,968
Cash at beginning of year		3,158,235	3,150,035	2,927,268
<b>Cash and cash equivalents at the end of the year</b>	16(a)	2,672,362	2,229,163	3,158,235

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

**SHIRE OF WAGIN**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	22(b)	1,247,880	1,283,591	1,149,080
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	21(b)	14,298	12,767	12,517
Operating grants, subsidies and contributions		2,785,586	1,422,200	2,054,182
Fees and charges		762,553	839,443	802,247
Interest earnings		17,338	34,086	20,171
Other revenue		339,324	425,546	231,980
Profit on asset disposals	10(c)	7,046	9,580	7,969
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,586
		3,930,142	2,743,622	3,131,652
<b>Expenditure from operating activities</b>				
Employee costs		(2,491,587)	(2,875,828)	(2,417,005)
Materials and contracts		(1,243,693)	(1,326,731)	(1,059,284)
Utility charges		(302,409)	(377,293)	(372,713)
Depreciation		(2,706,150)	(2,727,261)	(2,622,817)
Finance costs		(27,605)	(27,905)	(31,112)
Insurance		(204,189)	(201,777)	(190,012)
Other expenditure		(164,625)	(155,204)	(145,928)
Loss on asset disposals	10(c)	(1,393)	(8,504)	(19,204)
		(7,141,651)	(7,700,503)	(6,858,075)
Non-cash amounts excluded from operating activities	22(a)	2,646,810	2,726,185	2,681,558
<b>Amount attributable to operating activities</b>		(564,699)	(2,230,696)	(1,044,865)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,181,295	1,364,052	1,025,945
Proceeds from disposal of assets	10(c)	42,727	41,000	167,729
Proceeds from financial assets at amortised cost - self supporting loans	23(a)	9,888	19,925	19,333
Purchase of property, plant and equipment	8(a)	(344,632)	(589,172)	(699,727)
Purchase and construction of infrastructure	9(a)	(1,448,227)	(1,778,204)	(1,607,100)
		(558,949)	(942,399)	(1,093,820)
<b>Amount attributable to investing activities</b>		(558,949)	(942,399)	(1,093,820)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	23(a)	(70,889)	(70,889)	(67,403)
Transfers to reserves (restricted assets)	24	(765,610)	(642,736)	(275,400)
Transfers from reserves (restricted assets)	24	185,500	185,500	223,077
<b>Amount attributable to financing activities</b>		(650,999)	(528,125)	(119,726)
<b>Surplus/(deficit) before imposition of general rates</b>		(526,767)	(2,417,629)	(1,109,331)
<b>Total amount raised from general rates</b>	21(a)	2,408,172	2,417,629	2,357,211
<b>Surplus/(deficit) after imposition of general rates</b>	22(b)	<b>1,881,405</b>	<b>0</b>	<b>1,247,880</b>

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

**SHIRE OF WAGIN**  
**FOR THE YEAR ENDED 30 JUNE 2022**  
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**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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

**The local government reporting entity**

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

**Judgements and estimates**

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

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

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

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

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**Revenue Recognition**

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

**For the year ended 30 June 2022**

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	2,422,470	0	2,422,470
Operating grants, subsidies and contributions	2,785,586	0	0	0	2,785,586
Fees and charges	0	0	762,553	0	762,553
Interest earnings	0	0	10,023	7,315	17,338
Other revenue	0	0	0	339,324	339,324
Non-operating grants, subsidies and contributions	0	1,181,295	0	0	1,181,295
<b>Total</b>	<b>2,785,586</b>	<b>1,181,295</b>	<b>3,195,046</b>	<b>346,639</b>	<b>7,508,566</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers \$	Capital grant/contributions \$	Statutory Requirements \$	Other \$	Total \$
Rates	0	0	2,369,728	0	2,369,728
Operating grants, subsidies and contributions	2,054,182	0	0	0	2,054,182
Fees and charges	0	0	802,247	0	802,247
Interest earnings	0	0	11,569	8,602	20,171
Other revenue	0	0	0	231,980	231,980
Non-operating grants, subsidies and contributions	0	1,025,945	0	0	1,025,945
<b>Total</b>	<b>2,054,182</b>	<b>1,025,945</b>	<b>3,183,544</b>	<b>240,582</b>	<b>6,504,253</b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES (Continued)**

	Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>				
Interest on reserve funds		6,685	17,086	6,813
Rates instalment and penalty interest (refer Note 21(e))		10,023	12,000	11,569
Other interest earnings		630	5,000	1,789
		17,338	34,086	20,171
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		23,400	20,400	20,400
		23,400	20,400	20,400
<b>Finance costs</b>				
Borrowings	23(a)	27,605	27,905	31,112
		27,605	27,905	31,112
<b>Other expenditure</b>				
Sundry expenses		164,625	155,204	145,928
		164,625	155,204	145,928

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

Note	2022	2021
	\$	\$
Cash at bank and on hand	2,672,362	1,449,604
Term deposits	0	1,708,631
<b>Total cash and cash equivalents</b>	<b>2,672,362</b>	<b>3,158,235</b>
16(a)		
Held as		
- Unrestricted cash and cash equivalents	2,383,621	1,449,604
- Restricted cash and cash equivalents	288,741	1,708,631
16(a)		
	<b>2,672,362</b>	<b>3,158,235</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

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

**Restricted financial assets**

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

Details of restrictions on financial assets can be found at Note 16.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

	2022	2021
	\$	\$
	2,030,573	19,925
	<b>2,030,573</b>	<b>19,925</b>

**Other financial assets at amortised cost**

Self supporting loans receivable

Term deposits

22(b)	30,573	19,925
	2,000,000	0
	<b>2,030,573</b>	<b>19,925</b>

Held as

- Unrestricted other financial assets at amortised cost

- Restricted other financial assets at amortised cost

16(a)	30,573	19,925
	2,000,000	0
	<b>2,030,573</b>	<b>19,925</b>

**(b) Non-current assets**

Financial assets at amortised cost

Financial assets at fair value through profit and loss

	76,955	97,491
	77,804	73,807
	<b>154,759</b>	<b>171,298</b>

**Financial assets at amortised cost**

Self supporting loans receivable

	76,955	97,491
	<b>76,955</b>	<b>97,491</b>

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	77,804	73,807
	<b>77,804</b>	<b>73,807</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 19 (i)) due to the observable market rates.

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

**Financial assets at fair value through profit 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 18.

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable  
Trade and other receivables  
Allowance for credit losses of trade and other receivables  
Allowance for credit losses of rates receivables

Note	2022 \$	2021 \$
	77,623	90,464
	147,392	177,620
18(b)	(2,013)	(3,856)
18(b)	(27,732)	(22,507)
	195,270	241,721
	56,066	51,932
	56,066	51,932

**Non-current**

Pensioner's rates and ESL deferred

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

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

**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 18.

**Classification and subsequent measurement**

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

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

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**6. INVENTORIES**

Current	Note	2022	2021
		\$	\$
Fuel and materials		52,102	34,903
		52,102	34,903

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	34,903	34,903
Additions to inventory	17,199	0
<b>Balance at end of year</b>	52,102	34,903

**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.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**7. OTHER ASSETS**

	2022	2021
	\$	\$
<b>Other assets - current</b>		
Accrued income	3,376	0
Contract assets	39,792	34,896
	43,168	34,896

**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.

**Contract assets**

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

Impairment of assets associated with contracts with customers are detailed at note 2 (b).

