

# **SHIRE OF LEONORA**

## **NOTICE OF AN ORDINARY COUNCIL MEETING**



**MINUTES OF ORDINARY MEETING HELD  
IN SHIRE CHAMBERS, LEONORA  
ON TUESDAY 20TH MAY, 2014  
COMMENCING AT 9:30 AM**

**1.0 DECLARATION OF OPENING / ANNOUNCEMENTS OF VISITORS / FINANCIAL INTEREST DISCLOSURE**

**1.1 President Cr Peter Craig declared the meeting open at 9:30 am**

**1.3 Visitors or members of the public in attendance**

**At 10:00 am:** Mr Kado and Mrs Deeva Muir regarding sub-contracting delivery of Youth Services in Leonora and brief presentation on the Goldfields Aboriginal Art Trail.

**At 11:30 am:** Mr Trevor Donaldson Goldfields Land Council providing clarification in regard Goldfields Wati Law and Culture Association Inc.

**1.4 Financial Interests Disclosure**

Nil

**2.0 DISCLAIMER NOTICE**

**3.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**

**3.1 Present**

**President**

**Deputy President**

**Councillors**

**PJ Craig**

**RA Norrie**

**LR Petersen**

**MWV Taylor**

**AE Taylor**

**JG Epis**

**TM Browning**

**Chief Executive Officer**

**Deputy Chief Executive Officer**

**3.2 Apologies**

Nil

**3.3 Leave Of Absence (Previously Approved)**

**Councillors**

**RM Cotterill**

**GW Baker**

**4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

**5.0 PUBLIC QUESTION TIME**

Nil

**6.0 APPLICATIONS FOR LEAVE OF ABSENCE**

**Moved Cr LR Petersen, Seconded Cr RA Norrie** that Cr GW Baker be granted a leave of absence from the Ordinary meeting of Council to be held 20<sup>th</sup> May, 2014

**CARRIED (5 VOTES TO 0)**

**7.0 PETITIONS / DEPUTATIONS / PRESENTATION**

Nil

**8.0 CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETINGS**

**Moved Cr RA Norrie, Seconded Cr MWV Taylor** that the Minutes of the Ordinary Meeting held on 15<sup>th</sup> April, 2014 be confirmed as a true and accurate record.

**CARRIED (5 VOTES TO 0)**

## **9.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

- Attended dinner/function held at Hoover House for group of German travel agents. The dinner was very well received by the delegates and positive feedback has been received from tourism groups that were involved. Staff that were involved in the coordination of the dinner (and breakfast that followed in the morning) should be congratulated also.
- Attended dinner with the CEO and board members of the Goldfields Esperance Development Commission, last Thursday. Cr Craig thanked Cr MWV Taylor for making an address at the board meeting the following morning, on behalf of Cr Craig.

## **10.0 REPORTS OF OFFICERS**

### **10.1 CHIEF EXECUTIVE OFFICER**

#### **10.1(A) POLICY – GROSS RENTAL VALUATION TO MINING, PETROLEUM AND RESOURCE INTERESTS & RATING POLICY – VALUATION OF LAND (MINING)**

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20th May, 2014

**AGENDA REFERENCE:** 10.1 (A) MAY 14

**SUBJECT:** Policy – Gross Rental Valuation to Mining, Petroleum and Resource Interests & Rating Policy – Valuation of Land (Mining)

**LOCATION / ADDRESS:** Not Applicable

**NAME OF APPLICANT:** Shire of Leonora

**FILE REFERENCE:** Delegation and Council Policies 1.40

#### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** James Gregory Epis

**OFFICER:** Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 29<sup>th</sup> April, 2014

#### **BACKGROUND**

At a Meeting of Council in October, 1988 a resolution was carried that as a matter of Policy, Council seek declarations of Gross Rental Value for existing and future producing mines that have treatment plants, buildings and structures within the Shire. The areas were to be conterminous with the Mining Lease on which such infrastructure was located.

Since 1988 Gross Rental Valuations have been applied to the following mining operations at:

- Gwalia
- Darlot
- Lawlers
- Emu
- Bellvue
- Tower Hill
- Tarmoola
- Bannockburn
- Harbour Lights
- Mt McClure
- Bronzewing
- Thunderbox
- Cosmos
- Sinclair
- Jaguar

Of the above, Bellvue, Tower Hill, Bannockburn, Harbour Lights and Mt McClure are no longer operational and as a consequence, the method of valuing the land previously described has been cancelled, meaning municipal rates no longer apply.

I have conducted a thorough search of records dating back prior to 1988 and have not been able to find any Policy adopted by Council in regards the application of Gross Rental Valuation for mining, petroleum and resource interests even though many resolutions are contained within the Minute Book since that time.

By way of undated Circular No 29/2011, the Minister for Local Government at that time advised that the State Government had approved the implementation and trial of a policy on the Application of Gross Rental Valuations to Mining, Petroleum and Resource Interests.

The Policy provides clarity and consistency for the application of Gross Rental Valuation approved under the *Local Government Act 1995*.

The Policy will apply to land defined as either:

- a relevant interest (under section 6.29(1) of the *Local Government Act 1995*) such as a mining tenement held under the *Mining Act 1978* or a permit, drilling reservation, leave or licence held under the *Petroleum and Geothermal energy Resources Act 1967*; or
- any other type of mining, petroleum or resource interest used for the extraction, processing or refining of minerals or petroleum as defined under the above legislation.

The Policy applies for a trial period only of three years terminating 30<sup>th</sup> June, 2015.

Only recently, Minister Simpson approved an additional policy providing guidance and an application form for requests to approve the change of method of valuation of land where mining and resource interests are involved.

This document is titled “Rating Policy – Valuation of Land (Mining)”.

A copy of both Policy documents follows this report.

## **STATUTORY ENVIRONMENT**

In accordance with the Local Government Act 1995, in particular section 6.28 and 6.29.

## **POLICY IMPLICATIONS**

None, however newly created Policy to be incorporated into existing Policy Manual.

## **FINANCIAL IMPLICATIONS**

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

## **STRATEGIC IMPLICATIONS**

Encouraging local governments to consider the use of Gross Rental Valuations for mining interests will ensure that they are maximising their rating opportunities.

## **RECOMMENDATIONS**

That the Application of Gross Rental Valuation to Mining, Petroleum, and Resource Interests Policy and the Rating Policy – Valuations of Land (Mining) as presented be adopted and incorporated into existing Policy Manual.

## **VOTING REQUIREMENT**

Simple Majority

## **COUNCIL DECISION**

**Moved Cr LR Petersen, Seconded Cr RA Norrie** that the Application of Gross Rental Valuation to Mining, Petroleum, and Resource Interests Policy and the Rating Policy – Valuations of Land (Mining) as presented be adopted and incorporated into existing Policy Manual.

**CARRIED (5 VOTES TO 0)**

## **A.2.11 THE APPLICATION OF GROSS RENTAL VALUATION TO MINING PETROLEUM AND RESOURCE INTERESTS**

Policy Adopted 20<sup>th</sup> May, 2014

### **Objective**

To provide guidelines for the application of gross rental valuation (GRV) to *mining, petroleum, and other resource interests*.

### **Policy Statement**

#### **LEGAL CONTEXT**

- 1) In terms of Section 6.28(1) of the *Local Government Act 1995* (the Act), the Minister can determine the method of valuation of land to be used by a local government as the basis for a rate.
- 2) In terms of Section 6.29 of the Act, the Minister can determine that gross rental valuation can apply to a portion of land defined as a *relevant interest* on which capital improvements are located.
- 3) The Minister for Local Government has the authority, in terms of the legal provisions above, to implement the guidelines.

#### **LAND SUBJECT TO THE POLICY**

- 1) The policy will apply to land defined as:
  - a) a *relevant interest* in Section 6.29(1) of the Act meaning:
    - i) a mining tenement held under the *Mining Act 1978* (whether within the meaning given to that term by that Act or by the *Mining Act 1904*); or
    - ii) a permit, drilling reservation, lease or licence held under the *Petroleum and Geothermal Energy Resources Act 1967*.
  - or
  - b) a *resource interest* used for:
    - i) the extraction, processing or refining of minerals as defined in the *Mining Act 1978*, Section 8; or
    - ii) the extraction, processing or refining of petroleum as defined in the *Petroleum and Geothermal Energy Resources Act 1967*, Section 5.

#### **IMPROVEMENTS TO BE CONSIDERED FOR GROSS RENTAL VALUATION**

1. Subject to the provisions of Section 6.28 and 6.29 of the Act, gross rental valuation will apply to *relevant interests* and *resource interests* only in respect of the following improvements:
  - c) All permanent (*in situ* for at least 12 months):
    - i) Accommodation, recreation and administration facilities and associated buildings; and
    - ii) Maintenance workshops existing within 100 metres of facilities listed in Section 4.1(a)(i).
2. Nothing in this Policy prevents a local government and a proponent from agreeing that other types of improvements shall also be included for gross rental valuation.

## TRANSITIONAL ARRANGEMENTS

- The Policy will apply for a trial period of three years from July 1st 2014 to June 30<sup>th</sup> 2017.
- During the three year trial period, the following arrangements will apply:
  - The Policy will apply to all new mining, petroleum and resource interests as defined in Section 3.
  - The Policy will not affect existing arrangements between local government and proponents, unless both parties agree, through mutual consent, to adopt the Policy.
  - Projects that operate under existing State Agreements and are currently exempt from rates may apply the policy as part of their respective agreement variation processes.
  - All other relevant provisions under the Act will apply.

## IMPLEMENTATION GUIDELINES

1. Government will review the success of the Policy against agreed key performance indicators and prepare recommendations in consultation with key stakeholders.
2. Subject to the findings and recommendations in 6.1, the Policy will apply to:
  - all projects, from the date determined in the recommendations;
  - projects operating under State Agreement Acts, as part of their respective agreement variation process.

## TERMS USED

**minerals** means naturally occurring substances obtained or obtainable from any land by mining operations carried out on or under the surface of the land, but does not include —

- a. soil; or
- b. a substance the recovery of which is governed by the *Petroleum and Geothermal Energy Resources Act 1967* or the *Petroleum (Submerged Lands) Act 1982*; or
- c. without limiting paragraph (b), geothermal energy resources as defined in the *Petroleum and Geothermal Energy Resources Act 1967* section 5(1); or
- d. a meteorite as defined in the *Museum Act 1969*; or
- e. any of the following substances if it occurs on private land —
  - i. limestone, rock or gravel; or
  - ii. shale, other than oil shale; or
  - iii. sand, other than mineral sand, silica sand or garnet sand; or
  - iv. clay, other than kaolin, bentonite, attapulgite or montmorillonite;

**petroleum** means —

- a. any naturally occurring hydrocarbon, whether in a gaseous, liquid or solid state; or
- b. any naturally occurring mixture of hydrocarbons, whether in a gaseous, liquid or solid state; or
- c. any naturally occurring mixture of one or more hydrocarbons, whether in a gaseous, liquid or solid state, and one or more of the following, that is to say, hydrogen sulphide, nitrogen, helium and carbon dioxide, and includes any petroleum as defined by paragraph (a), (b) or that has been returned to a natural reservoir, but excludes oil shale.



### Objective

This policy aims to provide guidance underpinning the Ministerial determination on the method of valuation of land for rating purposes where that land is subject to a mining tenement under the *Mining Act 1978* or a permit, drilling reservation, lease or licence held under the *Petroleum and Geothermal energy Resources Act 1967* (known as a “relevant interest”).

### Policy Statement

#### LEGISLATIVE PROVISIONS – *LOCAL GOVERNMENT ACT 1995*

##### 1) Basis of Rates

- a) The Minister is to –
  - i) determine the method of valuation of land to be used by a local government as the basis for a rate; and
  - ii) publish a notice of determination in the ‘Government Gazette’.
- b) In determining the method of valuation of land to be used by a local government, the Minister is to have regard to the general principle that the basis for a rate on any land is to be –
  - i) where the land is used predominantly for rural purposes, the unimproved value of the land; and
  - ii) where the land is used predominantly for non-rural purposes, the gross rental value of the land.
- c) The unimproved value or gross rental value, as the case requires, of rateable land in the district of a local government is to be recorded in the rate record of that local government.
- d) Subject to subsection e) for the purposes of this section the valuation to be used by a local government is to be the valuation in force under the *Valuation of Land Act 1978* as at 1<sup>st</sup> July in each financial year.
- e) Where during a financial year –
  - i) an interim valuation is made under the *Valuation of Land Act 1978*; or
  - ii) a valuation comes into force under the *Valuation of Land Act 1978* as a result of the amendment of a valuation under that Act; or
  - iii) a new valuation is made under the *Valuation of Land Act 1978* in the course of completing a general valuation that has previously come into force,the interim valuation, amended valuation or new valuation, as the case requires, is to be used by a local government for the purposes of this section.

##### 2) Valuation and rates on mining and petroleum interests

- a) In this section –
  - Relevant interest** means –
    - i) a mining tenement held under the *Mining Act 1978* (whether within the meaning given to that term by that Act or by the *Mining Act 1904*); or
    - ii) a permit, drilling reservation, lease or licence held under the *Petroleum and Geothermal Energy Resources Act 1967*.
- b) Regardless of any determination made under section 1(a), the basis for a rate on a relevant interest is to be the unimproved value of the land, except as provided for in subsection (c).

- c) Subsection (b) does not apply to a relevant interest in a portion of land on which capital improvements are located if –
  - i) the Minister has determined under section 1(a) that the gross rental value of the land is to be used as the basis for a rate on that interest; and
  - ii) the determination expressly excludes the application of subsection (b).
- d) The Minister cannot determine under section 1(a) that the gross rental value of the land is to be used as the basis for a rate on a relevant interest in a portion of land if another estate in that portion of land is rateable on the basis of gross rental value of the land.
- e) For the purpose of subsection (c)(ii) a determination is to be taken to expressly exclude the application of section (b) if the determination –
  - i) was made before the commencement of the *Local Government Amendment Act 2009* Section 38; and
  - ii) specifically applies to the particular relevant interest.
 (That is, before 20<sup>th</sup> November, 2009)

## **POLICY**

Effective from 1<sup>st</sup> July, 2012, the State Government endorsed a policy position which further defined, and limited, the definition of capital improvements.

The Policy limits the definition of capital improvements to all permanent accommodation, recreation and administration facilities and associated buildings, and maintenance workshops existing within 100 metres of these facilities. “Permanent is further defined as having been *in situ* for at least 12 months.

This Policy – ‘The Application of Gross Rental Valuation to Mining, Petroleum and Resource Interests’, and the accompanying Departmental Circular No 29-2011, is available on the Department of Local Government and Communities’ website.

## **PRINCIPLES**

In making the decision, the following principles will be observed:

- Objectivity
- Fairness and equity
- Consistency
- Transparency
- Administrative Efficiency

## **APPLICATION OF PRINCIPLES TO THIS DETERMINATION**

Section 2) establishes that mining and petroleum interests will be rated as unimproved value except that portion of the land on which capital improvements are located.

The fundamental decision to be made by the Minister is whether a portion of a mining or petroleum interest contains capital improvements.

To do this it must be established:

- whether there is a relevant interest (as defined above)
- whether a portion of the land contains capital improvements, and
- that no other portion of that land is rated as gross rental value.

Changes to the method of valuing land may have significant impacts on ratepayers and a local government’s rates revenue. Accordingly, the council should consider any proposal for change before it is presented to the Minister for decision.

The following matters will be taken into consideration in making a determination under sections 1) and 2) to change the rating on a portion of land from Unimproved Value (UV) to Gross Rental Value (GRV)

### ***Objectivity***

- Is the land subject to a relevant interest? (That is, is there a mining tenement, petroleum permit, drilling reservation, lease or licence in place?)
- Has the holder of the relevant interest been accurately identified?
- Does a portion of that land contain capital improvements consisting of accommodation, recreation and administration facilities and associated buildings, and maintenance workshops existing within 100 metres of these facilities? Have these been in place for at least 12 months?
- Is any other portion of that relevant interest already rated as gross rental value?
- Has the portion of the land containing the capital improvements been clearly defined?
- Has the Valuer General's Office been contacted to obtain an indication of the notional values for use in modelling the effect of the changes for the ratepayers and local government?

### ***Fairness and equity***

- Has the holder of the relevant interest been given adequate opportunity to comment?
- Have they been informed of the reasons for seeking the change in method of valuation and been given an indication of the overall likely impact of the changes?
- What regard has been had to their feedback?
- Is there an existing arrangement between the local government and the holder of the relevant interest in place, such as for a payment in lieu of rates or similar contribution? If so, have both parties agreed to this change?

### ***Consistency***

- Are other relevant interests being rated in the same way? If not, why not?
- Is the rating proposal in accordance with the Policy – 'The Application of Gross Rental Valuation to Mining, Petroleum and Resource Interests'?

### ***Transparency***

- Has there been an opportunity for the holder of the relevant interest to comment on the proposed change?
- Are the systems and procedures for determining the method of valuation clearly documented and available for the public to inspect?
- Has the council considered the impact of the change in valuation method? If not, why?

### ***Administrative efficiency***

- Is this the most efficient way to raise the required rates revenue?
- Has consideration been given to phasing in significant changes?

### **INFORMATION TO BE PROVIDED WITH THE REQUEST FOR A DETERMINATION**

It is expected that the above matters will be covered in an application to the Minister for determination. In particular, the following should be included:

- Copy of the relevant interest (mining tenement, permit, drilling reservation, lease or licence).
- Accurate and clear description of the affected land (Certificate of title details and plans/drawings clearly showing the area proposed to be subject to GRV, with the capital improvements marked and labelled).
- Description of the capital improvements.

- Information on the likely impact on the rate assessments on the affected land in comparison with the quantum of last year's rates.
- Details of the consultation that has occurred, including copies of the letter to the relevant interest holder, all responses received and the council's response to these.
- The date the changes are proposed to take effect (this cannot be retrospective).
- A copy of the officer's report to council, relevant Council minutes and Council resolution.

Application Form – Valuation of Land - Mining  
(ss. 1 and 2)

Please use this form to apply for a Valuation of Land – Mining.

Should you require assistance with completing this form, please telephone the Department on (08) 6551 8700 or toll free for country callers on 1800 620 511 or email [info@dlgc.wa.gov.au](mailto:info@dlgc.wa.gov.au)

For alternative formats and more information, please visit the Department's website at [www.dlgc.wa.gov.au](http://www.dlgc.wa.gov.au)

For a Translating and Interpreting Service (TIS) telephone 13 14 50.

Form

**The Shire of: Leonora**

applies to the Minister for Local Government to make a determination under Sections 6.28 and 6.29 of the Local Government Act 1995 as to the method of valuation of designated land in this district (as detailed below) for the purpose of rating.

This application relates to properties proposed to be rated on the basis of Gross Rental Value.

In support of this application, the following information is provided:

(If the information is contained in an Attachment such as the Council Minutes, refer to that Attachment Number rather than repeating the information.)

- 1.** Who is the holder of the relevant interest (mining tenement, permit, drilling reservation, lease or licence)?

[Click here to enter text.]

- 2.** Provide an accurate and clear description of the affected land (Certificate of title details and plans/drawings clearly showing the area proposed to be subject to GRV, with the capital improvements marked and labelled, can be attached).

[Click here to enter text.]

<p><b>3. Describe the capital improvements:</b></p> <p>[Click here to enter text.]</p>
<p><b>4. Have these been in place for twelve months or more?</b>   <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>5. Is any other portion of the relevant interest subject to gross rental value?</b></p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>6. Are other relevant interests rated in the same way?</b>   <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, please explain below:</p>
<p>[Click here to enter text.]</p>
<p><b>7. Has the Policy – The Application of Gross Rental Valuation to Mining, Petroleum and Resource Interests been applied?</b>   <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If no, please explain below:</p>
<p>[Click here to enter text.]</p>

<p><b>8.</b> What is the likely impact on the rate assessments on the affected land in comparison with the quantum of last year's rates?</p> <ul style="list-style-type: none"> <li>Has the Valuer General's Office been contacted to obtain an indication of the notional values for use in modelling the effect of the changes for the ratepayers and local government? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<p><b>9.</b> Has consideration been given to phasing in significant changes? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please explain below:</p>	
<p>[Click here to enter text.]</p>	
<p><b>10.</b> Details on consultation that has occurred, including the council's response.</p>	
<p>[Click here to enter text.]</p>	
<p><b>11.</b> Is this the most efficient way to raise the required rates revenue?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p><b>12.</b> The date the changes are proposed to take effect on is (please note the date cannot be retrospective):</p> <p> <input type="checkbox"/> Start of the next Financial Year         <input type="checkbox"/> Date of Minister's approval       </p> <p> <input type="checkbox"/> Date of Gazettal         <input type="checkbox"/> Other       </p>	
<p>If Other, please state:</p>	<p>[Click here to enter text.]</p>

<b>Attachments Checklist</b>			
Attachment 1: A copy of the relevant interest			<input type="checkbox"/>
Attachment 2: A map clearly showing the affected portion of the relevant interest with the capital improvements marked and labelled			<input type="checkbox"/>
Attachment 3: Communication with holders of the relevant interest			<input type="checkbox"/>
Attachment 4: Copies of any responses/objections that have been received			<input type="checkbox"/>
Attachment 5: The council's response to these			<input type="checkbox"/>
Attachment 6: Officer's report to council			<input type="checkbox"/>
Attachment 7: Relevant council minutes			<input type="checkbox"/>
Attachment 8: Council resolution			<input type="checkbox"/>
<b>Contact Details</b>			
Contact person:	[Click here to enter text.]		
Email:	[Click here to enter text.]		
Telephone:	[Click here to enter text.]	Date:	[Enter text.]

### Submissions

Please send your completed application form and relevant attachments to:

Executive Director

Sector Regulation and Support

Department of Local Government and Communities

GPO Box R1250, PERTH WA 6844

or Email: [info@dlgc.wa.gov.au](mailto:info@dlgc.wa.gov.au)

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## **10.0 REPORTS OF OFFICERS**

### **10.1 CHIEF EXECUTIVE OFFICER**

#### **10.1(B) ROAD CLOSURE**

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20th May, 2014

**AGENDA REFERENCE:** 10.1 (B) MAY 14

**SUBJECT:** Road Closure

**LOCATION / ADDRESS:** Not Applicable

**NAME OF APPLICANT:** Shire of Leonora

**FILE REFERENCE:** Road Closure 7.7

#### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** James Gregory Epis

**OFFICER:** Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 8<sup>th</sup> May, 2014

#### **BACKGROUND**

In order to consolidate the area of Reserve No. 31222 (Leonora District High School – Offsite Pre-Primary Hoover Street), the Department of Education applied to the Department of Lands for the amalgamation of Lots 139 and 140 by way of compiled Diagram.

The Department of Lands investigation into the proposal revealed the presence of an obsolete road truncation that has been fenced into Reserve 31222 (See attached copy of townsite plan). To enable the progression of the proposed Lot amalgamation, the Shire of Leonora is being requested to consider the closure of the redundant portion of road truncation. The land in question serves no purpose and is of very little value. The reason for amalgamation is to avoid any cross boundary construction. The Department of Lands will be responsible for issuing survey instructions.

#### **STATUTORY ENVIRONMENT**

In accordance with Section 58 of the Land Administration Act 1997.

#### **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.

#### **STRATEGIC IMPLICATIONS**

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

## **RECOMMENDATIONS**

- (1) that Council resolve to permanently close that portion of road truncation fenced into Reserve No 31222 and detailed at the most north east corner of Lot 139 and that the area of the road truncation be amalgamated with Lot 139; and
- (2) that objections or submission in regard the road closure be invited within the 35 day advertising period and that public utility service providers be advised of the proposal.

