



# APPENDICES

## AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 7<sup>th</sup> of December 2022  
Commencing at 2.00pm

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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~ Large Print  
~ Electronic Format [disk or emailed]  
Upon request.

RISK ASSESSMENT TOOL								
<b>OVERALL RISK EVENT:</b> Annual Meeting 2021/22 Draft Auditor Report <b>RISK THEME PROFILE:</b> 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) Choose an item. <b>RISK ASSESSMENT CONTEXT:</b> Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996 and Australian Accounting Standards.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of funds.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

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

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

*The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.*

Principal place of business:  
Shire of Dardanup  
1 Council Drive  
EATON WA 6232

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

The attached financial report of the Shire of Dardanup for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Dardanup at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the                      day of                                      2022

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André Schönfeldt  
Chief Executive Officer

## (Appendix AAR: 8.2A)

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

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	26(a),2(a)	14,307,664	14,311,406	13,812,484
Operating grants, subsidies and contributions	2(a)	2,984,793	2,656,447	2,507,208
Fees and charges	25(c),2(a)	3,409,896	3,110,375	3,237,538
Interest earnings	2(a)	190,871	196,149	212,518
Other revenue	2(a)	19,439	28,652	28,096
		20,912,663	20,303,029	19,797,844
<b>Expenses</b>				
Employee costs		(10,564,139)	(10,840,096)	(10,661,612)
Materials and contracts		(6,550,689)	(5,791,985)	(4,278,695)
Utility charges		(573,880)	(563,170)	(589,476)
Depreciation	10(a)	(5,619,217)	(5,635,083)	(5,270,048)
Finance costs	2(b)	(108,244)	(123,418)	(106,470)
Insurance		(318,720)	(337,242)	(310,162)
Other expenditure	2(b)	(416,236)	(426,355)	(420,346)
		(24,151,125)	(23,717,349)	(21,636,809)
		(3,238,462)	(3,414,320)	(1,838,965)
Capital grants, subsidies and contributions	2(a)	7,438,890	7,805,595	5,269,566
Profit on asset disposals	10(b)	36,297	3,648,330	18,861
Loss on asset disposals	10(b)	(73,533)	(10,534)	(1,322,374)
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,587
		7,405,651	11,443,391	3,968,640
<b>Net result for the period</b>	25(b)	<b>4,167,189</b>	<b>8,029,071</b>	<b>2,129,675</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	73,731,424	0	13,216,449
<b>Total other comprehensive income for the period</b>	17	<b>73,731,424</b>	<b>0</b>	<b>13,216,449</b>
<b>Total comprehensive income for the period</b>		<b>77,898,613</b>	<b>8,029,071</b>	<b>15,346,124</b>

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

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

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	15,051,169	14,443,059
Trade and other receivables	5	1,257,406	1,047,165
Other financial assets	4(a)	7,114,531	12,600,296
Inventories	6	14,282	12,160
Other assets	7	286,634	160,131
<b>TOTAL CURRENT ASSETS</b>		<b>23,724,022</b>	<b>28,262,811</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	143,597	134,563
Other financial assets	4(b)	77,804	73,807
Property, plant and equipment	8	45,324,462	42,018,867
Infrastructure	9	222,583,638	146,530,101
Right-of-use assets	11(a)	447,313	533,672
<b>TOTAL NON-CURRENT ASSETS</b>		<b>268,576,814</b>	<b>189,291,010</b>
<b>TOTAL ASSETS</b>		<b>292,300,836</b>	<b>217,553,821</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,831,190	3,741,597
Other liabilities	13	877,449	2,472,214
Lease liabilities	11(b)	194,754	167,440
Borrowings	14	392,533	333,977
Employee related provisions	15	1,636,069	1,693,712
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,931,995</b>	<b>8,408,940</b>
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	13	261,660	778,423
Lease liabilities	11(b)	260,327	372,271
Borrowings	14	2,056,490	2,129,023
Employee related provisions	15	271,516	244,930
Other provisions	16	83,833	83,833
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,933,826</b>	<b>3,608,480</b>
<b>TOTAL LIABILITIES</b>		<b>8,865,821</b>	<b>12,017,420</b>
<b>NET ASSETS</b>		<b>283,435,015</b>	<b>205,536,401</b>
<b>EQUITY</b>			
Retained surplus		58,694,264	51,740,275
Reserve accounts	29	19,052,092	21,838,892
Revaluation surplus	17	205,688,659	131,957,235
<b>TOTAL EQUITY</b>		<b>283,435,015</b>	<b>205,536,402</b>

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

## (Appendix AAR: 8.2A)

### SHIRE OF DARDANUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>49,244,076</b>	<b>22,205,416</b>	<b>118,740,786</b>	<b>190,190,278</b>
Comprehensive income for the period					
Net result for the period		2,129,675	0	0	2,129,675
Other comprehensive income for the period	17	0	0	13,216,449	13,216,449
Total comprehensive income for the period		2,129,675	0	13,216,449	15,346,124
Transfers from reserves	29	7,607,708	(7,607,708)	0	0
Transfers to reserves	29	(7,241,185)	7,241,185	0	0
<b>Balance as at 30 June 2021</b>		<b>51,740,275</b>	<b>21,838,892</b>	<b>131,957,235</b>	<b>205,536,402</b>
Comprehensive income for the period					
Net result for the period		4,167,189	0	0	4,167,189
Other comprehensive income for the period	17	0	0	73,731,424	73,731,424
Total comprehensive income for the period		4,167,189	0	73,731,424	77,898,613
Transfers from reserves	29	13,956,121	(13,956,121)	0	0
Transfers to reserves	29	(11,169,321)	11,169,321	0	0
<b>Balance as at 30 June 2022</b>		<b>58,694,264</b>	<b>19,052,092</b>	<b>205,688,659</b>	<b>283,435,015</b>

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

## (Appendix AAR: 8.2A)

### SHIRE OF DARDANUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		14,245,005	14,311,406	14,016,550
Operating grants, subsidies and contributions		2,631,115	2,656,447	3,084,938
Fees and charges		3,573,290	3,110,375	3,181,452
Interest received		190,871	196,149	212,518
Goods and services tax received		2,429,607	0	782,390
Other revenue		19,439	28,652	28,096
		23,089,327	20,303,029	21,305,944
<b>Payments</b>				
Employee costs		(10,735,655)	(10,840,096)	(10,660,067)
Materials and contracts		(7,551,093)	(5,791,985)	(3,532,992)
Utility charges		(573,880)	(563,170)	(589,476)
Finance costs		(110,003)	(123,418)	(109,543)
Insurance paid		(318,720)	(337,242)	(310,162)
Goods and services tax paid		(2,290,922)	0	(1,022,021)
Other expenditure		(416,236)	(426,355)	(420,346)
		(21,996,509)	(18,082,266)	(16,644,607)
<b>Net cash provided by (used in) operating activities</b>	18(b)	1,092,818	2,220,763	4,661,337
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		0	0	(4,200,296)
Payments for purchase of property, plant & equipment	8(a)	(6,621,731)	(12,458,735)	(2,633,891)
Payments for construction of infrastructure	9(a)	(4,714,844)	(6,884,503)	(4,353,160)
Non-operating grants, subsidies and contributions		5,325,508	4,751,820	3,160,370
Proceeds from financial assets at amortised cost		5,485,765	0	0
Proceeds from sale of property, plant & equipment	10(b)	243,274	5,170,384	229,045
Proceeds from sale of infrastructure		0	0	0
<b>Net cash provided by (used in) investing activities</b>		(282,028)	(9,421,034)	(7,797,932)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(333,977)	(349,517)	(250,116)
Payments for principal portion of lease liabilities	28(d)	(188,703)	(334,246)	(165,751)
Proceeds from new borrowings	28(a)	320,000	320,000	750,000
<b>Net cash provided by (used in) financing activities</b>		(202,680)	(363,763)	334,133
<b>Net increase (decrease) in cash held</b>		608,110	(7,564,034)	(2,802,462)
Cash at beginning of year		14,443,059	22,628,253	17,245,523
<b>Cash and cash equivalents at the end of the year</b>	18(a)	15,051,169	15,064,219	14,443,061

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



## (Appendix AAR: 8.2A)

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

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	27(c)	961,190	169,557	474,501
<b>OPERATING ACTIVITIES</b>				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	26(b)	354,525	354,601	350,178
Operating grants, subsidies and contributions		2,984,793	2,656,447	2,507,208
Fees and charges		3,409,896	3,110,375	3,237,538
Interest earnings		190,871	196,149	212,518
Other revenue		19,439	28,652	28,096
Profit on asset disposals	10(b)	36,297	3,648,330	18,861
Fair value adjustments to financial assets at fair value through profit or loss		3,997	0	2,587
		6,999,818	9,994,554	6,356,986
Expenditure from operating activities				
Employee costs		(10,564,137)	(10,840,096)	(10,661,612)
Materials and contracts		(6,550,689)	(5,791,985)	(4,278,695)
Utility charges		(573,880)	(563,170)	(589,476)
Depreciation		(5,619,217)	(5,635,083)	(5,270,048)
Finance costs		(108,244)	(123,418)	(106,470)
Insurance		(318,720)	(337,242)	(310,162)
Other expenditure		(416,236)	(426,355)	(420,346)
Loss on asset disposals	10(b)	(73,533)	(10,534)	(1,322,374)
		(24,224,656)	(23,727,883)	(22,959,183)
Non-cash amounts excluded from operating activities	27(a)	5,670,008	1,818,942	4,249,214
<b>Amount attributable to operating activities</b>		(11,554,830)	(11,914,387)	(12,352,983)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		7,438,890	7,805,595	5,269,566
Proceeds from disposal of assets	10(b)	243,274	5,170,384	229,045
Purchase of property, plant and equipment	8(a)	(6,621,731)	(12,458,735)	(2,633,891)
Purchase and construction of infrastructure	9(a)	(4,714,844)	(6,884,503)	(4,353,160)
		(3,654,411)	(6,367,259)	(1,488,440)
Non-cash amounts excluded from investing activities	27(b)	(2,113,811)	(2,875,832)	165,151
<b>Amount attributable to investing activities</b>		(5,768,222)	(9,243,091)	(1,323,289)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(333,977)	(349,517)	(250,116)
Proceeds from borrowings	28(a)	320,000	320,000	750,000
Payments for principal portion of lease liabilities	28(d)	(188,703)	(334,246)	(165,751)
Transfers to reserves (restricted assets)	29	(11,169,321)	(10,526,326)	(7,241,185)
Transfers from reserves (restricted assets)	29	13,956,121	17,937,755	7,607,708
<b>Amount attributable to financing activities</b>		2,584,119	7,047,666	700,656
<b>Surplus/(deficit) before imposition of general rates</b>		(13,777,746)	(13,940,255)	(12,501,115)
<b>Total amount raised from general rates</b>	26(a)	13,953,139	13,956,805	13,462,306
<b>Surplus/(deficit) after imposition of general rates</b>	27(c)	<b>175,393</b>	<b>16,552</b>	<b>961,190</b>

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

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

### 1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with 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 30 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 uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

## 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	Adopted by council annually
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer

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

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

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

**(a) Revenue Recognition**

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

**For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	13,953,139	354,525	14,307,664
Operating grants, subsidies and contributions	2,984,793	0	0	0	2,984,793
Fees and charges	0	0	200,425	3,209,471	3,409,896
Interest earnings	0	0	110,658	80,213	190,871
Other revenue	19,439	0	0	0	19,439
Non-operating grants, subsidies and contributions	0	7,438,890	0	0	7,438,890
<b>Total</b>	<b>3,004,232</b>	<b>7,438,890</b>	<b>14,264,222</b>	<b>3,644,209</b>	<b>28,351,553</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	13,462,306	350,178	13,812,484
Operating grants, subsidies and contributions	2,507,208	0	0	0	2,507,208
Fees and charges	0	0	214,549	3,022,989	3,237,538
Interest earnings	0	0	51,650	160,868	212,518
Other revenue	28,096	0	0	0	28,096
Non-operating grants, subsidies and contributions	0	5,269,566	0	0	5,269,566
<b>Total</b>	<b>2,535,304</b>	<b>5,269,566</b>	<b>13,728,505</b>	<b>3,534,035</b>	<b>25,067,410</b>

Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>			
Interest on reserve funds	67,300	54,883	132,565
Interest on other funds	11,354	27,090	27,052
Rates instalment and penalty interest (refer Note 26(e))	110,658	112,915	51,650
Other interest earnings	1,559	1,261	1,251
	<b>190,871</b>	<b>196,149</b>	<b>212,518</b>
<b>(b) Expenses</b>			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	36,600	22,427	22,130
- Other services (Commonwealth certifications)	14,010	13,000	800
	<b>50,610</b>	<b>35,427</b>	<b>22,930</b>
<b>Finance costs</b>			
Borrowings	28(a) 97,541	116,967	95,322
Lease liabilities	28(d) 10,703	6,451	11,148
	<b>108,244</b>	<b>123,418</b>	<b>106,470</b>
<b>Other expenditure</b>			
Sundry expenses	416,236	426,355	420,346
	<b>416,236</b>	<b>426,355</b>	<b>420,346</b>

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

**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	2022	2021
	\$	\$
	15,051,169	11,431,690
	0	3,011,369
18(a)	15,051,169	14,443,059
	3,113,608	5,204,463
18(a)	11,937,561	9,238,596
	15,051,169	14,443,059