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Note	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		3,284,499	14,265,474	17,549,973	234,454	1,956,094	19,740,521
Additions		0	81,347	81,347	134,484	483,896	699,727
Disposals		0	0	0	0	(178,964)	(178,964)
Depreciation	10(a)	0	(375,894)	(375,894)	(31,638)	(263,390)	(670,922)
<b>Balance at 30 June 2021</b>		3,284,499	13,970,927	17,255,426	337,300	1,997,636	19,590,362
<b>Comprises:</b>							
Gross balance amount at 30 June 2021		3,284,499	15,451,421	18,735,920	395,735	2,457,594	21,589,249
Accumulated depreciation at 30 June 2021		0	(1,480,494)	(1,480,494)	(58,435)	(459,958)	(1,998,887)
<b>Balance at 30 June 2021</b>		3,284,499	13,970,927	17,255,426	337,300	1,997,636	19,590,362
Additions		0	176,385	176,385	25,941	142,306	344,632
Disposals		0	0	0	0	(37,074)	(37,074)
Revaluation increments / (decrements) transferred to revaluation surplus		30,101	1,907,899	1,938,000	0	0	1,938,000
Depreciation	10(a)		(379,395)	(379,395)	(42,191)	(278,145)	(699,731)
<b>Balance at 30 June 2022</b>		3,314,600	15,675,816	18,990,416	321,050	1,824,723	21,136,189
<b>Comprises:</b>							
Gross balance amount at 30 June 2022		3,314,600	15,675,816	18,990,416	421,676	2,533,330	21,945,422
Accumulated depreciation at 30 June 2022		0	0	0	(100,626)	(708,607)	(809,233)
<b>Balance at 30 June 2022</b>		3,314,600	15,675,816	18,990,416	321,050	1,824,723	21,136,189

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market Approach to determine Fair Value using recent observable market data for similar properties	Independent Registered Valuers	June 2022	Rawlinson cost data & cost indices. Building size, material, type & structure. Condition. Useful Life. Restrictions associated with site. Valuer's judgement.
Buildings	2	Market Approach to determine Fair Value using recent observable market data for similar properties	Independent Registered Valuers	June 2022	Rawlinson cost data & cost indices. Building size, material, type & structure. Condition. Useful Life. Restrictions associated with site. Valuer's judgement.
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.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		N/A	Cost	June 2019	N/A
<b>Plant and equipment</b>		N/A	Cost	June 2019	N/a

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Note	Infrastructure Roads	Infrastructure Other	infrastructure Drainage	Total Infrastructure
		\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		89,304,296	11,309,120	3,348,262	103,961,678
Additions		1,013,969	593,131	0	1,607,100
Depreciation	10(a)	(1,498,114)	(385,449)	(68,332)	(1,951,895)
<b>Balance at 30 June 2021</b>		88,820,151	11,516,802	3,279,930	103,616,883
<b>Comprises:</b>					
Gross balance at 30 June 2021		93,257,035	12,640,842	3,416,594	109,314,471
Accumulated depreciation at 30 June 2021		(4,436,884)	(1,124,040)	(136,664)	(5,697,588)
<b>Balance at 30 June 2021</b>		88,820,151	11,516,802	3,279,930	103,616,883
Additions		1,174,035	274,192	0	1,448,227
Depreciation	10(a)	(1,518,656)	(419,430)	(68,332)	(2,006,418)
<b>Balance at 30 June 2022</b>		88,475,530	11,371,564	3,211,599	103,058,692
<b>Comprises:</b>					
Gross balance at 30 June 2022		94,431,070	12,915,034	3,416,594	110,762,698
Accumulated depreciation at 30 June 2022		(5,955,540)	(1,543,470)	(204,995)	(7,704,005)
<b>Balance at 30 June 2022</b>		88,475,530	11,371,564	3,211,599	103,058,693

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>	<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
	<b>Infrastructure Roads</b>	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>Infrastructure Other</b>	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	<b>infrastructure Drainage</b>	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	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.

**SHIRE OF WAGIN**  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings	8(a)	379,395	377,229	375,894
Furniture and equipment	8(a)	42,191	91,191	31,638
Plant and equipment	8(a)	278,145	271,561	263,390
Infrastructure Roads	9(a)	1,518,656	1,516,845	1,498,114
Infrastructure Other	9(a)	419,430	402,103	385,449
Infrastructure Drainage	9(a)	68,332	68,332	68,332
		<u>2,706,150</u>	<u>2,727,261</u>	<u>2,622,817</u>

**Depreciation rates**

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation pavement seal	not depreciated
- bituminous seals	50 years
- asphalt surfaces	20 years
Gravel roads formation pavement	25 years
Footpaths - slab	not depreciated
Sewerage piping	50 years
Water supply piping and drainage systems	20 years
Right of use (buildings)	100 years
Right of use (plant and equipment)	75 years
Intangible assets - computer software licence	Based on the remaining lease
	Based on the remaining lease
	5 years

**(b) Fully Depreciated Assets in Use**

	2022 \$	2021 \$
The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.	0	0
Furniture and equipment	524,806	524,806
Plant and equipment	6,500	14,500
	<u>531,306</u>	<u>539,306</u>

SHIRE OF WAGIN  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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10. FIXED ASSETS (Continued)

(c) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	37,074	42,727	7,046	(1,393)	39,924	41,000	9,580	(8,504)	178,964	167,729	7,969	(19,204)
	37,074	42,727	7,046	(1,393)	39,924	41,000	9,580	(8,504)	178,964	167,729	7,969	(19,204)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Health</b>				
PO5 - Doctor's Vehicle	25,938	24,545	0	(1,393)
<b>Transport</b>				
P08- EHO Vehicle	11,136	18,182	7,046	0
	37,074	42,727	7,046	(1,393)

## 10. FIXED ASSETS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement for assets held at cost

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

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

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

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

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the 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 revaluation date in accordance with the mandatory measurement framework.

#### Revaluation

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

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

#### Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

#### Depreciation

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

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

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 on revaluation

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

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

#### Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

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**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Accrued payroll liabilities
Bonds and deposits held
Regional Refuse Group Acrued Funds
Accrued interest on loans

2022	2021
\$	\$
95,448	141,184
45,487	34,487
19,143	17,938
37,071	37,071
2,339	2,639
199,488	233,319

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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



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**13. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		74,569	420,772	495,341	70,889	495,341	566,230
<b>Total secured borrowings</b>	23(a)	74,569	420,772	495,341	70,889	495,341	566,230

**Secured liabilities and assets pledged as security**

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

The Shire of Wagin has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 19(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 18. Details of individual borrowings required by regulations are provided at Note 23(a).