## **VOTING REQUIREMENT**

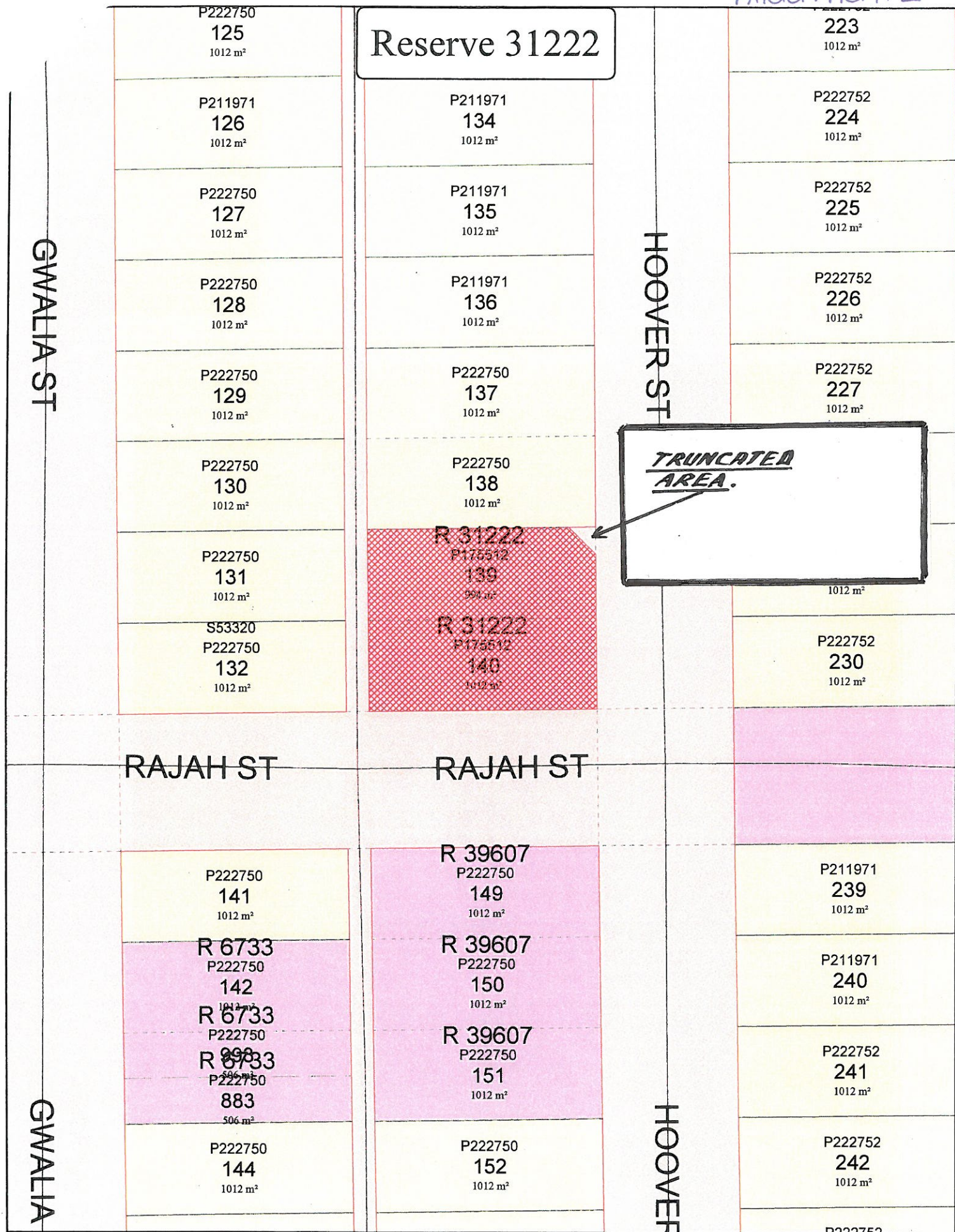
Simple Majority

## **COUNCIL DECISION**

**Moved Cr RA Norrie, Seconded Cr LR Petersen,**

- (1) that Council resolve to permanently close that portion of road truncation fenced into Reserve No 31222 and detailed at the most north east corner of Lot 139 and that the area of the road truncation be amalgamated with Lot 139; and
- (2) that objections or submission in regard the road closure be invited within the 35 day advertising period and that public utility service providers be advised of the proposal.

**CARRIED (5 VOTES TO 0)**



Scale : 1:1000 (MGA)  
MGA : SW=337353.47,6803893.797 Zone 51 / NE=337563.408,6804165.218 Zone 51  
Lat/Long : -28°52'56.831", 121°19'55.657" / -28°52'48.112", 121°20'03.545" H 271mm by W 210mm

Printed : 15:27 Wed 9/Apr/2014  
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## 10.0 REPORTS OF OFFICERS

### 10.2 DEPUTY CHIEF EXECUTIVE OFFICER

#### 10.2(A) MONTHLY FINANCIAL STATEMENTS

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20th May, 2014

**AGENDA REFERENCE:** 10.2 (A) MAY 14

**SUBJECT:** Monthly Financial Statements

**LOCATION / ADDRESS:** Leonora

**NAME OF APPLICANT:** Shire of Leonora

**FILE REFERENCE:** Nil

#### AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

**NAME:** Tanya Browning

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 13<sup>th</sup> May, 2014

#### BACKGROUND

In complying with the Local Government Financial Management Regulations 1996, a monthly statement of financial activity must be submitted to an Ordinary Council meeting within 2 months after the end of the month to which the statement relates. The statement of financial activity is a complex document but gives a complete overview of the “cash” financial position as at the end of each month. The statement of financial activity for each month must be adopted by Council and form part of the minutes.

It is understood that parts of the statement of financial activity have been submitted to Ordinary Council meetings previously. In reviewing the Regulations the complete statement of financial activity is to be submitted, along with the following reports that are not included in the statement.

Monthly Financial Statements submitted for adoption include:

- (a) Statement of Financial Activity – 30<sup>th</sup> April, 2014
- (b) Compilation Report
- (c) Material Variances – 30<sup>th</sup> April, 2014

#### STATUTORY ENVIRONMENT

##### *Part 4 — Financial reports— s. 6.4*

34. *Financial activity statement report – s. 6.4*

(1A) *In this regulation —*

***committed assets** means revenue unspent but set aside under the annual budget for a specific purpose.*

34. (1) *A local government is to prepare each month a statement of financial activity reporting on the revenue and expenditure, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail —*

- (a) *annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);*
  - (b) *budget estimates to the end of the month to which the statement relates;*
  - (c) *actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;*
  - (d) *material variances between the comparable amounts referred to in paragraphs (b) and (c); and*
  - (e) *the net current assets at the end of the month to which the statement relates.*
- 34. (2) *Each statement of financial activity is to be accompanied by documents containing —*
  - (a) *an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;*
  - (b) *an explanation of each of the material variances referred to in subregulation (1)(d); and*
  - (c) *such other supporting information as is considered relevant by the local government.*
- 34. (3) *The information in a statement of financial activity may be shown —*
  - (a) *according to nature and type classification; or*
  - (b) *by program; or*
  - (c) *by business unit.*
- 34. (4) *A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be —*
  - (a) *presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates; and*
  - (b) *recorded in the minutes of the meeting at which it is presented.*
- 34. (5) *Each financial year, a local government is to adopt a percentage or value, calculated in accordance with the AAS, to be used in statements of financial activity for reporting material variances.*

## **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.

## **STRATEGIC IMPLICATIONS**

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

## **RECOMMENDATIONS**

That the Monthly Financial Statements for the month ended 30<sup>th</sup> April, 2014 consisting of:

- (a) Statement of Financial Activity – 30<sup>th</sup> April, 2014
- (b) Compilation Report
- (c) Material Variances – 30<sup>th</sup> April, 2014

be accepted.

## **VOTING REQUIREMENT**

Simple Majority

## **COUNCIL DECISION**

**Moved Cr RA Norrie, Seconded Cr MWV Taylor** that the Monthly Financial Statements for the month ended 30<sup>th</sup> April, 2014 consisting of:

- (a) Statement of Financial Activity – 30<sup>th</sup> April, 2014
- (b) Compilation Report
- (c) Material Variances – 30<sup>th</sup> April, 2014

be accepted.

**CARRIED (5 VOTES TO 0)**



The Chief Executive Officer  
Shire of Leonora  
PO Box 56  
LEONORA WA 6438

## COMPILATION REPORT TO THE SHIRE OF LEONORA

We have compiled the accompanying Local Government special purpose financial statements of the Shire of Leonora, which comprise the Statement of Financial Activity, a summary of significant accounting policies and other explanatory notes for the period ending 30<sup>th</sup> April 2014. The financial statements have been compiled to meet compliance with the Local Government Act 1995 and associated Regulations.

## THE RESPONSIBILITY OF THE SHIRE OF LEONORA

The Shire of Leonora are solely responsible for the information contained in the special purpose financial statements and are responsible for the maintenance of an appropriate accounting system in accordance with the relevant legislation.

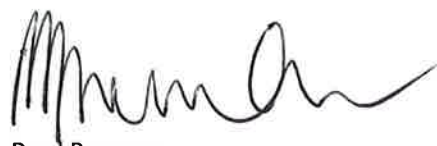
## OUR RESPONSIBILITY

On the basis of information provided by the Shire of Leonora we have compiled the accompanying special purpose financial statements in accordance with the requirements of the Local Government Act 1995, associated Regulations and APES 315 Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Shire of Leonora provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The Local Government special purpose financial statements were compiled exclusively for the benefit of the Shire of Leonora. We do not accept responsibility to any other person for the contents of the special purpose financial statements.

*UHY Haines Norton (WA) Pty Ltd*  
UHY Haines Norton (WA) Pty Ltd  
Chartered Accountants



Paul Breman  
Director

5 May 2014

**Shire of Leonora**  
**MONTHLY FINANCIAL REPORT**  
**For the Period Ended 30 April 2014**

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

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**Shire of Leonora**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**(Statutory Reporting Program)**  
**For the Period Ended 30 April 2014**

	Note	Amended Annual Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(b)	Var.
<b>Operating Revenues</b>		\$	\$	\$	\$	%	
Governance		2,320	2,120	1,918	(202)	(10.53%)	
General Purpose Funding		964,671	812,633	801,642	(10,991)	(1.37%)	
Law, Order and Public Safety		13,470	11,515	16,959	5,444	32.10%	
Health		84,693	77,973	44,370	(33,603)	(75.73%)	▼
Education and Welfare		191,211	167,065	179,609	12,544	6.98%	
Housing		48,960	40,820	38,713	(2,107)	(5.44%)	▲
Community Amenities		165,464	163,796	184,035	20,239	11.00%	▲
Recreation and Culture		179,400	172,062	173,177	1,115	0.64%	
Transport		1,075,785	950,108	698,815	(251,293)	(35.96%)	▼
Economic Services		576,960	315,306	396,467	81,161	20.47%	▲
Other Property and Services		124,270	103,649	54,420	(49,229)	(90.46%)	▼
<b>Total (Ex. Rates)</b>		<b>3,427,204</b>	<b>2,817,047</b>	<b>2,590,125</b>	<b>(226,922)</b>		
<b>Operating Expense</b>							
Governance		(498,465)	(367,643)	(286,046)	81,597	28.53%	▼
General Purpose Funding		(326,685)	(274,040)	(257,992)	16,048	6.22%	▼
Law, Order and Public Safety		(112,075)	(95,810)	(126,780)	(30,970)	(24.43%)	▲
Health		(694,900)	(596,293)	(430,763)	165,530	38.43%	▼
Education and Welfare		(506,656)	(423,421)	(358,840)	64,581	18.00%	▼
Housing		0	(19)	0	19	100.00%	
Community Amenities		(216,959)	(181,809)	(152,259)	29,550	19.41%	▼
Recreation and Culture		(1,315,046)	(1,050,896)	(878,343)	172,553	19.65%	▼
Transport		(4,001,498)	(3,327,640)	(3,592,243)	(264,603)	(7.37%)	▲
Economic Services		(1,655,916)	(1,063,537)	(946,661)	116,876	12.35%	▼
Other Property and Services		(70,005)	(58,336)	(64,575)	(6,239)	(9.66%)	
<b>Total</b>		<b>(9,398,205)</b>	<b>(7,439,444)</b>	<b>(7,094,502)</b>	<b>344,942</b>		
<b>Funding Balance Adjustment</b>							
Add back Depreciation		1,718,196	1,431,841	1,888,126	456,285	24.17%	▲
Adjust (Profit)/Loss on Asset Disposal	8	6,683	6,683	(23,058)	(29,741)	128.98%	
Adjust Provisions and Accruals		0	0	0	0		
<b>Net Operating (Ex. Rates)</b>		<b>(4,246,122)</b>	<b>(3,183,873)</b>	<b>(2,639,309)</b>	<b>544,564</b>		
<b>Capital Revenues</b>							
Grants, Subsidies and Contributions	11	323,243	323,243	323,243	0	0.00%	
Proceeds from Disposal of Assets	8	252,726	252,729	193,636	(59,093)	(30.52%)	▼
Transfer from Reserves	7	90,000	0	0	0		
<b>Total</b>		<b>665,969</b>	<b>575,972</b>	<b>516,879</b>	<b>(59,093)</b>		
<b>Capital Expenses</b>							
Land and Buildings	8	(470,124)	(470,124)	(88,989)	381,135	428.29%	▼
Plant and Equipment	8	(805,833)	(805,833)	(726,134)	79,699	10.98%	▼
Furniture and Equipment	8	(40,049)	(40,049)	(35,375)	4,674	13.21%	
Infrastructure Assets - Roads	8	(511,000)	(511,000)	(116,763)	394,237	337.64%	▼
Infrastructure Assets - Other	8	(330,553)	(330,553)	(137,973)	192,580	139.58%	▼
Transfer to Reserves	7	(330,798)	(330,798)	(329,158)	1,640	0.50%	
<b>Total</b>		<b>(2,488,357)</b>	<b>(2,488,357)</b>	<b>(1,434,392)</b>	<b>1,053,965</b>		
<b>Net Capital</b>		<b>(1,822,388)</b>	<b>(1,912,385)</b>	<b>(917,513)</b>	<b>994,872</b>		
<b>Total Net Operating + Capital</b>		<b>(6,068,510)</b>	<b>(5,096,258)</b>	<b>(3,556,822)</b>	<b>1,539,436</b>		
Opening Funding Surplus(Deficit)	3	1,083,479	1,083,479	1,134,984	51,505	4.54%	▲
Rate Revenue	9	4,985,031	4,984,005	5,003,329	19,324	0.39%	▲
<b>Closing Funding Surplus(Deficit)</b>	3	<b>0</b>	<b>971,226</b>	<b>2,581,491</b>	<b>1,610,265</b>		

Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold. ▲ ▼

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this statement of financial activity are:

**(a) Basis of Accounting**

This statement is a special purpose financial report, prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

**(b) The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in this statement.

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

All monies held in the Trust Fund are excluded from the statement, but a separate statement of those monies appears at Note 12.

**(c) Rounding Off Figures**

All figures shown in this statement are rounded to the nearest dollar.

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities.

**(g) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

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

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Inventories**

***General***

Inventories are valued 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 Closing Funding Surplus(Deficit)

Inventories held from trading are classified as current even if not expected to be realised in the next 12 months.

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of the cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

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

**(i) Fixed Assets**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**(j) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation rates and periods are:

Buildings	30 to 50 years
Furniture and Equipment	2 to 15 years
Plant and Equipment	5 to 15 years
Roads - Aggregate	25 years
Roads - Unsealed - Gravel	35 years
Drains and Sewers	75 years
Airfield - Runways	12 years

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the local government 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 and are usually paid within 30 days of recognition.

**(l) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Shire has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Shire expects to pay and includes related on-costs.

**(ii) Annual Leave and Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where the Shire does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(m) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***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.

**(n) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non current based on Council's intentions to release for sale.

**(p) Nature or Type Classifications**

**Rates**

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

**Operating Grants, Subsidies and Contributions**

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

**Non-Operating Grants, Subsidies and Contributions**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**Fees and Charges**

Revenues (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. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**Service Charges**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies the These are television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Interest Earnings**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**Other Revenue / Income**

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

**Employee Costs**

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) Nature or Type Classifications (Continued)**

**Materials and Contracts**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

**Utilities (Gas, Electricity, Water, etc.)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**Insurance**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**Loss on asset disposal**

Loss on the disposal of fixed assets.

**Depreciation on non-current assets**

Depreciation expense raised on all classes of assets.

**Interest expenses**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**Other expenditure**

Statutory fees, taxes, provision for bad debts, member's fees or levies including WA Fire Brigade Levy and State taxes. Donations and subsidies made to community groups.

**(r) Statement of Objectives**

In order to discharge its responsibilities to the community, the Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNANCE**

Includes costs and revenues associated with the President and Councillors in the exercise of their obligations as a governing body. Items of expenditure include conference, travel, meeting attendance fees, presidential allowance, receptions, donations, subscriptions and phone rentals. Costs of advertising and conducting elections are also included. Revenues include election nomination fees and reimbursements by members for private expenses.

An administration cost is also allocated which enables staff to process Council Meeting procedures, implement all government decisions and conduct Council meetings. Cost of conducting audit of Council books of accounts and procedures is also include under this heading.

**GENERAL PURPOSE FUNDING**

*1 Rates*

- (a) GRV (gross rental value) refers to property rates for Leonora, Gwalia, Leinster and Agnew town sites and operational mines and associated infrastructure.
- (b) UV (unimproved value) refers to mining properties and tenements (other than mines and other associated infrastructure) and includes prospecting licences, exploration licences and mining leases. It also refers to broad acre rural pastoral properties.
- (c) Additional rates and rates written back refer mainly to mining rates where tenements are granted or surrendered following the adoption of the budget.
- (d) Administration charge refers to the charge levied on ratepayers electing to make payment of rates on the offered instalment plan and is based on the actual cost involved in administering this process
- (e) Administration costs allocated are the costs of maintaining records, levying and collecting all rates.

*2 Grants*

- (a) Grants Commission - a general purpose grant allocated annually by the Federal Government to all local governments. The amount is determined by various formulae devised by the Grants Commission, with a significant component being based on population.
- (b) Roads Grant - An untied road grant allocated by the Federal Government and again distributed by the Grants Commission utilising a pre-determined formula.
- (c) Administration costs allocated to grants refers to the costs associated in collection of Federal Government grants including provision and updating of data used in grants commission formula.

*3 Interest from Investments*

Includes interest received on surplus funds invested throughout the year from both operating and reserve accounts.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) STATEMENT OF OBJECTIVE (Continued)**

**LAW, ORDER, PUBLIC SAFETY**

Costs and revenues associated with animal control within the Shire and also includes fire insurance, dog control and registration.

**HEALTH**

Costs and revenues associated with compliance with the Health Act including inspections and approvals, food quality control, mosquito control, septic tank inspection/control, food hygiene inspection/control, contribution to doctors expenses, Royal Flying Doctor donation and notification of disease.

**EDUCATION AND WELFARE**

Provision of support for education and aged and disabled facilities within the district for the betterment of the residents.

**HOUSING**

Costs of maintaining Council owned accommodation units and collection of rentals paid by staff for use of those buildings. Costs that can be accurately attributed to other programs are allocated. Revenue associated with a State Government owned house by way of loan repayments to Council are also included.

Accommodation units include 3 houses, 2 duplexes and a single persons quarters.

**COMMUNITY AMENITIES**

Costs of collection and disposal of domestic and commercial refuse for town site of Leonora and Gwalia and maintenance of the landfill refuse site. Revenue collection by way of an annual fee for this service which is included on rate assessment notices.

Costs associated with review and administration of Council's Town Planning Scheme.

Provision of Christmas decorations in Leonora Town site.

Operation of the Leonora Cemetery.

**RECREATION AND CULTURE**

Provision and maintenance of Council owned parks, gardens and grassed oval/recreation ground at Leonora and a contribution to similar facilities within Leinster town site.

Costs of operation and maintenance of a purpose built recreation centre which includes indoor basketball court, two squash courts, kitchen, gymnasium and associated facilities and revenues collected from the public for use of these facilities.

Costs of maintenance of Council owned and provided television and radio re-transmission service which includes GWN, WIN and SBS television and WAFM and ABC fine music radio.

Costs and revenues associated with the operation and maintenance of library facilities at Leonora in conjunction with the Library Board of Western Australia.



**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(r) STATEMENT OF OBJECTIVE (Continued)**

**TRANSPORT**

Maintenance and improvements of 1,300 kilometres of Council controlled unsealed roads, town site footpaths and streets, drainage control, street cleaning and provision and maintenance of street trees. Costs of providing electricity for steel lights in the Leonora/Gwalia town sites and maintenance of Council's works depot and associated infrastructure.

Operation, maintenance and management of Leonora Aerodrome including runways, runway lighting, tarmac and terminal building and gardens. Purchase of aviation fuel for resale to aircraft operators.

Revenues by way of landing fees and Head Tax charges charged to all aircraft with the exception of the Royal Flying Doctors Service, lease/renting of building to all users of facilities and charges for fuel supplied to aircraft.

**ECONOMIC SERVICES**

Costs associated with tourism promotion throughout the Shire including employment of a Curator/Promotion Officer at the Gwalia Museum and historic precinct.

Contribution to employment of a Goldfields/Esperance Development Officer operating from Shire Offices - Leonora.

Costs and revenues associated with building control under building regulations, including inspections and issuing building permits.

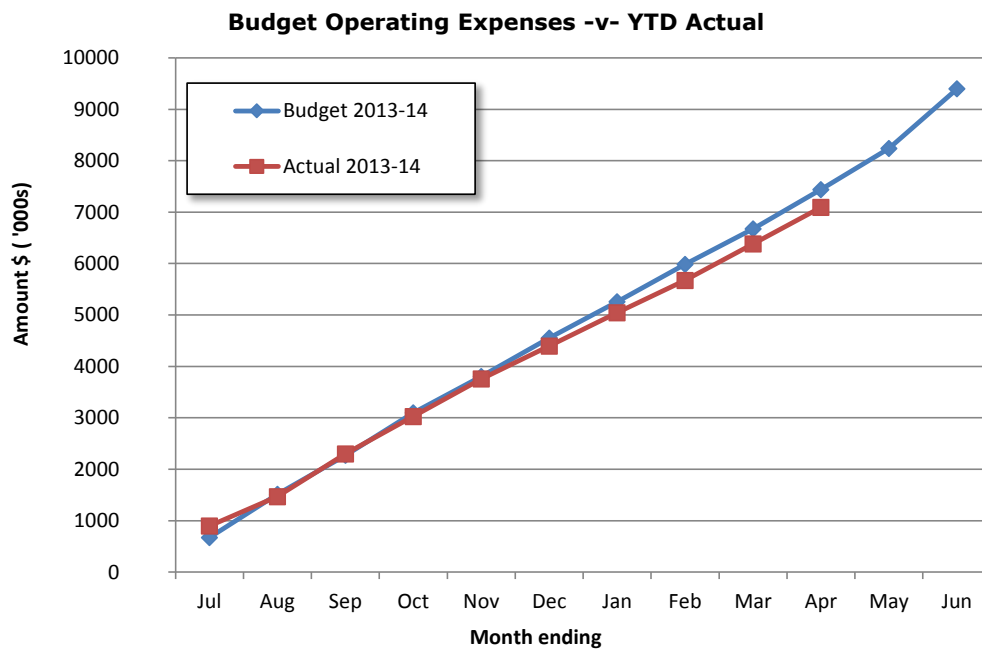
**OTHER PROPERTY & SERVICES**

Costs and revenues for private hire of Council machinery and operators for completion of private works for ratepayers and others.

Costing allocation pools including administration, overheads, plant operation costs and salaries and wages which are all individually detailed and then allocated throughout all previously mentioned operating activities, works and services.