**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.

**Restricted financial assets**

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

Details of restrictions on financial assets can be found at Note 18.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

Held as  
- Restricted other financial assets at amortised cost

**(b) Non-current assets**

Financial assets at fair value through profit and loss

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

Units in Local Government House Trust

	2022	2021
	\$	\$
	7,114,531	12,600,296
	7,114,531	12,600,296
	7,114,531	12,600,296
	7,114,531	12,600,296
18(a)	7,114,531	12,600,296
	7,114,531	12,600,296
	77,804	73,807
	77,804	73,807
	77,804	73,807
	77,804	73,807

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

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

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

The Shire classifies the following financial assets at fair value through profit and loss:

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

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

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for credit losses of trade and other receivables	
Fuel tax credits	
Pensioner rates rebate	

Note	2022	2021
	\$	\$
	465,832	309,045
	399,598	170,111
	376,511	515,195
22(b)	(5,543)	0
	1,904	6,439
	19,104	46,375
	1,257,406	1,047,165
	143,597	134,563
	143,597	134,563

**Non-current**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

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

**6. INVENTORIES****Current**

Materials - depot

Trading stock - Eaton Recreation Centre

Land held for resale

Cost of acquisition

<b>Note</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
	7,122	6,318
	7,159	5,842
	1	0
	<b>14,282</b>	<b>12,160</b>

The following movements in inventories occurred during the year:

**Balance at beginning of year**

Inventories expensed during the year

Additions to inventory

**Balance at end of year**

12,160	19,227
(11,598)	(7,067)
13,720	0
<b>14,282</b>	<b>12,160</b>

**SIGNIFICANT ACCOUNTING POLICIES****General**

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

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

**Land held for resale**

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

**Land held for resale (Continued)**

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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



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

**7. OTHER ASSETS**

**Other assets - current**

Prepayments

Accrued income

2022	2021
\$	\$
41,896	40,180
244,738	119,951
286,634	160,131

**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.

**Accrued Income**

Accrued income includes interest accrued on term deposits and revenue or contributions expected to be earned but has yet to be received by year end.

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

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

Note	Land	Buildings - non-specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	6,401,394	21,984,886	28,386,280	357,255	94,629	2,161,807	539,935	31,539,905
Additions	7,500	11,941	19,441	24,754	0	531,430	2,058,267	2,633,891
Disposals	(107,150)	(445,316)	(552,466)	0	(900)	(214,567)	(481,722)	(1,249,655)
Revaluation increments / (decrements) transferred to revaluation surplus	858,256	9,475,764	10,334,020	0	0	0	0	10,334,020
Depreciation	0	(809,126)	(809,126)	(95,188)	(11,515)	(323,467)	0	(1,239,294)
<b>Balance at 30 June 2021</b>	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867
<b>Comprises:</b>								
Gross balance amount at 30 June 2021	7,160,000	51,436,550	58,596,550	1,576,266	188,776	4,779,642	2,116,480	67,257,714
Accumulated depreciation at 30 June 2021	0	(21,218,401)	(21,218,401)	(1,289,445)	(106,562)	(2,624,439)	0	(25,238,847)
<b>Balance at 30 June 2021</b>	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867
Additions	0	3,267,870	3,267,870	58,484	404,668	823,181	2,067,528	6,621,731
Disposals	0	(70,235)	(70,235)	(3,288)	0	(206,987)	0	(280,510)
Depreciation	0	(1,240,542)	(1,240,542)	(76,057)	(38,953)	(310,832)	0	(1,666,384)
Transfers	0	475,194	475,194	0	0	0	(1,844,436)	(1,369,242)
<b>Balance at 30 June 2022</b>	7,160,000	32,650,436	39,810,436	265,960	447,929	2,460,565	2,339,572	45,324,462
<b>Comprises:</b>								
Gross balance amount at 30 June 2022	7,160,000	53,645,596	60,805,596	1,628,841	593,444	5,075,767	2,339,572	70,443,220
Accumulated depreciation at 30 June 2022	0	(20,995,160)	(20,995,160)	(1,362,881)	(145,515)	(2,615,202)	0	(25,118,758)
<b>Balance at 30 June 2022</b>	7,160,000	32,650,436	39,810,436	265,960	447,929	2,460,565	2,339,572	45,324,462

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

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
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per hectare / market borrowing rate
Buildings - non-specialised	3	Market approach using recent observable market data for properties	Independent registered valuer	June 2021	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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		N/A	Cost	Not applicable	N/A
<b>Plant and equipment</b>		N/A	Cost	Not applicable	N/A
<b>Motor vehicles</b>		N/A	Cost	Not applicable	N/A

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

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 - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Infrastructure - car parks	Infrastructure - lighting	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	91,654,243	7,040,159	16,893,286	6,015,002	21,836,680	0	0	143,439,370
Additions	3,061,885	566,218	0	363,538	361,520	0	0	4,353,160
(Disposals)	0	0	0	0	(282,903)	0	0	(282,903)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	2,882,429	0	0	2,882,429
Depreciation	(2,530,303)	(207,947)	(333,136)	(192,844)	(597,726)	0	0	(3,861,955)
10(a) Balance at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	0	0	146,530,101
Comprises:								
Gross balance at 30 June 2021	136,455,726	10,963,561	25,047,817	10,005,718	38,959,000	0	0	221,431,822
Accumulated depreciation at 30 June 2021	(44,269,901)	(3,565,131)	(8,487,667)	(3,820,022)	(14,759,000)	0	0	(74,901,721)
10(a) Balance at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	0	0	146,530,101
Additions	2,331,674	623,164	0	1,611,603	0	58,333	90,070	4,714,844
(Disposals)	0	0	0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	50,847,232	6,007,356	5,988,057	7,471,741	0	1,289,053	2,127,985	73,731,424
Depreciation	(2,579,905)	(219,271)	(333,136)	(200,114)	(429,549)	0	0	(3,761,975)
10(a) Transfers	0	0	0	713,019	0	656,225	0	1,369,244
8(a) Balance at 30 June 2022	142,784,826	13,809,679	22,215,071	15,781,945	23,770,451	2,003,611	2,218,055	222,583,638
Comprises:								
Gross balance at 30 June 2022	164,384,485	19,118,187	30,919,477	24,136,700	38,959,000	3,910,819	2,841,328	284,269,996
Accumulated depreciation at 30 June 2022	(21,599,659)	(5,308,508)	(8,704,406)	(8,354,755)	(15,188,549)	(1,907,208)	(623,273)	(61,686,358)
8(a) Balance at 30 June 2022	142,784,826	13,809,679	22,215,071	15,781,945	23,770,451	2,003,611	2,218,055	222,583,638

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

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	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using current replacement cost	Independent valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - car parks	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - lighting	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

**10. FIXED ASSETS**

**(a) Depreciation**

	<b>Note</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings - non-specialised	8(a)	1,240,542	1,348,098	809,126
Furniture and equipment	8(a)	76,057	75,433	95,188
Plant and equipment	8(a)	38,953	11,515	11,515
Motor vehicles	8(a)	310,832	345,731	323,467
Infrastructure - roads	9(a)	2,579,905	2,530,304	2,530,303
Infrastructure - footpaths	9(a)	219,271	256,546	207,947
Infrastructure - drainage	9(a)	333,136	333,135	333,136
Infrastructure - parks and ovals	9(a)	200,114	192,843	192,844
Infrastructure - bridges	9(a)	429,549	429,550	597,726
Right-of-use assets - land and buildings	11(a)	38,505	21,509	23,397
Right-of-use assets - furniture and equipment	11(a)	150,821	90,419	139,424
Right-of-use assets - motor vehicles	11(a)	1,532	0	5,978
		<b>5,619,217</b>	<b>5,635,083</b>	<b>5,270,048</b>

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

**10. FIXED ASSETS (Continued)**

**(a) Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings - non-specialised	
- sub-structure	18 to 90 years
- super-structure	15 to 75 years
- roof	14 to 68 years
- finishing & fittings	8 to 38 years
- services	11 to 53 years
- site surround works	30 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 10 years
Motor vehicles	4 to 5 years
Work in progress	Not depreciated
Infrastructure Assets - Roads	
Sealed Roads and Streets	
- formation	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Gravel Roads	
- formation	Not depreciated
- pavement	10 to 20 years
Infrastructure Assets - Pathways	
- concrete	50 years
- limestone	15 years
- paving	25 years
- asphalt	20 years
- timber	30 years
Infrastructure - Stormwater Drainage	50 to 75 years
Infrastructure - Parks and Reserves	
- playgrounds	15 years
- furniture	15 years
- turf	20 years
- gardens	15 years
- irrigation	12 to 40 years
- sporting infrastructure	15 to 25 years
- rubbish bin enclosures	15 years
- marine structures	20 years
- other structures	15 to 80 years
Infrastructure - Bridges	
- timber	80 years
- other	100 years
Infrastructure - Car Parks	
- formation	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Infrastructure - Lighting	5 to 25 years
Right of use - land	Based on the remaining lease
Right of use - buildings	Based on the remaining lease
Right of use - plant and equipment	Based on the remaining lease
Right of use - furniture and fittings	Based on the remaining lease
Right of use - motor vehicles	Based on the remaining lease

## 10. FIXED ASSETS (Continued)

### (b) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	1,351,670	5,000,000	3,648,330	0	107,150	0	0	(107,150)
Buildings - non-specialised	70,235	0	0	(70,235)	0	0	0	0	445,316	0	0	(445,316)
Furniture and equipment	3,288	0	0	(3,288)	0	0	0	0	0	0	0	0
Plant and equipment	0	0	0	0	0	0	0	0	900	0	0	(900)
Motor vehicles	206,987	243,274	36,297	(10)	180,918	170,384	0	(10,534)	214,567	229,045	18,861	(4,383)
Work in progress	0	0	0	0	0	0	0	0	481,722	0	0	(481,722)
Infrastructure - bridges	0	0	0	0	0	0	0	0	282,903	0	0	(282,903)
	280,510	243,274	36,297	(73,533)	1,532,588	5,170,384	3,648,330	(10,534)	1,532,558	229,045	18,861	(1,322,374)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
<b>Plant and Equipment</b>				
<b>Law, order, public safety</b>				
Bushfire Brigade Appliance	34,400	48,182	13,782	0
Ranger Services Vehicle	14,203	16,455	2,252	0
<b>Recreation and culture</b>				
Parks & Reserves Vehicle	19,312	19,545	233	0
Parks & Reserves Vehicle	13,866	15,989	2,123	0
Parks & Reserves Vehicle	19,605	22,818	3,213	0
<b>Transport</b>				
Transport Vehicle	13,700	15,989	2,289	0
Tip Truck	47,000	57,750	10,750	0
Cab Tractor	28,175	29,000	825	0
Trailer	1,647	1,637	0	(10)
<b>Other property and services</b>				
IT Vehicle	15,079	15,909	830	0
	206,987	243,274	36,297	(10)
<b>Furniture and equipment</b>				
<b>Recreation and culture</b>				
Coffee Machine	3,288	0	0	(3,288)
	3,288	0	0	(3,288)
<b>Buildings</b>				
<b>Law, order, public safety</b>				
Bushfire Brigade Building	70,235	0	0	(70,235)
	70,235	0	0	(70,235)
	280,510	243,274	36,297	(73,533)



## 10. FIXED ASSETS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

#### Revaluation

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

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

#### Revaluation (continued)

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

#### Depreciation

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

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

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

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

#### Depreciation on revaluation

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

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

#### Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a). 24

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

**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

Note	Right-of-use assets - land and buildings	Right-of-use assets - furniture and equipment	Right-of-use assets - motor vehicles	Right-of-use assets Total
	\$	\$	\$	\$
Balance at 1 July 2020	100,704	404,586	603	505,893
Additions	0	171,395	12,213	183,608
Adjustment due to subsequent changes in lease liabilities	11,132	2,442	(604)	12,970
Depreciation	(23,397)	(139,424)	(5,978)	(168,799)
Balance at 30 June 2021	88,439	438,999	6,234	533,672
Additions	113,799	0	0	113,799
Gains/(losses) from sale and leaseback transactions	(30,302)	25,704	(4,702)	(9,300)
Depreciation	(38,505)	(150,821)	(1,532)	(190,858)
Balance at 30 June 2022	133,431	313,882	0	447,313

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

		2022 Actual	2021 Actual
		\$	\$
Depreciation on right-of-use assets	10(a)	(190,858)	(168,799)
Interest expense on lease liabilities	28(d)	(10,703)	(11,148)
Short-term lease payments recognised as expense		0	(39,150)
Lease principal expense		(188,703)	(165,751)
Total amount recognised in the statement of comprehensive income		(390,264)	(384,848)
Total cash outflow from leases		(188,703)	(178,852)

**(b) Lease Liabilities**

Current

Non-current

28(d)

**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 28(d).

**Right-of-use assets - valuation measurement**

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

Refer to Note 10 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 amortised over the useful life of the underlying asset.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Prepaid rates
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued interest on long term borrowings
Accrued expenses
Prepaid revenue

2022	2021
\$	\$
1,149,276	1,798,946
885,616	782,454
171,847	141,810
0	170,496
584,732	700,299
28,572	30,331
6,565	117,261
4,582	0
2,831,190	3,741,597

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

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

**Prepaid rates**

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

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

**13. OTHER LIABILITIES**

**Current**

Contract liabilities from contracts with customers - Grant Revenue  
 Capital grant/contributions liabilities - Developer Contributions  
 Other Liabilities from contracts with customers - Revenue

**Non-current**

Contract liabilities from contracts with customers - Grant Revenue  
 Capital grant/contributions liabilities - Developer Contributions

**Reconciliation of changes in contract liabilities - Grant Revenue**

Opening balance  
 Additions  
 Revenue from contracts with customers included as a contract liability at the start of the period

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities - Developer Contributions**

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  
 1 to 2 years  
 2 to 3 years  
 3 to 4 years  
 4 to 5 years  
 > 5 years

2022	2021
\$	\$
598,305	1,906,515
250,000	538,409
29,144	27,290
877,449	2,472,214
0	15,000
261,660	763,423
261,660	778,423
1,921,515	2,699,261
583,305	1,338,794
(1,906,515)	(2,116,540)
598,305	1,921,515
1,301,832	2,633,282
0	99,159
(790,172)	(1,430,609)
511,660	1,301,832
598,305	1,933,805
0	0
0	15,000
0	0
0	0
0	0
598,305	1,948,805

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 the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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

**14. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		392,533	2,056,490	2,449,023	333,977	2,129,023	2,463,000
<b>Total secured borrowings</b>	28(a)	392,533	2,056,490	2,449,023	333,977	2,129,023	2,463,000

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Dardanup.