**SHIRE OF WAGIN**  
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**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave

Long Service Leave

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	197,798	186,133
Long Service Leave	205,554	175,063
	<b>403,352</b>	<b>361,196</b>
Long Service Leave	63,545	109,101
	<b>63,545</b>	<b>109,101</b>
	<b>466,897</b>	<b>470,297</b>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

**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

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	305,000	280,744
More than 12 months from reporting date	161,897	189,553
	<b>466,897</b>	<b>470,297</b>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

5

15,019

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**SHIRE OF WAGIN**  
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**15. REVALUATION SURPLUS**

	<b>2022 Opening Balance</b>	<b>2022 Revaluation Increment</b>	<b>2022 Revaluation (Decrement)</b>	<b>Total Movement on Revaluation</b>	<b>2022 Closing Balance</b>	<b>2021 Opening Balance</b>	<b>2021 Revaluation Increment</b>	<b>2021 Closing Balance</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	2,920,241	30,101	0	30,101	2,950,342	2,920,241	0	2,920,241
Revaluation surplus - Buildings	8,319,066	1,907,899	0	1,907,899	10,226,965	8,319,066	0	8,319,066
Revaluation surplus - Plant and equipment	106,181	0	0	0	106,181	106,181	0	106,181
Revaluation surplus - Infrastructure Roads	65,074,533	0	0	0	65,074,533	65,074,533	0	65,074,533
Revaluation surplus - Infrastructure Other	9,744,298	0	0	0	9,744,298	9,744,298	0	9,744,298
Revaluation surplus - infrastructure Drainage	3,416,594	0	0	0	3,416,594	3,416,594	0	3,416,594
	<b>89,580,913</b>	<b>1,938,000</b>	<b>0</b>	<b>1,938,000</b>	<b>91,518,913</b>	<b>89,580,913</b>	<b>0</b>	<b>89,580,913</b>

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.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) 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:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	2,672,362	2,229,163	3,158,235

**Restrictions**

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	3	288,741	2,165,868	1,708,631
- Financial assets at amortised cost	4	2,000,000	0	0
		<u>2,288,741</u>	<u>2,165,868</u>	<u>1,708,631</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	24	2,288,741	2,165,868	1,708,631
<b>Total restricted financial assets</b>		<u>2,288,741</u>	<u>2,165,868</u>	<u>1,708,631</u>

**(b) Reconciliation of Net Result to Net Cash Provided  
By Operating Activities**

Net result		377,958	(1,175,200)	(343,267)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(3,997)	0	(2,586)
Depreciation/amortisation		2,706,150	2,727,261	2,622,817
(Profit)/loss on sale of asset		(5,653)	(1,076)	11,235
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		42,317	40,000	(36,219)
(Increase)/decrease in other assets		(8,272)	34,896	(5,655)
(Increase)/decrease in inventories		(17,199)	5,000	3,671
Increase/(decrease) in trade and other payables		(33,831)	69,800	(65,857)
Increase/(decrease) in employee related provisions		(3,400)	0	97,089
Increase/(decrease) in other provisions		0	0	3
Increase/(decrease) in other liabilities		271,186	(244,213)	136,905
Non-operating grants, subsidies and contributions		(1,448,810)	(1,364,052)	(1,177,578)
Net cash provided by/(used in) operating activities		<u>1,876,449</u>	<u>92,416</u>	<u>1,240,558</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank overdraft limit				
Bank overdraft at balance date				
Credit card limit		19,000		19,000
Credit card balance at balance date		0		0
<b>Total amount of credit unused</b>		<u>19,000</u>		<u>19,000</u>

**Loan facilities**

Loan facilities - current		74,569		70,889
Loan facilities - non-current		420,772		495,341
<b>Total facilities in use at balance date</b>		<u>495,341</u>		<u>566,230</u>

**Unused loan facilities at balance date**

**SHIRE OF WAGIN**  
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**17. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Cr Phillip Blight</b>			
President's annual allowance	12,000	12,000	12,000
Meeting attendance fees	5,375	4,500	5,250
Travel and Telecommunication expenses	1,000	1,000	750
	<b>18,375</b>	<b>17,500</b>	<b>18,000</b>
<b>Cr Greg Ball</b>			
Deputy President's annual allowance	3,000	3,000	3,000
Meeting attendance fees	2,125	1,500	2,188
Travel and Telecommunication expenses	1,684	1,000	1,366
	<b>6,809</b>	<b>5,500</b>	<b>6,554</b>
<b>Cr David Atkins</b>			
Meeting attendance fees	125	1,500	1,500
Travel and Telecommunication expenses	250	500	750
	<b>375</b>	<b>2,000</b>	<b>2,250</b>
<b>Cr Sherryl Chilcott</b>			
Meeting attendance fees	1,687	1,500	2,063
Travel and Telecommunication expenses	1,000	500	750
	<b>2,687</b>	<b>2,000</b>	<b>2,813</b>
<b>CR Bronwyn Heggarty</b>			
Meeting attendance fees	1,938	1,500	2,000
Travel and Telecommunication expenses	1,000	500	750
	<b>2,938</b>	<b>2,000</b>	<b>2,750</b>
<b>Cr Bryan Kilpatrick</b>			
Meeting attendance fees	1,938	1,500	2,250
Travel and Telecommunication expenses	1,000	500	750
	<b>2,938</b>	<b>2,000</b>	<b>3,000</b>
<b>Cr Wade Longmuir</b>			
Meeting attendance fees	1,375	1,500	1,938
Travel and Telecommunication expenses	750	500	750
	<b>2,125</b>	<b>2,000</b>	<b>2,688</b>
<b>Cr Lyn Lucas</b>			
Meeting attendance fees	375	1,500	1,375
Travel and Telecommunication expenses	250	500	750
	<b>625</b>	<b>2,000</b>	<b>2,125</b>
<b>Cr Jason Reed</b>			
Meeting attendance fees	375	1,500	1,125
Travel and Telecommunication expenses	250	500	750
	<b>625</b>	<b>2,000</b>	<b>1,875</b>
<b>Cr Geoff West</b>			
Meeting attendance fees	1,313	1,500	1,625
Travel and Telecommunication expenses	750	500	750
	<b>2,063</b>	<b>2,000</b>	<b>2,375</b>
<b>Cr Dale Lloyd</b>			
Meeting attendance fees	750	0	0
Travel and Telecommunication expenses	750	0	0
	<b>1,500</b>	<b>0</b>	<b>0</b>
<b>Cr Ann O'Brien</b>			
Meeting attendance fees	875	0	0
Travel and Telecommunication expenses	750	0	0
	<b>1,625</b>	<b>0</b>	<b>0</b>
<b>Cr David Reed</b>			
Meeting attendance fees	0	0	375
Travel and Telecommunication expenses	0	0	250
	<b>0</b>	<b>0</b>	<b>625</b>
	<b>42,685</b>	<b>39,000</b>	<b>45,055</b>

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

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
President's annual allowance	12,000	12,000	12,000
Deputy President's annual allowance	3,000	3,000	3,000
Meeting attendance fees	18,251	18,000	21,689
Child care expenses	9,434	6,000	8,366
17(b)	42,685	39,000	45,055

**(b) Key Management Personnel (KMP) Compensation**

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

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	565,849	547,046
Post-employment benefits	66,333	50,301
Employee - other long-term benefits	6,975	6,753
Employee - termination benefits	58,938	0
Council member costs	42,685	45,055
17(a)	740,780	649,155

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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

**SHIRE OF WAGIN**  
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**17. RELATED PARTY TRANSACTIONS**

**(c) Transactions with related parties**

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

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

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

	<b>2022 Actual</b>	<b>2021 Actual</b>
	\$	\$
Sale of goods and services	21,203	5,133
Purchase of goods and services	58,082	102,125
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	3,249	1,697
<b>Amounts payable to related parties:</b>		
Trade and other payables	9,928	13,848

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

*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.