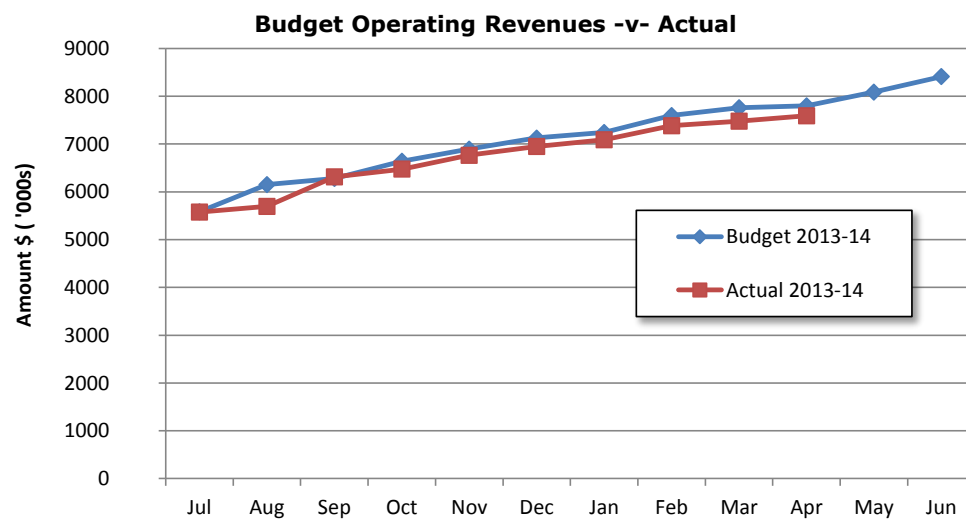
**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Operating Expenses**

No significant activity to report (currently tracking close to budget estimates)

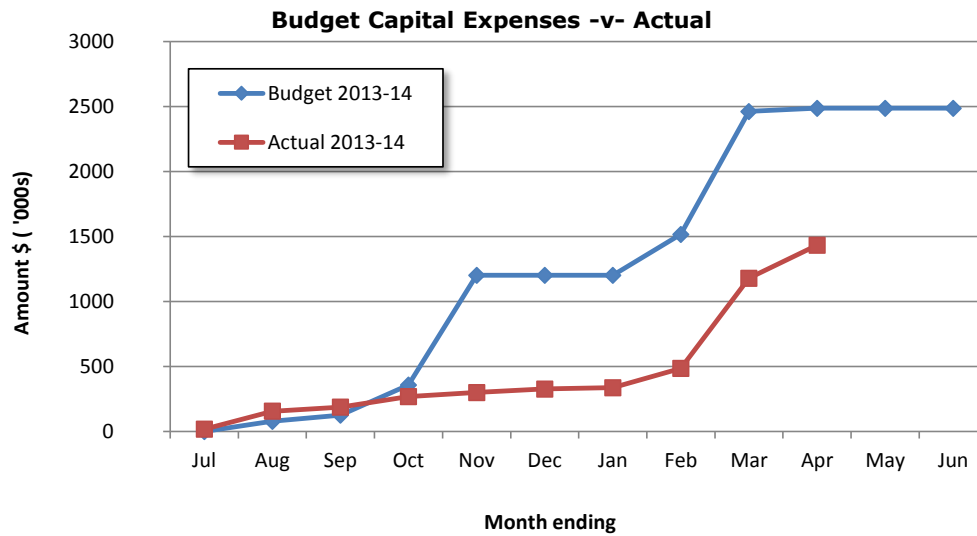


**Comments/Notes - Operating Revenues**

No significant activity to report (currently tracking close to budget estimates)

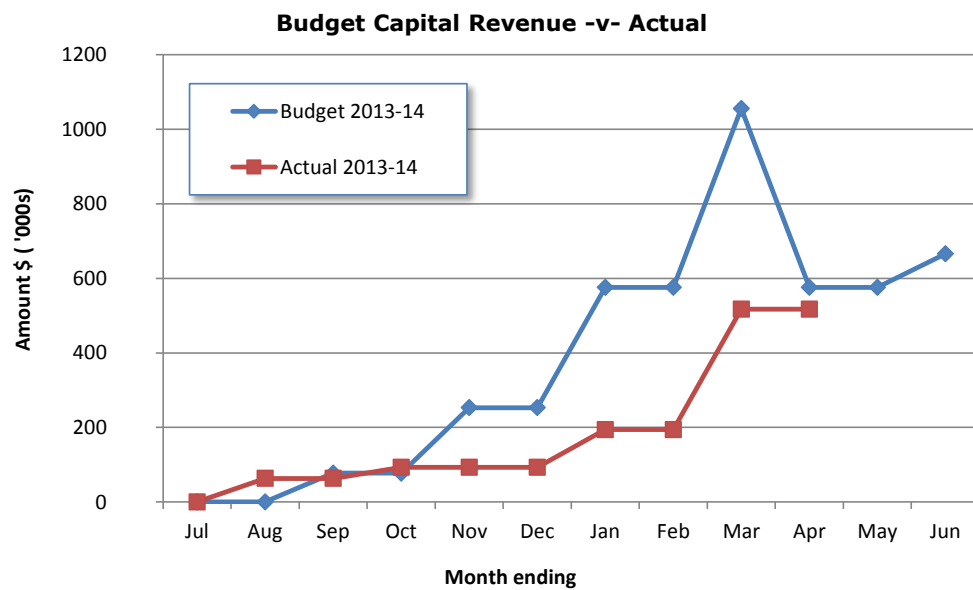
**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 2 - Graphical Representation - Source Statement of Financial Activity**



**Comments/Notes - Capital Expenses**

Variance is represented by outstanding infrastructure, and building additions (see note 8)



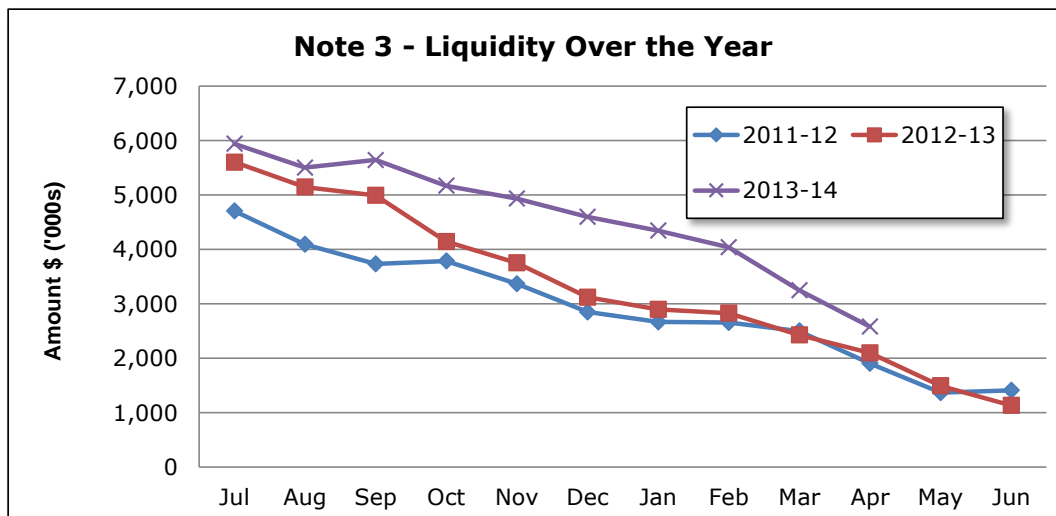
**Comments/Notes - Capital Revenues**

Reserve transfers made during March have seen actuals trending back toward budget est.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 3: NET CURRENT FUNDING POSTION**

		Positive=Surplus (Negative=Deficit)		
		2013-14		
	Note	YTD 30 April 2014	30th June 2013	YTD 30 April 2013
		\$	\$	\$
<b>Current Assets</b>				
Cash Unrestricted	4	2,554,557	1,195,818	1,934,165
Cash Restricted	4	799,625	470,467	401,475
Receivables - Rates	6	196,116	58,144	67,985
Receivables -Other	6	129,948	222,813	332,533
Inventories		91,550	48,918	35,507
		3,771,796	1,996,160	2,771,665
<b>Less: Current Liabilities</b>				
Payables		(390,680)	(390,709)	(268,702)
Provisions		(295,761)	(295,761)	(311,403)
		(686,441)	(686,470)	(580,105)
Less: Cash Reserves	7	(799,625)	(470,467)	(401,475)
Add: Cash Backed Provisions		295,761	295,761	311,403
<b>Net Current Funding Position</b>		<b>2,581,491</b>	<b>1,134,984</b>	<b>2,101,488</b>



**Comments - Net Current Funding Position**

Net Current Funding Position is \$480,003 higher than this time in the previous reporting period.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 4: CASH AND INVESTMENTS**

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Total Amount \$	Institution	Maturity Date
(a) <b>Cash Deposits</b>							
Municipal Account	Variable	2,553,287			2,553,287	NAB	Cheque Acc.
Trust Account	Variable			16,112	16,112	NAB	Cheque Acc.
LSL Maximiser	Variable		125,920		125,920	NAB	Cheque Acc.
Fire Maximiser	Variable		17,903		17,903	NAB	Cheque Acc.
Plant Maximiser	Variable		202,478		202,478	NAB	Cheque Acc.
Annual Leave Maximiser	Variable		154,086		154,086	NAB	Cheque Acc.
Gwalia Precinct Maximiser	Variable		158,129		158,129	NAB	Cheque Acc.
Building Maintenance Maximiser	Variable		141,109		141,109	NAB	Cheque Acc.
Cash On Hand	Nil	1,270			1,270	NAB	On Hand
(b) <b>Term Deposits</b>							
N/A					0		
(c) <b>Other Investments</b>							
N/A					0		
<b>Total</b>		2,554,557	799,625	16,112	3,370,294		

**Comments/Notes - Investments**

Reserve funds are held in interest bearing accounts, and are available to be called upon at any time.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note5: BUDGET AMENDMENTS**

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

GL Account Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
	<b>Amendments as at 30 April 2014</b>			\$	\$	\$	\$
							<b>0</b>
C14L004	Upgrade Rec Centre/Gym	10.2(c) Apr 14 OMC	Capital Expenses		100,000		<b>100,000</b>
C14L005	Solar Panels (Rec Centre)	10.2(c) Apr 14 OMC	Capital Expenses		100,000		<b>200,000</b>
C14L006	Building for Vintage Vehicles	10.2(c) Apr 14 OMC	Capital Expenses			(31,514)	<b>168,486</b>
C14F003	Aerodrome Security Screening Eq	10.2(c) Apr 14 OMC	Capital Expenses		480,000		<b>648,486</b>
E113092	Swimming Pool Maintenance	10.2(c) Apr 14 OMC	Operating Expenses			(130,000)	<b>518,486</b>
E113110	Oval Complex Maintenance	10.2(c) Apr 14 OMC	Operating Expenses			(7,929)	<b>510,557</b>
E114280	Rec Centre Superannuation	10.2(c) Apr 14 OMC	Operating Expenses		3,693		<b>514,250</b>
E114290	Rec Centre Salaries	10.2(c) Apr 14 OMC	Operating Expenses		65,850		<b>580,100</b>
E134037	SOG Honour Board & WWI Comm	10.2(c) Apr 14 OMC	Operating Expenses			(10,000)	<b>570,100</b>
I126496	Security Screening Equipment Grant	10.2(c) Apr 14 OMC	Operating Revenue			(480,000)	<b>90,100</b>
I126410	Fees Landing at Airport	10.2(c) Apr 14 OMC	Operating Revenue			(37,000)	<b>53,100</b>
I126415	Passenger Head Tax	10.2(c) Apr 14 OMC	Operating Revenue			(53,100)	<b>0</b>
<b>Closing Funding Surplus (Deficit)</b>				<b>0</b>	<b>749,543</b>	<b>(749,543)</b>	<b>0</b>

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 6: RECEIVABLES**

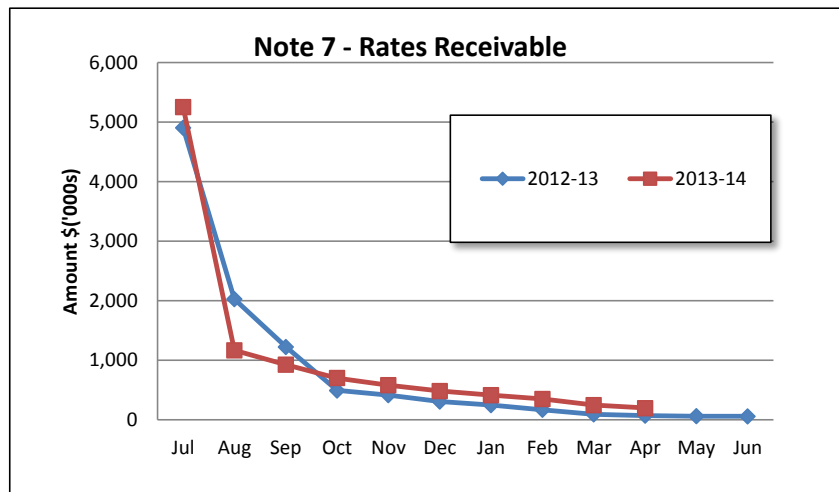
**Receivables - Rates Receivable**

Opening Arrears Previous Years  
 Levied this year  
Less Collections to date  
 Equals Current Outstanding

**Net Rates Collectable**

% Collected

	YTD 30 April 2014	YTD 30th June 2013
	\$	\$
Opening Arrears Previous Years	58,144	41,773
Levied this year	5,275,862	4,977,405
<u>Less</u> Collections to date	(5,137,890)	(4,961,034)
Equals Current Outstanding	196,116	58,144
<b>Net Rates Collectable</b>	196,116	58,144
% Collected	96.32%	98.84%



**Comments/Notes - Receivables Rates and Rubbish**

Rates for the 2013-14 period were due at the end of August 2013. Recovery has been tracking well, with final notices issued for unpaid rates (those not on instalments)

**Receivables - General**

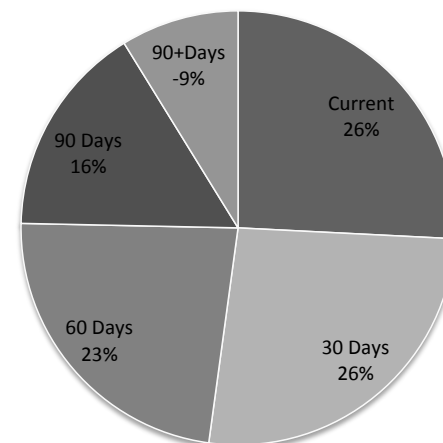
Receivables - General

**Total Receivables General Outstanding**

Amounts shown above include GST (where applicable)

	Current	30 Days	60 Days	90 Days	90+Days
	\$	\$	\$	\$	\$
Receivables - General	40,687	41,567	36,543	25,027	(13,876)
<b>Total Receivables General Outstanding</b>	<b>129,948</b>				

**Note 7 - Accounts Receivable (non-rates)**



**Comments/Notes - Receivables General**

Outstanding debtors are followed up periodically (every fortnight), with reminders and final demands issued on bad debtors. Collection agency is engaged on long overdue bills.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 4: CASH AND INVESTMENTS**

	Interest Rate	Unrestricted \$	Restricted \$	Trust \$	Total Amount \$	Institution	Maturity Date
(a) <b>Cash Deposits</b>							
Municipal Account	Variable	2,553,287			2,553,287	NAB	Cheque Acc.
Trust Account	Variable			16,112	16,112	NAB	Cheque Acc.
LSL Maximiser	Variable		125,920		125,920	NAB	Cheque Acc.
Fire Maximiser	Variable		17,903		17,903	NAB	Cheque Acc.
Plant Maximiser	Variable		202,478		202,478	NAB	Cheque Acc.
Annual Leave Maximiser	Variable		154,086		154,086	NAB	Cheque Acc.
Gwalia Precinct Maximiser	Variable		158,129		158,129	NAB	Cheque Acc.
Building Maintenance Maximiser	Variable		141,109		141,109	NAB	Cheque Acc.
Cash On Hand	Nil	1,270			1,270	NAB	On Hand
(b) <b>Term Deposits</b>							
N/A					0		
(c) <b>Other Investments</b>							
N/A					0		
<b>Total</b>		2,554,557	799,625	16,112	3,370,294		

**Comments/Notes - Investments**

Reserve funds are held in interest bearing accounts, and are available to be called upon at any time.



**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 8: CAPITAL DISPOSALS AND ACQUISITIONS**

Actual YTD Profit(Loss) of Asset Disposal				Disposals	Amended Current Budget YTD 30 April 2014		
Cost	Accum Depr	Proceeds	Profit (Loss)		Annual Budget Profit/(Loss)	Actual Profit/(Loss)	Variance
\$	\$	\$	\$		\$	\$	\$
24,200	(312)	22,727	(1,161)	<b>Plant and Equipment</b>	(15,597)	(1,161)	14,436
25,300	(326)	24,545	(429)	Asset 319 2011 Ford FG Falcon	(16,812)	(429)	16,383
			0	Asset 504 2012 Ford Territory TX			
			0	Asset 19 P819 1994 Roadwest Low Loader	30,000	0	(30,000)
178,200	(101,061)	100,909	23,770	Asset 11 P289 2006 Cat 12H Grader	38,324	23,770	(14,554)
			0	Asset 301 Nissan Navara King Cab	(26,092)	0	26,092
32,000	(8,153)	30,000	6,153	Asset 502 2012 Ford Territory Titanium	(16,506)	6,153	22,659
21,000	(270)	15,455	(5,275)	Asset 310 2010 Ford Ranger PK XL	0	(5,275)	(5,275)
<b>280,700</b>	<b>(110,122)</b>	<b>193,636</b>	<b>23,058</b>		<b>(6,683)</b>	<b>23,058</b>	<b>29,741</b>

**Comments - Capital Disposal/Replacements**

Comments	Summary Acquisitions	Amended Current Budget YTD 30 April 2014		
		Budget	Actual	Variance
		\$	\$	\$
	<b>Plant &amp; Equipment</b>	805,833	726,134	(79,699)
	<b>Land and Buildings</b>	470,124	88,989	(381,135)
	<b>Furniture and Equipment</b>	40,049	35,375	(4,674)
	<b>Infrastructure Roads</b>	511,000	116,763	(394,237)
	<b>Infrastructure Other</b>	330,553	137,973	(192,580)
	<b>Capital Totals</b>	<b>2,157,559</b>	<b>1,105,234</b>	<b>(1,052,325)</b>

Comments	Land & Buildings	Amended Current Budget YTD 30 April 2014		
		Budget	Actual	Variance
		\$	\$	\$
Project completion delayed, but almost complete	Youth Centre External Refurb	60,000	49,808	(10,192)
Shed, fencing erected, landscaping commenced	Complete Construction Staff Housing	41,000	13,561	(27,439)
Architect has been engaged to assist with design	Upgrade Rec Centre (Gym)	0	2,500	2,500
Project unlikely to proceed due to limitations on solar	Solar Panels	0	0	0
Tender awarded at February OMC, works commenced	Building for Vintage Hearse & Truck	369,124	23,120	(346,004)
				0
	<b>Capital Totals</b>	<b>470,124</b>	<b>88,989</b>	<b>(381,135)</b>

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 8: CAPITAL DISPOSALS AND ACQUISITIONS**

Comments	Plant & Equipment	Amended Current Budget			
		YTD 30 April 2014			
		Budget	Actual	Variance (Under)Over	
Complete	2013 Ford Territory TX RWD 4L	\$ 35,778	\$ 35,778	\$ 0	
Complete	2013 Ford Territory TX RWD 3L	35,098	35,098	0	
Complete	Nissan Dualis ST Hatch (Mgr Ed)	24,478	24,478	0	
Tenders authorised at OMC Dec 2013, ordered	Drop Deck/Float	90,000	80,300	(9,700)	
Complete	14 tonne Padfoot Roller	150,000	140,000	(10,000)	
Complete	Grader	400,000	340,000	(60,000)	
Complete	2013 Ford Ranger Utility	23,873	23,873	0	
Complete	DCEO Vehicle	46,606	46,607	1	
				0	
	Capital Totals	805,833	726,134	(79,699)	

Comments	Furniture & Equipment	Amended Current Budget			
		YTD 30 April 2014			
		Budget	Actual	Variance (Under)Over	
Completed	Upgrade FM Radio to ABC Country	\$ 15,642	\$ 15,642	\$ 0	
Completed	Server Upgrade	24,407	19,733	(4,674)	
				0	
	Capital Totals	40,049	35,375	(4,674)	

Comments	Roads	Amended Current Budget			
		YTD 30 April 2014			
		Budget	Actual	Variance (Under)Over	
Reseals carried out in first week of April 2014, other works progressing	Resealing Town Streets (inc Kerb renewal)	\$ 416,000	\$ 116,763	\$ (299,237)	
Project to commence mid 2014	Footpath Renewal	95,000	0	(95,000)	
	Capital Totals	511,000	116,763	(394,237)	

Comments	Other Infrastructure	Amended Current Budget			
		YTD 30 April 2014			
		Budget	Actual	Variance (Under)Over	
Works completed, ensuring all accounts have been rec.	Dual Purpose Pound Facility	\$ 30,000	\$ 19,414	\$ (10,586)	
Not yet commenced	Refuse Recycling	10,000	0	(10,000)	
Not yet commenced	Playground Fitness Equipment	24,000	0	(24,000)	
Completed	Event Marquee	13,044	13,684	640	
Goods ordered and deposits paid	Upgrade Apron lights & Standby Genset	88,509	29,452	(59,057)	
Engineer engaged to assist with project	Gwalia Headframe Renewal	90,000	72,883	(17,117)	
Not yet commenced	Restoration Leonora Electric Tram	75,000	0	(75,000)	
Completed	Extension to Street Lighting	0	2,540	2,540	
				0	
	Capital Totals	330,553	137,973	(192,580)	

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 9: RATING INFORMATION**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Amended Budget Rate Revenue \$</b>	<b>Amended Budget Interim Rate \$</b>	<b>Amended Budget Back Rate \$</b>	<b>Amended Budget Total Revenue \$</b>
<b>General Rates</b>											
GRV	0.0610	588	16,665,696	1,016,607	1,076	0	1,017,683	1,009,101	1,500	0	1,010,601
UV	0.1340	1,107	28,001,802	3,769,795	28,083	0	3,797,878	3,775,665	15,000	0	3,790,665
<b>Sub-Totals</b>		1,695	44,667,498	4,786,402	29,159	0	4,815,561	4,784,766	16,500	0	4,801,266
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV	279	104	160,751	29,016	0	0	29,016	27,342	0	0	27,342
UV	279	928	1,046,448	261,702	0	0	261,702	261,423	0	0	261,423
<b>Sub-Totals</b>		1,032	1,207,199	290,718	0	0	290,718	288,765	0	0	288,765
Concession							5,106,279 (94,502)				5,090,031 (90,000)
Written Back							5,011,777 (8,448)				5,000,031 (15,000)
<b>Totals</b>							5,003,329				4,985,031

**Comments - Rating Information**

All land except exempt land in the Shire of Leonora is rated according to its Gross Rental Value (GRV) in town sites or Unimproved Value (UV) in the remainder of the Shire.

The general rates detailed above for the 2013/14 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the Local Government services/facilities.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**10. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

The Shire of Leonora has no borrowings.

(b) New Debentures

No new debentures were raised during the reporting period.

