



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Dandaragan

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Dandaragan:

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

Basis for Opinion

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 of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

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

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

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

Report on Other Legal and Regulatory Requirements

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

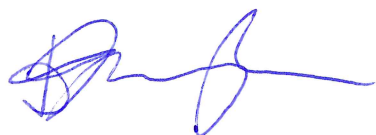
- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three years. The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long-term financial plan and asset management plan respectively.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



DON CUNNINGHAME
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
22 October 2019

SHIRE OF DANDARAGAN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Asset Renewal Funding Ratio not reported	✓		

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.
- 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 DANDARAGAN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Asset Renewal Funding Ratio not Reported

Finding

The Shire has not reported the Asset Renewal Funding Ratio for the year ended 30 June 2019 and preceding years in the financial report, as the planned capital renewals and required capital expenditure were not estimated in a Long Term Financial Plan and Asset Management Plan respectively.

**Rating: Significant
Implication**

The financial report does not comply with regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

Recommendation

We recommend that the Shire prepares, reviews and updates the Long Term Financial Plan and Asset Management Plan annually to ensure 10 year projections are available to calculate the Asset Renewal Funding Ratio.

Management Comment

The Shire commenced a complete review of its entire suite of Integrated Planning and Reporting Tools in 2018. To date, a new Strategic Community Plan has been adopted, a new Corporate Business Plan is out for public comment while all new Asset Management Plans and Workforce Plan are in draft form and expected to be adopted in the near future.

Once all of the above documents are endorsed a new Long Term Financial Plan will be developed from the information contained in the other documents mentioned.

This will be completed within the 2019/20 financial year and will provide an accurate ratio in time for the 2019/20 Annual Financial Statements.

Responsible Person: Brent Bailey & Scott Clayton
Completion Date: 30 June 2020



Our Ref: 7927

Mr Brent Bailey
Chief Executive Officer
Shire of Dandaragan
PO Box 676
JURIEN BAY WA 6516



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Dear Mr Bailey

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management Control Issues

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

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

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

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

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

Feel free to contact me on 6557 7640 if you would like to discuss these matters further.

Yours faithfully
CARLY MEAGHER
DIRECTOR
FINANCIAL AUDIT
22 October 2019

Attach

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the

18

day of October

2019



Chief Executive Officer
Brent Bailey



SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Nature or Type
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Revenue				
Rates	21(a)	6,223,179	6,202,176	6,082,363
Operating grants, subsidies & contributions	2(a)	2,629,765	1,305,603	2,156,131
Fees and charges	2(a)	2,313,804	2,307,169	2,359,091
Interest earnings	2(a)	145,307	109,000	126,910
Other revenue		152,892	115,418	110,719
		11,464,947	10,039,367	10,835,214
Expenses				
Employee costs		(4,158,371)	(4,088,037)	(3,998,726)
Materials and contracts		(2,859,167)	(2,757,624)	(2,685,835)
Utilities		(404,794)	(488,072)	(454,086)
Interest expenses	2(b)	(19,511)	(21,394)	(25,197)
Insurance		(413,746)	(380,777)	(397,002)
Other expenses		(1,108,052)	(686,709)	(646,537)
Depreciation	11(b)	(5,757,993)	(6,003,478)	(6,158,800)
		(14,721,634)	(14,426,092)	(14,366,182)
		(3,256,687)	(4,386,725)	(3,530,968)
Non-operating grants, subsidies & contributions	2(a)	1,226,423	1,248,242	3,626,988
Loss on revaluation of infrastructure	10(a)	0	0	(1,529,888)
Profit on disposal of assets	11(a)	397,267	52,995	40,186
Loss on disposal of assets	11(a)	(107,433)	(144,005)	(5,345,187)
Net result		(1,740,430)	(3,229,493)	(6,738,868)
Other comprehensive income				
Changes on revaluation of non-current assets	12	769,847	0	43,791,529
Total other comprehensive income		769,847	0	43,791,529
Total comprehensive income		(970,583)	(3,229,493)	37,052,661

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



SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Program
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Revenue				
Governance		84,653	38,242	11,515
General purpose funding		8,018,986	7,058,546	7,820,348
Law, order & public safety		759,149	460,783	514,245
Health		45,257	16,565	21,328
Education & welfare		13,000	15,000	0
Community amenities		1,413,551	1,386,002	1,363,970
Recreation and culture		449,623	417,523	478,043
Transport		310,175	301,925	149,072
Economic services		244,318	243,316	278,690
Other property and services		126,235	101,465	198,004
		11,464,947	10,039,367	10,835,214
Expenses excluding finance costs				
Governance		(596,050)	(537,455)	(524,080)
General purpose funding		(183,491)	(170,998)	(212,674)
Law, order & public safety		(1,667,920)	(1,340,943)	(1,340,296)
Health		(330,591)	(331,006)	(349,480)
Education & welfare		(142,075)	(135,880)	(96,009)
Community amenities		(2,078,541)	(2,139,032)	(1,905,963)
Recreation and culture		(3,145,337)	(3,298,308)	(3,349,781)
Transport		(5,333,006)	(5,468,054)	(5,195,784)
Economic services		(622,280)	(664,821)	(669,222)
Other property and services		(602,832)	(318,200)	(697,696)
		(14,702,124)	(14,404,697)	(14,340,985)
		(3,237,177)	(4,365,331)	(3,505,771)
Finance costs	2(b)			
Governance		(13,301)	(14,674)	(16,806)
Recreation and culture		(5,648)	(6,645)	(8,075)
Other property and services		(562)	(75)	(316)
		(19,511)	(21,394)	(25,197)
Non- operating grants and subsidies	2(a)			
Recreation and culture		57,509	61,345	50,000
Transport		1,168,914	1,186,897	3,576,988
		1,226,423	1,248,242	3,626,988
Profit / (loss) on asset disposal	11(a)			
Governance		(7,547)	(19,297)	(1,489)
Law, order & public safety		120,114	0	0
Community amenities		0	(3,486)	(5,315,357)
Transport		(53,433)	(70,237)	5,174
Other property and services		230,700	2,010	14,816
		289,834	(91,010)	(5,305,001)
Loss on revaluation of infrastructure	10(a)	0	0	(1,529,888)
Net result		(1,740,430)	(3,229,493)	(6,738,868)
Other comprehensive income				
Changes on revaluation of non-current assets	12	769,847	0	43,791,529
Total other comprehensive income		769,847	0	43,791,529
Total comprehensive income		(970,583)	(3,229,493)	37,052,661

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



SHIRE OF DANDARAGAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

Description	Note	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,236,030	6,152,114
Trade receivables	5	708,012	1,097,641
Other financial assets	8	55,721	0
Other current assets	7	3,967	63,375
Inventories	6	31,727	35,309
TOTAL CURRENT ASSETS		8,035,457	7,348,439
NON-CURRENT ASSETS			
Other financial assets	8	187,984	0
Other loans and receivables	8	0	164,633
Trade receivables	5	44,499	33,636
Property, plant and equipment	9	38,176,106	38,657,079
Infrastructure	10	248,197,940	249,071,943
TOTAL NON-CURRENT ASSETS		286,606,530	287,927,292
TOTAL ASSETS		294,641,986	295,275,730
CURRENT LIABILITIES			
Trade and other payables	13	461,373	221,976
Borrowings	14	119,620	118,788
Employee related provisions	15	594,129	546,997
TOTAL CURRENT LIABILITIES		1,175,122	887,761
NON-CURRENT LIABILITIES			
Borrowings	14	246,128	315,747
Employee related provisions	15	104,024	72,511
TOTAL NON-CURRENT LIABILITIES		350,151	388,258
TOTAL LIABILITIES		1,525,273	1,276,019
TOTAL NET ASSETS		293,116,713	293,999,711
EQUITY			
Retained earnings		199,357,712	201,454,262
Reserves - cash backed	4	5,830,457	5,386,753
Revaluation surplus	12	87,928,544	87,158,696
TOTAL EQUITY		293,116,713	293,999,711

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



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

	Note	Retained Earnings	Reserves Cash Backed	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Balance as at 30 June 2017		208,634,345	4,945,538	43,367,167	256,947,050
Comprehensive Income					
Net result		(6,738,868)	0	0	(6,738,868)
Other comprehensive income	12			43,791,529	43,791,529
Total comprehensive income		(6,738,868)	0	43,791,529	37,052,661
Transfers from/(to) reserves		(441,214)	441,214	0	0
Balance as at 30 June 2018		201,454,262	5,386,753	87,158,696	293,999,711
Correction of prior period error - Recognition of Local Government House Trust		87,585	0	0	87,585
Restated balance as at 1 July 2018		201,541,847	5,386,753	87,158,696	294,087,296
Comprehensive Income					
Net result		(1,740,430)	0	0	(1,740,430)
Other comprehensive income	12	0	0	769,847	769,847
Total comprehensive income		(1,740,430)	0	769,847	(970,583)
Transfers from/(to) reserves		(443,705)	443,705	0	0
Balance as at 30 June 2019		199,357,712	5,830,457	87,928,544	293,116,713

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

SHIRE OF DANDARAGAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,173,351	6,362,176	6,100,408
Operating grants and subsidies		2,629,765	1,305,603	2,156,131
Fees and charges		2,673,719	3,007,169	2,283,225
Interest earnings		145,307	109,000	126,910
Goods and services tax		654,154	0	442,908
Other revenue		152,892	115,418	110,719
		12,429,188	10,899,367	11,220,301
Payments				
Employee costs		(4,075,721)	(4,088,037)	(3,979,938)
Materials and contracts		(2,558,902)	(2,857,624)	(3,058,460)
Utility charges		(404,794)	(488,072)	(454,086)
Interest expenses		(21,394)	(21,394)	(27,363)
Insurance expenses		(413,746)	(380,777)	(397,002)
Goods and services tax		(585,475)	0	(530,593)
Other expenditure		(1,108,052)	(686,709)	(646,537)
		(9,168,086)	(8,522,614)	(9,093,978)
Net cash provided by (used in) operating activities	16	3,261,102	2,376,753	2,126,323
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,307,561)	(1,397,666)	(1,518,518)
Payments for construction of infrastructure		(2,966,517)	(3,512,828)	(5,507,902)
Non-operating grants, subsidies and contributions used for the development of assets		1,226,423	1,248,242	3,626,988
Proceeds from sale of plant & equipment		930,742	624,000	265,507
Net cash provided by (used in) investing activities		(2,116,913)	(3,038,252)	(3,133,925)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(118,788)	(118,788)	(111,760)
Proceeds from self supporting loans		8,514	58,514	33,919
Proceeds from new borrowings		50,000	0	21,000
Net cash provided by (used in) financing activities		(60,274)	(60,274)	(56,842)
Net increase (decrease) in cash held		1,083,915	(721,773)	(1,064,443)
Cash at beginning of year		6,152,114	6,152,114	7,216,558
Cash and cash equivalents at the end of the year	16	7,236,030	5,430,342	6,152,114

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

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

	Note	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		1,192,712	1,833,416	2,234,848
Revenue from operating activities (excluding general rates)				
Governance		84,653	38,242	11,515
General purpose funding		1,797,337	857,643	1,739,257
Law, order & public safety		879,263	460,783	514,245
Health		45,257	16,565	21,328
Education & welfare		13,000	15,000	0
Community amenities		1,413,551	1,386,002	1,363,970
Recreation and culture		449,623	417,523	478,043
Transport		345,249	325,508	154,246
Economic services		244,318	243,316	278,690
Other property and services		368,314	130,877	233,016
		5,640,565	3,891,459	4,794,310
Expenditure from operating activities				
Governance		(616,898)	(571,426)	(542,376)
General purpose funding		(183,491)	(170,998)	(212,674)
Law, order & public safety		(1,667,920)	(1,340,943)	(1,340,296)
Health		(330,591)	(331,006)	(349,480)
Education & welfare		(142,075)	(135,880)	(96,009)
Community amenities		(2,078,541)	(2,142,518)	(7,221,320)
Recreation and culture		(3,150,985)	(3,304,953)	(4,892,416)
Transport		(5,421,513)	(5,561,874)	(5,195,784)
Economic services		(622,280)	(664,821)	(672,693)
Other property and services		(614,773)	(345,677)	(718,209)
		(14,829,067)	(14,570,097)	(21,241,256)
Non-cash amounts excluded from operating activities	22(a)	5,488,809	6,094,488	12,955,701
Amount attributable to operating activities		(2,506,981)	(2,750,734)	(1,256,398)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,226,423	1,248,242	3,626,988
Proceeds from disposal of assets	11(a)	930,742	624,000	265,507
Purchase land and buildings	9(a)	(502,664)	(551,016)	(465,429)
Purchase furniture and equipment	9(a)	(67,534)	(48,000)	(123,733)
Purchase plant and equipment	9(a)	(737,363)	(798,649)	(929,356)
Purchase infrastructure assets - roads	10(a)	(2,706,804)	(3,112,328)	(3,357,744)
Purchase infrastructure assets - parks & reserves	10(a)	(38,186)	(106,000)	(107,771)
Purchase infrastructure assets - other	10(a)	(221,527)	(294,500)	(2,042,386)
Amount attributable to investing activities		(2,116,913)	(3,038,252)	(3,133,925)
FINANCING ACTIVITIES				
Proceeds from new borrowings	14(c)	50,000	0	21,000
Repayment of borrowings	14(b)	(118,788)	(118,788)	(111,760)
Payment of self supporting loan to community group	14(b)	(50,000)	0	(21,000)
Self-supporting loan principal income	14(b)	54,362	54,362	50,767
Community group cash advance principal income		4,152	4,152	4,152
Transfer to reserves	4	(724,816)	(594,857)	(706,020)
Transfer from reserves	4	281,111	243,213	264,806
Amount attributable to financing activities		(503,978)	(411,918)	(498,056)
Budgeted deficiency before general rates		(5,127,872)	(6,200,903)	(4,888,378)
Estimated amount to be raised from general rates	21(a)	6,221,649	6,200,903	6,081,090
Net current assets at end of financial year - surplus/(deficit)	22(b)	1,093,777	0	1,192,712

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

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

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 Australian Accounting interpretations, other authoritative pronouncements of Australian Accounting Standards Board, and the Local Government Act 1995 and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards.

Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

TRUST FUND

All monies held in the Trust fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements

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

2 REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	53,222	38,167	9,581
General purpose funding	1,635,511	724,570	1,588,036
Law, order, public safety	402,006	126,998	175,102
Health	33,171	5,000	3,947
Education and welfare	13,000	15,000	0
Community amenities	82,751	16,961	19,909
Recreation and culture	75,254	80,861	138,364
Transport	288,658	270,981	124,039
Economic services	15,064	5,200	54,520
Other property and services	31,127	21,866	42,634
	2,629,765	1,305,603	2,156,131
Non-operating grants, subsidies and contributions			
Recreation and culture	57,509	61,345	50,000
Transport	1,168,914	1,186,897	3,576,988
	1,226,423	1,248,242	3,626,988
Total grants, subsidies and contributions	3,856,188	2,553,845	5,783,119

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
	\$	\$	\$
Fees and Charges			
Governance	866	75	1,934
General purpose funding	23,004	22,800	24,185
Law, order, public safety	352,526	318,185	325,996
Health	12,086	11,565	17,381
Education and welfare	0	0	0
Community amenities	1,313,380	1,351,621	1,326,640
Recreation and culture	348,571	336,662	339,679
Transport	21,516	30,944	25,034
Economic services	213,654	221,517	215,470
Other property and services	28,201	13,800	82,772
	2,313,804	2,307,169	2,359,091
Interest earnings			
Loans receivable - clubs/institutions	6,720	0	0
Municipal fund interest	2,543	5,000	3,883
Reserve fund interest	81,939	60,000	74,862
Rates instalment and penalty interest (refer Note 21(c))	51,893	43,000	46,183
Other interest earnings	2,212	1,000	1,982
	145,307	109,000	126,910

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

2 REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings

Rental charges

- Operating leases

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
	23,700	25,000	9,360
	2,300	3,000	6,550
	26,000	28,000	15,910
	19,511	21,394	25,197
	19,511	21,394	25,197
	74,590	73,824	51,771
	74,590	73,824	51,771

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

3 CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding

bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Notes	2019	2018
		\$	\$
Cash at bank and on hand - unrestricted		1,072,980	765,361
Cash at bank and on hand - restricted		6,163,049	5,386,753
		7,236,030	6,152,114
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Reserve Accounts			
Plant Reserve	4	251,356	259,131
Building Renewal Reserve	4	972,206	1,055,763
Rubbish Reserve	4	475,777	437,166
Community Centre Reserve	4	377,220	397,291
Television Services Reserve	4	96,565	95,132
Information Technology Reserve	4	56,339	55,503
Caravan Park Reserve	4	391,478	385,665
Land Development Reserve	4	69,821	68,784
Parking Requirements (L1154 SandpiperSt) Reserve	4	11,270	11,102
Parks & Rec. Grounds (Seagate) Reserve	4	371,813	366,293
Sport and Recreation Reserve	4	326,824	289,429
Landscaping Reserve	4	2,615	2,576
Aerodrome Reserve	4	120,886	96,930
Public Open Space Renewal Reserve	4	460,099	418,705
Infrastructure Renewal Reserve	4	802,327	920,257
Public Open Space Construction Reserve	4	111,561	109,904
Infrastructure Construction Reserve	4	0	0
Building Contruction Reserve	4	114,808	113,104
Leave Reserve	4	257,105	253,626
Economic Development Reserve	4	506,771	0
Turquoise Way Path Reserve	4	51,150	50,390
Cash in Lieu of Landscaping-Lot1146 Sandpiper St	4	2,465	0
Cash in Lieu of POS - Lot 9000 Valencia Road	4	0	0
		5,830,457	5,386,753
Other restricted cash and cash equivalents			
Unspent grants/contributions	20	201,313	0
Bonds, deposits and collections	13	131,279	0
		6,163,049	5,386,753

