



Shire of Menzies

AUDIT & RISK COMMITTEE AGENDA

Friday 24 September 2021

Commencing at 11:00 am

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1 DECLARATION OF OPENING

The Chairperson declared the meeting open at _____.

2 ANNOUNCEMENT OF VISITORS

3 RECORD OF ATTENDANCE

Councillors: Cr G Dwyer, Shire President and Chairperson
Cr I Baird, Deputy Shire President
Cr J Dwyer

Apologies:

Staff: Mr B Joiner, Chief Executive Officer
Mr A Giometti, Chief Financial Officer
Ms J Hancock, Manager Governance

4 DECLARATIONS OF INTEREST

5 REPORTS OF OFFICERS

5.1	Unaudited Financial Report for the year ended 30 June 2021
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM459
DATE OF REPORT	13 September 2021
AUTHOR	Chief Executive Officer, Brian Joiner
RESPONSIBLE OFFICER	CEO, Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. Menzies 2020-21 AFS [5.1.1 - 50 pages]

SUMMARY:

The unaudited Financial Statements to the end of 30 June 2021 are provided for the information and consideration of the Committee.

BACKGROUND:

Financial Statements are prepared each financial year and include the Statement of Comprehensive Income and Statement of Financial Position as at 30 June 2021. The Financial Statements are now provided to the Shire’s external auditors.

COMMENT:

In accordance with the agreed audit schedule, the audited Financial Statements should be available by the start of December. The timeframes are in accordance with statutory requirements.

CONSULTATION:

Moore Australia, Consultants.

STATUTORY AUTHORITY:

Nil.

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

There are no financial implications from the recommendations of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

- 4.2 An efficient and effective organisation.
- 4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee Recommend Council receive the Annual Financial Statements as at 30 June 2021.

COMMITTEE DECISION:

Committe Resolution Number	
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Moved		Seconded	
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Carried	
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SHIRE OF MENZIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
124 Shenton Street
Menzies WA 6436

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	24(a)	3,512,250	3,562,400	3,352,627
Operating grants, subsidies and contributions	2(a)	3,032,239	1,515,687	2,690,890
Fees and charges	2(a)	220,054	192,830	257,335
Interest earnings	2(a)	133,258	211,640	252,350
Other revenue	2(a)	96,158	23,050	98,911
		6,993,959	5,505,607	6,652,113
Expenses				
Employee costs		(1,465,956)	(2,020,866)	(1,966,860)
Materials and contracts		(1,547,736)	(2,307,568)	(1,867,224)
Utility charges		(79,869)	(80,588)	(93,809)
Depreciation on non-current assets	10(b)	(2,120,345)	(2,225,431)	(2,242,127)
Interest expenses	2(b)	(95)	0	(529)
Insurance expenses		(150,908)	(129,692)	(122,358)
Other expenditure		(279,453)	(580,435)	(278,405)
		(5,644,362)	(7,344,580)	(6,571,312)
		1,349,597	(1,838,973)	80,801
Non-operating grants, subsidies and contributions	2(a)	1,454,744	2,241,861	3,564,550
Profit on asset disposals	10(a)	7,977	0	1,417
(Loss) on asset disposals	10(a)	0	0	(35,329)
		1,462,721	2,241,861	3,530,638
		2,812,318	402,888	3,611,439
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	1,883,862
		0	0	1,883,862
Total other comprehensive income for the period				
		2,812,318	402,888	5,495,301

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

SHIRE OF MENZIES
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		24,285	100	6,634
General purpose funding		6,418,401	4,974,022	5,558,933
Law, order, public safety		18,476	11,462	10,686
Health		0	300	450
Housing		50,459	65,700	88,687
Community amenities		17,277	25,630	27,964
Recreation and culture		0	800	16,730
Transport		182,985	198,034	643,435
Economic services		223,577	207,359	246,923
Other property and services		58,499	22,200	51,671
		6,993,959	5,505,607	6,652,113
Expenses				
	2(b)			
Governance		(975,699)	(746,054)	(881,861)
General purpose funding		(213,533)	(421,679)	(264,419)
Law, order, public safety		(103,352)	(75,511)	(110,478)
Health		(32,074)	(46,337)	(38,541)
Housing		(173,574)	(270,951)	(194,735)
Community amenities		(293,437)	(326,485)	(379,856)
Recreation and culture		(785,751)	(767,059)	(805,794)
Transport		(1,942,500)	(2,820,848)	(2,318,875)
Economic services		(899,316)	(1,258,356)	(921,397)
Other property and services		(225,031)	(611,300)	(654,827)
		(5,644,267)	(7,344,580)	(6,570,783)
Finance Costs				
	2(b)			
Governance		(95)	0	0
Other property and services		0	0	(529)
		(95)	0	(529)
		1,349,597	(1,838,973)	80,801
Non-operating grants, subsidies and contributions	2(a)	1,454,744	2,241,861	3,564,550
Profit on disposal of assets	10(a)	7,977	0	1,417
(Loss) on disposal of assets	10(a)	0	0	(35,329)
		1,462,721	2,241,861	3,530,638
Net result for the period		2,812,318	402,888	3,611,439
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	1,883,862
Total other comprehensive income for the period		0	0	1,883,862
Total comprehensive income for the period		2,812,318	402,888	5,495,301

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

SHIRE OF MENZIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	15,838,724	12,901,851
Trade and other receivables	5	455,633	673,083
Inventories	6	15,211	13,623
Other assets	7	12,797	17,642
TOTAL CURRENT ASSETS		16,322,365	13,606,199
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,222,163	10,565,699
Infrastructure	9	119,025,656	118,875,551
Right-of-use assets	11(a)	2,430	6,340
TOTAL NON-CURRENT ASSETS		129,250,249	129,447,590
TOTAL ASSETS		145,572,614	143,053,789
CURRENT LIABILITIES			
Trade and other payables	13	135,368	392,694
Lease liabilities	14(a)	2,363	3,985
Employee related provisions	16	192,238	197,107
TOTAL CURRENT LIABILITIES		329,969	593,786
NON-CURRENT LIABILITIES			
Lease liabilities	14(a)	0	2,363
Employee related provisions	16	14,362	41,675
TOTAL NON-CURRENT LIABILITIES		14,362	44,038
TOTAL LIABILITIES		344,331	637,824
NET ASSETS		145,228,283	142,415,965
EQUITY			
Retained surplus		21,098,871	18,733,641
Reserves - cash backed	4	12,303,243	11,856,155
Revaluation surplus	12	111,826,169	111,826,169
TOTAL EQUITY		145,228,283	142,415,965

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

SHIRE OF MENZIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		18,481,111	8,497,246	109,942,307	136,920,664
Comprehensive income					
Net result for the period		3,611,439	0	0	3,611,439
Other comprehensive income	12	0	0	1,883,862	1,883,862
Total comprehensive income		3,611,439	0	1,883,862	5,495,301
Transfers from reserves	4	277,292	(277,292)	0	0
Transfers to reserves	4	(3,636,201)	3,636,201	0	0
Balance as at 30 June 2020		18,733,641	11,856,155	111,826,169	142,415,965
Comprehensive income					
Net result for the period		2,812,318	0	0	2,812,318
Total comprehensive income		2,812,318	0	0	2,812,318
Transfers from reserves	4	758,358	(758,358)	0	0
Transfers to reserves	4	(1,205,446)	1,205,446	0	0
Balance as at 30 June 2021		21,098,871	12,303,243	111,826,169	145,228,283

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

SHIRE OF MENZIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,712,489	3,562,400	3,317,435
Operating grants, subsidies and contributions		2,950,577	1,515,687	2,684,013
Fees and charges		127,690	192,830	257,335
Interest received		133,258	211,640	252,350
Goods and services tax received		105,783	0	552,567
Other revenue		96,158	23,050	98,911
		7,125,955	5,505,607	7,162,611
Payments				
Employee costs		(1,480,394)	(2,020,866)	(1,973,197)
Materials and contracts		(1,520,942)	(2,307,568)	(2,324,012)
Utility charges		(79,869)	(80,588)	(93,809)
Interest expenses		(95)	0	(529)
Insurance paid		(150,908)	(129,692)	(122,358)
Goods and services tax paid		(208,608)	0	(483,157)
Other expenditure		(279,453)	(580,435)	(278,405)
		(3,720,269)	(5,119,149)	(5,275,467)
Net cash provided by (used in) operating activities	17	3,405,686	386,458	1,887,144
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(786,502)	(2,084,500)	(1,134,117)
Payments for construction of infrastructure	9(a)	(1,145,797)	(4,091,000)	(2,248,588)
Non-operating grants, subsidies and contributions	2(a)	1,454,744	2,241,861	3,564,550
Proceeds from sale of property, plant & equipment	10(a)	12,727	0	233,001
Net cash provided by (used in) investment activities		(464,828)	(3,933,639)	414,846
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for principal portion of lease liabilities	14(b)	(3,985)	0	(33,906)
Net cash provided by (used in) financing activities		(3,985)	0	(33,906)
Net increase (decrease) in cash held		2,936,873	(3,547,181)	2,268,084
Cash at beginning of year		12,901,851	12,703,555	10,633,767
Cash and cash equivalents at the end of the year	17	15,838,724	9,156,374	12,901,851

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

SHIRE OF MENZIES
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25 (b)	1,357,349	811,748	1,994,974
		1,357,349	811,748	1,994,974
Revenue from operating activities (excluding rates)				
Governance		24,285	100	6,634
General purpose funding		2,906,151	1,411,622	2,206,306
Law, order, public safety		18,476	11,462	10,686
Health		0	300	450
Housing		50,459	65,700	88,687
Community amenities		17,277	25,630	27,964
Recreation and culture		0	800	16,730
Transport		190,962	198,034	644,852
Economic services		223,577	207,359	246,923
Other property and services		58,499	22,200	51,671
		3,489,686	1,943,207	3,300,903
Expenditure from operating activities				
Governance		(975,794)	(746,054)	(881,861)
General purpose funding		(213,533)	(421,679)	(264,419)
Law, order, public safety		(103,352)	(75,511)	(110,478)
Health		(32,074)	(46,337)	(38,541)
Housing		(173,574)	(270,951)	(194,735)
Community amenities		(293,437)	(326,485)	(379,856)
Recreation and culture		(785,751)	(767,059)	(805,794)
Transport		(1,942,500)	(2,820,848)	(2,354,204)
Economic services		(899,316)	(1,258,356)	(921,397)
Other property and services		(225,031)	(611,300)	(655,356)
		(5,644,362)	(7,344,580)	(6,606,641)
Non-cash amounts excluded from operating activities	25(a)	2,084,732	2,225,431	2,293,455
Amount attributable to operating activities		1,287,405	(2,364,194)	982,691
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,454,744	2,241,861	3,564,550
Proceeds from disposal of assets	10(a)	12,727	0	233,001
Purchase of property, plant and equipment	8(a)	(786,502)	(2,084,500)	(1,134,117)
Purchase and construction of infrastructure	9(a)	(1,145,797)	(4,091,000)	(2,248,588)
Amount attributable to investing activities		(464,828)	(3,933,639)	414,846
FINANCING ACTIVITIES				
Payments for principal portion of lease liabilities	14(b)	(3,985)	0	(33,906)
Transfers to reserves (restricted assets)	4	(1,205,446)	(100,000)	(3,636,201)
Transfers from reserves (restricted assets)	4	758,358	2,835,433	277,292
Amount attributable to financing activities		(451,073)	2,735,433	(3,392,815)
Surplus/(deficit) before imposition of general rates		371,504	(3,562,400)	(1,995,278)
Total amount raised from general rates	24(a)	3,512,250	3,562,400	3,352,627
Surplus/(deficit) after imposition of general rates	25(b)	3,883,754	0	1,357,349

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

SHIRE OF MENZIES
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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.

INITIAL APPLICATION OF 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.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

CRITICAL ACCOUNTING ESTIMATES

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

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	2,759,447	1,197,422	1,943,165
Law, order, public safety	10,436	6,522	5,406
Transport	180,613	196,034	621,410
Economic services	81,743	115,709	120,909
	3,032,239	1,515,687	2,690,890
Non-operating grants, subsidies and contributions			
General purpose funding	489,788	0	0
Recreation and culture	10,328	200,000	20,242
Transport	954,628	1,494,406	3,423,720
Economic services	0	547,455	120,588
	1,454,744	2,241,861	3,564,550
Total grants, subsidies and contributions	4,486,983	3,757,548	6,255,440
Fees and charges			
General purpose funding	9,763	6,500	13,810
Law, order, public safety	100	800	710
Health	0	300	450
Housing	50,359	65,700	81,098
Community amenities	17,277	25,630	27,964
Recreation and culture	0	500	0
Economic services	141,834	91,300	126,537
Other property and services	721	2,100	6,766
	220,054	192,830	257,335

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees and charges	212,762	192,830	0
Other revenue	2,372	0	0
Non-operating grants, subsidies and contributions	1,454,744	2,241,861	3,564,550
	1,669,878	2,434,691	3,564,550

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers recognised during the year	215,134	192,830	0
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,454,744	2,241,861	3,564,550
	1,669,878	2,434,691	3,564,550

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	0	0	30,803
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No assets associated with contracts with customers are considered to be impaired. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue from statutory requirements				
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:				
General rates		3,512,250	3,562,400	3,352,627
		<u>3,512,250</u>	<u>3,562,400</u>	<u>3,352,627</u>
Other revenue				
Reimbursements and recoveries		85,346	23,050	50,160
Other		10,812	0	48,751
		<u>96,158</u>	<u>23,050</u>	<u>98,911</u>
Interest earnings				
Interest on reserve funds		57,387	100,000	132,870
Rates instalment and penalty interest (refer Note 24(b))		65,667	96,640	99,706
Other interest earnings		10,204	15,000	19,774
		<u>133,258</u>	<u>211,640</u>	<u>252,350</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report		48,000	45,000	74,000
		<u>48,000</u>	<u>45,000</u>	<u>74,000</u>

Interest expenses (finance costs)

Lease liabilities	14(b)	95	0	529
		<u>95</u>	<u>0</u>	<u>529</u>

Other expenditure

Impairment loss on trade and other receivables from contracts with customers		(92,364)	0	0
Sundry expenses		371,817	580,435	278,405
		<u>279,453</u>	<u>580,435</u>	<u>278,405</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges -licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges -property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges -memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		15,838,724	9,647,641
Term deposits		0	3,254,210
Total cash and cash equivalents		15,838,724	12,901,851
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		12,303,243	11,856,155
		12,303,243	11,856,155
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	12,303,243	11,856,155
Total restricted assets		12,303,243	11,856,155