**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 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave  
 Long Service Leave  
 Other employee provisions - rostered days off

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
Annual Leave	833,762	852,083
Long Service Leave	732,123	786,010
Other employee provisions - rostered days off	70,184	55,619
	1,636,069	1,693,712
Long Service Leave	271,516	244,930
	271,516	244,930
	1,907,585	1,938,642

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

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

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date  
 More than 12 months from reporting date

Note	2022	2021
	\$	\$
Less than 12 months after the reporting date	940,423	1,693,712
More than 12 months from reporting date	967,162	244,930
	1,907,585	1,938,642

**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 DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. OTHER PROVISIONS**

	<b>Note</b>	<b>Provision for rehabilitation on leased land (Transfer Station)</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2021</b>			
Non-current provisions		83,833	83,833
		83,833	83,833
<b>Balance at 30 June 2022</b>		83,833	83,833
<b>Comprises</b>			
Non-current		83,833	83,833
		83,833	83,833

**Provision for remediation costs**

Council operates a waste transfer station on leased land at Banksia Road, Dardanup, which at the end of the lease will require rehabilitation on the site. A provision for such has been created and is based on usage of the site. The Provision for Rehabilitation on the leased site has been recorded using the Net Present Value method.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**17. REVALUATION SURPLUS**

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,876,608	0	0	0	5,876,608	5,018,352	858,256	0	858,256	5,876,608
Revaluation surplus - Buildings - non-specialised	21,289,894	0	0	0	21,289,894	11,814,130	9,475,764	0	9,475,764	21,289,894
Revaluation surplus - Furniture and equipment	141,852	0	0	0	141,852	141,852	0	0	0	141,852
Revaluation surplus - Plant and equipment	61,467	0	0	0	61,467	61,467	0	0	0	61,467
Revaluation surplus - Motor vehicles	308,205	0	0	0	308,205	308,205	0	0	0	308,205
Revaluation surplus - Infrastructure - roads	57,347,459	50,847,232	0	50,847,232	108,194,691	57,347,459	0	0	0	57,347,459
Revaluation surplus - Infrastructure - footpaths	6,425,473	6,007,356	0	6,007,356	12,432,829	6,425,473	0	0	0	6,425,473
Revaluation surplus - Infrastructure - drainage	19,141,929	5,988,057	0	5,988,057	25,129,986	19,141,929	0	0	0	19,141,929
Revaluation surplus - Infrastructure - parks and ovals	2,216,465	7,471,741	0	7,471,741	9,688,206	2,216,465	0	0	0	2,216,465
Revaluation surplus - Infrastructure - bridges	19,147,884	0	0	0	19,147,884	16,265,455	2,882,429	0	2,882,429	19,147,884
Revaluation surplus - Infrastructure - car parks	0	1,289,053	0	1,289,053	1,289,053	0	0	0	0	0
Revaluation surplus - Infrastructure - lighting	0	2,127,985	0	2,127,985	2,127,985	0	0	0	0	0
	131,957,235	73,731,424	0	73,731,424	205,688,659	118,740,787	13,216,449	0	13,216,449	131,957,235

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



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

**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
3	15,051,169	15,064,219	14,443,059
3	11,937,561	(176,779)	9,238,596
4	7,114,531	12,600,296	12,600,296
	19,052,092	12,423,517	21,838,892
29	19,052,092	12,423,517	21,838,892
	19,052,092	12,423,517	21,838,892

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

Net result	4,167,189	8,029,071	2,129,675
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,997)	0	(2,587)
Depreciation/amortisation	5,619,217	5,635,083	5,270,048
(Profit)/loss on sale of asset	37,236	(3,637,796)	1,303,513
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(219,274)	0	408,446
(Increase)/decrease in other assets	(126,503)	0	(117,324)
(Increase)/decrease in inventories	(2,122)	0	7,067
Increase/(decrease) in trade and other payables	(910,835)	0	678,985
Increase/(decrease) in employee related provisions	(31,057)	0	225,791
Non-operating grants, subsidies and contributions	(5,325,508)	(4,751,820)	(5,269,566)
Net cash provided by/(used in) operating activities	1,092,818	2,220,763	4,661,337

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

Credit card limit	15,000	15,000
<b>Total amount of credit unused</b>	15,000	15,000

**Loan facilities**

Loan facilities - current	392,533	333,977
Loan facilities - non-current	2,056,490	2,129,023
<b>Total facilities in use at balance date</b>	2,449,023	2,463,000

**Unused loan facilities at balance date**

Nil

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Nil

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**19. CONTINGENT LIABILITIES**

The Shire does not have any contingent liabilities at year end.

**20. CAPITAL COMMITMENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects	115,236	1,208,345
	115,236	1,208,345
Payable:		
- not later than one year	115,236	1,208,345
Eaton Skate Park	6,690	285,661
Cadell Park Upgrade	21,273	0
Cadell Park Renewal	46,364	0
Lofthouse Park	40,909	0
Waterloo BFB Building	0	151,808
Dard Central BFB Building	0	85,820
Eaton Administration Building	0	162,450
Eaton Bowling Club Building	0	522,606
	<b>115,236</b>	<b>1,208,345</b>

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

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>Elected member - Shire President (1)</b>			
President's annual allowance	27,718	27,718	25,870
Meeting attendance fees	19,007	19,007	17,739
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	442	889	90
	49,792	50,239	46,149
<b>Elected member - Deputy President (2)</b>			
Deputy President's annual allowance	6,929	6,929	6,467
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	2,640
	21,829	22,718	23,014
<b>Elected member (3)</b>			
Meeting attendance fees	12,275	12,275	11,457
Other expenses	63	0	0
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	1,352	889	0
	16,315	15,789	13,907
<b>Elected member (4)</b>			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	177	889	484
	15,077	15,789	14,391
<b>Elected member (5)</b>			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
<b>Elected member (6)</b>			
Meeting attendance fees	12,275	12,275	11,457
Other expenses	35	0	39
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,935	15,789	13,946
<b>Elected member (7)</b>			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
<b>Elected member (8)</b>			
Meeting attendance fees	12,275	12,275	11,457
Child care expenses	1,508	600	1,860
Other expenses	0	0	100
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	16,408	16,389	15,867
<b>Elected member (9)</b>			
Meeting attendance fees	12,275	12,275	11,457
Annual allowance for ICT expenses	2,625	2,625	2,450
Travel and accommodation expenses	0	889	0
	14,900	15,789	13,907
	179,056	184,080	168,995

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**21. RELATED PARTY TRANSACTIONS (Continued)**

**(a) Elected Member Remuneration**

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

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
President's annual allowance	27,718	27,718	25,870
Deputy President's annual allowance	6,929	6,929	6,467
Meeting attendance fees	117,207	117,207	109,395
Child care expenses	1,508	600	1,860
Other expenses	98	0	139
Annual allowance for ICT expenses	23,625	23,625	22,050
Travel and accommodation expenses	1,971	8,001	3,214
21(b)	<b>179,056</b>	<b>184,080</b>	<b>168,995</b>

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

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

	<b>2022 Actual</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,890,367	1,787,591
Post-employment benefits	216,624	198,994
Employee - other long-term benefits	46,552	40,578
Employee - termination benefits	147,760	19,085
Council member costs	179,056	168,995
21(a)	<b>2,480,359</b>	<b>2,215,243</b>

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

21. RELATED PARTY TRANSACTIONS (Continued)

(b) 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.

(c) Related Parties

The Shire's main related parties are as follows:

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

*iii. Entities subject to significant influence by the Shire*

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

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

## 22. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	0.50%	15,051,169	0	15,051,169	0
Financial assets at amortised cost - term deposits	0.50%	7,114,531	7,114,531	0	0
<b>2021</b>					
Cash and cash equivalents	0.50%	14,443,059	3,011,369	11,431,690	0
Financial assets at amortised cost - term deposits	0.50%	12,600,296	12,600,296	0	0

#### Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	150,512	114,317

\* Holding all other variables constant

#### Borrowings

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

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 28(a).

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

**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	333,855	69,377	41,182	21,418	465,832	
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	209,327	55,221	17,380	27,117	309,045	

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

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	Note
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	5.7%		
Gross carrying amount	281,347	235	20,078	97,938	399,598	
Loss allowance	0	0	0	5,543	5,543	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	154,472	4,120	8,759	2,760	170,111	
Loss allowance	0	0	0	0	0	5

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

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	0	0	0	0
Unused amount reversed	0	0	5,543	0	0	0
Closing loss allowance at 30 June	0	0	5,543	0	0	0

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

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

**Contract Assets**

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



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

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying values</b>
<b><u>2022</u></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	1,940,992	0	0	1,940,992	1,940,992
Borrowings	474,600	1,186,124	1,262,078	2,922,802	2,449,023
Lease liabilities	202,596	265,816	0	468,412	455,081
	<b>2,618,188</b>	<b>1,451,940</b>	<b>1,262,078</b>	<b>5,332,206</b>	<b>4,845,096</b>
<b><u>2021</u></b>					
Trade and other payables	1,798,946	0	0	1,798,946	3,741,597
Borrowings	333,977	934,232	1,194,791	2,463,000	2,463,000
Lease liabilities	167,440	363,840	8,431	539,711	539,711
	<b>2,300,363</b>	<b>1,298,072</b>	<b>1,203,222</b>	<b>4,801,657</b>	<b>6,744,308</b>

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Events may occur between the end of the reporting period and the date when financial statements are verified by the Council. The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

## 24. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Interest earnings

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

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

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

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

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

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

### k) Initial application of accounting standards

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

### New accounting standards for application in future years

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

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

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

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

**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

<b>Objective</b>	<b>Description</b>
<b>Governance</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
<b>General purpose funding</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>Law, order, public safety</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
<b>Health</b> To provide services to achieve community and environmental health.	Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.
<b>Education and welfare</b> To provide services to children, youth, the elderly and disadvantaged persons.	Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services.
<b>Housing</b> To provide and maintain staff housing and elderly residents' housing.	Provision and maintenance of staff housing and elderly residents' housing.
<b>Community amenities</b> To provide services required by the community.	Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.
<b>Recreation and culture</b> To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
<b>Transport</b> To promote safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc.
<b>Economic services</b> To help promote the shire and its economic wellbeing.	Tourism and area promotion, building control, provision of rural services including weed control and vermin control, standpipes.
<b>Other property and services</b> To monitor and control Council's overheads operating accounts.	Private works operations, plant repairs and operations costs, engineering operation costs.

