



SHIRE OF BEVERLEY NOTICE OF MEETING

Notice is hereby given that the next Audit and Risk Committee Meeting will be held in the Council Chambers, 136 Vincent Street Beverley, on Tuesday 31 October 2023.

Program

10:30am

Audit & Risk Committee Meeting

A handwritten signature in grey ink, appearing to read "S. Marshall".

Simon Marshall
Acting Chief Executive Officer

26 October 2023



31 October 2023

**AUDIT & RISK COMMITTEE
MEETING**

AGENDA

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1. OPENING & ELECTION OF CHAIRPERSON

The Acting Chief Executive Officer to declare the meeting open.

Acting CEO to accept nominations and seconders for the position of Chairperson. Once elected, the Chairperson should resume the Chair.

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Committee Members

Cr DC White President
Cr DJ Ridgway Deputy President
Cr CJ Lawlor
Cr JR Maxwell

2.2 Councillors Present

2.3 Staff In Attendance

Mr SK Marshall Acting Chief Executive Officer
Mrs A Lewis Executive Assistant

2.4 Observers And Visitors

Maria Cavallo AMD – Director
Mahmoud Salahat OAG – Assistant Director Financial Audit

2.5 Apologies and Approved Leave of Absence

Mr SP Gollan Chief Executive Officer

3. DECLARATIONS OF INTEREST

4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 22 June 2023

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 22 June 2023 be confirmed.



27 JUNE 2023

**AUDIT & RISK COMMITTEE
MEETING**

MINUTES

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1. OPENING

The Chairperson declared the meeting open at 9:00am in Council Chambers.

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Committee Members

Cr MH Norman	Chairperson
Cr DC White	President
Cr CJ Lawlor	Deputy President

2.2 Councillors Present

Cr PJ Gogol
Cr JR Maxwell

2.3 Staff In Attendance

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mrs A Lewis	Executive Assistant

2.4 Observers And Visitors

Mr M Salahat	Assistant Director, OAG, via Teams (Item 5.1)
Mr T Partridge	Director, AMD Chartered Accountants, via Teams (Item 5.1)

2.5 Apologies and Approved Leave of Absence

Cr SW Martin

3. DECLARATIONS OF INTEREST

Nil

4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 14 February 2023

OFFICER'S RECOMMENDATION & COMMITTEE RESOLUTION

MAA1/0623

Moved Cr White

Seconded Cr Lawlor

That the Minutes of the Audit and Risk Committee Meeting held 14 February 2023 be confirmed.

CARRIED 3/0

5. REPORTS

5.1 AMD and OAG Entrance Meeting

The Audit Committee, OAG and AMD reviewed the Audit Planning Summary with focus on Fair Value Reporting.

At the end of the summary and prior to item 5.2, Mr Salahat and Mr Partridge left the meeting and did not return.



AUDIT PLANNING SUMMARY

SHIRE OF BEVERLEY

Year ended 30 June 2023

AMD Chartered Accountants on behalf of
Office of the Auditor General for Western
Australia



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1. Purpose of the Audit Planning Summary

The purpose of this Audit Planning Summary is to provide the Shire of Beverley Audit and Risk Committee and Executive Management our proposed approach to the audit of the financial report of the Shire of Beverley for the year ending 30 June 2023.

This Audit Planning Summary will be discussed during the meeting scheduled for XXXX 2023 and ensures our responsibility to communicate with those charged with governance are satisfied.

Specifically, this Audit Planning Summary includes:

- Introduction
- Terms of Engagement and Appointment
- Our Audit Approach
- Significant Risks and Other Audit Issues
- Audit Emphasis and Significant Account Balances
- Management Representation Letter
- Related Entities
- Reporting Protocols
- Proposed Audit Schedule
- Audit Evidence - Specific Audit Requirements
- Your Audit Team

If there are any matters in the Summary that you would like clarified, please do not hesitate to contact us.

There may be areas where you would like us to increase the audit focus. We would be pleased to discuss these to determine the most efficient and effective approach to performing the Shire of Beverley's audit requirements.

2. Introduction

2.1 Background and General Information

Beverley is a vibrant rural community with a population of 1700. Located in the western central Wheatbelt region of Western Australia, Beverley is less than 140km east of Perth. The Shire is home of a highly productive broad acre farming industry with a smaller diversified agricultural base, such as perennial horticulture, also finding a home here.

First permanently settled by Europeans in the second half of the 19th Century, Beverley has a long and proud history. This pride prevails today as one of only a few rural communities in the state that is growing.

Located on the banks of the famous Avon River, the town of Beverley is an attractive place to visit and live in. All services and facilities expected of a progressive community are available, including high quality educational and medical establishments.

Individual Councillors, including the President, cannot make decisions as individuals. The Council itself does not have any delivery or executive functions, but rather relies on the decisions of the majority of the group which provide direction for the Chief Executive Officer to implement.

The Local Government Act defines the roles of Council and the Councilor's as follows:

Role of Council

1. direct and control the Local Government's affairs and functions;
2. oversee the allocation of the Local Government's finances and resources;
3. determine the Local Government's policies; and
4. ensure that there is an appropriate structure for administering the Local Government.

2.2 Shire Council and Executive Management

The Shire of Beverley Council consists of:

President	David White
Deputy President	Chris Lawlor
Councillor	Don Davis
Councillor	Peter Gogol
Councillor	John Maxwell
Councillor	Sue Martin
Councillor	Matt Norman
Councillor	Alan Sattler
Councillor	Tim Seed

The Shire Executive Management consists of:

Chief Executive Office ("CEO")	Stephen Gollan
Deputy Chief Executive Office ("DCEO")	Simon Marshall
Manager of Works	Steve Vincent

2.3 Governance and Roles and Responsibilities

As one of Australia's three spheres of government (Federal, State, Local), Local Government is the sphere that most closely affects the daily lives of members of the local community.

The roles and responsibilities of Local Government generally include:

- infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management;
- provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks;
- health services such as water and food inspection, toilet facilities, noise control and meat inspection and animal control;
- community services, such as child-care, aged care and accommodation, community care and welfare services;
- building services, including inspections, licensing, certification and enforcement;
- planning and development approval;
- administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking;
- cultural facilities and services, such as libraries, art galleries and museums; and
- water and sewerage services in some states.

Local Government revenue comes from three main sources:

- rates;
- fees and charges; and
- grants from Federal and State/Territory Governments.

The Shire of Beverley is governed by an independent Council. Councillors are elected by the ratepayers.

The Shire of Beverley Council appoints a CEO to ensure resources are effectively and efficiently managed. Council may delegate to the CEO the exercise of any of its powers or the discharge of any of its duties under the Local Government Act 1995.

2.4 Financial Report and Regulation

The Shire of Beverley's annual financial report is general purpose financial statements prepared in accordance with the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Applicable financial reporting regulations the Shire of Beverley must comply with includes:

- Local Government Act 1995 ("the Act");
- Local Government (Financial Management) Regulations 1996 ("the Regulations"); and
- Local Government (Audit) Regulations 1996.

The Auditor General's audit report will be prepared in accordance with the Act, Regulations and Australian Auditing Standards and include the audit opinion on the annual financial report. The Auditor General's audit report will also report:

- Whether all required information and explanations are obtained during the audit; and
- Whether all audit procedures are satisfactorily completed.

The Shire of Beverley is required to publish the auditor's report with the annual financial report on its website. If the Auditor General reports other significant matters to the Shire of Beverley, then the Shire will be required to report to the Minister action taken with respect to those matters.

3. Terms of Engagement and Appointment

3.1 Auditor General

Following proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General becomes responsible for the annual financial report audit of Western Australian Local Governments.

3.2 Contractor Appointment – AMD Chartered Accountants (“AMD”)

AMD has been contracted by the Auditor General to perform the Shire of Beverley financial report audit on the Auditor General's behalf for the year ending 30 June 2023. The OAG and AMD have signed a contractor agreement which outlines the relationships between the OAG, Shire and AMD.

Our audit procedures will be conducted under the direction of the Auditor General, who will retain responsibility for forming the audit opinion and issuing the audit report to the Shire of Beverley. The 30 June 2023 audit approach and methodology is outlined within section 4.0 below.

AMD is required to report any matter to the Auditor General which may affect the Auditor General's responsibilities under the Auditor General Act 2006. AMD's reporting requirements as outlined within the contractor agreement are outlined within section 9 of this Audit Planning Summary, Reporting Protocols.

3.3 Conflicts of Interest

We confirm we have completed our independence evaluation and are satisfied we do not have any actual or perceived conflicts of interest in completing the annual audit of the Shire of Beverley on behalf of the Auditor General.

4. Our Audit Approach

4.1 Audit Approach Steps

Our audit approach comprises five steps:



4.2 Audit Approach and Methodology

Our audit approach is designed to specifically focus audit attention on the key areas of risk faced by the Shire of Beverley in reporting on finances and performance.

As part of our audit approach, we have conducted an initial financial report risk assessment to determine whether any of the risks identified are, in our judgement, high risks. A high risk is an assessed risk of material misstatement in the financial report that in our judgement is a key audit area and therefore requires special audit consideration.

Our assessment of key audit areas is based on:

- Discussions held with the Executive Management team;
- The complexity of transactions within each audit area;
- The degree of subjectivity in the measurement of financial information related to the risk, in particular those requiring significant accounting estimates and assumptions; and
- The degree of susceptibility to fraud risk.

Testing of high risk material balances follows a hierarchy approach commencing with tests of controls, substantive analytical review procedures and finally tests of details. Testing of low risk material balances is coordinated with the auditing of high risk material balances.

Our audit will be separated into two components, the interim audit and the final audit.

The interim audit includes:

- understanding the Shire of Beverley's current business practices;
- assessment and response to engagement risk, entity risk and system risk;
- understanding the control environment and evaluating the design and implementation of key controls and, where appropriate, whether they are operating effectively;
- testing transactions to confirm the accuracy and completeness of processing accounting transactions;
- clarifying significant accounting issues, including accounting estimates and fair value considerations before the annual financial report is prepared for audit;
- review and assess legislative compliance;
- review and assess contingent liabilities;
- review and assess progress with respect to the introduction of applicable new Accounting Standards; and
- follow up prior year management letter comments and recommendations.

The final audit focuses on verifying the annual financial report and associated notes, and includes:

- verifying material account balances using a combination of substantive analytical procedures, tests of details, substantiation to subsidiary records and confirmation with external parties; and
- reviewing the annual financial report and notes for compliance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

It is important to note that:

- The Council and the CEO are responsible for keeping proper accounts and records, maintaining effective internal controls, preparing the annual financial report, and complying with the Local Government Act and Regulations, and other legislative requirements.
- An audit does not guarantee that every amount and disclosure in the annual financial report is free from error. Also, an audit does not examine all evidence and every transaction. However, our audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the annual financial report.
- The Council and CEO are responsible for ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited annual financial report. The OAG does not provide assurance over your annual report.
- The Council and the CEO have responsibility for maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit Committee and AMD/the OAG should be informed by management of any fraud or material errors. During the audit we will make inquiries with management about their process for identifying and responding to the risks of fraud, including management override. It should be noted that our audit is not designed to detect fraud, however should instances of fraud come to our attention, and we will report them to you.

4.3 Australian Auditing Standards

Our audit is conducted in accordance with Australian Auditing Standards. Our aim is to provide reasonable assurance whether the annual financial report is free of material misstatement, whether due to fraud or error. We perform audit procedures to assess whether, in all material respects, the annual financial report is presented fairly in accordance with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The nature of the audit is influenced by factors such as:

- the use of professional judgement;
- selective testing;
- the inherent limitations of internal controls; and
- the availability of persuasive rather than conclusive evidence.

As a result, an audit cannot guarantee that all material misstatements will be detected. We examine, on a test basis, information to provide evidence supporting the amounts and disclosures in the annual financial report, and assess the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.

4.4 Materiality

The scope of our audit also applies materiality. The planning materiality level will be calculated and determined using AMD's audit methodology. The amount of materiality may be adjusted during the audit, depending on the results of our audit procedures.

4.5 Fraud Risk

In accordance with *ASA240 The Auditor's Responsibility Relating to Fraud in the Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report as a result of fraud or error.

Council and management of the Shire of Beverley is responsible for the prevention and detection of fraud and error. The Shire is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report.

We will request management complete a self assessment fraud control questionnaire. This allows us to make inquiries of management, to obtain an understanding of the risk of fraud within the Shire and to determine whether management have knowledge of fraud activities. We will review the fraud control questionnaire assessment.

In addition we will review the Shire's fraud prevention control procedures, review significant or unusual transactions, review accounting estimates and key assumptions and review year end accounting adjustments.

4.6 Meetings

4.6.1 Entrance Meeting

The entrance meeting will discuss this Audit Planning Summary and be held with the Audit and Risk Committee (or where impractical for the Audit and Risk Committee, a representative from Council), CEO, DCEO, OAG Director and AMD.

4.6.2 Interim Audit Findings

The interim audit findings will be discussed with management by the audit team at the completion of the interim audit. Draft management letters will be provided to the Shire's CEO for coordination of comments from appropriate members of your management.

4.6.3 Final audit close out meeting

The final audit findings will be discussed with management by the audit team at the completion of the final audit.

4.6.4 Exit meeting

The exit meeting will discuss the financial report, proposed audit report to be issued and the management letter. This meeting will be held with the Audit and Risk Committee (or where impractical for the Audit and Risk Committee, a representative from Council), CEO, DCEO, OAG Director and AMD.

5. Significant Risks and Other Audit Issues

Through discussions with the Executive Management team and based on the 2021/2022 audit, we have identified the following issues and key areas of risk affecting the audit.

Details of Risk / Issue	Audit Approach
<p>Audit findings reported in the previous audit</p>	<p>We will follow-up on the resolution of issues reported in last year's audit.</p>
<p>We have identified the following areas that we consider require additional focus during 2022/2023 Local Government Audits:</p> <ul style="list-style-type: none"> • Fair value assessment of land, buildings and infrastructure assets in accordance with <i>AASB 13 Fair Value Measurement and Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996</i>. Including assessment of management's process to determine whether indicators exist that would trigger a requirement to perform a formal revaluation of assets (regardless of whether revaluation cycle as per the Regulations is due). Note: All infrastructure asset classes were last revalued in 2018 and therefore are due for revaluation as per the Regulations. • Purchasing processes and documented evidence relating to obtaining quotations and tenders. • Revenue recognition including the application of <i>AASB 15 Revenue from Contracts with Customers</i> and <i>AASB 1058 Income of Not-for-profit Entities</i>. Assessment of the correlating contract asset or liability recorded. • Identification and recording of leases in accordance with <i>AASB 16 Leases</i>, including commercial leases recognising ROU asset and corresponding liability and concessionary leases recorded at zero. • Assessment of Long Service Leave for casual employees. • General accounting journals ensuring adequately supported and independently reviewed. • Related party disclosures. • Contingent Liabilities, including waste facility and contaminated sites. • Joint arrangements (joint operations, joint ventures) and investment in associates. Ensure consideration has been given to correct accounting treatment for arrangements in place. 	<p>We will review the accounting treatment and disclosure processes during our interim and final audits. We will ensure the disclosures in the annual financial report are appropriate and comply with the requirements of the Australian accounting standards.</p> <p>For asset revaluation, we will obtain the external (or management) valuation report and review the appropriateness of the main assumptions, valuation techniques and unobservable inputs used. Where valuation is performed internally, we ask that the Shire consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> • Provision for annual and long service leave • Fair value of assets • Impairment of assets 	<p>We will review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations. Audit procedures will address potential management bias in</p>

Details of Risk / Issue	Audit Approach
	<p>accounting estimates, the assessment of inherent risk factors and applying professional scepticism to estimates included within balances.</p>
<p>Identifying and Assessing the Risks of Material Misstatement</p>	<p>As required by changes to Australian Auditing Standard ASA315 <i>Identifying and Assessing the Risks of Material Misstatement</i> (revised standard effective for the first time for the year ended 30 June 2023), we will devote greater attention to:</p> <ul style="list-style-type: none"> • Identification of significant risks in practice; • Obtaining an understanding of the system of internal control; and • Assessment of IT risks. <p>We will review the method and underlying data that management and where applicable third parties use when determining risks associated with internal controls, IT risks and risk of material misstatement of the financial report. This will include considering the reasonableness of internal Shire risks framework documents, documented policies and procedures relating to financial internal controls and documented IT policies and procedures.</p> <p>Audit procedures will address significant risk relating to misstatement, the assessment of inherent risk factors, and the assessment of control risk factors, the assessment of IT risks and applying professional scepticism to the nature and extent of risks of material misstatement.</p>
<p>Local Government Reforms</p> <ul style="list-style-type: none"> • New standardised templates are expected to be established for local government financial statements for 2022-23. The template for smaller (band 3 and 4) local governments is expected to have more streamlined standard financial statements, reflecting the generally less complex operations of smaller local governments. 	<p>We will monitor the progress with respect to the current Local Government Act reforms, including the potential impact these reforms may have on financial reporting and the presentation of the 30 June 2023 financial statements.</p>

6. Audit Emphasis and Significant Account Balances

Our audit approach involves assessing the Shire of Beverley's overall control environment and understanding key business processes/cycles and internal controls relevant to the audit.