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED	2021	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing
	Balance		(from)	Balance	Balance		(from)	Balance	Balance		(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	205,074	993	0	206,067	204,689	1,724	0	206,413	201,642	3,432	0	205,074
(b) Building reserve	2,795,090	1,161,596	(494,427)	3,462,259	2,777,045	23,774	(1,098,433)	1,702,386	2,298,078	599,304	(102,292)	2,795,090
(c) Plant reserve	1,946,393	9,422	(32,840)	1,922,975	1,957,365	16,370	(72,000)	1,901,735	1,395,073	551,320	0	1,946,393
(d) Road reserves	2,755,425	13,336	(36,113)	2,732,648	2,752,496	23,183	(600,000)	2,175,679	1,529,390	1,226,035	0	2,755,425
(e) Main Street reserve	140,456	677	0	141,133	140,192	1,181	0	141,373	138,105	2,351	0	140,456
(f) Staff Amenities reserve	575,564	2,782	(181,100)	397,246	574,565	4,847	(420,000)	159,412	74,299	501,265	0	575,564
(g) TV reserve	17,889	87	0	17,976	18,712	150	0	18,862	17,590	299	0	17,889
(h) Caravan Park reserve	431,416	2,090	(4,000)	429,506	430,584	3,626	(150,000)	284,210	434,027	7,389	(10,000)	431,416
(i) Bitumen reserve	603,847	2,921	0	606,768	603,087	5,079	0	608,166	397,087	206,760	0	603,847
(j) Rates creditors reserve	51,144	247	0	51,391	50,875	428	0	51,303	50,119	1,025	0	51,144
(k) Niagara Dam reserve	1,252,493	6,061	(9,878)	1,248,676	1,249,909	10,525	(85,000)	1,175,434	1,349,520	22,973	(120,000)	1,252,493
(l) Water reserve	299,813	1,452	0	301,265	299,625	2,524	0	302,149	98,143	201,670	0	299,813
(m) Waste Management reserve	59,515	287	0	59,802	59,319	499	0	59,818	102,766	1,749	(45,000)	59,515
(n) Former Post Office reserve	418,406	2,025	0	420,431	417,624	3,517	(410,000)	11,141	411,407	6,999	0	418,406
(o) Commercial Enterprise reserve	101,210	488	0	101,698	100,000	857	0	100,857	0	101,210	0	101,210
(p) Land Purchase reserve	202,420	982	0	203,402	200,000	1,716	0	201,716	0	202,420	0	202,420
	11,856,155	1,205,446	(758,358)	12,303,243	11,836,087	100,000	(2,835,433)	9,100,654	8,497,246	3,636,201	(277,292)	11,856,155

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Perpetual	To be used to fund annual and long service leave requirements.
(b) Building reserve	Perpetual	To be used for the acquisition of future building and renovation of existing buildings.
(c) Plant reserve	Perpetual	To be used for the purchase of major plant.
(d) Road reserves	Perpetual	To be used to fund major road works.
(e) Main Street reserve	Perpetual	Established for the beautification of the main street.
(f) Staff Amenities reserve	Perpetual	Established for the purpose of providing staff housing and amenities.
(g) TV reserve	Perpetual	To be used to fund upgrades to the rebroadcasting equipment.
(h) Caravan Park reserve	Perpetual	Established for the purpose of upgrading the caravan park.
(i) Bitumen reserve	Perpetual	Established to fund future resealing of roads.
(j) Rates creditors reserve	Perpetual	Established for future rates claims.
(k) Niagara Dam reserve	Perpetual	Established for ongoing upgrade of Niagara Dam valve workings and other maintenance.
(l) Water reserve	Perpetual	Established to provide a water park.
(m) Waste Management reserve	Perpetual	To provide for the statutory reinstatement and development of the reserve.
(n) Former Post Office reserve	Perpetual	To provide for the restoration and maintenance of the Former Post Office.
(o) Commercial Enterprise reserve	Perpetual	To fund an activity or purchase with a view to producing a profit.
(p) Land Purchase reserve	Perpetual	To be used for purchase of selective properties with development potential.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	

2021	2020
\$	\$
663,136	863,375
6,682	30,803
106,627	192,081
(320,812)	(413,176)
455,633	673,083

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 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

6. INVENTORIES

Current

Fuel and materials
 Stock

	2021	2020
	\$	\$
	13,623	13,623
	1,588	0
	15,211	13,623
	13,623	10,706
	(84,294)	(107,117)
	85,882	110,034
	15,211	13,623

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

7. OTHER ASSETS

Other assets - current

Prepayments
Accrued income

	2021	2020
	\$	\$
	0	9,284
	12,797	8,358
	12,797	17,642

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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	684,000	2,104,053	4,521,354	7,309,407	87,270	1,983,900	0	9,380,577
Additions	0	0	23,698	23,698	0	746,688	363,731	1,134,117
(Disposals)	0	0	0	0	0	(266,913)	0	(266,913)
Revaluation increments / (decrements) transferred to revaluation surplus	(127,500)	168,477	1,169,547	1,210,524	0	0	0	1,210,524
Depreciation (expense)	0	(122,530)	(273,599)	(396,129)	(16,082)	(504,755)	0	(916,966)
Transfers	0	0	0	0	0	24,360	0	24,360
Balance at 30 June 2020	556,500	2,150,000	5,441,000	8,147,500	71,188	1,983,280	363,731	10,565,699
Comprises:								
Gross balance amount at 30 June 2020	556,500	2,150,000	5,441,000	8,147,500	87,270	2,449,949	363,731	11,048,450
Accumulated depreciation at 30 June 2020	0	0	0	0	(16,082)	(466,669)	0	(482,751)
Balance at 30 June 2020	556,500	2,150,000	5,441,000	8,147,500	71,188	1,983,280	363,731	10,565,699
Additions	0	411,533	304,978	716,511	17,713	51,278	1,000	786,502
(Disposals)	0	0	0	0	0	(4,750)	0	(4,750)
Depreciation (expense)	0	(99,399)	(268,298)	(367,697)	(11,200)	(402,760)	0	(781,657)
Transfers	0	0	20,100	20,100	0	0	(363,731)	(343,631)
Balance at 30 June 2021	556,500	2,462,134	5,497,780	8,516,414	77,701	1,627,048	1,000	10,222,163
Comprises:								
Gross balance amount at 30 June 2021	556,500	2,561,533	5,766,078	8,884,111	104,983	2,484,226	1,000	11,474,320
Accumulated depreciation at 30 June 2021	0	(99,399)	(268,298)	(367,697)	(27,282)	(857,178)	0	(1,252,157)
Balance at 30 June 2021	556,500	2,462,134	5,497,780	8,516,414	77,701	1,627,048	1,000	10,222,163

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent market data for similar properties	Independent Registered Valuer	June 2020	Price per hectare
Buildings - non-specialised	2 & 3	Market approach using recent market data for similar properties	Independent Registered Valuer and Management Valuation	June 2020	Improvements to land using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	2 & 3	Market approach using recent market data for similar properties	Independent Registered Valuer and Management Valuation	June 2020	Improvements to land using construction costs (Level 2) and current condition, 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.

(ii) Cost

Furniture and equipment	Cost	Cost	Purchase cost
Plant and equipment	Cost	Cost	Purchase cost
Work in progress	Cost	Cost	Purchase cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - other	Infrastructure - footpaths	Infrastructure - parks and ovals	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	112,987,368	3,905,956	115,118	260,790	0	117,269,232
Additions	2,099,900	127,328	0	16,815	4,545	2,248,588
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	673,338	0	0	673,338
Depreciation (expense)	(1,143,735)	(156,642)	(8,363)	(6,867)	0	(1,315,607)
Balance at 30 June 2020	113,943,533	3,876,642	780,093	270,738	4,545	118,875,551
Comprises:						
Gross balance at 30 June 2020	116,229,005	4,178,642	893,336	284,473	4,545	121,590,001
Accumulated depreciation at 30 June 2020	(2,285,472)	(302,000)	(113,243)	(13,735)	0	(2,714,450)
Balance at 30 June 2020	113,943,533	3,876,642	780,093	270,738	4,545	118,875,551
Prior year assets expensed	0	0	0	0	(4,545)	(4,545)
Additions	985,170	104,154	31,373	0	25,100	1,145,797
Depreciation (expense)	(1,146,290)	(159,172)	(21,608)	(7,708)	0	(1,334,778)
Transfers	0	343,631	0	0	0	343,631
Balance at 30 June 2021	113,782,413	4,165,255	789,858	263,030	25,100	119,025,656
Comprises:						
Gross balance at 30 June 2021	117,214,175	4,626,427	924,709	284,473	25,100	123,074,884
Accumulated depreciation at 30 June 2021	(3,431,762)	(461,172)	(134,851)	(21,443)	0	(4,049,228)
Balance at 30 June 2021	113,782,413	4,165,255	789,858	263,030	25,100	119,025,656

Prior year works in progress was identified as not reaching the \$5,000 limit under *Financial Management Reg 17A (5)* and has been expensed within the 2020-21 year.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	2 & 3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - other	2 & 3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - footpaths	2 & 3	Cost approach using depreciated replacement cost	Management Valuation	June 2020	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - parks and ovals	2 & 3	Cost approach using depreciated replacement cost	Management Valuation	June 2020	Construction costs (Level 2) and current conditions, residual values and remaining useful life assessments (Level 3) inputs.
Work in progress		Cost	Cost		Purchase cost

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

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

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements 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 roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	4,750	12,727	7,977	0	0	0	0	0	266,913	233,001	1,417	(35,329)
	4,750	12,727	7,977	0	0	0	0	0	266,913	233,001	1,417	(35,329)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Sale of Volkswagen Amarok	4,750	12,727	7,977	0
	4,750	12,727	7,977	0

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	99,399	121,194	122,530
Buildings - specialised	268,298	270,614	273,599
Furniture and equipment	11,200	15,907	16,082
Plant and equipment	402,760	517,059	504,755
Infrastructure - roads	1,146,290	1,131,261	1,143,735
Infrastructure - other	159,172	154,933	156,642
Infrastructure - footpaths	21,608	7,670	8,363
Infrastructure - parks and ovals	7,708	6,793	6,867
Right-of-use assets - plant and equipment	0	0	5,644
Right of use assets - furniture and equipment	3,910	0	3,910
	2,120,345	2,225,431	2,242,127

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	20 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	4 to 15 years
Sealed roads and streets formation	not depreciated
pavement	25 to 100 years
seal	25 to 100 years
- bituminous seals	20 - 100 years
- asphalt surfaces	25 - 100 years
Gravel roads formation	not depreciated
pavement	25 to 100 years
Footpaths	25 to 50 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Infrastructure Other	4 to 50 years
Right of use	Based on the remaining lease

Depreciation on revaluation

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Right of use assets -		
	Right-of-use assets - plant and equipment	furniture and equipment	Right-of-use assets Total
	\$	\$	
Balance at 1 July 2019	30,004	10,250	40,254
Transfer of right of use asset to plant and equipment	(24,360)	0	(24,360)
Depreciation (expense)	(5,644)	(3,910)	(9,554)
Balance at 30 June 2020	0	6,340	6,340
Depreciation (expense)	0	(3,910)	(3,910)
Balance at 30 June 2021	0	2,430	2,430

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on lease liabilities	(3,910)	(9,554)
Interest expense on lease liabilities	(95)	(529)
Total amount recognised in the statement of comprehensive income	(4,005)	(10,083)
Total cash outflow from leases	(4,080)	(34,435)

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	552,943	0	0	0	552,943	680,443	0	0	(127,500)	(127,500)	552,943
Revaluation surplus - Buildings - non-specialised	3,419,463	0	0	0	3,419,463	3,250,986	0	168,477	0	168,477	3,419,463
Revaluation surplus - Buildings - specialised	1,387,003	0	0	0	1,387,003	217,456	0	1,169,547	0	1,169,547	1,387,003
Revaluation surplus - Plant and equipment	0	0	0	0	0	1,343,109	(1,343,109)	0	0	0	0
Revaluation surplus - Infrastructure - roads	105,024,948	0	0	0	105,024,948	105,024,948	0	0	0	0	105,024,948
Revaluation surplus - Infrastructure - other	768,474	0	0	0	768,474	768,474	0	0	0	0	768,474
Revaluation surplus - Infrastructure - footpaths	673,338	0	0	0	673,338	0	0	673,338	0	673,338	673,338
	111,826,169	0	0	0	111,826,169	111,285,416		2,011,362	(127,500)	1,883,862	111,826,169

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1. Vested land is no longer required to be recognised at fair value. Land under golf courses, show grounds, race courses or any other sporting or recreational facility of state or regional significance should be recognised at zero cost.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	9,400	311,055
Accrued salaries and wages	5,297	22,709
ATO liabilities	35,156	0
Bonds and deposits held	12,713	2,523
Other payables	46,481	30,086
Rates in advance	26,321	26,321
	135,368	392,694

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 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

Prepaid rates

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

14. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	2,363	3,985
Non-current	0	2,363
	<u>2,363</u>	<u>6,348</u>

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2020	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2020	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services																
Motor Vehicle	6224365	Fleet Management	2.40%	60 months	0	0	0	0	0	0	0	0	30,004	(30,004)	0	(351)
Smart Board	IE1338	Your payment solution	2.10%	48 months	6,348	(3,985)	2,363	(95)	0	0	0	0	10,250	(3,902)	6,348	(178)
					<u>6,348</u>	<u>(3,985)</u>	<u>2,363</u>	<u>(95)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,254</u>	<u>(33,906)</u>	<u>6,348</u>	<u>(529)</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

15. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(3,634)	(1,174)
Total amount of credit unused	21,366	23,826
Loan facilities		
Lease liabilities - current	2,363	3,985
Lease liabilities - non-current	0	2,363
Total facilities in use at balance date	2,363	6,348
Unused loan facilities at balance date	NIL	NIL

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 26.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
 Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2021

Comprises

Current
 Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	120,398	76,709	197,107
Non-current provisions	0	41,675	41,675
	120,398	118,384	238,782
Additional provision	82,054	12,743	94,797
Amounts used	(95,927)	(31,052)	(126,979)
Balance at 30 June 2021	106,525	100,075	206,600
Comprises			
Current	106,525	85,713	192,238
Non-current	0	14,362	14,362
	106,525	100,075	206,600

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date
 Expected reimbursements from other WA local governments

	2021	2020
	\$	\$
Less than 12 months after the reporting date	137,468	197,107
More than 12 months from reporting date	68,562	48,354
Expected reimbursements from other WA local governments	570	(6,679)
	206,600	238,782

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

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits 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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021	2021	2020
	Actual	Budget	Actual
	\$	\$	\$
Cash and cash equivalents	15,838,724	9,156,374	12,901,851
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	2,812,318	402,888	3,611,439
Non-cash flows in Net result:			
Depreciation on non-current assets	2,120,345	2,225,431	2,242,127
(Profit)/loss on sale of asset	(7,977)	0	33,912
Work in progress expensed	4,545	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	217,450	0	27,341
(Increase)/decrease in other assets	4,845	0	10,444
(Increase)/decrease in inventories	(1,588)	0	(2,917)
Increase/(decrease) in payables	(257,326)	0	(488,069)
Increase/(decrease) in employee provisions	(32,182)	0	17,417
Non-operating grants, subsidies and contributions	(1,454,744)	(2,241,861)	(3,564,550)
Net cash from operating activities	3,405,686	386,458	1,887,144

SHIRE OF MENZIES
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	2,430	8,140
General purpose funding	393,780	501,408
Law, order, public safety	81,493	86,455
Education and welfare	0	300,000
Housing	1,922,476	2,867,925
Community amenities	636,778	866,992
Recreation and culture	6,070,569	4,399,256
Transport	121,218,321	121,072,992
Economic services	5,461,221	5,408,693
Other property and services	4,857,126	6,913,673
Unallocated	4,928,420	628,255
	<u>145,572,614</u>	<u>143,053,789</u>

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

19. CONTINGENT LIABILITIES

The Shire of Menzies has in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination: - Memorial M995306 ML, Lot 8 on Plan 222795 as shown in the certificate of title 1096/558 known as Shenton Street, Menzies WA 6436. Until the Shire conducts an investigation to determine the presence and scope of 'contamination, assess the risk and degree with the Department of Water and Environment Regulation the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. This approach is consistent with the Department of Water and Environment Regulation guidelines.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

21. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Elected member - President			
President's annual allowance	19,864	19,864	19,864
Meeting attendance fees	19,410	19,410	19,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	8,969	9,000	10,977
	49,343	49,374	51,351
Elected member - Deputy President			
Deputy President's annual allowance	4,966	4,966	4,966
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	4,722	4,000	5,682
	20,198	19,476	21,158
Elected member - 1			
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	142	2,000	1,931
	10,652	12,510	12,441
Elected member - 2			
Meeting attendance fees	9,410	9,410	9,410
Annual allowance for ICT expenses	1,100	1,100	1,100
Travel and accommodation expenses	0	2,000	243
	10,510	12,510	10,753
Elected member - 3			
Meeting attendance fees	9,410	9,410	7,057
Annual allowance for ICT expenses	1,100	1,100	825
Travel and accommodation expenses	4,817	4,000	1,679
	15,327	14,510	9,561
Elected member - 4			
Meeting attendance fees	3,921	9,410	0
Annual allowance for ICT expenses	458	1,100	0
Travel and accommodation expenses	3,346	4,000	0
	7,725	14,510	0
Elected member - 5			
Meeting attendance fees	7,842	0	6,273
Annual allowance for ICT expenses	917	0	733
Travel and accommodation expenses	0	0	355
	8,759	0	7,361
Elected member - 6			
Meeting attendance fees	0	0	2,445
Annual allowance for ICT expenses	0	0	183
Travel and accommodation expenses	0	0	5,031
	0	0	7,659
Elected member - 7			
Meeting attendance fees	2,353	9,410	9,410
Annual allowance for ICT expenses	275	1,100	1,100
Travel and accommodation expenses	0	0	2,039
	2,628	10,510	12,549
	125,142	133,400	132,833

SHIRE OF MENZIES
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

21. ELECTED MEMBERS REMUNERATION

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	19,864	19,864	19,864
Deputy President's allowance	4,966	4,966	4,966
Meeting attendance fees	71,166	75,870	72,825
Annual allowance for ICT expenses	7,150	7,700	7,241
Travel and accommodation expenses	21,996	25,000	27,937
	125,142	133,400	132,833

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

22. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	464,830	560,388
Post-employment benefits	46,449	100,187
Other long-term benefits	12,555	29,194
	523,834	689,769

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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.