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

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

4 CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
Plant Reserve	\$ 259,131	\$ 4,278	\$ (12,053)	\$ 251,356	\$ 259,131	\$ 2,886	\$ 0	\$ 262,017	\$ 255,104	\$ 4,027	\$ 0	\$ 259,131
Building Renewal Reserve	1,055,763	22,442	(106,000)	972,205	1,055,763	18,274	(106,000)	968,037	1,028,467	50,862	(23,566)	1,055,763
Rubbish Reserve	437,166	38,610	0	475,777	437,166	36,815	0	473,981	363,429	73,737	0	437,166
Community Centre Reserve	397,291	11,580	(31,651)	377,220	397,291	10,425	(31,651)	376,065	385,210	12,081	0	397,291
Television Services Reserve	95,132	1,434	0	96,565	95,132	1,059	0	96,191	93,653	1,478	0	95,132
Information Technology Reserve Reserve	55,503	836	0	56,339	55,503	618	0	56,121	54,640	863	0	55,503
Caravan Park Reserve	385,665	5,812	0	391,478	385,665	4,295	0	389,960	379,672	5,994	0	385,665
Land Development Reserve	68,784	1,037	0	69,821	68,784	766	0	69,550	67,715	1,069	0	68,784
Parking Requirements (Lot 1154 Sandpiper Street) Reserve	11,102	167	0	11,270	11,102	124	0	11,226	10,930	173	0	11,102
Parks and Recreation Grounds Development (Seagate) Reserve	366,293	5,520	0	371,813	366,293	4,079	0	370,372	360,601	5,693	0	366,293
Sport and Recreation Reserve	289,429	37,395	0	326,824	289,429	36,178	0	325,607	235,708	53,721	(426)	289,429
Administration Office Extension Reserve	0	0	0	0	0	0	0	0	426	(426)	0	0
Landscaping Reserve	2,576	39	0	2,615	2,576	29	0	2,605	2,536	40	0	2,576
Aerodrome Reserve	96,930	23,957	0	120,886	96,930	23,522	0	120,452	73,330	23,600	0	96,930
Staff Attraction & Incentive Reserve	0	0	0	0	0	0	0	0	200,814	0	(200,814)	0
Public Open Space Renewal Reserve	418,705	41,394	0	460,099	418,705	39,663	0	458,368	417,120	41,585	(40,000)	418,705
Infrastructure Renewal Reserve	920,257	13,477	(131,407)	802,327	920,257	10,254	(105,562)	824,949	569,281	350,977	0	920,257
Public Open Space Construction Reserve	109,904	1,656	0	111,561	109,904	1,224	0	111,128	85,554	24,351	0	109,904
Infrastructure Construction Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Building Construction Reserve	113,104	1,705	0	114,808	113,104	1,260	0	114,364	111,346	1,758	0	113,104
Leave Reserve	253,626	3,480	0	257,105	253,626	2,825	0	256,451	250,002	3,623	0	253,626
Economic Development Initiatives Reserve	0	506,771	0	506,771	0	400,000	0	400,000	0	0	0	0
Turquoise Way Path Reserve	50,390	759	0	51,150	50,390	561	0	50,951	0	50,390	0	50,390
Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve	0	2,465	0	2,465	0	0	0	0	0	0	0	0
	5,386,753	724,816	(281,111)	5,830,457	5,386,753	594,857	(243,213)	5,738,397	4,945,538	706,020	(264,806)	5,386,753

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

4 CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Plant Reserve	ongoing	to be used in order to assist in the purchase of major items of plant.
Building Renewal Reserve	ongoing	to fund capital renewal of buildings and associated assets as guided by the Building Asset Management Plan.
Rubbish Reserve	ongoing	to be used to fund establishing, enhancing, rehabilitation or any other activities associated with new and existing landfill or waste site
Community Centre Reserve	ongoing	to be used to fund capital construction costs and major maintenance restoration / preservation costs to the community recreation centres located in the four towns.
Television Services Reserve	ongoing	to be used to fund the provision of new or improved television rebroadcasting facilities throughout the shire.
Information Technology Reserve Reserve	ongoing	to be used for purchase of hardware, software, licensing, contract labour and cloud transitioning costs related to information technology
Caravan Park Reserve	ongoing	to be used to fund improvements, other works and the promotion of caravan parks and their surrounds. To also fund planning, feasibility and establishment of new caravan parks.
Land Development Reserve	ongoing	for the purpose of funding land development in the townships of Dandaragan and Badgingarra.
Parking Requirements (Lot 1154 Sandpiper Street) Reserve	ongoing	to fund future parking requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
Parks and Recreation Grounds Development (Seagate) Reserve	ongoing	to fund the future purchase of land or development of parks and recreation grounds in the locality of Seagate Estates as separately identified or with Ministerial approval, for the improvement or development of parks and recreation.
Sport and Recreation Reserve	ongoing	to fund community sporting groups requests in accordance with the Shire of Dandaragan's Recreation Plan.
Administration Office Extension Reserve	closed	to fund investigation, design and capital costs of future office extensions.
Landscaping Reserve	ongoing	to fund future landscaping requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
Aerodrome Reserve	ongoing	to be used for renewal, major maintenance, expansion or relocation of the Shire of Dandaragan's airstrips and aerodromes
Staff Attraction & Incentive Reserve	closed	to be used to fund staff attraction and incentive programs and processes, such as, but not limited to additional superannuation contributions, bonuses, rental subsidies and utility subsidies
Public Open Space Renewal Reserve	ongoing	to fund capital renewal of public open space and associated assets as guided by the Public Open Space Asset Management Plan
Infrastructure Renewal Reserve	ongoing	to fund capital renewal of infrastructure and associated assets as guided by the Infrastructure Asset Management Plan.
Public Open Space Construction Reserve	ongoing	to fund capital construction and/or purchase of public open space and associated assets.
Infrastructure Construction Reserve	ongoing	to fund capital construction and/or purchase of infrastructure and other associated assets.
Building Construction Reserve	ongoing	to fund capital construction and/or purchase of buildings and other associated assets.
Leave Reserve	ongoing	to fund annual leave and long service leave entitlements.
Economic Development Initiatives Reserve	ongoing	to be used for the planning, development and implementation of economic development initiatives with the Shire of Dandaragan
Turquoise Way Path Reserve	ongoing	to be used for the renewal, major maintenance, improvements, promotion, inspection equipment / surveillance, extension or relocation of the Turquoise Way Path and associated infrastructure within the Turquoise Way Path corridor.
Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve	ongoing	to be used for purposes allowable under the planning consent granted to I & J B A Kelly Superannuation Fund for the commercial development at Lot 1146 Sandpiper Street, Jurien Bay

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

5 TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

2019	2018
\$	\$
274,006	235,042
391,789	750,912
43,009	111,687
(792)	0
708,012	1,097,641
44,499	33,636
44,499	33,636

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23(c) and (d).

Previous accounting policy: Impairment of trade receivables

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

Classification and subsequent measurement

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

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

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

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

6 INVENTORIES

Current

Fuel and materials

	2019	2018
	\$	\$
	31,727	35,309
	31,727	35,309

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

	35,309	24,690
	(346,374)	(343,083)
	342,792	353,702
	31,727	35,309

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.

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

7 OTHER ASSETS

Other current assets

Accrued income

2019	2018
\$	\$
3,967	63,375
3,967	63,375

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

8 OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

(b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

Other loans and receivables

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

	2019	2018
	\$	\$
	55,721	0
	55,721	0
	55,721	0
	55,721	0
	100,399	0
	87,585	0
	0	164,633
	187,984	164,633
	100,399	0
	100,399	0
	87,585	
	87,585	0
	0	164,633
	0	164,633

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

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.

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 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

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

Refer to Note 23 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	3,060,000	31,016,301	34,076,301	917,743	4,460,872	39,454,916
Additions	0	465,429	465,429	123,733	929,356	1,518,518
(Disposals)	0	0	0	0	(250,478)	(250,478)
Depreciation (expense)	0	(1,110,810)	(1,110,810)	(169,829)	(785,238)	(2,065,877)
Carrying amount as at 30 June 2018	3,060,000	30,370,920	33,430,920	871,647	4,354,512	38,657,080
Comprises:						
Gross carrying amount at 30 June 2018	3,060,000	55,309,230	58,369,230	1,170,653	5,761,090	65,300,973
Accumulated depreciation at 30 June 2018	0	(24,938,310)	(24,938,310)	(299,006)	(1,406,577)	(26,643,893)
Carrying amount at 30 June 2018	3,060,000	30,370,920	33,430,920	871,647	4,354,512	38,657,080
Additions	0	502,664	502,664	67,534	737,363	1,307,561
(Disposals)	(120,000)	(54,224)	(174,224)	0	(466,684)	(640,908)
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	96,157	673,691	769,847
Depreciation (expense)	0	(1,111,281)	(1,111,281)	(144,033)	(662,159)	(1,917,473)
Carrying amount as at 30 June 2019	2,940,000	29,708,078	32,648,078	891,305	4,636,723	38,176,107
Comprises:						
Gross carrying amount at 30 June 2019	2,940,000	55,461,893	58,401,893	2,932,857	9,324,850	70,659,600
Accumulated depreciation at 30 June 2019	0	(25,753,815)	(25,753,815)	(2,041,552)	(4,688,127)	(32,483,494)
Carrying amount at 30 June 2019	2,940,000	29,708,078	32,648,078	891,305	4,636,723	38,176,106

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Leasehold interest based on Income Capitalisation Approach, applying Net Present Value (NPV) derived on potential leasehold rental income	Independent registered valuer	June 2017	Income Capitalisation Approach
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2019	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2019	2	Market approach using recent observable market data for similar item	Independent registered valuer	June 2019	Market price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2019	Purchase costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

There were no transfer between Level 1, 2 and 3 during the current and previous financial years

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads Level 3	Infrastructure - Footpaths Level 3	Infrastructure - Drainage Level 3	Infrastructure - Parks and reserves Level 3	Infrastructure - Other Level 3	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	181,281,060	5,295,548	10,490,038	3,359,439	10,289,269	210,715,353
Additions	3,357,744	1,945,735	(43,377)	107,771	140,028	5,507,902
(Disposals)	0	0	(5,315,357)	(4,673)	0	(5,320,030)
Revaluation increments/ (decrements) transferred to revaluation surplus	41,279,713	1,298,129	193,044	0	1,020,643	43,791,529
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	(1,529,888)	0	(1,529,888)
Depreciation (expense)	(2,971,259)	(229,463)	(114,348)	(147,569)	(630,284)	(4,092,923)
Carrying amount as at 30 June 2018	222,947,258	8,309,949	5,210,000	1,785,081	10,819,656	249,071,943
Comprises:						
Gross carrying amount at 30 June 2018	292,413,706	10,671,224	7,280,000	3,317,803	17,756,295	331,439,028
Accumulated depreciation at 30 June 2018	(69,466,448)	(2,361,275)	(2,070,000)	(1,532,722)	(6,936,639)	(82,367,084)
Carrying amount at 30 June 2018	222,947,258	8,309,949	5,210,000	1,785,081	10,819,656	249,071,944
Additions	2,706,804	180,914	0	38,186	40,613	2,966,517
Depreciation (expense)	(2,628,682)	(264,158)	(121,332)	(173,960)	(652,388)	(3,840,520)
Carrying amount as at 30 June 2019	223,025,380	8,226,705	5,088,668	1,649,307	10,207,881	248,197,941
Comprises:						
Gross carrying amount at 30 June 2019	295,120,511	10,852,138	7,280,000	3,355,989	17,796,908	334,405,546
Accumulated depreciation at 30 June 2019	(72,095,130)	(2,625,433)	(2,191,332)	(1,706,682)	(7,589,027)	(86,207,604)
Carrying amount at 30 June 2019	223,025,381	8,226,705	5,088,668	1,649,307	10,207,881	248,197,942

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

10 INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Hierarchy	Valuation Technique	Basis of Valuation	Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and reserves	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs

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

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 between mandatory revaluation dates

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

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

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

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	120,000	345,776	225,776	0	320,000	345,128	25,128	0	0	0	0	0
Buildings - non-specialised	54,224	54,224	0	0	54,872	54,872	0	0	0	0	0	0
Plant and equipment	466,684	530,742	171,491	(107,434)	340,138	224,000	27,867	(144,005)	250,478	265,507	40,186	(25,157)
Infrastructure - drainage	0	0	0	0	0	0	0	0	5,315,357	0	0	(5,315,357)
Infrastructure - other	0	0	0	0	0	0	0	0	4,673	0	0	(4,673)
	640,908	930,742	397,267	(107,434)	715,010	624,000	52,995	(144,005)	5,570,508	265,507	40,186	(5,345,187)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
Wagon - Toyota Prado	38,888	37,773	0	(1,115)
Wagon - Toyota Fortuner	39,159	32,727	0	(6,432)
Governance Total	78,047	70,500	0	(7,547)
Law, order, public safety				
Truck - Isuzu FTS Crew Cab	130,341	213,750	83,409	0
Utility - Toyota Landcruiser	75,295	112,000	36,705	0
Law, order, public safety Total	205,636	325,750	120,114	0
Transport				
Saw Wilson Machinery	89,697	5,455	0	(84,242)
Transport Total	89,697	5,455	0	(84,242)
Other property and services				
Truck - Hino FD500	26,672	21,818	0	(4,854)
Tractor - Massey Ferguson 4235	7,212	8,000	788	0
Tractor - Kubota M9540D	3,896	20,000	16,104	0
Truck - Hino 300 Series	0	18,182	18,182	0
Utility - Ford Ranger	0	7,273	7,273	0
Trailer - GTE	6,900	8,000	1,100	0
Van - Fiat Ducato MWB Midroof DN025	18,343	11,818	0	(6,525)
Tandem Dolly - Roadwest	11,428	13,947	2,519	0
Utility - Holden Space Cab	17,901	13,636	0	(4,265)
Utility - Ford Ranger	952	6,364	5,412	0
Other property and services Total	93,304	129,037	51,377	(15,644)
Total Plant and Equipment	466,684	530,742	171,491	(107,433)
Land				
Other Property and Services				
Lot Bashford Street Jurien Bay	120,000	345,776	225,776	0
	120,000	345,776	225,776	0
Non-specialised building				
Other Property and Services				
Building on Lot 96 Bashford Street Jurien Bay	54,224	54,224	0	0
	54,224	54,224	0	0
	640,908	930,742	397,267	(107,433)

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

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

(b) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings	1,111,281	1,116,634	1,110,810
Furniture and equipment	144,033	128,302	169,829
Plant and equipment	662,159	648,516	785,238
Infrastructure - Roads	2,628,682	3,002,134	2,971,259
Infrastructure - Footpaths	264,158	228,006	229,463
Infrastructure - Parks and Reserves	173,960	145,348	147,569
Infrastructure - Other	773,720	734,538	744,632
	5,757,993	6,003,478	6,158,800

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	25 - 50 years
Furniture and equipment	5 - 20 years
Plant and equipment	2 - 20 years
Infrastructure Roads	
Formation – All roads	Perpetual life
Pavement – Thin Surfaced Flexible Rural	100 years
Pavement – Thin Surfaced Flexible Urban	100 years
Pavement – Unsealed Rural	50 years
Pavement – Unsealed Urban	50 years
Surface – Asphalt	100 years
Surface – Brick	60 years
Surface – Chip seal	60 years
Surface – Concrete	100 years
Surface – Slurry Seal	100 years
Infrastructure - Footpaths	
Black Asphalt	36 years
Brick Paving	36 years
Concrete Slabs	36 years
Gravel	12 years
Insitu Concrete	48 years
Red Asphalt	36 years
Sand	12 years
Timber	36 years
Unknown	48 years
Infrastructure - Drainage	60 years
Infrastructure - Other	5 - 80 years
Infrastructure - Parks and reserves	10 - 45 years

Depreciation (Continued)

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

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

12 REVALUATION SURPLUS

Movements on revaluation of fixed assets 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 DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

13 TRADE AND OTHER PAYABLES

Current

Sundry creditors
Bonds, deposits and collections
Accrued interest on borrowings
Accrued expenses
Accrued salaries and wages

2019	2018
\$	\$
244,692	162,723
131,279	0
6,518	8,402
34,185	10,157
44,699	40,694
461,373	221,976

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 20

14 INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	119,620	118,788
Non-current	246,128	315,747
	365,747	434,535

(a) Borrowings

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019 Actual Principal	30 June 2019 Actual Interest	30 June 2019 Budget Principal	30 June 2019 Budget Interest	30 June 2018 Actual Principal	30 June 2018 Actual Interest	30 June 2018 New Loans	30 June 2018 Actual Principal	30 June 2018 Actual Interest	30 June 2018 Principal outstanding
Governance													
Jurien Bay Administration Centre	127	WATC*	5.55%	280,281	0	64,426	14,674	280,281	0	0	341,275	18,106	280,281
				280,281	0	64,426	14,674	280,281	0	0	341,275	18,106	280,281
Self Supporting Loans													
Recreation and culture													
Cervantes Community Club	114	WATC*	7.20%	26,776	0	17,529	1,618	26,776	0	0	43,092	2,814	26,776
Jurien Bowling Club	130	WATC*	4.94%	91,846	0	21,309	4,277	91,846	0	0	112,140	5,292	91,846
Jurien Bowling Club	131	WATC*	2.68%	15,499	0	6,076	375	15,499	0	0	21,415	535	15,499
Jurien Sport & Rec Centre	132	WATC*	2.36%	17,602	0	6,917	375	17,602	0	21,000	0	248	17,602
Jurien Bay Lions Club	133	WATC*	2.48%	0	50,000	0	0	0	0	0	0	0	0
Other property and services													
Advance Dandaragan	113	WATC*		2,531	0	2,531	75	2,531	0	0	7,373	368	2,531
				154,253	50,000	54,362	6,720	154,253	50,767	21,000	184,020	9,257	154,253
				434,535	50,000	118,788	21,394	434,534	111,760	21,000	525,295	27,363	434,535

* WA Treasury Corporation

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

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

14 INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/2019

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Jurien Bay Lions Club - SSL	WATC*	Fixed rate loan	7	2.48%	\$ 50,000	\$ 0	\$ (50,000)	\$ 0	\$ 4,774	\$ 0
* WA Treasury Corporation					50,000	0	(50,000)	0	4,774	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2019	2018
Bank overdraft limit	\$ 350,000	\$ 350,000
Bank overdraft at balance date	0	0
Credit card limit	21,000	21,000
Credit card balance at balance date	(8,119)	(9,040)
Total amount of credit unused	362,881	361,960

Loan facilities

Loan facilities - current	(119,620)	(118,788)
Loan facilities - non-current	(246,128)	(315,747)
Total facilities in use at balance date	(365,747)	(434,535)

Unused loan facilities at balance date

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 23.

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

15 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	293,013	253,984	546,997
Non-current provisions	0	72,511	72,511
	293,013	326,494	619,508
Additional provision	331,036	89,466	420,502
Amounts used	(328,294)	(33,592)	(361,886)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate		20,029	20,029
Balance at 30 June 2019	295,756	402,397	698,153
Comprises			
Current	295,756	298,373	594,129
Non-current	0	104,024	104,024
	295,756	402,397	698,153

	2019	2018
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date		
Annual Leave	295,756	293,013
Long Service Leave	124,783	65,804
	420,539	358,818
More than 12 months from reporting date		
Long Service Leave	326,282	314,520
	326,282	314,520
Long Service Leave expected reimbursements from other WA local governments	(48,668)	(53,830)
	698,153	619,508

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR

16 NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
	\$	\$	\$
Cash and cash equivalent	7,236,030	5,430,342	6,152,114
Reconciliation of net cash provided by operating activities to net result			
Net result	(1,740,430)	(3,229,493)	(6,738,868)
Non-cash flows in Net result:			
Depreciation	5,757,993	6,003,478	6,158,800
(Profit)/loss on sale of asset	(289,834)	91,010	5,305,001
Loss on revaluation of non current assets	0	0	1,529,888
Changes in assets and liabilities;			
(Increase)/decrease in receivables	479,499	860,000	(283,571)
(Increase)/decrease in inventories	3,582	0	(10,619)
Increase/(decrease) in payables	198,070	(100,000)	(223,720)
Increase/(decrease) in employee provisions	78,645	0	16,402
Grants/contributions for the development of assets	(1,226,423)	(1,248,242)	(3,626,988)
Net cash from operating activities	3,261,102	2,376,753	2,126,323

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	5,139,473	5,264,976
Law, order, public safety	1,354,062	1,623,162
Health	748,793	764,552
Community amenities	9,732,746	9,921,603
Recreation and culture	27,877,505	28,420,069
Transport	237,072,297	237,457,611
Economic services	1,603,321	1,163,169
Other property and services	8,362,862	8,191,505
Unallocated	2,750,927	2,469,083
	294,641,986	295,275,730

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

18 CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases

Payable:

- not later than one year

(b) Operating Lease Commitments

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

Payable:

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

2019	2018
\$	\$
0	118,646
0	118,646
46,747	57,357
115,692	99,910
162,439	157,267

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
The following fees, expenses and allowances were paid to council members and the President			
Councillor Meeting Fees	127,720	127,720	122,384
President Meeting Fees	24,720	24,720	24,500
President Allowance	12,000	12,000	11,893
Deputy President Allowance	3,000	3,000	2,973
Travelling Expenses	23,893	25,000	19,645
ICT Allowance	31,500	31,500	30,330
	222,833	223,940	211,725

Key Management Personnel (KMP) Compensation Disclosure

	2019	2018
The total remuneration for KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	721,350	762,779
Post-employment benefits	92,030	99,033
Other long-term benefits	83,674	90,001
	897,054	951,813

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 elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2019	2018
	\$	\$
Purchase of goods and services from KMP	1,350	9,620
Purchase of goods and services from close family member of KMP	500	4,020

Other Disclosure

Parties related to KMP's are employed by the Shire in a non-KMP role.