We will test key controls for all significant business cycles. The level of testing will be dependent on our assessment of the risk in each business cycle. We plan to address the following cycles:

- Revenue and Receivables cycle;
- Expenditure and Payable cycle;
- Payroll and Employee Entitlements cycle;
- Cash and Financing cycle;
- Inventory cycle; and
- Fixed assets cycle (Property, Plant, Equipment and Infrastructure).

The extent of our reliance on controls, together with the materiality level, determines the nature and extent of our audit procedures to verify individual account balances.

The table below lists those items in the Statement of Financial Position and the Statement of Comprehensive Income that are significant account balances, and our planned audit approach for these balances. When selecting significant account balances, we consider materiality, the nature of the balance, inherent risk and the sensitivity of disclosures.

Significant Account	2022 Audited Balance \$'000	Audit Approach
Statement of Financial Position		
Cash and cash equivalents	5,732	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Perform walkthroughs of the cash cycle. • Review bank reconciliations. • Review transfers between bank accounts. • Verify large or unusual reconciling items. • Verify year end bank balance through bank confirmations. • Verify classifications including restricted / unrestricted; trust vs municipal and financial assets. • Analytical review.
Financial Assets, including Self Supporting Loans	58	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Perform walkthroughs of the financial assets cycle. • Review investment reconciliations. • Verify year end investment balances, including Local Government House investment through external confirmations (where applicable). • Review internal controls, self-supporting loan debtor invoicing and reconciliations. • Analytical review.
Receivables including rates	588	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Perform walkthroughs of the revenue and receivable cycle. • Perform cut-off testing and review credit notes.

Significant Account	2022 Audited Balance \$'000	Audit Approach
		<ul style="list-style-type: none"> Review subsequent receipts. Review expected credit loss assessment ensuring compliant with AASB9. Analytical review.
Inventories	19	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls. Perform walkthroughs of the inventory cycle. Review of stock listings. Verification of units costs. Consider obsolete and slow moving inventories.
Contract Assets	540	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls. Perform walkthroughs of the revenue and receivable cycle. Verification of contract asset calculation, ensuring requirements of AASB15 are met. Review of evidence to support when a performance obligation has been satisfied in accordance with the applicable Contract / Agreement to verify calculations.
Right to use assets and corresponding lease liability	(14)	<ul style="list-style-type: none"> Review of internal controls, including the means utilised to identify and record leased asset arrangements. Verify leased assets transaction calculations and test on a sample basis. Ensure vested improvements appropriately recorded. Analytical review. Ensure compliance with AASB16.
Property, plant, equipment and infrastructure	96,132	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls, including internal control testing with respect to the Shire's processes for determining inputs into fair value. Perform walkthroughs of the fixed assets cycle. Analyse year end balances for each major class of asset comparing to last year. Perform sample testing on asset additions and disposals. Review management's impairment assessment at year end. Test items posted to construction in progress to assess appropriateness of expenses being capitalised. Review accounting treatment for repairs and maintenance costs to determine correct classification. Ensure assets less than \$5,000 are expensed as required. Assess and perform tests to determine whether carrying amounts approximate fair value. Review of management's assessment of fair value. Where relevant, confirm balances to independent valuation reports and test key assumptions in determining fair value. Ensure revaluation increments / decrements are correctly applied. Ensure vested land and restricted use assets recorded in accordance with AASB13 take into account externally imposed restrictions. Review developer contributions to ensure correctly recorded and

Significant Account	2022 Audited Balance \$'000	Audit Approach
		disclosed.
Payables	1,474	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls. Perform walkthroughs of the purchasing and payables cycle. Test for unrecorded liabilities and review subsequent payments post year end. Test and review material accrual balances. Verification of accrued expenses. Perform cut-off testing. Ensure prepaid rates are correctly classified as a liability in accordance with AASB1058. Analytical review.
Contract Liabilities	334	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls. Verification of contract liability calculation, ensuring requirements of AASB15 are met. Review of evidence to support when a payment is due or already received before the related performance obligation has been satisfied in accordance with the applicable Contract / Agreement.
Borrowings	2,257	<ul style="list-style-type: none"> Review and assess effectiveness of internal controls. Agree amounts to WATC confirmation. Verification of classification between current and non-current. Agree bank facilities to confirmation.
Provisions	474	<ul style="list-style-type: none"> Review internal controls and employee provision reconciliations. Review the reasonableness of assumptions and calculations. Ensure calculations in accordance with AASB119. Test a sample of leave balances to ensure correct. Analytical review.
Equity (Total)	98,517	<ul style="list-style-type: none"> Review internal controls. Sample test reserve movements to supporting documentation including cash reserves and asset revaluation reserves. Analytical review.
Statement of Comprehensive Income		
Operating and non-operating grants, subsidies and contributions	5,171	<ul style="list-style-type: none"> Review of key processes and controls. Perform walkthroughs of the revenue cycle relating to grants, subsidies and contributions. Sample testing of transactions, including grant agreements. Perform cut-off testing. Review and test disclosures relating to unspent grants at year end, ensuring treated correctly in accordance with relevant Australian Accounting Standard. Sample testing of non-cash contributions. Analytical review.
Rates	2,933	<ul style="list-style-type: none"> Review of key processes and controls. Perform walkthroughs of the revenue cycle relating to rates. Sample testing of transactions. Perform cut-off testing.

Significant Account	2022 Audited Balance \$'000	Audit Approach
		<ul style="list-style-type: none"> Analytical review.
Fees and charges	812	<ul style="list-style-type: none"> Review of key processes and controls. Perform walkthroughs of the revenue cycle relating to fees and charges. Sample testing of transactions. Perform cut-off testing and review credit notes. Assessment of requirements to conduct site visits to facilities operated where fees and charges are applied. Analytical review.
Other revenue, including interest earnings and profit on sale of asset	569	<ul style="list-style-type: none"> Review of key processes/controls. Perform walkthroughs of the revenue cycle relating to other revenue. Sample testing of transactions. Perform cut-off testing. Review credit notes. Analytical review.
Employee related expenses	2,188	<ul style="list-style-type: none"> Review of key processes and controls. Perform walkthroughs of the payroll cycle. Sample testing of transactions. Verify wages reconciliation. Analytical review.
Materials and contracts Utilities Insurance	1,939	<ul style="list-style-type: none"> Review of key processes and controls. Perform walkthroughs of the purchasing and payments cycle. Sample resting of transactions. Analytical review.
Depreciation and Amortisation	2,379	<ul style="list-style-type: none"> Review of management's assessment of the useful lives of assets and assess reasonableness. Verify depreciation expenses to valuation reports (where applicable). Perform re-calculation tests. Analytical review.
Other expenses, including interest expense	199	<ul style="list-style-type: none"> Review of key processes/controls Perform walkthroughs of the purchasing and payments cycle. Sample testing of transactions. Agree interest expense to WATC confirmation. Review listing of other expenses to identify large or unusual accounts and test accordingly. Analytical review.

The table below lists those significant financial statement disclosures or other auditable areas and our planned audit approach for these disclosures. When selecting significant disclosures, we consider materiality, the nature of the item, inherent risk and the sensitivity of disclosures.

Statement, Auditable Area and / or Disclosures	Audit Approach
Statement of Cash Flows and Cash Flow Reconciliation Note	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Review Statement of Cash Flows and reconciliation note calculations. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Legislative Compliance	<ul style="list-style-type: none"> • Ensure Shire of Beverley's financial management policies and procedures are compliant with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Accounting Standards. • Assess Shire of Beverley's compliance with internal policy and procedures throughout the year, identify any instances of non-compliance which also resulted in legislative requirements not being met. • Review draft annual financial statements to ensure compliance with Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.
Contingent Liabilities	<ul style="list-style-type: none"> • Review of internal controls. • Enquiries of management. • Assess Council's disclosures of obligations under the Contaminated Sites Act 2003. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. • Determine if any contingent liabilities relating to waste facilities, contaminated sites or aluminium composite panelling.
Capital and Leasing Commitments	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Enquiries of management. • Verify disclosures to supporting calculations and documentation. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
Related Party Transactions, including elected member remuneration, key management personnel compensation and transactions with related parties	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Enquiries of management. • Obtain an understanding of the means utilised to identify related parties and record related party transactions. • Verify elected members remuneration calculations and test on a sample basis. Analytical review. • Verify key management personnel compensation calculations and test on a sample basis. Ensure KMP classifications correct. • Assess related party transactions terms and associated fraud risks. • Ensure completeness of disclosures. • Identify any related parties with dominant influence. • Ensure related party disclosures comply with AASB124.
Financial Risk Management	<ul style="list-style-type: none"> • Review and assess effectiveness of internal controls. • Review financial risk management note and reconciliation calculations. • Ensure disclosures comply with the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

Statement, Auditable Area and / or Disclosures	Audit Approach
Internal Control and Risk Management	<ul style="list-style-type: none"> Assess control environment including segregation of duties and level of independent review / checks in place. Ensure Council have established and maintained a risk management framework that is appropriate. Assess how management place a strong emphasis on the design, implementation and maintenance of internal control to prevent and detect fraud. Assess classes of transactions and account balances which are more susceptible to fraud and test accordingly.
Fraud	<ul style="list-style-type: none"> Assess control environment including segregation of duties and level of independent review / checks in place. Assess how management place a strong emphasis on fraud prevention and deterrence. Review reporting mechanisms to those charged with governance. Assess classes of transactions and account balances which are more susceptible to fraud and test accordingly. Review of unusual transactions, in particular near balance date which may have a significant effect on the result.
IT	<ul style="list-style-type: none"> Obtain an understanding of the IT general control environment. Perform tests to assess the effectiveness of IT general controls over the IT system, including both physical and logical access of the users, change management process and audit trail / transaction log.
Accounting General Journals	<ul style="list-style-type: none"> Assess control environment in respect to accounting general journal entry and level of independent review / checks in place. Sample testing of accounting general journals. Assess classes of transactions and account balances which are more susceptible to fraud and test any large or unusual accounting general journals accordingly. Review of unusual accounting general journals, in particular near balance date which may manipulate the result.
Accounting Estimates	<ul style="list-style-type: none"> Assess control environment in respect to accounting estimates and level of consultation / independent review / checks in place. Sample testing of application accounting estimates, ensuring significant assumptions used in making accounting estimates are reasonable. Assess classes of transactions and account balances which are more susceptible to fraud and test any large or unusual accounting estimates accordingly. Review of unusual accounting estimates, in particular those recorded or changed near balance date which may manipulate the result. Ensure accounting estimates disclosures comply with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards.

7. Management Representation Letter

The above audit procedures assume that management expects to be in a position to sign a management representation letter. The proposed letter for this purpose is attached. This letter should be reviewed and tailored to meet your local government's particular circumstances, and be signed and dated by the CEO and DCEO as close as practicable to the date of the proposed auditor's report. Ordinarily, this would be no longer than five working days prior to the issue of the auditor's report.

Please bring to the attention of the President that we will also be relying on the signed Statement by CEO in the annual financial report as evidence that they confirm:

- they have fulfilled their responsibility for the preparation of the annual financial report in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards
- they have provided us with all relevant information necessary or requested for the purpose of the audit
- all transactions have been recorded and are reflected in the annual financial report.

8. Related Entities

Section 7.12AL of the *Local Government Act 1995* applies section 17 of the *Auditor General Act 2006* to a local government. Section 17 requires a local government to advise the Auditor General in writing of details of all related entities that are in existence.

9. Reporting Protocols

9.1 AMD Reporting Requirements

AMD is to provide a report to the Auditor General to enable the Auditor General to:

- form the audit opinion with respect to the Shire of Beverley's annual financial report;
- report any findings, significant control weaknesses and any other relevant matters arising from our audit procedures; and

AMD will be required to form an opinion and report to the Auditor General whether the Shire of Beverley's financial statements:

- are based on proper accounts and records; and
- fairly represents, in all material respects, the results of the operations of the Shire of Beverley and its financial position for the years covered by the contract in accordance with the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

9.2 Management Letter

Significant issues identified during the course of our audit procedures will be discussed with relevant staff and management as soon as possible after being identified. Draft management letters will be provided to the CEO (or other nominated representative) for coordination of comments from appropriate members of your management. We request that these be returned promptly, preferably within 5 working days.

At the conclusion of the audit, the abovementioned management letter will accompany the auditor's report and the audited annual financial report forwarded to the President, the CEO and the Minister for Local Government. The management letter is intended to communicate issues arising from the audit that may impact on internal control, compliance, and financial reporting.

Where considered appropriate, and to ensure timely reporting of audit findings and action by management, interim management letters may be issued to the CEO and the President. A copy will also be forwarded to the Minister when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Specific matters resulting from issues identified during the audit may be reported in an Auditor General's Report to Parliament. Should this occur, you will be consulted in advance to assure the context and facts of the issue are adequately represented.

9.3 OAG Contract Reporting Requirements

As OAG contractors we are required to report to the OAG as follows:

1. Complete Interim planning audit;
2. Prepare and provide OAG representative with interim audit findings and prepare interim management letter (if required);
3. Complete post 30 June year end audit;
4. Obtain signed Management Representation Letter from Shire of Beverley;
5. Prepare and provide OAG Representative with Signing Review Memo (SRM), Data Collection Sheet, Best Practice Entity Assessment Form, Draft Management Letter, Draft Financial Report and Signed Management Representation Letter; and
6. Provide OAG Representative with access to audit workpapers.

10. Proposed Audit Schedule

	Date
Planning and issue of Interim Audit Checklist by AMD	22 March 2023
Entrance Meeting (Shire, OAG & AMD)	XXX 2023
Onsite Interim Audit by AMD	1 to 3 May 2023
AMD provide OAG clearance for Interim Audit Review including draft Interim Management Letter	26 May 2023
Interim Management Letter to be issued by OAG (if required)	30 June 2023
Issue of Year End Audit Checklist by AMD (week ending)	18 June 2023
Final Trial Balance to be provided to AMD by the Shire	8 September 2023
Draft Annual Financial Report to be provided to AMD by the Shire	8 September 2023
Final Audit by AMD	18 to 20 September 2023
AMD provide OAG clearance for Audit File Review including all applicable Contractor deliverables / reports	6 October 2023
OAG complete Final Audit Review	20 October 2023
AMD issue exit meeting agenda and associated reports (Management Representation Letter, draft Management Letter and draft Audit Report)	25 October 2023
Exit Meeting (week ending)	To be scheduled dependent on above
AMD to provide the signed AMD Audit Report, stamped FS, signed SRM, final Management Letter and signed Representation Letter to OAG	Within 2 days of Exit Meeting
OAG to issue signed audit report and Management Letter to the Shire.	Within 5 days of Exit Meeting
<u>Roads to Recovery and LRCI Certifications</u>	
Draft reports and supporting workpapers to be provided by the Shire	4 September 2023
AMD provide OAG clearance for Certification workpaper review	9 October 2023
OAG to review and issue opinion	20 October 2023

The above proposed audit schedule is subject to change depending on individual circumstances.

11. Audit Evidence – Specific Audit Requirements

We will discuss our requirements with your staff to facilitate a timely, efficient and effective audit. We will formally agree our information requirements and timeframes for the final audit with the CEO using our Audit Checklists.

We will issue an Interim Audit Checklist and Year-End Audit Checklist in advance of each audit visit. The checklists are intended to help Shire of Beverley staff to have various documents readily available when we perform our audit.

As the information requests contained within the Audit Checklists will form an important component of our audit working papers, the information must be made available to AMD on the dates specified. This will assist us in delivering an efficient audit and minimising interruptions to Shire staff.

Where information has not been made available to us one week prior to the interim visit or one week prior to our final visit (including draft annual financial report), we anticipate additional audit time may be incurred resulting in additional fees being charged.

12. Your Audit Team

	Name	Contact
Contractor – AMD Chartered Accountants		
Director	Maria Cavallo	(08) 9780 7555 maria.cavallo@amdonline.com.au
Alternate Director	Tim Partridge	(08) 9780 7555 tim.partridge@amdonline.com.au
Audit Manager/Team Leader	Chelsea Gardiner	(08) 9780 7555 chelsea.gardiner@amdonline.com.au
Auditor	Tanya Smallegange	(08) 9780 7555 tanya.smallegange@amdonline.com.au
Audit Co-ordinator	Melissa Damiani	(08) 9780 7555 melissa.damiani@amdonline.com.au
Office of the Auditor General		
Auditor General	Caroline Spencer	(08) 6557 7500
OAG Representative Director	Mahmoud Salahat	(08) 6557 7581 mahmoud.salahat@audit.wa.gov.au

5.2 2022 Financial Management Systems and Procedures Review

Submission To:	Audit & Risk Committee Meeting 27 June 2023
Report Date:	9 June 2023
Applicant:	Shire of Beverley
File Reference:	ADM 0291
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	No
Disclosure(s) Of Interest:	Nil
Attachments:	2022 Financial Management Systems Review

SUMMARY

Council to receive the 2022 Financial Management Systems and Procedures Review as prepared by AMD Chartered Accountants.

BACKGROUND

The Chief Executive Officer is required to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than every three financial years and report to Council the results of those reviews. The last review was undertaken by AMD Chartered Accountants in December 2019.

COMMENT

To comply with the requirements of the Regulations, AMD Chartered Accountants was commissioned to undertake the review again and report on Council's financial management systems and procedures in March 2023.