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Sale of goods and services	6,297	7,398
Purchase of goods and services	0	39

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

23. JOINT ARRANGEMENTS

Share of joint operations

The Shire together with the City of Kalgoorlie Boulder, Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Ngaanyatjaraku, Ravensthorpe and Wiluna have a joint arrangement, classified as a joint operation with regards to the provision of a Regional Records Service. Management have determined this as a joint operation.

The assets included in the joint venture are one tenth share as follows:-

Current assets

Non current assets

Total assets

Current liabilities

Total liabilities

Net assets

Net increase/(decrease) in share of associate entity's net assets

- Share of associates profit/(loss) from ordinary activities

- Share of associates total comprehensive income arising during the period

Balance at 1 July

- Share of associates total comprehensive income arising during the period

Balance at 30 June

	2021	2020
	\$	\$
	2,728	7,445
	71,420	75,118
	74,148	82,563
	4,605	0
	4,605	0
	69,543	82,563
	(13,020)	(373)
	(10,206)	11,680
	(10,206)	11,680
	13,463	1,783
	(10,206)	11,680
	3,257	13,463

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

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

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
			Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	2019/20 Actual Total Revenue \$	
Differential general rate / general rate													
Gross rental valuations													
Vacant	0.0864	4	20,956	1,811	0	0	1,811	1,811	0	0	1,811	1,811	1,811
Residential	0.0862	32	2,500,428	215,537	0	0	215,537	214,694	0	0	214,694	214,694	214,694
Unimproved valuations													
Mining lease	0.1655	229	15,472,156	2,560,642	13,106	0	2,573,748	2,561,176	50,000	0	2,611,176	2,430,616	2,430,616
Exploration lease	0.1500	321	3,082,413	462,362	0	0	462,362	467,552	0	0	467,552	420,983	420,983
Prospecting lease	0.1477	195	463,848	68,510	0	0	68,510	63,039	0	0	63,039	53,882	53,882
Pastoral lease	0.0829	23	826,983	68,557	0	0	68,557	67,750	0	0	67,750	60,861	60,861
Other	0.0829	63	307,900	25,525	0	0	25,525	24,978	0	0	24,978	24,978	24,978
Sub-Total		867	22,674,684	3,402,944	13,106	0	3,416,050	3,401,000	50,000	0	3,451,000	3,207,825	3,207,825
Minimum payment													
Gross rental valuations													
Vacant	200	200	41,081	40,000	0	0	40,000	40,000	0	0	40,000	40,000	40,000
Residential	200	8	5,537	1,600	0	0	1,600	2,200	0	0	2,200	3,487	3,487
Unimproved valuations													
Mining lease	200	54	40,548	10,800	0	0	10,800	12,000	0	0	12,000	19,020	19,020
Exploration lease	200	141	117,116	28,200	0	0	28,200	37,400	0	0	37,400	53,760	53,760
Prospecting lease	200	73	47,028	14,600	0	0	14,600	17,800	0	0	17,800	25,048	25,048
Pastoral lease	200	4	4,638	800	0	0	800	1,400	0	0	1,400	2,536	2,536
Other	200	1	100	200	0	0	200	600	0	0	600	951	951
Sub-Total		481	256,048	96,200	0	0	96,200	111,400	0	0	111,400	144,802	144,802
Total amount raised from general rate		1,348	22,930,732	3,499,144	13,106	0	3,512,250	3,512,400	50,000	0	3,562,400	3,352,627	3,352,627

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

SHIRE OF MENZIES
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	27/08/2020	0	0.0%	8.0%
Option Two				
First instalment	27/08/2020	0	0.0%	8.0%
Second instalment	27/10/2020	10	5.5%	8.0%
Third instalment	11/01/2021	10	5.5%	8.0%
Fourth instalment	11/03/2021	10	5.5%	8.0%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	60,098	91,140	94,733
Interest on instalment plan	5,569	5,500	4,973
Charges on instalment plan	5,280	5,500	4,795
	70,947	102,140	104,501

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RATE SETTING STATEMENT INFORMATION

	2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 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 <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (7,977)	0	(1,417)
Work in progress expensed	4,545	0	0
Movement in employee benefit provisions (non-current)	(32,181)	0	17,416
Add: Loss on disposal of assets	10(a) 0	0	35,329
Add: Depreciation on non-current assets	10(b) 2,120,345	2,225,431	2,242,127
Non cash amounts excluded from operating activities	2,084,732	2,225,431	2,293,455
(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 <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (12,303,243)	(9,100,654)	(11,856,155)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of lease liabilities	2,363	0	3,985
- Employee benefit provisions	192,238	129,659	197,106
Total adjustments to net current assets	(12,108,642)	(8,970,995)	(11,655,064)
Net current assets used in the Rate Setting Statement			
Total current assets	16,322,365	9,837,304	13,606,199
Less: Total current liabilities	(329,969)	(866,309)	(593,786)
Less: Total adjustments to net current assets	(12,108,642)	(8,970,995)	(11,655,064)
Net current assets used in the Rate Setting Statement	3,883,754	0	1,357,349

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. At 30 June 2021 these funds were placed in a non interest bearing account for the short term. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.00%	15,838,724	0	3,229,794	12,608,930
2020					
Cash and cash equivalents	1.22%	12,901,851	3,254,210	9,646,321	1,320

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	158,387	129,019

* Holding all other variables constant

Borrowings

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

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	2.22%	35.51%	82.20%	
Gross carrying amount	0	218,828	95,088	343,295	657,211
Loss allowance	0	4,858	33,766	282,188	320,812
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	5.70%	100.00%	100.00%	
Gross carrying amount	340,758	116,059	75,063	331,493	863,373
Loss allowance	0	6,620	75,063	331,493	413,176

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables. Due to the timing of the information available, the current expected credit loss allowance for 2021 was unable to be calculated

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.01%	0.82%	3.88%	6.35%	
Gross carrying amount	254	255	0	3,756	4,265
Loss allowance	0	2	0	239	241

30 June 2020

Trade and other receivables

Expected credit loss

Gross carrying amount

Loss allowance

The loss allowance for Sundry Debtors was not calculated for the 30th June 2020.

SHIRE OF MENZIES
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2021

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	98,857	0	0	98,857	135,368
Contract liabilities	26,321	0	0	26,321	0
Lease liabilities	2,363	0	0	2,363	2,363
	<u>127,541</u>	<u>0</u>	<u>0</u>	<u>127,541</u>	<u>137,731</u>
2020					
Payables	377,519	0	0	377,519	392,694
Lease liabilities	3,985	2,363	0	6,348	6,348
	<u>381,504</u>	<u>2,363</u>	<u>0</u>	<u>383,867</u>	<u>399,042</u>

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Council did not have any events occurring after the end of the reporting period of consequence.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Includes the members of council and the administrative support available to the council for the provision of the governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	The reporting of the Shire's general rating income and the recognition of the Western Australian Grants Commission payment together with interest on investments and costs associated with the collection of funds.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	Expenditure to assist in the education of the children and youth within the Shire.
<p>HOUSING To provide and maintain housing.</p>	Income and expenditure associated with the provision of housing to staff and others.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	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.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	The reporting of income and expenditure associated with the Town Hall, library and recreation area, oval and reserves operated by Council.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, grids, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting and the maintenance of the Council's airstrips.
<p>ECONOMIC SERVICES To help promote the Shire and its economic well being.</p>	The reporting of income and expenditure including the operation of Council's caravan park and administration of the Building Code of Australia.
<p>OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts.</p>	Involves the expenditure and allocation of employee overheads and plant costs. Also included is the accounting for private works, salary and wages reconciliation and other incomes and expenditure not included elsewhere.

SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

30. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	29.18	4.41	3.26
Asset consumption ratio	0.96	0.98	0.98
Asset renewal funding ratio	0.56	2.78	N/A
Asset sustainability ratio	0.71	1.41	2.79
Debt service cover ratio	36,611	N/A	N/A
Operating surplus ratio	0.34	0.01	0.19
Own source revenue coverage ratio	0.70	0.59	0.64

The above ratios are calculated as follows:

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

5.2	Budget - Two Month Interim Review
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM455
DATE OF REPORT	31 August 2021
AUTHOR	Chief Financial Officer, Antonio Giometti
RESPONSIBLE OFFICER	Chief Financial Officer, Antonio Giometti
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. Budget Review NT as per 31102021 [5.2.1 - 1 page] 2. Budget Review Aug 2021 Exp Operational Capital [5.2.2 - 3 pages]

SUMMARY:

This item provides the Audit and Risk Committee with an interim budget review as at the end of August 2021.

BACKGROUND:

This interim budget review was undertaken by the Chief Financial Officer in consultation with the Chief Executive Officer and Works Manager.

It is based on comparison of actual revenue and expenditure information as at 31 August 2021 and budget projects to 31 August 2021.

This review was undertaken as an extraordinary review to ensure the sensibility and application of budget and the related revenue and expenditure for the period.

COMMENT:

This review is not the statutory Budget Review, but an awareness and check review.

The review has shown:

1. Overall revenue and expenditure actuals to the 31 August 2021 are within the overall budgeted revenue and expenditure for the same period
2. Total Comprehensive Income for this period is \$748,319 ahead of budget for the period.
3. The review has highlighted a few expenditure items that have been applied to the incorrect IE Codes, these are being reviewed and rectified.
4. Actual Operating Expenditure to 31 August 2021 is \$120,458 below Budget for the same period.

5. Actual Capital Expenditure to 31 August 2021 is \$1,567,935 below Budget for the same period. This is attributed to Budget being straight-lined.
6. Post this review the Capital Expenditure budget will be reviewed and aligned to proposed periods/months that the expenditure is likely to occur.

CONSULTATION:

Brian Joiner – Chief Executive Officer
 Garth Marland – Works Manager
 Moore Australia (Budget Review Template)

STATUTORY AUTHORITY:

Local Government (Financial Management) Regulations 1996 – REG 33A

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

As per the attached financial statements.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee recommends Council adopt the Interim Budget Review.

COMMITTEE DECISION:

Committe Resolution Number	
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Moved		Seconded	
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Carried	
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SHIRE OF MENZIES
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 31 AUGUST 2021

Budget v Actual				
Note	Adopted Budget (a)	YTD Budget (b)	YTD Actual (c)	YTD Variance Permanent (d)
	\$		\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year surplus/(deficit)	0	0	0	0
Revenue				
Specified area rates	3,556,469	3,552,558	3,552,558	0
Operating grants, subsidies and contributions	1,646,099	193,598	500,187	306,589 p
Fees and charges	207,265	34,524	63,396	28,872 p
Service charges				0
Interest earnings	112,500	18,748	4,742	(14,006) q
Other revenue	35,135	5,848	0	(5,848) q
Profit on asset disposals				0
	<u>5,557,468</u>	<u>3,805,276</u>	<u>4,120,883</u>	<u>315,607 p</u>
Expenditure				
Employee costs	(2,442,899)	(407,018)	(336,799)	70,219 q
Materials and contracts	(1,625,737)	(270,816)	(292,596)	(21,780) p
Utility charges	(88,150)	(14,656)	(15,782)	(1,126) p
Depreciation on non-current assets	(2,036,307)	(338,646)	0	338,646 q
Interest expenses	(112)	(18)	0	18 q
Insurance expenses	(135,382)	(22,514)	(106,072)	(83,558) p
Other expenditure	(422,601)	(70,422)	(36,802)	33,620 q
Loss on asset disposals	(2,140)	(356)	0	356 q
	<u>(6,753,328)</u>	<u>(1,124,446)</u>	<u>(788,051)</u>	<u>336,395 q</u>
Sub total	(1,195,860)	2,680,830	3,332,832	652,002
Non-operating grants, subsidies and contributions	10(b) 3,485,806	290,483	190,000	100,483 p
Loss on assets disposal	4(b) (2,140)	(4,166)	0	(4,166) p
	<u>3,483,666</u>	<u>286,317</u>	<u>190,000</u>	<u>96,317 q</u>
Net Result	2,287,806	2,967,147	3,522,832	748,319
Other Comprehensive Income				
Changes on revaluation of non-current assets	0	0	0	0
Total other Comprehensive Income	0	0	0	0
Total Comprehensive Income	<u><u>2,287,806</u></u>	<u><u>2,967,147</u></u>	<u><u>3,522,832</u></u>	<u><u>748,319</u></u>