The related parties are employed in accordance to normal terms and conditions afforded to all employees of the Shire.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities controlled by KMP or close family member

Entities controlled or jointly controlled by KMP or their close family members

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20 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Bushfire risk management planning program	0	0	0	0	245,882	(44,569)	201,313
Recreation and culture							
Cervantes Community Centre - Cervantes Community Contribution	44,091	0	(44,091)	0	0	0	0
Cervantes Community Centre - Dept. Culture & Arts	333,803	0	(333,803)	0	0	0	0
R4R 2012/13 Individual Component	27,580	0	(27,580)	0	0	0	0
Total	405,474	0	(405,474)	0	245,882	(44,569)	201,313

Notes:

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

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

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

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21 RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

GRV - General

Unimproved valuations

UV - General

Sub-Total

Minimum payment

Gross rental valuations

GRV - General

GRV - Lesser (Dandaragan & Badgingarra)

Unimproved valuations

UV - Mining

UV - Lesser

Sub-Total

Discounts/concessions (refer Note 21(b))

Total amount raised from general rate

Ex-gratia rates

Totals

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

Rate in \$	Number of Properties	2019 Actual Rateable Value \$	2019 Actual Rate Revenue \$	2019 Actual Interim Rates \$	2019 Actual Back Rates \$	2019 Budget Interim Rate \$	2019 Budget Back Rate \$	2019 Budget Total Revenue \$	2018 Actual Total Revenue \$
7.8972	1,866	31,617,964	2,457,159	11,339	0	0	0	2,455,418	2,125,437
0.7622	685	381,656,896	2,906,938	482	0	0	0	2,905,614	2,859,070
	2,551	413,274,860	5,364,097	11,822	0	0	0	5,361,033	4,984,507
Minimum \$									
933	988	5,359,637	943,263	0	0	0	0	944,196	1,229,158
704	29	116,382	21,120	0	0	0	0	21,120	0
881	79	1,437,282	72,242	0	0	0	0	72,242	64,010
704	54	2,943,500	37,312	0	0	0	0	37,312	33,168
	1,150	9,856,801	1,073,937	0	0	0	0	1,074,870	1,326,336
	3,701	423,131,661	6,438,034	11,822	0	0	0	6,435,903	6,310,843
								(235,000)	(229,752)
								6,200,903	6,081,090
								1,273	1,273
								6,202,176	6,082,363

21 RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee	Discount	Discount	2019 Actual	2019 Budget	2018 Actual	Circumstances in which Discount Is Granted
Discount Granted	%	\$	\$	\$	\$	
General & minimum rates	5.00%		228,207	235,000	229,752	Current rates paid in full within 35 days of the date of issue noted on the rate notice.
			228,207	235,000	229,752	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount	Discount	2019 Actual	2019 Budget	2018 Actual
		%	\$	\$	\$	\$
Rate assessment	Write-off			1,634	1,323	3,372
Civic Centre hire charges	Waiver			1,550	0	1,591
Landing fees	Waiver			21,059	0	21,513
				24,242	1,323	26,476

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
Rate assessment	Central West Men's Shed applied for write-off	To allow for the establishment of a not for profit group	i. the tenure of the land being crown land would be otherwise exempt from rating had the Central West Men's Shed not taken up tenancy; ii. the Central West Men's Shed is a non for profit community group with limited income earning potential; and iii. the purpose of a Men's Shed aligns with the Shire of Dandaragan's strategic plan
Civic Centre hire charges	Fees waived for education providers to utilise rooms at the Civic Centre	To ensure the recently constructed Civic Centre achieves its purpose	Improved access to education facilities to improve education offering within the Shire was a key driver for the construction of the Civic Centre.
Landing Fees	1. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for the first four landings each calendar month for each customer as individually identified by the "customerID" held by Avidata; 2. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for landings undertaken by the Royal Flying Doctors Service and student pilots.	To not place barriers to the use of the Jurien Bay airstrip to casual and emergency service users	To encourage landing at the Jurien Bay airstrip

21 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	28-Sep-18	0	0.00%	10.00%
Option Two				
First instalment	28-Sep-18	0	0.00%	10.00%
Second instalment	28-Nov-18	6.67	5.00%	10.00%
Third instalment	29-Jan-19	6.67	5.00%	10.00%
Fourth instalment	28-Mar-19	6.66	5.00%	10.00%

	2019 Actual	2019 Budget	2018 Actual
Interest on unpaid rates	\$ 31,593	\$ 27,000	\$ 28,914
Interest on instalment plan	20,300	16,000	17,269
Charges on instalment plan	14,282	13,500	13,540
	66,175	56,500	59,723

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22 RATE SETTING STATEMENT INFORMATION

		2018/2019 2018/2019 (30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	2017/2018 (30 June 2018 Carried Forward)
	Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.				
Adjustments to operating activities				
(Profit) on asset disposals	11(a)	(397,267)	(52,995)	(40,186)
Loss on asset disposals	11(a)	107,433	144,005	5,345,187
Movement in employee provisions		31,513	0	(4,351)
Movement in deferred rates		(10,864)	0	(33,636)
Loss on fair value of asset through profit & loss	10(a)	0	0	1,529,888
Depreciation on assets	11(b)	5,757,993	6,003,478	6,158,800
Non cash amounts excluded from operating activities		5,488,809	6,094,488	12,955,701
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Cash - restricted reserves	3	(5,830,457)	(5,738,397)	(5,386,753)
Less: Other financial assets at amortised cost - self support loan		(55,721)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		119,620	112,994	118,788
Total adjustments to net current assets		(5,766,558)	(5,625,403)	(5,267,965)
Net current assets used in the Rate Setting Statement				
Total current assets		8,035,457	5,876,159	7,348,439
Less: Total current liabilities		(1,175,122)	(250,756)	(887,761)
Less: Total adjustments to net current assets		(5,766,558)	(5,625,403)	(5,267,965)
Net current assets used in the Rate Setting Statement		1,093,777	0	1,192,712

SHIRE OF DANDARAGAN
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23 FINANCIAL RISK MANAGEMENT

Financial instruments held by the Shire are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, Western Australian Treasury Corporation (WATC) borrowings. The Shire has limited exposure to financial risks. The Shire's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Shire's receivables defaulting on their contractual obligations resulting in financial loss to the Shire.

The Shire's major receivables comprise rates and annual charges and user charges and fees. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

Liquidity risk

Liquidity risk arises when the Shire is unable to meet its financial obligations as they fall due.

The Shire is exposed to liquidity risk through its trading in the normal course of business.

The Shire has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Shire's income or the value of its holdings of financial instruments. The Shire does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes].

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. The Shire's exposure to interest rate risk is detailed in the interest rate sensitivity analysis table at Note 23(d) and it has no borrowings other than the WATC borrowings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	7,236,030	6,152,114
Trade receivables*	713,470	1,082,965
Other financial assets	243,704	0
Other loans and receivables	0	164,633
	8,193,204	7,399,713
Financial liabilities		
Trade and other payables*	461,373	221,976
Borrowings	365,747	434,535
	827,121	656,511

* Amount excludes GST receivable / payable to ATO (statutory receivable / payable)

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23 FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

Trade Receivables

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

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

The level of outstanding receivables is reported to Council monthly.

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

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

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
	\$	\$	\$	\$	\$
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	707,305	1,222	1,785	40,599	750,912
Loss allowance	-	-	-	-	-
30 June 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	151,392	54,159	26,465	8,042	240,058
Loss allowance	-	-	-	-	-

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2019					
Sundry Receivables					
Expected credit loss	0.04%	0.16%	0.75%	1.76%	
Gross carrying amount	363,972	7,064	4,586	34,446	410,068
Loss allowance	142	11	34	605	792
30 June 2018					
Sundry Receivables					
Expected credit loss	0.04%	0.17%	0.84%	1.95%	
Gross carrying amount	658,629	48,677	1,222	42,384	750,912
Loss allowance	290	81	10	827	1,208

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23 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk and Interest Rate Exposure

The following table details the Shire's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average effective interest rate	Interest rate exposure				Nominal amount	Maturity dates		
		Carrying Amount	Fixed interest rate		Variable interest rate	Non-Interest bearing	Up to 1 year	1-5 years	More than 5 years
		\$	\$	\$	\$	\$	\$	\$	\$
2019									
<u>Financial assets</u>									
Cash and cash equivalents (unrestricted)	1.00%	1,072,980	-	-	1,072,980	-	1,072,980	-	-
Cash and cash equivalents (restricted)	1.25%	6,163,049	-	-	6,163,049	-	6,163,049	-	-
Receivables		713,470	-	-	-	713,470	713,470	-	-
Other financial assets		243,704	-	-	-	243,704	97,831	94,634	51,240
		8,193,204	-	-	7,236,030	957,174	8,047,330	94,634	51,240
<u>Financial liabilities</u>									
Payables		461,373	-	-	-	461,373	461,373	-	-
WATC borrowings	4.89%	365,747	365,747	-	-	-	9,913	322,469	51,240
		827,121	365,747	-	-	461,373	471,286	322,469	51,240
2018									
<u>Financial assets</u>									
Cash and cash equivalents (unrestricted)	1.00%	765,361	-	-	765,361	-	765,361	-	-
Cash and cash equivalents (restricted)	1.50%	5,386,753	-	-	5,386,753	-	5,386,753	-	-
Receivables		1,247,597	-	-	-	1,247,597	1,247,597	-	-
		7,399,711	-	-	6,152,114	1,247,597	7,399,711	-	-
<u>Financial liabilities</u>									
Payables		221,976	-	-	-	221,976	221,976	-	-
WATC borrowings	5.29%	434,535	434,535	-	-	-	2,589	461,657	-
		656,511	434,535	-	-	221,976	224,565	461,657	-

23 FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Shire's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount	-100 basis points Surplus	Equity	+100 basis points Surplus	Equity
	\$	\$	\$	\$	\$
2019					
<u>Financial assets</u>					
Cash and cash equivalents (unrestricted)	1,072,980	(10,730)	(10,730)	10,730	10,730
Cash and cash equivalents (restricted)	6,163,049	(61,630)	(61,630)	61,630	61,630
<u>Financial liabilities</u>					
	0	0	0	0	0
	7,236,030	(72,360)	(72,360)	72,360	72,360
2018					
<u>Financial assets</u>					
Cash and cash equivalents (unrestricted)	765,361	(7,654)	(7,654)	7,654	7,654
Cash and cash equivalents (restricted)	5,386,753	(53,868)	(53,868)	53,868	53,868
<u>Financial liabilities</u>					
	0	0	0	0	0
	6,152,114	(61,521)	(61,521)	61,521	61,521

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24 CONTINGENT LIABILITIES

The Shire has no contingent liabilities to disclose
at the end of the reporting year

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25 TRUST FUND

From the year, all bonds, deposits and collections not required by legislation to be held in trust are included in the financial statements;

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Cash	30 June 2019
	\$	\$	\$	\$	\$
Cash In Lieu POS - L9000 Valencia	200,277	0	0	0	200,277
Housing Relocation Bond	4,000	0	(2,000)	(2,000)	0
Housing Bonds	250	50	(300)	0	0
Seagate Estate	62,953	0		(62,953)	0
Fire Fighting Facility	5,000	0	(5,000)	0	0
Other Development Bonds	19,000	10,000	0	(29,000)	0
Dust Bond	11,049	0	(5,100)	(5,949)	0
Burial Plots	3,909	0	0	(3,909)	0
Footpath Deposits	2,600	0	0	(2,600)	0
Sale Lot 28 Harris St for cap exp rec dand	9,500	0	0	(9,500)	0
Development Assessment Panel Fee	196	0	(196)	0	0
Scheme Amendment Deposit	1,000	0	0	(1,000)	0
RehabBond (Sand Pit Holdings Lot 290 Canover)	5,000	0	0	(5,000)	0
Central Coast Strategy	16,688	0	0	(16,688)	0
DOLA Sub-Divisions Cervantes	51,026	0	0	(51,026)	0
Jurien Bay Heights - Stage 2	19,596	0	0	(19,596)	0
Cash in Lieu - Landscaping	2,465	0	0	(2,465)	0
	414,509	10,050	(12,596)	(211,686)	200,277

26 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

AASB 9 Financial instruments

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

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

The effect of adopting AASB 9 was assessed as not material and therefore, no adjustment was required to be made.

(a) Classification and measurement

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

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

26 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

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

	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
AASB 139 category	\$	\$	\$	\$
Loans and receivables				
Trade receivables*	1,082,965	1,082,965		
Loans and advances	164,633	164,633		
Available for sale financial assets				
	1,247,598	1,247,598	0	0

(b) Impairment

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

The effect of adopting AASB 9 was assessed as not material and therefore, no adjustment was required to be made.

27 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

(a) Revenue from Contracts with Customers

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

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	201,313	201,313
Adjustment to retained surplus from adoption of AASB 15		(201,313)	

(b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 1.33%.

Note	2019
	\$
Operating lease commitments disclosed as at 30 June 2019	162,439
Lease liability recognised as at 1 July 2019	
Discounted using the Shire's incremental borrowing rate of 1.33%	157,068

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

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

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

(c) Income For Not-For-Profit Entities

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

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

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

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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28 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF DANDARAGAN
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FOR THE YEAR ENDED 30 JUNE 2019

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific local government services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Provision of youth, aged and disability services.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the local government and its economic wellbeing	Tourism and area promotion Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES	To monitor and control operating accounts	Private works operation, plant repair and costs.

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

30 FINANCIAL RATIOS

	2019	2018	2017
Current ratio	3.22	4.90	5.22
Asset consumption ratio	0.71	0.72	0.71
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.76	0.84	0.97
Debt service cover ratio	20.32	(30.53) ¹	13.95
Operating surplus ratio	(0.31)	(1.15) ²	(0.31)
Own source revenue coverage ratio	0.62	0.42 ³	0.61

The above ratios are calculated as follows:

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

Notes:

Three of the ratios was impacted by expenses associated with the disposal of the sewer to the Water Corporation for nil consideration and loss on revaluation of assets through P&L

	2018
	\$
Loss on disposal of sewer	5,315,357
Loss on revaluation of assets	1,529,888

If the events detailed above did not occur, the ratio would be as follows:

	2018
Debt service cover ratio	19.45 ¹
Operating surplus ratio	(0.39) ²
Own source revenue coverage ratio	0.63 ³



**Local Government (Audit) Regulation 17
Risk Management
– Appropriateness & Effectiveness**

Version: 1.0 Final

Shire of Dandaragan

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Executive Summary

The Shire of Dandaragan (the 'Shire') has utilised support material from LGISWA and guidelines provided by the Department of Local Government, Sport and Cultural Industries to review the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance. The Chief Executive Officer (CEO) has a regulatory obligation to report this to the Audit Committee at least every three years.

The Department of Local Government, Sport and Cultural Industries provided guidance for the areas that has also been considered for this review (Operational Guideline #9 Appendix 3). These specific areas have been addressed to provide the basis and format for this review. A combination of documentary evidence, internal audit and meetings with key staff has provided the foundation for information provided in this report.

The Shire implemented a Risk Management Framework ('Framework') in 2014 and that structured approach has remained since implementation. It was reviewed and formalised as a Council policy in October 2019.

The Shire's Framework classifies all risks under three main contexts:

1. **Strategic Risks** – these risks are identified through the Strategic Community Plan and associated informing plans / strategies. The mitigation activities are documented through the Corporate Business Plan and the status tracked and reported regularly and through annual Council reports. Whilst the full application of the risk 'process' is not documented (e.g. risk assessment); the base principle of identifying and managing risk is apparent. Key content in these areas is covered by evaluating macro trends and current key challenges.
2. **Operational Risks** – these risks are formally managed through the use of risk profiles, covering all operations of the Shire. The components of the individual risk profiles (e.g. risk ratings / control effectiveness / mitigation treatments) are regularly reviewed and have these components have not changed since inception.
3. **Project Risks** – the process for identifying and managing small project based risks are reliant upon the skills and knowledge of the Shire's project 'representative'. Risks for Large / Major Projects are generally assessed by external entities engaged to plan or deliver upon the project and are deliberated by the Shire's Executive and Council. Specific proposals provided to Council contain a requirement to address the risks associated with the proposal.

The Audit Committee accepted the CEO's previous report (Regulation 17) in March 2016. Since that time there have been no further formalised risk reports requested or provided. The Shire's administration have embedded risk management evaluation and management across all Departments with the major focuses being safety and project management. There is scope for extending the risk management recording and cataloguing process through to strategic risks which would consider key external, political and economic risks to the Shire. This analysis has been undertaken through strategic planning processes but not recorded within the Shire's risk management databases.

Notwithstanding the recommendations in this report, the Shire's risk management systems, internal controls and legislative compliance procedures are considered appropriate and effective for the size, scale and resourcing constraints of the Shire.

Risk Management Considerations

Risk management systems and programs are a key expression of the Shire's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:

Risk management system

The 'system' is considered to be the Shire's Risk Management Framework ('Framework'); which consists of:

- Risk Management Policy
- Risk Management Procedures
- Current Risk Profiles

Risk Management Policy

A risk policy has been endorsed by Council in October 2019 which was derived from the Shire's existing risk management framework document. This policy contains the commitment statement as referred to in AS/NZS ISO 31000:2009 guidelines.

Risk Management Procedures

The Shire's procedures were previously contained within the Framework document which was recently updated and modified to formulate a formal Council Policy. It provides a sound overview of the roles and responsibilities for risk management within the organisation. There needs to be continued integration of this Framework across the organisation to gain greater commitment to formal and documented risk management processes. An effective starting point is to provide a regular risk profiling agenda item within the Executive Management Team's periodic meetings.

The Framework risk assessment process and rating system has been incorporated into the Shire's project management templates in 2019 to ensure the process is considered through the development of new projects for budgeting and planning purposes. Embedding this requirement in project management templates has been effective in raising the awareness to date.

Risk Management Policy, Procedures & Framework

This is the overarching document that contains the policy and procedures, in addition to:

- Operating model, governance and document structure
- Accountabilities (roles and responsibilities)
- Reporting requirements
- Risk assessment and acceptance criteria

This document focuses on operational risk by providing a structured approach to risk descriptions and profiling requirements. When this was initially implemented it was considered appropriate as it provided a prescriptive approach to managing common risks across all local governments and allowed the Shire to embed and integrate a risk management process.