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 11: GRANTS AND CONTRIBUTIONS**

Program/Details GL	Grant Provider	Approval  (Y/N)	2013-14 Amended Budget	Variations Additions (Deletions)	Operating	Capital	Recoup Status	
							Received	Not Received
			\$	\$	\$	\$	\$	\$
<b>GENERAL PURPOSE GRANTS</b>								
I030019- Grants Commission	WALGGC	Y	307,857	0	307,857	0	224,932	82,925
I030021- Federal Roads	WALGGC	Y	272,188	0	272,188	0	203,036	69,152
I030031- Country Local	RDL	Y	337,610	0	337,610	0	337,610	0
<b>LAW, ORDER, PUBLIC SAFETY</b>								
I053402- Fire Prevention Grant	DFES	Y	7,220	0	7,220	0	7,220	0
I052422- Sterilisation Program Grant	Dept LG & Communities	Y	0	2,500	2,500	0	2,500	0
<b>HEALTH</b>								
I076475-Medical Centre Equipment	Munara	Y	23,125	0	23,125	0	23,125	0
I076473- Aged Care Feasibility	Lotterywest	N	20,000	0	20,000	0	0	20,000
<b>WELFARE SERVICES</b>								
I080009 - Graffiti Hotspot	DPC	N	2,500		2,500		0	2,500
I080002- Childcare sustainability	DWEER	Y	53,110		53,110		39,832	13,278
I080014- Childcare	Minara	Y	10,981	1,153	12,134	0	12,134	0
I082001-Youth Programs	DCP	Y	38,318	25,403	63,721	0	63,721	0
I082002-Youth Programs	DCP	y	0	3,179	3,179	0	3,179	0
<b>RECREATION AND CULTURE</b>								
I114467 - Recreation Centre	DTF	Y	3,000	0	3,000	0	0	3,000
I117001-CRC Operational Wages	RDL	Y	60,000	0	60,000	0	60,000	0
I117002-CRC Equipment	RDL	Y	10,000	10,000	20,000	0	20,000	0
I117003-CRC Other	RDL	Y	20,000	0	20,000	0	20,000	0
I117010-CRC Other	RDL	N	20,000	0	20,000	0	0	20,000
<b>ECONOMIC SERVICES</b>								
I134458- Gwalia Historial (Projects)	Various	N	117,500	3,600	121,100	0	121,100	0
I134461- Heritage Advisory Services	State Heritage	Y	5,000	0	5,000	0	0	5,000
I134462- Gwalia 50th Ann. Fundraising	Office	N	7,500	150	7,650	0	7,650	0
I138002 - Golden Gift Contribution	Various	N	115,000	0	115,000	0	75,455	39,545
I138005- Golden Gift Contribution	Various	N	55,000	0	55,000	0	0	55,000
I137001- R4R Business Case Funding	RDL	Y	22,500	5,000	27,500	0	27,500	0
<b>TRANSPORT</b>								
<b>MRWA ROAD FUNDING</b>								
I122214/15/16- Project Grants	RRG	Y	428,693	0	428,693	0	206,853	221,840
I122042/52/200- Direct Grants	MWRA	Y	106,223	2,168	108,391	0	108,391	0
<b>OTHER ROAD/STREETS GRANTS</b>								
I122206- Roads To Recovery	Building Program	Y	323,243	0	0	323,243	323,243	0
<b>TOTALS</b>			<b>2,366,568</b>	<b>53,153</b>	<b>2,096,478</b>	<b>323,243</b>	<b>1,887,481</b>	<b>532,240</b>
Operating			2,043,325				1,564,238	
Non-Operating			323,243				323,243	
			<u>2,366,568</u>				<u>1,887,481</u>	

**Shire of Leonora**  
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY**  
**For the Period Ended 30 April 2014**

**Note 12: TRUST FUND**

Funds held at balance date over which the Shire has no control and which are not included in this statement are as follows:

Description	Opening Balance	Amount	Amount	Closing Balance
	1 July 2013	Received	Paid	YTD 30 April 2014
Proceeds from sale of impounded cattle	\$	\$	\$	\$
	0	16,112	0	16,112
	0	16,112	0	16,112

**Shire of Leonora**  
**Material Variances as at 30th April 2014**

ACCOUNT	NAME	ACTUAL	Year To Date	BUDGET	DIFFERENCE	REASON FOR VARIATION
<b>Income</b>						
I074421	Cont Towards Contract EHO	\$ 19,589.70	\$	32,550.00	\$ (12,960.30)	Contract position vacant for a short period
I076473	Grant Aged Care Feasability	\$ -	\$	20,000.00	\$ (20,000.00)	Alteration to timing of project
I080002	Grant Sustainability Child Care	\$ 39,832.50	\$	53,112.00	\$ (13,279.50)	Alteration to timing of grant payments
I082001	Youth Support DCP Grant	\$ 63,721.35	\$	-	\$ 63,721.35	Some back payment received (need re-allocation to I082002)
I082002	Youth Program Grants	\$ 3,178.73	\$	28,738.00	\$ (25,559.27)	Some back payment received (need re-allocation from I082001)
I122215	RRG Improve Old Agnew 12-13	\$ -	\$	81,840.00	\$ (81,840.00)	Payment received in previous reporting period (C/F balance reflects this adjustment)
I122216	RRG 2013-14 Old Agnew Road	\$ 93,333.20	\$	186,666.00	\$ (93,332.80)	Alteration to timing of grant
I122300	Gain on Disposal of Assets	\$ 23,770.46	\$	68,324.00	\$ (44,553.54)	Tenders not yet complete, therefore plant not sold
I126430	Charges - Fuel drums (Avgas)	\$ 16,712.70	\$	31,670.00	\$ (14,957.30)	Low utilisation (only purchased by demand)
I133451	Contract Building Surveyor	\$ 20,553.44	\$	32,550.00	\$ (11,996.56)	Contract position vacant for a short period
I133410	Charges Building Permits	\$ 360.00	\$	6,750.00	\$ (6,390.00)	Less building applications processed than budgeted
I134462	Gwalia 50th Anniversary F/Raising	\$ 17,548.18	\$	-	\$ 17,548.18	Alteration to timing of budget estimate
I137001	R4R Business Case Funding	\$ 27,500.00	\$	-	\$ 27,500.00	Alteration to timing of grant receipt
I138002	Sponsorship	\$ 75,654.55	\$	-	\$ 75,654.55	Alteration to timing of sponsorship receipts
I141450	Charges - Plant Hire	\$ 24,527.94	\$	75,001.00	\$ (50,473.06)	Less private works undertaken than budgeted
		\$ 426,282.75	\$	617,201.00	\$ (190,918.25)	
<b>Expenditure</b>						
E030013	Admin Allocated to Rates	\$ 221,909.71	\$	241,150.00	\$ (19,240.29)	Alteration to timing, likely to increase
E041040	Election Expenses	\$ 1,600.00	\$	10,000.00	\$ (8,400.00)	No election held, lower expenses than budgeted
E041070	Presidential Allowance	\$ 15,766.66	\$	5,733.00	\$ 10,033.66	Alteration to timing of payment
E041187	Strategic Plan Development	\$ 20,927.20	\$	75,000.00	\$ (54,072.80)	Alteration to timing of programme (works commenced)
E041189	GVROC Project Participation	\$ 13,500.00	\$	23,572.00	\$ (10,072.00)	Alteration to timing of programme
E052014	Salaries-Ranger	\$ 38,089.92	\$	-	\$ 38,089.92	Includes final payment to retiring ranger
E074011	Contract Health Surveyor	\$ 55,484.14	\$	75,725.00	\$ (20,240.86)	Contract position vacant for a short period
E074064	Staff Housing Allocation	\$ 33,447.24	\$	46,812.00	\$ (13,364.76)	Will increase as further maintenance carried out
E074071	Loss on Disposal of Assets	\$ 428.77	\$	16,812.00	\$ (16,383.23)	Loss lower than budgeted
E074075	Doctor Top Up Salary	\$ 106,041.78	\$	120,770.00	\$ (14,728.22)	Alteration to timing of payment
E074084	Doctor Housing Allocation	\$ 17,940.77	\$	54,475.00	\$ (36,534.23)	Will increase as further maintenance carried out
E077002	Aged Care Feasability Study	\$ -	\$	30,000.00	\$ (30,000.00)	Study not yet commenced (grant not applied for)
E077067	Loss on Sale of Assets	\$ 1,161.11	\$	15,597.00	\$ (14,435.89)	Less than budgeted disposal calculation
E082001	Youth Service Wages	\$ 27,692.04	\$	49,120.00	\$ (21,427.96)	Some reallocation required from E080005
E082006	Youth Service Activity Costs	\$ 1,912.27	\$	18,750.00	\$ (16,837.73)	Planned activities to date are lower cost options
E091045	Mtce - Lot 792 Cohen St	\$ 39,758.70	\$	52,443.00	\$ (12,684.30)	Works are now progressing (orders issued etc)
E091451	Allocated to Other Programs	\$ (185,818.03)	\$	(260,065.00)	\$ 74,246.97	Will balance out as further works progress
E091048	Mtce - Lot 294 Queen Vic St	\$ 15,375.51	\$	56,830.00	\$ (41,454.49)	Works to progress later in the year
E092299	Allocated to Health Program	\$ (19,064.28)	\$	(60,530.00)	\$ 41,465.72	Will balance out as further works progress
E101030	Refuse Site Maintenance	\$ 20,691.38	\$	38,113.00	\$ (17,421.62)	Alteration to timing of programme
E106010	Town Planning Expenses	\$ 1,154.00	\$	12,500.00	\$ (11,346.00)	Lower costs to date than expected
E113050	Sporting Leonora	\$ 15,792.93	\$	40,000.00	\$ (24,207.07)	All grants are not yet fully expended
E113060	Sporting Leinster	\$ 19,245.96	\$	40,000.00	\$ (20,754.04)	All grants are not yet fully expended
E113070	Oval	\$ 57,721.63	\$	64,000.00	\$ (6,278.37)	Alteration to timing of programme
E113092	Swimming Pool Mtce	\$ 209,878.54	\$	189,166.00	\$ 20,712.54	Provision increased at budget review to annual provision of \$227,000
E113111	Country Arts	\$ -	\$	22,500.00	\$ (22,500.00)	Alteration to timing of programme
E122040	Roadworks - Maintenance	\$ 567,119.00	\$	892,600.00	\$ (325,481.00)	Some reallocation required from E122043
E122043	Bush Grading	\$ 593,316.99	\$	233,330.00	\$ 359,986.99	Some reallocation required from E122040
E122044	Depreciation - Roads Infra.	\$ 810,790.00	\$	810,790.00	\$ -	Plant depreciation rates to be reviewed
E122160	Street Cleaning	\$ 180,961.74	\$	135,000.00	\$ 45,961.74	Alteration to timing of programme
E122190	Loss on Disposal of Assets	\$ 5,275.04	\$	26,092.00	\$ (20,816.96)	Awaiting finalisation of tenders
E122210	SPQ (Depot) Maintenance	\$ -	\$	22,080.00	\$ (22,080.00)	Alteration to timing of programme
E122214	RRG 13-14 Old Agnew Road	\$ 295,917.32	\$	291,670.00	\$ 4,247.32	Alteration to timing of programme

E122298	· Depreciation Expense Depot	\$ 516,569.28	\$	220,040.00	\$	296,529.28	Result of revaluations, currently under review
E126010	· Aerodrome Maintenance	\$ 167,380.20	\$	230,534.00	\$	(63,153.80)	Alteration to timing of programme
E126050	· Aviation Fuel Drums	\$ 18,718.86	\$	25,830.00	\$	(7,111.14)	Low utilisation (only purchased by demand)
E131045	· Gwalia Cactus Eradication	\$ 12,998.10	\$	33,334.00	\$	(20,335.90)	Alteration to timing of programme
E133052	· Contract Building Surveyor	\$ 23,099.78	\$	32,500.00	\$	(9,400.22)	Contract position vacant for a short period
E134010	· Gwalia Salaries & Wages	\$ 164,320.48	\$	182,700.00	\$	(18,379.52)	Savings will offset other expenses
E134031	· Gwalia Buildings Maintenance	\$ 27,412.37	\$	18,000.00	\$	9,412.37	Relating to urgent termite treatments required.
E134034	· Lotterywest Pink Camp Proj	\$ 49,643.00	\$	45,380.00	\$	4,263.00	Alteration to timing of programme
E134035	· Lotterywest DeRubies Proj	\$ 52,218.00	\$	51,250.00	\$	968.00	Alteration to timing of programme
E134036	· Gwalia 50th Anniversary Event	\$ 31,726.67	\$	41,670.00	\$	(9,943.33)	Awaiting confirmation that costs finalised
E137010	· Consultant Expenses	\$ 46,811.97	\$	-	\$	46,811.97	Alteration to timing of programme
E137011	· Site Clearing/Cleanup	\$ 23,614.78	\$	-	\$	23,614.78	Alteration to timing of programme
E138002	· Golden Gift Entertainment	\$ 6,000.00	\$	70,000.00	\$	(64,000.00)	Alteration to timing of programme
E141010	· Private Works	\$ 9,890.56	\$	58,334.00	\$	(48,443.44)	Less private works undertaken than budgeted
E142010	· Depreciation - Admin	\$ 82,844.66	\$	40,635.00	\$	42,209.66	Review of depreciation rates currently underway
E142011	· Salaries - Admin	\$ 506,500.54	\$	535,210.00	\$	(28,709.46)	Alteration to timing of programme
E142030	· Insurance Admin	\$ 54,910.99	\$	45,710.00	\$	9,200.99	Paid in one lump sum instead of instalments
E142140	· Computer Operating Expenses	\$ 35,730.20	\$	15,030.00	\$	20,700.20	Higher than expected costs
E142143	· Freehold Council Properties	\$ -	\$	16,670.00	\$	(16,670.00)	Progressing slowly (liaising with Dept Lands)
E142251	· Staff Housing Allocated	\$ 96,625.38	\$	135,235.00	\$	(38,609.62)	Will balance out as further works progress
E143030	· Sick & Holiday Pay	\$ 100,161.56	\$	94,690.00	\$	5,471.56	Alteration to timing
E143040	· Insurance on Works	\$ 47,106.75	\$	41,020.00	\$	6,086.75	Paid in one lump sum instead of instalments
E143070	· Staff Housing Allocated	\$ 37,163.62	\$	52,014.00	\$	(14,850.38)	Will balance out as further works progress
E143290	· Less PWOH Allocated	\$ (393,790.52)	\$	(452,960.00)	\$	59,169.48	Some review of rates required
E144010	· Fuels & Oils	\$ 176,456.52	\$	200,000.00	\$	(23,543.48)	Less expenditure than budgeted to date
E144050	· Insurance & Licences	\$ 53,029.63	\$	41,520.00	\$	11,509.63	Some adjustment to budget split required
E148298	· Depn Expense Plant/Equip	\$ 207,649.85	\$	85,240.00	\$	122,409.85	Some review of rates required
E148299	· Less Depn Allocated	\$ (119,897.50)	\$	(85,240.00)	\$	(34,657.50)	Result of revaluations, currently under review
		<u>\$ 5,218,913.77</u>	<u>\$</u>	<u>5,164,381.00</u>	<u>\$</u>	<u>54,532.77</u>	

#### Capital Revenue (See Statement of Financial Activity)

Note 8	· Proceeds from Disposals of Ass	\$ 193,636.00	\$	252,729.00	\$	(59,093.00)	Plant purchases/sales not yet completed
					\$	-	
		<u>\$ 193,636.00</u>	<u>\$</u>	<u>252,729.00</u>	<u>\$</u>	<u>(59,093.00)</u>	

#### Capital Expenditure (See Statement of Financial Activity)

Note 8	· Land & Buildings	\$ 88,989.00	\$	470,124.00	\$	(381,135.00)	Alteration to timing of programs
Note 8	· Plant & Equipment	\$ 726,134.00	\$	805,833.00	\$	(79,699.00)	Plant purchases/sales not yet completed
Note 8	· Infrastructure Assets Other	\$ 137,973.00	\$	330,553.00	\$	(192,580.00)	Alteration to timing of programs
Note 8	· Infrastructure Assets Roads	\$ 116,763.00	\$	511,000.00	\$	(394,237.00)	Alteration to timing of programs
		<u>\$ 1,069,859.00</u>	<u>\$</u>	<u>2,117,510.00</u>	<u>\$</u>	<u>(1,047,651.00)</u>	



## **10.0 REPORTS OF OFFICERS**

### **10.2 DEPUTY CHIEF EXECUTIVE OFFICER**

#### **10.2(B) INTERNAL AUDIT FRAMEWORK**

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20th May, 2014

**AGENDA REFERENCE:** 10.2 (B) MAY 14

**SUBJECT:** Internal Audit Framework

**LOCATION / ADDRESS:** Nil

**NAME OF APPLICANT:** Nil

**FILE REFERENCE:** Nil

#### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** Tanya Browning

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:**

#### **BACKGROUND**

There is a need and requirement to establish an Audit and Risk Committee. The Committee's function is to oversee with assurance that the financial and statutory functions of the Shire are being undertaken in accordance with the provisions of the *Local Government Act 1995*, associated regulations, Australian Accounting Standards, *Income Tax Assessment Act 1997* and that key controls are operating effectively.

The *Local Government (Audit) Regulations 1996* prescribe the requirements for local government authorities in relation to the engagement of auditors, the annual compliance audit return and the functions of the audit committee.

The Department of Local Government released the following circulars:

- Circular No. 05-2013 in February 2013 advising local government authorities of amendments to the *Local Government (Audit) Regulations 1996*. The amendments were gazetted on 8 February 2013 and came into effect on 9 February 2013.
- Circular No. 14-2013 in June 2013 advising local government authorities of amendments to the *Local Government (Financial Management) Regulations 1996* and a further amendment to the *Local Government (Audit) Regulations 1996*. The amendments were gazetted on 21 June 2013 and came into effect on 22 June 2013.

The February 2013 amendments extend the responsibilities of audit committees and chief executive officers of local government authorities in relation to the reviewing and reporting of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.

The June 2013 amendments follow the introduction in 2012 of more meaningful financial ratios which took effect for the financial statements for the year ending 30 June 2013.

## DETAILS

### February 2013 Amendments

These amendments relate to extending regulation 16, functions of an audit committee, and inserting a new regulation 17, review of certain systems and procedures by a CEO. The amendments are detailed as follows:

#### *Regulation 16 – Functions of Audit Committee*

Regulations 16(a) and 16(b) in relation to the Audit Committee providing assistance to the local government remain unchanged. A new section 16(c) has been inserted and states as follows:

- 16      *Audit committee, functions of An audit committee –*  
          (c)      *is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –*
- (i)      *report to the council the results of that review; and*  
                  (ii)     *give a copy of the CEO's report to the council.*

#### *Regulation 17 – CEO to review certain systems and procedures*

A new regulation 17 has been inserted and states as follows:

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

The Department of Local Government and Communities has prepared a guideline. The Audit in Local Government, The appointment, function and responsibilities of Audit Committees Local Government Operational Guidelines – Number 09 Revised September 2013 provides more detail to assist local government authorities and audit committees as to what falls within the terms 'risk management', 'internal control' and 'legislative compliance'.

### June 2013 Amendments

These amendments relate to extending regulation 10, report by auditor, to include an additional clause which states as follows:

#### *10      Report by auditor*

- (3)      *The report is to include –*
- (e)      *the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions –*

- (i) *The asset consumption ratio; and*
- (ii) *The asset renewal funding ratio.*

The changes to the *Local Government (Financial Management) Regulations 1996* simplify and clarify a number of terms including clause 50 relating to the asset consumption ratio and the asset renewal funding ratio. The changes to the *Local Government (Audit) Regulations 1996* requires that the auditor form an opinion as to whether these ratios included in the annual financial report are supported by verifiable information and reasonable assumptions.

The Shire will need to undertake a review of its risk profile in order to identify areas where awareness of risk can be enhanced and a positive risk culture promoted and embedded throughout its operations, which the amendments to the *Local Government (Audit) Regulations 1996* require. The amendments will also increase the involvement for Elected Members with improved transparency, accountability and reporting on risk management, internal control, legislative compliance, asset consumption ratios and asset renewal funding ratios.

### **Proposed Framework**

The following sets out a step by step process that is proposed to follow in order to review (or develop) the Shire's internal controls:

1. Utilise the 2012 Better Practice Model – Financial Internal Control for South Australian Councils, developed by Deloitte as the base document for internal financial controls;
2. Identify problems and risks that have been raised by the external auditor, Audit Committee, Council staff etc. and which should be addressed by internal financial controls;
3. Consult with staff and Council Members regarding the objective of the review and provide an outline of the process - ensure that the senior management team is kept informed of progress;
4. Identify officers responsible for each business activity and arrange for them to participate in the review;
5. Undertake an internal financial controls review for each of the business activities to;
  - examine current procedures;
  - identify key risks threatening the achievement of Council's objectives;
  - identify existing internal financial controls;
  - assess current controls for effectiveness;
  - identify any new controls needed as well as existing controls requiring adjustment;
  - identify relevant officers for each internal control.

The review should not be seen as an audit of past transactions. Its objective is to identify, evaluate and document existing internal financial controls and recommend changes and/or new internal controls where necessary;

6. Consistent with the 2012 BPM, establish a database of internal controls in accordance with an agreed hierarchy;
7. Propose the following detail should be recorded for each internal financial control:

Number:	Identification number of internal control for each risk
Description of Control:	Description of the internal financial control
Current Situation:	Current situation in regard to each internal control
Target Date:	Target date allocated to the implementation of the control
Responsible Officer:	Responsible officer for each internal control
Checking Officer:	Checking officer and/or if the internal control is included in the 'Spot Check' process (refer below in the Review Process)

8. For each risk identified an assessment of its likelihood and consequence should be undertaken according to the classifications included in Attachment 3 (Note: These measures need to be tailored to meet the needs of an individual Council);
9. The final inherent risk is determined by using the two ratings above and applying these to the Risk Level Matrix in the Risk Management Framework to identify overall risk as L (low); M (moderate); H (high); or E (extreme).

The assessment process should not be considered to be an exact science however there is value in allocating time to considering the likelihood and consequence of each risk.

The strategy above may be implemented by Councils' own staff or by external consultants. However, regardless of who undertakes this work, it is important that the risks to Council are kept in mind and necessary internal controls, even if they are unpopular, are recommended. Resources required to implement new internal controls should be considered and an assessment of these costs against the ensuing benefits from the internal control should be made.

It is proposed that Council consider adopting the following:

1. Draft Risk Management Framework
2. Draft Risk Management Policy
3. Draft Financial Internal Control Model
4. Draft Audit and Risk Committee Terms of Reference

## **POLICY IMPLICATIONS**

There is a need to adopt a risk management policy as per Attachment 2. The adoption of the Risk Management Policy outlines the Shire's commitment and approach to managing risks that may impact on its day-to-day operations and threaten the achievement of its objectives

## **FINANCIAL IMPLICATIONS**

There are financial implications resulting from the recommendations of this report. Internal or external resources will be required for the internal audit function to be undertaken. It is estimated that somewhere between 1-2 days a month will be required to perform the internal audit function.

## **STRATEGIC IMPLICATIONS**

A Council's internal control environment includes the following components:

- Structure of the organisation
- Culture of the organisation
- Knowledge, skills and experience of employees
- Processes employed by the organisation to conduct business.

The Chief Executive Officer should play a key role in the establishment and development of an effective internal control environment, as it ultimately sets the operational tone of the Council, and should reflect the ethics, integrity and values espoused by the Council.

An effective and transparent internal control environment would focus on the following key areas:

- Integrity and ethical values
- Management's philosophy and operating style
- Organisation structure
- Performance measures
- Policies and procedures
- Human resources policy
- Internal Audit function
- The Audit Committee.