31/08/2021										FUND							CAPITAL	
Fund	Description	Prog	Programme Description	SP	Sub-Programme Description	COA	Description	Job	Description	Fund	Div	Original Budget	YTD Budget	L/Yr Budget	L/Yr Actual	YTD Actual	YTD Variances	CAPITAL
1	General	04	Governance	0402	Other Governance	4040230	OTH GOV - Plant & Equipment (Capital)			1	0	\$10,000.00	\$1,666.00	\$5,832.00	\$0.00	\$0.00	-\$1,666.00	
1	General	08	Education & Welfare	0804	Aged & Disabled - Senior Citizens Centres	4080410	SENIOR - Land & Building (Capital)			1	0	\$349,000.00	\$58,164.00	\$58,332.00	\$0.00	\$0.00	-\$58,164.00	
1	General	09	Housing	0901	Staff Housing	4090110	STF HOUSE - Building (Capital)			1	0	\$758,900.00	\$126,478.00	\$148,728.00	\$71,310.00	\$10,656.59	-\$115,821.41	
1	General	09	Housing	0902	Other Housing	4090210	OTH HOUSE - Building (Capital)			1	0	\$1,000,000.00	\$166,662.00	\$97,248.00	\$0.00	\$2,599.00	-\$164,063.00	
1	General	11	Recreation & Culture	1101	Public Halls And Civic Centres	4110110	HALLS - Building (Capital)	BC026	Town Hall (Hall) - Building (Capital)	1	0	\$110,000.00	\$18,332.00	\$8,332.00	\$0.00	\$0.00	-\$18,332.00	
1	General	11	Recreation & Culture	1103	Other Recreation And Sport	4110370	REC - Infrastructure Parks & Gardens (Capital)			1	0	\$226,078.00	\$37,676.00	\$16,240.00	\$0.00	\$0.00	-\$37,676.00	
1	General	11	Recreation & Culture	1106	Heritage	4110610	HERITAGE - Building (Capital)	BC029	Old Butcher Shop Lot 1094 (53) Shenton St - Building (Capital)	1	0	\$200,000.00	\$33,330.00	\$0.00	\$0.00	\$133,188.71	\$99,858.71	To be checked - incorrect IE code allocation
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120110	ROADC - Building (Capital)			1	0	\$300,000.00	\$49,994.00	\$6,128.00	\$0.00	\$2,292.09	-\$47,701.91	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120151	ROADC - Roads Outside BUA - Formed - Regional Road Group			1	0	\$1,462,500.00	\$243,750.00	\$62,666.00	\$0.00	\$0.00	-\$243,750.00	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120164	ROADC - Roads Outside BUA - Gravel - Other Funding			1	0	\$1,784,890.00	\$297,480.00	\$0.00	\$0.00	\$0.00	-\$297,480.00	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120170	ROADC - Footpaths and Cycleways (Capital)			1	0	\$50,000.00	\$8,330.00	\$33,330.00	\$0.00	\$0.00	-\$8,330.00	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120190	ROADC - Infrastructure Other (Capital)			1	0	\$110,000.00	\$18,330.00	\$8,332.00	\$0.00	\$0.00	-\$18,330.00	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120190	ROADC - Infrastructure Other (Capital)	C0123	Bores To Support Road Works	1	0	\$50,000.00	\$8,332.00	\$8,332.00	\$0.00	\$0.00	-\$8,332.00	
1	General	12	Transport	1201	Construction - Streets, Roads, Bridges & Depots	4120190	ROADC - Infrastructure Other (Capital)	GRIDCAP	Grids Capital	1	0	\$60,000.00	\$9,998.00	\$0.00	\$0.00	\$0.00	-\$9,998.00	
1	General	12	Transport	1203	Road Plant Purchases	4120330	PLANT - Plant & Equipment (Capital)			1	0	\$180,000.00	\$30,000.00	\$12,750.00	\$0.00	\$0.00	-\$30,000.00	
1	General	12	Transport	1203	Road Plant Purchases	4120330	PLANT - Plant & Equipment (Capital)	PA160	Backhoe Replacement	1	0	\$180,000.00	\$30,000.00	\$0.00	\$0.00	\$0.00	-\$30,000.00	
1	General	12	Transport	1206	Aerodromes	4120690	AERO - Infrastructure Other (Capital) - Aerodromes	IO12601	Pilot Activated Lighting - Tjunjuntjara	1	0	\$50,000.00	\$8,332.00	\$0.00	\$0.00	\$0.00	-\$8,332.00	
1	General	12	Transport	1207	Water Transport Facilities	4120790	WATER - Infrastructure Other (Capital)	C0121	Town Dam Upgrade	1	0	\$20,000.00	\$3,332.00	\$3,332.00	\$0.00	\$0.00	-\$3,332.00	
1	General	13	Economic Services	1302	Tourism And Area Promotion	4130210	TOUR - Building (Capital)			1	0	\$2,249,000.00	\$374,826.00	\$109,154.00	\$104,124.76	\$0.00	-\$374,826.00	
1	General	13	Economic Services	1302	Tourism And Area Promotion	4130290	TOUR - Infrastructure Other (Capital)	C0131	Niagra Dam Capital Works	1	0	\$1,000,000.00	\$166,662.00	\$14,166.00	\$0.00	\$0.00	-\$166,662.00	
1	General	14	Other Property & Services	1402	General Administration Overheads	4140210	ADMIN - Building (Capital)	BC027	Town Hall (Admin) - Building (Capital)	1	0	\$150,000.00	\$24,998.00	\$0.00	-\$700.00	\$0.00	-\$24,998.00	
Total Capital Expenses												\$10,300,368.00	\$1,716,672.00	\$592,902.00	\$174,734.76	\$148,736.39	-\$1,567,935.61	

5.3	Risk management updates September 2021
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM458
DATE OF REPORT	17 September 2021
AUTHOR	Chief Financial Officer, Antonio Giometti
RESPONSIBLE OFFICER	Chief Financial Officer, Antonio Giometti
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. CONFIDENTIAL REDACTED - Menzies Risk Register August 2021 [5.3.1 - 9 pages] 2. CONFIDENTIAL REDACTED - Shire of Menzies - Draft Risk Profiles August 2021 [5.3.2 - 6 pages]

SUMMARY:

Summary of risk management activities since June 2021, including risk profile updates, summary report (as included in confidential attachments to the agenda).

BACKGROUND:

Prior to 30 June 2018, meetings with the Chief Executive Officers (CEO's) for the Shires of Leonora, Laverton, Menzies and Wiluna were held, where opportunities for collaboration and service sharing were discussed. From these meetings, it was considered a viable opportunity to further explore the possibility of engaging the services of a consultancy company to perform the Statutory Compliance Services for the four local governments, given many already engaged consultants to assist with a variety of work.

The Shires of Leonora, Laverton, Menzies and Wiluna supported proceeding to the tender stage for Statutory Compliance Services and subsequently the tender was awarded to Moore Stephens (now known as Moore Australia). This tender included risk management support services, and the delivery of statutory support and compliance services.

Since the service with Moore Australia commenced in 2018/19, the Shire has adopted an updated risk management policy which aligns to AS/NZS ISO 31000:2018 Risk Management Guidelines. A Risk Management Strategy was also prepared utilising the Principles, Framework and Process as defined within the standard. The Strategy considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, and is aligned with the risk management policy.

COMMENT:

The Risk Management Strategy provides guidance and direction around risk management activities, including the assessment, prioritisation, and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The tender response from Moore Stephens also set out the delivery of risk management services through quarterly 'dashboard reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop'.

A risk control assurance workshop was held with the Northern Goldfields Compliance Group (NGCG) in February 2019, which assisted to set out activities over the next twelve months. The workshop included discussions around the examination, review and updating of risks, as well as themes/profiles, controls, and frameworks. The group requested a generic set of 'risk profiles' be developed by Moore Australia which could then be reviewed and updated to apply to individual local governments. These draft risk profiles were utilised to develop a draft risk register, which was created and populated as an extension to existing online registers service provided by Moore Australia. These activities formed the foundation for risk management activities to be reported and monitored to the Audit Committee.

In February and March 2021, Moore Australia conducted a site visit with the NGCG to review and update the risk profiles for each local government, and to populate the risk register with updated controls to calculate residual risks to be reported to the Audit Committee. An off-site review was also performed in June 2021. The risk profiles have been utilised to further update the risk register. A summary of updates to the risk profiles, the risk register and risk profiles up to August 2021 are included as a confidential attachment for the Committee's information. The document is included as a confidential attachment, as it includes the controls to be implemented / actioned by the Shire. Publication of such information may present a risk in the efforts to minimise risk.

The risk summary report is intended to be provided bi-annually to the committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the committee. The risk summary report highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks, is attached.

A quarterly dashboard report is essentially a progress report informing the committee with a summary of the current number of risks, unaddressed high-level risks, total new risks etc. The attached quarterly report, Menzies Risk Register August 2021, was undertaken by the CEO, CFO and Governance Manager – 27 August 2021, and the table below demonstrates risk movements post the assessments.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (August 2021)	No. of Risks Closed (August 2021)
Performance	2	1	0	0
Environmental	2	2	0	0
Reputational Damage	2	0	0	0
Financial	4	1	0	0
Service Delivery / Business Interruption	5	2	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	4	1	0	1

The risk register is to be also updated with applicable recommendations (including best practice initiatives) resulting from focus audits and other reports recently published by the Office of the Auditor General (OAG) relating to the local government sector, in consultation with staff.

Discussions with Moore Australia as well as future site visit will be undertaken to further update risk profiles, actions, and treatments for the next reporting period. These reports will be updated for the next meeting for committee information.

CONSULTATION:

Moore Australia (Consultants).
Senior Management Team.

STATUTORY AUTHORITY:

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls, and legislative compliance.

POLICY IMPLICATIONS:

The Risk Management Policy outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS:

Provision is included in the 2021/22 Adopted Budget for Moore Australia to deliver Statutory Compliance Services, including risk management, in line with the awarded tender.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies' Risk Management Strategy, Risk Assessment Matrix.	The perceived level of risk is high prior to treatment.	The progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to low.

STRATEGIC IMPLICATIONS:

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed, and controlled appropriately, to achieve Shire's strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and executive team plays a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the Strategic Planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high-level risks and their treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future.

Monitoring and reviewing activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control, and legislative compliance, as required by the Local Government (Audit) Regulations 1996. The Risk Management Strategy also provides direction for the implementation of risk management activities.

The Shire's Strategic Community Plan 2021-2031 strategies:

4.1 A strategically focused Council, leading our community.

4.1.1 Provide strategic leadership and governance.

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility, and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee recommend Council:

1. Receive the revised risk profiles, summary report as included in the confidential attachments to the agenda, and the above report updating risk management activities undertaken to date; and
2. Adopts the changes to the risk profiles.

COMMITTEE DECISION:

Committe Resolution Number	
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Moved		Seconded	
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Carried	
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5.4	Integrity snapshot and implementation of the Integrity Strategy 2020-2023
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM456
DATE OF REPORT	31 August 2021
AUTHOR	Chief Executive Officer, Brian Joiner
RESPONSIBLE OFFICER	CEO, Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. Integrity Strategy [5.4.1 - 16 pages] 2. Integrity Snapshot Tool - Shire of Menzies August 2021 [5.4.2 - 9 pages]

SUMMARY:

This paper provides Council with information on the Public Service Commission's Integrity Strategy for Public Authorities and the completed Integrity Snapshot Tool.

BACKGROUND:

The Public Service Commission has published the Integrity Strategy with an expectation that all public authorities will commit to implementing the strategy and taking action.

There are four actions for public authorities detailed within the strategy:

Plan and Act to Improve Integrity -

- Improve Integrity Framework.
- Continue to Improve.
- Use Data to Drive Change.
- Reassess Approach.
- Evaluate Detection Systems.
- Audit and Risk Controls.

Model and Embody a Culture of Integrity -

- Prioritise Integrity.
- Develop Together.
- Evaluate and Build.
- Build Capability.
- Set Clear Expectations.
- Embed Practice.
- Adopt the Mindset.

Learn and Develop Integrity Knowledge and Skills -

- Participate Actively.
- Induct and Train Staff.
- Educate for Prevention.
- Improve Continuously.
- Capability Gaps.
- Use Insights.
- Adopt Contemporary Practice.

Be Accountable for Integrity -

- Report Misconduct Online.
- Oversee Integrity.
- Review for Learning.
- Respond to Risks.
- Take Action.
- Be Accountable.

COMMENT:

The Shire has introduced some initiatives to align with the framework.

Plan and Act to Improve Integrity -

- The self-assessment tool has been completed and is attached to this report.
- EFT Sure has been introduced to minimise the risk of fraudulent transactions.
- An internal Compliance Audit Review is conducted quarterly.

Model and Embody a Culture of Integrity -

- Integrity is a corporate value and is modelled by Council and senior staff.
- Recruitment has focused on values alignment.
- Policies and Codes of Conduct align with the framework.

Learn and Develop Integrity Knowledge and Skills -

- Integrity snapshot tool completed.
- Induction training to incorporate integrity training.
- Relevant investigations are circulated to all staff with any learnings applicable to the Shire.

Be Accountable for Integrity -

- Learnings from Commission reviews and other reviews (e.g. OAG) are circulated to all staff.
- Integrity has been added as a standing item at all leadership meetings.

CONSULTATION:

Nil.

STATUTORY AUTHORITY:

N/A.

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Nil.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee recommend Council:

1. Notes the Public Service Commission Integrity Strategy;
2. Commits to improving integrity through the key actions within the Integrity Strategy;
3. Notes the results of the Integrity Snapshot Tool.

COMMITTEE DECISION:

Committe Resolution Number	
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Moved		Seconded	
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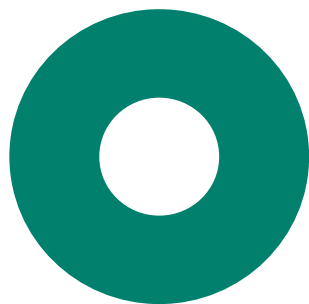
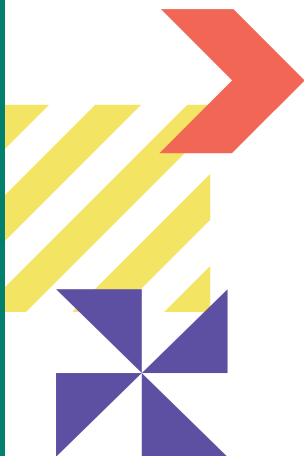
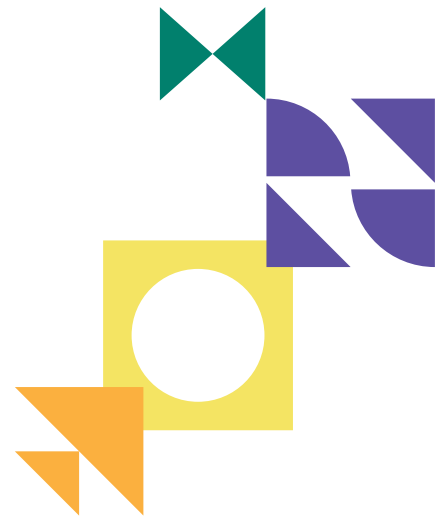
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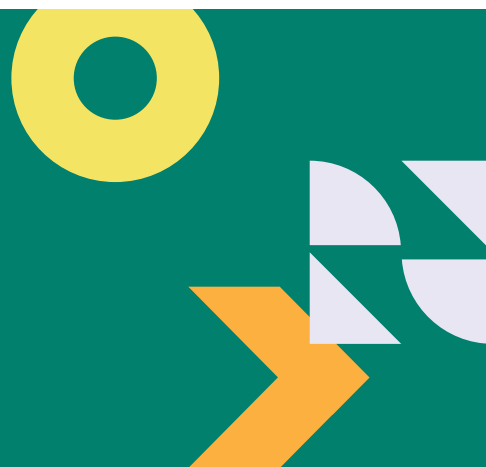
Public Sector
Commission

*We're working for
Western Australia.*

Integrity *Strategy*



FOR WA PUBLIC
AUTHORITIES
2020-2023



Public Sector Commission
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It is on wa.gov.au.

Copies are available in alternative formats on request.

PSC1960067

From the Commissioner



Integrity is a non-negotiable to assure Western Australians that public authorities act in the interest of the community each and every day through the decisions we make and the actions we take.

Operating with integrity means using our powers responsibly for the purpose and in the manner for which they were intended. It means acting with honesty and transparency; and making reasoned decisions without bias by following fair and objective processes.

It also means preventing and addressing improper conduct, disclosing facts without hiding or distorting them, and not allowing decisions or actions to be influenced by personal or private interests.

Earning and maintaining community trust is essential for us to deliver the services that families, individuals, businesses and industry need for them to prosper – and for the State to grow.

We know that any breach of that trust has wide implications. The impact on our work and reputation affects us all. We also know that integrity goes beyond just legislative compliance – it is about doing the right thing because it is the right thing to do.

Two things are critical for us to understand to see improvement – first, integrity does not happen by chance; and second, we are all responsible for protecting the integrity of public authorities.

That is why a clear and focused approach to integrity must be at the core of our work. When integrity is a common frame of reference, it becomes a unifying force across different functions, different services and different employee groups.