Current Risk Profiles

Individual Risk Profiles that required attention at the last review have been reviewed on a regular basis as evidenced through the close out of a number of previously identified risks. To provide better tracking and documentation of the ongoing risk management process the profiles should be brought into Executive Management Meeting processes and Audit Committee agendas. This will provide a formal meeting record and assist in audit functions of the risk management process. It will also ensure that ongoing risk assessment is being undertaken and incorporated into a central location for documentation and management.

At this point there are 15 risk profiles covering operational risks (Refer Appendix 1 – Most Current Dashboard).

Business Continuity / IT Disaster Recovery

The Shire has a Business Continuity Framework in place which incorporates:

- Business continuity management procedures and approach.
- Business Continuity Plan.
- Procedures for emergency management preparedness and response.

The plan was completed in 2018 with assistance from LGISWA, it was received by the Audit Committee in February 2019. It is scheduled for review in March 2020. The plan has not been validated through a simulated exercise of major disruption and provides a template action plan as opposed to detailed steps to apply in the case of a business disruption event. This approach is considered appropriate for the Shire's business continuity needs and access to external expertise for support.

In terms of appropriateness, the Shire benefits from being a small regional organisation and would not be driven by short (or minimum) recovery time objectives. In addition, the ability of the Shire staff and community to work closely together and have a clear understanding of the overall recovery objectives would more than likely result in a successful (albeit slower) recovery.

It is difficult to assess the effectiveness as there has been no formal validation exercise, testing the effectiveness of the business continuity arrangements.

The IT disaster recovery arrangements are primarily driven through the Shire's IT support agents, Bridged. Bridged provides regular cloud based data backups and remote support to mitigate interruptions in the event of a major IT interruption. Current arrangements also involve hourly shadow backups to two offsite locations, plus daily backups to USB hard drives which are also removed from premises daily.

There is no formal testing of these arrangements from a state of complete failure; however the recovery of specific files occurs on a semi regular basis which provides some comfort on functionality.

From a cyber-risk perspective the Shire again relies on external expertise through Bridged to manage encryption, anti-virus, backups and recovery in the event of a breach. The greatest risk associated with cyber risk manifest from staff accessing links in emails or other software from inside the protective firewall systems. Improving staff awareness of these risks and group notifications are currently considered appropriate mitigation strategies.

Managing material operating risks in accordance with tolerance

The Shire does not have a formal risk appetite or tolerance guidance statement and relies on a decision making escalation matrix contained within the Policy and Framework which is shown below. This process is considered appropriate for the Shire's organisational size and volume of risk assessments undertaken. Recording the outcomes of high/extreme risk evaluation and management through the Executive Management Team meeting process and Audit Committee will provide greater clarity around high and extreme risk acceptance or management.

Shire of Dandaragan Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW (1-4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE (5-9)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH (10-16)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Executive Manager / CEO
EXTREME (17-25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Non-compliance

The Shire has identified 'Failure to fulfil statutory, regulatory or compliance requirements' as a low risk. The residual risk rating is driven by the key controls being rated 'effective':

- Use of the Compliance Annual Return as a detective mechanism to identify any potential non-compliance issues and ensure the currency of the Compliance Calendar.
- Maintaining subscriptions and memberships with appropriate external entities to ensure the Shire is fully aware of any potential changes or emerging issues.
- Retention of experienced staff members whom have detailed understanding of the Shire's internal business processes and external legislative requirements.

The combination of residual risk and control ratings fits within the Shire's risk acceptance criteria. A further improvement to mitigate the risks of non-compliance would be the implementation of an annual compliance calendar. A review of this process is required though to determine whether the additional control justifies the additional labour input. At this stage the Executive Manager of Corporate and Community Services is confident that staff are capable of meeting current requirements without the additional checklist layer. This belief has been validated by the recent Auditor General's external audit processes which did not identify any areas of non-compliance.

Accounting judgements / Financial Sustainability / External Funding Support

The increased audit processes of the Auditor General are also unearthing new levels of documentation and justification being required for key accounting assumptions. The Shire's financial staff continue to work with the Auditor General to meet these evolving requirements through the annual audit process. To date the outcomes of this process have not resulted in any material levels of risk change however in the 2018/2019 Audit, the Auditor General made two "Significant findings" in relation to the Operating Surplus Ratio and the Asset renewal Funding ratio. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past three years. The Asset Renewal Funding Ratio has not been reported for the past three years due to the current management confidence in asset data and process being undertaken for the development of a new Long Term Financial Plan.

In the current environment where the Shire is subject to State Government cost shifting, increased asset maintenance or renewal costs and grant funding reductions, the focus on financial sustainability becomes a key strategic risk. Ensuring that projects are delivered within budgeted funding commitments is also a critical aspect of maintaining the Shire's financial health and sustainability. Investing in appropriate levels of staff resources to leverage external funding and develop strong business cases is also vital to continue to deliver infrastructure renewal without additional burden to the ratepayer.

Business case development together with project management planning and delivery should be considered as potential controls for mitigating this risk.

The Shire currently has profiled two risks related to this area:

1. 'Inadequate project / change management' – currently listed as a moderate residual risk with adequate controls. Discussions indicate that whilst project status reporting is adequate, the risk assessments, business case development and general methodical approach to moving from concept to project delivery does not meet the 'control tests' for adequate and should be rated as inadequate. This risk eventuated with financial implications through the delivery of the Cervantes Recreation Centre upgrades resulting in significant cost overrun. In response the Shire has reviewed its project management systems, project planning timeframes and rolled out project management training to a number of key staff.
2. 'Inadequate asset sustainability practices' – currently listed as a moderate residual risk with adequate controls (although the key control – Asset Management Plan has been listed as inadequate at present until final drafts are complete). The Shire is continually improving the Asset Management Strategy through implementing asset management principles and system support. Additional staff resources are being seconded from other areas of the workforce as a project team to progress this control.

Where the degree of project complexity warrants, the Shire engages external parties to prepare business cases in relation to large projects. These are then reviewed internally and informally with Council initially until a formal recommendation is submitted to Council.

The Shire also has a template for business cases and projects which is designed to identify and consider relevant risks (amongst other project considerations). This process supports staff to consider and manage risks through the project development process.

The Shire would benefit from formalising the escalation of project risks through to a centralised risk register or profile to improve the documentation and peer review of risk assessments and management processes. This should be done based on the risk acceptance criteria which provides that High or Extreme rated risks need higher levels of management intervention and monitoring. Lower risk ratings can be effectively managed through the project management process.

Litigation and claims

The CEO did not identify any existing or credible, substantiated potential outstanding litigation against the Shire over the past 2 years. These risk events are difficult to assess where the normal course of operations does not generally attract litigious activity. In the last two years the only claims against the Shire have been minor in nature and relate to damage caused to vehicles from roads. One potential claim was identified from an individual hurt whilst at a Shire recreation facility, however the family chose not to pursue the matter.

Liability Claims

Claim #	Cause (Roads)	Description	Date	Cost
LI0043160	Uneven Surface	Child tripped at Shire owned site	26/05/2018	\$3,318
LI0053774	Road surface / roadworks	Rock hit claimants windscreen	21/03/2019	Denied
LI0053787	Roadworks	Broken Windscreen	21/03/2019	Notification only

The Shire's approach once the potential for claim or litigation arise is to advise the insurer immediately so that appropriate mitigation activities can begin to contain or reduce the potential consequences or likelihood of occurrence. This is consistent with the recommendations of the Shire's insurer.

Fraud and misconduct

The Shire has profiled 'Misconduct' as a moderate risk with overall adequate controls. This is acceptable under Shire's risk acceptance criteria and the actions listed for further investigation are minor in nature.

The Shire has also affirmed that the controls covering the procurement function are rated as effective. The Shire uses a range of procurement techniques based on value, complexity and sources of supply and provides regular training and policy/procedural support to staff engaged in procurement.

Audit reports over the last two years that whilst there are limitations in the audit process they did not identify or suspect fraudulent activity from within the organisation. It should be noted that the Auditor General is now working within the Shire's offices for around 4 weeks per year providing a significant increase in the level of testing undertaken compared to previous audits.

One incident was identified in 2018 resulting from an external party purporting to be a member of staff which resulted in bank details of a staff member being changed. This resulted in a small financial loss which was covered by the Shire's insurance policy. Immediate changes to internal procedures were made by the Corporate Services Department to mitigate against future occurrences.

The current Code of Conduct provides direction on the expected behaviours of staff and elected members. It expressly provides guidance on the expectations in relation to the:

- Statutory environment,
- Roles and relationships between Council, CEO and Staff
- Conflict and disclosures of interest
- Use of confidential information
- Gifts & Hospitality
- General Conduct

In addition to the Code of Conduct the Shire has also developed Policy C-1PID09 – Public Interest Disclosure (Whistle-blower) to provide framework and guidance for the reporting of behaviour or events that breach the Shire's Code of Conduct, policies or the law.

In addition to the existing controls this review has identified that the Shire's internal systems would benefit from appointing an officer responsible for centralising data collection, periodic internal audit and reporting significant risks to the Executive Management Team. Implementation of this role / responsibility will be explored through the finalisation of the Workforce Plan.

Significant business risks

Environmental risk

The Shire has identified 'Inadequate environmental management' as a high risk with overall adequate controls. The most significant source of environmental risk is the Shire's landfill operations due to the nature of this business unit and the types of waste received at the site. The Shire has budgeted for a Strategic Waste Management Plan to be developed for the Jurien Bay Waste Facility in 2019/2020 to provide greater certainty over the current operational conditions and future capacity planning.

There is also an unknown level of potential environmental impact associated with the Shire's underground fuel storage facilities at the Jurien Bay Shire Depot. Underground tanks are often associated with leakage and soil contamination which may require site remediation at a future date. This risk has been flagged for future investigation.

The Shire is also located within a bushfire prone area and there is a significant presence of remnant and uncleared bushland which can present significant environmental risk from bushfires. The Shire is currently working towards the completion of the Bushfire Risk Management Plan and developing an inter-agency working group to progress prescribed burning from a tenure blind position. These controls may lower the overall risk over the medium term however like most of Australia, bushfire has the potential for major impacts across the landscape.

Another source of environmental risk for the Shire is the appropriate management and maintenance of Shire road corridors. The Shire currently utilises roadside spraying, slashing and mowing to mitigate the impacts of weed incursions. It is important the staff maintain their level of training and awareness of key risks such as that from spray drift, weed resistance and compliance with the Clearing of Native Vegetation regulations.

Occupational safety and health

The Shire has identified 'Inadequate safety and security practices' as a high risk with overall adequate controls. The last major audit of the Shire's occupational safety and health systems was undertaken in 2017 and resulted in a range of issues being identified. In response in 2018 the Shire formulated the Safety Working Group to address these issues and to date all high and medium priority items have been addressed with the exception of Contractor Inductions which the Shire is currently addressing with support from LGISWA.

Other significant business risks identified include:

Through the Integrated Planning and Reporting process or operational risk profiling, the Shire has identified the following (where not already considered in this report):

- **Community Disruption** – Due to severe weather events, bushfire or other disaster that may affect the community; active planning is in place through the Local Emergency Management Arrangements.
- **Political Risks** – Due to change of government, funding programs and State Government priorities the Shire's priority projects can be impacted having a positive or negative impact on community outcomes.

- **Shire Demographics** – The Shire's population between the last two censuses indicated a significant shift in population with working and family age groups declining significantly being replaced by senior age groups. This shift in demographics impacts demand for infrastructure and services and also reduces the locally available employment pool.
- **Technology** – Specifically the changes in purchasing habits on the business community from online shopping trends. Changes in technology for the Shire's IT network will also present ongoing risks and opportunities as data is shifted to cloud based storage and our reliance on email as a primary form of written communication increases.
- **Workforce** – Aging workforce and the inability to attract or retain staff. This a particular risk for the Shire's Dandaragan based works crew where increased local industry will compete for workers with the Shire and may result in key staff being enticed to work in the private sector.

Audit Committee Practices

The Local Government Act and Regulations stipulate that each local government is to establish an Audit Committee. Where a Council considers it appropriate, the whole Council can be appointed to the Audit Committee. The Shire of Dandaragan's Audit Committee consists of 4 elected members which are appointed through Council's biennial appointments to Council Committees agenda item.

The role of the Audit Committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability¹.

The following matters were resolved by the Audit Committee in the period since the last review.

Meeting	Item	Title	Recommendation
20170309	4.1	Budget Review 2016/2017	To recommend to the Audit Committee that the Budget Review, as presented with a deficit of \$132,443, be adopted, with the following variances being formally adopted as budget amendments:
20170309	4.2	Statutory Compliance Audit return 2016	That it be recommended to the Audit Committee that the Compliance Audit Return as per attached for the period 1 January 2016 to 31 December 2016 be adopted
20171207	4.1	Audit Report for the year ended 30 June 2017	1. the Independent Audit Report for the year ended 30 June 2017 be received, and; 2. in accordance with Section 7.12A (3) of the Local Government Act 1995 acknowledge that a completed Financial Management Review will be presented to Council at the Ordinary Meeting to be held 21 December 2017, and provided that occurs, determine that there are no matters raised in the report that require further action.
20180308	4.1	Budget Review 2017/2018	To recommend to Council that the budget review, as presented with a deficit of \$191,362, be adopted, with the following variances being formally adopted as budget amendments;
20180308	4.2	Statutory Compliance Audit Return 2017	That it be recommended to the Audit Committee that the Compliance Audit Return as per attached for the period 1 January 2017 to 31 December 2017 be adopted.

¹ Local Government Operational Guidelines #9

20181207	4.1	Audit report for the year ended 30 June 2018	1. the Independent Audit Report for the year ended 30 June 2018 be received, and; 2. In accordance with Section 7.12A (3) of the Local Government Act 1995 determine that there are no matters raised in the report that require further action, and; 3. the audit committee determine that the response by the Shire administration to the other matters identified in the audit report and management letter are appropriate, and; 4. the audit committee acknowledge that utilising the historical spend for the infrastructure class of asset as the "Required Capital Expenditure" amount for the purposes of calculating the Asset Renewal Funding ratio is appropriate until such time as the Asset Management Plans are updated and refined.
20190228	4.1	Budget review 2018/2019	To recommend to Council that the budget review, as presented with a surplus of \$105,555, be adopted, with the following variances being formally adopted as budget amendments
			To recommend to Council that the surplus identified by the 2018 / 19 budget review of \$105,555 be transferred to the Economic Development Reserve.
20190228	4.2	Business Continuity Plan	That the Audit Committee receive the Shire of Dandaragan's; 1. Incident Management / Business Continuity Response Plan, and; 2. Business Continuity Management Procedures Manual
20190328	4.1	Statutory Compliance Audit Return 2018	That it be recommended to the Council that the Compliance Audit Return as per attached (Doc Id: 130234) for the period 1 January 2018 to 31 December 2018 be adopted.
20190328	5	General Business - Need Terms of reference	Moved Cr McGlew, seconded Cr Eyre that members liaise to draft up a Draft Terms of Reference item for discussion at the next Audit Committee Meeting
20190424	4.1	Audit Committee -Terms of Reference	That it be recommended to Council the Proposed Terms of Reference (Doc Id: 132497) be adopted for the Shire of Dandaragan's Audit Committee

There is evidence of the Audit Committee reviewing financial and audit reports in addition to meeting the Auditor as per the regulatory requirements. There is no evidence of any regular risk reports being considered or requested from the Audit Committee. A 'Terms of Reference' for the Audit Committee was adopted on 24 April 2019 which guides the roles and functions of the committee. This is provided as Appendix 3.

Insurable Risks

All insurance products are arranged through Local Government Insurance Services (LGISWA) and are formally reviewed on an annual basis.

Formal renewal meetings are generally held in June with the insurable periods being based on the financial year. The formal renewal meeting was conducted on the 14th June preparing the Shire for the 2019/20 financial year. The current period is still current and the current insured risks are detailed in Appendix 1

Regular contact is maintained with the LGISWA to ensure that relevant exposures are appropriately covered.

The Shire also has a documented procedure and process map for managing insurance claims. LGISWA provides the Shire with regular updates of active and past claims to monitor any trends.

The following tables itemise the recorded claims made by the Shire over the last 2 years.

Motor Fleet Claims

Claim Number	Fault	Description	Date	Cost
633570558	Broken Windscreen	JCB Backhoe	1/08/2017	\$655.74
633574420	Sunvisor damaged by flock of birds	Iveco Prime Mover	1/09/2017	\$943.72
633577583	Reversed into Western Power Unit	Toyota Hilux	29/09/2017	\$410.00
633585086	Impact with Kangaroo	Mazda	29/11/2017	\$2,447.53
633587273	Hit Steel Post	Private Landcruiser (Bushfire Brigade Member)	9/12/2017	\$14,782.73
633589042	Impact with Kangaroo	Toyota Fortuner	28/12/2017	\$2,670.35
633589245	Damaged by object	JCB Backhoe	4/01/2018	\$4,701.02
633598172	Broken Windscreen	Hino Split Tray Truck	1/03/2018	\$285.00
633600557	Reversed into trailer hitch	Flat Bed Trailer	4/04/2018	\$1,070.00
633605046	Impact with low hanging tree branch	Loader	16/05/2018	\$1,783.93
633605692	Impact with Kangaroo	Ford Everest	22/05/2018	\$5,042.46
633613792	Object punctured fuel tank	7 Yarder	16/07/2018	\$1,511.90
633623039	Damaged windscreen	Mazda	27/08/2018	\$1,075.90
633620398	Rolled into Tree	Mower	12/09/2018	\$1,274.63
633622709	Driver failed to stop resulting impact to lead truck causing rollover.	Truck & Dolly	8/10/2018	\$167,247.61
633631589	Damage to windscreen	Mower	13/11/2018	\$2,014.55
633638653	Attending fire - Loader bucket went under Tractor	Private Tractor (Bushfire Brigade Member)	14/01/2019	\$5,536.86
633639052	Unit was hit by object whilst pushing up tip	Loader	12/02/2019	\$624.72
633652525	Wind caught door - Hinges broken and panel dented	Toyota Hilux	5/05/2019	\$1,658.84
633650488	Impact with Kangaroo	Toyota Hilux	7/05/2019	\$3,653.00
633656411	Hole in Fuel Tank	John Deere Tractor	17/06/2019	\$1,826.96
633661692	Loss of Oil from undercarriage damage – Motor Seized	JCB Backhoe	19/06/2019	\$22,273.00

Property Claims

Claim #	Cause	Description	Date	Cost
PR0019481	Fusion	Submersible Bore Pump fused, Jurien Bay Vista	3/06/2018	\$2,161.25
PR0020895	Storm & Tempest	JB Bowling Club damaged water tank	22/09/2018	\$3,870.00
PR0022672	Other	Drone collided with Power Pole during windy conditions	24/01/2019	\$2,093.59
PR0022989	Water Damage	Accidental water damage to iPhone	1/04/2019	\$423.64

Workcare Claims

Claim #	Cause/ Causing	Description	Date	Cost
27224	Moving cones from back of truck	Left Shoulder Injury	9/05/2019	\$26,500.00
28458	Tripped over, trolley containing solar panels fell on top of him	Major back injury requiring surgery	14/05/2019	\$256,855.00
28373	Bee sting	Left Eye	2/04/2019	\$309.00
28232	Fall	Sprain to right ankle	14/02/2019	\$587.00
27921	Motor Vehicle Accident	Bruising	8/10/2018	\$524.00
27657	Struck by object	Cut & Bruising to right eye	20/06/2018	\$275.00
27437	Fall	Severe Jarring & Bruising of left arm	6/04/2018	\$4,244.00
27264	Fall	Straining of right hip	24/01/2018	\$936.00
27224	Fall	Cut on back of left leg	23/01/2018	\$866.00

Unusual transactions

The Delegation Framework provides for authority to be passed to relevant officers based on financial and transaction types that would constitute 'usual transactions'. Any transaction that is not referenced within this framework would be considered 'unusual' and would require Executive Management, CEO or Council oversight and approval to proceed.