**SHIRE OF DARDANUP****NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022****25. FUNCTION AND ACTIVITY (Continued)****(b) Income and expenses**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income excluding non-operating grants, subsidies and contributions</b>			
Governance	4,282	800	23,980
General purpose funding	16,197,052	15,793,559	15,304,001
Law, order, public safety	520,633	513,681	647,418
Health	23,504	16,650	5,489
Education and welfare	2,550	6,000	10,017
Community amenities	1,732,986	1,770,752	1,592,566
Recreation and culture	1,854,949	1,687,284	1,638,555
Transport	224,112	157,524	156,737
Economic services	169,233	189,980	167,042
Other property and services	223,656	3,815,130	273,487
	<b>20,952,957</b>	<b>23,951,360</b>	<b>19,819,292</b>
<b>Non-operating Grants, subsidies and contributions</b>			
Law, order, public safety	790,771	865,112	451,916
Community amenities	182,246	0	0
Recreation and culture	3,191,447	3,344,918	1,387,038
Transport	3,274,426	3,595,565	3,430,612
	<b>7,438,890</b>	<b>7,805,595</b>	<b>5,269,566</b>
<b>Total Income</b>	<b>28,391,847</b>	<b>31,756,955</b>	<b>25,088,858</b>
<b>Expenses</b>			
Governance	(1,387,717)	(1,272,496)	(1,084,777)
General purpose funding	(532,978)	(530,474)	(342,959)
Law, order, public safety	(1,788,042)	(1,666,093)	(1,736,734)
Health	(531,650)	(552,267)	(508,635)
Education and welfare	(864,255)	(878,754)	(831,897)
Community amenities	(3,281,154)	(3,385,649)	(2,805,205)
Recreation and culture	(8,152,069)	(8,026,956)	(8,090,255)
Transport	(6,746,659)	(6,443,340)	(6,356,082)
Economic services	(526,260)	(563,127)	(489,366)
Other property and services	(413,874)	(408,728)	(713,273)
<b>Total expenses</b>	<b>(24,224,658)</b>	<b>(23,727,884)</b>	<b>(22,959,183)</b>
<b>Net result for the period</b>	<b>4,167,189</b>	<b>8,029,071</b>	<b>2,129,675</b>

**SHIRE OF DARDANUP****NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022****25. FUNCTION AND ACTIVITY (Continued)****(c) Fees and Charges**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Governance	104	300	205
General purpose funding	161,721	142,679	162,521
Law, order, public safety	123,399	109,750	0
Health	23,504	16,600	96,620
Education and welfare	0	0	5,171
Community amenities	1,514,465	1,433,155	1,468,810
Recreation and culture	1,384,112	1,233,911	1,292,711
Transport	5,274	2,900	3,397
Economic services	141,486	134,480	155,847
Other property and services	55,831	36,600	52,256
	<b>3,409,896</b>	<b>3,110,375</b>	<b>3,237,538</b>

**(d) Total Assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Governance	3,126	52,073
General purpose funding	23,410,580	28,054,972
Law, order, public safety	3,055,291	2,180,890
Health	20,144	26,653
Education and welfare	1,827,826	1,917,982
Community amenities	1,545,938	1,071,382
Recreation and culture	43,624,550	32,868,012
Transport	214,139,330	147,282,481
Economic services	113,839	106,471
Other property and services	4,773,132	3,992,905
	<b>292,300,836</b>	<b>217,553,821</b>

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

26. RATING INFORMATION

(a) General Rates

RATE TYPE		Rate in	Number of	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
Rate Description	Basis of valuation	\$	Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Rates - GRV: Residential	Gross rental valuation	0.104016	3,452	61,450,720	6,391,940	15,822	86	6,407,848	6,391,857	92,600	0	6,484,457	5,709,420
General Rates - GRV: Commercial	Gross rental valuation	0.104016	60	14,621,830	1,523,068	9,573	0	1,532,641	1,520,904	0	0	1,520,904	1,464,509
General Rates - GRV: Industrial	Gross rental valuation	0.104016	73	7,983,546	830,416	14,613	1,928	846,957	830,417	0	0	830,417	785,377
General Rates - GRV: Small Holding	Gross rental valuation	0.104016	348	7,859,124	815,230	16,480	304	832,014	817,475	0	0	817,475	767,145
General Rates - UV: Broad Acre Rural	Unimproved valuation	0.006468	474	259,287,000	1,677,068	5,208	1,725	1,684,001	1,677,068	0	0	1,677,068	1,710,723
General Rates - UV: Mining	Unimproved valuation	0.006468	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>			4,407	351,202,220	11,237,722	61,696	4,043	11,303,461	11,237,721	92,600	0	11,330,321	10,437,174
<b>Minimum payment</b>													
		<u>\$</u>											
General Rates - GRV: Residential	Gross rental valuation	1,547.50	1,446	17,681,212	2,220,662	8,111	254	2,229,027	2,237,685	0	0	2,237,685	2,626,454
General Rates - GRV: Commercial	Gross rental valuation	1,547.50	7	61,400	13,928	0	0	13,928	10,833	0	0	10,833	9,675
General Rates - GRV: Industrial	Gross rental valuation	1,547.50	44	542,200	68,090	0	0	68,090	68,090	0	0	68,090	73,500
General Rates - GRV: Small Holding	Gross rental valuation	1,547.50	79	616,920	136,180	1,547	127	137,854	122,253	0	0	122,253	138,224
General Rates - UV: Broad Acre Rural	Unimproved valuation	1,547.50	126	17,828,600	194,985	16,955	505	212,445	194,985	0	0	194,985	185,310
General Rates - UV: Mining	Unimproved valuation	1,547.50	14	212,885	21,665	5,690	153	27,508	21,665	0	0	21,665	19,451
<b>Sub-Total</b>			1,716	36,943,217	2,655,510	32,303	1,039	2,688,852	2,655,511	0	0	2,655,511	3,052,614
			6,123	388,145,437	13,893,232	93,999	5,082	13,992,313	13,893,232	92,600	0	13,985,832	13,489,788
Concessions on general rates (Refer note 26(d))								(39,174)				(29,027)	(27,482)
<b>Total amount raised from general rates</b>								13,953,139				13,956,805	13,462,306
* Rateable value is based on the value of properties at the time the rate is raised.													
<b>(b) Rates (excluding general rates)</b>													
		<u>Rate in</u>											
		<u>\$</u>											
<b>Specified Area Rates</b>													
Bulk Waste Collection	Gross rental valuation	0.001315	4,651	77,333,344	101,693	1,200	0	102,893	101,693	2,026	0	103,719	101,301
Eaton Landscaping	Gross rental valuation	0.002925	4,459	85,360,954	249,682	1,950	0	251,632	249,681	1,201	0	250,882	248,877
<b>Sub-Total</b>			9,110	162,694,298	351,375	3,150	0	354,525	351,374	3,227	0	354,601	350,178
<b>Total amount raised from rates (excluding general rates)</b>								354,525				354,601	350,178
<b>(c) Total Rates</b>								<b>14,307,664</b>				14,311,406	13,812,484

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

SHIRE OF DARDANUP  
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26. RATING INFORMATION (Continued)

(d) Specified Area Rate

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2021/22 Actual Rate Applied to Costs	2021/22 Actual Rate Set Aside to Reserve	2021/22 Actual Reserve Applied to Costs	2021/22 Budget Rate Applied to Costs	2021/22 Budget Rate Set Aside to Reserve	2021/22 Budget Reserve Applied to Costs
Bulk Waste Collection	Bulk residential green waste and hard waste collection in townsites.	Residential improved properties within the	\$ 101,061	\$ 1,832	\$ 0	\$ 103,719	\$ 0	\$ 0
Eaton Landscaping	Maintenance of parks and reserves in Millbridge and development of	Properties within the townsite of Eaton.	251,632	0	0	159,406	91,476	0
			352,693	1,832	0	263,125	91,476	0

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26. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Waiver/Concession	Discount	Discount	2022 Actual	2022 Budget	2021 Actual
			%	\$	\$	\$	\$
General rates - change from UV to GRV valuation basis	Rate	Concession			37,427	25,027	24,124
General rates - interest and prior year errors	Rate	Waiver			1,747	4,000	3,358
					39,174	29,027	27,482
Total discounts/concessions (Note 26)					39,174	29,027	27,482

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General rates - change from UV to GRV valuation basis	Increased rates after Council implemented change of valuation basis.	Assist affected property owners	Due to the immediate increased financial burden on owners.



**SHIRE OF DARDANUP**  
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**26. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	8/09/2021	0.00	0.00%	7.00%
<b>Option Two</b>				
First instalment	8/09/2021	0.00	0.00%	7.00%
Second instalment	8/11/2021	13.00	5.50%	7.00%
Third instalment	10/01/2022	13.00	5.50%	7.00%
Fourth instalment	14/03/2022	13.00	5.50%	7.00%
		<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
		\$	\$	\$
Interest on unpaid rates		48,784	42,790	17,738
Interest on instalment plan		61,874	70,125	33,912
Charges on instalment plan		74,921	82,679	80,236
		185,579	195,594	131,886

SHIRE OF DARDANUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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27. RATE SETTING STATEMENT INFORMATION

Note	2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2021/22 (1 July 2021 Brought Forward)	2020/21 (30 June 2021 Carried Forward)
	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(b)	(36,297)	(3,648,330)	(18,861)
Less: Movement in liabilities associated with restricted cash		0	(177,943)	(2,109,196)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,997)	0	(2,587)
Add: Loss on disposal of assets	10(b)	73,533	10,534	1,322,374
Add: Depreciation	10(a)	5,619,217	5,635,083	5,270,048
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(9,034)	0	(16,500)
Employee benefit provisions		26,586	(402)	(30,913)
Contract liabilities - grant revenue		0	0	(165,151)
Contract liabilities - developer contributions		0	0	0
<b>Non-cash amounts excluded from operating activities</b>		5,670,008	1,818,942	4,249,214
<b>(b) Non-cash amounts excluded from investing activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to investing activities</b>				
Movement in non-current capital grant/contribution liability		(15,000)	0	0
Movement in non-current capital grant/contribution liability - developer contributions		(501,763)	(350,466)	0
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		0	0	165,151
Movement in non-current capital expenditure provisions		(428)	0	0
Movement in current unspent non-operating grants associated with restricted cash		(1,308,211)	(2,525,366)	0
Movement in current unspent non-operating developer contributions associated with restricted cash		(288,409)	0	0
<b>Non-cash amounts excluded from investing activities</b>		(2,113,811)	(2,875,832)	165,151
<b>(c) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	29	(19,052,092)	(12,423,517)	(21,838,892)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	392,533	298,655	333,977
- Current portion of contract liability held in reserve - developer contributions		250,000	350,466	538,409
- Current portion of contract liability held in reserve - non-operating grants held in reserve - g		598,305	71,477	1,906,515
- Current portion of lease liabilities	11(b)	194,754	180,000	167,309
- Adjustment to Current portion of liabilities		(133)	(402)	0
<b>Total adjustments to net current assets</b>		(17,616,633)	(11,523,321)	(18,892,682)
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		23,724,022	17,030,216	28,262,811
Less: Total current liabilities		(5,931,995)	(5,490,346)	(8,408,940)
Less: Total adjustments to net current assets		(17,616,634)	(11,523,321)	(18,892,682)
<b>Net current assets used in the Rate Setting Statement</b>		175,393	16,552	961,190

## 28. BORROWING AND LEASE LIABILITIES

### (a) Borrowings

			Actual							Budget			
		Loan	Principal at	New Loans	Principal	Principal at 30	New Loans	Principal	Principal at	Principal at 1	New Loans	Principal	Principal at
Purpose	Note	Number	1 July 2020	During 2020-21	Repayments During 2020-21	June 2021	During 2021-22	Repayments During 2021-22	30 June 2022	July 2021	During 2021-22	Repayments During 2021-22	30 June 2022
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>													
Wanju Developer Contribution Plan/Waterloo Ind Park	70		0	750,000	0	750,000	0	(70,249)	679,751	750,000	0	(64,443)	685,557
Waste Bins (3 Bin System)	71		0	0	0	0	320,000	0	320,000	0	320,000	(21,345)	298,655
<b>Recreation and culture</b>													
Eaton Recreation Centre	59		280,690	0	(88,117)	192,573	0	(93,455)	99,118	192,573	0	(93,456)	99,117
Glen Huon Oval Club Rooms	69		965,470	0	(41,174)	924,296	0	(42,771)	881,525	924,296	0	(42,771)	881,525
<b>Transport</b>													
Depot Land	66		503,104	0	(58,628)	444,476	0	(61,038)	383,438	444,476	0	(61,039)	383,437
<b>Economic services</b>													
Gravel Pit Land - Panizza Road	61		90,549	0	(23,901)	66,648	0	(25,428)	41,220	66,648	0	(25,428)	41,220
<b>Other property and services</b>													
Administration Building Extensions	65		123,303	0	(38,296)	85,007	0	(41,036)	43,971	85,007	0	(41,035)	43,972
Total			1,963,116	750,000	(250,116)	2,463,000	320,000	(333,977)	2,449,023	2,463,000	320,000	(349,517)	2,433,483

### Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
<b>Community amenities</b>								
Wanju Developer Contribution Plan/Waterloo Ind Park		Community amenities	70	WATC	1.44%	(15,555)	(29,743)	(1,317)
Waste Bins (3 Bin System)		Community amenities	71	WATC	1.91%	(3,384)	(4,467)	0
<b>Recreation and culture</b>								
Eaton Recreation Centre		Recreation and culture	59	WATC	5.87%	(9,664)	(10,983)	(15,626)
Glen Huon Oval Club Rooms		Recreation and culture	69	WATC	3.84%	(40,555)	(41,340)	(42,473)
<b>Transport</b>								
Depot Land		Transport	66	WATC	4.07%	(19,368)	(20,396)	(22,171)
<b>Economic services</b>								
Gravel Pit Land - Panizza Road		Economic services	61	WATC	6.19%	(3,859)	(4,130)	(5,550)
<b>Other property and services</b>								
Administration Building Extensions		Other property and services	65	WATC	7.03%	(5,156)	(5,908)	(8,185)
<b>Total</b>						(97,541)	(116,967)	(95,322)
<b>Total Interest Repayments</b>	2(b)					(97,541)	(116,967)	(95,322)

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28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Number	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
						2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Waste Bins (3 Bin System)	WATC	71	Debenture	7	1.91%	\$ 320,000	\$ 320,000	\$ 320,000	\$ 320,000	\$ 30,868	\$ 0
						320,000	320,000	320,000	320,000	30,868	0

\* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Loan Number	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
Wanju Developer Contribution Plan/Waterloo Industrial	70	WATC	1/06/2021	\$ 750,000	\$ 0	\$ (33,461)	\$ 716,539
				750,000	0	(33,461)	716,539

\* WA Treasury Corporation

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28. BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

			Actual								Budget				
Purpose	Note	Lease Number	Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Adjustment to Lease	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Adjustment to Lease	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety															
Vehicle Lease		17	600	12,213	(6,126)	(600)	6,087	0	(1,532)	(4,555)	0	8,278	0	(6,030)	2,248
Community amenities															
Lease of Land		2	58,186	0	(9,873)	2,345	50,658	0	(10,418)	1,390	41,630	46,990	0	(11,361)	35,629
Recreation and culture															
Photocopier/Scanner/Printer Lease		12	927	0	(927)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease ERC		26	0	0	0	0	0	0	0	0	0	0	24,000	(6,000)	18,000
Photocopier/Scanner/Printer Lease ECL		27	0	0	(732)	732	0	0	0	0	0	0	24,000	(6,000)	18,000
Cardio Fitness Equipment Lease		18	199,457	0	(38,185)	0	161,272	0	(44,197)	21,446	138,521	154,397	0	(46,784)	107,613
Transport															0
Photocopier/Scanner/Printer Lease ECL		28	0	0	0	0	0	0	0	0	0	0	24,000	(6,000)	18,000
Other property and services															0
Transportable Building Lease		1	43,779	0	(12,692)	8,925	40,012	0	(7,410)	(32,602)	0	29,272	0	(13,495)	15,777
IT Equipment Lease		3	9,988	0	(8,550)	6	1,444	0	(1,444)	0	0	1,651	475	(2,126)	0
IT Equipment Lease		4	23,431	0	(7,428)	0	16,003	0	(7,591)	0	8,412	15,402	0	(7,707)	7,695
IT Equipment Lease		5	11,612	0	(10,710)	0	902	0	(7,337)	6,435	0	3,081	0	(2,658)	423
IT Equipment Lease		6	10,238	0	(12,243)	3,037	1,032	0	(283)	(749)	0	41	12,115	(12,156)	0
IT Equipment Lease		7	85,569	0	(27,932)	0	57,637	0	(28,519)	0	29,118	58,252	0	(28,859)	29,393
Photocopier/Scanner/Printer Lease		8	1,804	0	(1,804)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		9	1,554	0	(1,554)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		10	732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		13	732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		14	732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		15	732	0	(732)	0	0	0	0	0	0	0	0	0	0
Photocopier/Scanner/Printer Lease		16	0	0	(732)	732	0	0	0	0	0	0	0	0	0
IT Equipment Lease		19	36,876	0	(6,366)	0	30,510	0	(6,513)	0	23,997	30,376	0	(6,997)	23,379
IT Equipment Lease		20	21,804	0	(5,112)	(2,076)	14,616	0	(5,219)	0	9,397	16,804	0	(5,364)	11,440
IT Equipment Lease		21	0	18,036	(1,087)	0	16,949	0	(4,419)	(1,091)	11,439	13,500	0	(4,600)	8,900
IT Equipment Lease		22	0	62,532	(3,769)	0	58,763	0	(15,246)	0	43,517	48,000	0	(16,992)	31,008
IT Equipment Lease		23	0	17,677	(1,065)	0	16,612	0	(4,310)	0	12,302	13,500	0	(4,508)	8,992
IT Equipment Lease		24	0	0	0	0	0	0	0	0	0	0	168,000	(42,000)	126,000
IT Equipment Lease		25	0	73,150	(5,936)	0	67,214	0	(24,019)	0	43,195	68,136	36,473	(104,609)	0
Transportable Building Lease		26	0	0	0	0	0	113,799	(20,246)	0	93,553	0	0	0	0
Total Lease Liabilities	11(b)		508,753	183,608	(165,751)	13,101	539,711	113,799	(188,703)	(9,726)	455,081	507,680	289,063	(334,246)	462,497

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28. BORROWING AND LEASE LIABILITIES (Continued)

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term
						\$	\$	\$	
<b>Law, order, public safety</b>									
Vehicle Lease		Law, order, public safety	17	SG Fleet	2.00%	(6)	(123)	(175)	24 months
<b>Community amenities</b>									
Lease of Land		Community amenities	2	Company	2.70%	(1,262)	(232)	(1,495)	54 months
<b>Recreation and culture</b>									
Photocopier/Scanner/Printer Lease		Recreation and culture	12	N/A	2.10%	0	0	0	N/A
Photocopier/Scanner/Printer Lease ERC		Recreation and culture	26	N/A	2.10%	0	(101)	(2)	N/A
Photocopier/Scanner/Printer Lease ECL		Recreation and culture	27	N/A	2.10%	0	(101)	(2)	N/A
Cardio Fitness Equipment Lease		Recreation and culture	18	Maia Financial	2.20%	(3,542)	(955)	(3,955)	60 months
<b>Transport</b>									
Photocopier/Scanner/Printer Lease ECL		Transport	28	N/A	2.10%	0	(101)	0	N/A
<b>Other property and services</b>									
Transportable Building Lease		Other property and services	1	Onsite Rental	2.50%	(54)	(275)	(1,160)	60 months
IT Equipment Lease		Other property and services	3	Maia Financial	2.20%	(4)	(43)	(133)	60 months
IT Equipment Lease		Other property and services	4	Maia Financial	2.20%	(274)	(157)	(437)	60 months
IT Equipment Lease		Other property and services	5	Dell Financial	2.10%	(13)	(54)	(140)	36 months
IT Equipment Lease		Other property and services	6	Dell Financial	2.10%	0	(248)	(160)	36 months
IT Equipment Lease		Other property and services	7	HP Financial	2.10%	(929)	(589)	(1,516)	48 months
Photocopier/Scanner/Printer Lease		Other property and services	8	N/A	2.10%	0	0	(5)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	9	N/A	2.10%	0	0	(4)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	10	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	13	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	14	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	15	N/A	2.10%	0	0	(2)	N/A
Photocopier/Scanner/Printer Lease		Other property and services	16	N/A	2.10%	0	0	(2)	N/A
IT Equipment Lease		Other property and services	19	HP Financial	2.30%	(627)	(143)	(774)	72 months
IT Equipment Lease		Other property and services	20	Vestone Capital	2.10%	(255)	(109)	(362)	48 months
IT Equipment Lease		Other property and services	21	Dell Financial	2.00%	(275)	(94)	(86)	48 months
IT Equipment Lease		Other property and services	22	Dell Financial	2.00%	(1,027)	(347)	(299)	48 months
IT Equipment Lease		Other property and services	23	Dell Financial	2.00%	(290)	(92)	(85)	48 months
IT Equipment Lease		Other property and services	24	N/A	2.10%	0	(1,012)	0	N/A
IT Equipment Lease		Other property and services	25	Maia Financial	2.00%	(1,116)	(1,675)	(348)	36 months
Transportable Building Lease		Other property and services	26	Onsite Rental	2.00%	(1,029)	0	0	36 months
<b>Total Interest Repayments</b>	2(b)					(10,703)	(6,451)	(11,148)	

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

29. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Information Technology Reserve	667,852	401,394	(369,789)	699,457	544,950	400,818	(504,778)	440,990	504,179	401,482	(237,809)	667,852
(b) Road Safety Programs Reserve	26,723	56	0	26,779	26,735	40	0	26,775	26,645	78	0	26,723
(c) Tourism Reserve	11,753	24	0	11,777	11,758	18	0	11,776	11,718	35	0	11,753
(d) Executive & Compliance Vehicle Reserve	202,280	56,331	(34,708)	223,903	154,041	40,231	(45,704)	148,568	243,184	715	(41,619)	202,280
(e) Employee Relief Reserve	265,073	553	0	265,626	265,175	398	0	265,573	234,384	30,689	0	265,073
(f) Employee Leave Entitlements Reserve	37,706	11,050	0	48,756	37,715	11,028	0	48,743	21,187	16,519	0	37,706
(g) Refuse Site Environmental Works Reserve	84,080	175	0	84,255	84,117	126	0	84,243	83,834	246	0	84,080
(h) Recycling Education Reserve	39,130	5,081	0	44,211	39,157	5,059	(22,684)	21,532	61,265	180	(22,315)	39,130
(i) Eaton Recreation Centre - Equipment Reserve	276,753	80,578	(53,681)	303,650	276,876	80,461	(53,681)	303,656	280,102	110,823	(114,172)	276,753
(j) Council Land Development Reserve	22,634	47	0	22,681	21,129	32	(5,000)	16,161	21,058	5,062	(3,486)	22,634
(k) Sale of Land Reserve	4,579,909	9,558	(2,247,800)	2,341,667	4,581,912	6,877	(2,000,000)	2,588,789	4,566,488	13,421	0	4,579,909
(l) Accrued Salaries Reserve	499,626	1,043	0	500,669	499,816	750	0	500,566	433,352	66,274	0	499,626
(m) Carried Forward Projects Reserve	3,532,649	1,796,345	(2,093,480)	3,235,514	2,370,259	3,564	(1,828,749)	545,074	3,291,190	946,143	(704,684)	3,532,649
(n) Strategic Planning Studies Reserve	116,764	5,244	(12,500)	109,508	116,820	5,175	(31,500)	90,495	128,885	379	(12,500)	116,764
(o) Town Planning Consultancy Reserve	37,993	20,079	(30,000)	28,072	38,036	20,057	(30,000)	28,093	97,706	5,287	(65,000)	37,993
(p) Parks & Reserves Upgrades Reserve	608,348	41,269	(503,763)	145,854	528,044	40,792	(447,867)	120,969	676,805	151,989	(220,446)	608,348
(q) Election Expenses Reserve	32,038	25,067	(45,454)	11,651	32,041	25,048	(45,454)	11,635	7,017	25,021	0	32,038
(r) Pathways Reserve	308,066	643	(134,511)	174,198	129,531	194	(95,920)	33,805	315,889	180,064	(187,887)	308,066
(s) Asset / Rates Revaluation Reserve	284,307	95,594	(195,090)	184,811	284,451	95,427	(220,476)	159,402	328,666	966	(45,325)	284,307
(t) Refuse & Recycling Bin Replacement Reserve	54,805	5,115	0	59,920	54,829	5,082	(55,000)	4,911	54,643	162	0	54,805
(u) Storm Water Reserve	158,312	25,330	0	183,642	158,381	25,238	0	183,619	157,848	464	0	158,312
(v) Fire Control Reserve	11,569	25	0	11,594	11,574	17	0	11,591	11,535	34	0	11,569
(w) Collie River (Eaton Drive) Bridge Construction Reserve	1,290,500	2,716	(778,840)	514,376	635,952	585	(352,369)	284,168	1,564,304	20,037	(293,841)	1,290,500
(x) Eaton Drive - Access Construction Reserve	0	0	0	0	152,718	229	(2,630)	150,317	154,825	43,426	(198,251)	0
(y) Eaton Drive - Scheme Construction Reserve	11,332	0	(11,332)	0	336,539	505	(183,810)	153,234	914,153	35,696	(938,517)	11,332
(z) Contribution to Works Reserve	756,143	165,664	0	921,807	672,908	1,010	0	673,918	670,642	85,501	0	756,143
(aa) Unspent Grants Reserve	3,161,706	3,324,519	(3,648,586)	2,837,639	3,856,639	753,761	(3,769,267)	841,133	3,795,446	2,087,360	(2,721,101)	3,161,706
(ab) Swimming Pool Inspection Reserve	4,501	9	0	4,509	4,503	7	0	4,510	4,488	13	0	4,501
(ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve	87,647	2,015	0	89,662	80,882	121	0	81,003	80,610	7,037	0	87,647
(ad) Unspent Specified Area Rate - Eaton Landscaping Reserve	140,766	98,799	0	239,565	140,822	91,687	0	232,509	127,172	13,594	0	140,766
(ae) Plant & Engineering Equipment Reserve	871,487	104,569	(390,409)	585,647	351,863	103,273	(403,966)	51,170	924,036	208,216	(260,765)	871,487
(af) Road Construction and Major Maintenance Reserve	1,133,128	795,365	(1,127,209)	801,284	774,413	794,162	(1,256,365)	312,210	587,711	1,600,411	(1,054,994)	1,133,128
(ag) Building Maintenance Reserve	1,659,484	4,093,263	(2,202,529)	3,550,218	930,321	8,013,396	(5,923,839)	3,019,878	1,783,239	361,241	(484,996)	1,659,484
(ah) Dardanup Expansion Developer Contribution Plan Reserve	41,328	86	(41,414)	0	31,346	47	(41,000)	(9,607)	41,207	121	0	41,328
(ai) Wanju Developer Contribution Plan - Unspent Loan Reserve	750,000	1,565	(35,026)	716,539	740,000	1,111	(360,000)	381,111	0	750,000	0	750,000
(aj) Car Park Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(ak) Lighting Reserve	0	0	0	0	0	0	0	0	0	0	0	0
(al) Eaton Public Open Space Reserve	0	0	0	0	411,961	0	(257,696)	154,265	0	0	0	0
(am) Dardanup Public Open Space Reserve	0	0	0	0	97,544	0	0	97,544	0	0	0	0
(an) Burekup Public Open Space Reserve	72,500	151	0	72,651	349,188	0	0	349,188	0	72,500	0	72,500
	21,838,892	11,169,321	(13,956,121)	19,052,092	19,834,946	10,526,326	(17,937,755)	12,423,517	22,205,416	7,241,185	(7,607,708)	21,838,892