The role of the audit committee is to govern the integrity of the entity's financial information, systems of internal control, and the legal and ethical conduct of management and employees. The responsibility of the audit committee will differ depending upon the Council's size, scale of operations, and any specific requirements. The key role of internal audit is to provide assistance to the Council's audit committee in discharging its governance responsibilities. It does this by:

- Providing an objective assessment of existing risks and the internal control framework
- Performing reviews of the compliance framework and specific compliance issues
- Conducting regular analysis of business processes and associated controls.
- Performing ad hoc reviews for specific areas of concern, including unacceptable levels of risk

Reviewing the operational performance of the Council and providing recommendations for more effective and efficient use of resources

## **RECOMMENDATIONS**

That Council:

1. Adopt Draft Risk Management Framework (Attachment 1)
2. Adopt Draft Risk Management Policy (Attachment 2)
3. Adopt Draft Financial Internal Control Model (Attachment 3)
4. Adopt Draft Audit and Risk Committee Terms of Reference (Attachment 4)
5. Allocate Resources in the 2014/2015 Budget to undertake the internal audit function
6. Receive Key Aspects for Internal Audit from Audit in Local Government Guideline No 9 (Attachment 5)
7. Receive Internal Audit Framework 2014 (Attachment 6)

## **VOTING REQUIREMENT**

Simple Majority

## **COUNCIL DECISION**

**Moved Cr LR Petersen, Seconded Cr AE Taylor** that Council:

1. Adopt Draft Risk Management Framework (Attachment 1)
2. Adopt Draft Risk Management Policy (Attachment 2)
3. Adopt Draft Financial Internal Control Model (Attachment 3)
4. Adopt Draft Audit and Risk Committee Terms of Reference (Attachment 4)
5. Allocate Resources in the 2014/2015 Budget to undertake the internal audit function
6. Receive Key Aspects for Internal Audit from Audit in Local Government Guideline No 9 (Attachment 5)
7. Receive Internal Audit Framework 2014 (Attachment 6)

**CARRIED (5 VOTES TO 0)**



# Draft Risk Management Framework

# DRAFT RISK MANAGEMENT FRAMEWORK- ATTACHMENT 1

05/10/2014

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## 1. Introduction

The Shire is committed to ensuring that effective risk management remains central to all its operations while delivering a wide and diverse range of services to its residents and visitors. The management of risk is the responsibility of everyone and should be an integral part of organisational culture and be reflected in the various policies, protocols, systems and processes used to ensure efficient and effective service delivery. The Risk Management Framework will reflect good practice and sound corporate governance and be consistent with the risk management guidelines and principles of AS/NZS ISO 31000:2009 (the Standard).

Sound corporate governance requires integrated risk management processes and strategic planning, reporting and performance measurement. The key to successful integration is streamlining the approach to managing risk by ensuring that everyone uses common language and documents their risks using a consistent approach. To effectively embed risk management throughout the Shire, all employees need to be aware of their responsibilities in relation to managing, communicating and elevating risk.

## 2. Common Risk Definitions and Explanations

### Risk:

- The effect of uncertainty on objectives. (AS/NZS ISO 31000:2009)

Note – an effect is a deviation from the expected – positive and/or negative.

- Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood.

### Risk Management:

- Coordinated activities to direct and control an organisation with regard to risk. (AS/NZS ISO 31000:2009)

### Risk Framework:

- Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. (AS NZS ISO 31000:2009)

### Risk Assessment:

This is the part of the risk management process that includes the following three components:

- Risk Identification – process of finding, recognising and describing risks;
- Risk Analysis – Involves developing an understanding of the risk including their causes and sources and the likelihood and consequences should the risk occur; and
- Risk Evaluation – Assists in making decisions about risk priorities and treatments following the risk analysis.



### Risk Monitoring and Review:

- Involves continually reviewing the overall risk management process to ensure that controls are effective, new information is gathered, latest changes and trends are identified, successes and failures are recorded, lessons are learned, changes in internal and external context are detected and emerging risks are captured.

### **3. Benefits of Risk Management**

The management of risk is an ongoing process that provides many benefits which include:

- Greater likelihood of achieving objectives;
- Compliance with legislative requirements;
- Improve stakeholder trust and confidence;
- Encourages decisive leadership rather than management of crisis;
- Better information for decision making;
- Reduces unexpected and costly surprises;
- Better results from projects and activities;
- More effective and efficient allocation of resources;
- Balancing opportunity and risk;
- Enhanced accountability and corporate governance; and
- Assists in obtaining insurance cover.

### **4. Risk Appetite**

The Shire seeks to manage risk carefully. Risk appetite is the amount of risk to which an organisation is prepared to be exposed to before it judges action to be necessary. Risk appetite may be described using various terms such as high/medium/low or risk averse, risk prudent or risk tolerant. Resources available to control risks are limited and the amount of risk that the Shire is prepared to accept at any one time will have a limit.

The Shire's overall risk appetite is 'risk prudent'. The Shire should accept the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery and achieve its objectives provided that the risks are properly identified, evaluated and managed to ensure that exposures are acceptable.

### **5. Principles of Risk Management**

For risk management to be effective, the Standard explains that organisations can achieve effective risk management where their program:

a) creates and protects value

Risk management will contribute to the demonstrable achievement of the Shire's objectives and improve performance, efficiency in operations and promote good governance and reputation.

b) is an integral part of all organisational processes

Risk management is not a stand-alone activity that is separate from the main activities and processes. Risk Management is part of the responsibilities of management and an integral part of the Shire's main activities and processes including strategic and corporate planning, project and change management processes and the development of business unit plans.

# DRAFT RISK MANAGEMENT FRAMEWORK-

## ATTACHMENT 1

05/10/2014

c) forms part of decision making

Risk management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.

d) explicitly addresses uncertainty

Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

e) is systematic, structured and timely

A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

f) is based on the best available information

The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

g) is tailored to the organisation

Risk management is aligned with the Shire's internal and external context.

h) takes human and cultural factors into account

Risk management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder the achievement of objectives.

i) is transparent and inclusive

Appropriate and timely involvement of stakeholders, and in particular decision makers at all levels of the organisation ensures that risk management remain relevant and up-to-date. Involvement also allows stakeholders to be properly represented and have their views taken into account in determining risk criteria.

j) is dynamic, iterative and responsive to change

Risk management continually senses and responds to change. As internal and external events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change and others disappear.

k) facilitates continual improvement of the organisation

Organisations should develop and implement strategies to improve risk management maturity alongside all other aspects of the organisation. A positive risk culture is encouraged where risks are discussed regularly and either accepted as a necessary part of conducting business or actively managed to prevent or reduce the severity of disruptions or impacts to business objectives.

## 6. Risk Exposure in an Organisation

Outlined below are four distinct areas of risk, (outlined in diagram below) with the strategic and financial mainly being the realm of the strategic risk deliberations. The Operational and hazard based risks are predominantly managed operationally with delegated authority or as part of people's duty statements or job descriptions.



### Risk Register.

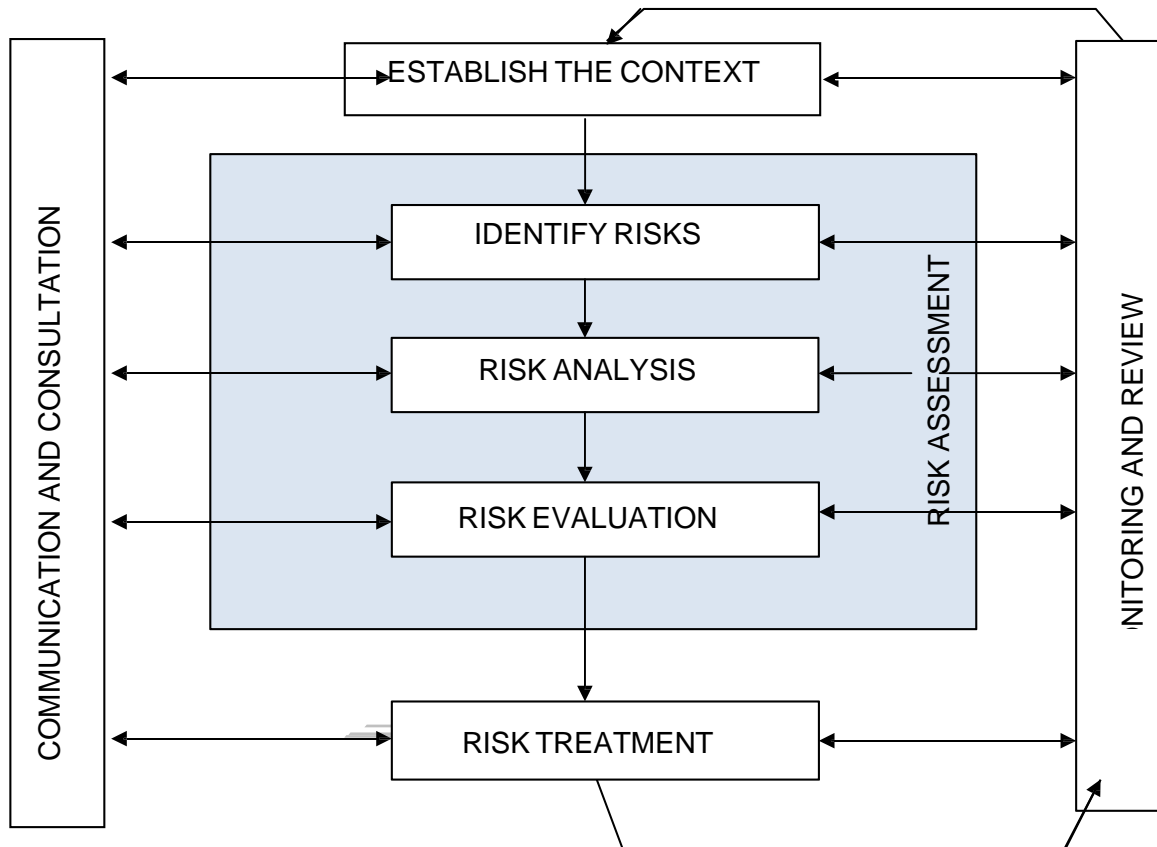
The risk factors identified and managed for the Shire of Leonora will be monitored in a risk register. This register will be reviewed monthly by the Senior Staff, after which the status of the register will to be reported to the CEO.

The following information will recorded in the Shire of Leonora risk register.

- Risk identification and description;
- Risk classification;
- Risk likelihood;
- Risk consequence;
- Risk treatment and date for completion;
- Risk owner (staff member assigned risk/action officer); and
- Outstanding actions.

## 7. Risk Management Process

Risk Management is about understanding risk tolerance, identifying and assessing what can go wrong in delivering business objectives, what opportunities for improvement or refinements exist and implementing risk treatments when necessary.



(AS/NZS ISO 31000:2009)

### Overview – Risk Management Process

The risk management process is a series of steps that enable risks to be identified, analysed and treated in the context of the environment in which the Shire operates. The main elements of the risk management process are as follows:

#### Communication and Consultation

Effective internal and external communication and consultation should take place throughout the risk management process to ensure that those accountable for implementing risk management and stakeholders understand the basis on which decisions are made.

**Establish the Context** This identifies the Shire's objectives and defines the internal and external environment in which it operates. Understanding the external context is important in order to ensure that the objectives and concerns of external stakeholders are considered. Understanding the internal context will enable risk management to be aligned with the Shire's culture, structure, strategies and processes.

# DRAFT RISK MANAGEMENT FRAMEWORK-

## ATTACHMENT 1

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<b>Risk Identification</b>	Sources of risk, areas of impact, their causes and potential consequences should be identified. This will generate a comprehensive list of risks based on events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives. Comprehensive identification is crucial as a risk not identified will not be included in any analysis.
<b>Risk Analysis</b>	This involves the consideration of the causes and sources of risk, their consequences and the likelihood that those consequences can occur. Existing controls and their effectiveness should be taken into account. Risk analysis provides an input to risk evaluation and decisions on the most appropriate risk treatment strategies.
<b>Risk Evaluation</b>	Risk evaluation assists in making decisions, based on the outcomes of the risk analysis, about risk treatment and priorities. Risk evaluation involves comparing the level of risk found during the analysis process with pre-established risk criteria. The risk criteria and the Shire's risk appetite will help influence the decisions on risk treatment.
<b>Risk Treatment</b>	Selecting the most appropriate risk treatment option involves balancing the cost and efforts of implementation against the benefits derived. A number of treatment options may be considered and can be applied individually or in combination. Risk treatment plans should be prepared which document how the chosen treatment options will be implemented.
<b>Monitor and Review</b>	The Risk Management process should be continually monitored and reviewed to ensure that controls are effective, new information is gathered, latest changes and trends are identified, successes and failures are recorded, lessons are learned, changes in internal and external context are detected and emerging risks are captured.

Risk assessment criteria has been established for analysing and evaluating risks. The criteria is based on the likelihood of the risk occurring and its consequences, a combination of which establishes the overall level of risk. The Risk Level Matrix and Assessment Criteria are included as **Appendix A**.

Qualitative risk criteria for each of the main areas of risk as described at 7.0 are included as Appendix B

The Risk Management Process will be incorporated into the Annual Business Planning Process of the Shire.

A Corporate Risk Register will be updated which will capture any risks assessed as High or Extreme. The Corporate Risk Register will be reported to the CEO monthly and Audit Committee quarterly. The Risk Register will monitored by Senior Staff.

# DRAFT RISK MANAGEMENT FRAMEWORK- ATTACHMENT 1

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## Risk Management Application

Activity	Detail / timeframe	Participants
Strategic risk assessment as part of the decision making process	In annual planning processes and phased implementation timelines	Council, Senior Staff and key stakeholders
Corporate risk analysis	In annual planning cycle and at key review points	Council, Senior Staff and key stakeholders
Operational risk analysis	Monthly report to CEO and quarterly to Audit Committee	All relevant Elected Members and Officers
Internal and external Emergency Management	As required	Senior Staff, relevant staff and LEMC
Review of current risk treatments and assessment of future organisational and project plans in relation to risk	Annually and as relevant	All relevant Elected Members and Officers
Incident / Issue reporting, investigation and review	When reported and ongoing	All relevant staff and stakeholders
Feedback processes	Ongoing	All relevant staff and key stakeholders

## **8. Risk Categories**

The areas of risk relevant to the Shire may be summarised into the following five risk categories.

1. Human Safety and Wellbeing
2. Financial and Legal Risk
3. Risk to the Environment
4. Risk to the Shire's Reputation and Governance Position
5. Risk to the Shire's Capacity to Deliver Services

Qualitative Measures of Consequences criteria has been developed in order to assist in the assessment of risk against these categories and is included as Appendix B.

## **9. Roles and Responsibilities**

The roles and responsibilities in relation to risk management are:

### **Audit Committee**

The Audit Committee are responsible for reviewing reports from the Chief Senior Staff Officer on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance. The Audit Committee will report to Council the results of that review including a copy of the Chief Senior Staff Officer's report.

### **Chief Executive Officer**

The Chief Senior Staff Officer is the overall sponsor of the risk management process and will set the tone and promote a positive risk management culture by providing firm and visible support for risk management. The Chief Senior Staff Officer will review the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance at least once every two calendar years and report the results of that review to the Audit Committee.

### **Senior Staff (SS)**

SS are responsible for the oversight of the Risk Management Framework, including the review of risk management procedures and policies on an annual basis. It is responsible for setting the tone and promoting a positive risk management culture within the Shire. SLT maintains oversight of the highest level risks and takes responsibility for ensuring mitigation strategies are being implemented.

## Internal Audit Function

The internal audit function will develop a risk-based internal audit programme (based on the information gathered in risk registers) and will provide assurance on the efficiency and effectiveness of risk management processes.

## Employees

All employees within the Shire should develop an understanding and awareness of their risks and how they can contribute to the risk management process. It is the responsibility of every employee within the Shire to manage risks for which they are accountable. All employees are responsible for escalating/communicating risks to their immediate supervisor. Employees are also required to act in a manner that does not place at risk the health and safety of themselves, other employees, residents and visitors to the Shire.

## **10. Key Outcomes**

Risk identification will be integrated into the business and project planning process with the Shire having an ongoing systematic process for identifying risks.

Existing systems and procedures to control risks are identified and assessed, critical controls are identified and estimates of likelihood and consequences are based on appropriate information.

Risks will be evaluated and prioritised using a consistent process with the need for treatment established and prioritised.

Risk treatment strategies will be developed describing how the treatment options will be implemented.

There is regular monitoring and review of the risk management process to ensure its relevance.



# DRAFT RISK MANAGEMENT FRAMEWORK- ATTACHMENT 1

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## APPENDIX A: RISK LEVEL MATRIX AND ASSESSMENT CRITERIA

Risk analysis is an assessment of risks based on a combination of the likelihood of the risk occurring and the severity of the consequences. Risk = Likelihood x Consequence (R = L x C).

### Risk Level Matrix

Likelihood (L)	Almost Certain 5	5	10	15	20	25
	Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Rare 1	1	2	3	4	5
		Insignificant 1	Minor 2	Major 3	Critical 4	Catastrophic 5
		Consequences (C)				

Overall Risk Score = (L x C)	
Score	Description
1 - 5	Low
6 - 12	Moderate
13 - 19	High
20 - 25	Extreme

### Risk Likelihood Matrix

Score	Likelihood	Probability / Frequency
5	Almost Certain	Expected to occur in most circumstances
4	Likely	Will probably occur in most circumstances
3	Possible	Should occur at some time
2	Unlikely	Could occur at some time
1	Rare	May occur, only in exceptional circumstances

### Risk Consequence Matrix

Score	Consequence	Impact
5	Catastrophic	Survival of City threatened, statutory obligations not met, long term damage to reputation, risk to life
4	Critical	Long term interruption to major systems, intervention or investigation by other authorities, significant financial impact, serious illness/injury
3	Major	Major systems inconvenienced, moderate financial impact, external assistance may be required
2	Minor	Non major systems interrupted, low financial impact, some customer inconvenience
1	Insignificant	Negligible impact on systems and service delivery

# DRAFT RISK MANAGEMENT FRAMEWORK- ATTACHMENT 1

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## APPENDIX B: QUALITATIVE MEASURES OF RISK CONSEQUENCES

Measures of Consequence					
Risk Category	Insignificant (1)	Minor (2)	Major (3)	Critical (4)	Catastrophic (5)
Human Safety and Well – Being	Injury or illness is minimal with no medical attention required	Injury or illness that may require first aid treatment	Medical attention or ongoing medical treatment  No hospitalisation or long term effects  Potential temporary disability	Multiple serious injuries or illnesses  Permanent disability  Hospitalisation and need for ongoing treatment	One or more deaths
Financial and Legal	No impact on Shire's ability to meet its statutory obligations  No legal implications  Financial impact can be absorbed within existing budget	Minimal legal action with possible minor penalties  Minor impact on Shire's ability to meet its statutory obligations (can be measured in days)  Low financial impact which may require some budget revision	Moderate legal action  Some delay to Shire's ability to meet its statutory obligations (can be measured in weeks)  Financial impact requiring budget revision within Sub Program or Program	Ongoing legal representation required  Major delay to Shire's ability to meet its statutory obligations (can be measured in months)  Major financial impact requiring Shire wide budget review	Intervention by other authorities with legal action initiated  Shire is unable to meet its statutory obligations in the long term (exceeding one year)  Substantial financial impact requiring major changes in Strategic Community Plan and Long Term Financial Plan
Environment	Incident contained and reversible with no immediate or short term harm to the environment (can be measured in days)	Incident contained with minor short term physical damage or non-toxic nuisance (can be measured in weeks)	Damage to the environment that requires external assistance (can be measured in months)  Some investigation and inspection may be required by external authorities	Contamination not contained and extends beyond localised site or point of origin with long term damage (can be measured in years)  Severe discomfort and illness to members of the public	Uncontained, irreversible damage with loss of Shire assets and infrastructure  Resulting in one or more deaths

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			Some discomfort caused to members of the public	Coordinated response required and Investigation instigated by external authorities	
Shire Reputation and Governance	<p>Single, unsubstantiated complaint with very low impact</p> <p>May have a negative impact on an employee or a team</p>	<p>Multiple complaints from a single source</p> <p>Substantiated low profile single complaint with tentative media interest</p> <p>May have negative impact on a Shire Service</p>	<p>Multiple complaints from multiple sources</p> <p>Attracting some local media attention with localised damage to reputation</p> <p>Report or briefing to Council is required</p> <p>A local law, regulation or policy is required to be developed or amended</p>	<p>Substantiated and significant damage to Shire's reputation requiring significant efforts to repair</p> <p>Negative local, regional and state media coverage requiring Shire's immediate response</p> <p>Threatens the position of Elected Members</p> <p>Disciplinary procedures initiated against senior employees</p>	<p>Permanent or long term damage to Shire's reputation</p> <p>Negative national media attention</p> <p>Intervention of other authorities e.g. state government</p> <p>Commissioners appointed</p> <p>Enquiry initiated</p>
Capacity to Deliver Services	<p>Negligible or no impact on critical service delivery</p> <p>Some temporary inconvenience to minor services and the community</p>	<p>Minor inconvenience to critical systems with short term inconvenience for the community (can be measured in days)</p>	<p>Significant impact on capacity to regularly deliver the service</p> <p>Unable to meet all statutory obligations on time (can be measured in weeks)</p> <p>Review of operational capacity required with possible need for additional staff and resources</p>	<p>Consequences are such that unable to deliver normal services and ongoing inability to meet statutory obligations. (can be measured in months)</p> <p>Ongoing need for additional staff and resources</p> <p>Requires assistance of external agencies</p>	<p>Inability to deliver range of services and failure to meet statutory obligations is ongoing into the foreseeable future (exceeding longer than one year)</p> <p>Ongoing need for additional staff and resources and dependence on external agencies</p> <p>Total loss of capacity due to loss of critical systems and infrastructure</p>

## **RISK MANAGEMENT POLICY**

**Objective:** To outline the Shire's commitment and approach to managing risks that may impact on its day-to-day operations and threaten the achievement of its objectives.

### **Application:**

The Risk Management Policy and any associated frameworks, guidelines and protocols will apply across all operations of the Shire. All employees within the Shire are encouraged to develop an understanding and awareness of risk and contribute to the risk management process.

### **Definitions:**

**“risk”** means the effect of uncertainty on objectives, as defined within *AS/NZS ISO 31000:2009*. An effect is a deviation from the expected; positive and/or negative. Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood.

**“risk management”** means the coordination of activities that direct and control an organisation with regard to risk, as defined within *AS/NZS ISO 31000:2009*.

**“risk management framework”** means a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation; as defined within *AS/NZS ISO 31000:2009*.

### **Statement:**

The Shire is committed to ensuring that effective risk management remains central to all its operations while delivering a wide and diverse range of services to its residents and visitors. The management of risk is the responsibility of everyone and should be an integral part of organisational culture and be reflected in the various policies, protocols, systems and processes used to ensure efficient and effective service delivery. The *Risk Management Framework* will reflect good practice and sound corporate governance and be consistent with *AS/NZS ISO 31000:2009 Risk management - Principles and guidelines*.

## **Details:**

### **Risk Management Outcomes:**

Effective implementation of the Risk Management Framework will ensure that:

- a. Risks that threaten the delivery of services will be identified, recognised and described;
- b. Risks will be analysed to establish an understanding of their sources and causes and their likelihood and impact should they eventuate;
- c. Risks will be evaluated to assist in making decisions about risk priorities and treatment plans;
- d. Risk management processes will be regularly reviewed to ensure that controls are effective, new information is gathered, latest changes and trends are identified, successes and failures are recorded, lessons are learned, changes in internal and external context are detected and emerging risks are captured; and
- e. Benefits are realised including;
  - Greater likelihood of achieving objectives;
  - Compliance with legislative and regulatory requirements;
  - Improved stakeholder trust and confidence;
  - Encouragement of decisive leadership rather than crisis management;
  - Better information for improved decision making;
  - Reduced unexpected and costly surprises;
  - Better results from projects and programs; and
  - More effective and efficient allocation of resources.

### **Responsibilities:**

- All Senior Staff have the responsibility and accountability for ensuring that all staff are managing the risks within their own work areas. In each of these areas, risks should be anticipated and reasonable protective measures taken and staff encouraged with openness and honesty in the reporting and escalation of risks.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe lawful directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- Council is committed morally and financially to the concept and resourcing of risk management.

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## **Monitor and Review:**

- The Organisation will implement a reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.
- Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the Shire's CEO and Council as appropriate

Signed: ..... Name .....  
Date                      /     /     2014                      Chief Executive Officer  
Review Date            /     /     2014

**This policy is to remain in force until otherwise determined by Council.**

## APPENDIX D: STRATEGIC RISK MANAGEMENT CHECKLIST

Item to be assessed	N	Y	N
..... .....			
1. Does the initiative / service/facility /strategy link to the Community Strategic Plan?			
2. Have you determined the goals and objectives?			
3. Have key stakeholders been identified?			
4. Do you have the appropriate resources available over the life of the initiative / service/facility /strategy?			
a. Financial			
b. Physical assets			
c. Human - skills / knowledge/			
d. Time			
e. Maintenance			
f. Replacement costs			
5. Are there any political issues?			
6. Do you have a management plan for the life of the initiative / service/facility /strategy?			
7. Does the initiative / service/facility /strategy have an 'owner'?			
8. Is there potential for changes that may impact on the initiative / service / facility /strategy?			
9. Do you have an approval / development and / or implementation timeline?			
10. Have you identified any operational risks that will require further assessment or treatments?			
11. Have you planned for monitoring progress?			
12. Have you determined review requirements once established?			
13. Have you a contingency plan for cost / time over runs?			
14. Are there other options you can consider?			