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. 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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>					
Cash and cash equivalents	0.05%	2,672,362	0	1,198,046	1,474,316
Financial assets at amortised cost - term deposits	1.10%	2,000,000	2,000,000	0	0
<b>2021</b>					
Cash and cash equivalents	0.10%	3,158,235	1,708,631	908,676	540,928

**Sensitivity**

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

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	11,980	9,087

\* 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 23(a).

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other 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 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 2021 or 1 July 2022 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.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	15.15%	8.68%	36.16%	0.00%		
Gross carrying amount	29,792	25,548	22,850	-567	77,623	
Loss allowance	4,515	2,306	8,264	12,648	27,732	5
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss		24.64%	16.08%	32.34%		
Gross carrying amount	745	33,501	34,012	22,206	90,464	
Loss allowance	1,598	8,257	5,470	7,182	22,507	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	6.78%		
Gross carrying amount	108,713	8,423	588	29,669	147,392	
Loss allowance	0	0	0	2,013	2,013	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	8.73%		
Gross carrying amount	118,895	4,613	8,018	46,094	177,620	
Loss allowance	0	0	0	3,856	3,856	5

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
<b>Opening loss allowance as at 1 July</b>	\$ 22,507	\$	\$ 3,856	\$	\$ 0	\$
Unused amount reversed	5,225	22,507	(1,843)	3,856	0	0
<b>Closing loss allowance at 30 June</b>	<b>27,732</b>	<b>22,507</b>	<b>2,013</b>	<b>3,856</b>	<b>0</b>	<b>0</b>

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**18. 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 16(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.

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying values</b>
	\$	\$	\$	\$	\$
<b><u>2022</u></b>					
Trade and other payables	199,488	0	0	199,488	199,488
Borrowings	74,472	277,465	143,404	495,341	495,341
	<u>273,960</u>	<u>277,465</u>	<u>143,404</u>	<u>694,829</u>	<u>694,829</u>
<b><u>2021</u></b>					
Trade and other payables	233,319	0	0	233,319	233,319
Borrowings	70,889	302,420	192,921	566,230	566,230
	<u>304,208</u>	<u>302,420</u>	<u>192,921</u>	<u>799,549</u>	<u>799,549</u>

## 19. 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) Interest earnings

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

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialise 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

### k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

### New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

**SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**20. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

<b>Objective</b>	<b>Description</b>
<p><b>Governance</b></p> <p>To provide a decision making process for the efficient allocation of resources.</p>	<p>Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.</p>
<p><b>General purpose funding</b></p> <p>To collect revenue to allow for the provision of services and facilities for the community.</p>	<p>Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.</p>
<p><b>Law, order, public safety</b></p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Includes costs associated with fire prevention and control, control of dogs, cats and other animals, abandoned vehicles, enforcement of associated local laws and other aspects of public safety including emergency services.</p>
<p><b>Health</b></p> <p>To provide an operational framework for environmental and community health.</p>	<p>Includes costs associated with providing doctor, maternal and infant health services, analytical expenses ie water sampling, and the running of the Regional Health Scheme together with the Shire of Williams and Shire of Dumbleyung.</p>
<p><b>Education and welfare</b></p> <p>To provide services and facilities to the elderly, disadvantaged, children and youth of the community.</p>	<p>Includes costs associated with providing a building for daycare, administering and running of the Wagin Homecare Program, including the Commonwealth Home Support Programme and Homecare Packages for clients. Also some assistance to Wagin Frail Aged Lodge.</p>
<p><b>Community amenities</b></p> <p>To provide required essential services for the community.</p>	<p>Includes provision for the collection and disposal of residential, commercial and industrial refuse, provide an effective waste recycling service, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.</p>
<p><b>Recreation and culture</b></p> <p>To establish and effectively manage infrastructure, resources and provide opportunities which will help the social well-being of the community.</p>	<p>Includes costs associated with public halls, the Wagin Memorial Swimming Centre, Wagin Recreation Centre, sportsground maintenance and sportsground buildings / facilities maintenance, the provision of recreational services and programs, library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.</p>
<p><b>Transport</b></p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Includes construction and maintenance of Council's infrastructure assets including roads, bridges, footpaths, parking facilities, townscape, street trees and street lighting. Also, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.</p>
<p><b>Economic services</b></p> <p>To help promote the Shire and its economic wellbeing.</p>	<p>Includes area promotion, tourism, economic and community development, control of declared flora and fauna, the Rural Town's programme, Landcare, LCDC projects, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.</p>
<p><b>Other property and services</b></p> <p>To monitor and control Council's overhead operating accounts and other miscellaneous items.</p>	<p>Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside works crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.</p>

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**20. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions</b>			
Governance	21,159	6,000	4,019
General purpose funding	2,621,334	2,638,839	2,459,422
Law, order, public safety	19,891	28,850	36,465
Health	26,150	62,680	60,503
Education and welfare	107,005	133,137	116,522
Community amenities	352,752	369,450	364,942
Recreation and culture	99,385	87,655	79,629
Transport	73,233	65,280	69,171
Economic services	93,011	214,700	135,397
Other property and services	138,808	132,460	108,611
	<b>3,552,728</b>	<b>3,739,051</b>	<b>3,434,681</b>
<b>Grants, subsidies and contributions</b>			
General purpose funding	1,971,075	666,819	1,422,839
Law, order, public safety	158,730	90,094	142,579
Education and welfare	485,046	528,950	319,469
Community amenities	0	0	8,000
Recreation and culture	182,857	202,576	57,778
Transport	1,169,173	1,297,813	1,129,462
	<b>3,966,881</b>	<b>2,786,252</b>	<b>3,080,127</b>
<b>Total Income</b>	<b>7,519,609</b>	<b>6,525,303</b>	<b>6,514,808</b>
<b>Expenses</b>			
Governance	(364,395)	(457,923)	(374,661)
General purpose funding	(425,285)	(413,253)	(283,390)
Law, order, public safety	(326,202)	(259,528)	(301,718)
Health	(168,999)	(267,093)	(258,375)
Education and welfare	(630,035)	(715,720)	(518,810)
Community amenities	(522,903)	(547,210)	(519,368)
Recreation and culture	(1,377,984)	(1,415,522)	(1,327,019)
Transport	(2,777,695)	(2,857,935)	(2,677,991)
Economic services	(244,400)	(389,739)	(315,166)
Other property and services	(303,753)	(376,580)	(281,577)
<b>Total expenses</b>	<b>(7,141,651)</b>	<b>(7,700,503)</b>	<b>(6,858,075)</b>
<b>Net result for the period</b>	<b>377,958</b>	<b>(1,175,200)</b>	<b>(343,267)</b>