From a financial and / or investment transaction perspective, policies and their associated procedures and reporting frameworks provide assurance that all transactions do not expose the Shire to unacceptable risks. These include the;

- Investment Policy – ensures the investment portfolio is contained within a framework that provides tolerances for credit quality and spread of investments.
- Purchasing Policy – driven by the Local Government Act and Regulations, it is supported management procedures that sets out the procedures to be applied for all purchases.

Auditors are also required to test samples of journal entries of which the latest review identified no irregularities towards unusual or high risk transactions.

The Shire does not have any associations with activities, events or businesses that could be considered unusual.

Procurement Framework

The Shire has identified 'Inadequate procurement, disposal and tender practices as a moderate risk with adequate controls; which meets the Shire's risk acceptance criteria. The Shire's procurement system is critically analysed twice annually by the Auditor General with substantive testing to confirm compliance with legislation and the Shire's purchasing policies. The following findings were observed by an internal audit process during the review:

- Incomplete tender register information including:
 - The names of a successful tenderer was not noted on the tender register or tender register form
 - The consideration amount for a tender was not noted on the tender register or tender register form
 - The advertisement of a tender was not placed on the tender register.

In response to the above findings, the Shire has reinforced the internal process for ensuring all aspects of the tender cover forms are completed with the relevant responsible officer. The information missing has now been added to the tender register to ensure compliance is achieved.

In addition to manage risks associated with procurement the Shire provides regular training to staff members who are responsible for procurement. In addition Executive Managers review every payment batch prior to authorising bank transfers which is viewed as an effective final review before payments are made.

Risk Management Recommendations

1. Include a standing agenda item that captures the risk assessment and profiling tool in the Executive Management Team's periodic meetings.
2. Utilise the Executive Management Team meeting to regularly update the Shire's risks that exceed an acceptable threshold and require ongoing action. Report these risks via the dashboard report to the Audit Committee to ensure they can meet their terms of reference with respect to risk management.
3. Identify current or future major projects and create a major project risk profile to capture all risks rated high or greater, so that risk management can be applied (and documented) through the project lifecycle.
4. Create a risk profile for strategic risks so that risk management can permeate from the Shire's key strategic planning documents through to regular risk management practices.
5. Review the 'Failure to fulfil statutory, regulatory or compliance requirements' risk profile in line with the outcomes of the Legislative Compliance component of this report. Consider the implementation of an annual compliance calendar to be maintained by one responsible staff member.
6. Implement a process for regularly reviewing the Shire's risk profiles for operational risks and the inclusion of key strategic and project risks. Build this process into existing Executive Management Meetings with a reporting function through to the Audit Committee.
7. Update the Incident Management /Business Continuity Response Plan and combine the Business Continuity Management Procedures Manual.
8. Undertake a simulated test of the Business Continuity Management arrangements.
9. Continue with the development of an IT Strategy with the Shire's IT providers to plan for major IT interruptions.

10. Provide continual staff awareness information on the risks associated with opening / clicking on dubious emails and other links, sharing of passwords, the use of unencrypted external media drives, etc.
11. Complete the update of the Shire website and migration to cloud based electronic records management system.
12. Provide staff and elected members with continual awareness of the Code of Conduct.
13. Provide the Audit Committee with a standing agenda item containing the Risk Dashboard reports detailing the current risk and control environment faced by the Shire.
14. Formally implement the Project Management Template with processes and procedures. Including an end of project review.

Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. It provides a level of assurance that financial and governance information is reliable and that the Shire is meeting its compliance and regulatory responsibilities.

When assessing the Shire's internal control systems the CEO has reviewed the following systems and processes:

- 1) Delegation of Authority
- 2) Documented Policies and Procedures
- 3) Trained and Qualified Employees
- 4) System Controls
- 5) Effective Policy and Procedure Review
- 6) Internal Audit Processes
- 7) Liaison and Interface With External Auditors

A number of these systems have been explored further as part of this review.

Delegation of Authority

The Shire is required to review the register of delegations annually. This is usually undertaken in November and coordinated by the Executive Secretary in liaison with the Executive Management Team. At the 2018 review there was a major review of delegations including content, format and alignment to the organisational structure. The live document is retained on the Shire's document intranet – InfoExpert to provide a single point of access to the latest version.

This process effectively resulted in the adoption of a new delegations manual, based on the model which is provided by WALGA.

The current register of delegations is considered appropriate and effective for the Shire of Dandaragan and an annual review process is in place managed by the Executive Secretary who liaises with the Executive Managers.

Documented Policies and Procedures

The Shire has formalised documents and policies in a number of fields to facilitate consistency in decision making. The following non-exhaustive list documents provide an overview of the Shire's approach to policies and procedures:

- 1) Council Policy Manual (includes Management Procedures)
- 2) Code of Conduct
- 3) Customer Service Charter
- 4) Business Continuity Plan
- 5) Pre-approved Panel of Suppliers Handbook

- 6) Local Emergency Management Plan and Emergency Management Arrangements
- 7) Internal HR Policies, Procedures and Forms Manual
- 8) Planning and Development Information & Fact Sheets
- 9) Project Management Templates
- 10) Shire Grant Guidelines and FAQs
- 11) Event Checklists and Permit Procedures
- 12) Inspection Checklists and Hazard / Incident Report Forms
- 13) Procurement Forms and Contract Templates
- 14) Lease Document Templates

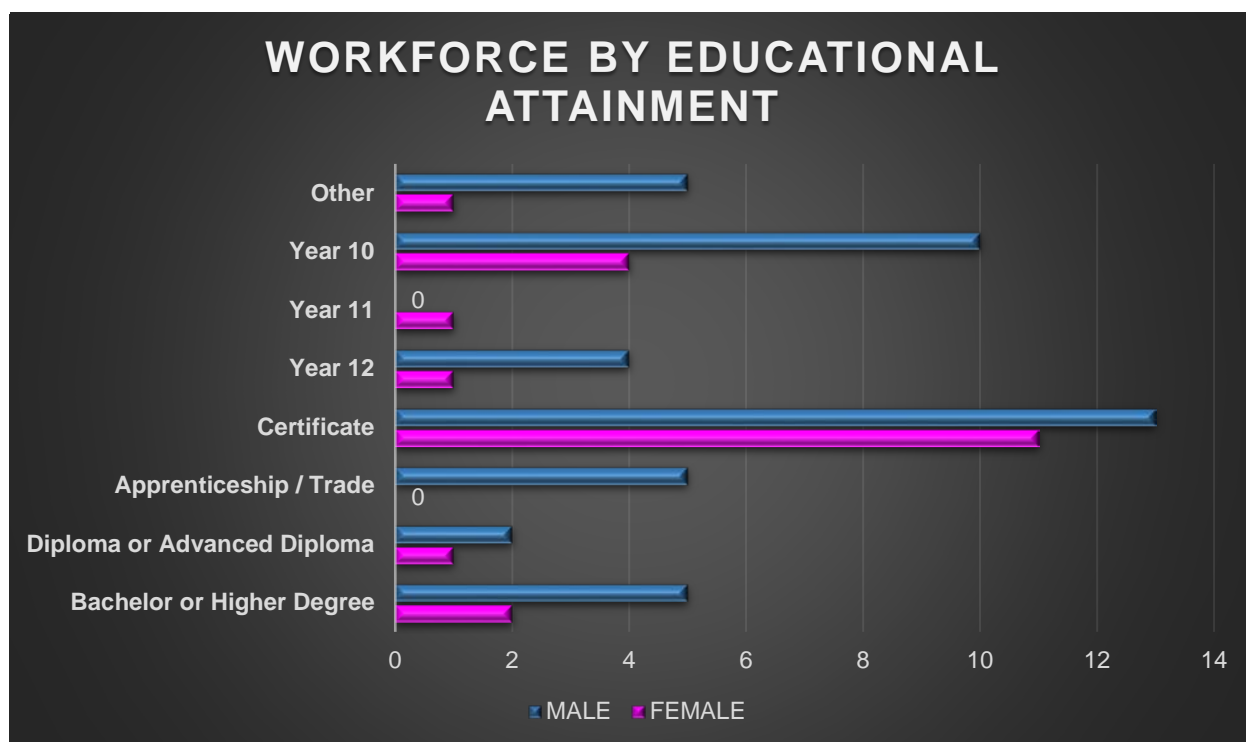
In general, the approach to documented policies and procedures is relatively comprehensive for the Shire's size and scope of available resources.

A best practice approach to corporate governance systems would be to ensure a customised manual for each staff position thereby providing new employees with effective reference documents to ensure system integrity is maintained. Whilst the maintaining and updating of the manual will be the role of the person undertaking the tasks, it will ultimately be the responsibility of the department manager to ensure that manuals are prepared.

The policies and procedures identified above are generally scheduled for review on a regular basis. In particular, the Council policies are generally reviewed every 2 years and the last review resulted in major changes to the layout, content and scope of the existing policy manual. The Council Policy Manual also gives rise to changes to internal HR policies and other internal procedures. Each Department is responsible for ensuring that documents associated with their core functions are up to date.

Trained and Qualified Employees

The following table provides an overview of the Shire's workforce by Educational level reached. The graph indicates that there is a broad range of educational experience within the workforce which complements practical skills based training provided on the job. In addition, where a position is required to hold formal certifications in a discipline by legislation or as an essential aspect of the position description this has been confirmed. This is pertinent to staff members within the Development Services department but has also been considered through regular review of position descriptions.



The Shire's staff are also supported by Council to undertake regular training, certification and higher learning. Most recently a number of staff undertook training in project management after a significant skills gap was identified in this area. In addition to internal skills, where the Executive Team identifies skills or qualification gaps, the Shire will engage external consultancy resources to mitigate risks associated with management or decision making. At present the Shire utilises external resources for Asset Management and Civil Works Engineering, this is projected for the foreseeable future. One off projects such as the Economic Development Strategy, Tourism Development Strategy, Arts and Culture Plan and Strategic Waste Management review also take this approach as needed to supplement staff capacity and expertise.

The CEO has formed the opinion that the current workforce and supporting consultancy arrangements are appropriate and effective for the Shire size and resource capacity.

System Controls

During this review a number of key system controls have been considered, based on the Audit in Local Government Guideline. These include:

- 1) Separation of Roles and Functions, processing and authorisation.
- 2) Control of approval of documents, letters and financial records.
- 3) Comparison of internal data with other or external sources of information.
- 4) Limit of direct physical access to assets and records.
- 5) Control of computer applications and information system standards.
- 6) Limiting access to make changes in data files and systems.
- 7) Regular maintenance and review of financial control accounts and trial balances.
- 8) Comparison and analysis of financial results with budgeted amounts.
- 9) Report, review and approval of financial payments and reconciliations.
- 10) Comparison of the result of physical cash and inventory counts with accounting records.

The controls relating to financial accounting and integrity are audited externally by the Auditor General. As discussed above the Auditor General's team is within the Shire's offices for 4 weeks per annum which

allows for extensive system integrity and sampling. The CEO is of the opinion that this level of testing is appropriate for the Shire's needs in respect to internal control risks. On review of the recent management letters the following items were noted by the Auditor General:

FINDINGS	RATING		
	Significant	Moderate	Minor
Interim audit			
1. User Access to Financial Management System		✓	
2. Review of Risk Register		✓	
3. Review of Rates Module Changes		✓	
4. Review of Supplier Master Files		✓	
5. Review of Payroll Termination Calculations		✓	
6. Review of Payroll Reconciliation to the General Ledger		✓	
7. Reconciliation of Fixed Assets Register to the General Ledger		✓	
8. IT Change Management		✓	
Final audit			
9. Asset Renewal Funding Ratio not reported	✓		

In response to these matters being raised by the Auditor, staff have promptly addressed each one through system and procedural changes.

In addition to the above matters, a number of other observations are made with respect to system controls.

- 1) Separation of roles and functions will always be challenging in a small office environment. Particularly in routine processes such as the creation and approval of General Journals. While it is important to mitigate against the risks of fraudulent activity, it is also important to maximise the productive capacity of staff and avoid unnecessary creation of tasks and activities. At present the Corporate Services team have liaised with the Auditor General staff in relation to segregation of duties and have established suitable arrangements relative to the office size.
- 2) With respect to controlling access to the Shire's documents and financial information, this is managed through the utilisation of user profiles and passwords within the Shire's software suite. Passwords are mandated for regular change and departing staff have their user profiles deactivated. The IT system is managed by the Executive Manager of Corporate and Community Service utilising support from an IT consultant. Staff are only provided access to modules and folders that are applicable to their roles and responsibilities.
- 3) A fortnightly financial reporting process has been automated to provide regular budget to actual analysis by managers and supervisors. This allows for prompt monitoring, planning and response to areas of material variance.

Internal Audit Processes

The Shire's internal audit process consists of a range of staff being involved in review processes. Generally, this is completed through the hierarchal review process and reconciliation process however the CEO also seconds the Senior Finance Officer from time to time to undertake detailed testing and facilitate the Regulation 17 review data collection.

It is not feasible for the Shire to resource an independent or designated internal auditor and accordingly the Executive Management Team play a significant role in reviewing other staff members work and in particular payment processing for payroll and creditors. This is common across regional local governments and appropriate and effective for the Shire's size and capacity.

Internal Control Recommendations

1. Promote the continual development and updating of position based procedure manuals for corporate services roles prioritising those duties reliant on Navision and PropertyWise.
2. Review and document internal controls to access to financial management systems
3. Implement a procedure for regular review and escalation of items on the Risk Register
4. Implement procedure for independent reviews on all changes made to the rating database
5. Create, maintain and review the Supplier Master File.
6. Implement procedures for independent reviews of all termination and backpay calculations.
7. Add the payroll master file changes log to the fortnightly payroll balancing for sign off
8. Add the reconciliation of the fixed asset register to the end of month procedures and have it independently reviewed.
9. Develop and implement appropriate change control policies and procedures for the IT System

Legislative Compliance

The compliance programs of a local government are a strong indication of the attitude towards meeting legislative requirements. Many aspects of legislative compliance have been reviewed and considered in the previous sections of this report on risk management and internal controls.

The Shire is required to complete an annual Compliance Audit Return and report the findings of this process to the audit committee and Council. While predominantly a detective tool, the process is also used as a preventative system to ensure the Shire's staff are aware of the various legislative responsibilities and timeframes that need to be adhered to. The last two Compliance Audit Returns have not identified any non-compliance matters raised through Annual Return.

Another recommended legislative compliance system recommended for Audit Committees to review is the establishment and maintenance of the statutory complaints register. Under Section 5.121 of the Local Government Act 1995 the Shire is required maintain and publish a register of complaints relating to minor breaches by Council members. It should be noted that this complaints register has been established and there is only one notification of breach that did not require publication dating back to 2016.

One matter that was identified during the CEOs review was that the Department was not provided with a response to the Auditor General's reporting of a "significant finding" in the 2017/2018 financial report. This was in contravention of section 7.9 (1) On further investigation the appropriate disclosure and response from Management was presented to the Audit Committee however the minutes of this meeting addressing the significant finding were not forwarded to the Department. In response staff training has been provided internally and appropriate process has been established within the Executive Secretary's role to ensure this is carried out in the future.

One other matters of non-compliance has been noted being the Shire's Corporate Business Plan was not updated annually since 2016 as required by Administration Regulation 19DA(4). The Shire's new Corporate Business Plan is being submitted to Council in November and has been developed in a format that will be simpler to roll forward each new year.

In addition to the Local Government Act 1995 the Shire is responsible for administering other items of legislation. A detailed investigation into the full compliance of the Shire's operations and past decisions relative to other areas of legislation (e.g. Health Act 1911, Building Act 2011, Planning and Developing Act 2005) has not been undertaken due to the extensive resources that this would take. External checks and balances through reporting to the State Government and interface with the Department of Planning indicate that the Shire is performing its role effectively. A review of this area of the Shire's business could be considered as part of a future Regulation 17 process with the support of external resources.

Legislative Requirements Recommendations

1. Ensure an annual process is undertaken to update the Shire's Corporate Business Plan which informs the Shire's annual budget process.
2. Implement and assign responsibility for an annual compliance calendar to support timely adherence to legislative requirements.