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

## 29. RESERVE ACCOUNTS (Continued)

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Information Technology Reserve	As scheduled in Council's Asset Management Plan.	Established for the acquisition or lease of software and computer equipment.
(b) Road Safety Programs Reserve	As funds become available for suitable projects.	Established to hold contributions from road transport permits which are to be used for general road safety programs in the Shire.
(c) Tourism Reserve	As funds become available for suitable projects.	Established to fund the development of tourism projects including the implementation of works associated with the Gnomesville Master Plan.
(d) Executive & Compliance Vehicle Reserve	As scheduled in Council's Asset Management Plan.	To fund the purchase, replacement or lease of Council's executive and compliance vehicles.
(e) Employee Relief Reserve	As required.	To provide funds for employee related entitlements and relief staff for prolonged employee leave.
(f) Employee Leave Entitlements Reserve	As required.	To provide funds for employee purchased leave entitlements under Policy.
(g) Refuse Site Environmental Works Reserve	As required.	Established to provide funds for environmental works at the Banksia Road Refuse Site.
(h) Recycling Education Reserve	As funds become available for suitable projects.	Unspent recycling education funds for use in special education programs and as a contribution toward the shared Waste Education Officer's salary.
(i) Eaton Recreation Centre - Equipment Reserve	As scheduled in Council's Asset Management Plan.	Established for the acquisition, replacement or lease of furniture, fittings, plant or gym equipment at the Eaton Recreation Centre.
(j) Council Land Development Reserve	As required.	Established for funding the acquisition or development of Council land for resale.
(k) Sale of Land Reserve	As suitable projects are identified.	Established to hold funds from the sale of Council land.
(l) Accrued Salaries Reserve	As required.	This fund consts of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in each eleventh year when 274 pay periods occur (all other years have 26 pay periods).
(m) Carried Forward Projects Reserve	As projects are completed.	Established to hold unspent project funds to be carried forward into future financial years. Project funds that are not expended within 2 financial years of their initial allocation to this reserve are to be reallocated to the Municipal Fund.
(n) Strategic Planning Studies Reserve	As required.	Established for funding strategic studies.
(o) Town Planning Consultancy Reserve	As funds become available for suitable projects.	Established to fund the engagement of consultants to undertake Town Planning Studies.
(p) Parks & Reserves Upgrades Reserve	As scheduled in Council's Asset Management Plan.	Established to fund the development of Parks and Reserves.
(q) Election Expenses Reserve	Council election year.	Established to fund Council elections.
(r) Pathways Reserve	As scheduled in Council's Asset Management Plan.	Established to provide funds for the creation, upgrade and renewal of the Shire's pathway infrastructure.
(s) Asset / Rates Revaluation Reserve	As required.	Established to provide funds for asset and rating revaluations.
(t) Refuse & Recycling Bin Replacement Reserve	As required.	Established to provide funds for replacement of refuse and recycling bins.
(u) Storm Water Reserve	As scheduled in Council's Asset Management Plan.	Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.
(v) Fire Control Reserve	As funds become available for suitable projects.	For the purchase, construction and development of fire fighting equipment and buildings.
(w) Collie River (Eaton Drive) Bridge Construction Reserve	As the necessary funds are raised.	Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
(x) Eaton Drive - Access Construction Reserve	As the growth in Eaton townsite necessitates development.	Established for the construction of Eaton Drive Access Road from developer contributions.
(y) Eaton Drive - Scheme Construction Reserve	As the growth in Eaton townsite necessitates development.	Established for the future construction of Eaton Drive from developer contributions.
(z) Contribution to Works Reserve	Year of budgeted works.	Established to account for contributions and donations received from external sources.
(aa) Unspent Grants Reserve	Year of budgeted works.	Established to identify unexpended grants and special projects funding.
(ab) Swimming Pool Inspection Reserve	On payment of swimming pool inspections every 3 years.	Established to account for unspent Swimming Pool Inspection Levy.
(ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve	Next financial year.	Established to hold unspent specified area rates for bulk waste collection.
(ad) Unspent Specified Area Rate - Eaton Landscaping Reserve	Next financial year.	Established to hold unspent specified area rates for Eaton landscaping.
(ae) Plant & Engineering Equipment Reserve	As scheduled in Council's Asset Management Plan.	To fund the purchase, replacement or lease of Council's heavy plant and engineering equipment.
(af) Road Construction and Major Maintenance Reserve	Funds are not expected to be used within a set period but on a budgetary needs basis.	Established to provide funds for the upgrade and renewal of the Council's transport infrastructure.
(ag) Building Maintenance Reserve	As scheduled in Council's Asset Management Plan.	For the purchase, construction and maintenance of Council buildings.
(ah) Dardanup Expansion Developer Contribution Plan Reserve	As required.	Established to hold funds for the design and construction of community facilities in Dardanup associated with the implementation of DCA2 – Dardanup Expansion Area Developer Contribution Plan.
(ai) Wanju Developer Contribution Plan - Unspent Loan Reserve	As required.	Established to hold unspent loan funds raised for the Wanju Developer Contribution Plan planning and development costs.
(aj) Car Park Reserve	As required.	Established to provide funds for the upgrade and renewal of the Council's car parking infrastructure.
(ak) Lighting Reserve	As required.	Established to provide funds for the upgrade and renewal of the Council's lighting infrastructure.
(al) Eaton Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Eaton in accordance with the Planning and Development Act 1995.
(am) Dardanup Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Dardanup in accordance with the Planning and Development Act 1995.
(an) Burekup Public Open Space Reserve	As required.	Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with the Planning and Development Act 1995.



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

**30. 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:

	<b>1 July 2021</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Eaton POS	398,305	32	(245,089)	153,248
Dardanup POS	97,566	8	0	97,574
Burekup POS	276,752	22	0	276,774
Tourism WA - Ferguson Valley Project	90,188	0	(90,188)	0
Trust Funds for Land Transaction	40,000	3	0	40,003
Auspicing Grant	0	25,000	0	25,000
	<b>902,811</b>	<b>25,065</b>	<b>(335,277)</b>	<b>592,599</b>

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

**31. MAJOR LAND TRANSACTIONS**

Council did not undertake any Major Land Transactions during the 2021/22 financial year.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2021/22 financial year.

**33. CORRECTION OF ERROR**

Council did not have any correction of prior period errors for the year ended 30 June 2022.

RISK ASSESSMENT TOOL								
<b>OVERALL RISK EVENT:</b> 2021/22 Annual Financial Report <b>RISK THEME PROFILE:</b> 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) Choose an item. <b>RISK ASSESSMENT CONTEXT:</b> Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 – Risk that the audited 2020/21 Annual Financial Report is not received by Council.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL								
<b>OVERALL RISK EVENT:</b> 2023 Annual Audit Work Plan <b>RISK THEME PROFILE:</b> 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) Choose an item. <b>RISK ASSESSMENT CONTEXT:</b> Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



# ***Risk Management***

## **6 Monthly Dashboard Report**

## Risk Management Dashboard Report

Provided in the table below is an up to date 'Dashboard Report' of the current actions that have been identified by management. These actions are assigned to responsible officers as a task and are regularly monitored by the Senior Corporate Governance Officer.

<a href="#">Asset Sustainability Practices</a>			Risk	Control
			Moderate	Adequate
Risk Responsibility		Manager Operations		
Current Actions	Due Date	Responsibility		
Develop Maintenance Plans	Sep 23	Manager Operations		
Update the Heritage Inventory List to form part of the Town Planning Scheme review	Dec 22	Manager Development Services		
Asset Management Implementation Program – 4 year program for delivery of Asset Management documentation. Staged approach (first stage due Jun 23)	Jun 23	Manager Assets		
Establish a database for property information of leased facilities	Dec 22	Deputy CEO		
<a href="#">Business &amp; Community Disruption</a>			Risk	Control
			Moderate	Adequate
Risk Responsibility		Manager Information Services		
Current Actions	Due Date	Responsibility		
IT Disaster Recovery Plan – review required of specific recovery items and scenarios to fully test the effectiveness of the Plan	Jun 23	Team Leader BS & Senior IDS Officer		
Draft IT Disaster Recovery run sheets	Jun 23	IT Team Leader		
Training of replacement Recovery Co-ordinators	Jun 23	Coordinator or Emergency & Ranger Services		
Review Fire Wardens in the Eaton Administration Building	Mar 23	WHS Coordinator		
<a href="#">External Theft and Fraud (inc. Cyber Crime)</a>			Risk	Control
			Moderate	Effective
Risk Responsibility		Manager Financial Services		
Current Actions	Due Date	Responsibility		
Password Vault Rollout	Dec 22	Manager Information Services		
<a href="#">Management of Facilities, Venues and Events</a>			Risk	Control
			Moderate	Effective
Risk Responsibility		Manager Community Services		
Current Actions	Due Date	Responsibility		
Nil				

## (Appendix AAR: 8.4A)

<a href="#">Failure to Fulfil Compliance Requirements (Statutory, Regulatory)</a>		Risk	Control
		Low	Effective
Risk Responsibility		Manager Financial Services	
Current Actions	Due Date	Responsibility	
<i>Rates Health Check Review (IT Vision)</i>	<i>Oct 23</i>	<i>Finance Coordinator</i>	
<a href="#">Document Management Processes</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Information Services	
Current Actions	Due Date	Responsibility	
<i>Completion of Retroscan Project to improve physical security of documents</i>	<i>Jun 23</i>	<i>Manager Information Services</i>	
<a href="#">Employment Practices</a>		Risk	Control
		Moderate	Effective
Risk Responsibility		Manager Governance & HR	
Current Actions	Due Date	Responsibility	
<i>Establishment of Competency Framework (Staff Training)</i>	<i>Dec 23</i>	<i>HR Coordinator</i>	
<a href="#">Engagement Practices</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Community Services	
Current Actions	Due Date	Responsibility	
<i>Nil</i>			
<a href="#">IT, Communication Systems and Infrastructure</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Information Services	
Current Actions	Due Date	Responsibility	
<i>Develop IT/IS Service Management</i>	<i>Dec 22</i>	<i>IT Team Leader/MIS/MS/IDS</i>	
<a href="#">Misconduct</a>		Risk	Control
		Moderate	Effective
Risk Responsibility		Manager Financial Services	
Current Actions	Due Date	Responsibility	
<i>Nil</i>			
<a href="#">Project Management</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Operations	
Current Actions	Due Date	Responsibility	
<i>Standardise a formal structure for all projects from conception to completion (Project Management Framework)</i>	<i>Jun 23</i>	<i>Director Infrastructure Services</i>	
<a href="#">Safety and Security Practices</a>		Risk	Control
		Moderate	Effective
Risk Responsibility		Manager Governance & HR	
Current Actions	Due Date	Responsibility	
<i>Recruitment of internal trained first aid person to cover maternity leave vacancy</i>	<i>Jan 23</i>	<i>Manager Governance &amp; HR</i>	

## (Appendix AAR: 8.4A)

<a href="#">Environment Management</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Operations	
Current Actions	Due Date	Responsibility	
Nil			

<a href="#">Supplier and Contract Management</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Operations	
Current Actions	Due Date	Responsibility	
Examine appropriate resourcing for contract management	Jun 23	DCEO	

<a href="#">Errors, Omissions and Delays</a>		Risk	Control
		Moderate	Effective
Risk Responsibility		Manager Governance & HR	
Current Actions	Due Date	Responsibility	
Nil			

<a href="#">Change Management</a>		Risk	Control
		Moderate	Adequate
Risk Responsibility		Manager Governance & HR	
Current Actions	Due Date	Responsibility	
Nil			



**RISK ASSESSMENT TOOL****OVERALL RISK EVENT:** Biannual Risk Management Dash Board Report**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

**RISK ASSESSMENT CONTEXT:** Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

**RISK ASSESSMENT TOOL****OVERALL RISK EVENT:** Western Australian Auditor General – Schedule of Reports**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