Improved integrity helps minimise the incidence and impact of misconduct, including fraud and corruption. It also brings benefits in relation to performance, productivity and employee engagement.

To ensure our work translates into exceptional public value and high community trust, I expect every public authority – and those within – to commit to implementing this strategy.

Sharyn O'Neill

PUBLIC SECTOR COMMISSIONER

Commitment to improve integrity

Improved integrity requires sustained effort which is why all public authorities are expected to commit to implementing this strategy and taking action.

Integrity has to be embedded in all aspects of our work – in governance and administration; systems and controls; culture and attitude; and accountabilities and responses.

Every day. By everyone.

All public authorities and individuals must take an interest in promoting integrity and preventing misconduct and corruption.

While the Commission has a significant role to play, the primary responsibility for preventing misconduct and corruption – and operating with integrity – lies with leaders and individuals in public authorities.

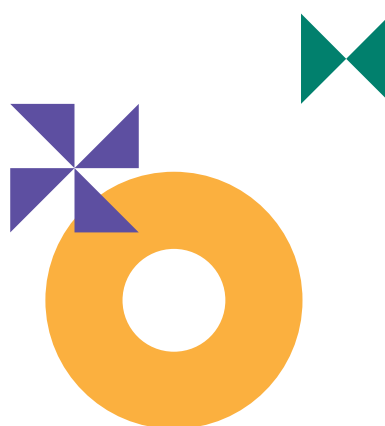
In this strategy, ‘public authorities’ refer to WA public sector bodies (including government boards and committees), local governments, public universities and government trading enterprises.

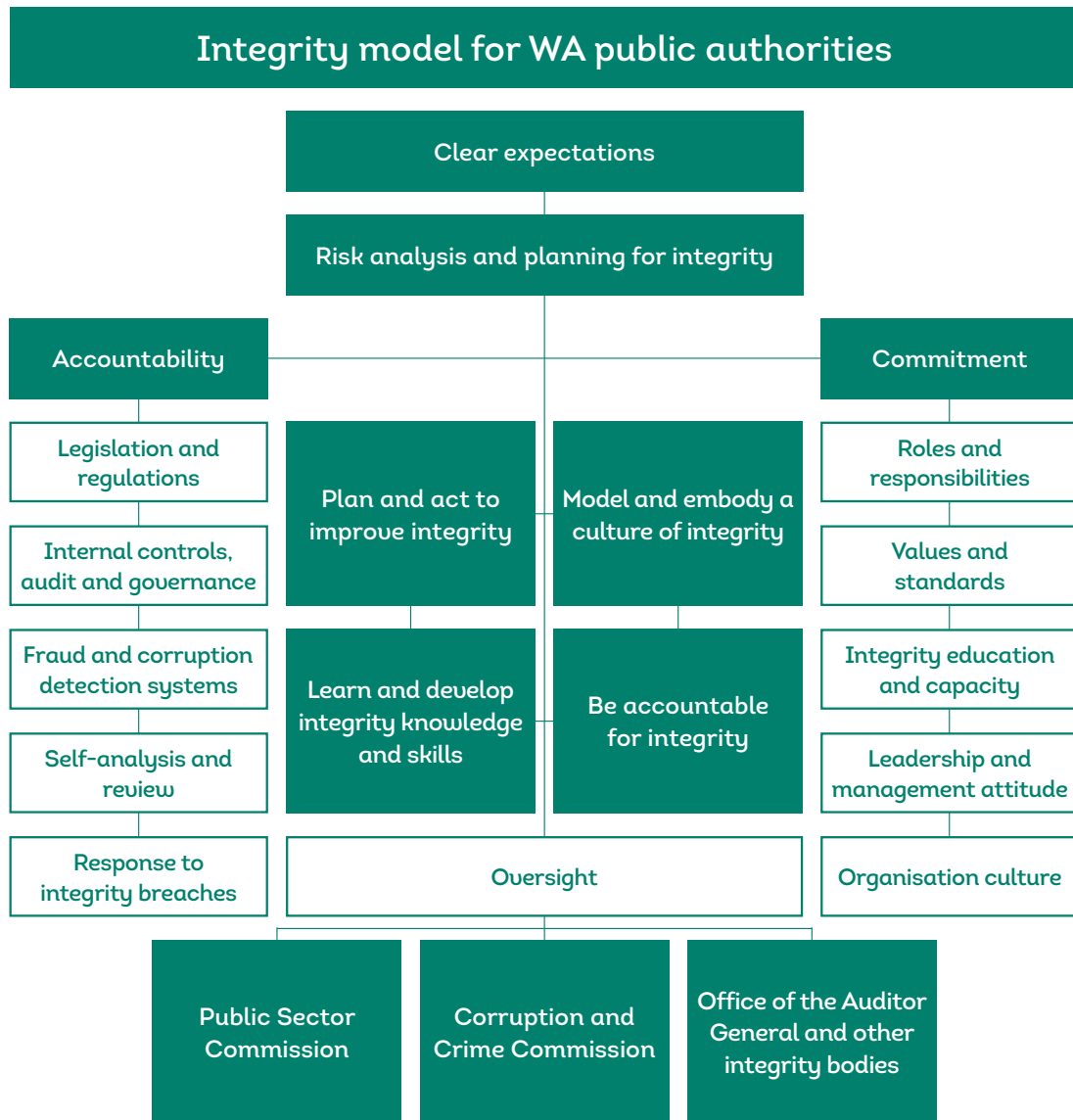
Those appointed to, employed in and contracted to public authorities are all covered by this strategy.

Public authorities should see this strategy as an opportunity to demonstrate to the community that they are serious about integrity.

While there are no additional compliance obligations for public authorities arising from this strategy, changes may be made to the compliance framework to ensure it is contemporary and fit-for-purpose.

Over the life of the strategy, the Commission and its integrity partners will continue to ask leaders to report if and how integrity is improving. This may be through surveys, audits or reviews. Leaders of public authorities should consider how they monitor and evaluate integrity as a priority.







Key actions to achieve our goals

There are many well-documented dimensions needed to ensure strong integrity in public authorities.

This strategy focuses on four key improvement areas with actions and controls to promote integrity and help prevent misconduct and corruption.

Under each of the key improvement areas are actions for the Commission to implement and provide leadership and support to public authorities.

There is also a cohesive suite of practical and achievable actions for public authorities to put in place, and for individuals – those appointed to, employed by and contracted to public authorities – to do.

This three tiered approach across the four improvement areas reflects the responsibilities that every aspect of the government sector has in relation to integrity. Actions at any one tier – or actions in only one area – are not enough. The strength is in the three tiers working together across the four improvement areas.

As public authorities have differing needs and contexts, they should adopt those actions appropriate for their circumstances in a way best suited to their needs.

The strategy also provides a common language for how we talk about integrity across public authorities.

This integrity strategy has four key areas for improvement.

01

PLAN AND ACT TO IMPROVE INTEGRITY

Effective governance systems and frameworks are established.

02

MODEL AND EMBODY A CULTURE OF INTEGRITY

A culture of integrity exists and is reinforced and communicated by leaders.

03

LEARN AND DEVELOP INTEGRITY KNOWLEDGE AND SKILLS

Individual and authority integrity knowledge, skills and competence are grown.

04

BE ACCOUNTABLE FOR INTEGRITY

Prevention, detection and response to integrity matters are everyone's personal and professional responsibilities.

01

Plan and act to improve integrity

Effective governance systems and frameworks are established.

Actions for the Commission

- 1.1 **PUBLISH FRAMEWORK**
Publish an integrity framework which includes instruments, processes, conditions, systems and control requirements that public authorities should have in place to support integrity; and detect, respond to and prevent misconduct, including fraud and corruption.
- 1.2 **ENCOURAGE SELF-ASSESSMENT**
Develop a self-assessment tool for public authorities to assess the maturity of their integrity framework to assist in improvement planning.
- 1.3 **USE DATA TO DRIVE CHANGE**
Use data collected from public authorities to create an online dashboard with analytics for public authorities to use in planning, including to benchmark their integrity environment against like public authorities.
- 1.4 **PROVIDE PLANNING GUIDANCE**
Make exemplar misconduct prevention plans available for use by public authorities.
- 1.5 **INVESTIGATE DETECTION SYSTEMS**
Examine detection approaches that identify irregularities and provide early warning including, software to monitor and evaluate data; systems to share intelligence, and a central register of individuals subject to adverse findings to assist with pre-employment screening.
- 1.6 **LINK TO AUDIT AND RISK**
Assist public authorities to assess governance controls which help identify, monitor and report on integrity matters.



01 – PLAN AND ACT TO IMPROVE INTEGRITY



Actions for public authorities

- 1.1 **IMPROVE INTEGRITY FRAMEWORK**
Align approach to the integrity framework (as a minimum).
- 1.2 **CONTINUE TO IMPROVE**
Use the integrity framework maturity self-assessment tool to assist in improvement planning.
- 1.3 **USE DATA TO DRIVE CHANGE**
Use tools such as the online data dashboard to benchmark against like public authorities, and use data to assist planning.
- 1.4 **REASSESS APPROACH**
Review regularly approaches to prevention and develop initiatives for improving integrity.
- 1.5 **EVALUATE DETECTION SYSTEMS**
Evaluate current systems, including pre-employment checks, and data to inform detection and prevention of irregularities and corrupt practice.
- 1.6 **AUDIT AND RISK CONTROLS**
Ensure audit and risk controls are in place and aligned to identify integrity vulnerabilities and risks.

Actions for individuals

- 1.1 **UNDERSTAND AND ACT**
Ensure you understand your public authority's code of conduct, policies and procedures; and act accordingly.
- 1.2 **IDENTIFY RISKS AND OPPORTUNITIES**
Alert managers/supervisors of any gaps in your public authority's code of conduct, policies and procedures that may provide opportunities for misconduct.
- 1.3 **BE ACCOUNTABLE**
Take responsibility for the decisions you make and the actions you take to ensure they are in the public interest.



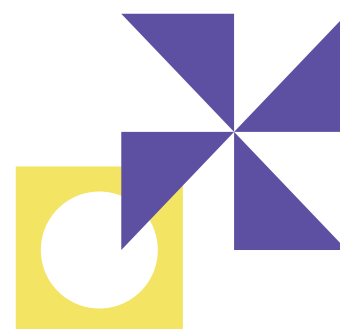
02

Model and embody a culture of integrity

A culture of integrity exists and is reinforced and communicated by leaders.

Actions for the Commission

- | | |
|---|--|
| <p>2.1 PRIORITISE INTEGRITY
Promote and prioritise integrity as a key value across public authorities.</p> | <p>2.5 SET CLEAR EXPECTATIONS
Support public authorities to set clear behaviour expectations through codes of conduct, recruitment and performance processes.</p> |
| <p>2.2 ENSURE A CONTEMPORARY APPROACH
Review integrity instruments and products to support contemporary approaches to integrity and guide conduct in public authorities.</p> | <p>2.6 PROMOTE A SPEAK UP CULTURE
Share good practice in managing reporting to facilitate positive outcomes for those who speak up.</p> |
| <p>2.3 LISTEN AND RESPOND
Develop resources to assist public authorities to seek and act on staff perceptions about their public authority's integrity culture.</p> | <p>2.7 PROMOTE AN INTEGRITY MINDSET
Conduct campaigns to promote an integrity mindset such as "All in a day's work" related to gifts and benefits.</p> |
| <p>2.4 GIVE FEEDBACK
Build skills of leaders to set behaviour expectations for their staff, give feedback, manage conduct and have difficult conversations.</p> | |



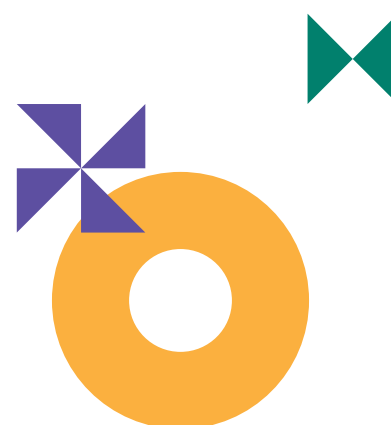
02 – MODEL AND EMBODY A CULTURE OF INTEGRITY

Actions for public authorities

- 2.1 **PRIORITISE INTEGRITY**
Review corporate values to ensure integrity is included and promote these values internally and externally.
- 2.2 **DEVELOP TOGETHER**
Involve staff in reviewing ethical codes, values, integrity policies and procedures so shared understanding is achieved.
- 2.3 **EVALUATE AND BUILD**
Use Commission and other high quality resources to evaluate and build an integrity culture.
- 2.4 **BUILD CAPABILITY**
Support leaders to promote a high integrity culture through professional learning, setting expectations for behaviour and building skills in having difficult conversations about conduct.
- 2.5 **SET CLEAR EXPECTATIONS**
Recruit for values alignment and ensure behaviour expectations are clear in codes of conduct and staff performance agreements.
- 2.6 **EMBED PRACTICE**
Embed good practices and mechanisms to encourage and support staff who speak up.
- 2.7 **ADOPT THE MINDSET**
Use campaign materials to ensure staff are conscious of misconduct risk areas and how they should respond.

Actions for individuals

- 2.1 **MODEL VALUES**
Ensure your daily behaviours, actions and decisions demonstrate your public authority's values.
- 2.2 **CONTRIBUTE TO CULTURAL HEALTH**
Respectfully challenge conduct that is not in accordance with your public authority's values and code of conduct.
- 2.3 **TAKE ACTION EARLY TO ADDRESS MATTERS**
Speak up to ensure conduct that does not align with your public authority's values is addressed early and, where possible, take action to avoid escalation or repetition.



03

Learn and develop integrity knowledge and skills

Individual and authority integrity knowledge, skills and competence are grown.

Actions for the Commission

3.1 SHARE AND COLLABORATE

Establish an integrity practitioners' group to collaborate on strategic approaches to detecting and preventing misconduct, and promoting integrity.

3.2 BE A FUNCTIONAL AREA LEADER

Provide practical advice and information to public authorities, including forums and community of practice sessions on integrity matters.

3.3 OFFER ONLINE TRAINING

Introduce online integrity learning modules for use by public authorities.

3.4 INDUCT NEW STAFF

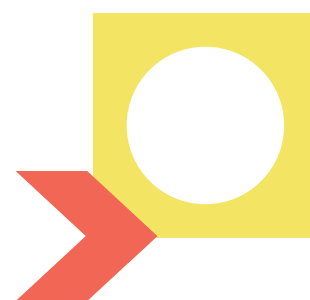
Work with other integrity agencies to develop an online integrity induction program for public authorities to use with their staff.

3.5 SHARE INFORMATION

Publish insights from data and the work of integrity partners to inform public authorities about current and emerging integrity risks and strategies.

3.6 SHARE RESOURCES

Establish an integrity section on wa.gov.au with accessible, practical and up-to-date information and resources.



03 – LEARN AND DEVELOP INTEGRITY KNOWLEDGE AND SKILLS

Actions for public authorities

- 3.1 PARTICIPATE ACTIVELY
Participate in integrity promotion and misconduct prevention initiatives and share learnings with staff.
- 3.2 INDUCT AND TRAIN STAFF
Deliver integrity training to new staff early in their employment and implement regular integrity training for all staff.
- 3.3 EDUCATE FOR PREVENTION
Inform staff about misconduct and their role in reporting and preventing it.
- 3.4 IMPROVE CONTINUOUSLY
Be proactive in looking for integrity improvements and learning by completing the Integrity Snapshot tool.
- 3.5 CAPABILITY GAPS
Evaluate the capability of key integrity staff, and identify knowledge and skill gaps that require further training or development.
- 3.6 USE INSIGHTS
Learn from Commission and other integrity agency insights; and use them to review and reassess the approach to integrity risks, areas of vulnerability and prevention.
- 3.7 ADOPT CONTEMPORARY PRACTICE
Keep up to date by referring to the integrity section on wa.gov.au when developing and reviewing integrity policies and systems.