Appendix 1 – Current Risk Dashboard

Shire of Dandaragan Risk Dashboard Report November 2019

<u>Asset Sustainability Practices</u>			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Develop a standard building inspection checklist to ensure annual works are budgeted and completed.	Jun-20	Manager of Buildings		
Undertake a review and update of the Shire's asbestos register. Develop a planned approach to the removal and replacement.	Jun-20	Principal Environmental Health Officer		
Complete the review of the Municipal Heritage Inventory	Jun-21	Planning Officer		
Develop a standard airport inspection checklist to ensure all items are checked and documented on a regular basis.	Jun-21	Rangers		
Implement a marine asset inspection and preventative maintenance program.	Jun-21	Executive Manager Development Services		
<u>Business & Community Disruption</u>			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete Shire's bushfire risk management plan including review of existing firebreak network and planned mitigation activities.	Jun-20	Bushfire Risk Planning Coordinator		
Review Business Contingency Response Plan and combine Management Procedure Manual	Mar-20			
<u>External Theft and Fraud (inc. Cyber Crime)</u>			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete the IT Plan to document key security controls and planning for future improvement.	Dec-20	Executive Manager Corporate and Community Services.		
Ongoing dissemination of information regarding IT scams and procurement risks.	Ongoing	Various		
Ongoing dissemination of information regarding IT scams and procurement risks.	Dec-20	Manager Infrastructure Services		
<u>Management of Facilities, Venues and Events</u>			Risk	Control
			Low	Adequate
Current Actions	Due Date	Responsibility		
Provide refresher training for staff members engaged in playground maintenance and inspection. Update inspection forms and link to Shire records system.	Dec-20	HR Coordinator		

<u>Failure to Fulfil Compliance Requirements (Statutory, Regulatory)</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Once staff member appointed, consider implementation of compliance calendar	Dec-20	Chief Executive Officer	
Budget for next Reg17 review to be completed with external support.	Nov-22	Chief Executive Officer	
Staff Training on statutory requirements of tender process and register	Dec-19	Chief Executive Officer	
Review stutory declarations throughout the year not just annually eg Financial Interest and related party declarations	Dec-19		
<u>Document Management Processes</u>		Risk	Control
		Moderate	Inadequate
Current Actions	Due Date	Responsibility	
Develop and install new Electronic Records Management System	Jun-20	Executive Manager Corporate and Community Services	
Complete remodelling of Shire website	Jun-20	Manager Customer and Community Services	
Review and update the Record Keeping Plan & Disaster Management Plan in accordance with State Legislation.	Jun-20	Executive Manager Corporate and Community Services	
<u>Employment Practices</u>		Risk	Control
		Moderate	Effective
Current Actions	Due Date	Responsibility	
Implement an employee satisfaction and culture survey to measure current internal climate.	Jun-20	CEO / HR Coordinator	
Complete restructure and re-employment of staff in customer service / visitor centre operations.	Dec-19	Manager Customer and Community Services	
<u>IT, Communication Systems and Infrastructure</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Complete IT access and protocols documentation with Bridged	30.06.2020	Executive Manager Corporate and Community Services	
<u>Misconduct</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Review whether a formal process or policy is required for establishing when staff need WWC	Jun-20	Manager Customer and Community Service	
Review with elected members whether there is a need for a social media policy that encompasses Councillors	Jun-20	Manager Customer and Community Service	
Consider increasing scope of stocktakes to include other materials such as Nursery stock, gravel, mulch and chemical held within Shire depots.	Jun-20	Executive Manager Corporate and Community Service	
Implementing annual reminder of Code of Coduct for Staff and elected members	Jun-20	HR	
<u>Project / Change Management</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Implement standard project debriefing process for major projects with lessons learnt and outcomes based report to capture project learnings and prevent future errors.	Dec-20	CEO	

<u>Engagement practices</u>		Risk	Control
		Low	Effective
Current Actions	Due Date	Responsibility	
Feedback regarding "forgotten" corner (South-East) from September 2019 Dandaragan Council meeting needs to be considered. Commencing with a better understanding of their needs and concerns.	Jun-20	CEO	

<u>Safety and Security Practices</u>		Risk	Control
		High	Adequate
Current Actions	Due Date	Responsibility	
Regularly review hazard and incident register and assign rectification needs to officers with timeframes for completion.	Jun-20	PEHO	
Establish a schedule of workplace inspections to guide regular inspection process with assistance from LGIS.	Jun-20	PEHO	
Establish contractor induction process and deliver first rollout of inductions to regular local contractors	Mar-20	PEHO	
Review the current staffing arrangements for the Visitors Centre on weekends, consider implementation of casual or volunteer roles to remove isolated worker risks.	Jun-20	Manager Customer and Community Services	

<u>Environment Management</u>		Risk	Control
		High	Adequate
Current Actions	Due Date	Responsibility	
Consider the medium term appointment of a staff member to coordinate environmental responsibilities are projects.	Jun-21	CEO	
Complete Strategic Waste Management Plan	Jun-20	Principal Environmental Health Officer	
Complete the Bushfire Risk Management Plan	Dec-20	Bushfire Risk Planning Coordinator / CESC	
Establish and implement project team for Prescribed Burning Mitigation Strategy	Dec-20	CESC	

<u>Supplier and Contract Management</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Complete the development of the contract development and monitoring process map to avoid supply relationships being held over on monthly arrangements.	Jun-20	Senior Finance Officer	
Continue rollout of standard contract for goods and services in accordance with WALGA procurement toolkit	Ongoing	Executive Manager Corporate and Community Services	
Introduce Contractor Inductions process			

<u>Errors, Omissions and Delays</u>		Risk	Control
		Moderate	Adequate
Current Actions	Due Date	Responsibility	
Continue process mapping working group to review and address complex processes.	Ongoing	Various	

To add additional Actions cells, insert a new line, click in the last of the existing cells above and drag down. This will bring the formulas into the new cells.

Appendix 2 – Insurance Profile

Insurance Class	Insurance Company	Limits		Excess/Deductible
Casual Hirers Liability	LGIS Liability	Aggregate Limit	\$10,000,000	\$500
Crime	LGIS Liability	Any One Person	\$1,000,000	\$1,000
LGIS Bush Fire	LGIS Bush Fire	Aggregate Limit	Unlimited	Nil Excess
LGIS Liability	LGIS Liability	Public Liability	\$600,000,000	\$5,000
		Products Liability	\$600,000,000	Nil Excess
		Professional Indemnity	\$600,000,000	\$1,500
LGIS Property	LGIS Property	Sections 1&2 combined	\$600,000,000	\$1,000
LGIS Work Care	LGIS Work Care	Common Law Cover	Unlimited	Nil Excess
		Journey Injury Capital Benefit	\$300,000	Nil Excess
		Journey Injury Weekly Benefit	\$2,500	Nil Excess
Corporate Travel	Chubb Insurance	Death and Capital Benefit	\$300,000	\$250
		Weekly Benefit up to	\$2,500	Nil Excess
		Aggregate Limit	\$10,000,000	
Management Liability	Chubb Ins. Australia Ltd	Councillors and Officers Liability	\$2,000,000	\$5,000
		Statutory Liability	\$2,000,000	\$2,000
		Employment Practices Liability	\$2,000,000	\$12,500
		Cyber Extortion	Not Insured	Not Insured
Marine Cargo	QBE Ins. through Key Underwriting	Within Australia	\$100,000	\$100
		Imports	Not Insured	Not Insured
		Exports	Not Insured	Not Insured
Marine Hull Commercial	QBE Ins. through Key Underwriting	Section One	\$69,000	\$500
		Section Two	Not Insured	
Motor Vehicle and Plant	Zurich Australia Insurance Ltd	Section One	\$20,000,000	Basic Excess \$500
		Section Two	\$35,000,000	Capped Excess
		Dangerous Goods	\$5,000,000	\$30,000
Personal Accident	Chubb Insurance	Capital benefits	\$300,000	Non Medicare
		Weekly Benefit up to	\$2,500	Medical Expenses
		Aggregate Limit	\$10,000,000	\$25
Pollution Legal Liability	AIG Australia Limited	Total Aggregate limit across all members	\$50,000,000	\$50,000
Cyber Liability	Chubb Ins. Australia Ltd &	Aggregate Limit	\$1,000,000	\$10,000

Appendix 3 – Audit Committee Terms of Reference



AUDIT COMMITTEE TERMS OF REFERENCE

Objectives of Audit Committees

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

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

The committee is to facilitate –

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

Powers of the Audit Committee

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

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

Membership

The committee will consist of four elected. All members shall have full voting rights.

The CEO and employees are not members of the committee.

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

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

Meetings

The committee shall meet at least biannually.

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

Reporting

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

Duties and Responsibilities

The duties and responsibilities of the committee will be –

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- c) Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
 - ensure that audits are conducted successfully and expeditiously;
- d) Examine the reports of the auditor after receiving a report from the CEO on the matters to –
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- e) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f) Consider and recommend adoption of the annual financial report to Council.;
- g) Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
- h) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
- i) Review the annual Compliance Audit Return and report to the council the results of that review, and
- j) Consider and recommend adoption of the annual budget review to Council, and;

- k) Consider the CEO's reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews.

Shire of Dandaragan Risk Dashboard Report November 2019

Asset Sustainability Practices			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Develop a standard building inspection checklist to ensure annual works are budgeted and completed.	Jun-20	Manager of Buildings		
Undertake a review and update of the Shire's asbestos register. Develop a planned approach to the removal and replacement.	Jun-20	Principal Environmental Health Officer		
Complete the review of the Municipal Heritage Inventory	Jun-21	Planning Officer		
Develop a standard airport inspection checklist to ensure all items are checked and documented on a regular basis.	Jun-21	Rangers		
Implement a marine asset inspection and preventative maintenance program.	Jun-21	Executive Manager Development Services		
Business & Community Disruption			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete Shire's bushfire risk management plan including review of existing firebreak network and planned mitigation activities.	Jun-20	Bushfire Risk Planning Coordinator		
Review Business Contingency Response Plan and combine Management Procedure Manual	Mar-20			
Failure to Fulfil Compliance Requirements (Statutory, Regulatory)			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Once staff member appointed, consider implementation of compliance calendar	Dec-20	Chief Executive Officer		
Budget for next Reg17 review to be completed with external support.	Nov-22	Chief Executive Officer		
Staff Training on statutory requirements of tender process and register	Dec-19	Chief Executive Officer		
Review statutory declarations throughout the year not just annually eg Financial Interest and related party declarations	Dec-19			
Document Management Processes			Risk	Control
			Moderate	Inadequate
Current Actions	Due Date	Responsibility		
Develop and install new Electronic Records Management System	Jun-20	Executive Manager Corporate and Community Services		
Complete remodelling of Shire website	Jun-20	Manager Customer and Community Services		
Review and update the Record Keeping Plan & Disaster Management Plan in accordance with State Legislation.	Jun-20	Executive Manager Corporate and Community Services		
Employment Practices			Risk	Control
			Moderate	Effective
Current Actions	Due Date	Responsibility		
Implement an employee satisfaction and culture survey to measure current internal climate.	Jun-20	CEO / HR Coordinator		
Complete restructure and re-employment of staff in customer service / visitor centre operations.	Dec-19	Manager Customer and Community Services		
Engagement practices			Risk	Control
			Low	Effective
Current Actions	Due Date	Responsibility		
Feedback regarding "forgotten" corner (South-East) from September 2019 Dandaragan Council meeting needs to be considered. Commencing with a better understanding of their needs and concerns.	Jun-20	CEO		
Environment Management			Risk	Control
			High	Adequate
Current Actions	Due Date	Responsibility		
Consider the medium term appointment of a staff member to coordinate environmental responsibilities are projects.	Jun-21	CEO		
Complete Strategic Waste Management Plan	Jun-20	Principal Environmental Health Officer		
Complete the Bushfire Risk Management Plan	Dec-20	Bushfire Risk Planning Coordinator / CESC		
Establish and implement project team for Prescribed Burning Mitigation Strategy	Dec-20	CESC		
Errors, Omissions and Delays			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Continue process mapping working group to review and address complex processes.	Ongoing	Various		
External Theft and Fraud (inc. Cyber Crime)			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete the IT Plan to document key security controls and planning for future improvement.	Dec-20	Executive Manager Corporate and Community Services.		
Ongoing dissemination of information regarding IT scams and procurement risks.	Ongoing	Various		
Ongoing dissemination of information regarding IT scams and procurement risks.	Dec-20	Manager Infrastructure Services		
Management of Facilities, Venues and Events			Risk	Control
			Low	Adequate
Current Actions	Due Date	Responsibility		
Provide refresher training for staff members engaged in playground maintenance and inspection. Update inspection forms and link to Shire records system.	Dec-20	HR Coordinator		
IT, Communication Systems and Infrastructure			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete IT access and protocols documentation with Bridged	30.06.2020	Executive Manager Corporate and Community Services		
Misconduct			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Review whether a formal process or policy is required for establishing when staff need WWC	Jun-20	Manager Customer and Community Service		
Review with elected members whether there is a need for a social media policy that encompasses Councilors.	Jun-20	Manager Customer and Community Service		
Consider increasing scope of stocktakes to include other materials such as Nursery stock, gravel, mulch and chemical held within Shire depots.	Jun-20	Executive Manager Corporate and Community Service		
Implementing annual reminder of Code of Conduct for Staff and elected members	Jun-20	HR		
Project / Change Management			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Implement standard project debriefing process for major projects with lessons learnt and outcomes based report to capture project learnings and prevent future errors.	Dec-20	CEO		
Safety and Security Practices			Risk	Control
			High	Adequate
Current Actions	Due Date	Responsibility		
Regularly review hazard and incident register and assign rectification needs to officers with timeframes for completion.	Jun-20	PEHO		
Establish a schedule of workplace inspections to guide regular inspection process with assistance from LGIS.	Jun-20	PEHO		
Establish contractor induction process and deliver first rollout of inductions to regular local contractors	Mar-20	PEHO		
Review the current staffing arrangements for the Visitors Centre on weekends, consider implementation of casual or volunteer roles to remove isolated worker risks.	Jun-20	Manager Customer and Community Services		
Supplier and Contract Management			Risk	Control
			Moderate	Adequate
Current Actions	Due Date	Responsibility		
Complete the development of the contract development and monitoring process map to avoid supply relationships being held over on monthly arrangements.	Jun-20	Senior Finance Officer		
Continue rollout of standard contract for goods and services in accordance with WALGA procurement toolkit	Ongoing	Executive Manager Corporate and Community Services		
Introduce Contractor Inductions process				

To add additional Actions cells, insert a new line, click in the last of the existing cells above and drag down. This will bring the formulas into the new cells.

Business & Community Disruption				Oct-19						
<div>Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism). This includes;</div> <div>-Lack of (or inadequate) emergency response / business continuity plans.</div> <div>-Lack of training for specific individuals or availability of appropriate emergency response.</div> <div>-Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.</div> <div>-Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc</div> <div><i>This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".</i></div>										
Potential causes include:										
Cyclone, storm, fire, earthquake		Extended utility outage								
Terrorism / sabotage / criminal behaviour		Economic Factors								
Epidemic / Pandemic		Loss of Key Staff								
Loss of suppliers		Loss of key infrastructure								
Climate change										
Controls Assurance										
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Current LEMA & Recovery Plans	Recovery	Oct-19	Adequate	Community Emergency Services Coordinator	Yes	Yes	Yes	Yes	Yes	Plans are currently / regularly being reviewed and updated
Regular LEMC, DEMC meetings	Detective	Oct-19	Effective	Community Emergency Services Coordinator	Yes	Yes	Yes	Yes	Yes	Regularly scheduled, recent improvements in content and relevance.
Business Continuity Framework (Policy, Procedures & Plans)	Preventative	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Plan recently developed with LGIS.
Fire break / fuel load inspections and enforcement	Detective	Oct-19	Effective	Community Emergency Services Coordinator	No	Yes	Yes	Yes	Yes	Bushfire Risk Management Plan near complete. Current network is viewed as effective.
Fully trained fire Wardens	Preventative	Oct-19	Adequate	Executive Manager Development	No	Yes	Yes	Yes	Yes	Building evacuation recently practiced, process of evacuation is not documented except for evacuation maps.
Generator	Recovery	Oct-19	Not Rated							No generator currently in place.
I.T. Disaster Recovery Plan	Recovery	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	EMT reviews all incident reports and documents findings or changes required through standing EMT agenda item.
Regular debriefing and reviewing of incidents	Detective	Oct-19	Adequate	EMT	Yes	Yes	Yes	Yes	Yes	EMT reviews all incident reports and documents findings or changes required through standing EMT
Bushfire Risk Management Plan	Detective	Oct-19	Adequate	Bushfire Risk Planning Coordinator	Yes	Yes	Yes	Yes	Yes	Bushfire Risk Management Plan near complete. Current network is viewed as effective.
Overall Control Ratings:			Adequate							
Current Actions	Due Date	Responsibility	Status of Actions							Comments
Complete Shire's bushfire risk management plan including review of existing firebreak network and planned mitigation activities.	Jun-20	Bushfire Risk Planning Coordinator	Plan nearly complete, requires endorsement from OBRM and Council.							On track.
Review Business Contingency Response Plan and combine Management Procedure Manual	Mar-20									
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Service Interruption / Reputation	Consequence:		Moderate	Consequence:						
	Likelihood:		Possible	Likelihood:						
	Overall Risk Ratings:		Moderate	Risk rating trend since last review						
Indicators	Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review ?	Comments
Non-compliance with Emergency Management Legislation	Leading	Zero		No incidents of non compliance identified				Better		
Number of core service interruptions	Leading	Zero		No incidents of core service interruptions identified.				Better		
Resignations / terminations of key personnel	Lagging	No more than one per 24 months		Within current benchmark.				Better		
Months since last LEMA Exercise	Leading	<12		Last exercise was in September 2019				Better		
Comments					Comments					
Current risk controls associated with Business and Community Disruption are suitable for the Shire's size. There has not however been any major incidents or events that have actually tested the performance of the Shire's management capacity in recent years.										

Failure to Fulfil Compliance Requirements (Statutory, Regulatory)				Oct-19							
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation. It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act and all other legislative based obligations for Local Government.											
It does not include Occupational Safety & Health Act (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective Employment practices").											
Potential causes include:											
Lack of training, awareness and knowledge		Lack of Legal Expertise									
Staff Turnover		No Compliance Officer or person responsible for Compliance oversight and enforcement									
Inadequate record keeping/ failure of corporate electronicsystems		Breakdowns in the tender or procurement process									
Ineffective policies & processes		Ineffective monitoring of changes to legislation									
Impulsive decision making		Attitudinal problems									
Councillor turnover											
Controls Assurance											
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments	
Audit and Risk Committee	Preventative	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Terms of Reference up to date and compliant	
Compliance Calendar (Not Current - To be Reviewed)	Preventative	Oct-19	Inadequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes		
External Audits (compliance)	Detective	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Undertaken by Auditor General	
Financial management reviews	Detective	Oct-19	Adequate	Chief Executive Officer	No	Yes	Yes	Yes	Yes	Last FMR completed in 2016. Process is not documented as a scope of works is agreed with consultancy company who complete the audit.	
Compliance Audit Return (DLGC)	Detective	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Completed annually in accordance with legislation.	
Councillor / Staff Induction Process	Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Induction documentation is up to date, additional measure would be to undertake re-induction after 3 months. Subject to staff resources.	
Councillor / Staff training	Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Staff training matrix and plan established. Councillor matrix to be developed based on required learning under new Regs.	
Disability inclusion plan	Detective	Oct-19	Effective	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	DAIP up to date and actively implemented.	
Tender and Procurement process	Preventative	Oct-19	Effective	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Procurement policy and documentation recently reviewed. Ongoing review and regular training required.	
DWER Licensing requirements (Clearing Permits, Waste Facility Licenses)	Preventative	Oct-19	Adequate	Manager Infrastructure Services	Yes	Yes	Yes	Yes	Yes	Clear understanding within key staff of licensing requirements. Improved documentation to be delivered through Strategic Waste Management Plan.	
Three year Legislative review of compliance (Reg17)	Detective	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	On track, currently utilising support and documentation from LGIS. Will benefit from external support in next review.	
Overall Control Ratings:			Adequate								
Current Actions				Due Date		Responsibility		Status of Actions			Comments
Review current workforce structure to appoint staff member in charge of internal audit and monitoring benchmarks of Risk Profile tool.				Jun-20		Chief Executive Officer		Workforce Plan currently in development.			
Once staff member appointed, consider implementation of compliance calendar				Dec-20		Chief Executive Officer		Awaiting workforce structure adjustment			
Budget for next Reg17 review to be completed with external support.				Nov-22		Chief Executive Officer		Future budget allocation.			
Staff Training on statutory requirements of tender process and register				Dec-19		Chief Executive Officer		Immediate implimentation			
Review stutory declarations throughout the year not just annually eg Financial Interest and				Dec-19							
Consequence Category		Risk Ratings		Rating		Has the Risk Rating Changed since the last review?					Comments
Reputation, Financial		Consequence:		Major		Consequence:					
		Likelihood:		Unlikely		Likelihood:					
		Overall Risk Ratings:		Moderate		Risk rating trend since last review					
Indicators		Type	Benchmark		Result			Better or worse than Benchmark?	Trend since last review?	Comments	
3rd party adverse findings against Shire		Lagging	Zero								
Significant Findings in Audit Report		Lagging	≤<1								
Increased scrutiny from regulators or agencies		Lagging	Nil								
Compliance breaches letters from the Department or Local		Lagging	Nil								
Litigation, fines or penalties		Lagging	Nil								
Negative responses in Compliance Audit Return		Lagging	Nil								
Comments				Comments							
The Risk review found no material findings in relation to compliance requirements other than current significant audit findings in relation to the operating surplus ratio and failure to report an Asset Renewal Funding Ratio. These items are currently being addressed through the development of the Long Term Financial Plan. It was noted that the CBP was not updated / reviewed annually and a process will need to be established to deliver this.											