The financial management review provides the Chief Executive Officer and the Council with an independent assessment of the appropriateness and effectiveness of the Shire's financial management systems.

The review procedures undertaken included documentation, analysis and testing of financial internal controls. The Shire's financial records were examined to ascertain the level of effectiveness of the financial systems including the following: -

- Collection of money;
- Custody and security of money;
- Maintenance and security of financial records;
- Accounting for municipal or trust transactions;
- Authorisation for incurring liabilities and making payments;
- Maintenance of payroll, stock control and costing records; and
- Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.

A summary of the Review’s findings are as follows:



The following tables provide a summary of the findings raised in this report:

	Significant Risk	Moderate Risk	Minor Risk
Number of new issues reported	0	3	3

For details on the review rating criteria, please refer to Section 9.

Ref	Issue	Risk Rating
2. Collection of money		
We have no findings to raise in respect to the collection of money.		
3. Custody and security of money		
3.2.1	Daily Banking An isolated instance identified from sample testing where daily takings were deposited in excess of a week from receipt.	Minor
4. Maintenance and security of financial records		
4.2.2	Key Security and Register No documented procedure in respect to access of motor vehicle machinery and building keys at the Depot. Key cabinet at the Shire Depot was unlocked during the onsite visit. Currently no key register is maintained at the Shire Depot. Key cabinet at the Admin Office remains unlocked throughout the day.	Moderate
5. Accounting for municipal or trust transactions		
5.2.1	Monthly Reconciliations Month end reconciliations were not consistently signed as evidence of independent review each month.	Minor
6. Authorisation for incurring liabilities and making payments		
6.2.1	Post Tender Performance Evaluation No formal post tender / service contract performance evaluation process for major contracts and services.	Moderate
7. Maintenance of payroll, stock control and costing records		
7.2.1	Staff Performance Review frequency Inquiries indicated staff performance reviews are not performed for works team members, other than gardening staff.	Moderate
7.2.3	Employee Code of Conduct Employee Code of Conduct not reviewed by the stated review date.	Minor
8. Preparation of budget, budget reviews, accounts and reports required by Regulations		
We have no findings to raise in respect to the collection of money.		

Management’s comments relating to the Review’s findings are included in the full report (attached under separate cover).

STATUTORY ENVIRONMENT

Local Government Act 1995, Section 6.10, Financial Management Regulations
Regulations may provide for —

- (a) The security and banking of money received by a local government; and
- (b) The keeping of financial records by a local government; and
- (c) The management by a local government of its assets, liabilities and revenue; and
- (d) The general management of, and the authorisation of payments out of —
 - (i) The municipal fund; and
 - (ii) The trust fund,
of a local government.

Local Government (Financial Management) Regulations 1996

Section 5 CEO's duties as to financial management

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) For the proper collection of all money owing to the local government; and
 - (b) For the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) To ensure proper accounting for municipal or trust —
 - (i) Revenue received or receivable; and
 - (ii) Expenses paid or payable; and
 - (iii) Assets and liabilities; and
 - (e) To ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) For the maintenance of payroll, stock control and costing records; and
 - (g) To assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

- (2) The CEO is to —
 - (a) Ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) Assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) Undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Strategic Community Plan

Goal 12 – Council leads the organisation and engages with community in an accountable and professional manner.

POLICY IMPLICATIONS

Nil

RISK IMPLICATIONS

It is a requirement of the *Local Government (Financial Management) Regulations 1996* that the CEO ensures efficient systems and procedures are place and that resources are effectively managed and reported on every three years. This report mitigates the risk of non-compliance and ensures good governance.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION & COMMITTEE RESOLUTION

MAA2/0623

Moved Cr White

Seconded Cr Lawlor

That the Audit and Risk Committee recommends to Council that the 2022 Financial Management Systems and Procedures Review completed by AMD Chartered Accountants be received.

CARRIED 3/0

Note: The Audit Committee commends the Management on the results of the Financial Management Systems and Procedures Review recently conducted; showing sound internal controls and compliance.



Shire of Beverley 2022 Financial Management System Review





9th June 2023

Mr Stephen Gollan
Chief Executive Officer
Shire of Beverley
136 Vincent Street
BEVERLEY WA 6304

Dear Stephen

2022 FINANCIAL MANAGEMENT SYSTEMS REVIEW

We are pleased to present the findings and recommendations resulting from our Shire of Beverley (the "Shire") Local Government (Financial Management) Regulation 1996, Financial Management System Review.

The primary objective of our Financial Management System Review was to assess the adequacy and effectiveness of systems and controls in place within the Shire of Beverley; in accordance with our proposal.

We would like to thank Simon, Gaye and the finance team for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact Chelsea Gardiner or myself.

Yours sincerely
AMD Chartered Accountants

MARIA CAVALLO FCA
Director

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Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the Shire of Beverley management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with the Shire of Beverley. The review findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of the Shire of Beverley. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for the Shire of Beverley's information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of the Shire of Beverley Chief Executive Officer or its delegate in connection with our engagement to perform the review. Other than our responsibility to the Council and management of the Shire of Beverley, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the Shire of Beverley external auditor, on this review report. Any reliance placed is that party's sole responsibility.

1. Executive Summary

1.1. Background and Objectives

The primary objective of our Financial Management System Review (FMSR) was to assess the adequacy and effectiveness of systems and controls in place within the Shire.

The responsibility of determining the adequacy of the procedures undertaken by us is that of the Chief Executive Officer (CEO). The procedures were performed solely to assist the CEO in satisfying his duty under Section 6.10 of the Local Government Act 1995 and Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

Our findings included within this report are based on the site work completed by us on 27th of February to 1st March 2023. Findings are based on information provided and available to us during and subsequent to this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas are detailed in the following sections of the report:

- Section 2 – Collection of money;
- Section 3 - Custody and security of money;
- Section 4 - Maintenance and security of the financial records;
- Section 5 - Accounting for municipal or trust transactions;
- Section 6 - Authorisation for incurring liabilities and making payments;
- Section 7 - Maintenance of payroll, stock control and costing records; and
- Section 8 - Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 8, we are pleased to report that in context of the Shire's overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with better practice.

The following tables provide a summary of the findings raised in this report:

	Significant Risk	Moderate Risk	Minor Risk
Number of new issues reported	0	3	3

For details on the review rating criteria, please refer to Section 9.

Ref	Issue	Risk Rating
2. Collection of money		
We have no findings to raise in respect to the collection of money.		
3. Custody and security of money		
3.2.1	Daily Banking An isolated instance identified from sample testing where daily takings were deposited in excess of a week from receipt.	Minor
4. Maintenance and security of financial records		
4.2.2	Key Security and Register No documented procedure in respect to access of motor vehicle machinery and building keys at the Depot. Key cabinet at the Shire Depot was unlocked during the onsite visit. Currently no key register is maintained at the Shire Depot. Key cabinet at the Admin Office remains unlocked throughout the day.	Moderate
5. Accounting for municipal or trust transactions		
5.2.1	Monthly Reconciliations Month end reconciliations were not consistently signed as evidence of independent review each month.	Minor
6. Authorisation for incurring liabilities and making payments		
6.2.1	Post Tender Performance Evaluation No formal post tender / service contract performance evaluation process for major contracts and services.	Moderate
7. Maintenance of payroll, stock control and costing records		
7.2.1	Staff Performance Review frequency Inquiries indicated staff performance reviews are not performed for works team members, other than gardening staff.	Moderate
7.2.3	Employee Code of Conduct Employee Code of Conduct not reviewed by the stated review date.	Minor
8. Preparation of budget, budget reviews, accounts and reports required by Regulations		
We have no findings to raise in respect to the collection of money.		

2. Collection of money

2.1. Scope and approach

We either completed site visits or reviewed internal controls relating to collection of money of the following locations operated by the Shire:

- Beverley Administration Office (site visit);
- Beverley Caravan Park (site visit);
- Beverley Refuse Site; and
- Beverley Swimming Pool.

During the site visits we:

- Documented internal controls, procedures and reconciliations in relation to all sources of income;
- Counted petty cash and float on hand ensuring materially correct;
- Reviewed fees and charges schedule and ensure adequate internal controls in place over receipting;
- Tested collection, receipting, invoicing and posting procedures over cash receipts on a sample basis; and
- Reviewed credit control procedures in respect to sundry debtors and rate debtors.

2.2. Detailed findings and recommendations

Following completion of our procedures as outlined within the above scope, we have no recommendations to raise in respect to the collection of money.

3. Custody and security of money

3.1. Scope and approach

- Conducted site visits of cash collection points to review the controls and procedures over the collection, receipting, recording and banking of cash collected offsite;
- Sites visited included the Beverley Administration Office and Caravan Park. We also discussed, documented and tested cash collection controls and procedures in respect to the Beverley Refuse Site and Beverley Swimming Pool with the Senior Finance Officer; and
- Reviewed the security of cash and banking procedures to ensure the appropriate controls and procedures are in place.

3.2. Detailed findings and recommendations

3.2.1 Daily Banking

Finding Rating: Minor

Our testing of daily banking procedures on a sample basis identified an instance (out of 35 samples tested) where the daily takings were deposited into the Shire's Municipal account in excess of a week.

Implication

Risk error or fraud may not be detected on a timely basis.

Recommendation

We recommend daily banking be carried out promptly, at least weekly at a minimum.

Management Comment

Our local ANZ branch has been closed so we need to travel to Northam (1.5 Hour round trip) to complete our cash depositing. This is generally completed once a week by the DCEO or by any other member of Staff who may need to go to Northam.

During high cash flow periods, i.e. Rates due, the frequency of deposits may increase given the risk of holding high quantities of cash on site.

However, due to the issue of travel there may be instances when cash isn't deposited within a week.

Responsible Officer: DCEO

Completion Date: On Going

4. Maintenance and security of the financial records

4.1. Scope and approach

- Reviewed information technology systems to assess physical security, access security, data backups, contingency plans, compliance and systems development; and
- Reviewed registers maintained (including key register, tender register, gifts and travel registers etc.) and Council minutes.

4.2. Detailed findings and recommendations

4.2.1 Depot Key Security and Register

Finding Rating: Moderate

Our observations and enquiries indicated the following in respect to key security and key registers:

- There is no documented procedure in place relating to access of motor vehicles, machinery and building keys at the Depot;
- There is no lockable key cabinet at the Shire Depot where all plant and machinery keys can be securely located;
- There is no key register or sign in/sign out listing maintained at the Shire Depot recording access of keys and use of Shire vehicles; and
- Keys at the Administration Office are kept in an open safe throughout the day with any employee physically able to access these.

Implication / Risks

Increased risk of theft and vehicle misuse.

Risk of un-authorized access.

Recommendation

We recommend:

- A documented procedure be developed and implemented relating to the access of motor vehicles, machinery and building keys for the Depot;
- Depot keys be secured and locked in a cabinet restricting access to only authorised personnel;
- A depot key register or sign in/sign out listing be maintained; and
- Keys maintained at the Administration Office be stored in a lockable cabinet to ensure access is restricted to authorised personnel.

Management Comment

Noted - Staff are utilising different vehicles and plant all the time; a sign in/out system for keys is impractical – the keys will be where the vehicle is.

There is a risk of theft, however the proximity of the Depot to the Admin office and the attendance for most of the time by a Mechanic in the Depot reduces this risk to some degree.

A lockable key safe for the Depot and the Admin Office will be investigated.

Responsible Officer: DCEO

Completion Date: 31 December 2023

5. Accounting for municipal or trust transactions

5.1. Scope and approach

- Reviewed all monthly reconciliations including bank, sundry debtors, sundry creditors, fixed assets, rates debtors and rateable value reconciliations ensuring correctly reconciled and reviewed;
- Reviewed and tested in detail most recent municipal and trust bank reconciliations prepared;
- Reviewed processes in respect to BAS, FBT Return and other statutory returns preparation;
- Reviewed use of reserve funds and determined whether changes in reserve purposes have been budgeted or public notice was provided;
- Reviewed self-supporting loan transactions ensuring debtor invoices raised in accordance with payment schedule;
- Reviewed trust ledger balances; and
- Reviewed policies and procedures in respect to insurance, recording claims and insuring newly acquired assets.

5.2. Detailed findings and recommendations

5.2.1 Monthly Reconciliations

Finding Rating: Minor

Our review of monthly balance sheet reconciliations indicated the months of September, November and December 2022 were not signed as evidence of independent review.

Implication / Risks

Risk of material misstatement or error not detected on a timely basis.

Recommendation

Reconciliations are a key control and should be reviewed by someone independent of the reconciliation function on at least a monthly basis.

Management Comment

The EOM files are reviewed monthly as part of the financial reporting preparation for Council.

The procedure is for the DCEO to sign off on the EOM checklist once the documents have been reviewed.

In the instances noted the DCEO was on sick leave at the EOM timing and didn't sign off on his return or after completion of the monthly reports.

Responsible Officer: DCEO

Completion Date: On Going

6. Authorisation for incurring liabilities and making payments

6.1. Scope and approach

- Reviewed controls and procedures over the authorisation of purchase orders and approval of payments;
- Tested sample of payments to ensure compliance with stated procedures;
- Reviewed credit card processes and procedures, and testing transactions on a sample basis;
- Reviewed petty cash processes and procedures, and testing transactions on a sample basis;
- Completed sample testing of asset additions and asset disposals;
- Reviewed asset capitalisation and depreciation policy and ensure compliance with stated policies; and
- Reviewed new loans received ensuring budgeted for or public notice provided.

6.2. Detailed findings and recommendations

6.2.1 Post Tender Performance Evaluation

Finding Rating: Moderate

We noted Shire of Beverley does not have a formal post tender / service contract performance evaluation process for major contracts and services.

Implication

Lack of formalised documentation evidencing tender performance assessment.

Recommendation

WALGA best practice guidelines recommend formal performance management assessments be completed at the end of the tender period once goods or services have been tendered. We recommend the Shire of Beverley develop and implement a formal post tender service contract performance evaluation process. We suggest it may be useful for the process to include standard a contract compliance checklist, in particular for the monitoring of ongoing service contracts.

Management Comment

We are looking to implement this process. Our mainstreet redevelopment is still in the defects liability period (12 months – October 2023).

This project will be evaluated when the defect liability period ends.

We'll look at implementing an evaluation process for our larger capital works projects.

Responsible Officer: Project Officer

Completion Date: As Major Projects end- on going

7. Maintenance of payroll, stock control and costing

7.1. Scope and approach

- Completed site visit to the Beverley Depot including the fuel bowers to review security over stocks held and allocation / costings of stocks used (including fuel and inventory stocks);
- Reviewed of the allocation of public works overheads, plant operating costs and administration overheads completed;
- Reviewed payroll controls and procedures to ensure effective controls are in place, and complete tests on a sample basis to ensure these controls were operating effectively;
- Reviewed procedures and policies in place in respect of human resource management legislative and compliance requirements, recruitment, performance appraisal, disciplinary and termination procedures and leave entitlements;
- Reviewed listing of leave taken by employees ensuring authorised leave forms completed; and
- Reviewed annual leave balances and identify employees with more than eight weeks annual leave.

7.2. Detailed findings and recommendations

7.2.1 Staff Performance Reviews

Finding Rating: Moderate

Our inquiries indicated staff performance reviews are not performed on an annual basis for all employees as stated within the Shire's policy – reviews are not performed for works team members (with exception of the Gardens team).

Implication

Risk staff performance is not appropriated managed.

Recommendation

As best practice we recommend all staff undertake an annual performance review.

Management Comment

Noted.

We'll look at our Review processes going forward.

Responsible Officer: Executive Managers

Completion Date: Reviews to be completed once per Calendar Year.

7.2.3 Employee Code of Conduct

Finding Rating: Minor

Our enquiries identified the Employee Code of Conduct was due for review in 2022, however this had not yet been completed at the time of our March onsite review.

Implications / Risks

Risk Code of Conduct being out of date and non-compliant.

Recommendation

We recommend policies and procedures are reviewed in accordance with stated dates, including updating references to applicable legislation and standards as changes arise.

It may be appropriate for policy reviews to occur annually, however frequency of the review will depend on the nature of the matter contained within.

Management Comment

This was an oversight and has been reviewed and received by Council in March 2023.

Responsible Officer: Executive Assistant

Completion Date: 31 March 2023

8. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations

8.1. Scope and approach

- Reviewed policy and procedure manual;
- Reviewed the procedures for preparation of the monthly financial statements, annual financial statements and annual Budget, including assessment of accounting policy, notes and applicable reporting requirements and efficiency of the process;
- Reviewed monthly financial statements ensuring presented to Council within two months and information contained within monthly financial statements in accordance with Regulation 34 of Local Government (Financial Management) Regulations 1996;
- Reviewed the mid-year budget review to ensure compliance with Regulation 33A of the Local Government (Financial Management) Regulations 1996 and assessment of budgetary expenditure controls in place;
- Ensured prior year audit report and management letter have been presented to audit committee and Council; and
- Reviewed compliance with Part 6 of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

8.2. Detailed findings and recommendations

Our review indicated key underlying policies and processes in relation to the preparation of budgets, budget reviews, accounts and reports required by the Act or Regulations are appropriate, in line with the best practice and operating effectively.

Accordingly, we have no recommendations to raise in respect to the preparation of budgets, budget reviews, accounts and reports required by the Act or Regulations.

9. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation’s ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation’s objectives by maximising opportunities and minimising adverse effects.

Our guidance to risk classification in accordance with Risk Management- Principles and Guidelines Standard AS ISO 31000-2018 is as follows:

Risk is the probability that an event or action may adversely affect the organisation. Risk is assessed based on the relationship between consequence and likelihood.

- Likelihood is the chance that the event may occur given knowledge of the organisation and its environment.
- Consequence is the severity of the impact that would result if the event were to occur.

Our risk rating for each finding was based on the following table:

		CONSEQUENCES		
		Insignificant	Significant	Highly Significant
LIKELIHOOD	Low	Minor	Moderate	Moderate
	Medium	Minor	Moderate	Significant
	High	Minor	Significant	Significant

Any compliance breaches identified have been communicated within our report.

6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

Nil

7. CLOSURE

The Chairman declared the meeting closed at 9:45am

I hereby certify these Minutes as being confirmed in accordance with Section 5.22 of the Local Government Act 1995.

PRESIDING MEMBER:

DATE:

5. OAG EXIT MEETING AGENDA

Attachment



**SHIRE OF BEVERLEY
EXIT MEETING AGENDA**

**31 October 2023 at 10.40am
Shire of Beverley Offices, 136 Vincent Street, Beverley**

ATTENDEES: The Audit Committee Members:

- Cr David White
- Cr Dee Ridgway
- Cr Chris Lawlor
- Cr John Maxwell

Support Staff/Visitors:

- Mr Simon Marshall Acting Chief Executive Officer
- Mrs Ali Lewis Executive Assistant

AMD Chartered Accountants (via teams):

- Maria Cavallo Director

Office of the Auditor General (via teams):

- Mahmoud Salahat Assistant Director Financial Audit

AGENDA ITEMS:

1. Audit Approach

Refer also attached Audit Planning Summary Dated June 2023, including Section 5 "Significant Risks and Other Audit Issues" and Section 6 "Audit Emphasis and Significant Account Balances"

- Interim Visit / Testing Completed
- Year End Communications
- Final Visit / Testing Completed

2. Variations to Audit Plan (where applicable)

- No variations

3. Subsequent Events

- Discussion and reconfirmation regarding subsequent events.

4. Audit Issues

- Status of prior year audit issues:

30 June 2022 Interim Finding	Action by Management
Payroll deductions support retained.	Review of payroll deductions and support has been carried out by the Shire.

- Audit issues reported in the current audit:
Refer to the Final Management Letter Attachment.

5. Audit Report

Refer DRAFT Audit Report attached

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



6. Issues Relevant To Next Audit
None.

7. Close

6. OFFICER REPORTS

6.1 2022/23 Management Letter

Submission To:	Audit & Risk Committee Meeting 31 October 2023
Report Date:	25 October 2023
Applicant:	N/A
File Reference:	ADM 0231
Author and Position:	Simon Marshall, Acting Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Audit Findings for Management Letter

SUMMARY

The Audit and Risk Committee to consider receiving the Management Letter.

BACKGROUND

The final audit was conducted by AMD Chartered Accountants between 18 – 20 September 2023 and authorised by the OAG on 25 October 2023.

COMMENT

The 2022/23 Management Letter containing three moderate findings with Shire Management comment are attached for the Committee's reference.

STATUTORY ENVIRONMENT

Section 7.12A of the Local Government Act 1995 provides the following:

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Signing the letters forms part of the Annual Report and approving this item will mitigate potential risks.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Management Letter be received.

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	RATING			Prior year finding
		Significant	Moderate	Minor	
1. Fair value assessment – Land and Buildings	No		✓		
2. Employee entitlements	No		✓		
3. Purchase orders	No		✓		✓

KEY TO RATINGS

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

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. FAIR VALUE ASSESSMENT – LAND AND BUILDINGS

Finding

The Shire of Beverley has not performed an assessment to determine whether its land and building assets represent fair value.

Rating: Moderate

Implication

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

Recommendation

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

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

Management comment

A memorandum of Councils approach to considering land and building values was presented to the Auditor during the audit process.

Land and building assets, as well as Infrastructure assets, are required to be revalued by a qualified valuer every five years.

The Shire of Beverley does not employ anyone who has the skills or qualifications to provide an opinion on whether our reported fair values are fair or not. To this end we revert to our most recent valuation report undertaken (2021 in this instance), as required in compliance with the *Local Government (Financial Management) Regulations 1996*, to provide guidance.

The Department of Local Government, Sport and Cultural Industries has recently announced that they are investigating to amending *the Regulations* to address this issue of justifying valuations outside of revaluation years.

Further, the cost to receive a qualified opinion on the validity of reported asset values is in the range of \$5,000-6,000. Management cannot justify spending this amount given the risks associated with this particular method of reporting which are very low.

Responsible officer: Deputy CEO

Completion date: As required.

Attachment 6.1

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. EMPLOYEE ENTITLEMENTS

Finding

Testing of employee leave entitlement balances identified an instance where the balance of long service leave hours for a staff member was not reduced by the long service leave taken during the year.

In addition, 4 employees had an annual leave balance in excess 8 weeks as at 30 June 2023 which is non-compliant with the Shire's documented Annual and Long Service Leave Policy (AF002).

Rating: Moderate

Implication

The absence of review and approval of employee leave provision calculations and leave taken, could result in invalid transactions and incorrect amounts being recorded.

Excessive accrued annual leave balances increases the risk of an adverse impact through excessive liabilities. In addition, fraud can also be more easily concealed by staff who do not take leave.

Recommendation

The Shire to review the employee leave provision calculations to ensure the correct leave taken is utilised for the reconciliation.

The Shire should continue to manage and monitor the excessive annual leave balances to reduce the liability, risk of business interruption and potential fraud.

Management comment

Staff are directed to take leave to maintain leave balances below 8 weeks. Various factors, including availability of suitable relief, may see the reduction in leave taking longer, all the while staff are still accruing leave.

It is an on going challenge.

The long service leave reporting error is an administration issue and the responsible staff member has been directed to ensure we are recording leave entitlements correctly.

Responsible officer: HR Officer & Direct Supervisor

Completion date: On Going

Attachment 6.1 – Audit Findings

ATTACHMENT

SHIRE OF BEVERLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. PURCHASE ORDERS

Finding

Our sample testing of 25 payments identified 1 instance where a purchase order was raised after the date of the corresponding invoice.

Rating: Moderate (2022: Moderate)

Implication

There is an increased risk of unauthorised goods and services being purchased, and liabilities being incurred. This is also a non-compliance with the Shire's purchasing and procurement policy which states that 'No person shall acquire any goods and/or services without first having issued an order form to the relevant provider.'

Recommendation

The Shire should ensure that purchase orders are approved prior to ordering of goods and services.

Management comment

All purchases are to be accompanied by a purchase order.

Responsible officer: Senior Finance Officer

Completion date: On Going

6.2 Draft 2022/23 Independent Auditor's Report

Submission To:	Audit & Risk Committee Meeting 31 October 2023
Report Date:	25 October 2023
Applicant:	N/A
File Reference:	ADM 0047
Author and Position:	Simon Marshall, Acting Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Draft 2022/23 Audit Report

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the draft 2022/23 Independent Auditor's Report from the Office of the Auditor General be received.

BACKGROUND

The audit of the 2022/23 Financial Report was conducted by AMD Chartered Accountants in September 2022.

The Independent Auditor's Report was received on 25 October 2023.

COMMENT

Please see attached draft 2022/23 Independent Auditor's Report.

STATUTORY ENVIRONMENT

Section 7.12A of the Local Government Act 1995 provides the following:

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. The Independent Auditor's Report forms part of the Annual Report, approving this report reduces potential breach.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the Independent Auditor's Report be received.

Attachment 6.2



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Beverley

To the Council of the Shire of Beverley

Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

Attachment 6.2

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality management relating to the report on the financial report

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

Attachment 6.2

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Beverley for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 October 2023

6.3 2022/23 Councillors' Declaration

Submission To:	Audit & Risk Committee Meeting 31 October 2023
Report Date:	26 October 2023
Applicant:	N/A
File Reference:	ADM 0047
Author and Position:	Simon Marshall, Acting Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	2022/23 Councillor's Declaration

SUMMARY

The Audit and Risk Committee to consider recommending to Council that the 2022/23 Councillors' Declaration be signed and received.

BACKGROUND

The Councillors' Declaration was first introduced by Council in 2012/13 to demonstrate Council's satisfaction of the appropriateness and integrity of the financial reports being presented.

COMMENT

The Councillors' Declaration is not a legislative requirement, however it gives Council a responsibility in ensuring that the contents of the annual report and annual financial report are accurate and in line with appropriate legislation and standards.

The declaration also stipulates that it is the opinion of Council that all outstanding debts will be paid when due.

STATUTORY ENVIRONMENT

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Low - The Councillor Declaration is not a requirement of the Local Government Act.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee authorise the President and Deputy President to sign the 2022/23 Councillors' Declaration and include the Declaration in the 2022/23 Annual Report.

Attachment 6.3

Councillors' Declaration

In accordance with a resolution of the Councillors of the Shire of Beverley, we state that:

1. In the opinion of the Councillors:
 - 1.1 the financial statements and notes of the Shire of Beverley are in accordance with the Local Government Act 1995 and Regulations, including:
 - (a) giving a true and fair view of the Shire of Beverley's financial position as at 30 June 2022 and of its performance for the year ended on that date; and,
 - (b) complying with applicable Australian Accounting Standards; and
 - 1.2 there are reasonable grounds to believe that the Shire of Beverley will be able to pay its debts as and when they become due and payable.

On behalf of the Council:

Cr DC White
President

Cr DJ Ridgway
Deputy President

Dated this 31st day of October 2023

6.4 Draft 2022/23 Annual Report

Submission To:	Audit & Risk Committee Meeting 31 October 2023
Report Date:	25 October 2023
Applicant:	N/A
File Reference:	ADM 0199
Author and Position:	Simon Marshall, Acting Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	Draft 2022/23 Annual Report

SUMMARY

The Audit and Risk Committee to review and consider recommending to Council that the 2022/23 Annual Report be accepted.

BACKGROUND

The 2022/23 Annual Financial Report has been produced in-house by the Deputy Chief Executive Officer and was audited by AMD Chartered Accountants in September 2023.

COMMENT

The draft 2022/23 Annual Report is attached for the Audit Committees consideration. The final report will be formatted as a complete document after adoption.

Once the complete Annual Report is adopted a date for the Annual Electors Meeting can be set and the report made available for public viewing for at least 14 days before the Annual Electors Meeting.

STATUTORY ENVIRONMENT

The *Local Government Act 1995* outlines the following in relation to the Annual Report:

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) deleted]*
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and
 - (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —

- (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with;
 - and
 - (iii) any other details that the regulations may require;
- and such other information as may be prescribed.

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* Absolute majority required.

- (2) If the auditor’s report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor’s report becomes available.

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Local Government (Financial Management) Regulations 1996 provide:

51. Completion of financial report

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government’s CEO of the auditor’s report on that financial report.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 – Council leads the organisation and engages with the community in an accountable and professional manner.

RISK IMPLICATIONS

Failure to approve, report and publish an Annual Report would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Approval of this item will mitigate the consequence.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the draft 2022/23 Annual Report be accepted.

VINCENT STREET HERITAGE WALK

Vincent Street
HERITAGE
Walk



Vincent Street Heritage Walk

A PLACE FOR COMMUNITY CONNECTIONS

'In the spirit of reconciliation the Shire of Beverley acknowledges the Traditional Custodians of the land on which this heritage walk is located. We pay our respect to their Elders past and present.'

Step back in time with the Vincent Street Heritage Walk. All the unique places that you will see and experience on this Heritage Walk has cultural heritage significance to the Community of Beverley.

Individual interpretive signage pedestals are placed throughout Vincent Street.

Download our unique Augmented Reality App 'Vincent Street Heritage Walk' to view the following significant places:



- | | | |
|---------------------------------|-----------------------------|-----------------------|
| 1. Beverley Fire Station (Site) | 13. Charles Edwards' Store | 23. Back of New South |
| 2. Beverley Town Hall | 14. Tomkinson Hotel | Walter Hotel |
| 3. Beverley Post Office | 15. Power's Building (Site) | 24. Central Buildings |
| 4. National Bank | 16. Beverley District Road | 25. James Building |
| 5. Pharmacy (Site) | 17. Bank Office | 26. Roper Building |
| 6. Beverley Fireman's | 18. Police Cottages | 27. Roper Building |
| 7. Coopers & Lysons | 19. Beverley Courthouse | 28. Roper Building |
| 8. Beverley Railway Station | 20. Beverley Municipal | 29. Roper Building |
| 9. Post Office (Site) | 21. Council Chambers | 30. Roper Building |
| 10. War Memorial | 22. Police Station | 31. Roper Building |
| 11. Police Station | 32. Roper Building | |
| 12. Blacksmith's Shop (Site) | | |



SHIRE OF
BEVERLEY

ANNUAL REPORT 2022/23

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STATEMENT BY SHIRE PRESIDENT

This has been a year of consolidation for the Council after all the work and disruption that was incurred during the reconstruction of Vincent Street. With the 12-month warranty period concluding, management are preparing a report for the contractors to make-good the defects that have been identified.

While no further major infrastructure projects have been undertaken, there remain a number that are in the pipeline. These projects are entirely dependent upon grant funding as the Shire has little room to move in terms of borrowing to fund these projects.

The most pressing is the swimming pool. I have written on this in a number of Blarney reports but it is worth repeating. A full-scale redevelopment plan was drafted by consultants at the direction of the Shire some years ago. This was done after Councillors conducted a field trip to neighbouring Shires to view the work they had undertaken on their swimming pools.

The original estimate on the Beverley plan was \$5,000,000. This cost was considered to be a significant hurdle to completing the project so it was deferred while grant funding was sought. In 2021 the project was again put out for a cost assessment and the estimate came back at \$11,000,000. Today, that cost we estimate to have increased to something in excess of \$13,000,000.

Despite this, Council recognises that, with the facilities being over 60 years of age, an attempt must be made to at least attend to some of the basic functions. The first stage considered to be most pressing is the pump room, plumbing, and filtration system. Installation of a wet deck and disabled access is also required. Shire will borrow a further \$1,000,000 and seek grant funding for the balance to commence this.

This loan will extend Shire borrowings to their limit as Council set a preferred target for a limit on borrowings some years ago to be no more than 75% of the total rate revenue in a calendar year. Due to pressures experienced, borrowings have now exceeded this target and will reach about 90% of total rate revenue in a calendar year.

Excess borrowings for any organisation put pressure on the solvency of the organisation and this has been demonstrated through some Local Governments having Administrators being appointed to rectify the financial situation.

While facilities within the town are important to make Beverley a desirable place to live and visit, The Council recognises that the roads and particularly bridges within Shire boundaries are vital to the safety of all who travel. Farming is also bringing pressure to bear with ever larger and heavier road trains and machinery requiring wider roads and safer bridges. This is now receiving the priority it deserves and we are working closely with Main Roads to achieve these improvements. Of great concern though is the costs of these projects which have blown out. An example is the small bridge on the West Talbot road which is now quoted at a price in excess of \$6,000,000.



All this has been impacted by the severe storm in March which caused severe damage to many of the roads in the district. The damage was such that the Shire recognised that the cost of repairs was going to be beyond Shire resources. An application was made to DFES to have the area declared a disaster area to enable an application for disaster funding. The total cost of these repairs is estimated to be in excess of \$3,000,000. Frustratingly, the time taken to go through the process is long and trying. The declaration has now been made but further delays will occur as an actual estimate needs to be made by a consultant before tenders are called.

All of this may sound depressing but I can assure the community that the Council retains a positive attitude and working with management we know we can achieve much.

And on a positive note, I would like to remind the community that as part of the Vincent Street redevelopment, a Heritage Trail was established along Vincent Street to highlight the various heritage buildings. This project was nominated for the Western Australian Heritage Awards for 2022.

At a ceremony on Perth on Friday 25th November I attended the presentation of awards with Stefan de Beer, Manager of Planning and Development Services, and Ashleigh Fleay, Project Officer, at the WA Museum. We were delighted when the Beverley project was announced the winner. It was a privilege to be able to accept this award on behalf of the Shire and community, and heartening to have positive feedback from the judges who considered this project of an outstanding quality.

By the time of publication of the Annual Report, three Council positions will have been filled at the elections. This is a reduction of one under the new legislation. Three Councillors are retiring this year and they are Peter Gogol, Tim Seed, and Matt Norman. Peter has served 16 years as Councillor and provided significant input during his time. Tim has served 8 years and is finding work commitments too demanding to continue while Matt is experiencing the same pressures after 2 years.

To these gentlemen I offer the Shire and Community's sincere thanks for taking on these roles and for their various contributions during their tenure.

I would also like to conclude by acknowledging the commitment and work by all the staff at the Shire during a year that has proved challenging. To the CEO, Stephen Gollan, I commend his leadership and commitment to Beverley.

Cr David White
Shire President



STATEMENT BY THE CHIEF EXECUTIVE OFFICER

I am pleased to present the 2022/23 Annual Report to elected members, ratepayers and residents.

The 22/23 financial year was another busy year. Councillors and staff continued to plan, manage and implement initiatives that invest in the sustainable future of Beverley on behalf of our community.