Actions for individuals

- 3.1 PARTICIPATE ACTIVELY
Participate actively in integrity learning opportunities provided by your public authority.
- 3.2 SUPPORT NEW STAFF
Inform new colleagues about your public authority's code of conduct, policies and procedures associated with their work.
- 3.3 INFORM YOURSELF
Seek information about, and advice on, situations where integrity matters arise.



04

Be accountable for integrity

Prevention, detection and response to integrity matters are everyone's personal and professional responsibilities.

Actions for the Commission

- 4.1 **CLARIFY ACCOUNTABILITY**
Ensure public authority leaders understand their responsibilities for preventing, detecting and responding to integrity matters; and take proactive action.
- 4.2 **PROVIDE AUTHORITY**
Investigate models of misconduct management that enable more local decision making while maintaining appropriate oversight.
- 4.3 **IMPROVE ONLINE REPORTING**
Redevelop existing online misconduct reporting tools to improve the quality and types of notifications and reports made.
- 4.4 **REVIEW FOR PERFORMANCE**
Conduct specific and thematic reviews, and use information from capability reviews to identify areas of good practice and those requiring improvement.
- 4.5 **COLLABORATE FOR IMPROVEMENT**
Partner with external experts to participate in research and projects that identify contemporary approaches, including behavioural insights and technology to enhance detection and prevent misconduct and corruption.
- 4.6 **LEVERAGE EXPERTISE**
Pursue methods that enable greater shared use of expertise and trained investigators across public authorities.





04 – BE ACCOUNTABLE FOR INTEGRITY

Actions for public authorities

- 4.1 **REPORT MISCONDUCT ONLINE**
Use Commission and Corruption and Crime Commission online reporting tools to notify of misconduct in a timely manner.
- 4.2 **OVERSEE INTEGRITY**
Have leadership teams lead, own and oversee processes for identifying, detecting, managing and preventing misconduct.
- 4.3 **REVIEW FOR LEARNING**
Use learnings from Commission reviews to evaluate current practices and make changes.
- 4.4 **RESPOND TO RISKS**
Understand that specific risks change over time and take steps to ensure these are responded to and addressed.
- 4.5 **TAKE ACTION**
Put processes in place to support staff and community reporting, and empower leaders to act on reports of misconduct.
- 4.6 **BE ACCOUNTABLE**
Ensure integrity is a standing agenda item at leadership meetings to provide a forum to interrogate data, and identify and respond to emerging trends.

Actions for individuals

- 4.1 **REPORT ISSUES**
Assist your authority to detect misconduct by reporting suspected misconduct either through internal or external reporting processes.
- 4.2 **LEAD AT ALL LEVELS**
Contribute to creating an environment where everyone is comfortable with and confident to report any suspicions of misconduct.
- 4.3 **RESPONSIBLE TEAMS**
Take responsibility for operating with integrity in your team and encourage others to do the same.



Measures of success



To know how we are progressing towards building and sustaining a high integrity culture across public authorities, we need ongoing evaluation of our success. The ultimate success is stamping out misconduct, including fraud and corruption.

COMMISSION SIGNS OF SUCCESS

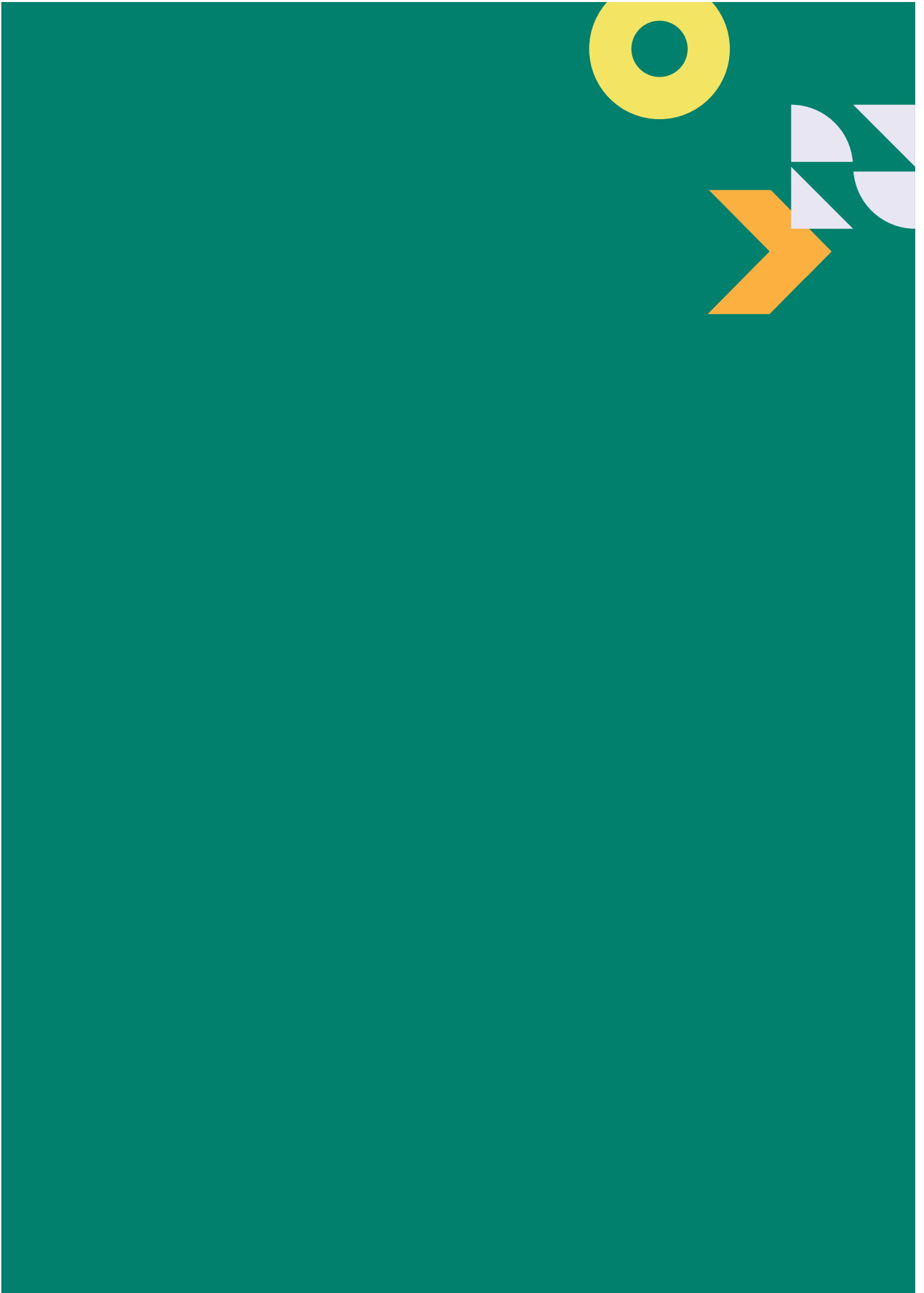
- ▶ Approaches to integrity are maturing across public authorities over time, as demonstrated by reviews conducted by the Commission.
- ▶ Public authority leaders acknowledge the value of assistance provided by the Commission and seek to collaborate with the Commission on integrity matters.
- ▶ In surveys conducted by the Commission, staff report perceptions that public authorities and leaders operate in a high integrity culture.
- ▶ There is increased usage of the Commission's products and tools, including online learning modules.
- ▶ Commission forums/sessions are well attended and evaluations indicate knowledge has increased as a result of attendance.
- ▶ Amendments to online reporting tools assist reporting and notification processes, and the quality of reports to the Commission improves over time.

Monitoring signs of success are commenced from the start of this strategy and reviewed each year. Progress against these measures will be reported periodically over the next four years.

PUBLIC AUTHORITY SIGNS OF SUCCESS

- ▶ Public authority has implemented or exceeded the requirements of the integrity framework.
- ▶ Commission evaluation and benchmarking tools indicate the public authority is well positioned in regards to governance, culture, education and accountability.
- ▶ Survey data shows high staff perception of integrity in the public authority.
- ▶ Survey data shows staff have a good understanding of policies, procedures and ethical codes.
- ▶ Training and information sessions related to integrity are well attended.
- ▶ Time taken to resolve integrity matters is reasonable and results in improvements where necessary.
- ▶ Evaluations of reports to integrity bodies indicates reports are timely.
- ▶ Responses to integrity matters and results of reviews and audits are considered and implemented.

Consider what other internal measures may indicate integrity is improving. Evaluations should be shared with staff.



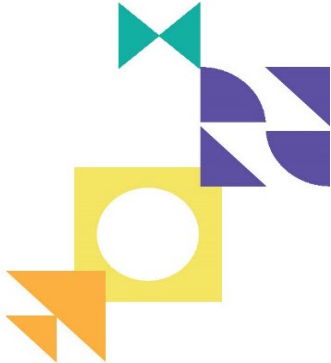


*We're working for
Western Australia.*

Integrity Snapshot Tool



FOR WA PUBLIC
AUTHORITIES



Integrity Snapshot Tool

The snapshot tool supports the [Integrity Strategy](#) for WA Public Authorities 2020-23. It gives public authorities a clear view of what they have in place to support integrity, and can help them identify areas for development or more focus that should feature in their planning. The snapshot tool is not meant to be an exhaustive list of things to consider and should be used by public authorities in a manner that best suits their contexts. It is not intended to replace more detailed or specific risk management activities.

The tool can:

- help public authorities evaluate their approaches to promoting integrity and reducing misconduct risks
- identify any gaps in the current approaches to integrity by public authorities that could be actioned.

How to use the snapshot tool

As this is a self-assessment tool, public authorities can benefit by using it to review the status of their approach to integrity and make decisions about where further or additional work is needed.

Public authorities are encouraged to update their assessments as they progress with actioning items. In this way they capture their assessments on an ongoing basis. It is acknowledged that each public authority has a different risk profile and operating context, and is at varying points of progress in managing integrity risks.

Assessment guide	
Activity	Description
In place	Suggested activity has been addressed or is subject to review.
In progress	Steps are in place to address suggested activity.
Not in place	Steps may be required to address suggested activity.

PSC1956726

01 Plan and act to improve integrity

Effective governance systems and frameworks are established.

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
has developed and implemented a Code of Conduct that sets out its standards of conduct and integrity, and incorporates code requirements into policies and procedures to reinforce conduct expectations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>For public sector agencies, the Code of Conduct should reflect Commissioner's Instruction No. 7: Code of Ethics, and comply with Commissioner's Instruction No.8: Codes of Conduct and Integrity Training.</i>				
has identified its integrity risks considering its work and operating context, and records those risks (e.g. in a risk register, fraud and corruption control plan)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Assessment of integrity risks requires further work.
enacts controls to address identified risks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As per above.
identifies and links policies that relate to risks to ensure they have consistent principles and objectives, and are clear and easy to follow (e.g. fraud and corruption, use of public resources, record keeping and use of information, conflicts of interest, gifts and benefits)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Policies in place but not linked to risks.
has an organisation structure that provides clear lines of accountability and responsibility for integrity and misconduct functions (including the role of leaders and managers)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Limited structure being a small organisation.
has documented delegation schedules in place that align to organisation structure and legislative obligations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Under review.
reviews delegation schedules regularly to ensure they remain current and operate with appropriate levels of authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

01 Plan and act to improve integrity (continued)

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				Not documented.
has a position, team or committee with documented responsibility to consider findings and recommendations from integrity audits, assessments, reviews and investigations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
assigns accountability and responsibility for monitoring and overseeing risks and controls (e.g. in authority's structure, job descriptions)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Position descriptions being reviewed.
has an internal audit committee with an independent chair	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Audit committee in place but no independent chair.
uses tools and templates provided by the Commission or other sources to support its approach to managing integrity risks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partially compliant.
has a process to review regularly its integrity risk profile to ensure it is responsive to emerging risks and recommendations made by integrity bodies (e.g. policy and practice review, process improvements)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Process in place to review risks but not necessarily integrity risks.
evaluates and refines any processes, systems and controls that are in place or may be introduced to inform its detection and prevention of irregularities and corrupt practice (e.g. detection software, data analytics)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Reactive rather than proactive.
conducts regular assessments of business areas and functions that are, or may be, vulnerable to integrity risks (e.g. procurement and contracting; use of and access to confidential information; recruitment)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ad Hoc rather than regular.
connects and collaborates with other authorities to seek or share expertise and advice on integrity matters (e.g. conducting investigations, policy development and process improvements)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	GVROC.

02 Model and embody a culture of integrity

A culture of integrity exists, and is reinforced and communicated by leaders.

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
has values that include integrity integrated into all aspects of its business (e.g. in policies, processes and systems)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Embedded in many processes but not all.
promotes integrity in and outside the authority (e.g. website, publications, staff newsletters, division meetings, annual reports and everyday practices)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Commenced with staff in 2021 and is embedded in staff meetings.
has leaders who role model integrity and demonstrate zero tolerance for breaches of ethical codes and misconduct	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Internal review only. This question is better for external review.
has a consultation mechanism to engage with and involve staff when reviewing integrity policies, procedures and information to gain shared commitment and understanding	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
has human resource policies and practices that reflect a commitment to recruiting staff who demonstrate a strong alignment to its values	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not a policy but a strong practice.
ensures recruitment materials include information on values and conduct expectations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
conducts integrity checking, including qualification and employment history checks, as a normal part of selection and recruitment practices, particularly for positions of trust (e.g. integrity officers, finance and procurement staff)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partial but not robust enough.
uses staff performance processes to discuss and reinforce its values and conduct expectations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Partial with performance process under review.
measures staff confidence and attitudes about its integrity, including confidence in speaking up about misconduct and integrity matters (e.g. through staff perception surveys) and identifies steps to address any findings	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No measure in place.

Model and embody a culture of integrity (continued)

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
has staff formally acknowledge that they have read its code of conduct at appointment/induction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In place and to be rolled out to all staff and elected members.
encourages staff to report misconduct (e.g. in policies, codes of conduct, staff communication)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Statutory requirements in place but work to be done.
makes information available about public interest disclosure processes and other reporting mechanisms to staff and stakeholders	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
has reporting policies or codes in place that includes a statement that reprisal action is not tolerated against those who speak up about misconduct and integrity matters	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No clear statements.

03 Learn and develop integrity knowledge and skills

Individual and authority integrity knowledge, skills and competence are grown.

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
ensures integrity training programs are up to date (e.g. reflects its code, legislative and policy requirements)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
maintains records of staff who attend induction and integrity training	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Staff training records kept.
follows up with staff where necessary to ensure learnings from integrity training are embedded	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
has a process for communicating with staff about integrity matters including updating them about changes to policies, processes and systems (e.g. through newsletters, emails, meetings)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Staff meetings but no other regular methods.
has a formal induction process in place for all new staff and contractors that includes a clear focus on integrity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recently established.
delivers Accountable and Ethical Decision Making (AEDM) training (or equivalent) and refresher training to staff that:				
• is aligned to its Code of Conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Not delivered.
• is customised to its context and business, and covers its specific integrity risks	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• is up to date and reflects changes to systems and processes	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• includes information on its integrity framework, policies, processes and systems	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• includes information on how to recognise, respond to and report misconduct	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
• records attendance and completion rates which can be provided to the Commission and other integrity bodies as required	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

03 Learn and develop integrity knowledge and skills (continued)

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
provides specific integrity training to staff working in high risk roles (e.g. finance, procurement, integrity) in relation to fraud and corruption, accountability requirements and reporting suspected misconduct	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Reading provided to staff and acknowledgement obtained.
evaluates staff awareness of its integrity requirements (e.g. through staff perception surveys) and acts on any knowledge deficits	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
encourages, supports and provides a mechanism for staff to seek advice on integrity matters when they are unsure	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
makes staff aware of the process of identifying integrity risks and contributing to the risk register	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Recently introduced but not specifically for integrity.
ensures staff who respond to and investigate integrity matters are suitably skilled (e.g. have Certificate IV in Government Investigations or higher qualification and/or relevant experience)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	External resources would be utilised.
exercises due diligence when engaging contractors to deal with integrity matters to ensure they have the necessary qualifications, skills and/or experience (e.g. through reference and qualification checks)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Done for Tenders but not embedded for smaller engagements.
seeks opportunities for further learning about integrity matters by identifying key staff to attend events and forums provided by the Commission and other bodies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
establishes networks with other integrity practitioners	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

04 Be accountable for integrity

Prevention, detection and response to integrity matters are everyone's personal and professional responsibilities.