Document Management Processes				Oct-19							
Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation. This includes: -Contact lists. -Procedural documents, personnel files, complaints. -Applications, proposals or documents. -Contracts. -Forms or requests.											
Potential causes include:											
Spreadsheet/database/document corruption or loss		Outdated record keeping practices									
Inadequate access and / or security levels		Lack of system/application knowledge									
Inadequate Storage facilities (including climate control)		High workloads and time pressures									
High Staff turnover		Standard Operating Policies not followed									
Incompatible systems		Incomplete Authorisation Trails									
Lack of awareness of the State Records Act		Lack of awareness of use of network drives and folders									
Historical legacies											
Controls Assurance											
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments	
Electronic records management system (capturing, allocating, retention, storage, security, archiving, disposal)	Preventative	Oct-19	Inadequate	Executive Manager Corporate and Community Services	Yes	No	Yes	Yes	Yes	Increasing use of emails as primary written response source sometimes not captured in Records system. Still searchable but not effectively registered. New EDMS currently being scoped and trialled by supplier.	
Document Disaster Recovery Plan	Recovery	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Needs updating last Disaster Management plan dated 2005	
Website Content Management	Preventative	Oct-19	Inadequate	Executive Manager Corporate and Community Services	No	Yes	Yes	Yes	Yes	Current CMS and website is ineffective for document storage and ease of public access. In addition would benefit from links to records management system for compliance.	
Document security (physical and electronic)	Preventative	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Password protection to appropriate folders. Filing room is looked as appropriate, in particular personnel files.	
Ongoing awareness training and education	Preventative	Oct-19	Adequate	HR Coordinator	No	Yes	Yes	Yes	Yes	Further records based training and refresher training to be provided once new records system is implemented.	
Archive Storage Facility	Preventative	Oct-19	Adequate	Records Officer	No	Yes	Yes	Yes	Yes	No temp controlled archive facility as per best practice.	
Overall Control Ratings:			Inadequate								
Current Actions		Due Date	Responsibility	Status of Issues / Actions / Treatments						Comments	
Develop and install new Electronic Records Management System		Jun-20	Executive Manager Corporate and Community Services	Currently the Shire is working with CouncilFirst to integrate a new EDMS. The product is currently being trialled at Peppermint Grove and is expected to be a better solution than Magiq.							
Complete remodelling of Shire website		Jun-20	Manager Customer and Community Services	Currently the Shire is working with Market Creations on the website remodelling. 50% complete.							
Review and update the Record Keeping Plan & Disaster Management Plan in accordance with State Legislation.		Jun-20	Executive Manager Corporate and Community Services	Will need to be completed once the new EDMS is in place.							
Consequence Category	Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments	
Compliance / Reputation	Consequence:		Moderate	Consequence:							
	Likelihood:		Possible	Likelihood:							
	Overall Risk Ratings:		Moderate	Risk rating trend since last review							
Indicators	Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review?	Comments	
% of records not actioned within timeframes	Lagging	<20 per annum.									
Number of documents not stored electronically or archived off-site	Leading	Nil									
Number of outstanding records year to date	Lagging	<50									
Inability to complete FOI due to loss / absence of documentation	Lagging	Nil									
Comments				Comments							
The current EMDS improvement approach is to implement a fully electronic stored records system which integrates across departments and software platforms, including the capacity to capture incoming and outgoing emails.											

Employment Practices				Oct-19						
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers). This includes: -Not having appropriately qualified or experienced people in the right roles. -Insufficient staff numbers to achieve objectives. -Breaching employee regulations. -Discrimination, harassment & bullying in the workplace. -Poor employee wellbeing (causing stress). -Key person dependencies without effective succession planning in place. -Industrial action										
Potential causes include										
Leadership failures		Ineffective performance management programs or procedures								
Key / single-person dependencies		Limited staff availability - labour market conditions								
Poor internal communications / relationships		Inadequate induction practices								
Ineffective Human Resources policies, procedures and practices		Inconsistent application of policies								
Controls Assurance										
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Human Resource Framework (Policies and Procedures)	Preventative	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Comprehensive suite of developed and maintained HR policies and procedures.
Employee Assistance Program & HR support	Recovery	Oct-19	Adequate	CEO / HR Coordinator	Yes	Yes	Yes	Yes	Yes	Supported by EAP through LGIS.
Recruitment, Selection & Induction process (inc. mandatory licencing / tickets etc)	Preventative	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Implemented.
Ongoing staff training and education program	Preventative	Oct-19	Adequate	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Training matrix developed, further integration required with budgeting process and greater activity required from supervisors through performance review process.
Performance appraisals / Review process	Detective	Oct-19	Adequate	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Sound review documentation and process in place. Greater acceptance and actual delivery of process required by some supervisors.
Probation checklist	Detective	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Effective implementation of checklist and ensuring all new staff members receive thorough induction. Could be improved by follow up induction post 3 months.
Staff multiskilling & rotation	Preventative	Oct-19	Adequate	All managers	No	Yes	Yes	Yes	Yes	Regular staff rotation occurs to manage leave and absence. Primary risk lies at Executive Level skill sets.
Workforce planning (12 month plan)	Detective	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Current Workforce Plan review is complete, awaiting finalisation of CBP and graphic design.
Exit interview and exit process	Recovery	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Process documented and in place. Non-compulsory.
Overall Control Ratings:			Effective							
Current Actions				Due Date	Responsibility		Status of Actions			Comments
Implement an employee satisfaction and culture survey to measure current internal climate.				Jun-20	CEO / HR Coordinator		Awaiting funding allocation from LGISWA.			
Complete restructure and re-employment of staff in customer service / visitor centre operations.				Dec-19	Manager Customer and Community Services		Recruitment process underway.			
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments
Compliance, Health, Reputational, Financial		Consequence:		Moderate	Consequence:					
		Likelihood:		Unlikely	Likelihood:					
		Overall Risk Ratings:		Moderate	Risk rating trend since last review					
Indicators		Type	Benchmark		Result			Better or worse than Benchmark?	Trend since last review?	Comments
Average absenteeism / unscheduled leave utilisation		Lagging	<8 days per employee (pro-rata)							
Employee Satisfaction survey %		Leading	75%							
Employee Turnover (% Staff turnover rate)		Lagging	<15%							
Average Tenure (Number of years working at the Shire)		Leading	>3.3 years							
Suitable budget for training		Leading	\$60k per annum							
Workers Compensation claims (stress claims)		Lagging	Zero							
# employee inductions completed		Lagging	100%							
Comments				Comments						
Current employment practices are performing well. A number of benchmarks for this area aim to improve on national averages.										

Engagement practices				Oct-19							
Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so. For example; -Following up on any access & inclusion issues -Infrastructure Projects -Local planning initiatives -Strategic planning initiatives This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.											
Potential causes include:											
Relationship breakdowns with community groups			Short lead times								
Leadership inattention to current issues			Miscommunication / poor communication								
Inadequate documentation or procedures			Inadequate Regional or District Committee attendance.								
Budget / funding issues			Inadequate involvement with, or support of community groups								
Geographic distance			Media attention								
Controls Assurance											
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Community consultation / engagement framework		Preventative	Oct-19	Effective	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Council policy and management arrangements in place and effective.
Community-based Committees, forums & workshops		Preventative	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Council and community representation is implemented for single project and ongoing working groups.
Customer Service Charter		Detective	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Document recently reviewed and updated. Ongoing monitoring required if possible for response times.
Public Notices / Local papers / website communication		Preventative	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Regular Shire matters produced in addition to other contributions to local newspapers.
Social media platforms (Facebook, etc)		Preventative	Oct-19	Effective	Manager Customer and Community	Yes	Yes	Yes	Yes	Yes	Process map in place to guide posts. Effective
Strategic Community Plan consultation		Preventative	Oct-19	Effective	Manager Customer and Community Service / CEO	Yes	Yes	Yes	Yes	Yes	Recently completed based on consultation plan which was documented and delivered.
Support local community Volunteer groups		Preventative	Oct-19	Effective	Manager Customer and Community Service	No	Yes	Yes	Yes	Yes	Process not documented in isolation but covered by many other staff roles, objectives etc.
Overall Control Ratings:				Effective							
Current Actions			Due Date	Responsibility	Status of Actions						Comments
Feedback regarding "forgotten" corner (South-East) from September 2019 Dandaran Council meeting needs to be considered. Commencing with a better understanding of their needs and concerns.			Jun-20	CEO	No actions currently developed to target this area.						
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Reputation		Consequence:		Moderate	Consequence:						
		Likelihood:		Rare	Likelihood:						
		Overall Risk Ratings:		Low	Risk rating trend since last review						
Indicators	Type	Benchmark			Result				Better or worse than Benchmark?	Trend since last review?	Comments
Community satisfaction score	Lagging	47%			Benchmark taken from result in 2018 Community Survey - How the community is consulted category.						
Number of substantiated complaints referring to poor engagement	Lagging	Zero									
Surprise issues being raised in Council, community or Committee meetings	Lagging	2									
Comments					Comments						
Overall the level of public consultation and process for is considered effective as was evidenced by success of Envision development. Engagement and response through Social media is also effective and building community trust and support.											

Environment Management				Oct-19								
Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes: -Lack of adequate planning and management of coastal erosion issues. -Failure to identify and effectively manage contaminated sites (including groundwater usage). -Waste facilities (landfill / transfer stations). -Weed & mosquito / Vector control. -Ineffective management of water sources (reclaimed, potable) -Illegal dumping. -Illegal clearing / land use.												
Potential causes include:												
Inadequate management of landfill sites		Inadequate reporting / oversight frameworks										
Lack of understanding / knowledge		Community apathy										
Inadequate local laws / planning schemes		Differing land tenure (land occupancy or ownership conditions)										
Prolific extractive industry (sand, limestone, etc)		Competing land use (growing population vs conservation)										
Poor management of contaminated sites		Weed and pest management difficulties										
Clandestine drug labs disposing of chemicals illegally		Bio-diversity hotspots										
Weather events / natural disasters		Fuel or chemical spills										
Climate change		Illegal firewood collection / burning / hunting										
Complex legislation												
						Controls Assurance						
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments	
Environmental management compliance / Plan		Preventative	Oct-19	Inadequate	Not Currently Assigned	No	No	No	No	No	Currently there is no staff member position allocated to environmental services.	
Landfill / waste transfer station management		Preventative	Oct-19	Adequate	Manager Infrastructure Services	No	Yes	Yes	Yes	Yes	Main site in Jurien is regularly audited by DWER. Strategic Waste Management Plan budgeted for 2019/2020. Compliance operations are managed by experienced staff member. Secondary sites are contracted out with exception of Cervantes transfer station.	
Disused landfill sites management/restoration		Recovery	Oct-19	Not Rated							No current sites under rehabilitation or closure. Post closure management plans require development once capacity and lifespans are reviewed.	
Support and work with environmental & land care groups		Preventative	Oct-19	Adequate	Various staff	No	Yes	Yes	Yes	Yes	Environmental Grants round recently established. Ongoing partnership with other local landcare and Yued groups in place.	
Street litter collection		Preventative	Oct-19	Effective	Manager Infrastructure Services	No	Yes	Yes	Yes	Yes	Process not considered requiring documentation. Regular street collections required given windy environment.	
Support of vermin control programs		Preventative	Oct-19	Not Rated								
Volunteer (Friends Groups) recognition & celebration events		Preventative	Oct-19	Not Rated								
Weed control (use of Glyphosate / alternative treatments)		Preventative		Adequate	Executive Manager Infrastructure	Yes	Yes	Yes	Yes	Yes	MSDS / PPE and Safe Work Method Statement in place for herbicide use. Also implementation of ChemCert training to minimise risks.	
CHRMAP Policy		Preventative	Oct-19	Adequate	Executive Manager Development	Yes	Yes	Yes	Yes	Yes	CHRMAP is in place and ongoing review. Needs to be utilised for infrastructure and asset decisions in proximity to ocean.	
Bushfire Risk Management Plan / Prescribed Burning Mitigation Strategy		Preventative	Dec-20	Inadequate	Bushfire Risk Planning Coordinator / CESC	No	Yes	No	No	No	Plan / Strategy currently in development	
Overall Control Ratings:				Adequate								
Current Actions						Due Date		Responsibility		Status of Actions		Comments
Consider the medium term appointment of a staff member to coordinate environmental						Jun-21		CEO		Not an urgent workforce plan priority.		
Complete Strategic Waste Management Plan						Jun-20		Principal Environmental Health Officer		Funded - awaiting appointment of consultant.		
Complete the Bushfire Risk Management Plan						Dec-20		Bushfire Risk Planning Coordinator / CESC		Draft near complete		
Establish and implement project team for Prescribed Burning Mitigation Strategy						Dec-20		CESC		Initial scope complete.		
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments	
Environment, Reputation, Financial		Consequence:		Major								
		Likelihood:		Possible								
		Overall Risk Ratings:		High	Risk rating trend since last review							
Indicators		Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review?	Comments	
Number of validated environmental incidents		Lagging	Zero									
Recycling contamination rate		Lagging	<25%									
# Non-compliance notifications received (e.o. DWER)		Lagging	Zero									
Comments						Comments						
Environmental practices are currently exercised however would benefit from a coordinated approach and increase in prioritisation through the appointment of a designated staff member.												

Errors, Omissions and Delays				Oct-19							
<div>Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. Examples include;</div> <div>-Incorrect planning, development, building, community safety and Emergency Management advice</div> <div>-Incorrect health or environmental advice</div> <div>-Inconsistent messages or responses from Customer Service Staff</div> <div>-Any advice that is not consistent with legislative requirements or local laws.</div> <div>-Human error</div> <div>-Inaccurate recording, maintenance, testing or reconciliation of data.</div> <div>-Inaccurate data being used for management decision-making and reporting.</div> <div>-Delays in service to customers</div> <div><i>This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".</i></div>											
Potential causes include:											
		Human error									
		Incorrect information									
		Inadequate formal procedures or training									
		Miscommunication									
		Work pressure / stress									
		Lack of trained staff									
		Lack of understanding									
		Unrealistic expectations from community, council or management									
		Health issues									
		Historical decisions / advice									
		Complex legislation									
		Changes to legislation									
Controls Assurance											
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments	
Customer Service Requests tracking	Detective	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Customer request system is in place but lacks business intelligence, mapping etc due to excel base.	
Staff training (mentoring, formal, peer-review & on-the-job)	Preventative	Oct-19	Adequate	Various Supervisors	Yes	Yes	Yes	Yes	Yes	Requires multi-departmental approach to effective network of training.	
Delegations register	Preventative	Oct-19	Effective	CEO	Yes	Yes	Yes	Yes	Yes	Recently updated in line with WALGA model.	
Complaints Management Framework/Register	Preventative	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Complaints managed via request / records system and assigned to appropriate Executive Manager.	
Documented Procedures / Checklists	Preventative	Oct-19	Adequate	Various Supervisors	Yes	Yes	Yes	Yes	Yes	Increasing utilisation of procedures and process mapping to guide consistency.	
Segregation of duties (Internal Financial control framework)	Preventative	Oct-19	Adequate	Executive Manager Corporate and Community Service	Yes	Yes	Yes	Yes	Yes	Segregation is limited based on total workforce size, reviewed by Auditor General and no adverse findings made.	
Staff inductions	Preventative	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Effective Induction process in place.	
Effective Project Management Systems	Preventative	Oct-19	Adequate	CEO	Yes	Yes	Yes	Yes	Yes	Effective training has commenced roll out to supplement existing project management templates and processes.	
Overall Control Ratings: Adequate											
Current Actions			Due Date	Responsibility	Status of Actions					Comments	
Continue process mapping working group to review and address complex processes.			Ongoing	Various							
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Reputation / Compliance		Consequence:		Minor	Consequence:						
		Likelihood:		Possible	Likelihood:						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review						
Indicators		Type	Benchmark		Result			Better or worse than Benchmark?	Trend since last review?	Comments	
Litigation from poor decision making		Lagging	Zero								
Substantiated complaints regarding errors, omissions, delays or inaccurate advice / information (inc. from Ombudsman, DLGC)		Lagging	Zero								
Formal apologies issued due to errors, omissions		Lagging	Zero								
Comments				Comments							

External Theft and Fraud (inc. Cyber Crime)				Oct-19							
Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic), for the purposes of; -Fraud: benefit or gain by deceit -Malicious Damage: hacking, deleting, breaking or reducing the integrity or performance of systems -Theft: stealing of data, assets or information											
Potential causes include:											
Inadequate security of equipment / supplies / cash		Inadequate provision for patrons belongings									
Robbery		Lack of Supervision									
Scam Invoices		Collusion with internal staff									
Cyber crime											
						Controls Assurance					
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Building security access controls (keys, proxy card, monitored alarms, CCTV, keypad access)		Preventative	Oct-19	Adequate	Manager Building Services	No	Yes	Yes	Yes	Yes	CCTV procedures not documented but are in place.
Accounts Payable and Payroll Process (verification & segregation of approvals/duties)		Preventative	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Process documented and mapped. Reviewed by Auditor General.
Record of assets (fixed, minor and attractive items)		Recovery	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Process documented and mapped. Reviewed by Auditor General.
Cash handling processes		Preventative	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Process documented and mapped. Reviewed by Auditor General.
Depot security access controls (manned during business hours, locked after hours) High value portable goods locked up in secure spaces		Preventative	Oct-19	Adequate	Manager Infrastructure Services	No	Yes	Yes	Yes	Yes	Process not documented but managed by automatic gates and supervisors in Jurien. Manually locked depot and gates in Dandaragan managed by Supervisor.
Security patrols (regular and ad hoc)		Preventative	Oct-19	Adequate	Rangers	No	Yes	Yes	Yes	Yes	Random security patrols provided by Ranger services within operational hours.
IT Security Framework (Staff Awareness / Profile Mgt / usage protocols)		Preventative	Oct-19	Adequate	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Would benefit from further ongoing training to staff regarding security. EMCCS is currently developing IT Plan.
Contractor/Visitor sign in		Preventative	Oct-19	Not Rated							Visitors and contractors are escorted personally by supervising staff members. Size of office doesn't require visitor login book.
Overall Control Ratings:				Adequate							
Current Actions			Due Date	Responsibility	Status of Actions						Comments
Complete the IT Plan to document key security controls and planning for future improvement.			Dec-20	Executive Manager Corporate and Community Services.	Currently in development.						
Ongoing dissemination of information regarding IT scams and procurement risks.			Ongoing	Various	Ongoing						
Consider further rollout of CCTV to Shire Depots			Dec-20	Manager Infrastructure Services	Subject to review						
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Financial / Property		Consequence:		Moderate	Consequence:						
		Likelihood:		Unlikely	Likelihood:						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review						
Indicators		Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review?	Comments
Cyber breaches		Lagging	Zero								
Insurance claims relating to Theft and Fraud		Lagging	Zero								
# Incidents (per month/quarter/year)		Lagging	Zero								
% non-operational CCTV's		Leading	Zero								
Comments					Comments						
1 case of external fraud was observed over the past 2 years. This related to an external party passing themselves off as a staff member and amending bank details. The matter resulted in a small loss which was covered by insurance. There have been no reports of property theft from either the Shire office or depots in the last two years.											