**A.2.13**

**RISK MANAGEMENT POLICY**

Policy Adopted 20<sup>th</sup> May 2014

**Objective**

To outline the Shire's commitment and approach to managing risks that may impact on its day-to-day operations and threaten the achievement of its objectives.

**Policy Statement**

The Shire is committed to ensuring that effective risk management remains central to all its operations while delivering a wide and diverse range of services to its residents and visitors. The management of risk is the responsibility of everyone and should be an integral part of organisational culture and be reflected in the various policies, protocols, systems and processes used to ensure efficient and effective service delivery. The *Risk Management Framework* will reflect good practice and sound corporate governance and be consistent with *AS/NZS ISO 31000:2009 Risk management - Principles and guidelines*.

**Application:**

The Risk Management Policy and any associated frameworks, guidelines and protocols will apply across all operations of the Shire. All employees within the Shire are encouraged to develop an understanding and awareness of risk and contribute to the risk management process.

**Definitions:**

**“risk”** means the effect of uncertainty on objectives, as defined within *AS/NZS ISO 31000:2009*. An effect is a deviation from the expected; positive and/or negative. Risk is often expressed in terms of a combination of the consequences of an event and the associated likelihood.

**“risk management”** means the coordination of activities that direct and control an organisation with regard to risk, as defined within *AS/NZS ISO 31000:2009*.

**“risk management framework”** means a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation; as defined within *AS/NZS ISO 31000:2009*.

**Risk Management Outcomes:**

Effective implementation of the Risk Management Framework will ensure that:

- a. Risks that threaten the delivery of services will be identified, recognised and described;
- b. Risks will be analysed to establish an understanding of their sources and causes and their likelihood and impact should they eventuate;



## Attachment 2

- c. Risks will be evaluated to assist in making decisions about risk priorities and treatment plans;
- d. Risk management processes will be regularly reviewed to ensure that controls are effective, new information is gathered, latest changes and trends are identified, successes and failures are recorded, lessons are learned, changes in internal and external context are detected and emerging risks are captured; and
- e. Benefits are realised including;
  - Greater likelihood of achieving objectives;
  - Compliance with legislative and regulatory requirements;
  - Improved stakeholder trust and confidence;
  - Encouragement of decisive leadership rather than crisis management;
  - Better information for improved decision making;
  - Reduced unexpected and costly surprises;
  - Better results from projects and programs; and
  - More effective and efficient allocation of resources.

### **Responsibilities:**

- All Senior Staff have the responsibility and accountability for ensuring that all staff are managing the risks within their own work areas. In each of these areas, risks should be anticipated and reasonable protective measures taken and staff encouraged with openness and honesty in the reporting and escalation of risks.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties. The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe lawful directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- Council is committed morally and financially to the concept and resourcing of risk management.

### **Monitor and Review:**

- The Organisation will implement a reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.
- Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the Shire's CEO and Council as appropriate

**This policy is to remain in force until otherwise determined by Council.**



## **Draft Financial Internal Control Model for Leonora**

**May 2014**

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## Overview of Internal Control

Internal control is one of the foundations of a robust corporate governance framework. The contemporary approach to internal control is based on a pro-active, risk aware culture that reviews and identifies the key business risks that organisation's face in today's environment. By implementing a framework based on these foundations, an organisation is able to demonstrate both a practical commitment to governance processes and transparency in its delivery.

Internal financial control is a risk Senior Staff framework that manages the risk to the organisation from error or fraud and therefore assists in the achievement of a Council's objectives. A system of internal financial controls will not remove all risk but is a means of managing risk and reducing the likelihood and consequence of adverse events.

Internal financial control will be instrumental in:

- safeguarding Council assets;
- ensuring reliability of both financial and non-financial reporting;
- complying with legislation and Council policies; and
- promoting the effectiveness and operational efficiency of Council.

A sound system of internal financial control is essential for a Council to ensure that its resources are allocated in the most appropriate manner to ensure that operational and financial objectives are being met and to comply with the accountability provisions of the Act. The benefits of a coordinated, systematic approach to risk Senior Staff include:

- Council Members, the Audit Committee and senior Senior Staff having a clear view on key risks facing the Council;
- agreement across Council Members, the Audit Committee and senior Senior Staff on the priorities to manage the key risks;
- controls operating effectively to reduce risks to an acceptable level;
- cost-savings through an efficient controls environment; and
- Council being confident that its administration is operating effectively.

It is important that an internal control system addresses:

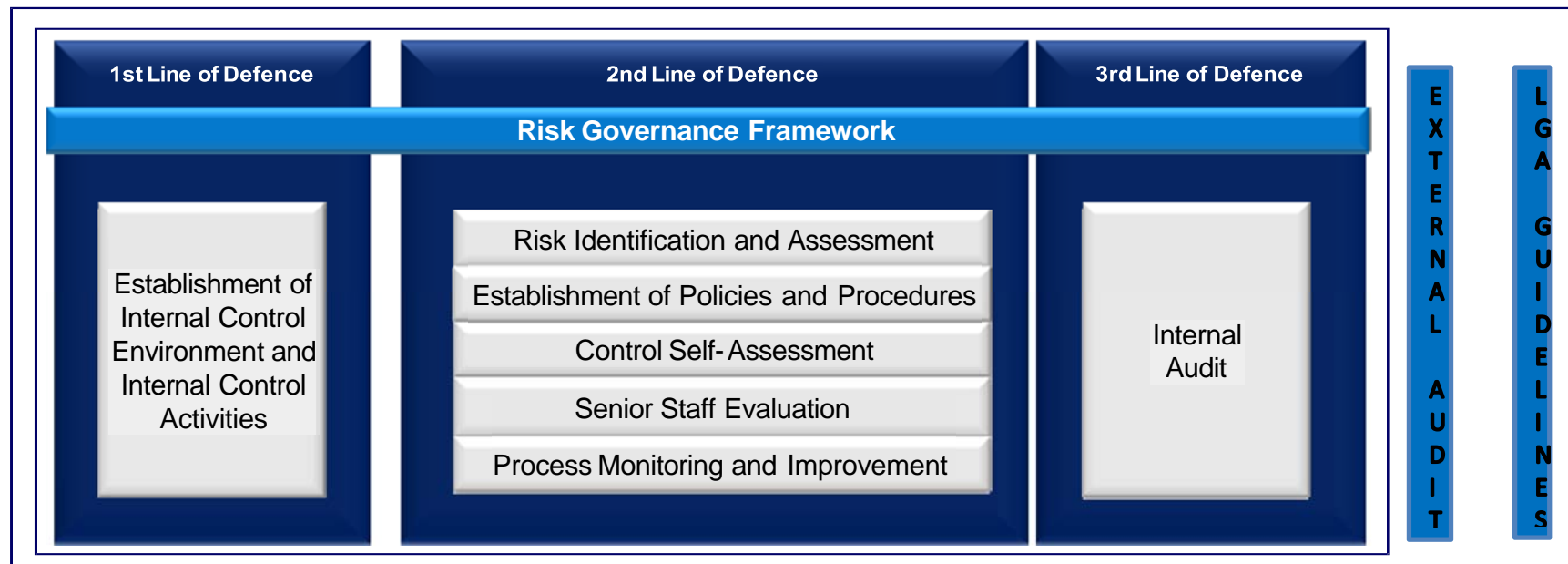
- adequate separation of duties in the financial operations;
- independent checks of changes to key master data files;
- regular key reconciliations (e.g. reconciliation of bank account balance to amount showing in general ledger) which are independently reviewed; and
- documentation and distribution of policies and procedures for all major activities.

## Three Lines of Defence

Senior Staff is primarily responsible for managing organisational risks on a day to day basis and thereby forms the first line of defence for the Council. Senior Staff achieves this by establishing an appropriate internal control environment including the relevant financial internal controls addressing the underlying financial accounting assertions.

The second line of defence is composed of the corporate functions that establish the policies and procedures which govern organisational activities and processes. This is established through monitoring activities such as control self-assessment on an aggregated level which establishes the boundaries and expected standards by which the business operates.

Finally, the third line of defence consists of internal audit which is charged with the responsibility to perform an objective assessment on the performance of control activities and business processes.



## Internal Control Environment

Leonora's internal control environment includes the following components:

- Structure of the organisation
- Culture of the organisation
- Knowledge, skills and experience of employees
- Processes employed by the organisation to conduct business.

The Chief Executive Officer should play a key role in the establishment and development of an effective internal control environment, as it ultimately sets the operational tone of the Council, and should reflect the ethics, integrity and values espoused by the Council.

An effective and transparent internal control environment would focus on the following key areas:

- Integrity and ethical values
- Senior Staff's philosophy and operating style
- Organisation structure
- Performance framework
- Policies and procedures
- Human resources policy
- Internal Audit function
- The Audit Committee.

The role of the audit committee is to govern the integrity of the entity's financial information, systems of internal control, and the legal and ethical conduct of Senior Staff and employees. The responsibility of the audit committee will differ depending upon the Council's size, scale of operations, and any specific requirements. The key role of internal audit is to provide assistance to the Council's audit committee in discharging its governance responsibilities. It does this by:

- Providing an objective assessment of existing risks and the internal control framework
- Performing reviews of the compliance framework and specific compliance issues
- Conducting regular analysis of business processes and associated controls.
- Performing ad hoc reviews for specific areas of concern, including unacceptable levels of risk
- Reviewing the operational performance of the Council and providing recommendations for more effective and efficient use of resources.

## Financial Internal Control

Financial internal control, as a part of a Council's broader internal control processes, is designed to assist the Council in addressing risk of fraud and error, improving reliability of financial reporting and compliance with laws, regulations and policies. It focuses on Council's financial processes and functions that deal with, but are not limited to, budgeting, financial reporting, transaction processing, financial delegations, treasury Senior Staff and infrastructure Senior Staff.

Financial internal control will be instrumental in:

- Safeguarding Council assets
- Ensuring reliability of both financial and non-financial reporting
- Complying with legislation and Council policies
- Promoting the effectiveness and operational efficiency of Council.

Financial internal control will not remove all risk but is a means of managing risk and reducing the likelihood and consequence of adverse events. A sound system of financial internal control is essential for a Council to ensure that its resources are allocated in the most appropriate manner, operational and financial objectives are being met and facilitate compliance with the accountability provisions of the Local Government Act.

This Manual sets out a framework and guidelines within which Leonora can establish "better practice" financial internal control Senior Staff. It presents internal controls as one essential component of the corporate governance framework with the purpose of providing Leonora with a guide to applying risk Senior Staff techniques to:

- Identify the financial risks faced by Leonora
- Assess each of the identified financial risks
- Assess Council's existing financial internal controls
- Develop and implement effective financial internal controls to address the identified risks
- Perform regular review of the effectiveness of Council's financial internal controls.

Whilst this Manual provides a framework for financial internal control, the Manual's approach and framework can be applied to internal non-financial controls. An effective internal control environment will provide the means by which a Council can successfully address and mitigate all risks, not only those of a financial basis. This Manual, however, focuses on risks that are specifically of a financial nature.

## Financial Accounting Assertions

The underlying financial accounting assertions and resultant objectives of an effective internal control environment are as follows:

Assertion	Definition
<b>Account Balances</b>	
<ul style="list-style-type: none"> <li>Existence/Validity</li> <li>Rights &amp; Obligations</li> <li>Valuation</li> </ul>	<ul style="list-style-type: none"> <li>Assets and liabilities of the entity exist at a given date.</li> <li>Assets are rights of the entity and liabilities are the obligations of the entity at a specified date.</li> <li>Assets or liabilities are recorded at the appropriate carrying values.</li> </ul>
<b>Transactions</b>	
<ul style="list-style-type: none"> <li>Occurrence</li> <li>Authorisation</li> <li>Segregation of Duties</li> </ul>	<ul style="list-style-type: none"> <li>Recorded transactions or other events occurred during the relevant period.</li> <li>Control is established at source and only properly authorised transactions are processed.</li> <li>Responsibility for executing a transaction, recording the transaction and maintaining custody of the assets and/or liabilities resulting from a transaction should be assigned to different individuals or departments</li> <li>System controls associated with ensuring appropriate segregation of duties may be enforced in a variety of ways, e.g.                             <ul style="list-style-type: none"> <li>manually, largely based on assignment of job responsibilities or</li> <li>By the use of automated controls, typically based around access restrictions, exception reporting etc.</li> </ul> </li> </ul>
<b>Balances and Transactions</b>	
<ul style="list-style-type: none"> <li>Completeness</li> </ul>	<ul style="list-style-type: none"> <li>There are no unrecorded assets, liabilities, transactions or other events or undisclosed items.</li> </ul>
<ul style="list-style-type: none"> <li>Measurement/Recording</li> </ul>	<ul style="list-style-type: none"> <li>A transaction or event is recorded at the proper amount and revenue or expense is allocated to the proper period (facilitated by the use of IT data integrity).</li> </ul>
<ul style="list-style-type: none"> <li>Disclosures</li> </ul>	<ul style="list-style-type: none"> <li>Particular components of the financial report are properly disclosed, classified and disclosed.</li> </ul>



## Limitations of Internal Control and Application to Smaller Councils like Leonora

The Council internal control structure comprises three elements: the financial accounting system; control procedures; and the control environment. All these elements are applicable to Councils of all sizes. However, the degree of formality and the specifics of how the components are implemented may vary considerably for practical and sound reasons and highlights the inherent weaknesses and limitations of internal control.

It is acknowledged that smaller Councils like Leonora face specific internal control challenges (e.g. segregation of duties) largely as the result of resource constraints – both financial and personnel. Staffing levels in local government's like Leonora mean that the effectiveness of the internal control environment is weakened by the lack of segregation of duties. The culture at Leonora that emphasizes integrity, ethical values and competence help mitigate the problems that arise from these challenges.

For Councils with low staffing levels, it is suggested that Senior Staff focuses on the implementation of automated financial internal controls (i.e. system security). These automated financial internal controls can overcome the weaknesses normally associated with lack of segregation of duties, thereby enhancing the effectiveness of the internal control environment. In addition to the implementation of automated controls, regular independent review of reconciliations, master file changes, payroll reports and other financial processes by appropriate staff may also overcome the inherent weaknesses from the lack of segregation of duties.

It is also recognised that implementation of financial internal control may represent a significant cost to Council. With this in mind, it is important that the senior Senior Staff takes a risk Senior Staff approach to identifying and assessing risks, and a cost/benefit analysis to the implementation of those financial internal controls that can address those risks.

It is recommended that smaller Councils consider external services for internal audit or other overview functions in order to provide assurance that controls are operating effectively. Alternatively, existing staff within a Council could certify controls in other areas of the organisation.

## Risk and control assessment process

This Manual focuses on the risks specifically of a financial nature, with control assessment worksheets provided to further assist in the application of the risk Senior Staff methodology. The proposed key financial risks identified have been grouped under relevant risk category and business processes. These risks are a guide only, with the identification of the actual risks relevant for each Council being a fundamental component of the risk Senior Staff practices of each Council.

An example control assessment worksheet has been included below with further detail provided on the key aspects of the worksheets. The example provided is External Services - Contracting with the risk also being provided which is accompanied by a detailed description. For each risk, a list of possible controls is provided and the control type – either ‘core’ or ‘additional’.

The ‘core’ controls are those which have been assessed as critical controls and those that external auditors may place the greatest significance on when conducting audit procedures. The ‘additional’ controls are the controls that may be of lesser significance for audit procedures. **Refer to Appendix A – Definition of Key Terms.**

It should be emphasized that the ‘core’ controls are not intended to depict a ‘minimum list of controls required’, but rather a suitable starting point. Ultimately Councils should aim to implement all relevant control activities which are required to mitigate the identified financial risks relevant to their organisation and to achieve a robust internal control framework. In addition, auditors could still place reliance on controls to mitigate risks not listed so long as Council can demonstrate both the design and operational effectiveness of those controls.

For the purposes of the Control Self-Assessment (CSA) system, a ‘CSA importance weighting’ has also been provided. The weighting is based on the importance of the control activity to reduce the relevant risk. The ‘importance scale’ ranges from 1 – 5 with ‘1’ being the least important controls and ‘5’ being the more important controls.

As part of the completion of the control assessment worksheets, Councils are able to indicate if the control has been implemented. Where a control has not been implemented, an action plan should be recorded to implement the control or a rationale provided to justify its omission. In addition, each control needs to be assigned to an assessing officer and a reviewing officer. Typically the assessing officer is the person performing the task or function (e.g. Creditor's Officer) and the reviewing officer is the person reviewing completion of the task or function (e.g. Deputy CEO).

It is envisaged that Councils may use this Process to document their responsible officers and complete risk control assessments and maintain as supporting documentation.

Given all Councils have limited resources, it is important to focus on the key risks. The risk Senior Staff methodology outlined below has been adapted from the Australia / New Zealand Standard on Risk Senior Staff (AS/NZS ISO 31000:2009) ("the Standard") to provide a structured approach for Councils. This methodology will assist in the Councils risk Senior Staff processes with particular emphasis on the following:

- Identifying the key risks facing the organisation
- Assessing whether the associated internal controls are effective
- Identifying where further controls may be required.

## **Step 1: Identify risks**

The first step is to identify the key risks facing the Council. The aim of the risk identification process is to consider all financial events which might affect the achievement of the Council's objectives and operations. Comprehensive identification of risks is important because a potential risk not identified at this stage may not be included in further analysis.

## **Step 2: Analyse risks**

Once all risks have been identified they are analysed in terms of how likely the risk event is to occur (**likelihood**) and the possible magnitude (**consequence**) of the risk event. From this analysis the level of inherent risk can be determined. The inherent risk represents the level of risk associated with the particular issue without considering any controls that might already be in place. The residual risk represents the level of risk remaining after controls have been successfully implemented and assessed for their effectiveness.

The suggested parameters for quantification of likelihood and consequence as provided in the Standard are included in the risk matrix provided in the Risk Senior Staff Framework. Councils may wish to consider tailoring the parameters provided for their individual circumstances, or use their existing likelihood and consequence parameters.

## **Step 3: Evaluate control activities**

The next step is to identify the control activities in place and evaluate the effectiveness of these controls on a scale from 1 – 5. A suggested control effectiveness rating scale has been provided. An effectiveness rating should be provided by both the responsible officer and the checking officer.

Where a control activity has been given an effectiveness rating of 3 or below by the responsible officer, some level of explanation should be provided for the deficiency in the control activity. In addition, where a control activity has been given an effectiveness rating of 3 or below by the checking officer, an action plan should be recorded. Further to this, where a control has not been implemented, an action plan should be recorded to implement the control, or a strong rationale provided to justify its omission.

Once the control activities have been evaluated, an accurate assessment of the actual residual risk level can be determined.

## **Definitions of control effectiveness ratings**

### **1 – Ineffective**

During the period, the control has not been implemented as described. Urgent Senior Staff action is required to implement the described control processes.

### **2 - Requires significant improvement**

During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant Senior Staff action required to implement processes to improve the effectiveness of the control.

### **3 - Partially effective**

During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.

### **4 - Majority effective**

During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.

### **5 - Effective**

During the period, the control as described has been fully implemented and has in all cases has been consistently and/or effectively applied.

## **Step 4: Treat risks and control activities**

The final step is to treat the risks and control activities with the implementation of any action plans to correct control deficiencies. It is also appropriate to identify the further controls that should be implemented to ensure that the risks are being managed at an acceptable level. Consistent with the accountability principles of a robust corporate governance environment, each additional control to be implemented should be assigned to a nominated responsible officer.

## Proposed List of risk categories & associated business processes

A number of risk categories and business processes based largely on standard Statement of Financial Position and Statement of Financial Performance account classifications and/or key business functions are proposed.

It is envisaged that Council staff will be able to apply the financial internal controls listed within each section through risk Senior Staff practices in order to develop an effective system of financial internal controls that specifically addresses their own particular requirements.

Risk Category	Business Process
<b>Strategic Financial Planning</b>	<ul style="list-style-type: none"> <li>• Budgets</li> <li>• General Ledger</li> <li>• Statutory Reporting</li> <li>• Senior Staff Reporting</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>• Cash Floats &amp; Petty Cash</li> <li>• Banking</li> <li>• Investments</li> <li>• Debtors</li> <li>• Inventory</li> <li>• Fixed Assets</li> </ul>

<b>Liabilities</b>	<ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accrued Expenses</li> <li>• Borrowings</li> <li>• Employee Provisions</li> </ul>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>• Rates/Rate Rebates</li> <li>• Grants</li> <li>• Investment / Interest Income</li> <li>• Receipting</li> </ul>
<b>Expenses</b>	<ul style="list-style-type: none"> <li>• Purchasing &amp; Procurement</li> <li>• Payroll</li> <li>• Credit Cards</li> </ul>
<b>External Services</b>	<ul style="list-style-type: none"> <li>• Contracting</li> </ul>

## External Services (Sample) Contracting (Sample)

### Introduction

For the purposes of this Manual the Contracting Business Activity considers the risks and controls in relation to contracting and tendering.

When “in-house bids” are made for tenders or contracts, it is important to ensure that the application and inclusion of overhead costs is accurate. Misstated applied overhead costs can result in an inaccurate tender price being submitted that may expose the internal department to providing a service to Council that is unrealistic and not cost-effective.

### Key Issues/Risks

In relation to Contracting, the major risks faced by Councils may be summarised as follows:

- Council is not able to demonstrate that all probity issues have been addressed in the Contracting process
- Council does not obtain value for money in relation to its contracting.

These risks are addressed in the following Control Assessment & Design Worksheets.

### Segregation of Duties

Within the contracting and tendering process, the following activities should be segregated or be performed by more than one person:

- Pre-selecting contract and tender applicants for consideration by Selection Panel
- Final selection of successful contractors and tenderers
- Contract and tender Senior Staff (including Senior Staff reporting and disbursements to service provider).

# INTERNAL CONTROL MODEL LEONORA

05/01/2014

<b>Sample Control Assessment Worksheet</b> <b>Risk Category – External Services</b> <b>Business Process – Contracting</b>					
<b>Risk No. 1 – Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.</b> <b>Description:</b> Council does not only need to comply with probity issues throughout the Contract process but also needs to be able to demonstrate compliance. If probity cannot be demonstrated by Council, this will increase the likelihood of negative publicity and public dissatisfaction.					
Possible Controls	Control Type	Current Situation	Importance Weighting	Assessing Officer – Title & Rating	Reviewing Officer – Title & Rating
1	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement policies.	Core		5	
2	Suitably qualified/independent personnel to sit on Selection Panel to ensure that informed and objective decision is made when selecting suppliers / contractors.	Core		4	
3	Designated person (i.e. Internal or Probity Auditor) to review Contract process to ensure compliance with Council policy.	Additional		4	

Prepared by:	Inherent Risk Assessment		Residual Risk Assessment		
	Likelihood		Likelihood		
	Consequence		Consequence		
	Rating		Rating		
	Accept		Accept		
Date:					



## Sample Action Plan

Deputy CEO

No.	INTERNAL CONTROL	ISSUES IDENTIFIED / COMMENTS	ACTION REQUIRED
<b>By December 2014</b>			
1	Creditors Officer to review aged payables listing quarterly and investigate where appropriate.		Planned for implementation next quarter.
2	Manually raised orders are periodically sampled to ensure completeness.	Training of staff to input clear descriptions of goods and services.	Current practice although the description of goods/services being purchased should be more detailed.
3	Annual Budgets are approved by the Council, and in accordance with the Local Government Act.	This will require a more comprehensive Budget Schedule, which sets deadlines for the development of the Budget, etc and is <b>strongly</b> supported by senior staff and Council.	CEO presents the annual budget to Council for adoption. The 2014/15 Budget was approved at the beginning of August.
<b>By June 2015</b>			
37	Activity recorded in fixed asset register is reviewed by Senior Staff, including comparison to the capital budget.		Not current practice, but is planned for introduction.
56	<u>Monthly Report</u> Senior Staff clearly informed of their duties and responsibilities in relation to reporting.	Senior Staff to have either electronic access to a monthly report or receive a hard copy.	Senior Staff reporting is to be upgraded. Managers should receive a monthly report to review their financial situation.