	In place	In progress	Not in place	Proposed actions and comments
Assess if your authority:				
has a clear and documented process to assess potential misconduct that guides decision making about when to notify the Public Sector Commission and Corruption and Crime Commission of minor misconduct and serious misconduct (respectively), using their online reporting tools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ad Hoc rather than clear processes.
articulates the roles and responsibilities of the leadership team in overseeing integrity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Aligning with position description reviews.
has a documented and active process to review and learn from internal and external reports, including focusing on individual conduct as well as system, cultural and capability weaknesses that may have provided the opportunity for misconduct to occur	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Not documented.
monitors, reviews and addresses its approach to changing and emerging risks (e.g. due to restructure, introduction of technology and legislative change) and ensures: <ul style="list-style-type: none"> • a new integrity risk assessment is completed • its risk register is updated • internal policies, processes and systems are updated to reflect the new operating context 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Ad Hoc reactive rather than proactive.
collected data is analysed and reported to the leadership team (e.g. reports of integrity breaches, complaints, grievances, staff survey results, training records, conflicts of interest, gifts and benefits register)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
has integrity as a standing agenda item for its leadership team to provide a forum to interrogate data, and identify and respond to emerging trends (e.g. data about breaches of Code of Conduct or policy, allegations of misconduct, complaints received, and recommendations from self-assessments and audits)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Regularly discussed but limited actions in a small organisation.

5.5	WHS Committee minutes September 2021
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM462
DATE OF REPORT	31 August 2021
AUTHOR	Chief Executive Officer, Brian Joiner
RESPONSIBLE OFFICER	CEO, Brian Joiner
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. Shire of Menzies WHS Committee Minutes 01SEP21 [5.5.1 - 2 pages]

SUMMARY:

The Shire of Menzies hold regular WHS Committee meetings to elevate safety issues and promote a safe environment for all employees. The copy of the meeting minutes are provided for the Audit Committees information.

BACKGROUND:

The WHS Committee was introduced as a significant step in aligning our policies, processes and procedures with the *Work Health & Safety Act (2020)*. The Act sets rigorous legislation requirements with liability on Council to comply, attracting substantial penalties for non-compliance.

COMMENT:

WHS Committee meetings were introduced in April 2021. Initially they were held every month while a range of new safety initiatives were implemented. They will now move to be held quarterly with the minutes coming to the Audit Committee for the same period.

CONSULTATION:

WHS Committee.

STATUTORY AUTHORITY:

Work Health & Safety Act (2020).

POLICY IMPLICATIONS:

Policy 6.1 details the organisations WHS Policy.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

4.1 A strategically focused Council, leading our community.

4.1.1 Provide strategic leadership and governance.

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee note the WHS Committee minutes.

COMMITTEE DECISION:

Committe Resolution Number	
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Moved		Seconded	
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Carried	
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Shire of Menzies
WHS Committee Meeting
Minutes
01 September 2021

1. VENUE
Council Chambers Menzies.
2. The Chairperson opened the meeting at 1310.
3. ATTENDANCE
Brian Joiner (CEO and Chairperson) - BJ
Jan Hancock (Governance Manager) - JH
Debbie Pianto (WHS Safety Representative - administration) - DP
4. APOLOGIES
John Warner (WHS Safety Officer).
5. PREVIOUS MINUTES
Minutes for the meeting held 02 June 2021 were agreed with no alterations (3/0).
6. BUSINESS
 - a. Hazard register review.
 - i. Corporate risk register has been reviewed.
 - ii. Updated risk register to Audit Committee in September.
 - b. Incident review.
 - i. 29B Shenton Street: power not earthed appropriately.
 - ii. Chlorine Tablet: accidentally used in inappropriate location.
 - c. Incident report form.
 - i. Item closed.
 - d. WHS workplace inspection program.
 - i. Depot 15th September.
 - ii. Alternating program.
 - e. Planned safety activities.
 - i. Safety noticeboards for three main work areas have been installed.
 - ii. Evacuations to be held.
 - iii. Alcohol testing to be conducted after equipment recalibrated and staff trained.
 - iv. First aid training.
 - v. Request to WAPOL for increased speed checks in Menzies.
 - f. WHS procedures.

- i. Provided to the Committee for feedback to be provided.
 - g. Identified issues works team:
 - i. Nil noted.
 - h. Identified issues administrative team.
 - i. Nil noted.
- 7. OTHER BUSINESS
 - a. BJ reinforced that WHS Committee meetings are to be a priority with the dates known in advance.
- 8. NEXT MEETING
 - Wednesday 01 December at 1300.
- 9. The Chairperson closed the meeting at 1354.

5.6	CEO Credit Card
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM467
DATE OF REPORT	21 September 2021
AUTHOR	Manager Governance & Minor Projects, Jan Hancock
RESPONSIBLE OFFICER	Manager Governance & Minor Projects, Jan Hancock
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. Credit Card Payment Requisition Menzies [5.6.1 - 1 page] 2. Policy 4.5 Credit Card Facility - Amended & Adopted 28 May 2020 [5.6.2 - 2 pages]

SUMMARY:

The Shire of Menzies has undertaken to review Governance/Compliance controls to ensure their effectiveness and mitigate risks for the Shire.

BACKGROUND:

In some instances, purchases are required from businesses that do not accept a Purchase Order (Shire's preferred method of purchasing/payment), or in circumstances where it is impractical to obtain a Purchase Order or make alternative arrangements. In this instance the CEO's corporate credit card is utilised adhering to the Credit Card Policy (attached for information).

The Chief Executive's authorised corporate credit card has a maximum limit of \$25,000.

COMMENT:

A review was undertaken to identify any gaps in the process and provide more stringent controls. The table below outlines the current process and suggested changes.

Current Controls	Suggested Amendment to Controls	Required amendments to Credit Card Payment Request Form
Identify items to be purchased	Identify items to be purchased	
Complete Credit Card Request form: <ul style="list-style-type: none"> • Provide required finance codes • Description of goods 	Complete Credit Card Request form: <ul style="list-style-type: none"> • Is this request within Policy guidelines? • Provide required 	<ul style="list-style-type: none"> • Include a tick box indicating that the credit card request is within Credit Card Policy guidelines

<ul style="list-style-type: none"> PO not required 	<p>finance codes</p> <ul style="list-style-type: none"> Description of goods 	<ul style="list-style-type: none"> Include information on Credit Card Request form that Credit Card Policy 4.5 is to be adhered to. Where reference is made to the Purchasing Policy include the Policy No. 4.2.
	Is purchase within budget	Update Credit Card Request form with a tick box indicating that the request is within budget
	Only transactions that cannot be paid via creditors, i.e. Airline flights or items being purchased, where a PO and creditor payment is impractical (i.e. Office National (Kalgoorlie). Maximum transaction purchase value \$5,000.	Credit Card Request form to be updated with this information
	Provide guidance on items that will not be approved for credit card use.	Credit Card Request form to be updated accordingly.
Sign off by CEO	Sign off: <ul style="list-style-type: none"> Senior Manager; and CEO 	Add area for sign off by Senior Manager
Complete transaction	Complete transaction	
Provide a copy of the Credit Card Request Form and a copy of the order (paid invoice) to Accounts.	Provide a copy of the Credit Card Request Form and a copy of the order (paid invoice) to Accounts.	Update Credit Card Request form accordingly
Accounts will raise a PO for the Bank (Credit Card)	Accounts will raise a PO for the Bank (Credit Card)	
	Save all documentation to Synergy Soft (in accordance with r19 Local Government (Administration) Regulations 1996	Update Credit Card Request form accordingly
Reconciled at month end by accounts staff	Reconciled at month end by accounts staff	
Reconciled accounts are signed off by CFO	Reconciled accounts are signed off by CFO	
Reconciled accounts are provided monthly to Council within the 'Statement of Accounts' with a hard copy list of credit card payments available at the OCM	Reconciled accounts are provided monthly to Council within the 'Statement of Accounts' with a hard copy available at the OCM	

CONSULTATION:

Chief Financial Officer

STATUTORY AUTHORITY:

Nil

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Staff may not be aware of the controls when requesting to make a credit card payment or the requirement to raise a Purchase Order in preference to utilising the CEO's corporate credit card.	low	Update the controls for credit card usage and ensure consistency with the purchasing and credit card policy.

STRATEGIC IMPLICATIONS:

4.1 A strategically focused Council, leading our community.

4.1.1 Provide strategic leadership and governance.

4.2 An efficient and effective organisation.

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee recommend that Council Note the actions taken to ensure that the risk of fraudulent transactions via credit card is minimised.

4.5 Credit Card Facilities

Introduction	From time to time, purchases are necessary from businesses that do not accept a Purchase Order, or in circumstances where it is impractical to obtain a Purchase order or make alternative arrangements.
Objective	To enable payments or purchases where normal creditors process are not available.
History	Former – Policy 2.7 Replaced – 29 November 2012 Adopted 25 June 2016 Adopted 30 August 2018 Amended & Adopted 28 May 2020
Policy Statement	

1. Eligibility

The Chief Executive Officer is authorised to hold a Corporate Credit Card to a maximum of \$25,000.

The Deputy Chief Executive Officer is authorised to hold a Corporate Credit Card to a maximum of \$12,500.

2. Appropriate Use

The cardholder may use the card to purchase goods and services in person or by mail, telephone, fax order, internet or email from supplier, provided that–

- the card is used for the purchase of goods and services where the normal system of acquisition and payment is not feasible or practical.
- The purchase is for Shire business and within the cardholder's authority.
- The value is within the credit limit set.
- It is deemed necessary to use the card in remote or emergency situations.

3. Excluded Uses

The credit card is for Shire purchases only and must not be used for –

- Obtaining cash, bank cheques or similar by any method
- Purchase of goods or services of a personal nature
- Any entity without an Australian Business Number (ABN)

4. Managing the Credit Card

In managing the credit card, the cardholders-have a responsibility to–

- Adequately secure the credit card
- Bear any cost of any charges deemed by Council to be of a personal responsibility
- Immediately advise the card provider and Chief Executive Officer if the card is lost or stolen
- Ensure that the credit limit placed on the card is not exceeded
- Ensure that the credit card is not used by anyone other than the cardholder
- Ensure that appropriate documentation is kept for reconciliation. If documentation is not available, written justification of the expense is required.

5. Misuse of Credit Card

The cardholder will be considered to have misused the card if they fail to meet their responsibilities as described above. Misuse of the credit card may result in–

- The cancellation of use of the Corporate Credit Card
- Disciplinary action being taken
- The cardholder being required to bear the cost of any charges incurred by Council arising from misuse by the cardholder.

6. Return of Corporate Credit Card
The cardholder must return the credit card if –
 - no longer employed as cardholder of the Shire of Menzies
 - Has been suspended or dismissed by Council
 - Otherwise requested by Council

7. Reconciliation Procedures
Each month the officer in charge of Bank Reconciliations will;
 - Ensure that statements are distributed to the cardholder for authorisation and providing documentation.
 - The Accounts Officer or person undertaking that role is to check that all purchases are within the guidelines for Policy 4.5 - Credit Card Facilities.
 - The Chief Executive Officer, Deputy Chief Executive Officer and Accounts Officer is to carry out checks each month and sign the Reconciliation document.
 - A full reconciliation of the credit card use is completed.
 - Expenditure to be summarised and presented to Council with list of payments.

– End of Policy

COMMENT

Is compliant with Dept of Local Government & Communities Guidelines No.11 Use of Corporate Credit Cards. The Guidelines do suggest some additional requirements; however, these are not considered necessary at this time, but will be further reviewed as necessary.

6 INFORMATION REPORTS

6.1	WHS August Quarterly Report (June-August 2021)
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM461
DATE OF REPORT	14 September 2021
AUTHOR	Manager Governance & Minor Projects, Jan Hancock
RESPONSIBLE OFFICER	Manager Governance & Minor Projects, Jan Hancock
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Nil

SUMMARY:

To report to the Audit Committee on a quarterly basis WHS actions undertaken, to improve safety and reduce organisational risk, during the period June – August 2021. A hard copy of the register will be provided during the Audit Committee.

BACKGROUND:

In April 2021 the Shire approached Core Business to undertake a gap analysis to align/introduce the Shire of Menzies WHS protocols and controls with the *WHS Act 2020*.

Core Business are working with Shire Officers to align the seven (7) key processes:

- Risk Management
- Training & People
- Incident Management
- Asset Management
- Contractor Management
- Chemical & Hazardous Substances
- Policies & Procedures; and
- The implementation of the online system (Monitor)

COMMENT:

To ensure that Council has appropriate oversight of safety management activities this information report is produced with key activities undertaken and provision of the Hazard Register to date (attached).

- Every Thursday - Weekly Management and Works Crew Safety Meeting.

- 1 September - Quarterly WHS Committee Meeting (next 1st Wednesday in December)
- Weekly Management and Works Crew Safety Meetings.
- 21-25 June - Core Site Visit – WHS staff training
 - Safety approach
 - Contractor Management Key Process Action Plan
 - Hazard & Incident Reporting
 - Chemical/Hazardous Materials Audit
 - Depot Storage and Housekeeping Plan
- 19-23 July – Core Site Visit
 - WHS Training
 - Policies
 - Managing Competencies
 - SWMS/JSA's
 - Chemical Storage
 - First Aid Kits
 - Fire Extinguishers
- 16-20 August – Core Site Visit
 - Chemical Management/Storage Plan/Storage Solutions
 - Asset Management Plan
 - Test & Tag
 - First aid Action Items
 - Hazard Reporting/Register and Action Items

6.2	Compliance Calendar Quarterly Report (June-August 2021)
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM460
DATE OF REPORT	15 September 2021
AUTHOR	Manager Governance & Minor Projects, Jan Hancock
RESPONSIBLE OFFICER	Manager Governance & Minor Projects, Jan Hancock
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. August Quarterly Compliance Calendar June- Aug 2021 [6.2.1 - 5 pages]

SUMMARY:

The Compliance Calendar has been created to track and centralise important dates and deadlines associated with the *Local Government Act 1995* and various other regulations and reporting obligations that the Shire are required to undertake.

BACKGROUND:

The Shire is committed to maintain its governance and compliance obligations under its 'Leadership Strategy: Responsible management and good governance, leading an empowered community'.

To enable the Shire to meet its obligations the Compliance Calendar, a dynamic document, has been introduced for reporting to Council on a monthly basis and the Audit Committee on a quarterly basis.

Senior staff update the Compliance Calendar which outlines the status and progress of tasks, providing Council with a clear and concise snapshot of the Shire's current position on the obligatory regulatory requirements.