Management of Facilities, Venues and Events				Oct-19																							
<div>Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;</div> <div>-Inadequate procedures in place to manage quality or availability.</div> <div>-Poor crowd control</div> <div>-Ineffective signage</div> <div>-Booking issues</div> <div>-Stressful interactions with hirers / users (financial issues or not adhering to rules of use of facility)</div> <div>-Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)</div> <div>Potential causes include:</div> <table><tr><td>Double bookings</td><td>Traffic congestion or vehicles blocking entry or exit</td></tr><tr><td>Illegal / excessive alcohol consumption</td><td>Insufficient time between bookings for cleaning or maintenance</td></tr><tr><td>Bond payments poorly managed</td><td>Difficulty accessing facilities / venues.</td></tr><tr><td>Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)</td><td>Poor service from contractors (such as catering or cleaning)</td></tr><tr><td>Falsifying hiring agreements (alcohol on site / lower deposit)</td><td>Renovations</td></tr><tr><td>Unaccompanied minors/children</td><td>Animal Contamination</td></tr><tr><td>Failed chemical / health requirements</td><td></td></tr><tr><td></td><td></td></tr></table>						Double bookings	Traffic congestion or vehicles blocking entry or exit	Illegal / excessive alcohol consumption	Insufficient time between bookings for cleaning or maintenance	Bond payments poorly managed	Difficulty accessing facilities / venues.	Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)	Poor service from contractors (such as catering or cleaning)	Falsifying hiring agreements (alcohol on site / lower deposit)	Renovations	Unaccompanied minors/children	Animal Contamination	Failed chemical / health requirements									
						Double bookings	Traffic congestion or vehicles blocking entry or exit																				
						Illegal / excessive alcohol consumption	Insufficient time between bookings for cleaning or maintenance																				
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						Inadequate oversight or provision of peripheral services (e.g.. cleaning / maintenance)	Poor service from contractors (such as catering or cleaning)																				
						Falsifying hiring agreements (alcohol on site / lower deposit)	Renovations																				
						Unaccompanied minors/children	Animal Contamination																				
						Failed chemical / health requirements																					
												Controls Assurance															
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments																
Booking Systems (Key return / Bond return system / check of facility after use)		Preventative	Oct-19	Effective	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Bookings procedure in place for business and after hour in relation to Civic Centre and foreshore open space. Community Recreation facilities are managed by community groups.																
External Event Management Program		Prevent / Detect	Oct-19	Adequate	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Thorough Event Management process in place to review proposals and mitigate risk. Additional FAQs and risk management templates would add further value for community groups.																
Internal Event Management Program		Prevent / Detect	Oct-19	Effective	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Thorough Event Management process in place assisted by project management framework. Staff also liaise with LGISWA to review and mitigate risks at events.																
Insurance for loss		Recovery	Oct-19	Effective	Manager Customer and Community Service	Yes	Yes	Yes	Yes	Yes	Insurance policies regularly reviewed and implemented. Process for ensuring any certificates of currency are reviewed for exclusions relating to the event.																
Lease agreements for Shire facilities		Preventative	Oct-19	Effective	Club Development Officer	Yes	Yes	Yes	Yes	Yes	Template lease system in place to establish and monitor leases. Most are done at peppercorn rates.																
Routine inspection and maintenance schedules for community facilities, playgrounds, ovals and skate park		Detective	Oct-19	Adequate	Works Supervisors	Yes	Yes	Yes	Yes	Yes	Inspection sheets in place for playgrounds. Increased evidence of documentation required and to be lodged in records system.																
Royal Life Saving Society assessments		Preventative	Oct-19	Not Rated							No recent beach access and safety review completed.																
Overall Control Ratings:				Adequate																							
Current Actions		Due Date	Responsibility	Status of Actions						Comments																	
Provide refresher training for staff members engaged in playground maintenance and inspection. Update inspection forms and link to Shire records system.		Dec-20	HR Coordinator	Training planned																							
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments																
Reputation		Consequence:		Minor	Consequence:																						
		Likelihood:		Unlikely	Likelihood:																						
		Overall Risk Ratings:		Low	Risk rating trend since last review																						
Indicators		Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review?	Comments																
% Community perception score (facilities)		Leading	57%		Benchmark taken from 2018 Community Survey - Community Buildings, Halls, Toilets category.																						
# Complaints regarding facilities		Lagging	Zero																								
Injuries / incidents at events / facilities		Lagging	Zero																								
Reactive maintenance activity after discovery by event holders.		Lagging	Zero																								
Double bookings / errors		Lagging	Zero																								
Comments					Comments																						

IT, Communication Systems and Infrastructure				Oct-19						
Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked. Examples include failures or disruptions caused by: -Hardware or software -Networks -Failures of IT Vendors This also includes where poor governance results in the breakdown of IT maintenance such as: -Configuration management -Performance monitoring This does not include new system implementations - refer "Inadequate Project / Change Management".										
Potential causes include:										
Weather impacts	Non-renewal of licences									
Power outage on site or at service provider	Inadequate IT incident, problem management & Disaster Recovery Processes									
Out-dated, inefficient or unsupported hardware or software	Lack of process and training									
Incompatibility between operating systems	Vulnerability to user error									
Cyber crime and viruses	Failure of vendor									
Turnover of system administration support	Equipment purchases without input from IT department									
Software vulnerability										
Controls Assurance										
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Does once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external threat or issue?	Comments
IT security access protocols & Infrastructure security	Preventative	Oct-19	Adequate	Executive Manager	No	Yes	Yes	Yes	Yes	Process is understood by EMCCS and Bridged but still requires formal documentation
Multiple data back-up systems	Recovery	Oct-19	Effective	Executive Manager Corporate & Community	No	Yes	Yes	Yes	Yes	Automated system function with failure reporting. Infrastructure end of life requires transition cloud
Vendor Support Program (inc. Software licensing, software patching, maintenance, renewals, updates etc)			Effective	Executive Manager Corporate & Community	Yes	Yes	Yes	Yes	Yes	
Generator (Admin building)	Recovery	Oct-19	Not Rated							Has not been prioritised as a need
Disaster Recovery Plan	Recovery	Oct-19	Effective	Executive Manager	Yes	Yes	Yes	Yes	Yes	
Formal IT Infrastructure replacement / refresh program	Preventative	Oct-19	Adequate	Executive Manager	No	Yes	Yes	Yes	Yes	Transitioning from infrastructure to cloud based software as a service
Comms Infrastructure (Voip, 2 way, WAERN, Mobile & Sat)	Recovery	Oct-19								
Outgoing upgrades to virus protection	Preventative	Oct-19	Effective	Executive Manager	Yes	Yes	Yes	Yes	Yes	
Performance monitoring	Defective	Oct-19	Effective	Executive Manager	Yes	Yes	Yes	Yes	Yes	
Backup/Power Sources	Recovery	Oct-19	Adequate	Executive Manager	No	Yes	Yes	Yes	Yes	
Overall Control Ratings:			Adequate							
Current Actions		Due Date	Responsibility	Status of Actions					Comments	
Complete IT access and protocols documentation with Bridged		30.06.2020	Executive Manager Corporate and Community Services	Currently in development						
Consequence Category		Risk Ratings	Rating	Has the Risk Rating Changed since the last review?					Comments	
Service disruption		Consequence:	Moderate	Consequence:						
		Likelihood:	Possible	Likelihood:						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review					
Indicators	Type	Benchmark	Result				Better or worse than Benchmark?	Trend since last review?	Comments	
Cyber breaches	Lagging	Zero								
System availability %	Lagging	98%								
# logged incidents	Lagging	Zero								
Comments			Comments							

Project / Change Management				Oct-19							
<div>Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes. This includes: -Inadequate change management framework to manage and monitor change activities. -Inadequate understanding of the impact of project change on the business. -Failures in the transition of projects into standard operations. -Failure to implement new systems -Inadequate handover process -Inadequate handover process <i>This does not include new plant & equipment purchases. Refer "Inadequate Asset Sustainability Practices"</i></div>											
				Potential causes include:							
				Lack of communication and consultation		Excessive number of projects					
				Lack of investment		Inadequate monitoring and review					
				Ineffective management of expectations (scope creep)		Project risks not managed effectively					
				Inadequate project planning (resources/budget)		Lack of project methodology knowledge and reporting requirements					
				Failures of project Vendors/Contractors		Geographic or transport difficulties sourcing equipment / materials					
				External consultants underquoting on costs							
				Controls Assurance							
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Formal project management procedures		Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Project management training in rollout phase. Established project planning templates in place.
Clear / formal project approval, allocation, ownership, management, governance		Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Led by CBP and budget process.
Stakeholder meetings and consultation		Preventative	Oct-19	Effective	Manager Customer and Community Services	Yes	Yes	Yes	Yes	Yes	Public consultation policy in place. Effective and supported by Ems.
Project status reporting to Council		Detective	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Multi-faceted approach currently but will be improved following the endorsement of the CBP.
Post-major project debriefs		Detective	Oct-19	Inadequate	Various EM's	No	No	No	No	No	No current process for major project debrief and lessons learnt unless there is a major failure.
Integrated Planning Framework		Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Most are in advanced draft stage and provide coordinated guidance for project delivery.
Overall Control Ratings:				Adequate							
Current Actions			Due Date	Responsibility	Status of Actions						Comments
Implement standard project debriefing process for major projects with lessons learnt and outcomes based report to capture project learnings and prevent future errors.			Dec-20	CEO	To be built into project planning methodology and reporting for major and unique projects.						
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?						Comments
Financial / Reputational / Health		Consequence:		Moderate	Consequence:						
		Likelihood:		Possible	Likelihood:						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review						
Indicators		Type	Benchmark		Result				Better or worse than Benchmark?	Trend since last review?	Comments
Missed deadlines / milestones >10%		Lagging	1 per annum								
Budget overruns / blowouts >10%		Lagging	Nil								
Failed primary objectives		Lagging	Nil								
# project budget change requests (scope or ineffective budgeting)		Lagging	Nil								
Comments					Comments						
Project planning methodology is improving and will receive greater guidance from CBP planning process. Once CBP is adopted greater focus will be required from project managers to develop their project plans prior to budget approvals.											

Safety and Security Practices				Oct-19						
Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are negligence or carelessness.										
Potential causes include:										
Lack of appropriate PPE / equipment		Inadequate signage, barriers or other exclusion techniques								
Inadequate first aid supplies or trained first aiders		Poor storage and use of dangerous goods								
Inadequate security protection measures in place for buildings, depots and other places of work		Ineffective / inadequate testing, sampling or other health-related requirements								
Inadequate or unsafe modifications to plant & equipment		Lack of mandate and commitment from senior management								
Inadequate policy, frameworks, systems and structure to prevent the injury of visitors, staff, contractors and/or tenants.		Inadequate organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).								
Inadequate supervision, training or mentoring of staff		Slow or inadequate response to notifications from public								
Controls Assurance										
Key Controls	Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Contractor / Staff site inductions	Preventative	Oct-19	Inadequate	Principal Environmental Health Officer / Various Supervisors	No	No	No	No	No	Contractor induction process currently in development with LGISWA. Still need to consider process / documentation for site specific inductions.
Management commitment / culture	Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	CEO chairs Safety Working Group, all incidents reported to EMT and safety features at all staff or toolbox meetings.
Internal Emergency Management Framework (EPC, ECO, evac diagrams & drills)	Preventative	Oct-19	Effective	Principal Environmental Health Officer / Various Supervisors	Yes	Yes	Yes	Yes	Yes	Drills and diagrams recently updated and reviewed with support from LGIS.
OSH Committee	Preventative	Oct-19	Adequate	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Currently in Safety Working Group format rather than formal committee as described within legislation.
Asbestos register and procedures	Detective	Oct-19	Effective	Principal Environmental Health Officer	Yes	Yes	Yes	Yes	Yes	Asbestos register was last updated in 2014. May require updating if any removal has been undertaken.
Drug and alcohol Policy	Preventative	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Recently reviewed, updated. Regular testing in place for random and post incident.
Duress alarm	Recovery	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Duress alarm in place for Shire Office.
Fitness for Work checks	Preventative	Oct-19	Adequate	HR Coordinator / EM's	Yes	Yes	Yes	Yes	Yes	Pre-employment medical. Also required for return to work from injury.
Incident reporting culture & procedures	Detective	Oct-19	Effective	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Regular reports received and reviewed by multiple parties within the organisation.
Hazard / incident register	Detective	Oct-19	Adequate	Principal Environmental Health Officer	Yes	Yes	Yes	Yes	Yes	Currently in place and reported through to Safety Working Group. Increased follow-up, reminders required to implement faster change
Hazardous Substance and Dangerous Goods registers	Detective	Oct-19	Effective	Principal Environmental Health Officer	Yes	Yes	Yes	Yes	Yes	All in place. Still requires ongoing vigilance from Supervisors to maintain when buying new chemicals
Isolated worker management	Preventative	Oct-19	Inadequate	Executive Manager Infrastructure						Sole worker distress alarms are in place for works department. A review and risk assessment of the staffing arrangements for the Visitors Centre on weekends is required.
LGIS OSH / Safety Audit / Workplace inspections	Preventative	Oct-19	Effective	Principal Environmental Health Officer	Yes	Yes	Yes	Yes	Yes	Regular inspections, reliant on consistent level of service from LGISWA which has been impacted by staff tenure / illness of late.
Pre-start Plant and light vehicle inspections	Preventative	Oct-19	Effective	Executive Manager Infrastructure	Yes	Yes	Yes	Yes	Yes	Take 5s and Prestart checklists in place.
Provision of PPE	Preventative	Oct-19	Effective	Executive Manager Infrastructure	Yes	Yes	Yes	Yes	Yes	All PPE required is purchased as needed.
Report on incidents & near misses	Detective	Oct-19	Effective	Principal Environmental Health Officer	Yes	Yes	Yes	Yes	Yes	Process in place, multiple staff review each incident and reports then submitted to Safety Working Group and EMT.
Safe work practices (Safe Work Method Statements)	Preventative	Oct-19	Adequate	Executive Manager Infrastructure	Yes	Yes	Yes	Yes	Yes	Generally in place for all risky activities. Further improvement could be made at supervisor or level to regularly reinforce and ensure they are being utilised.
Toolbox / Team safety meetings	Preventative	Oct-19	Effective	Works Supervisors	Yes	Yes	Yes	Yes	Yes	In place.
Trained first aiders	Preventative	Oct-19	Effective	HR Coordinator	Yes	Yes	Yes	Yes	Yes	Regular training provided. Do we have a confirmed list / renewal dates etc.
Overall Control Ratings:			Adequate							
Current Actions		Due Date	Responsibility	Status of Issues / Actions / Treatments						Comments
Regularly review hazard and incident register and assign rectification needs to officers with timeframes for completion.		Jun-20	PEHO	To be ratified via Safety Working Group and EMT						
Establish a schedule of workplace inspections to guide regular inspection process with assistance from LGIS.		Jun-20	PEHO	To be arranged with LGIS.						
Establish contractor induction process and deliver first rollout of inductions to regular local		Mar-20	PEHO	Induction process currently in development with LGIS.						
Review the current staffing arrangements for the Visitors Centre on weekends, consider implementation of casual or volunteer roles to remove isolated worker risks.		Jun-20	Manager Customer and Community Services	Work practices under review. Casuals recently appointed but resourcing is dependent on new budget.						
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review ?					Comments
Health		Consequence:		Major	Consequence:					
		Likelihood:		Possible	Likelihood:					
		Overall Risk Ratings:		High	Risk rating trend since last review					
Indicators		Type	Benchmark		Result		Better or worse than Benchmark?	Trend since last review?	Comments	
Safety Audit Result %		Leading	75%							
# scheduled workplace inspections not completed		Leading	Zero							
# Worksafe notifications		Leading	Zero							
# Incidents per month / quarter / year		Lagging	>2 preventable incidents per month							
Workers Compensation claims		Lagging	1 per annum							
Comments				Comments						
Generally the Shire's safety systems are in good shape but ongoing improvement is always needed. 1 major incident was observed over the past 2 years which resulted in a truck rollover. The primary finding of that investigation was the incident resulted from driver error and distraction. Additional training and the completion of a take 5 in accordance with the SWMS may have avoided the accident. Another major incident resulted from poor manual handling technique and housekeeping resulting in a significant back injury and extensive workers compensation claim.										

Supplier and Contract Management				Oct-19							
<p>Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:</p> <ul style="list-style-type: none"> • Concentration issues (contracts awarded to one supplier) • Vendor sustainability 											
Potential causes include:											
Insufficient funding		Inadequate contract management practices									
Complexity and quantity of work		Ineffective monitoring of deliverables									
Inadequate tendering process		Lack of planning and clarity of requirements									
Contracts not renewed on time		Historical contracts remaining									
Suppliers not willing to provide quotes		Limited availability of suppliers									
				Controls Assurance							
Key Controls		Type	Date	Rating	Control Owner	Control is documented and up to date?	Control is understood?	Control is complete? (Done once / not forgotten or components missed)	Timely? (Completed within statutory or service delivery standards)	Protects against internal or external theft or fraud?	Comments
Procurement Management Framework (Policy, Procedures, Systems, Segregation of duties, delegations)		Preventative	Oct-19	Effective	Executive Manager Corporate and Community Services	Yes	Yes	Yes	Yes	Yes	Procurement policy and procedures recently updated. Fully audited by Auditor General with no material matters identified.
Contract Management Framework (register, renewal reminders, contractor insurance checks & reviews of contract arrangements)		Preventative	Oct-19	Adequate	Various	Yes	Yes	Yes	Yes	Yes	Contracts in place but process map still to be finalised. Multiple sources of contract development leave some scope for differing standards however the consequences of this are considered minor. 1 cleaning contract and 2 waste transfer station contracts were being held over in monthly arrangements while new procurement process was undertaken. This indicates better end of contract procedures need to be implemented.
Supervision of contractors on site		Detective	Oct-19	Adequate	Various	No	No	Yes	Yes	Yes	Supervision is generally completed Post works rather than supervising contractors directly. No formal process considered necessary.
e-Quotes (WALGA)		Preventative	Oct-19	Not Rated							e-quotes only occasionally used. Preference is to use internal RFQ process and panel of preferred suppliers.
Overall Control Ratings:				Adequate							
Current Actions			Due Date	Responsibility	Status of Actions					Comments	
Complete the development of the contract development and monitoring process map to avoid supply relationships being held over on monthly arrangements.			Jun-20	Senior Finance Officer	Currently in development.						
Continue rollout of standard contract for goods and services in accordance with WALGA procurement toolkit			Ongoing	Executive Manager Corporate and Community Services	Process commenced, requires ongoing adherence.						
Introduce Contractor Inductions process											
Consequence Category		Risk Ratings		Rating	Has the Risk Rating Changed since the last review?					Comments	
Service interruption, Financial		Consequence:		Moderate	Consequence:						
		Likelihood:		Possible	Likelihood:						
		Overall Risk Ratings:		Moderate	Risk rating trend since last review						
Indicators		Type	Benchmark		Result			Better or worse than Benchmark?	Trend since last review?	Comments	
Validated supplier complaints of uncompetitive procurement process		Leading	Zero								
Adverse audit findings relating to contracts		Lagging	Zero								
# Expired Contracts still being carried over		Lagging	Zero								
Comments				Comments							
Overall current contractual arrangements are suitable, compliant and in line with needs of the organisation. Improved contract tracking and end of contract process will be implemented through process map and avoid cases where contractual arrangements are being held over on monthly arrangements. Wider utilisation of WALGA procurement toolkit and RFQ process will minimise risk.											