## Appendix A – Definition of Key Terms

**Authorised Officer** – An authorised officer is defined as a person that has been assigned responsibility for completing specified tasks and activities which includes, but is not limited to, the approval of loans and liabilities and approval of expenditure.

**Core** – Considered to be the most important controls for Councils of all sizes and locations. Council's must consider implementing these controls and if not adopted, the reasons for this must be documented and reassessed on a regular basis.

**Additional** – The applicability of these controls is dependent on risk profile, size and functions of Council. For controls that are clearly not applicable (e.g. relate to a function not carried out by Council), there is no need to document this fact. If the control could be applicable to Council but is not adopted, the reasons for not adopting should be documented and reassessed on a regular basis.

**Where:**

**Must** – this specifies an unconditional requirement.

**Should** – this specifies that conformance is expected unless, when applying professional judgment, circumstances justify deviation.

## **AUDIT AND RISK COMMITTEE**

### **TERMS OF REFERENCE**

#### **SHIRE OF LEONORA**

##### **1.0 INTRODUCTION**

An amendment to the Local Government Act 1995 (the Act) in 2005 introduced a requirement that all local governments establish an audit committee. Members of the committee are to be appointed by an absolute majority decision of the Council.

Such committees are to provide an independent oversight of the financial systems of the Shire of Leonora on behalf of the Council.

As such, the committee will operate to assist Council to fulfil its corporate governance, stewardship, leadership and control responsibilities in relation to the local government's financial reporting and audit responsibilities.

##### **2.0 OBJECTIVES AND FUNCTIONS OF THE AUDIT COMMITTEE**

###### Objectives

- 2.1 The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.
- 2.2 Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.
- 2.3 The committee is to facilitate –
  - the enhancement of the credibility and objectivity of \*internal and external financial reporting;
  - \*effective management of financial and other risks and the protection of Council assets;
  - compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
  - \*the coordination of the internal audit function with the external audit; and
  - the provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council

###### Functions

As part of its function, the Audit committee: -

- 2.4 is to provide guidance and assistance to the Council: -
- as to the carrying out of its functions in relation to audits;
  - as to the development of a process to be used to select and appoint a person to be the auditor; and
- 2.5 may provide guidance and assistance to the Council as to: -
- matters to be audited;
  - the scope of the audit;
  - its functions under Part 6 of the Local Government Act, 1995 that relate to financial management; and
  - the carrying out of its functions relating to other audits and other matters related to financial management

### **3.0 POWERS OF THE AUDIT COMMITTEE**

- 3.1 The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.
- 3.2 The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures
- .

#### **4.0 MEMBERSHIP**

- 4.1 The committee shall consist of all elected members. All members shall have full voting rights.
- 4.2 The quorum of the committee shall be determined in accordance with the requirements of the Local Government Act, 1995
- 4.3 The CEO and employees shall not be members of the committee and the CEO or his/her nominee shall attend all meetings to provide advice and guidance to the committee.
- 4.4 The Shire shall provide secretarial and administrative support to the committee.

#### **5.0 MEETINGS**

- 5.1 The committee shall meet at least quarterly as determined by the committee. A schedule of meetings will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Council reporting deadlines.
- 5.2 Additional meetings shall be convened in accordance with the requirements of the Shire of Leonora's Standing Orders Local Law 2005.
- 5.3 A decision of the committee is to be made by simple majority.

## **6.0 REPORTING**

- 6.1 All decisions made at a meeting of the committee are to be considered at the next ordinary council meeting or, if that is not practicable: -
- a. at the first ordinary council meeting after that meeting; or
  - b. at a special meeting called for that purpose.
- 6.2 The committee shall report annually to the Council summarising its activities during the previous financial year.

## **7.0 DUTIES AND RESPONSIBILITIES**

- 7.1 Duties and responsibilities of the Audit Committee will include:
- a. To Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
  - b. Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor;
  - c. Develop and recommend to Council –
    - a list of those matters to be audited; and
    - the scope of the audit to be undertaken;
  - d. Recommend to Council the person or persons to be appointed as auditor;
  - e. Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include –
    - the objectives of the audit;
    - the scope of the audit;
    - a plan of the audit;
    - details of the remuneration and expenses to be paid to the auditor; and
    - the method to be used by the local government to communicate with, and supply information to, the auditor;
  - f. Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions
  - g. Liaise with the CEO to ensure that the local government does everything in its power to –
    - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
    - ensure that audits are conducted successfully and expeditiously;
  - h. Examine the reports of the auditor after receiving a report from the CEO on the matters and –
    - determine if any matters raised require action to be taken by the local government; and
    - ensure that appropriate action is taken in respect of those matters;
  - i. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
  - j. Review the scope of the audit plan and program and its effectiveness;
  - k. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO

- l. Review the level of resources allocated to internal audit and the scope of its authority;
- m. Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;
- n. Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;
- o. Review the local government's draft annual financial report, focusing on –
  - accounting policies and practices;
  - changes to accounting policies and practices;
  - the process used in making significant accounting estimates;
  - significant adjustments to the financial report (if any) arising from the audit process;
  - compliance with accounting standards and other reporting requirements; and
  - significant variances from prior years;
- p. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- q. Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
- r. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council.
- s. Review the annual Compliance Audit Return and report to the council the results of that review, and
- t. Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews

The Audit Committee may seek information or obtain advice on matters of concern using the normal processes of the Shire.

## 8.0 INTERNAL AUDIT

- 8.1 Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.
- 8.2 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes
- 8.3 The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved. The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.
- 8.4 There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.
- 8.5 An internal auditor's activities should typically include the following:
  - a. review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
  - b. a risk assessment with the intention of minimising exposure to all forms of risk on the local government;
  - c. examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
  - d. a review of the efficiency and effectiveness of operations and services including non- financial controls of a local government;
  - e. a review of compliance with management policies and directives and any other internal requirements;
  - f. review of the annual Compliance Audit Return, and
  - g. assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.
  - h. specific tasks requested by management
- 8.6 For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference
- 8.7 A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.
- 8.8 While it is recognised that smaller councils may not be able to justify a full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is



of the view that the employment of an independent internal auditor either full- time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor

- 8.9 The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence.
- 8.10 Local governments that do not establish an internal audit process but require a review of the financial management systems and procedures, may decide to use the services of the external auditor for that purpose. Such reviews are to be undertaken every four years in accordance with regulation 5(2) (c) of the Local Government (Financial Management) Regulations 1996.
- 8.11 The review of financial management systems and procedures provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement

## Key Aspects for Internal Audit from Audit in Local Government Guideline No 9

### 3. Operation of Audit Committees

#### Role and Responsibilities

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

9 The audit committee should critically examine the audit and management reports provided by the external auditor. The committee would then determine if matters raised in the reports require action to be taken by the local government and ensure that appropriate action is implemented.

**11 While a formal internal audit function could be considered to be an operational function and therefore the responsibility of the CEO, it is desirable for an internal auditor to have a direct line of communication to the Audit Committee.**

**The Audit Committee needs to form an opinion of the local government's internal audit requirements and recommend a course of action that ensures that any internal audit processes adopted are appropriate, accountable and transparent. The role of the external auditor in this regard can be established at the time of appointment.**

**Please note** that an audit committee (or any other committee) cannot be given a management task where the Act and Regulations make the CEO specifically responsible. Where the local government is assigned the function through the legislation, the audit committee may have a role unless the function has been delegated to the CEO by the Council.

#### Internal Audit

56 Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.

**57 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.**

**58 The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved. The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.**

59 There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.

60 An internal auditor's activities should typically include the following:

- (a) review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
- (b) a risk assessment with the intention of minimising exposure to all forms of risk on the local government;
- (c) examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
- (d) a review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;

## Attachment 5

- (e) a review of compliance with management policies and directives and any other internal requirements;
- (f) review of the annual Compliance Audit Return, and
- (g) assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.
- (h) specific tasks requested by management.

**61 For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference.**

62 A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.

63 While it is recognised that smaller councils may not be able to justify a full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is of the view that the employment of an independent internal auditor either full-time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor.

**64 The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence**

## **Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance**

### **Risk Management**

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

- Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered.
- Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.
- Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:
  - potential non-compliance with legislation, regulations and standards and local government's policies
  - important accounting judgements or estimates that prove to be wrong
  - litigation and claims
  - misconduct, fraud and theft
  - significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government.
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.

## Attachment 5

- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.
- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors.
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk.
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.
- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment.
- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

### Internal Control

82 Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

84 Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

85 Aspects of an effective control framework will include:

- delegation of authority.
- documented policies and procedures.
- trained and qualified employees.
- system controls.
- effective policy and process review.
- regular internal audits.
- documentation of risk identification and assessment.
- regular liaison with auditor and legal advisors.

86 The following are examples of controls that are typically reviewed:

- separation of roles and functions, processing and authorisation;
- control of approval of documents, letters and financial records;
- comparison of internal data with other or external sources of information;
- limit of direct physical access to assets and records;
- control of computer applications and information system standards;
- limit access to make changes in data files and systems;
- regular maintenance and review of financial control accounts and trial balances;
- comparison and analysis of financial results with budgeted amounts;
- the arithmetical accuracy and content of records;
- report, review and approval of financial payments and reconciliations;
- comparison of the result of physical cash and inventory counts with accounting records.

## **INTERNAL AUDIT FRAMEWORK 2014**

There is a need and requirement to establish an Audit and Risk Committee. The Committee's function is to oversee with assurance that the financial and statutory functions of the Shire are being undertaken in accordance with the provisions of the *Local Government Act 1995*, associated regulations, Australian Accounting Standards, *Income Tax Assessment Act 1997* and that key controls are operating effectively.

The *Local Government (Audit) Regulations 1996* prescribe the requirements for local government authorities in relation to the engagement of auditors, the annual compliance audit return and the functions of the audit committee.

The Department of Local Government released the following circulars:

- Circular No. 05-2013 in February 2013 advising local government authorities of amendments to the *Local Government (Audit) Regulations 1996*. The amendments were gazetted on 8 February 2013 and came into effect on 9 February 2013.
- Circular No. 14-2013 in June 2013 advising local government authorities of amendments to the *Local Government (Financial Management) Regulations 1996* and a further amendment to the *Local Government (Audit) Regulations 1996*. The amendments were gazetted on 21 June 2013 and came into effect on 22 June 2013.

The February 2013 amendments extend the responsibilities of audit committees and chief executive officers of local government authorities in relation to the reviewing and reporting of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.

The June 2013 amendments follow the introduction in 2012 of more meaningful financial ratios which took effect for the financial statements for the year ending 30 June 2013.

## **DETAILS**

### **February 2013 Amendments**

These amendments relate to extending regulation 16, functions of an audit committee, and inserting a new regulation 17, review of certain systems and procedures by a CEO. The amendments are detailed as follows:

#### ***Regulation 16 – Functions of Audit Committee***

Regulations 16(a) and 16(b) in relation to the Audit Committee providing assistance to the local government remain unchanged. A new section 16(c) has been inserted and states as follows:

- 16     *Audit committee, functions of An audit committee –*
- (c)     *is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –*
- (i)     *report to the council the results of that review; and*

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- (ii) *give a copy of the CEO's report to the council.*

### *Regulation 17 – CEO to review certain systems and procedures*

A new regulation 17 has been inserted and states as follows:

#### *17 CEO to review certain systems and procedures*

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

The Department of Local Government and Communities is prepared a guideline. The Audit in Local Government, The appointment, function and responsibilities of Audit Committees Local Government Operational Guidelines – Number 09 Revised September 2013 provides more detail to assist local government authorities and audit committees as to what falls within the terms 'risk management', 'internal control' and 'legislative compliance'.

### June 2013 Amendments

These amendments relate to extending regulation 10, report by auditor, to include an additional clause which states as follows:

#### *10 Report by auditor*

- (3) *The report is to include –*
  - (e) *the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions –*
    - (i) *The asset consumption ratio; and*
    - (ii) *The asset renewal funding ratio.*

The changes to the *Local Government (Financial Management) Regulations 1996* simplify and clarify a number of terms including clause 50 relating to the asset consumption ratio and the asset

## Attachment 6

renewal funding ratio. The changes to the *Local Government (Audit) Regulations 1996* requires that the auditor form an opinion as to whether these ratios included in the annual financial report are supported by verifiable information and reasonable assumptions.

The Shire will need to undertake a review of its risk profile in order to identify areas where awareness of risk can be enhanced and a positive risk culture promoted and embedded throughout its operations, which the amendments to the *Local Government (Audit) Regulations 1996* require. The amendments will also increase the involvement for Elected Members with improved transparency, accountability and reporting on risk management, internal control, legislative compliance, asset consumption ratios and asset renewal funding ratios.

### **Proposed Framework**

The following sets out a step by step process that is proposed to follow in order to review (or develop) the Shire's internal controls:

1. Utilise the 2012 Better Practice Model – Financial Internal Control for South Australian Councils, developed by Deloitte as the base document for internal financial controls;
2. Identify problems and risks that have been raised by the external auditor, Audit Committee, Council staff etc. and which should be addressed by internal financial controls;
3. Consult with staff and Council Members regarding the objective of the review and provide an outline of the process - ensure that the senior management team is kept informed of progress;
4. Identify officers responsible for each business activity and arrange for them to participate in the review;
5. Undertake an internal financial controls review for each of the business activities to;
  - examine current procedures;
  - identify key risks threatening the achievement of Council's objectives;
  - identify existing internal financial controls;
  - assess current controls for effectiveness;
  - identify any new controls needed as well as existing controls requiring adjustment;
  - identify relevant officers for each internal control.

The review should not be seen as an audit of past transactions. Its objective is to identify, evaluate and document existing internal financial controls and recommend changes and/or new internal controls where necessary;

6. Consistent with the 2012 BPM, establish a database of internal controls in accordance with an agreed hierarchy;

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7. Propose the following detail should be recorded for each internal financial control:

Number:	Identification number of internal control for each risk
Description of Control:	Description of the internal financial control
Current Situation:	Current situation in regard to each internal control
Target Date:	Target date allocated to the implementation of the control
Responsible Officer:	Responsible officer for each internal control
Checking Officer:	Checking officer and/or if the internal control is included in the 'Spot Check' process (refer below in the Review Process)

8. For each risk identified an assessment of its likelihood and consequence should be undertaken according to the classifications included in Attachment 3 (Note: These measures need to be tailored to meet the needs of an individual Council);
9. The final inherent risk is determined by using the two ratings above and applying these to the table below to identify overall risk as L (low); M (moderate); H (high); or E (extreme).

### Risk Level Matrix

Likelihood (L)	Almost Certain 5	5	10	15	20	25	Overall Risk Score = (L x C)	
	Likely 4	4	8	12	16	20	Score	Description
	Possible 3	3	6	9	12	15	1 - 5	Low
	Unlikely 2	2	4	6	8	10	6 - 12	Moderate
	Rare 1	1	2	3	4	5	13 - 19	High
		Insignificant 1	Minor 2	Major 3	Critical 4	Catastrophic 5	20 - 25	Extreme
		Consequences (C)						

The assessment process should not be considered to be an exact science however there is value in allocating time to considering the likelihood and consequence of each risk.

The strategy above may be implemented by Councils' own staff or by external consultants. However, regardless of who undertakes this work, it is important that the risks to Council are kept in mind and necessary internal controls, even if they are unpopular, are recommended. Resources required to implement new internal controls should be considered and an assessment of these costs against the ensuing benefits from the internal control should be made.

### Plan of action

An outcome of an internal financial controls review will be a list of controls for implementation or refinement. It is likely that all staff will be affected by the internal financial controls, not just finance staff. To ensure these controls are actioned and the Council receives the full benefit of the review it is



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important that Council's senior management team drives the process.

In order to implement these controls Council should prepare an action plan. The plan identifies the internal controls requiring action by each staff member responsible for specific tasks, and includes deadlines for completion of each control. The controls which are most critical should be processed first and all timelines identified in the plan should be achievable.

The action plan should be agreed to by all staff members responsible for specific tasks and should be a regular agenda item to the senior management team and Audit Committee meetings, until all controls have been completed.

Following completion of the internal control review a council may decide to upload its controls into a web-based system such as the one developed by Deloitte or any other similar internal control system. By entering its controls and action plans into such a system the Council would set in motion an electronic review process at intervals of three, six or twelve months with automatic reports provided for senior management and the Audit Committee.

### **Review process**

A council will need to factor in a review process. Business risks faced by Council can and do change and a critical element of any comprehensive internal financial control model is regular monitoring and/or review to ensure the internal financial controls remain effective and are functioning properly.

In order to maintain confidence in its internal financial controls, a Council should conduct regular spot checks on key or "core" controls. If spot checks are undertaken regularly the timing for a full review may be extended. Ideally an internal auditor would undertake such checks within an internal audit program but not all Councils have internal auditors. Alternatively a staff member responsible for specific tasks might be required to certify on a regular basis that the internal financial controls relating to his or her position are in place and are being observed.

When a full review is undertaken, the controls that will be subject to a 'spot check' should be identified. These controls can be removed or new controls added at any time.

If new systems are introduced, or when staff leave the organisation and are replaced, it is essential that any internal financial controls that relate to that position are reviewed within the context of the new system, and/or with new officers.

### **What are the issues for Councils?**

Elected Councils and Chief Executive Officers have a responsibility to ensure that the Councils' operations are conducted in compliance with appropriate laws, regulations and standards.

An effective suite of internal controls is a vital tool for Elected Councils and Chief Executive Officers to ensure that they carry out their activities in an efficient, compliant, reliable and transparent manner. Effective internal controls help provide a reasonable assurance that Councils' financial systems produce reliable information for reporting. Councils' Audit Committees and external auditors take account of internal control practices when forming their advice and opinions.

Councils should establish and maintain a robust and wide-spread internal control regime throughout their organisation. These internal controls should:

- reflect a co-ordinated and systematic approach to risk management;

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- be embraced by management and the responsible officers within the organisation;
- be consistently recorded within a whole-of-organisation framework;
- have an associated plan of action to ensure that the controls are correctly implemented;
- include procedures for reporting immediately any significant control failings or weaknesses that are identified together with details of corrective action being undertaken; and
- be subject to periodic review at a frequency appropriate for each control.

*Mr Kado Muir and Mrs Deeva Muir entered the meeting at 10:15 am.*

*Cr PJ Craig welcomed Mr & Mrs Muir to the meeting, and invited them to address Council. Mr Muir presented a discussion paper with regard to providing a contract service to Council for the provision of youth services. The paper outlined objectives of the service, as well as information about the resources and previous projects of their organisation. Some discussion ensued on this topic.*

*The meeting was adjourned at 11:01am for a morning tea break.*

*The meeting resumed at 11:15am, with all those previous listed in the attendance record present.*

*Cr PJ Craig invited Mr & Mrs Muir to address Council again, this time with regard to their Goldfields Art Trail proposal. Mr Muir again presented a paper detailing some information about the Goldfields Art Trail, and some concepts that would improve the art movement in the Goldfields, including a local gallery. Mr Muir suggested that Barnes Federal Theatre would be a good site for an art gallery.*

*CEO, Mr JG Epis, advised that currently there were some issues in utilising the Barnes Federal Theatre for an art gallery, as there has been some question to the structural stability of the building, and being a State Heritage listed site, any repairs would need to be under the guidelines of the State Heritage Office. He also highlighted that an agreement is currently in place with the local RSL to use the building as a meeting place.*

*Mr Muir suggested that a heritage architect who is in town at the moment could walk through the building to provide some advice on the structural integrity, and any repairs that may be necessary. Mr Muir is familiar with the architect and would arrange the meeting etc, and then liaise with the CEO as to the comments of the architect. CEO, Mr JG Epis, also advised that he would liaise with the local RSL as to whether they still required the building for future use as a meeting site.*

*Cr PJ Craig thanked Mr & Mrs Muir for their attendance and presentation. Mr & Mrs Muir left the meeting at 11:45am*

## **10.0 REPORTS OF OFFICERS**

### **10.2 DEPUTY CHIEF EXECUTIVE OFFICER**

#### **10.2(C) ACCOUNTS FOR PAYMENT**

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20th May, 2014

**AGENDA REFERENCE:** 10.2 (C) MAY 14

**SUBJECT:** Accounts for Payment

**LOCATION / ADDRESS:** Nil

**NAME OF APPLICANT:** Nil

**FILE REFERENCE:** Nil

#### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** Tanya Browning

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 13<sup>th</sup> May, 2014

#### **BACKGROUND**

Attached statement consists of accounts paid by Delegated Authority and Direct Bank Transactions represented by **Cheques 18531 to 18584** and totalling **\$419,508.31** and accounts paid by Council Authorisation represented by **Cheques 18585 to 18663** totalling **\$427,572.34** be authorised for payment.

#### **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.

#### **STRATEGIC IMPLICATIONS**

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

#### **RECOMMENDATIONS**

That accounts paid by Delegated Authority and Direct Bank Transactions represented by **Cheques 18531 to 18584** and totalling **\$419,508.31** and accounts paid by Council Authorisation represented by **Cheques 18585 to 18663** totalling **\$427,572.34** be authorised for payment.

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**FILE REFERENCE:** Nil

#### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** Tanya Browning

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 13<sup>th</sup> May, 2014

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#### **RECOMMENDATIONS**

That accounts paid by Delegated Authority and Direct Bank Transactions represented by **Cheques 18531 to 18584** and totalling **\$419,508.31** and accounts paid by Council Authorisation represented by **Cheques 18585 to 18663** totalling **\$427,572.34** be authorised for payment.

## **VOTING REQUIREMENT**

Simple Majority

## **COUNCIL DECISION**

**Moved Cr AE Taylor, Seconded Cr MWV Taylor** that accounts paid by Delegated Authority and Direct Bank Transactions represented by **Cheques 18531 to 18584** and totalling **\$419,508.31** and accounts paid by Council Authorisation represented by **Cheques 18585 to 18663** totaling **\$427,572.34** be authorised for payment.