COMMENT:

All items on the Compliance Calendar for the quarter June to August 2021 have been met, except for the following items:

TASK	REASON FOR EXCEPTION
JUNE	
Review permit holders, licences & approvals	Pending check and follow-up with Rates Officer on return from leave
Planning Scheme No. 2	Awaiting final approval by Minister

Risk Management Procedures	
JULY	
Prepare for annual audit & adopt Audit Committee dates - place dates on website (refer to Leonora website which has been done by Moore Australia)	Preparation for Annual Audit commenced, draft Annual Financial Statement completed and sent to Auditors. Shire website pending update
AUGUST	
Audit documentation <ul style="list-style-type: none"> • Asset Management Plan- CFO to advise • Financial Management Systems Review - CFO to advise Strategic Resource Plan (includes LTFP, Asset Management and Risk Management) - CFO to advise	Actions: <ul style="list-style-type: none"> • Pending completion of Annual Audit • Commenced Pending completion of Annual Audit
Asset Management Plan	Pending completion of Annual Audit
Financial Management Systems and Procedures Review	Commenced

Shire of Menzies - Compliance Calendar											
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer	Timetable Attached	Completed
June	Briefing	2nd last Thursday in Month	1st week of month	Fri prior to the meeting	Fri prior to the meeting	Monthly	Commence Briefing Agenda Agenda to be issued on the Friday prior to the Briefing Session		CEO/EO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	Commence Agenda - Council requires the Agenda to be issued to Councillors WEDNESDAY the week before the OCM	LG Act 1995 (issue to Cr. within 72 hrs)	CEO/EO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	11.1 Presidents Report		President		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.1 Prepare a statement of Financial Activity reporting on the previous months Revenue and Expenditure as set out in the annual budget under FM/.Reg 22(1)(d)	LG Act 6.4 FM Reg 34	CFO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.2 Prepare a remittance Report statement - Payments made to creditors during the previous month		CFO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.3 Prepare an investment Report for the previous month		CFO		✓
	Agenda	Last Thurs in Month	2nd week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1 Information Reports from Officers: 13.1.1 Report Actions Performed Under Delegation 13.1.2 Work Managers Report 13.1.3 Health and Building Report 13.1.4 Community Services Report 13.1.5 Monthly Compliance Calendar Update Report		CEO/WMS/EHO/CDS /GOV		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Review and appoint Bush Fire Control Officers		MWS		in progress
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Financial Report Material Variances, adopt a % to be used in statements of financial activity variations next financial year		CFO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Draft budget for next financial year for Council consideration		CFO		✓
	Agenda	JUNE OCM	2nd week of month	JUNE OCM	Wed prior to meeting	Annual	Corporate Business Plan		CEO		July OCM
	Audit	Last Thurs in Month	2nd week of month	Wed prior to meeting	Wed prior to meeting	Quarterly	In-house June - 2nd Quarterly Statutory Compliance Audit Return (CAR)	LG Act 7.13(1) Audit Reg 13-15	CFO/MA		✓
	Review					Annual	Review permit holders, licences & approvals	LG Act 9.4	CFO		in progress
	Review	30-Jun				Annual	Review Delegations Register (refer to page 5 of Delegations Register)	LG act s.5.18 s.5.46 (1)	GOV		September OCM
	Review					Annual	Check all payroll award rates to ensure compliance with the industrial awards		CFO		✓
	Review		1-Mar	2-Jul	1-Mar	5 Years	Planning Scheme No. 2		CEO		in progress
	Action		BY 14 JULY			Annual	Upload Elected Members Register of Fees and Allowance for the last financial year		GOV		✓
	Action		BY 31 July	15-Jul		Annual	Upload Elected Members Training Register to the website	LG Act s5.127	GOV		✓
	Action					Annual	Commence Annual Report		CFO/CEO		✓
	Action						Risk Management Procedures	ISO 31000:2018	CFO/MA		✓
	Action	30-Jun				Annual	Prepare an inventory of all fuel, materials and spares at hand at the 30 June		MWS		✓
	Action					Annual	Post Office Box renewals and review operations		CFO/CDS		✓
	Action	30-Jun				Annual	Insurance expires 30 June		CFO		✓
	Action					Annual	Renew leases for Shire rental properties		GOV		✓
	Action	16-Oct				Biennial	Election Checklist		WAEC		✓
	Action				14-Jul	Annual	Prepare Register of Fees and Allowances Paid to Elected Members on finalisation of the Budget - to be uploaded to the website by 14 July	LG Act s5.96A LG (Admin) Regs r 29C(f)	CFO/GOV		✓
Remittance					30th June	Statistical data for FOI	FOI Act 111(3)	GOV		✓	
Remittance					end month	Emergency Services Levy (recipient invoice)	DFES ESL 5.13	CFO/Accounts		✓	
Remittance					end month	Building - BSL (paid 15th of each month) & BCITF (paid on invoice)		CFO/Accounts		✓	
Returns					Monthly/as required	Primary return for Elected Members/Staff within 3 months of Election/Commencement Date	LG Act 5.75	GOV		✓	

Shire of Menzies - Compliance Calendar												
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer	Timetable Attached	Completed	
July	Briefing	2nd last Thursday in Month	1st week of month	Fri prior to the meeting	Fri prior to the meeting	Monthly	Commence Briefing Agenda Agenda to be issued on the Friday prior to the Briefing Session		CEO/EO		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	Commence Agenda - Council requires the Agenda to be issued to Councillors WEDNESDAY the week before the OCM	LG Act 1995 (issue to Cr. within 72 hrs)	CEO/EO		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	11.1 Presidents Report		President		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.1 Prepare a statement of Financial Activity reporting on the previous months Revenue and Expenditure as set out in the annual budget under FM/.Reg 22(1)(d)	LG Act 6.4 FM Reg 34	CFO		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.2 Prepare a remittance Report statement - Payments made to creditors during the previous month		CFO/Rates Officer		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.3 Prepare an investment Report for the previous month		CFO		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1 Information Reports from Officers: 13.1.1 Report Actions Performed Under Delegation 13.1.2 Work Managers Report 13.1.3 Health and Building Report 13.1.4 Community Services Report 13.1.5 Monthly Compliance Calendar Update Report 13.1.6 Quarterly CAR		CEO/WMS/EHO /COMMUNITY SERVICES/GOV		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Prepare a report for the Councils consideration for adoption of the Fire Break Notice	BF Act 33	MWS		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Agenda	Review Corporate Business Plan	LG Act 5.56	CEO/CFO		✓	
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Report to Council re elections in person, electoral commission, postal etc, Advise WAEC (October election dat - 2021 16 October)		CEO		✓	
	Action	BY 14 JULY					Annual	Upload Elected Members Register of Fees and Allownce for the last financial year		GOV		✓
	Action						Annual	Send a copy of the adopted budget to the Dept of Local Government within 30 days of Budget adoption		CFO		✓
	Action						Annual	Commence Annual Financial Report		CFO		in progress
	Action						Agenda	Staff – all staff with delegated authority	LG Act 6.2	GOV		in progress
	Action						Agenda	Prepare an up to date information statement, adopted by the Council and publish	FOI 96	CEO		September OCM
	Action						Annual	Issue Employee Group Certificates (payment summaries) after last pay in June		CFO/Payroll		✓
	Action						Annual	Prepare for annual audit & adopt Audit Committee dates - place dates on website (refer to Leonora website which has been done by Moore Australia)		CFO		in progress
	Action						Annual	Annual Capital Works Services Program		MWS		✓
	Action	80 days					Elections	Electoral Commission agreement to conduct election in October (Councillors are elected for terms of four years. Elections are held every 2 years for half of the Council) - Cr G Dwyer, Cr J Dwyer, Cr J Lee and Cr K Mader)	LG Act 4.20(2)(3)(4) & 4.61(2)(4)	RO/WAEC		✓
	Action	WAEC					Annual	Prepare for elections, enrolment eligibility claims, review register	LG Act 4.35	RO/WAEC		✓
	Action						Annual	Run deferred rates report & assess		CFO		✓
	Action						Annual	Check Dog registration renewal stock & reorder as required	recommended	CFO		✓
	Returns						Monthly (as required)	Primary return for Elected Members within 3 months of Election/Commencement date	LG Act 5.75	GOV		✓
	Review						Annual	Issue new licences for new financial year - Caravan Park, Food Premises, Home occupations, Funeral director etc		CFO		✓
Review	31-Aug					as required	Complete Annual Financial Returns of Staff & Councillors (CEO to acknowledge receipt of returns)	LG Act 5.76(1)	GOV		✓	
Review						Annual	Building - BSL (paid 15th of each month) & BCITF (paid on invoice)	LG Act 5.76(1)	CFO		✓	
Review						Annual	Review fixed asset register		CFO		Due next year	

Review					Annual	Review investment register		CFO		undertaken monthly
Review		1-Mar	2-Jul	1-Mar	5 Years	Planning Scheme No. 2		CEO		Awaiting final approval by Minister
Review					Annual	Undertake an annual performance review of all staff (allow sufficient time for changes to be included in the budget)	LG Act 5.38	All Managers		✓
Review					Annual	Review Staff training Matrix		HR		in progress
Review					Annual	Prepare for elections, enrolment eligibility claims, review register	LG Act 4.35	RO/WAEC		✓
Review					Annual	Review Policy 4.1 Budget Adoption Timetable		CFO		✓
Remittance					Annual	Public access to information, website (All Managers), library (Antonio), office (All Managers). Ensure information under admin Reg 29 is available to public	LG Act 5.94-96	All Managers		✓
Review					Quarterly	Meeting attendance register, check members attendance to ensure compliance or leave of absence has been granted	LG Act 2.25	GOV		✓

Shire of Menzies - Compliance Calendar											
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer	Timetable Attached	Completed
August	Briefing	2nd last Thursday in Month	1st week of month	Fri prior to the meeting	Fri prior to the meeting	Monthly	Commence Briefing Agenda Agenda to be issued on the Friday prior to the Briefing Session		CEO/EO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	Commence Agenda - Council requires the Agenda to be issued to Councillors WEDNESDAY the week before the OCM	LG Act 1995 (issue to Cr. within 72 hrs)	CEO/EO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	11.1 Presidents Report		President		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.1 Prepare a statement of Financial Activity reporting on the previous months Revenue and Expenditure as set out in the annual budget under FM/.Reg 22(1)(d)	LG Act 6.4 FM Reg 34	CFO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.2 Prepare a remittance Report statement - Payments made to creditors during the previous month		CFO/Rates Officer		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	12.1.3 Prepare an investment Report for the previous month		CFO		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1 Information Reports from Officers: 13.1.1 Report Actions Performed Under Delegation 13.1.2 Work Managers Report 13.1.3 Health and Building Report 13.1.4 Community Services Report 13.1.5 Monthly Compliance Calendar Update Report		CEO/WMS/EHO /COMMUNITY SERVICES/GOV		✓
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Agenda	Adoption of Annual Budget (absolute majority)	LG Act 6.2(1) FM Reg 33	CFO		in progress
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Annual	Review, amend & update list of Authorised Officers under various legislation and report to Council		CEO		Covered by RoD
	Action	Action					Elections - Close of Rolls	LG Act 4.39(1)	RO/WAEC		✓
	Action					Annual	Issue fire break notice with rates notice		CFO/Rates		✓
	Action					Annual	Audit documentation Tender Register (ongoing) Minute Books (ongoing) Delegation Register - September OCM Complaints Register (ongoing) Financial Interest Register (includes leave of absence and Disclosure of Interest (Operational Guidelines no. 1 - Disclosure of Interest Affecting Impartiality) and (Guideline no. 20 Disclosure of financial interests at meetings) - Financial Interests Register - LGA 1995 (S5.88(3)) - (ongoing) Disclosure of financial interests in return - Guideline 21 Committee delegates (ongoing) - after October election Gift & Travel Register (ongoing) Asset Management Plan Financial Management Systems Review Strategic Resource Plan (includes LTFP, Asset Management and Risk Management)		GOV/CFO		GOV complete CFO in progress
	Action					Annual	Submit Roads to Recovery annual submission		MWS		✓
	Action					Annual/ as required	Related Party Disclosure - AASB 124	AASB 124	GOV		✓
	Advertising	70-56 days				Elections	Election - Notice of closing dates for enrolment	LG Act 4.39(2)	WAEC/RO		✓
	Advertising	56-45 days				Elections	Advertising for nominations for candidates	LG Act 4.47(1)	WAEC/RO		✓
	Notification					Elections	Request updated roll from WAEC	LG Act 4.40(1)	WAEC/RO		✓
	Remittance					end month	Building - BSL (paid 15th of each month) & BCITF (paid on invoice)		CFO		✓
	Review					Annual	Business Continuity Plan		CFO		✓
	Review					Annual	Asset Management Plan		CFO		in progress
Review	To be determined				Every 4 years	Financial Management Systems and Procedures Review		CFO		✓	
Review					Quarterly	Meeting attendance register, check members attendance to ensure compliance or leave of absence has been granted	LG Act 2.25	GOV		✓	

	Review					Annual	Prepare for elections, enrolment eligibility claims, review register	LG Act 4.35	WAEC/RO		✓
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6.3	Quarterly Compliance Audit Return (June - August 2021)
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM457
DATE OF REPORT	15 September 2021
AUTHOR	Manager Governance & Minor Projects, Jan Hancock
RESPONSIBLE OFFICER	Manager Governance & Minor Projects, Jan Hancock
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. Quarterly Compliance Audit Return June August 2021 [HNWS] [6.3.1 - 6 pages]

SUMMARY:

To achieve best practice Shire Administration has introduced a quarterly Compliance Audit Return to ensure compliance deficiencies are identified and rectified prior to the annual CAR (Compliance Audit Return).

BACKGROUND:

Under section 7.13(1) of the *Local Government Act 1995* and *Audit Regulation 13-15* Council is required to undertake, by 31 March of each year, a Statutory Compliance Audit Return (CAR) to identify and rectify deficiencies for the previous calendar year.

COMMENT:

All items on the Compliance Audit Return for the quarter ending June - August 2021 have been met.



Shire of Menzies -In-House Compliance Audit Report June 2021

Menzies June – August 2021 Quarterly (In-house) Governance Compliance Audit Return

Returns are prepared for each calendar year

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Moore Australia
2	s5.16	Were all delegations to committees in writing?	N/A		Moore Australia
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Moore Australia
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Moore Australia
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes	Update after Oct 2021 (election)	SoM
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Moore Australia
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Item 12.2.1 of OMC held 27 February 2021	Moore Australia
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Delegations are in writing and signed within the delegations register. The register is available to all staff in the administration office	Moore Australia
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Delegations are in writing and signed within the delegations register. The register is available to all staff in the administration office	Moore Australia
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Moore Australia
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Moore Australia
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes		Moore Australia
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Moore Australia



Shire of Menzies -In-House Compliance Audit Report June 2021

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Moore Australia
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A		Moore Australia
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		SoM
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		SoM
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	yes		SoM
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Moore Australia
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		SoM
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		SoM
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		SoM
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Moore Australia



Shire of Menzies -In-House Compliance Audit Report June 2021

No	Reference	Question	Response	Comments	Respondent
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Moore Australia
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Moore Australia
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	N/A		Moore Australia
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A		Moore Australia
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Moore Australia
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Moore Australia
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		SoM
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		SoM
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		SoM
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		SoM
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Moore Australia



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Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		Moore Australia
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Moore Australia

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



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Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	SCP was received at the OMC (item 14.1.2) held 17 December 2020 and advertised for public comment. The SCP was adopted at the OMC held 25 February 2021	Moore Australia
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Item 12.2.6 of OMC held 27 May 2021	SoM
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Moore Australia

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



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

7 ELECTED MEMBER MOTION OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

8 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

9 NEXT MEETING

The next Audit and Risk Committee Meeting will be held on 01 December 2021 at Menzies Town Hall commencing at 1100.

10 CLOSURE OF MEETING

The Chairperson declared the meeting closed at _____.