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**20. FUNCTION AND ACTIVITY (Continued)**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>(c) Fees and Charges</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General purpose funding	68,199	56,000	67,210
Law, order, public safety	14,705	20,350	19,096
Health	6,904	8,680	7,727
Education and welfare	95,172	118,568	95,586
Community amenities	337,867	348,950	345,262
Recreation and culture	73,850	71,355	66,714
Transport	8,328	9,700	15,572
Economic services	91,259	138,000	132,536
Other property and services	66,269	67,840	52,544
	<b>762,553</b>	<b>839,443</b>	<b>802,247</b>
<b>(d) Total Assets</b>	<b>\$</b>	<b>\$</b>	
Governance	2,178,286	4,390,933	
General purpose funding	4,762,235	1,292,824	
Law, order, public safety	458,931	492,542	
Health	904,120	834,174	
Education and welfare	615,697	446,380	
Community amenities	1,326,574	1,032,600	
Recreation and culture	14,042,834	14,772,050	
Transport	102,321,286	101,647,532	
Economic services	505,683	445,456	
Other property and services	2,283,536	1,565,664	
	<b>129,399,182</b>	<b>126,920,155</b>	

SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

21. RATING INFORMATION

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Gross Rental Valuations	Gross rental valuation	0.11377	746	7,973,769	907,192	(69)	(99)	907,024	907,193	2,000	1,000	910,193	887,822
Unimproved Valuations	Unimproved valuation	0.00633	293	230,560,500	1,458,296	1,968	0	1,460,264	1,458,295	2,000	0	1,460,295	1,431,888
<b>Sub-Total</b>			1,039	238,534,269	2,365,488	1,899	(99)	2,367,288	2,365,488	4,000	1,000	2,370,488	2,319,710
<b>Minimum payment</b>		<b>\$</b>											
Gross Rental Valuations	Gross rental valuation	600	145	278,599	87,000	0	0	87,000	87,000	0	0	87,000	83,520
Unimproved Valuations	Unimproved valuation	600	85	5,180,775	51,000	0	0	51,000	51,000	0	0	51,000	44,660
<b>Sub-Total</b>			230	5,459,374	138,000	0	0	138,000	138,000	0	0	138,000	128,180
			1,269	243,993,643	2,503,488	1,899	(99)	2,505,288	2,503,488	4,000	1,000	2,508,488	2,447,890
Discounts on general rates (Refer note 21(d))								(97,116)				(90,859)	(90,679)
<b>Total amount raised from general rates</b>								2,408,172				2,417,629	2,357,211
* Rateable value is based on the value of properties at the time the rate is raised.													
<b>(b) Rates (excluding general rates)</b>													
<b>Ex-gratia Rates</b>													
CBH			-	-	14,298	0	0	14,298	12,767	0	0	12,767	12,517
<b>Sub-Total</b>			0	0	14,298	0	0	14,298	12,767	0	0	12,767	12,517
<b>Total amount raised from rates (excluding general rates)</b>													
								14,298				12,767	12,517
<b>(c) Total Rates</b>													
								<b>2,422,470</b>				2,430,396	2,369,728

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

21. RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Type	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$	Circumstances in which Discount is Granted
Early Payment Discount	Rate	5.00%		97,116	90,859	90,679	Rate paid in full by the due date - 24 September 2021
				97,116	90,859	90,679	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount %	Discount \$	2022 Actual \$	2022 Budget \$	2021 Actual \$
Betty Terry Theatre	Rate	Concession	50.00%		0	0	404
Betty Terry Theatre	Fee and charge	Concession	50.00%		0	0	163
St Joh Ambulance	Fee and charge	Waiver	100.00%		325	325	325
Wagin Care & Share	Fee and charge	Waiver	100.00%		325	325	325
Wagin CWA	Rate	Waiver	100.00%		1,052	1,000	979
Wagin CWA	Fee and charge	Waiver	100.00%		325	325	325
Waratah Lodge	Fee and charge	Waiver	100.00%		325	325	325
					2,352	2,300	2,846
Total discounts/concessions (Note 21)					99,468	93,159	93,525

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Betty Terry Theatre		Rates Payable	To assist and encourage community groups
Betty Terry Theatre	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	To assist and encourage community groups
St Joh Ambulance	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	To assist and encourage community groups
Wagin Care & Share	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	To assist and encourage community groups
Wagin CWA		Rates Payable	To assist and encourage community groups
Wagin CWA	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	To assist and encourage community groups

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**21. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		<b>\$</b>	<b>%</b>	<b>%</b>
<b>Option One</b>				
Single full payment	24/09/2021	0.0	0.00%	7.00%
<b>Option Two</b>				
First instalment	24/09/2021	5.5	5.50%	7.00%
Second instalment	24/01/2022	5.5	5.50%	7.00%
<b>Option Three</b>				
First instalment	24/09/2021	5.5	5.50%	7.00%
Second instalment	24/11/2021	5.5	5.50%	7.00%
Third instalment	24/01/2022	5.5	5.50%	7.00%
Fourth instalment	25/03/2022	5.5	5.50%	7.00%

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	6,244	8,000	7,917
Interest on instalment plan	3,779	4,000	3,652
Charges on instalment plan	5,137	6,000	4,243
	<b>15,160</b>	<b>18,000</b>	<b>15,812</b>

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**22. RATE SETTING STATEMENT INFORMATION**

	2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(c) (7,046)	(9,580)	(7,969)
Less: Fair value adjustments to financial assets at fair value through profit and loss	(3,997)	0	(2,586)
Add: Loss on disposal of assets	10(c) 1,393	8,504	19,204
Add: Depreciation	10(a) 2,706,150	2,727,261	2,622,817
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(4,134)	0	5,291
Employee benefit provisions	(45,556)	0	44,801
<b>Non-cash amounts excluded from operating activities</b>	<b>2,646,810</b>	<b>2,726,185</b>	<b>2,681,558</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	24 (2,288,741)	(2,165,868)	(1,708,631)
Less: Financial assets at amortised cost - self supporting loans	4(a) (30,573)	0	(19,925)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	13 74,569	0	70,889
- Employee benefit provisions	325,483	361,195	325,484
<b>Total adjustments to net current assets</b>	<b>(1,919,262)</b>	<b>(1,804,673)</b>	<b>(1,332,183)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	4,993,475	2,460,787	3,489,680
Less: Total current liabilities	(1,192,808)	(656,114)	(909,617)
Less: Total adjustments to net current assets	(1,919,262)	(1,804,673)	(1,332,183)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,881,405</b>	<b>0</b>	<b>1,247,880</b>