In 2022/23 rate levels increased a modest 5% as interest rates and CPI began increasing. Shire staff are constantly seeking external funding to lessen the burden on ratepayers whilst still moving forward with capital projects and improving facilities.

The Shire was very pleased to support, both financially and in-kind, the ‘Spring Back to Beverley’ community event in September 2022. Also used as a soft opening for the Vincent Street re-development, the event was a celebration of the 150 year anniversary of the Beverley Road Board and the Dead Finish Museum. The weekend event was opened by the Minister for Local Government Hon. John Carey MLA and was attended by past and present residents and visitors alike. I would like to thank all the volunteers and staff who joined the working group to make the event a great success.

The Vincent Street Streetscape Project was officially completed in October 2022. Unfortunately the project was significantly delayed and I acknowledge the patience of local businesses and the community as Council pushed to the finish line. The street is now aesthetically pleasing with new plantings, lighting, safe crossings, level footpaths and underground power.

As part of the announced Local Government Reforms in September 2022, Council were forced to conduct a “Review of System of Representation” in November and December. Outcomes from Council’s review and the Minister for Local Governments reforms will now see the introduction of recorded Council meetings and Beverley reducing from nine councillors to seven councillors over the next two election cycles. The Shire of Beverley would have preferred to remain with nine Councillors for reasons such as being in a smaller Community, there is a high probability to have issues reaching a quorum if there is illness, declarations of interest, leave of absence or other work/community commitments amongst the Councillors. Council also believe that nine Councillors increases a better representation of the spread of ratepayers across the Shire. Nonetheless, Council will still work hard with a decreased number in the future to achieve the best outcomes for the Community.

Council are still active in reducing the Shire’s environmental footprint and in doing so installed solar panels at the Beverley Swimming Pool. Not only is it more sustainable but it is significantly reducing some costs associated with the pool.

Another highlight to benefit the Beverley Community was the completion of the Cemetery Record Digitisation Project for our towns site cemeteries. Drone aerial surveying and the input of manual records created high resolution images so that families, friends and visitors are able to conduct real time research on the Chronicle database.



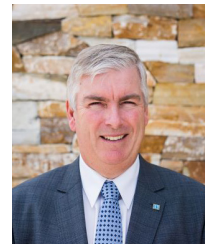
Throughout the financial year, the Shire outside crew activities include infrastructure works, construction programs, maintenance programs and gardening. Staffing was an issue throughout 22-23 due to retirements, long term injuries and direct wage competition from the mining sector, however the Shire managed to eventually fill all positions and I thank the outside team for their work to catch up on the various programs when numbers were low.

Background planning throughout 22-23 included the Beverley Swimming Pool; Headworks cost & construction for land to install workers accommodation; redevelopment of the Old School Building; and accession of the Old Nurses Quarters. All these planning initiatives will be dependent on external funding.

In May 2023, Council commenced a major review of the Strategic Community Plan 2017-2027 including a whole of community review and workshop. Whilst attendance at the workshop was low, I am very pleased that many clubs and individuals participated via the survey. This vital document guides planning, direction and grant funding applications for the services and facilities and ongoing advancement of our community.

Thank you to the Shire President Cr David White, Elected Members and Shire Staff for their commitment to the community. The 2022-23 year was difficult in periods due to the delay completing the main street, imposed Local Government reforms, ever increasing capital costs and decreasing government grants, however the positives of an activated main street, successful large scale community events and a positive community spirit make Beverley a great place to live, work and advocate.

Mr Stephen Gollan
Chief Executive Officer



YOUR COUNCIL



Elected Council 2021-2023 (Standing Back Row L to R): Cr Don Davis, Cr Chris Lawlor (Deputy President), Mr Stephen Gollan (CEO) Cr David White (Shire President), Cr Alan Sattler, Cr John Maxwell and Mr Simon Marshall (Deputy CEO). (Seated Front Row L to R): Cr Peter Gogol, Cr Matt Norman, Cr Susan Martin and Cr Tim Seed.

COUNCIL MEETINGS

An Ordinary meeting of Council is held on the fourth Tuesday of each month excluding January (11 in total). There were no Special Meetings of Council in 2022/23.

Council has four active Committees:

The **Audit and Risk Committee** met three times during the financial year. Cr's Norman, White and Lawlor are members of the Audit and Risk Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Financial Reporting, Internal Control & Risk Management Systems, Annual Business Plans, Internal Audits, External Audits and Other Investigations.

The **Corporate Strategy Committee** met once during the financial year. All Council members are members of the Corporate Strategy Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Strategic Planning, Budget, Asset Management, Policies and Integrated Planning.

The **Works Committee** met once during the financial year. Cr's Sattler, Davis, Lawlor and Seed are members of the Works Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to Roads, Plant and Equipment, Footpaths, Community Spaces and Environmental matters.

The **Cropping Committee** was not required to meet this financial year. Cr's Seed, Sattler and White are members of the Cropping Committee. The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to the Community Cropping Program.



2022/23 MEETING ATTENDANCE

COUNCILLOR	ORDINARY MEETINGS	COMMITTEE MEETINGS
Cr David White (P)	11	4
Cr Chris Lawlor (DP)	11	5
Cr Don Davis	11	4
Cr Peter Gogol	11	4
Cr Susan Martin	11	2
Cr John Maxwell	11	4
Cr Matt Norman	9	4

(P) - President

(DP) – Deputy President

COUNCILLOR TRAINING REPORT 2022/23

From October 2019 all newly and re-elected Councillors are required to complete Council Member Essentials.

WALGA's Council Member Essentials encompasses all five of the required training courses. This training has been specifically developed to deliver the essential skills and knowledge required by an Elected Member to perform their role as defined in the Local Government Act 1995.

The five courses are:

- Understanding Local Government;
- Conflicts of Interest;
- Serving on Council;
- Understanding Financial Reports and Budgets; and
- Meeting Procedures

All nine Shire of Beverley Councillors have completed the five courses.

Council has adopted a Councillor Training and Professional Development Policy and through this policy, Councillors are encouraged to request additional training if they so wish.

Stephen Gollan
Chief Executive Officer



ACHIEVEMENTS

During the 2022/23 Financial Year Council achieved the following:

STRATEGIC ACTIVITIES	OUTCOME
<p>1. Maintain Moderate Rate Increases</p>	<p>Council resolved to increase Rates by 5% in 2022/23 reflecting increasing costs due to COVID-19 lead supply shortages.</p> <p>Further, Council maintained its 10% discount for Rates paid by the discount date. The Shire of Beverley is the only Local Government Authority that continues to offer such an incentive in the State.</p>
<p>2. Vincent Street Streetscape</p>	<p>Construction of the Vincent St Streetscape project concluded in October 2022 drawing to a close one of the biggest undertakings Council has progressed in recent times.</p> <p>The project was funded through the Building Better Regions program (\$1.5M), Local Roads and Community Infrastructure (\$954,000), Roads to Recovery (\$300,000) and RAC (\$200,000).</p> <p>Council also raised a loan of \$1M (2022/23) and the utilised Reserve funds to ensure adequate financial resources were available to deliver the project.</p> <p>The final result has delivered a pedestrian focused streetscape allowing safe and easy access to our Mainstreet businesses. The reintroduction of street trees and garden beds will create vibrancy in years to come as the plantings mature.</p> <p>Also incorporated with the development was the Vincent St Heritage Interactive Walk which was awarded the winner of the 2022 WA Heritage Award for the Heritage Tourism Product category.</p>
<p>3. Road Construction</p>	<p>Council invested \$1.00 Million in road construction works (excluding the Vincent St works) during 2022/23.</p> <p>This represents 32% of Councils capital expenditure for the year.</p> <p>Road construction works for 2022/23 covered 20.4 Km.</p>
<p>4. Closing Surplus Position</p>	<p>Council achieved a closing surplus position for the 2022/23 financial year of \$2.63 Million.</p> <p>This includes an advanced payment of \$1.43M in financial assistance grants.</p>
<p>5. Maintain Acceptable Debt Levels</p>	<p>Council did not raise any loans during the 2022/23 financial year.</p> <p>Council's overall debt as at 30 June 2023 was \$2.12M.</p> <p>Council's debt servicing ratio, which compares operating surplus to principal and interest expenses, strengthened to 8.84.</p> <p>Council's internal ratio of Rates to Debt, which expresses Rates raised as a multiple of debt levels was 1.46.</p> <p>Council intends to raise \$1M in loan funds in 2023/24 to partially fund Swimming Pool upgrades.</p>

KEY STRATEGIC ACTIVITIES FOR 2023/24

The following are the key activities funded in the 2023/24 Annual Budget and these will contribute in achieving the strategic vision, goals and outcomes detailed in the Shire's Strategic Community Plan.

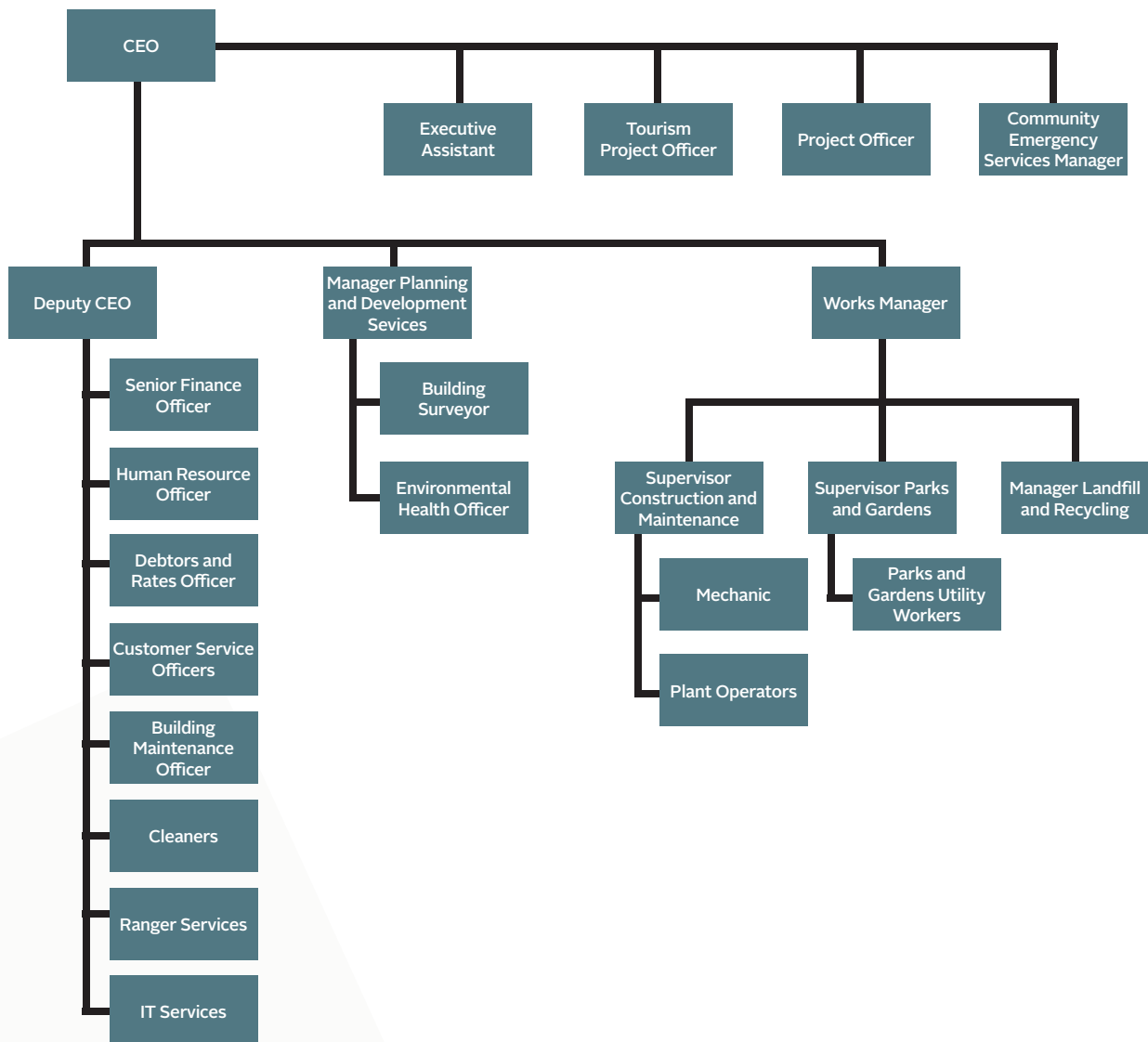
STRATEGIC ACTIVITIES	PLANNED WORKS	TIMELINE
Swimming Pool Upgrade – Stage 1	Completion of upgrade works to the swimming pool including renewal of plant room and filtration infrastructure, access ramp and steps, renewal of diving blocks, paving renewal and general landscaping works.	Complete by October 2024.
Old School Building – Civic Centre Upgrade	Completion of upgrade works to the Old School Building including relocation of toilet block and general internal renovation works to allow the relocation of the Council Chambers and the creation of a dedicated civic ceremony space.	Complete by June 2024.
Electric Vehicle (EV) Fast Charger	Install an EV fast charger at the Cornerstone to attract EV visitors to Town. It is planned to leverage State Government funding as it becomes available.	Complete by June 2024.
Bridge Works	Work on Bridge 3203 Kokeby East Road scheduled to be undertaken in 2022/23 have been carried over, in addition, work on Bridge 3205 Bremner Road has been included in the 23/24 Capital works program.	Complete by June 2024.
Road Construction	Ongoing upgrade and renewal works across the Shire including Waterhatch, Edison Mill and Mawson Roads and a continued 2nd seal, gravel resheeting, roadside spraying and tree lopping program.	Complete by June 2024.



ORGANISATIONAL STRUCTURE

The Shire of Beverley staff members are part of the corporate structure headed by the Chief Executive Officer. This corporate approach ensures that staff members work towards achieving common goals.

The Shire's staff are organised across four Divisions, Community Services, Corporate Services, Infrastructure Services and Technical Services. Whilst the Chief Executive Officer is responsible for the overall management of the organisation, each Division has its own Senior Officer who oversees the functioning of their respective Division. The Corporate Management Team implements and administers the policies of the Elected Members.



LEGISLATIVE COMPLIANCE

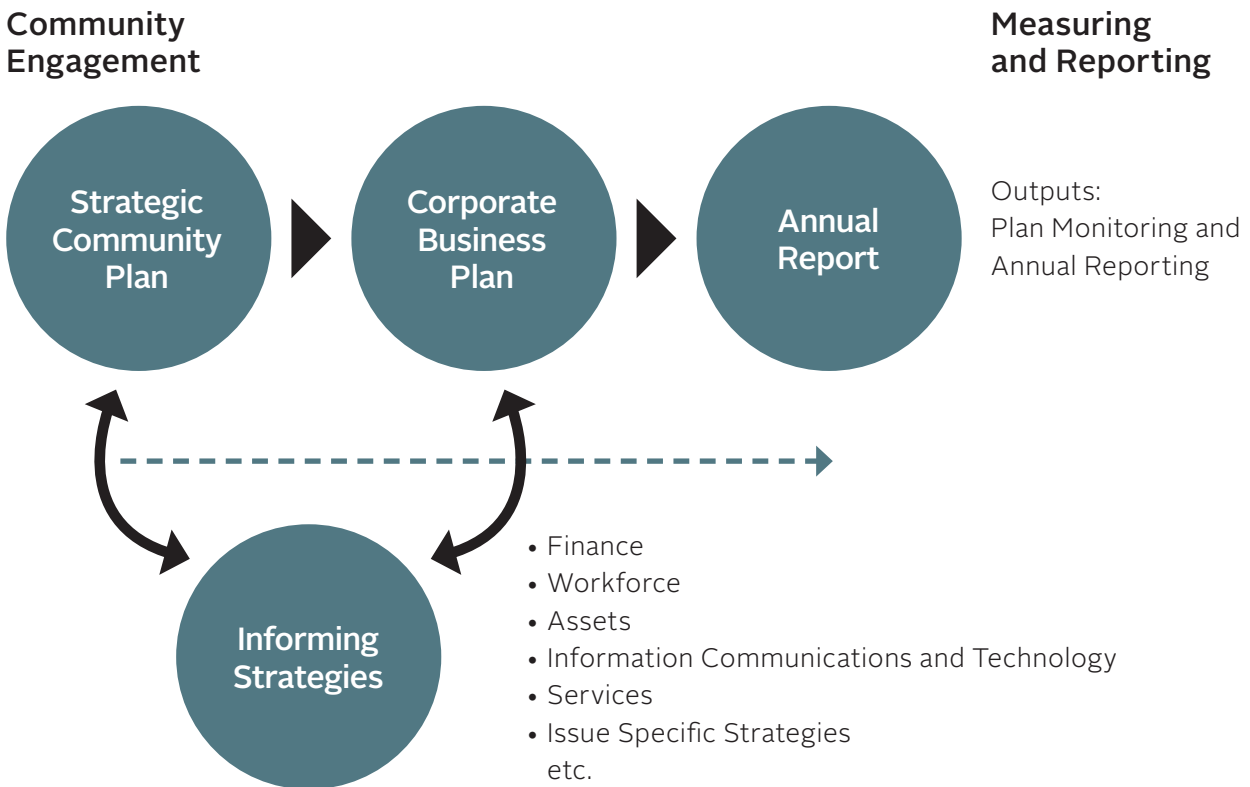
INTEGRATED PLANNING AND REPORTING (IPR) FRAMEWORK

The IPR framework is designed to establish community priorities and linking this information into different parts of a local government’s functions.