**RISK ASSESSMENT CONTEXT:** Strategic

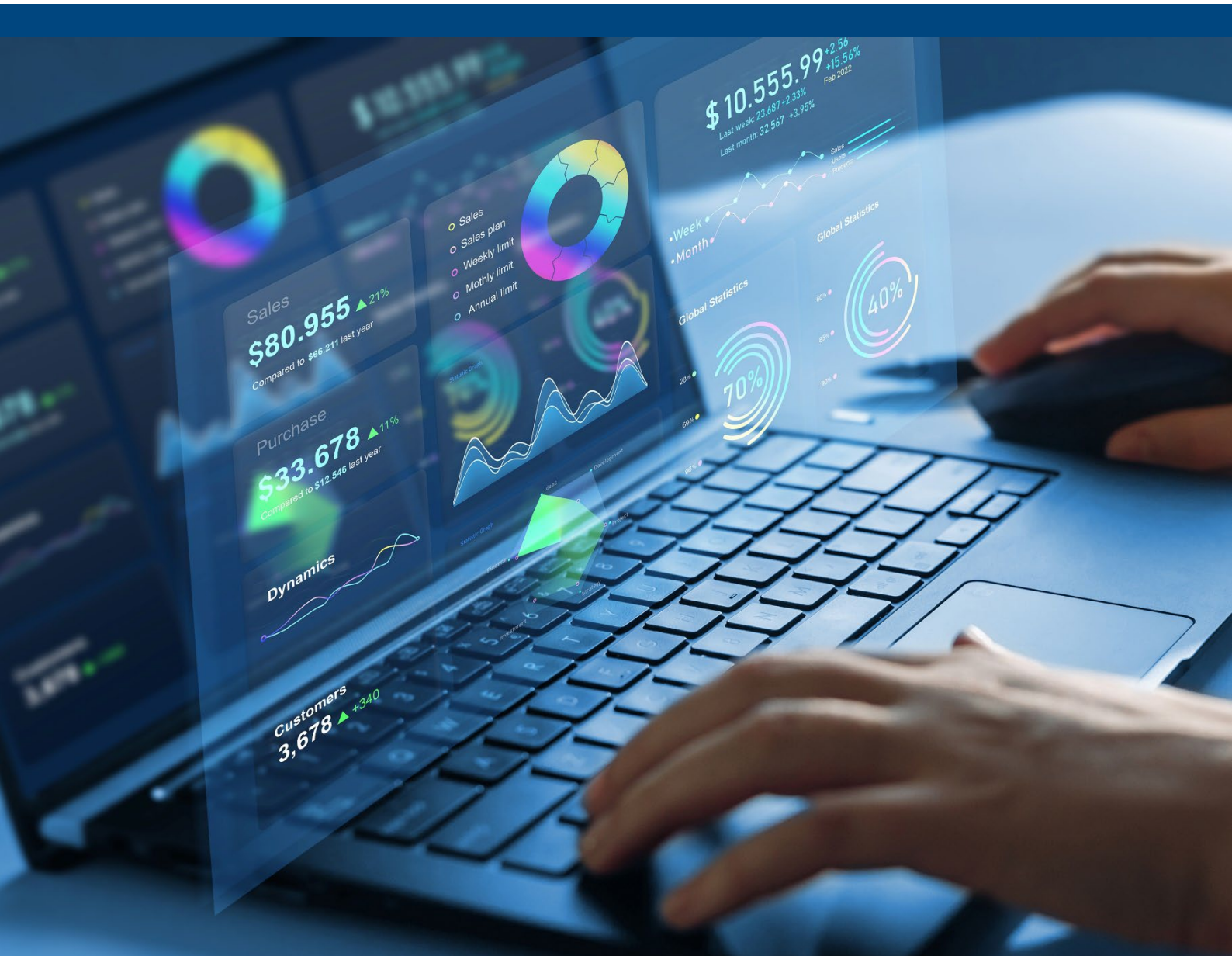
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
<b>HEALTH</b>	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
<b>FINANCIAL IMPACT</b>	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
<b>SERVICE INTERRUPTION</b>	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
<b>LEGAL AND COMPLIANCE</b>	Not considering the risks, controls and recommendations arising from the Auditor General's report could have an impact on Council not meeting its compliance requirements.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
<b>REPUTATIONAL</b>	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
<b>ENVIRONMENT</b>	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



Report 8: 2022-23 | 16 November 2022

**FORENSIC AUDIT**

# Forensic Audit Results 2022



**Office of the Auditor General  
Western Australia**

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***The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.***

Image credit: Miha Creative/shutterstock.com

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

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**Forensic Audit Results 2022**

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Report 8: 2022-23  
16 November 2022

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

**FORENSIC AUDIT RESULTS 2022**

This report has been prepared for submission to Parliament under the provisions of section 24 of the *Auditor General Act 2006*.

This report provides an update on the activities of the Forensic Audit business unit during 2022.

A handwritten signature in black ink, appearing to read 'C. Spencer'.

CAROLINE SPENCER  
AUDITOR GENERAL  
16 November 2022

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## Auditor General's overview

In last year's *Forensic Audit Report – Establishment Phase I* detailed that my Forensic Audit team was building by doing. This annual results report provides Parliament with an update on that progress.

I am pleased that our initial program of targeted forensic audits has delivered results, producing three reports of significant value to the public sector over the last 12 months. These reports identified multiple concerning findings in respect of:



- lost data
- inadequate maintenance of supplier information
- poor fraud risk management (including the absence of appropriate fraud risk assessments)
- non-compliance with Commonwealth requirements in entities with a heightened risk of exposure to criminal activity.

The third report, a better practice guide, continues this Office's commitment to produce guidance that demonstrates excellence and helps the Western Australian (WA) public sector perform efficiently and effectively. With a focus on fraud risk management, the guide assists WA public sector entities to manage that risk, providing process and tools to empower them to improve how they discharge responsibility for controlling their exposure to fraud and corruption risks.

We also hosted two fraud resilience forums, both well received with over 100 people attending each. These forums promote continuous fraud and corruption risk awareness by sharing knowledge and building a platform for collaboration across the WA public sector.

We continue to adapt and innovate, refining the forensic methodology and focusing on enhancing the interaction of audit, intelligence and data analytics through our forensic audit lens. We established forensic frameworks and strengthened our capability across the team, and with the support and influence of these maturing activities, our current work program shows momentum building in our forensic audits currently under way.

The Forensic Audit team continues to strengthen relationships across organisations and entities to advance and co-ordinate the building of fraud resilience in the WA public sector.

I am excited for the future of our forensic audit function and the insights it will provide, and extend my thanks and support to the team as they settle into a pattern of work that responds to the challenges of an ever-evolving fraud risk environment.

## Introduction

The OAG's Forensic Audit business unit's purpose is to improve resilience to fraud and corruption across the WA public sector by conducting targeted, risk based, forensic audits that identify vulnerabilities to, and potential indicators of, significant fraud in State government entities.

In line with our usual audit practice, we will report matters of significance from our audits upon completion to entities and both Houses of Parliament, confidentially via our oversight committees or publicly as is appropriate for the matter at hand. However, not all our work will be reported in stand-alone reports to Parliament.

There may be occasions where our work crosses into that of another agency, which could mean our work is put on hold, provided to that other agency or we cease the work indefinitely.

Fraud and corruption involve a benefit being obtained through dishonesty and/or an abuse of position to the detriment of another person or entity. They can pose a risk to an entity's finances, reputation and service delivery. More seriously, they go to the heart of trust and confidence in government.

With general government revenue estimated to total \$38.4 billion<sup>1</sup> in 2022-23, the loss to the WA public sector of even just 0.1% through fraud would be as much as \$38.4 million.<sup>2</sup> This is the equivalent of over 16,000 bed days in a WA hospital.

To deliver on their purpose, Forensic Audit continues to work with our other OAG business units to build a collective view of financial misappropriation risk in the sector.

The prevention, detection and investigation of irregularities, fraud and corruption, illegal acts and errors always rests with entities. External integrity or accountability bodies should not be seen as a replacement for robust and standardised internal controls, management oversight and internal audit committee support.

The Forensic Audit business unit draws on the principles in audit and accounting standards and other professional practices to underpin the development of our methodology and approach. Our work is conducted under section 18 of the *Auditor General Act 2006*.

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<sup>1</sup> Government of Western Australia, [WA State Budget 2022-23 State of the Finances factsheet](#), Department of Treasury, May 2022.

<sup>2</sup> The Association of Certified Fraud Examiners (ACFE) estimates organisations lose 5% of revenue to fraud based on survey of Certified Fraud Examiners. ACFE, *Occupational Fraud 2022: A Report to the Nations*, ACFE, Austin, 2022. The ACFE describe themselves as the world's largest anti-fraud organisation with over 90,000 members worldwide.

## Building on our foundation

### Implementing recommendations from peer review

In 2021, we commissioned an external review of the establishment of our Forensic Audit business unit (establishment review), engaging an experienced private sector forensic accounting professional to assess our early approach against best practice. While confirming our initial approach was sound, the establishment review identified several recommendations in terms of our resources, activities and processes, including:

- developing our forensic audit methodology
- embedding an intelligence led framework to identify and target high risk entities and themes
- implementing a technology platform for data management, analytics and visualisation
- growing the business unit.

We continue to develop and implement these recommendations and this report provides updates on some of the key milestones over the past 12 months.

### Refining our methodology

The forensic audit methodology continues to mature as our intelligence and data analytic functions develop and audit conduct generates repeatable and more efficient processes.

Our methodology incorporates guidance from audit and forensic accounting standards, as well as several existing processes from our performance audit function. We have also considered the application of the Auditor General's power to follow-the-dollar and obtain, from any person, information relevant to an audit.

We continue to explore the processes and tools that other national and international audit offices use and remain engaged with counter-fraud agencies in various jurisdictions in respect of their methods.

The enhancement of each core function (Figure 1) within Forensic Audit has led to increased interaction between them. The capabilities across all three functions are used in various stages within our targeting, test design, analysis and deep review activities.



Source: OAG

**Figure 1: Forensic Audit core functions**

Underpinning the forensic audit methodology, our intelligence and data analytics functions have developed fit for purpose frameworks to govern their activities as well as identify strategic development goals to improve efficiency and effectiveness.

## Growing our intelligence function

A recommendation from the establishment review was to embed an intelligence led framework. Last year, to accelerate development, we commissioned a review into how we gather, use and share information and intelligence. That review outlined the high level and tiered integration of an intelligence function within Forensic Audit and subsequently the broader OAG.

While the intelligence function's primary purpose is to inform audit selection, it may be involved at any stage of the forensic audit process.

### Intelligence defined

In the purest sense, intelligence is the end product of an analytic process that evaluates information collected from diverse sources; integrates the relevant information into a logical package; and produces a conclusion, estimate or forecast about a criminal phenomenon by using the scientific approach to problem solving (for example, analysis).<sup>3</sup>

### Forensic Audit Intelligence Model

The Forensic Audit Intelligence Model (the model) is designed to operationalise our intelligence led methodology. It provides the detail to support the OAG's work to gather data, to analyse, and in turn recommend audit topics and higher potential fraud risk entities.

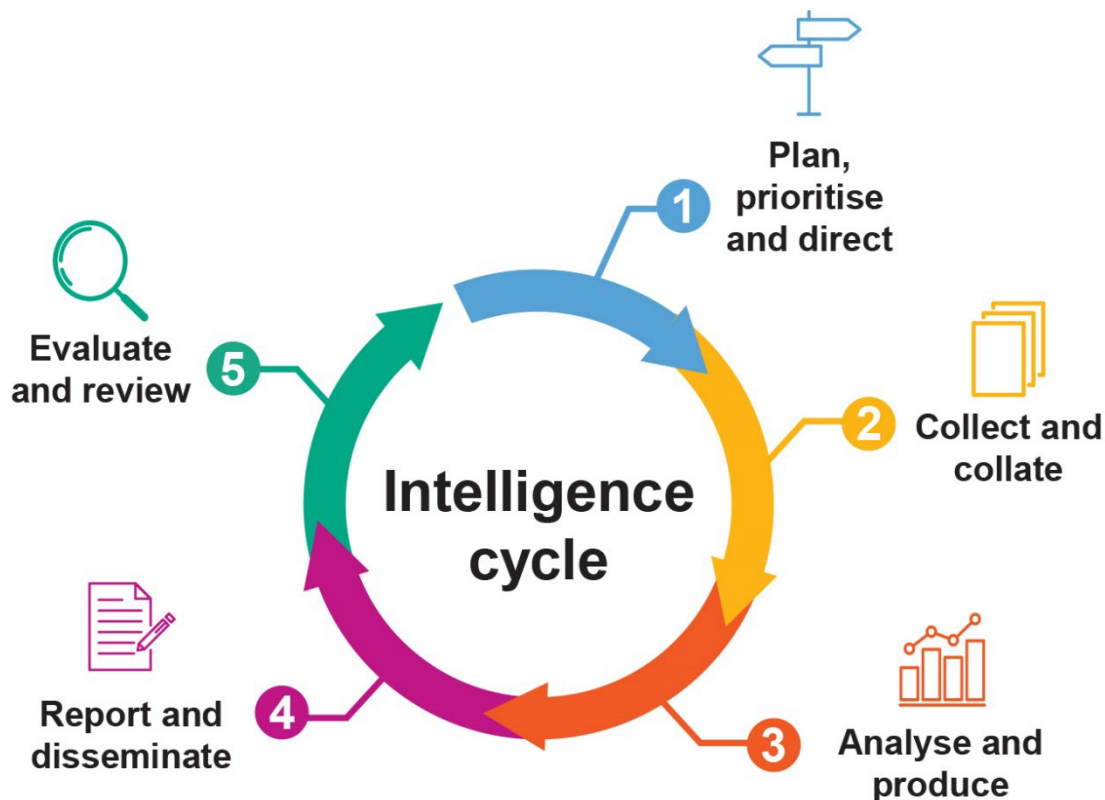
The model includes three levels of intelligence activity focusing on the longer term (strategic), mid-term (operational) and immediate (tactical) activity. Strategic intelligence will focus on forward looking intelligence assessments. Operational work will aid mid-term focus through the assessment of high-risk entities or activities. Tactical will provide insight into the immediate threat or risk environment.

The intelligence team engaged with broader subject matter experts inside and outside of government to inform the development of the model.