SHIRE OF WAGIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

23. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget				
		Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at	
		1 July 2020	During 2020-21	Repayments	June 2021	During 2021-22	Repayments	30 June 2022	July 2021	During 2021-22	Repayments	30 June 2022	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Rec Centre Deelopment	131	49,939	0	(9,909)	40,030	0	(10,553)	29,477	40,030	0	(10,553)	29,477	
Swimming Pool Redevelopment	139	214,622	0	(13,322)	201,300	0	(14,016)	187,284	201,300	0	(14,016)	187,284	
Staff Housing	137	155,432	0	(13,917)	141,515	0	(14,778)	126,737	141,515	0	(14,778)	126,737	
Doctor Housing	138	76,891	0	(10,922)	65,969	0	(11,617)	54,352	65,969	0	(11,617)	54,352	
<b>Total</b>		<b>496,884</b>	<b>0</b>	<b>(48,070)</b>	<b>448,814</b>	<b>0</b>	<b>(50,964)</b>	<b>397,850</b>	<b>448,814</b>	<b>0</b>	<b>(50,964)</b>	<b>397,850</b>	
<b>Self Supporting Loans</b>													
Wagin Ag Society	141	136,749	0	(19,333)	117,416	0	(19,925)	97,491	117,416	0	(19,925)	97,491	
<b>Total Self Supporting Loans</b>		<b>136,749</b>	<b>0</b>	<b>(19,333)</b>	<b>117,416</b>	<b>0</b>	<b>(19,925)</b>	<b>97,491</b>	<b>117,416</b>	<b>0</b>	<b>(19,925)</b>	<b>97,491</b>	
<b>Total Borrowings</b>	<b>13</b>	<b>633,633</b>	<b>0</b>	<b>(67,403)</b>	<b>566,230</b>	<b>0</b>	<b>(70,889)</b>	<b>495,341</b>	<b>566,230</b>	<b>0</b>	<b>(70,889)</b>	<b>495,341</b>	

\* WA Treasury Corporation

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

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Rec Centre Deelopment		Recreation and culture	139	NAB	5.11%	(2,392)	(2,392)	(3,035)
Swimming Pool Redevelopment		Recreation and culture	131	WATC	6.39%	(9,924)	(10,021)	(10,623)
Staff Housing		Other property and services	137	WATC	6.02%	(8,101)	(8,116)	(8,963)
Doctor Housing		Other property and services	138	WATC	6.27%	(3,819)	(3,957)	(4,519)
<b>Total</b>						<b>(24,236)</b>	<b>(24,486)</b>	<b>(27,140)</b>
<b>Self Supporting Loans Interest Repayments</b>								
Wagin Ag Society		Recreation and culture	141	WATC	3.04%	(3,370)	(3,419)	(3,972)
<b>Total Self Supporting Loans Interest Repayments</b>						<b>(3,370)</b>	<b>(3,419)</b>	<b>(3,972)</b>
<b>Total Interest Repayments</b>	<b>2(b)</b>					<b>(27,606)</b>	<b>(27,905)</b>	<b>(31,112)</b>

\* WA Treasury Corporation

**SHIRE OF WAGIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**24. RESERVE ACCOUNTS**

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Leave Reserve	379,536	56,172	(40,000)	395,708	379,536	3,795	(40,000)	343,331	304,895	74,641	0	379,536
(b) Plant Replacement Reserve Recreation Centre Equipment	287,746	171,557	0	459,303	287,746	173,877	0	461,623	302,669	13,077	(28,000)	287,746
(c) Reserve Aerodrome Maintenance & Development Reserve	12,926	1,825	0	14,751	12,926	1,929	0	14,855	11,479	1,847	(400)	12,926
(d) Municipal Buildings Reserve	17,855	5,885	0	23,740	17,855	8,079	0	25,934	10,629	7,226	0	17,855
(e) Admin Centre Furniture, Equipment & IT Reserve	71,763	139	0	71,902	71,763	718	0	72,481	121,264	499	(50,000)	71,763
(f) Land Development Reserve	10,538	5,020	0	15,558	10,538	5,105	0	15,643	5,515	5,023	0	10,538
(g) Community Bus Reserve	10,753	21	0	10,774	10,753	108	0	10,861	10,709	44	0	10,753
(h) Homecare Reserve	17,430	1,577	0	19,007	17,430	174	0	17,604	16,975	455	0	17,430
(i) Recreation Development Reserve Refuse Site / Waste Management	90,464	17,596	0	108,060	90,464	905	0	91,369	122,789	505	(32,830)	90,464
(j) Reserve Refuse Site Rehabilitation	281,894	30,546	(85,500)	226,940	281,894	32,819	(85,500)	229,213	270,681	61,113	(49,900)	281,894
(k) Reserve Refuse Site Rehabilitation	167,510	41,780	0	209,290	167,510	27,625	0	195,135	136,947	30,563	0	167,510
(l) Reserve	118,546	20,230	0	138,776	118,546	21,186	0	139,732	98,142	20,404	0	118,546
(m) Water Management Reserve	71,077	138	0	71,215	71,077	711	0	71,788	78,255	322	(7,500)	71,077
(n) Electronic Sign Reserve	14,854	29	0	14,883	14,854	149	0	15,003	65,616	270	(51,032)	14,854
(o) CommunityGym Reserve Sportsground Precenct	11,888	7,286	0	19,174	11,888	4,119	0	16,007	12,337	51	(500)	11,888
(p) Redevelopment Reserve Emergney/Bushfire Control	128,324	100,249	(60,000)	168,573	128,324	61,283	(60,000)	129,607	80,906	50,333	(2,915)	128,324
(q) Reserve	6,527	5,543	0	12,070	6,527	65	0	6,592	6,500	27	0	6,527
(r) Community Evernts Reserve	9,000	17	0	9,017	9,000	90	0	9,090	0	9,000	0	9,000
(s) Staff Housing Reserve	0	300,000	0	300,000	0	300,000	0	300,000	0	0	0	0
	1,708,631	765,610	(185,500)	2,288,741	1,708,631	642,737	(185,500)	2,165,868	1,656,308	275,400	(223,077)	1,708,631