The IPR framework requirements are outlined in the Local Government (Administration) Regulations Division 3 – Planning for the Future.

The minimum requirements of the Regulations stipulate that the Local Government is to produce a Strategic Community Plan covering a period of no less than 10 years and a Corporate Business Plan covering a period of at least four years.

The diagram below illustrates the different elements of the IPR:



ELEMENTS OF INTEGRATED PLANNING AND REPORTING FRAMEWORK



STRATEGIC COMMUNITY PLAN

Our Strategic Community Plan 2017-2027 is a Council visionary forward planning document based on community feedback, our current position and desired position.

REVIEW

Council completed a Minor Review of the Strategic Community Plan in June 2021. A full review commenced in May 2023 with a Council Workshop. Community Consultation was then open for an 8 week period with a workshop held on 8 June 2023. Council are expected to adopt the reviewed plan in November 2023.

Throughout 2022-23, Council's vision, values, priorities and goals remain as:

OUR VISION:

A vibrant and progressive community which values its history in a welcoming and friendly place to live, work and visit. Beverley is the place to BE!

WE VALUE:

- The contributions made by our community towards an inclusive, active, diverse and friendly community
- Our natural resources and our place in the natural environment
- Economic diversity and opportunistic growth
- Forward thinking leadership and good governance

COUNCIL PRIORITIES:

1. Our investments support or facilitate employment and local business growth.
2. Our people, the community and quality of life are important to our success.
3. Our relationships bring financial, social, health and environmental benefits to the organisation and residents.

GOALS:

The Strategic Plan has 12 goals covering Infrastructure, Economic Development, Our People, Our Location and Governance.

Achievements of the 2021/22 financial year are listed on the following pages.

2022/23 STRATEGIC COMMUNITY PLAN ACHIEVEMENTS

The following objectives as outlined in the Shire of Beverley's Strategic Community Plan were achieved during the 2022/23 financial year:

INFRASTRUCTURE – GOAL 1

- **Shire infrastructure is prepared for economic gains and increase in our population:** Council invested \$1.00M in road construction which covered 20.4km of roads. \$430,000 was invested in plant renewal which included a new Grader.

INFRASTRUCTURE – GOAL 2

- **Community infrastructure of significance, economic value and history adds to our identity:** The Shire installed a Heritage Trail Walk on Vincent Street. The trail includes a trail head marker, place signage and an interactive QR App. The Heritage Trail Walk was the 2022 Winner of the WA Heritage Awards in the Heritage Tourism Product Category.

ECONOMIC DEVELOPMENT – GOAL 3

- **To have land available for domestic and commercial growth:** Council are preparing a grant application to complete headworks on available land on Hunt Road for the purpose of providing Workers Accommodation.

ECONOMIC DEVELOPMENT – GOAL 4

- **Vincent Street is activated and aesthetically improved:** The Vincent Street Streetscape Project was completed in late 2022. The street has been beautified with new street lighting, footpaths, underground power, seating, safe pedestrian crossings and the inclusion of a heritage trail.



ECONOMIC DEVELOPMENT – GOAL 5

- **Existing businesses can grow in Beverley and new business are attracted:** Council continues to support new business through approval of Planning Applications and Building Licences (where applicants meet all required conditions).

Council continues to support CRISP Wireless in their grant funding applications to enable better internet connectivity for the Shire of Beverley. Three new mobile towers have been installed to support business which includes primary producers, and residents. Fast and secure internet connectivity cannot be understated. Improving connectivity will see business remain and grow in Beverley.

ECONOMIC DEVELOPMENT – GOAL 6

- **Beverley has a unique identity in the region and is well visited:** Council supported the “Spring Back to Beverley 2022” event, both financially and in-kind, which celebrated 150 years of the Dead Finish Museum and 150 years of the Beverley Roads Board. The event was attended by the Minister for Local Government, many visitors, ex-residents and current residents.

Council continues to support and sponsor community events including the annual Beverley Agricultural Show and Beverley Rose Show.

OUR PEOPLE – GOAL 7

- **Increase all forms of club participation:** the Shire allocated \$25,000 to two rounds of Community Grants that are open to all incorporated groups. In 2022/23, the entire allocation was distributed to nine community groups and clubs.

OUR PEOPLE – GOAL 8

- **Beverley continues to be an inclusive, friendly and caring community:** Council continues to work towards providing universal access to all Council facilities where possible. In 2022/23 Vincent Street was redeveloped and includes new disabled parking bays close to facilities and level footpaths.

Further upgrades to the footpath around Beverley District High School were completed.

OUR PEOPLE – GOAL 9

- **We have a healthy and safe community:** Council has a representative on the Early Years Network Committee, the Alex Miles Lodge Committee and the Local Health Advisory Group. Each Councillor reports back to Council on the various Committee's progress.

The Community Emergency Services Manager has held training to ensure our Bush Fire Control Officers, Bush Fire Volunteers and Shire Staff meet the minimum required standards to attend a fire ground.

The Local Emergency Management Group meets quarterly and is represented by Council, Fire Control Officers, Beverley Police, Beverley Hospital, Beverley District High School and the Beverley CWA. The Local Emergency Plan is updated at each meeting.

OUR LOCATION – GOAL 10

- **Rivers, lakes and reserves are an attraction for locals and visitors:** The Brooking St Reserve and Dale River Reserve are managed by the Shire and now complete with tables and chairs for locals and visitors to enjoy.

OUR LOCATION – GOAL 11

- **We aim to protect, manage and preserve our natural environment:** Solar power has been installed at the Beverley Swimming Pool reducing Council's use of non-renewable power sources and at the same time reducing operating expenses.

The Shire continues mitigation works along the Avon River to clear vital paths in case of fire or other disasters.

Water captured by Council's Storm Water Harvesting Dams and treated water provided by the Water Corporation is continuing to sustain the Town Oval and the main street gardens.



GOVERNANCE – GOAL 12

- **Council leads the organisation and engages with the community in an accountable and professional manner:**
Community consultation was held for the review of the Strategic Community Plan.
Council works closely with its Auditors to ensure all legislative requirements are met and that the Annual Report and Annual General Meeting with the Beverley Ratepayers are held in a timely manner.

INFORMING STRATEGIES

CORPORATE BUSINESS PLAN

The Shire of Beverley's Corporate Business Plan demonstrates how Council is going to achieve the Communities aspirations as identified in the Strategic Community Plan covering a medium term, four year time frame.

The Corporate Business Plan was adopted in 2014 and provides direction to the CEO regarding medium term operational and capital investment parameters.

A desktop review of the Corporate Business Plan is completed annually as part of the annual budgeting process.

There were no modifications made to the Shire of Beverley's Corporate Business Plan in the 2022/23 financial year. A full review has begun and is running concurrently with the Strategic Community Plan.

10 YEAR LONG TERM FINANCIAL PLAN (LTFP)

The LTFP reflects detailed financial workings based on achieving the objectives of the Strategic Community Plan and incorporating elements of workforce planning and asset management. The LTFP 2020 - 2030 was revised and adopted in 2019.

4 YEAR WORKFORCE PLAN (WFP)

The WFP, first adopted in 2013 and reviewed in 2019, provides a detailed management plan of Council's workforce which reflects the staffing requirements required to achieve the objectives of the Strategic Community Plan. The WFP was reviewed as part of the LTFP review process.

10 YEAR INFRASTRUCTURE ASSET MANAGEMENT PLAN (IAMP)

The IAMP, first adopted in 2013, reflects the renewal requirements of Council's infrastructure assets.

The 10 Year Infrastructure Asset Management Plan was reviewed in 2019/20 to assist in informing the review of the 10 year Long Term Financial Plan.

10 YEAR BUILDINGS ASSET MANAGEMENT PLAN (BAMP)

The BAMP, first adopted in 2012, reflects the renewal requirements of Council's building assets.

The 10 Year Building Asset Management Plan was reviewed in 2019/20. The BAMP assists in informing the review of the 10 Year Long Term Financial Plan.

10 YEAR PLANT REPLACEMENT PROGRAM (PRP)

The PRP, first adopted in 2015 and reviewed annually by Council reflects Council's Plant replacement requirements.



NATIONAL COMPETITION POLICY

The introduction of the National Competition Policy requires all local governments to include in the Annual Report, statements relating to the following:

THE STRUCTURAL REFORM OF PUBLIC MONOPOLIES

The intention of the Structural Reform of Public Monopolies, is that:

- There is a separation of regulatory and commercial functions of Public Monopolies.
- There is a separation of natural monopolistic operations and potentially competitive activities of Public Monopolies.
- There is a separation of potential competitive activities into a number of smaller, essentially independent business units.

The Shire of Beverley is not considered a natural monopoly, nor does it conduct any business activity that can be considered a Public Monopoly. Therefore the principle of structural reform of Public Monopolies does not apply to the Shire of Beverley.

COMPETITIVE NEUTRALITY

For significant local government business enterprises, which are classified as 'Public Financial Enterprises', local government will, where appropriate:

- Adopt a corporatisation model for those local government business enterprises.
- Impose on significant business enterprises:
 - Full Commonwealth, State and Territory taxes on tax equivalent systems;
 - Debt guarantee fees directed towards off-setting the competitive advantages provided by government guarantees; and
 - Those regulations to which private sector businesses are normally subject, such as those relating to the protection of the environment and planning and approval processes, on an equivalent basis to private sector competitors.

These principles have been designed to ensure that a local government has no unfair advantage over any competitor in the market place.

These principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire of Beverley has none, and therefore do not apply to the Shire of Beverley.

Council has not received any allegations of non compliance with Competitive Neutrality Principles from the private sector.

LEGISLATION REVIEW

In accordance with the National Competition Policy, all Local Laws are currently being reviewed.



DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement of public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These Plans had to be fully developed by July 2007, and replaced and built on the achievements of Disability Service Plans (DSPs).

A complete review of the 2013-2018 plan was completed in November 2018 with Council adopting the DAIP 2018-2023 in December 2018.

Planning for the new 2023 – 2028 DAIP has commenced and will be finalised in December 2023.

A DAIP progress report is completed annually and forwarded to the Disability Services Commission. The 2022/23 progress report was completed and submitted in June 2023.

The following overarching strategies have been developed to address each of the seven desired outcome areas of the Disability Services Act from feedback gained in the consultation process.

OUTCOME 1

People with disability have the same opportunities as other people to access the services of, and any events organised by the Shire of Beverley.

STRATEGY
Ensure that people with Disability are consulted on their needs for services and the accessibility of current services.
Monitor Shire services to ensure equitable access and inclusion.
Develop links between the DAIP and other Shire Integrated plans.
Shire organised or funded events are accessible to people with Disability.
Promote Disability Services and programs available within our Shire and neighbouring Shires.

OUTCOME 2

People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Beverley.

STRATEGY
Ensure that all Shire buildings and facilities are physically accessible to people with Disability.
Ensure that all new or redevelopment work to public buildings and applications incorporates universal access and meets BCA standards.
Improvements to the accessibility and safe crossing on the main roads (Vincent Street) in Beverley.
Advocate to local businesses the requirements for and benefits flowing from the provision of accessible venues.
Ensure that all recreational areas are accessible.
Ensure that ACROD parking meets the needs of people with disability in terms of visibility, quantity and location.

OUTCOME 3

People with disability receive information from the Shire of Beverley in a format that will enable them to access the information as readily as other people are able to access it.

STRATEGY
Improve community awareness of Shire information being available in alternative formats.
Improve employee awareness of accessible information needs and how to provide information in other formats.
Ensure that the Shire's website meets accessibility guidelines.

OUTCOME 4

People with disability receive the same level and quality of service from the employees of a public authority as other people receive from the employees of the Shire of Beverley.

STRATEGY
Ensure that all employees, current and new, are aware of disability and access issues and have the skills to provide appropriate service and information.
Ensure that all elected members are aware of the Disability Access and Inclusion Plan and Shire's commitment to it.



OUTCOME 5

People with disability have the same opportunities as other people to make complaints to a public authority.

STRATEGY

Ensure that feedback and grievance mechanisms are known and accessible for people with Disability and are acted upon.

OUTCOME 6

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

STRATEGY

Ensure that people with disability are actively consulted about the DAIP and any other significant Shire planning processes.

Ensure that all Shire public consultations, forums, workshops and meetings are inclusive and accessible and people with disability are aware of them.

OUTCOME 7

People with disability have the same opportunities as other people to maintain employment with the Shire of Beverley.

STRATEGY

Ensure that inclusive recruitment practices are undertaken when advertising all employment positions.

Improve methods of attracting, recruiting and retaining people with disability.



PUBLIC INTEREST DISCLOSURE

PUBLIC INTEREST

The Public Interest Disclosure Act 2003 (the Act), aims to facilitate and encourage the disclosure of public interest information, and to provide protection for those who have made disclosures, and for those about whom disclosures are made.

The Shire of Beverley does not tolerate corrupt or other improper conduct, including mismanagement of public resources, and the exercise of the public functions of the Shire and its officers, employees and contractors.

The Shire is committed to the aims and objectives of the Act, and recognises the value and importance of contributions of staff to enhance administrative and management practices, and supports disclosures being made by staff regarding corrupt or other improper conduct.

During the 2022/23 Financial Year there were no disclosures made under the Act.



RECORD KEEPING PLAN

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Principal 6 - Compliance: Government Organisations ensure their employees comply with the Record Keeping Plan.

RATIONALE

An Organisation and its employees must comply with the Organisation's Record Keeping Plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

MINIMUM COMPLIANCE REQUIREMENTS

The Record Keeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The Organisation conducts a record keeping program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The Organisation's induction program addresses employee roles and responsibilities in regards to their compliance with the Organisation's Record Keeping Plan.

The Shire of Beverley has complied with items 1 to 4.

In the updated Plan 2020-25, the Shire of Beverley has committed to increasing staff awareness of the disposal program for records kept offsite, including understanding and awareness on how to access offsite records; and the development of a Records Disaster Recovery Plan, to include the following strategies:

- Centralised storage location of Vital Records for easy removal or recovery.
- A Register of Vital Records, listing where vital records are stored in hardcopy and electronically and how they would be recovered after a disaster.
- Coordinating details for the salvaging and documenting of damaged records, along with planning an alternative work area.
- Installation of a Records Disaster Recovery Bin.

In 2021-22 the Shire of Beverley developed its Vital Record Register and Records Disaster Recovery Plan.

In 2022-23 the Shire contracted an external contractor to assist with ongoing archiving and to review the efficiency and effectiveness of our record keeping program. Several recommendations were made and staff are working towards implementation.

REGISTER OF MINOR COMPLAINTS

Section 5.121 of the Local Government Act 1995 (Register of Certain Complaints of Minor Breaches), requires the Complaints Officer for each local government to maintain a Register of Complaints which records all complaints that result in action under Section 5.110(6) (b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) (hb) of the Local Government Act 1995 requires disclosure in the Annual Report of details of entries made under Section 5.121 during the financial year in the Register of Complaints, including:

- i. The number of complaints recorded on the register of complaints;
- ii. How the recorded complaints were dealt with; and
- iii. Any other details that the Regulations may require.

In accordance with these requirements, it is advised that no complaints or minor breaches under the Local Government Act 1995 were received during 2022/23.



FREEDOM OF INFORMATION

Section 96 of the Freedom of Information Act requires local governments to publish an Information Statement.

In summary, the Shire of Beverley's Statement indicates that the Shire of Beverley is responsible for the good governance of the Shire, and carries out functions as required, including statutory compliance and provision of services and facilities.

All Council meetings are open to the public, and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time, shortly after the commencement of each meeting.

The Shire of Beverley maintains records relating to the function and administration of the Shire, each property within the Shire, and includes such documents as the Minutes of Meetings, Rate Book, Town Planning Scheme, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements, and Electoral Rolls. These documents can be inspected free of charge at the Shire Office, 136 Vincent Street, Beverley, during office hours.

No Freedom of Information requests were received in 2022/23.



SHIRE OF BEVERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Beverley conducts the operations of a local government with the following community vision:

A vibrant and progressive community which values its history in a welcoming and friendly place to live, work and visit. Beverley is the place to BE!