**CARRIED (5 VOTES TO 0)**

**Shire of Leonora****Monthly Report - List of Accounts Paid by Delegated Authority****Submitted to Council on the 20th May, 2014**

The following list of accounts has been paid via **direct bank transactions** since the previous list of accounts, totalling **\$7,768.81**

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**CHIEF EXECUTIVE OFFICER**

<b>Direct Deposits</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
1 DD	14/04/2014	Alliance Equipment Finance	Lease on CRC P/Copier – April 2014 B/S	275.84
1 DD	16/04/2014	Toyota Financial Services	GEDC Vehicle – April 2014 B/S	1,476.05
1 DD	30/04/2014	National Australia Bank	Bank Fee (EFTPOS) – April 2014 B/S	144.10
1 DD	30/04/2014	National Australia Bank	Bank Fee – April 2014 B/S	129.80
1 DD	30/04/2014	National Australia Bank	Bank Fee – April 2014 B/S	28.25
1 DD	01/05/2014	Office National – Kalgoorlie	Lease on Office P/Copier – May 2014 B/S	861.50
1 DD	06/05/2014	Westnet Pty Ltd	CRC Internet – May 2014 B/S	11.00
1 DD	12/05/2014	Alliance Equipment Finance	Lease on CRC P/Copier – May 2014 B/S	275.84
1 DD	12/05/2014	National Australia Bank	Master Card Fees – May 2014 B/S	4,566.43
			<b>GRAND TOTAL</b>	<b>\$7,768.81</b>

<b>Shire of Leonora</b>				
<b>Monthly Report - List of Accounts Paid by Delegated Authority</b>				
<b>Submitted to Council on the 20th May, 2014</b>				
<p>The following list of accounts has been paid under delegation, by the Chief Executive Officer, since the previous list of accounts. Cheques numbered from <b>18531</b> to <b>18584</b> and totaling <b>\$411,739.50</b></p>				
<b>CHIEF EXECUTIVE OFFICER</b>				
<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment by Delegated Authority</b>
18531	09/04/2014	Building Commission	Building Commission Fee – B/L No: 02/14	161.50
18532	09/04/2014	Building Construction Training Fund	Building Construction Fee – B/L No: 02/14	361.75
18533	11/04/2014	Leonora Painting Services	Painting Outside of Leonora Youth Centre	5,500.00
18534	11/04/2014	Pipeline Mining and Civil Contracting	Auger Holes at Gwalia, Push up Rubbish Tip & Clean out Grids on Weebo Road	8,442.06
18535	14/04/2014	Dave Hadden (CANCELLED CHQ)	Health & Building Contract	3,581.60
18536	14/04/2014	Building Commission	Building Commission Fee for B/L No: 03814 & 04/14	71.00
1 DD	16/04/2014	Shire of Leonora	Salaries & Wages – PPE: 16.04.2014	64,382
18538	16/04/2014	L.G.R.C.E.U.	Union Fee – PPE: 16.04.2014	19.40
18539	16/04/2014	Shire of Leonora	Tax/Rent – PPE: 16.04.2014	23,607.17
18540	16/04/2014	WA Super	Superannuation – PPE: 16.04.2014	7,225.50
18541	16/04/2014	Child Support Agency	Child Support – PPE: 16.04.2014	513.31
18542	16/04/2014	BT 4 Life Super	Superannuation – PPE: 16.04.2014	131.70
18543	16/04/2014	Australian Super	Superannuation – PPE: 16.04.2014	470.60
18544	16/04/2014	AMP	Superannuation – PPE: 16.04.2014	370.00
18545	16/04/2014	MLC Nominees	Superannuation – PPE: 16.04.2014	154.10
18546	16/04/2014	JT Professional Services	Work in March on Internal Audit Framework	990.00
18547	17/04/2014	Leinster Community library	Banners in the Terrace Prize (Community Group)	500.00
18548	17/04/2014	Leinster Primary School	Banners in the Terrace Prize (Upper Primary School)	250.00
18549	17/04/2014	Leonora Painting Service	Painting of Internals at 9 Cohen Street	8,800.00
18550	24/04/2014	Pipeline Mining and Civil Contracting	Deliver Sand to Gwalia for Vehicle Shed	8,932.00
18551	28/04/2014	Leonora Cabinets	Paving, installation of Outdoor Furniture and Pergola upgrade to exterior Leonora Youth Centre	7,100.00
1 DD	30/04/2014	Shire of Leonora	Salaries & Wages – PPE: 30.04.2014	59,503.00
18552	30/04/2014	L.G.R.C.E.U.	Union Fee – PPE: 30.04.2014	19.40
18553	30/04/2014	Shire of Leonora	Tax/Rent – PPE: 30.04.2014	20,511.78
18554	30/04/2014	WA Super	Superannuation – PPE: 30.04.2014	6,359.90
18555	30/04/2014	Child Support Agency	Child Support – PPE: 30.04.2014	680.19
18556	30/04/2014	BT 4 Life Super	Superannuation – PPE: 30.04.2014	128.76
			<b>Sub Total</b>	<b>\$210,719.81</b>



<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment by Delegated Authority</b>
			<b>Balance Brought Forward</b>	<b>\$210,719.81</b>
18557	30/04/2014	Australian Super	Superannuation – PPE: 30.04.2014	208.35
18558	30/04/2014	AMP	Superannuation – PPE: 30.04.2014	334.48
18559	30/04/2014	MLC Nominees	Superannuation – PPE: 30.04.2014	154.10
18560	30/04/2014	Jennifer A Noble	Two Piece Band playing FTI German Travel Agency	350.00
18561	30/04/2014	JT Professional Services	Services to compile internal audit and reporting framework (plus travel and accommodation) (Cancelled – Direct Deposit)	1,957.43
18562	30/04/2014	Satellite Television and Radio Australia	Maintenance and installation of equipment at Radio Transmission Site	4,748.15
18563	01/05/2014	Pipeline Mining and Civil Contracting (Cancelled Direct Deposit)	Repairs and replacement of material to Pergola at Entrance to Lawn Area and Hitching Rail at Hoover House	10,146.95
18564	30/04/2014	R F Young	Supervise Roadworks	5,865.20
18565	01/05/2014	Sparlon Electrical	Electrical Work at CRC, 11B Walton Street, Airport, 29 Hoover Street, Recreation Centre and Public Toilets as required	9,416.44
18566	08/05/2014	Dave Hadden (CANCELLED CHQ – Direct Deposit)	Health & Building Contract	7,453.60
18567	09/05/2014	Sparlon Electrical	Work as requested at Airport (Runway Lights), Hoover house (Outlet installation) and Single Persons Quarters at Depot (Electrical works)	4,254.80
18568	12/05/2014	Covs Parts	Parts/Repairs as requested by Works Manager	477.28
18569	12/05/2014	Cutting Edges	Grader Blade, Plowbolt and Nut Hex	4,177.84
18570	12/05/2014	Department of Environment Regulation	New Licence for Refuse site	941.69
18571	12/05/2014	Elaine Labushagne	Reimbursement for Out of Pocket Expenses	109.25
18572	12/05/2014	Horizon Power	Power Usage – March – April, 2014	26,379.82
18573	12/05/2014	Rockwest	Equipment Rental – Stage at Golden Gift	11,840.62
18574	12/05/2014	Telstra	Phone/Internet Usage – April, 2014	9,583.01
18575	12/05/2014	Water Corporation	Water Usage – March – April, 2014	4,393.36
1 DD	14/05/2014	Shire of Leonora	Salaries & Wages – PPE: 14.05.2014 –Direct Deposit	65,748.00
18576	14/05/2014	L.G.R.C.E.U.	Union Fee – PPE: 14.05.2014	19.40
18577	14/05/2014	Shire of Leonora	Tax/Rent – PPE: 14.05.2014	22,836.18
18578	14/05/2014	WA Super	Superannuation – PPE: 14.05.2014	7,744.47
18579	14/05/2014	Child Support Agency	Child Support – PPE: 14.05.2014	680.19
18580	14/05/2014	BT 4 Life Super	Superannuation – PPE: 14.05.2014	123.59
18581	14/05/2014	Australian Super	Superannuation – PPE: 14.05.2014	281.11
18582	14/05/2014	AMP	Superannuation – PPE: 14.05.2014	370.00
18583	14/05/2014	MLC Nominees	Superannuation – PPE: 14.05.2014	101.38
18584	13/05/2014	Shire of Leonora	Petty Cash Recoup – Household Items for Lot 240 Hoover Street	323.00
			<b>GRAND TOTAL</b>	<b>\$411,739.50</b>

<b>Shire of Leonora</b>				
<b>Monthly Report - List of Accounts Paid by Authorisation of Council</b>				
<b>Submitted to Council on the 20th May, 2014</b>				
<p>Cheques numbered from <b>18585</b> to <b>18663</b> totaling <b>\$427,572.34</b> submitted to each member of the Council on 20th May, 2014 have been checked and are fully supported by remittances and duly certified invoices with checks being carried out as to prices, computations and costing.</p>				
<b>CHIEF EXECUTIVE OFFICER</b>				
<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
18585	20/05/2014	Aerodrome Management Services	Provision of Aerodrome Technical Specialist to perform Annual Electrical Technical Inspection	5,509.49
18586	20/05/2014	Air Liquide W.A. Ltd	Yearly Rental of Oxygen Cylinder	200.19
18587	20/05/2014	Airport Lighting Specialists	L Holder and Plate Assembled & Lamp	1,974.50
18588	20/05/2014	ALU Glass	Repair Broken Window at Shire and windows and sliding door at Youth Centre	2,490.71
18589	20/05/2014	Artist Network Trust Account	Final Deposit for Chelsea Basham	6,600.00
18590	20/05/2014	Athletics Western Australia	Sponsorship - Leonora Golden Gift	2,200.00
18591	20/05/2014	Bridgestone	Tube Patch, O-Ring and Tyre Repair Glue - Depot	178.61
18592	20/05/2014	Bunnings Building Supplies Pty Ltd	Gardening and Outdoor items for Leinster Playgroup (Leinster Community Grant), Plants for 51 Gwalia Street, Pest Control for 229 Hoover Street & Outdoor items, Garden Beds for Youth Centre, Bolts & Nuts, and Stick on letters for Depot	2,216.83
18593	20/05/2014	Canine Control	Ranger Services	5,225.00
18594	20/05/2014	Chubb Security Services Ltd	ATM maintenance fees, February, 2014	1,796.34
18595	20/05/2014	Collins Distributors	Jewelry for resale at Museum	381.15
18596	20/05/2014	Coolgardie Tyre Service	Tyres for P2	616.00
18597	20/05/2014	Custom Creative Carpentry	Install Dart Boards at Rec Centre, Replace Door Closer at Rec Centre, Gain Entry to Shed at 11A Walton Street, Vandalism Repairs to Federal Hall (after Hours) Reclad Single Persons Quarters, Inspect Drains at Bowls Club, Repair roof leak at Hoover House, inspect storm damage at "the Whitehouse", Gwalia and repair flood damage at Youth Centre	14,181.50
18598	20/05/2014	D. R. Fitzgerald	Reimbursement for expenses incurred for Cactus eradication	374.74
			<b>Sub Total</b>	<b>\$43,945.06</b>

<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
			<b>Balance Brought Forward</b>	<b>\$43,945.06</b>
18599	20/05/2014	Data #3 Limited	GOVT- Microsoft Office Professional Plus all Lng License (15 Licenses)	4,906.77
18600	20/05/2014	Department Of Transport	Insurance and Registration - P011	163.80
18601	20/05/2014	Eagle Petroleum (WA) Pty Ltd	Retail Fuel Cards - April, 2014	1,138.42
18602	20/05/2014	Earth Australia Contracting Pty Ltd	Gas refills, Crossovers for L/A Parking Airport and Push up Rubbish tip	8,189.07
18603	20/05/2014	Eastern Goldfields Cycle Club	Sponsorship - 2014 Goldfields Cyclastic	20,000.00
18604	20/05/2014	Ecocern Pty Ltd	Envelopes	375.10
18605	20/05/2014	Economic Transitions	Preparation and Completion of Tourism Strategy	9,826.18
18606	20/05/2014	Elite Gym Hire	Equipment Hire & Repairs	952.60
18607	20/05/2014	Express Yourself Printing	Printing Golden Gift Raffle Tickets	130.00
18608	20/05/2014	Fiesta Canvas	Shade Sale - Youth Centre	1,172.60
18609	20/05/2014	Forman Bros	Replace Hose Taps at Rec Centre and Shire, Repair Leaking tap at Oval, retic at Youth Centre and Gym Aircon	697.40
18610	20/05/2014	Former Leinster Residents Assocn. Inc	Leinster Community Grant - reimbursement of costs incurred in relation to the Leinster Book Project	1,229.24
18611	20/05/2014	Gail Ross	Goods purchased for Hoover House	101.80
18612	20/05/2014	Gencon Civil Pty Ltd	Stabilize and Form Weebo-Wildaro Intersection + Watercart Hire & Stabilize floodway on Old Agnew...	105,616.50
18613	20/05/2014	Genstar Pty Ltd	Final payment - Generator	18,211.27
18614	20/05/2014	Goldfields Locksmiths	Restricted Key - Bowls club	23.20
18615	20/05/2014	Goldfields Truck Power	Filters for P833, P2087 & O2146 and Radialseal Primary, Spring Brake and Truckwash for P2087	2,494.09
18616	20/05/2014	Goldline Distributors	Goods for Hoover House, Cleaning Products for Airport, Youth Centre, Rec Centre and Shire and Goods for German Tour Function	3,199.52
18617	20/05/2014	Halfway Studios	Cakes for Seniors Morning tea - Leonora Community Grant	55.00
18618	20/05/2014	Harvey Norman AV/IT Superstore Kalgoorlie	Air Humidifier - Museum	198.00
18619	20/05/2014	J.R. & A. Hersey Pty Ltd	Goods for Depot and Airport + Ladies Polo Shirts for Child Care Uniform	1,073.33
18620	20/05/2014	JT Professional Services	Final Payment - Services Internal Audit	693.00
18621	20/05/2014	Kalgoorlie Retravisio	Top Loader Washer for P843, Microwave for 13 Fitzgerald Drive and Heater for MEHS	1,332.00
18622	20/05/2014	Kleenheat Gas	Gas bottle - Museum	76.04
18623	20/05/2014	Landgate	Mining Tenements Chargeable, Rural UV General Revaluation and Job No 1371/13-14	1,956.40
18624	20/05/2014	Leinster Drive-In	Leinster Community Grant - towards payment of Australian Theatre Supplies Invoice	7,500.00
			<b>Sub Total</b>	<b>\$235,256.39</b>

<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
			<b>Balance Brought Forward</b>	<b>\$235,256.39</b>
18625	20/05/2014	Leonora Bowls Club (C/-Shire of Leonora)	Re-issue cancelled chq 16063 (stale chq)	4,079.01
18626	20/05/2014	Leonora Drive Connectors	Make up Hydraulic hoses for Float (P850)	425.04
18627	20/05/2014	Leonora Motor Inn	Accommodation for Ranger	924.00
18628	20/05/2014	Leonora Pharmacy -	Epipen and Solarcaine Spray for Child Care Centre First Aid Kit	79.50
18629	20/05/2014	Leonora Supermarket and Hardware	Supermarket Purchases - April, 2014	508.96
18630	20/05/2014	McMahon Burnett Transport	Freight	2,014.16
18631	20/05/2014	MLG OZ Pty Ltd	Deliver 10mm Sealing Aggregate	7,147.14
18632	20/05/2014	Mobile Pest and Weed Control	Treatment to bait exterra stations at Gwalia Site (pest eradication)	1,113.75
18633	20/05/2014	Momar Australia Pty Ltd	Outstanding amount from previous Invoice 161270	1,400.00
18634	20/05/2014	Mukinbudin Agencies July 08	Dog food and chemicals as requested by Works Manager	5,230.10
18635	20/05/2014	Netlogic Information Technology	Remote Consultations as required + Set up of New Shire PCs	7,079.00
18636	20/05/2014	Office National Kalgoorlie	Monthly Copy Charges & Travel expenses for Monthly Service	966.91
18637	20/05/2014	Outback Parks&Lodges	Food for German Tour Function	1,438.80
18638	20/05/2014	Ozowned Supplies & Services	Carpet Cleaning - 11a & 11B Walton Street	198.00
18639	20/05/2014	Pegi Williams Bookshop	Books for Leinster Library - Leinster Community Grant	131.11
18640	20/05/2014	Penns Cartage Contractors	3 Lamp Posts and 3 Form Workit Cages + Padfoot Roller Hire	1,177.00
18641	20/05/2014	Pier Street Medical	Medical Services Provisional Fee - 1st April - 30th June, 2014	38,881.99
18642	20/05/2014	Poitier Medical Practice	Medical Exam for D Malone	342.00
18643	20/05/2014	PPCA	Licencing Fees - Rec Centre, Bowls Club and Oval	305.58
18644	20/05/2014	Quest Yelverton Kalgoorlie	Accommodation and Meals - P Warner	259.50
18645	20/05/2014	Richel Berry	Reimbursement for cost of Senior First Aid Course	199.00
18646	20/05/2014	Scottish Pacific Business Finance	Tree work carried out in Leonora + Removal of all cuttings	5,500.00
18647	20/05/2014	Skippers Aviation Pty Ltd	Flights for Auditors	1,200.00
18648	20/05/2014	St Johns Ambulance Leinster Sub Centre	Reimbursement for Paid Invoices for Ambulance Upgrade using Leinster Community Grant	6,600.00
18649	20/05/2014	Staples Australia Pty Limited	Stationery order - March, 2014	1,051.13
18650	20/05/2014	The Central Hotel	Accommodation for B Gawronski, J Trail and meals for G smith and E Labushagne	697.00
18651	20/05/2014	The Food Van	Meals after Council Meeting	45.65
18652	20/05/2014	Tjuma Pulka (Media) Aboriginal Corporatio	Reimbursement for Phone Line Connection - TV Hut	479.09
18653	20/05/2014	Toll Fast	Freight	340.68
			<b>Sub Total</b>	<b>\$325,070.49</b>

<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
			<b>Balance Brought Forward</b>	<b>\$325,070.49</b>
18654	20/05/2014	Toll Ipec Pty Ltd	Freight	103.61
18655	20/05/2014	Tony Doyle	Leinster Community Grant - Former Leinster Residents Assoc	235.00
18656	20/05/2014	Turbos WA Pty Ltd	Fit new battery to P2333 and Repairs to P221	1,109.57
18657	20/05/2014	UHY Haines Norton	Accounting Service Fee - March, 2014	6,820.00
18658	20/05/2014	Visit Merchandise	Coasters for Resale at Museum	105.60
18659	20/05/2014	Vissign Australia Pty Ltd	Sign for CRC Gate	125.40
18660	20/05/2014	Westland Autos No1 Pty Ltd	15,000km Service for P2	275.90
18661	20/05/2014	Whitehouse Hotel	Platter of Sandwiches	78.00
18662	20/05/2014	Air BP	Jet Fuel and Avgas Purchase	5,318.77
18663	20/05/2014	Boomerang Engineering	Supply Drop Deck Trailer as per Quote 10621	88,330.00
			<b>GRAND TOTAL</b>	<b>\$427,572.34</b>

**11.0 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING.**

**A. ELECTED MEMBERS**

Nil

**11.0 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**

**11.0(B) OFFICERS**

**11.0(B)(i) ACCOUNTS FOR PAYMENT**

**SUBMISSION TO:** Meeting of Council  
Meeting Date: 20<sup>th</sup> May, 2014

**AGENDA REFERENCE:** 11.0(B)(i) MAY 14

**SUBJECT:** Accounts for Payment

**LOCATION / ADDRESS:** Nil

**NAME OF APPLICANT:** Nil

**FILE REFERENCE:** Nil

**AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** Tanya Browning

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 20<sup>th</sup> May, 2014

**BACKGROUND**

Due to some accounts not being received until after the Agenda was compiled, not all accounts were processed at time of printing. The attached statement consists of accounts to be paid by Council Authorisation represented by **Cheques 18665 to 18695** totalling **\$249,529.89**, for consideration and to be authorised for payment.

**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.

**STRATEGIC IMPLICATIONS**

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

**RECOMMENDATIONS**

That accounts paid by Council Authorisation represented by **Cheques 18665 to 18695** totalling **\$249,529.89** be authorised for payment.

**VOTING REQUIREMENT**

Simple Majority

**COUNCIL DECISION**

**Moved Cr RA Norrie, Seconded Cr LR Petersen** that accounts paid by Council Authorisation represented by **Cheques 18665 to 18695** totalling **\$249,529.89** be authorised for payment.

**CARRIED (5 VOTES TO 0)**

<b>Shire of Leonora</b>				
<b>Monthly Report - List of Accounts Paid by Authorisation of Council</b>				
<b>Submitted to Council on the 20th May, 2014</b>				
<p>Cheques numbered from <b>18665</b> to <b>18695</b> totalling <b>\$249,529.89</b> submitted to each member of the Council on 20<sup>th</sup> May, 2014 have been checked and are fully supported by remittances and duly certified invoices with checks being carried out as to prices, computations and costing.</p>				
<b>CHIEF EXECUTIVE OFFICER</b>				
<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
18665	20/05/2014	Blackwoods	Wheel C/off JBS	23.10
18666	20/05/2014	Boomerang Engineering	Licence and third Party Insurance for New Vehicle	561.90
18667	20/05/2014	Bunnings Building Supplies Pty Ltd	Paints and supplies for gardens and maintenance of Hoover House	713.20
18668	20/05/2014	Colas WA Pty Ltd	Bitumen sealing work as per Tender agreement and enrichment of 14mm seal at Airport	194,551.70
18669	20/05/2014	Express Yourself Printing	Stationery for Museum and Depot	181.00
18670	20/05/2014	Leonora Painting Services	Patching of 63 holes to ceiling above pool table and paint ceilings at Youth Centre	1,430.00
18671	20/05/2014	Local Government Managers Australia	LGMA Finance Professionals Conference - T Browning & CDN Conference Sponsorship	1,680.00
18672	20/05/2014	WA Country Health Service – Goldfields	Surgery Rooms Rental	834.76
18673	20/05/2014	Aerodrome Management Services	Annual Technical Inspector + Meals and Accommodation and Travel	6,616.50
18674	20/05/2014	Air BP	Avgas purchases	3,811.17
18675	20/05/2014	ATOM Supply	Grab Kit Screw Self Tap	92.99
18676	20/05/2014	Canine Control	Ranger Services – 22-23 <sup>rd</sup> January, 2014	2,610.50
18677	20/05/2014	Coolgardie Tyre Service	Plug Kit and Tyres	1,287.00
18678	20/05/2014	Eagle Petroleum (WA) Pty Ltd	Fuel Purchases – April, 2014	156.26
18679	20/05/2014	Elite Gym Hire	Gym equipment Hire – June, 2014	726.00
18680	20/05/2014	Forman Bros	Replace Retic Sprinklers at Airport, Section of Pipe on emergency Showers, pump out holding tank at info bay, reseal plug and washers on basin and laundry at Child Care Centre and Replace inlet valve on leaking cistern at 11a Walton Street	2,928.20
18681	20/05/2014	Goldfields Truck Power	Multi Tyred Roller Hire	5,225.00
18682	20/05/2014	Goldline Distributors	Goods for Hoover House	237.64
18683	20/05/2014	Leinster Contracting Services	Labour Hire for D Smith	1,027.40
18684	20/05/2014	Leonora Motor Inn	Accommodation for P Craig	143.00
			<b>Sub Total</b>	<b>\$224,837.32</b>



<b>Cheque</b>	<b>Date</b>	<b>Name</b>	<b>Item</b>	<b>Payment</b>
			<b>Balance Brought Forward</b>	\$224,837.32
18685	20/05/2014	Mobile Pest and Weed Control	Additional treatment to Exterra Stations - Museum	700.95
18686	20/05/2014	Penns Cartage Contractors	Roller Hire	1,606.77
18687	20/05/2014	Powerchill Electrical & Refrigeration	Check electrical box, replace main and test (Airport lights)	332.20
18688	20/05/2014	Reynolds Graphics Pty Ltd	Artwork and Edits for Golden Gift Poster	440.00
18689	20/05/2014	Showtime Attractions	Children's Entertainment for Golden Gift Weekend	12,100.00
18690	20/05/2014	Skippers Aviation Pty Ltd	Flights for Gemma Smith	602.00
18691	20/05/2014	Telstra	Phone Usage - Camp Requisites	39.37
18692	20/05/2014	UHY Haines Norton	Accounting Service Fee for April	6,820.00
18693	20/05/2014	Visit Merchandise	Caps & Bag with embroidery for Resale at Hoover House	1,597.65
18694	20/05/2014	Water Corporation	Water Usage - 250 Queen Victoria Street	277.44
18695	20/05/2014	Westland Autos No1 Pty Ltd	Load plus spring hel for P6	176.19
			<b>GRAND TOTAL</b>	<b>\$249,529.89</b>

**12.0 NEXT MEETING**

17<sup>th</sup> June, 2014 at 9:30am, in the Shire of Leonora Council Chambers.

**13.0 CLOSURE OF MEETING**

There being no further business, Shire President Cr PJ Craig declared the meeting closed at ***12:14pm***.