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Leave Reserve	Ongoing	Provide provisions to meet Councils' Long Service and Accrued Annual Leave liabilities to minimise effect on Councils' budget annually.
(b) Plant Replacement Reserve	Ongoing	Provide funds for the ongoing replacement and upgrading of Plant necessary in the performance of Councils' core functions.
(c) Recreation Centre Equipment Reserve	Ongoing	Provide funds for the purchase of equipment, fixtures and fittings at the Wagin Community Recreation Centre.
(d) Aerodrome Maintenance & Development Reserve	Ongoing	Provide funds for major maintenance (eg resealing runway area) and development works (eg runway reconstruction) at the Wagin Airstrip.
(e) Municipal Buildings Reserve	Ongoing	Provide for the upgrading, renovating and restoration of existing Council owned buildings as well as construction of new Council owned buildings.
(f) Admin Centre Furniture, Equipment Reserve	Ongoing	Provide for the purchase of furniture, fittings, equipment and IT requirements in relation to the Council Administration Building.
(g) Land Development Reserve	Ongoing	Provide funds for the purchase and development of land within the Wagin Shire as the need arises and Council see fit.
(h) Community Bus Reserve	Ongoing	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Bus.
(i) Homecare Reserve	Ongoing	Provide funds to meet Homecare staff leave provisions, replacement of plant and equipment and on-going operations of the Homecare program.
(j) Recreation Development Reserve	Ongoing	Provide funds for the expansion, upgrading and development of Council's recreation and sporting facilities.
(k) Refuse Site / Waste Management Reserve	Ongoing	Provide funds for a new waste site, on-going operation with the Shire's waste management and recycling program and working towards zero waste.
(l) Refuse Site Rehabilitation Reserve	Ongoing	Provide funds to rehabilitate the existing refuse site once the site has been decommissioned.
(m) Water Management Reserve	Ongoing	To ensure Council spends the surplus Rural Towns Funds on measures and projects in line with Council's Water Management Plan.
(n) Electronic Sign Reserve	Ongoing	Provide funds for the purchase and installation of an electronic sign in the Wagin townsite in the future.
(o) Community Gym Reserve	Ongoing	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Gym equipment as required.
(p) Sportsground Precinct Redevelopment Reserve	Ongoing	Provide funds for the future Sportsground Precinct Redevelopment.
(q) Emergency/Bushfire Control Reserve	Ongoing	Provide funds for unexpected times of extreme emergency recovery and provide adequate assistance for bushfire requirements.
(r) Community Events Reserve	Ongoing	Provide funds for future Community Events.
(s) Staff Housing Reserve	Ongoing	Provide funds for future staff housing requirements

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Current year findings</b>			
1. Monthly reconciliation checklist		✓	
2. Fixed assets reconciliations		✓	
<b>Findings from prior year audits</b>			
3. Creditors' reconciliations		✓	
4. Daily banking procedures		✓	
5. Information technology usage policy		✓	
6. Information technology disaster recovery plan	✓		

**KEY TO RATINGS**

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

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

**SHIRE OF WAGIN****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. Monthly reconciliation checklist****Finding**

We noted that key monthly account reconciliations are performed, including debtors, rates, bank and payroll, however the Manager of Finance EOM Checklist is not being signed as evidence of an independent review.

**Rating: Moderate****Implication**

Lack of review by an independent senior officer may lead to erroneous or unusual reconciling items not being detected and investigated in a timely manner.

**Recommendation**

Reconciliations are a key control and should be reviewed by someone independent of the reconciliation function. Reconciliations should be signed off as evidence of an independent review.

**Management Comment**

*The Manager of Finance Checklist is now being signed by the Manger of Finance to confirm all tasks have been performed and reconciled. The form is also being signed by either the Deputy CEO or CEO as evidence of checking of the tasks undertaken.*

**Responsible Person:**

*Manager of Finance*

**Completion Date:**

*30/06/2022*

*The above procedure has been fully implemented and EOM checklist are compiled and signed by the Manager of Finance and checked and countersigned by ither ADCEO or ACEO*

**2. Fixed assets reconciliations****Finding**

We noted that fixed assets reconciliations are only being performed at year-end.

**Rating: Moderate****Implication**

Infrequent fixed assets reconciliations may lead to erroneous or unusual reconciling items not being detected and investigated in a timely manner.

**Recommendation**

We recommend performing fixed assets reconciliations monthly and having them signed by the preparer and as evidence of independent review.

**Management Comment**

**SHIRE OF WAGIN****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

*Fixed asset reconciliations do not appear to have been done on a regular basis in prior financial years and this was noticed by the new Manager of Finance when she commenced the position in February 2022. Monthly fixed asset reconciliations are now being performed as part of the Manager of Finance month end procedures. The reconciliation is signed by the Manager of Finance and by the Deputy CEO or the CEO as evidence of checking.*

**Responsible Person:**

*Manager of Finance.*

**Completion Date:**

*30/06/2022*

*The above procedure has been fully implemented and assets are reconciled as part of the month end process with assets been added or disposed of in the month the transaction occurs and reconciliation of the asset register to the GL accounts completed monthly by the Manager of Finance and checked and countersigned by either ADCEO or ACEO*

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 3. Creditors' reconciliations

**Finding**

We noted that creditors' reconciliations are performed, however they are not signed off to evidence an independent review has occurred once complete.

A similar finding was issued in 2020-21 and the following management comment was received:

**Management Comment**

*An independent review is carried out though not documented. Management will ensure this is signed off moving forward.*

**Responsible Person:** Manager of Finance

**Completion Date:** 6 September 2021

**Rating: Moderate (2021: Moderate)**

**Implication**

Lack of review by an independent senior officer may lead to erroneous or unusual reconciling items not being detected and investigated in a timely manner.

**Recommendation**

Reconciliations are a key control and should be reviewed by someone independent of the reconciliation function. Reconciliations should be signed off as evidence of an independent review.

**Management Comment**

*The creditors reconciliation is performed monthly by our finance officer. The reconciliation is checked by the Manager of Finance as part of the month end review. Please see point regarding signing off of the monthly report as evidence of the check, This procedure is now in place.*

**Responsible Person:**

*Manager of Finance*

**Completion Date:**

*30/06/2022*

*The above procedure is in place and the monthly reconciliation is signed by the officer carrying out the reconciliation. It is then checked and signed by the Manager of Finance and forms part of the month end process which is checked and countersigned by the ADCEO or ACEO*

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 4. Daily banking procedures

**Finding**

During our receipts testing, we noted that the daily banking reconciliations at the administration office are not signed as evidence of an independent review. Furthermore, we noted that the daily banking summaries for each cash collection site are not signed as evidence of an independent review.

A similar finding was issued in 2020-21 and the following management comment was received:

**Management Comment**

*An independent review is carried out though not documented. Management will ensure this is signed off moving forward.*

**Responsible Person:** Manager of Finance

**Completion Date:** 6 September 2021

**Rating: Moderate (2021: Moderate)**

**Implication**

Increased risk of error or fraud due to lack of an independent review.

**Recommendation**

End of day reconciliations are a key control and should be reviewed by someone independent of the reconciliation function. These reconciliations should be signed off as evidence of an independent review.

**Management Comment**

*Daily receipting is reconciled by front office staff and then checked by our rates/payroll officer daily. The front office person responsible for balancing the daily takings signs the form and it is countersigned when checked by our rates/payroll officer. Any monies banked by other departments, e.g homecare, caravan park, rec centre, swimming pool, refuse site, have a summary form that is signed by the person who is bringing in the cash and countersigned by the front office staff member doing the receipting as evidence of checking funds received and receipted.*

*A review of these procedures has been carried out with all relevant staff to ensure the procedure is being adhered to.*

**Responsible Person:**

*Deputy CEO*

**Completion Date:**

*30/06/2022*

*The above process is in place and the daily banking paperwork is signed by the front office staff member completing the daily banking and balancing process. This is then checked and countersigned by the rates/payroll officer*

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 5. Information technology usage policy

**Finding**

We noted that the Shire does not have an Information Technology (IT) Usage Policy. An IT Usage Policy would outline the rules and guidelines with respect to appropriate use of the Shire's IT resources.