Principal place of business:
136 Vincent Street
BEVERLEY WA 6304

**SHIRE OF BEVERLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The accompanying financial report of the Shire of Beverley has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 17th day of August 2023



CEO

Stephen P Gollan
Name of CEO

SHIRE OF BEVERLEY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	28,2(a)	3,082,199	3,087,781	2,932,607
Grants, subsidies and contributions	2(a)	2,196,711	715,395	2,074,783
Fees and charges	2(a)	883,449	714,764	812,987
Interest revenue	2(a)	160,270	74,687	35,081
Other revenue	2(a)	283,364	424,882	487,763
		6,605,993	5,017,509	6,343,221
Expenses				
Employee costs	2(b)	(2,357,170)	(2,387,077)	(2,188,326)
Materials and contracts		(1,624,980)	(2,297,228)	(1,474,120)
Utility charges		(208,500)	(198,572)	(234,835)
Depreciation		(2,373,032)	(2,400,096)	(2,379,431)
Finance costs	2(b)	(93,459)	(86,323)	(85,247)
Insurance		(235,956)	(236,285)	(229,584)
Other expenditure	2(b)	(131,192)	(83,975)	(113,757)
		(7,024,289)	(7,689,556)	(6,705,300)
		(418,296)	(2,672,047)	(362,079)
Capital grants, subsidies and contributions	2(a)	1,555,691	2,030,994	3,096,186
Profit on asset disposals		50,000	62,000	64,207
Loss on asset disposals		0	(31,000)	(17,959)
Loss on revaluation of Infrastructure assets	9(a)	(1,599,573)	0	0
		6,118	2,061,994	3,142,434
Net result for the period		(412,178)	(610,053)	2,780,355
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	19	77,258,712	0	0
Total other comprehensive income for the period	19	77,258,712	0	0
Total comprehensive income for the period		76,846,534	(610,053)	2,780,355

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

SHIRE OF BEVERLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	5,180,566	5,731,785
Trade and other receivables	5	479,417	440,031
Inventories	6	9,932	19,124
Other assets	7	204,187	540,517
TOTAL CURRENT ASSETS		5,874,102	6,731,457
NON-CURRENT ASSETS			
Trade and other receivables	5	161,235	148,045
Other financial assets	4	61,117	58,365
Property, plant and equipment	8	31,617,666	31,996,579
Infrastructure	9	140,931,964	64,135,531
TOTAL NON-CURRENT ASSETS		172,771,982	96,338,520
TOTAL ASSETS		178,646,084	103,069,977
CURRENT LIABILITIES			
Trade and other payables	14	548,074	1,194,835
Other liabilities	15	124,789	333,560
Lease liabilities	11(a)	6,837	6,837
Borrowings	16	117,135	138,425
Employee related provisions	17	432,155	397,892
TOTAL CURRENT LIABILITIES		1,228,990	2,071,549
NON-CURRENT LIABILITIES			
Trade and other payables	14	0	280,078
Lease liabilities	11(a)	0	6,837
Borrowings	16	2,001,138	2,118,273
Employee related provisions	17	52,493	76,311
TOTAL NON-CURRENT LIABILITIES		2,053,631	2,481,499
TOTAL LIABILITIES		3,282,621	4,553,048
NET ASSETS		175,363,463	98,516,929
EQUITY			
Retained surplus		47,528,330	47,991,699
Reserve accounts	31	2,280,551	2,229,360
Revaluation surplus	19	125,554,582	48,295,870
TOTAL EQUITY		175,363,463	98,516,929

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

**SHIRE OF BEVERLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		44,609,993	2,830,711	48,295,870	95,736,574
Comprehensive income for the period					
Net result for the period		2,780,355	0	0	2,780,355
Other comprehensive income for the period	19	0	0	0	0
Total comprehensive income for the period		2,780,355	0	0	2,780,355
Transfers from reserve accounts	31	1,107,806	(1,107,806)	0	0
Transfers to reserve accounts	31	(506,455)	506,455	0	0
Balance as at 30 June 2022		47,991,699	2,229,360	48,295,870	98,516,929
Comprehensive income for the period					
Net result for the period		(412,178)	0	0	(412,178)
Other comprehensive income for the period	19	0	0	77,258,712	77,258,712
Total comprehensive income for the period		(412,178)	0	77,258,712	76,846,534
Transfers from reserve accounts	31	548,201	(548,201)	0	0
Transfers to reserve accounts	31	(599,392)	599,392	0	0
Balance as at 30 June 2023		47,528,330	2,280,551	125,554,582	175,363,463

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

**SHIRE OF BEVERLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		3,082,199	2,932,608
Operating grants, subsidies and contributions		2,196,711	2,074,783
Fees and charges		883,449	812,985
Interest revenue		160,270	35,082
Other revenue		160,363	(125,643)
		6,482,992	5,729,815
Payments			
Employee costs		(2,346,726)	(2,172,057)
Materials and contracts		(2,409,133)	(1,474,120)
Utility charges		(208,500)	(234,835)
Finance costs		(93,459)	(78,024)
Insurance paid		(235,956)	(229,584)
Other expenditure		(131,192)	573,064
		(5,424,966)	(3,615,556)
Net cash provided by (used in) operating activities	20(b)	1,058,026	2,114,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - bonds		(292,066)	(11,988)
Payments for purchase of property, plant & equipment		(624,401)	(1,123,988)
Payments for construction of infrastructure		(2,507,012)	(5,238,520)
Capital grants, subsidies and contributions		1,555,691	3,096,186
Proceeds from financial assets at amortised cost - contract assets		342,837	0
Proceeds from financial assets at amortised cost - self supporting loans		10,968	14,284
Proceeds from sale of property, plant & equipment		50,000	564,826
		(1,463,983)	(2,699,200)
Net cash provided by (used in) investing activities		(1,463,983)	(2,699,200)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	30(a)	(138,425)	(122,529)
Payments for principal portion of lease liabilities	30(d)	(6,837)	(6,837)
Proceeds from new borrowings	30(a)	0	1,000,000
		(145,262)	870,634
Net cash provided by (used in) financing activities		(145,262)	870,634
Net increase (decrease) in cash held		(551,219)	285,693
Cash at beginning of year		5,731,785	5,446,092
Cash and cash equivalents at the end of the year	20(a)	5,180,566	5,731,785

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

**SHIRE OF BEVERLEY
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	28	3,082,199	3,087,781	2,932,607
Grants, subsidies and contributions		2,196,711	715,395	2,074,783
Fees and charges		883,449	714,764	812,987
Interest revenue		160,270	74,687	35,081
Other revenue		280,612	424,882	484,765
Profit on asset disposals		50,000	62,000	64,207
Fair value adjustments to financial assets at fair value through profit or loss	4	2,752	0	2,998
		<u>6,655,993</u>	<u>5,079,509</u>	<u>6,407,428</u>
Expenditure from operating activities				
Employee costs		(2,357,170)	(2,387,077)	(2,188,326)
Materials and contracts		(1,624,980)	(2,297,228)	(1,474,120)
Utility charges		(208,500)	(198,572)	(234,835)
Depreciation		(2,373,032)	(2,400,096)	(2,379,431)
Finance costs		(93,459)	(86,323)	(85,247)
Insurance		(235,956)	(236,285)	(229,584)
Other expenditure		(131,192)	(83,975)	(113,757)
Loss on asset disposals		0	(31,000)	(17,959)
Loss on revaluation of non-current assets		(1,599,573)	0	0
		<u>(8,623,862)</u>	<u>(7,720,556)</u>	<u>(6,723,259)</u>
Non-cash amounts excluded from operating activities	29(a)	3,887,262	2,369,097	2,295,362
Amount attributable to operating activities		<u>1,919,393</u>	<u>(271,950)</u>	<u>1,979,531</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,555,691	2,030,994	3,096,186
Proceeds from disposal of assets		50,000	194,000	564,827
Proceeds from financial assets at amortised cost - self supporting loans		10,968	10,968	14,285
		<u>1,616,659</u>	<u>2,235,962</u>	<u>3,675,298</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(624,401)	(1,508,500)	(1,123,988)
Purchase and construction of infrastructure	9(a)	(2,507,012)	(3,205,687)	(5,238,520)
		<u>(3,131,413)</u>	<u>(4,714,187)</u>	<u>(6,362,508)</u>
Amount attributable to investing activities		<u>(1,514,754)</u>	<u>(2,478,225)</u>	<u>(2,687,210)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	30(a)	0	0	1,000,000
Transfers from reserve accounts	31	548,201	967,070	1,107,806
		<u>548,201</u>	<u>967,070</u>	<u>2,107,806</u>
Outflows from financing activities				
Repayment of borrowings	30(a)	(138,425)	(138,424)	(122,529)
Payments for principal portion of lease liabilities	30(d)	(6,837)	(6,837)	(6,837)
Transfers to reserve accounts	31	(599,392)	(489,749)	(506,455)
		<u>(744,654)</u>	<u>(635,010)</u>	<u>(635,821)</u>
Amount attributable to financing activities		<u>(196,453)</u>	<u>332,060</u>	<u>1,471,985</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29(c)	2,418,115	2,418,115	1,653,810
Amount attributable to operating activities		1,919,393	(271,950)	1,979,531
Amount attributable to investing activities		(1,514,754)	(2,478,225)	(2,687,210)
Amount attributable to financing activities		(196,453)	332,060	1,471,985
Surplus or deficit after imposition of general rates	29(c)	<u>2,626,301</u>	<u>0</u>	<u>2,418,116</u>

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

SHIRE OF BEVERLEY
FOR THE YEAR ENDED 30 JUNE 2023
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SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible assets

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grants, subsidies or contributions for the construction of non-financial assets.	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed term transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Payment in full in advance or part payments made periodically	None	When assets are controlled
Fees and charges-licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges-Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	After inspection complete based on a four year cycle
Fees and charges-Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	After inspection complete
Fees and charges-Waste management	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly periods as proportionate to collection service
Fees and charges-Property hire	Use of Halls and other facilities	Single point in time	Payment in full in advance	Refund if event cancelled	On entry or at conclusion of hire
Fees and charges-Commercial lease	Lease of office facilities	Over time	Fixed term transfer of funds based on agreed lease terms	None	Output method over lease term matched to access right
Fees and charges-Memberships	Community Gym and Pool Memberships	Over time	Payment in full in advance	None	Output method over 12 months matched to access right
Fees and charges-Other goods and services	Cemetery services, Library fees, private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges-Fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	When fine notice is issued
Other Revenue-Commissions	Commissions on transport licencing and building levies	Single point in time	Payment in full on sale	None	When assets are controlled
Other Revenue-Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed
Fees and charges - sale of scrap	Sale of excess items no longer required for operations	Single point in time	In full in advance	None	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	3,082,199	0	3,082,199
Grants, subsidies and contributions	183,367	0	1,999,935	13,409	2,196,711
Fees and charges	841,589	0	41,860	0	883,449
Interest revenue	136,078	0	0	24,192	160,270
Other revenue	7,909	0	65,377	210,078	283,364
Capital grants, subsidies and contributions	0	1,555,691	0	0	1,555,691
Total	1,168,943	1,555,691	5,189,371	247,679	8,161,684

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,932,607	0	2,932,607
Grants, subsidies and contributions	134,031	0	1,801,149	139,603	2,074,783
Fees and charges	768,512	0	44,475	0	812,987
Interest revenue	11,374	0	0	23,707	35,081
Other revenue	68,033	0	66,660	353,070	487,763
Capital grants, subsidies and contributions	0	3,096,186	0	0	3,096,186
Total	981,950	3,096,186	4,844,891	516,380	9,439,407

Note	2023 Actual	2022 Actual
	\$	\$
Assets and services acquired below fair value		
The Shire has not received any contributed assets nor does it utilise any volunteer services.		
Interest revenue		
Interest on reserve account funds	72,108	7,972
Trade and other receivables overdue interest	24,192	3,447
Other interest revenue	63,970	3,402
	160,270	14,821
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$2,500.		
Fees and charges relating to rates receivable		
Charges on instalment plan	2,820	3,560
The 2023 original budget estimate in relation to: Charges on instalment plan was \$4,000.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	28,000	22,810
- Other services – Grant acquittals	2,700	400
- Other services – Deferred Pensioner Rates Certification	500	400
- Other services – Financial Mangement Systems Review	7,894	0
	39,094	23,610
Employee Costs		
Employee benefit costs	2,347,724	2,183,885
Other employee costs	9,446	4,441
	2,357,170	2,188,326
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	93,459	85,247
	93,459	85,247
Other expenditure		
Sundry expenses	131,192	113,757
	131,192	113,757

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
 Term deposits
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

Note	2023	2022
	\$	\$
	1,628,346	2,876,799
	3,552,220	2,854,986
20(a)	5,180,566	5,731,785
	2,900,013	2,876,799
20(a)	2,280,553	2,854,986
	5,180,566	5,731,785

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

Non-current assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance
 Movement attributable to fair value increment
 Units in Local Government House Trust - closing balance

2023	2022
\$	\$
61,117	58,365
61,117	58,365
58,365	55,367
2,752	2,998
61,117	58,365

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which The Shire has elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	372,352	324,975
Trade receivables	86,890	53,893
Other receivables	0	10,968
GST receivable	20,175	50,195
	479,417	440,031
Non-current		
Pensioner's rates and ESL deferred	161,235	148,045
	161,235	148,045

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the Shire of Beverley has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the Shire of Beverley, therefore the Shire continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 16. The Shire considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

Disclosure of opening and closing balances related to contracts with customers

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

Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
	\$	\$	\$
Trade and other receivables from contracts with customers	93,523	64,996	72,771
Contract assets	197,553	540,382	100,000
Total trade and other receivables from contracts with customers	291,076	605,378	172,771

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Note	2023	2022
Current	\$	\$
Fuel and materials	9,932	19,124
	9,932	19,124
The following movements in inventories occurred during the year:		
Balance at beginning of year	19,124	10,282
Inventories expensed during the year	(180,988)	(208,473)
Additions to inventory	171,796	217,315
Balance at end of year	9,932	19,124

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. OTHER ASSETS

Other assets - current

Accrued income
Contract assets

2023	2022
\$	\$
6,634	135
197,553	540,382
204,187	540,517

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Contract assets

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

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

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value heirachy set out in Note 8(i).

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

Note	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2021	2,457,196	8,931,794	18,985,273	30,374,263	124,356	1,902,262	32,400,881
Additions	0	47,783	266,094	313,877	0	810,111	1,123,988
Disposals	(23,000)	(207,883)	(5,418)	(236,301)	0	(282,276)	(518,577)
Depreciation	10(a) 0	(203,834)	(522,930)	(726,764)	(31,481)	(251,468)	(1,009,713)
Transfers	0	0	0	0	0	0	0
Balance at 30 June 2022	2,434,196	8,567,860	18,723,019	29,725,075	92,875	2,178,629	31,996,579
Comprises:							
Gross balance amount at 30 June 2022	2,434,196	10,108,803	25,829,550	38,372,549	222,896	4,165,783	42,761,228
Accumulated depreciation at 30 June 2022	0	(1,540,939)	(7,106,535)	(8,647,474)	(130,021)	(1,987,154)	(10,764,649)
Accumulated impairment loss at 30 June 2022	0	0	0	0	0	0	0
Balance at 30 June 2022	2,434,196	8,567,864	18,723,015	29,725,075	92,875	2,178,629	31,996,579
Additions	0	105,335	49,396	154,731	39,670	430,000	624,401
Disposals	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0
Assets classified as held for sale	0	0	0	0	0	0	0
Depreciation	10(a) 0	(203,226)	(527,400)	(730,626)	(33,788)	(238,900)	(1,003,314)
Transfers	0	0	0	0	0	0	0
Balance at 30 June 2023	2,434,196	8,469,973	18,245,011	29,149,180	98,757	2,369,729	31,617,666
Comprises:							
Gross balance amount at 30 June 2023	2,434,196	10,214,137	25,878,945	38,527,278	262,566	4,240,783	43,030,627
Accumulated depreciation at 30 June 2023	0	(1,744,165)	(7,633,936)	(9,378,101)	(163,809)	(1,871,051)	(11,412,961)
Accumulated impairment loss at 30 June 2023	0	0	0	0	0	0	0
Balance at 30 June 2023	2,434,196	8,469,972	18,245,009	29,149,177	98,757	2,369,732	31,617,666

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2021	Price per hectare / market borrowing rate
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuer	June 2021	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using current replacement cost	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
<p>Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.</p> <p>During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.</p>					
(ii) Cost					
Furniture and equipment		N/A	Cost	Not applicable	N/A
Plant and equipment		N/A	Cost	Not applicable	N/A

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Total Infrastructure
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		26,975,013	29,129,674	667,938	2,032,909	1,461,195	60,266,729
Additions		2,925,543	0	1,960,321	352,656	0	5,238,520
Revaluation increments / (decrements) transferred to revaluation surplus		0	0	0	0	0	0
Revaluation (loss) / reversals transferred to profit or loss		0	0	0	0	0	0
Depreciation	10(a)	(822,389)	(385,142)	(37,944)	(49,658)	(74,585)	(1,369,718)
Balance at 30 June 2022		29,078,167	28,744,532	2,590,315	2,335,907	1,386,610	64,135,531
Comprises:							
Gross balance at 30 June 2022		41,797,483	42,227,546	3,853,629	3,055,856	2,034,941	92,969,455
Accumulated depreciation at 30 June 2022		(12,719,316)	(13,483,014)	(1,263,314)	(719,949)	(648,331)	(28,833,924)
Balance at 30 June 2022		29,078,167	28,744,532	2,590,315	2,335,907	1,386,610	64,135,531
Additions		1,508,474	67,939	918,800	11,799	0	2,507,012
Revaluation increments / (decrements) transferred to revaluation surplus		91,484,521	(15,722,229)	(538,682)	1,397,227	637,875	77,258,712
Revaluation (loss) / reversals transferred to profit or loss		0	0	(1,599,573)	0	0	(1,599,573)
Depreciation	10(a)	(822,389)	(385,142)	(37,944)	(49,658)	(74,585)	(1,369,718)
Balance at 30 June 2023		121,248,773	12,705,100	1,332,916	3,695,275	1,949,900	140,931,964
Comprises:							
Gross balance at 30 June 2023		146,218,680	26,426,529	1,813,884	5,421,254	3,121,127	183,001,474
Accumulated depreciation at 30 June 2023		(24,969,907)	(13,721,429)	(480,968)	(1,725,979)	(1,171,227)	(42,069,510)
Balance at 30 June 2023		121,248,773	12,705,100	1,332,916	3,695,275	1,949,900	140,931,964

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Bridges	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Drainage	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Parks and Ovals	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

**SHIRE OF BEVERLEY
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings	25 to 50 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 50 years
Sealed roads and streets	
formation	not depreciated
pavement	40 years
seal	
- bituminous seals	15 years
- asphalt surfaces	15 years
Gravel roads	
formation	not depreciated
pavement	40 years
Footpaths - slab	48 years
Bridges	100 years
Water supply piping and drainage systems	54 years
Parks and Ovals	25 years

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

Impairment

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

Gains or losses on disposal

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

11. LEASES

	2023 Actual	2022 Actual
	\$	\$
(a) Lease Liabilities		
Current	6,837	6,837
Non-current	0	6,837
30(d)	6,837	13,674

The Shire has one lease relating to the provision of a photocopier. The lease term is 3 years with fixed repayments.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 30(d).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

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

Right-of-use assets - depreciation

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES (Continued)

(b) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2023 Actual \$	2022 Actual \$
Less than 1 year	44,791	101,554
1 to 2 years	20,977	58,304
2 to 3 years	18,377	20,977
3 to 4 years	18,377	20,503
4 to 5 years	18,377	18,377
> 5 years	10,594	28,971
	131,493	248,686

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income	101,975	99,769
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The Shire leases cropping land, office space and houses to staff and aged persons with rentals payable at varying frequency. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases.

Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. INTANGIBLE ASSETS

The Shire had no intangible assets to report during the reporting period.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. INVESTMENT PROPERTY

The Shire had no investment property to report during the reporting period.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 Bonds and deposits held

Non Current

Bonds and deposits held

	2023	2022
	\$	\$
	366,481	1,016,831
	121,219	114,369
	60,374	51,647
	0	11,988
	548,074	1,194,835
	0	280,078
	0	280,078

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

	2023	2022
	\$	\$
Contract liabilities	124,789	333,560
	124,789	333,560
Opening balance	333,560	462,862
Additions	45,420	297,310
Revenue from capital grant/contributions held as a liability at the start of the period	(254,191)	(426,612)
	124,789	333,560
Less than 1 year	124,789	333,560
	124,789	333,560

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

16. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		117,135	2,001,138	2,118,273	138,425	2,118,273	2,256,698
Total secured borrowings	30(a)	117,135	2,001,138	2,118,273	138,425	2,118,273	2,256,698

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of Beverley.

The Shire of Beverley has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 30(a).

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

17. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual Leave	234,281	254,683
Long Service Leave	197,874	143,209
	432,155	397,892
Total current employee related provisions	432,155	397,892
Non-current provisions		
Long Service Leave	52,493	76,311
	52,493	76,311
Total non-current employee related provisions	52,493	76,311
Total employee related provisions	484,648	474,203

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

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

	Note	2023	2022
		\$	\$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		432,155	397,892
More than 12 months from reporting date		52,493	76,311
		484,648	474,203

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. OTHER PROVISIONS

The Shire had no other provisions to report during the reporting period.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

19. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	17,916,211	0	17,916,211	17,916,211	0	17,916,211
Revaluation surplus - Plant and equipment	436,388	0	436,388	436,388	0	436,388
Revaluation surplus - Infrastructure - roads	0	91,484,523	91,484,523	0	0	0
Revaluation surplus - Infrastructure - footpaths	538,684	(538,684)	0	538,684	0	538,684
Revaluation surplus - Infrastructure - bridges	25,921,379	(15,722,229)	10,199,150	25,921,379	0	25,921,379
Revaluation surplus - Infrastructure - drainage	1,798,258	1,397,227	3,195,485	1,798,258	0	1,798,258
Revaluation surplus - Infrastructure - parks and ovals	1,684,950	637,875	2,322,825	1,684,950	0	1,684,950
	48,295,870	77,258,712	125,554,582	48,295,870	0	48,295,870

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

20. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	5,180,566	5,731,785

Restrictions

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

- Cash and cash equivalents	3	2,280,553	2,854,986
- Financial assets at amortised cost	4	61,117	58,365
		2,341,670	2,913,351

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

Restricted reserve accounts	31	2,280,551	2,229,360
Capital grant liabilities	15	124,789	333,560
Total restricted financial assets		2,405,340	2,562,920

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

Net result		(412,178)	2,780,355
Non-cash items:			
Depreciation/amortisation		2,373,032	2,379,431
(Profit)/loss on sale of asset		(50,000)	(46,248)
Loss on revaluation of fixed assets		1,599,573	0
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(123,001)	(597,340)
(Increase)/decrease in inventories		9,190	(8,841)
Increase/(decrease) in trade and other payables		(793,343)	686,819
Increase/(decrease) in employee related provisions		10,444	16,269
Capital grants, subsidies and contributions		(1,555,691)	(3,096,186)
Net cash provided by/(used in) operating activities		1,058,026	2,114,259

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

Credit card limit		15,500	15,500
Credit card balance at balance date		(1,595)	(2,865)
Total amount of credit unused		13,905	12,635

Loan facilities

Loan facilities - current		117,135	138,423
Loan facilities - non-current		2,001,138	2,118,273
Total facilities in use at balance date		2,118,273	2,256,696

Unused loan facilities at balance date

Nil Nil

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003*,
 The Shire has listed sites to be possible sources of contamination.
 Details of those sites are:

Nil

22. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	0	1,530,000
- plant & equipment purchases	175,000	0
	175,000	1,530,000
Payable:		
- not later than one year	175,000	1,530,000

The capital expenditure projects outstanding at the end of the current reporting period represent the purchase of four passenger vehicles where restricted supply has lead to a delay in orders being completed (the prior year commitment was for the Vincent Street Redvelopment project).

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	5,500	5,500	5,500
Deputy President's annual allowance	1,375	1,375	1,375
Meeting attendance fees	40,900	40,900	38,200
Annual allowance for ICT expenses	23,369	22,360	32,729
Travel and accommodation expenses	0	5,000	306
23(b)	71,144	75,135	78,110

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	515,840	486,199
Post-employment benefits	66,868	61,710
Employee - other long-term benefits	78,654	75,176
Employee - termination benefits	0	0
Council member costs	71,144	78,110
23(a)	732,506	701,195

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	19,604	17,698
Purchase of goods and services	0	0
Short term employee benefits - other related parties	0	0
Payment of Council member costs (Refer to Note 23(a))	0	0
Amounts outstanding from related parties:		
Trade and other receivables	279	0
Amounts payable to related parties:		
Trade and other payables	0	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 23(a) and 23(b).

ii. Other Related Parties

During the previous year, a business controlled by a related party of a Key management personnel, leased commercial space at the the Cornerstone building.

The lease charges payable to the Shire amounted to \$19,604 in the current year (\$17,698 in the prior year).

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. JOINT ARRANGEMENTS

The Shire had no joint arrangements in place during the reporting period.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

25. INVESTMENT IN ASSOCIATES

The Shire had no investment in associates detail to report during the reporting period.

**SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events subsequent to the reporting date that materially impact on this financial report.

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

28. RATING INFORMATION

(a) General Rates

RATE TYPE		2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$	Actual Total Revenue \$
Residential	Gross rental valuation	0.12070	506	5,902,900	712,480	662	713,142	712,480	1,000	713,480	677,286
Rural	Unimproved valuation	0.07443	437	29,525,500	2,197,583	(2,887)	2,194,696	2,197,583	1,000	2,198,583	2,208,560
Mining	Unimproved valuation	0.07443	0	0	0	0	0	0	0	0	0
Total general rates			943	35,428,400	2,910,063	(2,225)	2,907,838	2,910,063	2,000	2,912,063	2,885,846
Minimum payment											
Residential	Gross rental valuation	941	157	599,233	147,737	0	147,737	147,737	0	147,737	143,360
Rural	Unimproved valuation	941	294	2,916,360	276,654	0	276,654	276,654	0	276,654	144,256
Mining	Unimproved valuation	941	18	212,625	16,938	0	16,938	16,938	0	16,938	16,128
Total minimum payments			469	3,728,218	441,329	0	441,329	441,329	0	441,329	303,744
Total general rates and minimum payments			1,412	39,156,618	3,351,392	(2,225)	3,349,167	3,351,392	2,000	3,353,392	3,189,590
Ex-gratia Rates											
CBH	Unimproved valuation	0.07443	0	0	3,621	0	3,621	3,000	0	3,000	3,621
Total amount raised from rates (excluding general rates)			0	0	3,621	0	3,621	3,000	0	3,000	3,621
Discounts							(270,455)			(268,111)	(258,213)
Concessions							(134)			(500)	(2,391)
Total Rates							3,082,199			3,087,781	2,932,607
Rate instalment interest							2,466			4,000	3,281
Rate overdue interest							21,726			14,500	20,260

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

SHIRE OF BEVERLEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

29. DETERMINATION OF SURPLUS OR DEFICIT

	2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2021/22 (30 June 2022 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(50,000)	(62,000)	(64,207)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,752)	0	(2,998)
Add: Loss on disposal of assets	0	31,000	17,959
Add: Loss on revaluation of fixed assets	9(a) 1,599,573	0	0
Add: Depreciation	10(a) 2,373,032	2,400,097	2,379,431
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(13,197)	0	(13,217)
Employee benefit provisions	(19,394)	0	(21,606)
Non-cash amounts excluded from operating activities	3,887,262	2,369,097	2,295,362
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Nil			
(c) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	31 (2,280,551)	(1,752,045)	(2,229,360)
Add: Employee Leave Reserve Balance	144,608	140,183	140,183
Less: Restricted Bond Monies	0	0	(280,071)
Less: Financial assets at amortised cost - self supporting loans	0	0	(10,968)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	16 117,135	117,135	138,423
Total adjustments to net current assets	(2,018,808)	(1,494,727)	(2,241,793)
Net current assets used in the Statement of Financial Activity			
Total current assets	5,874,102	3,149,240	6,731,457
Less: Total current liabilities	(1,228,990)	(1,654,513)	(2,071,549)
Less: Total adjustments to net current assets	(2,018,808)	(1,494,727)	(2,241,793)
Surplus or deficit after imposition of general rates	2,626,304	0	2,418,115

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30. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation Centre		698,712	0	(47,102)	651,610	0	(49,335)	602,275	651,608	0	(49,334)	602,274
Cornerstone Community Centre		671,468	0	(45,904)	625,564	0	(47,525)	578,039	625,563	0	(47,525)	578,038
Vincent Street Streetscape		0	1,000,000	(20,476)	979,524	0	(41,565)	937,959	979,524	0	(41,565)	937,959
Total		1,370,180	1,000,000	(113,482)	2,256,698	0	(138,425)	2,118,273	2,256,695	0	(138,424)	2,118,271
Self Supporting Loans												
Bowling Greens		9,047	0	(9,047)	0	0	0	0	0	0	0	0
Total Self Supporting Loans		9,047	0	(9,047)	0	0	0	0	0	0	0	0
Total Borrowings	16	1,379,227	1,000,000	(122,529)	2,256,698	0	(138,425)	2,118,273	2,256,695	0	(138,424)	2,118,271

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
Recreation Centre		118	WATC*	4.68%	10/05/2033	36,642	34,491	36,994
Cornerstone Community Centre		120	WATC*	3.50%	12/04/2033	27,559	25,869	27,460
Vincent Street Streetscape		121	WATC*	1.99%	10/08/2041	29,057	25,963	20,308
Total						93,258	86,323	84,762
Total Finance Cost Payments						93,258	86,323	84,762

* WA Treasury Corporation

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30. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Council did not borrow any funds during the financial year.

(c) Unspent Borrowings

Council did not have any unspent borrowings at the balance date.

(d) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
Photocopier lease		\$ 20,511	\$ 0	\$ (6,837)	\$ 13,674	\$ 0	\$ (6,837)	\$ 6,837	\$ 13,674	\$ 0	\$ (6,837)	\$ 6,837
Total Lease Liabilities	11(a)	20,511	0	(6,837)	13,674	0	(6,837)	6,837	13,674	0	(6,837)	6,837

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Photocopier lease		1072021	Canon Finance	2.60%	1/07/2023	\$ 183	\$ 0	\$ 183	36 months
Total Finance Cost Payments						183	0	183	

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31. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Annual Leave Reserve	140,188	3,123	(143,311)	0	140,188	2,804	(142,992)	0	139,689	499	0	140,188
(b) Avon River Development Reserve	0	0	0	0	0	0	0	0	25,960	34	(25,994)	0
(c) Building Reserve	511,430	101,645	(29,443)	583,632	511,431	39,069	(255,500)	295,000	290,321	321,109	(100,000)	511,430
(d) Community Bus Reserve	39,653	1,251	0	40,904	39,653	1,943	0	41,596	38,016	1,637	0	39,653
(e) Cropping Committee Reserve	212,372	65,647	(102,000)	176,019	212,372	48,907	(110,000)	151,279	190,703	45,669	(24,000)	212,372
(f) Emergency Services Reserve	28,804	908	0	29,712	28,804	576	0	29,380	28,701	103	0	28,804
(g) LSL and Gratuity Reserve	0	144,613	0	144,613	0	142,992	0	142,992	0	0	0	0
(h) ITC Renewal Reserve	20,018	21,263	0	41,281	20,018	20,400	0	40,418	0	20,018	0	20,018
(i) Plant Replacement Reserve	244,870	56,364	(200,000)	101,234	244,868	54,897	(247,500)	52,265	418,970	50,900	(225,000)	244,870
(j) Recreation Development Reserve	584,534	93,576	(73,447)	604,663	584,535	83,897	(150,000)	518,432	577,460	7,074	0	584,534
(k) Infrastructure Reserve	167,138	55,728	0	222,866	167,138	53,343	0	220,481	551,030	1,108	(385,000)	167,138
(l) Airfield Emergency Lighting Reserve	40,273	1,272	0	41,545	40,273	805	(41,078)	0	40,130	143	0	40,273
(m) Senior's Housing Reserve	179,590	52,093	0	231,683	179,596	38,906	(20,000)	198,502	162,054	57,536	(40,000)	179,590
(n) Mainstreet Redevelopment Reserve	0	0	0	0	0	0	0	0	307,402	410	(307,812)	0
(o) Avondale Machinery Museum Reserve	60,490	1,909	0	62,399	60,490	1,210	0	61,700	60,275	215	0	60,490
	2,229,360	599,392	(548,201)	2,280,551	2,229,366	489,749	(967,070)	1,752,045	2,830,711	506,455	(1,107,806)	2,229,360
	2,229,360	599,392	(548,201)	2,280,551	2,229,366	489,749	(967,070)	1,752,045	2,830,711	506,455	(1,107,806)	2,229,360

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

Name of reserve account	Purpose of the reserve account
(a) Annual Leave Reserve	to be used to fund annual leave requirements.
(b) Avon River Development Reserve	to be used to develop the Avon River pool and surrounding environment.
(c) Building Reserve	to be used to fund the construction of new and renovation of existing Council buildings.
(d) Community Bus Reserve	to be used for the replacement of the Community Bus.
(e) Cropping Committee Reserve	to be used to fund Community Based projects and assist Community Groups.
(f) Emergency Services Reserve	to be used to acquire Emergency Service support equipment.
(g) LSL and Gratuity Reserve	to be used to fund Long Service Leave and Gratuity payment obligations.
(h) ITC Renewal Reserve	to be used for the replacement or upgrade of information technology and communication infrastructure and software.
(i) Plant Replacement Reserve	to be used for the purchase of major plant.
(j) Recreation Development Reserve	to be used to fund capital projects to enhance recreational pursuits.
(k) Infrastructure Reserve	to be used to fund infrastructure construction and maintenance projects including Roads, Bridges, Footpaths & Drainage.
(l) Airfield Emergency Lighting Reserve	to be used for the upgrade and maintenance of the Airfield runway lighting.
(m) Senior's Housing Reserve	to be used for the future development and current maintenance of Senior's Housing.
(n) Mainstreet Redevelopment Reserve	to be used for the future development of Vincent Street.
(o) Avondale Machinery Museum Reserve	to be used to fund Avondale Machinery Museum upgrades and special projects.

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32. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Unclaimed Monies	319	0	0	319
Nomination Deposits	0	0	0	0
Second Hand Housing Deposits	5,000	10,000	0	15,000
Hunt Road Village Bonds	5,502	1,200	(1,044)	5,658
Subdivision Bonds	10,000	0	0	10,000
Key Bonds	1,720	750	(1,110)	1,360
Cleaning Bonds	1,950	2,202	(1,752)	2,400
Housing Rental Bonds	500	2,250	(500)	2,250
Funds Held On Behalf Of Community	0	0	0	0
Cat Trap Bonds	50	0	0	50
Project Retention Fee	180,537	11,077	(95,807)	95,807
Cornerstone Commercial Tenancy Bond	5,328	720	0	6,048
	210,906	28,199	(100,213)	138,892

7. NEW BUSINESS ARISING BY ORDER OF THE MEETING

New Business of an urgent matter only arising by order of the meeting.

8. CLOSURE

The Chairman to declare the meeting closed.