A similar finding was issued in 2020-21 and the following management comment was received:

**Management Comment**

*Management will endeavour to prepare an Information Technology (IT) Usage Policy.*

**Responsible Person:** Deputy Chief Executive Officer

**Completion Date:** 28 February 2022

**Rating: Moderate (2021: Moderate)**

**Implication**

In the absence of an effective policy on IT usage, there is an increased risk of inefficient use of the Shire's resources.

**Recommendation**

We recommend that management develop and implement a policy to ensure that users of IT systems make the best use of the Shire's resources. This policy should be communicated to staff and monitored on an ongoing basis.

**Management Comment**

*As advised by email 3 June 2022, there is no IT usage policy. However, the subject matter is being prepared and my expectation is to present to Council as policy in the latter quarter of 2022. The Shire of Wagin is participating in a cyber-security project on behalf of the sector (through insurer LGIS) and will review all IT arrangement via managed services tender process late this year.*

**Responsible Person:** *Deputy Chief Executive Officer*

**Completion Date:** *25 October 2022*

*Item taken to the September 2022 Ordinary Council Meeting – See attached minutes – item 12.2.3  
Policy adopted by council*

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 6. Information technology – disaster recovery plan

**Finding**

We noted that the Shire has no formal disaster recovery plan in place in respect to information technology systems.

A similar finding was issued in 2020-21 and the following management comment was received:

**Management Comment**

*Management will endeavour to prepare a formal Disaster Recovery Plan.*

**Responsible Person:** Deputy Chief Executive Officer

**Completion Date:** 28 February 2022

**Rating: Significant (2021: Moderate)****Implication**

Without a disaster recovery plan, it is likely to be more difficult to recover from an incident or crisis in a timely and effective manner. There is an increased risk that key business functions will remain out of operation for extended periods of time following a major incident.

**Recommendation**

We recommend that management develop and document a disaster recovery plan based on the Shire's business continuity plan, detailing the steps to be taken to recover operations.

The plan should be communicated to staff and tested on a periodic basis to ensure that staff are familiar with their responsibilities. This should also include testing of the IT system backups.

**Management Comment**

*As advised by email 3 June 2022, there is no local document for recovery and all recovery plans are held by IT managed services provider. With the development of IT usage policy; participation in a cyber-security project on behalf of the sector (through insurer LGIS); and the review of all IT arrangements via managed services tender process later this year, a recovery framework will be developed.*

**Responsible Person:** *Deputy Chief Executive Officer*

**Completion Date:** *31 January 2023*

*I Item taken to the September 2022 Ordinary Council Meeting – See attached minutes – item 12.2.4 Council support the preparation of a business continuity plan to cover information and communication technology and adopted a Statement of Intent to guide the planning*

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Fair value of Infrastructure Assets	✓		

**Key To Ratings**

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

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

**SHIRE OF WAGIN****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Fair Value of Infrastructure Assets - Frequency of Valuations****Finding**

The Shire of Wagin has not performed an assessment to determine whether its infrastructure assets represent fair value for the year ended 30 June 2022.

**Rating: Significant****Implication**

Without a robust assessment of fair value of the Shire of Wagin's Infrastructure Assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

**Recommendation**

The Shire of Wagin consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure Assets. Where indicators exist, a robust fair value assessment should be performed capturing the requirements of *AASB 13 Fair Value Movements*. This process is to ensure that the Shire of Wagin's infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair values of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the Shire of Wagin may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

**Management comment*****Fair Value of infrastructure assets.***

*Section 6.10 9c) of the Local Government Act 1995 says regulations may provide for the management by a local government of its assets, liabilities and revenue.*

*Regulation 17A of the Local Government (Financial Management) Regulations 1996 addresses the Valuation of certain assets for financial reports; in particular, at (1) a definition of fair value; and at (2) (a) (iii) the requirement to show in each financial report the fair value of all of the non-financial assets of the local government.*

*Regulation 17A (4) (a) requires the local government to revalue assets nominated at 17A (2) where the local government is of the opinion that the fair value of the asset is materially different from its carrying amount; and, at (b), in any event, within a period no more than 5 years after the day on which the asset was last valued or revalued.*

***The Shire of Wagin has valued or revalued non-financial assets and is compliant with 17A (4) (b) in that all non-financial assets have been valued or revalued within five years, as follows (class and financial year):***

## SHIRE OF WAGIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

- *Land and Buildings 2021 / 22*
- *Plant and equipment 2018 / 19*
- *Roads and infrastructure 2017 / 18*

*Roads and Infrastructure are programmed for assessment in 2022/23.*

*The auditor's management letter makes the following Finding:*

1. **Finding:** *'The Shire of Wagin has not performed an assessment to determine its infrastructure assets represent fair value for the year ended 30 June 2022'.*

**Response by management:**

*The assessment is not required by regulation 17A (4) (b) for the year ended 30 June 2022.*

*The auditor's (Risk) Rating assigned to the Finding is:*

**2. Rating: Significant**

**'Implication'**. *'without a robust assessment of fair value of the Shire of Wagin's infrastructure assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement as well as Regulation 17A (4) (b) of the Local Government (Financial Management) Regulations 1996 (the Regulations)'.*

**Response by Management:**

*The Shire of Wagin is compliant in both respects. However, it is recognised that compliance can be at odds with the management of risk. Risk may be elevated despite compliance and risk mitigation could be applied in addition to compliant actions. It is recognised that appropriate indicators may inform the local government opinion as to whether fair value is materially different to the available assessment.*

*The Shire of Wagin is concerned that a Significant Risk Rating is applied to an activity that is compliant with regulations. This appears to be a statement that is not aligned with assessment requirements.*

*The Shire of Wagin recommends that changes to regulations be pursued through appropriate regulatory channels.*

*The auditor's management letter included the following recommendation:*

**Recommendation (summarised)**

*'(That) the Shire of Wagin consider implementing a formal robust process to determine annual indicators that would trigger formal revaluation.'*

**Response by Management:**

**SHIRE OF WAGIN**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

*The Shire of Wagin will complete valuation / revaluations in accordance with regulations and the Standard.*

*I do note the AASB exposure draft ED320 of earlier this year and the likely change this will bring for not for profit entities, of which local governments will be included. I am confident the Shire of Wagin will respond professionally and appropriately to the changes in Standards and any subsequent regulatory amendment.*

*The Shire of Wagin will consider what mechanisms will add value to financial statements and assist in the mitigation of risk. It is the intention of management to manage risk appropriately and seek best practice as soon as practicable.*

*However, where the auditor recommendation may be good business practice but not a regulatory requirement there is a case for sector examination of the issue. This may result in change to regulations, industry support or changes in approach.*

*The Shire of Wagin accepts the recommendation but believes the rating misjudged as Significant and more correctly Moderate.*

*Ian McCabe FCPA  
Acting Chief Executive Officer  
2 December 2022*

**Responsible person:**

**Ian McCabe**

**Completion date:**

**2 December 2022**



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## 7. GENERAL BUSINESS

## 8. CLOSURE

There being no further business the Chairperson thanked those in attendance and closed the meeting at \_\_\_\_ am.