The intelligence cycle, which offers a conceptual framework, will be applied dynamically across each intelligence task. This adopts the cycle from the Australian Criminal Intelligence Model.

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<sup>3</sup> D.L. Carter, *Law Enforcement Intelligence A Guide for State, Local, and Tribal Law Enforcement Agencies Third Edition*, Bureau of Justice Assistance-sponsored, Michigan, 2021, p. 4.



Source: OAG adapted from the Australian Criminal Intelligence Model

**Figure 2: Intelligence cycle**

We have engaged and, where necessary, entered information sharing agreements with law enforcement, integrity, public sector and intelligence agencies to inform our intelligence targeting. The team has liaised with several other entities in WA, Australia and overseas to:

- explore other information gathering opportunities
- discuss emerging methods and data sets of interest
- understand and consider potential approaches to analysis and interpretation of information received.

## Advancing data analytics

Data analytics is an integral part of our work. It contributes to our intelligence gathering, entity profiling, helps scope audits and supports audit conduct through dedicated analysis and tests on data sets.

Use of data analytics allows us to identify anomalies or errors in entity data so we can target our deep reviews (in place of the traditional sampling in financial audit). Tests are designed around known fraud behaviours to look for patterns that identify fraud vulnerabilities.

The general data analytics process has six key stages consistent in all projects (Figure 3). Resources required in each stage vary based on the complexity of the data analytics project.



Source: OAG

**Figure 3: Data analytics process**

The data analytics function is embedded within our Forensic Audit business unit with members having expertise in data analytics and data science. At the requirement gathering and data acquisition stages the team works collaboratively with forensic auditors and intelligence specialists to understand audit criteria and business requirements, data needs, challenges or issues for data analysis and to agree scope.

Quality of data continues to be a challenge, but we are becoming more familiar with the issues. Validation is a key process to evaluate suitability. Exploratory analysis is carried out to understand the raw data, identify key fields required for our analysis, understand the relationships between the various sources and find anomalies. Quality assessment includes measuring the completeness and accuracy of the source information in relation to the analysis we are planning to perform.

Data modelling is a key stage in the analytics process. It is important to have a quality model for the most impactful analytics to inform decision-making. A solid data model means optimised analytics performance, no matter how large and complex the data is or becomes. How we model this will depend on the type of data we are dealing with.

Broadly, data can be classified as quantitative or qualitative. Quantitative data, otherwise known as structured data, is anything measurable and comprises of specific quantities and numbers. For example, total spend or the number of vendors. We have created standardised models for vendor validation, conflict of interest data and created others to meet specific project requirements.

Qualitative data, otherwise known as unstructured data, is something that cannot be measured objectively and is therefore open to more subjective interpretation. For example, survey comments, emails and procurement documents. The broader team continues to work with this data and identify the best tools to enhance our analysis.

Key achievements of the data analytics team this year included:

- streamlining testing to reduce rework and inefficiencies, and enhancing turnaround time. This included projects considering undeclared conflicts of interest and vendor validation
- building technology capability, including implementing a data science platform, investment in software for automatic code testing and purchase of a high specification computer to execute resource intensive scripts
- providing support to the intelligence function by building dashboards to display government reporting data for analysis, presenting entity spending data and fraud risks
- attending to process and governance by creating a data analytics procedure and framework document and enhancing our data protocol
- initiated regular collection of data from State and Commonwealth government entities.

We are cognisant of the growing speed at which data is created across entities and the tools required to provide meaningful analysis. Remaining up-to-date with tools available for this analysis, enhancement of them and future system investment needs will remain a strategic priority for the team.

## **Enhancing our multidisciplinary team**

Over the last year we have continued to build the capability of the team by additional recruitment and training. Employees have also gained practical experience through conducting and completing our first forensic audits. Leadership of the business unit was confirmed in January 2022 with the appointment of a permanent Assistant Auditor General Forensic Audit. The Assistant Auditor General and senior leaders have implemented key recommendations from the establishment review including strategic initiatives to build intelligence and data analytics functions in the unit.

Recruitment through the year added further capability with new team members experienced in financial crime investigation, audit, compliance and risk management. We are working towards recruiting to our full complement and anticipate this will be complete in 2023.

Specialist training in the investigations process has further built the competency and skills of the team and capability strengthened by internal and external training programs and structured knowledge sharing from specific projects across the team.

Team members have completed the Certified Fraud Examiners credential and undertaken training in integrity and accountability, risk management, public sector data analytics, intelligence practice and profiling. Some team members have also attended national public sector fraud and corruption conferences which has expanded their knowledge and networks.

While expanding our team, forensic audits have been affected by the redeployment of resources to assist with our core function of financial audits of State entities, assisting our colleagues in a severely depleted labour market. In addition, the OAG is implementing a new audit tool to provide greater functionality, efficiencies and effectiveness. This project has drawn resources from all teams within the OAG.

## **Building relationships**

The Forensic Audit business unit continues to liaise with other organisations and entities to facilitate information gathering, advance capability development and coordinate an approach to build fraud resilience in the WA public sector. These include other audit offices, integrity bodies, law enforcement agencies, private sector organisations and intelligence agencies (Australian and international).

We continue our engagement with key WA stakeholders such as the Corruption and Crime Commission, Public Sector Commission, WA Police Force and the Department of Finance.

While these relationships provide insights into better practice, risks in other entities, emerging methods (including fraud and corruption detection and data analytics), and fraud and corruption prevention tools and techniques, we remain cognisant of our need to remain independent within the WA public sector and ensure we do not overstep what Parliament has entrusted us with.



## Our year in review

### Tabled reports

This year we tabled three reports.



#### **Forensic Audit – Construction Training Fund** (report 19, 22 June 2022)

This [forensic audit](#) was initiated in response to several risks identified during our financial audits, which resulted in audit findings and a qualified controls opinion in 2020-21, and through referrals and other risk indicators over several years. Until recent times, the Building and Construction Industry Training Fund (CTF) had not sufficiently demonstrated a sound understanding of its obligations to operate within the public sector governance framework.

Our in-depth audit found that the CTF's disorganised financial management exposed it to an alarming level of fraud vulnerability.

#### **Fraud and corruption vulnerabilities identified at CTF**

Our audit identified the following vulnerabilities:

- control weaknesses
- poor assessment of fraud risk
- poor management of conflicts of interest
- grant and subsidy assessment manual and labour intensive
- non-compliance with WA procurement rules
- non-compliance with *State Records Act 2000* requirements.

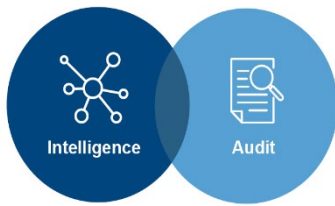
The report<sup>4</sup> concluded while we can never provide absolute assurance that there has not been financial wrongdoing, we are confident that the multiple concerning findings in this case represented a level of incompetence or lack of care, rather than corruption. However, all the pre-conditions were in place for fraudulent activity to occur undetected.

Identified issues represented non-compliance with public sector procurement requirements and record keeping obligations under the *State Records Act 2000*, which included inappropriate loss or destruction of payroll records upon system changeover in 2019.

We acknowledge the extensive corporate reform since 2020, which continued during the audit. Under its new leadership, the CTF had already made changes to improve compliance and its control environment, but we identified further urgent work needed to be undertaken to lift its systems of governance to an acceptable level and made recommendations in this regard. This will take ongoing sustained effort and time. We provided further in-depth findings and analysis to the CTF to assist in this endeavour.

<sup>4</sup> Office of the Auditor General, *Forensic Audit – Construction Training Fund*, OAG, Perth, 2022, p. 5.





### **Fraud Risk Management – Better Practice Guide** (report 20, 22 June 2022)

As reported in the *Forensic Audit Report – Establishment Phase*, our high-level review of State government entities' fraud risk management found many entities fell well short of better practice.<sup>5</sup>

#### **Improving fraud resilience across the WA public sector**

The [\*Fraud Risk Management – Better Practice Guide\*](#) aims to help Western Australian public sector entities manage their fraud and corruption risks. It outlines why fraud and corruption risk management is important and provides practical guidance on the process of developing a fraud and corruption risk management program.

To effectively combat fraud and corruption an entity must first acknowledge that they occur and then seek to understand how and why. The most effective way for an entity to manage its risk of fraud and corruption is by controlling the opportunity – implementing or enhancing controls aimed at preventing fraud and corruption or detecting it quickly if it does occur.

#### **Fraud risk management deficiencies**

We identified the following deficiencies in the WA public sector:

- no organisational risk framework
- no collaboration in identifying and analysing fraud risks across an entity
- no fraud risk register
- failure to assess entity specific fraud risks
- detective data analytics not targeted to entities specific risks
- excessive generalisation of fraud risks
- limiting fraud risk identification as an overall strategic matter without examining specific business unit exposure to fraud.

Historically, the approach of many Australian public sector entities to fraud and corruption risk management has been wholly reactive. Fraud and corruption risk management has a critical role in preventing and promptly detecting fraud and corruption to minimise loss, retain trust in entities and protect employees.

Ultimately, preventing and detecting fraud and corruption is the responsibility of every person in the WA public sector, and as such, the guide may be relevant for all public sector employees.<sup>6</sup>

Entities should develop and implement a robust and effective fraud and corruption risk management program. The program should be tailored to an entity's objectives, environment and risk profile.

<sup>5</sup> Office of the Auditor General, *Fraud Risk Management – Better Practice Guide*, OAG, Perth, 2022, p. 8.

<sup>6</sup> Office of the Auditor General, *Fraud Risk Management – Better Practice Guide*, OAG, Perth, 2022, p. 3.

The guide refers to a range of tools to help those charged with developing and managing the fraud and corruption risk framework stimulate discussion and implement an effective fraud and corruption risk management program. Available on our website ([audit.wa.gov.au](https://audit.wa.gov.au)), they include tools to:

- benchmark fraud control systems against AS 8001:2021 – *Fraud and corruption control*
- assess fraud and corruption risks by
  - identifying relevant fraud risk
  - analysing those risks against likelihood, consequence, resourcing constraints and control effectiveness
  - evaluating the residual risk against the entity's risk appetite and tolerance
- treat fraud and corruption risks.

The online tools will be updated as required.



### **Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations** (report 6, 19 October 2022)

AUSTRAC (Australian Transaction Reports and Analysis Centre) is the Commonwealth Government agency responsible for detecting, deterring and disrupting criminal abuse of the Australian financial system to protect the community from serious and organised crime.

AUSTRAC is responsible for ensuring businesses comply with their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) to have systems and controls in place to manage money-laundering and terrorism-financing risks.

This [limited assurance review](#) examined the eight WA State entities that have obligations under the AML/CTF Act. Operating across the financial services, bullion, gambling and digital currency exchange sectors, these entities provide services which have been identified as posing a risk for money laundering and terrorism financing.

We reported 18 findings and three business improvement opportunities across six entities, and concluded:

Entities have arrangements in place at varying levels of adequacy to address their key anti-money laundering and counter-terrorism financing obligations under the [AML/CTF] Act. Six of the eight need to upgrade elements of their programs to improve the likelihood they can detect and respond to suspicious activity effectively and manage their money-laundering, terrorism-financing and regulatory compliance risks. Two of these entities are missing key program elements and are at greater risk of non-compliance and money laundering or terrorist financing activity.<sup>7</sup>

While this is Commonwealth legislation, failing to adequately mitigate the risk of receiving, transferring and storing funds that facilitate serious crimes has significant consequences for the State. The risks of not complying with the AML/CTF Act include:

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<sup>7</sup> Office of the Auditor General, *Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations*, OAG, Perth, 2022, p. 5.

- loss of public confidence in the public sector entity (reputation risk)
- loss of accreditations impacting an entity's ability to service customers and generate revenue (or even continue as a going concern)
- damage to key external relationships such as banking partners and customers
- regulatory action.

The entities regulated by AUSTRAC are required to comply with obligations based on the type of services each provides. These obligations include reporting certain business activities and transactions to AUSTRAC and having an anti-money laundering and counter-terrorism financing program (AML/CTF program).

Due to the limited nature of their functions, two of the audited entities have been granted exemptions from sections of the Act by AUSTRAC. While they retain reporting obligations, they are not required to maintain documented AML/CTF programs.

The remaining six entities are required to have an AML/CTF program specifying how they comply with the Act, documenting how they will identify, mitigate and manage the risk of the products or services being used for money laundering or terrorism financing. The AML/CTF program must be appropriate to the level of risk the organisation may reasonably face.

### **Inadequate arrangements for compliance**

We identified the following areas as inadequate arrangements for compliance under key anti-money laundering and counter-terrorism financing requirements:

- assessment of money-laundering / terrorism-financing risks
- ongoing customer due diligence
- employee training
- transaction reporting obligations
- employee due diligence procedures.

## **Fraud resilience forums**

### **Improving fraud resilience across the WA public sector**

Promoting continuous improvement in fraud and corruption resilience, the OAG continues to host and facilitate fraud resilience forums. The forums are a platform for public sector employees working in the integrity and counter fraud space to share knowledge and ideas about fraud and corruption prevention, detection and response.

Our second forum was held in April 2022. The expert panel consisted of senior risk and integrity leaders from the Commonwealth Fraud Prevention Centre, a leading university and a global resource company. The forum focused on how to conduct a fraud risk assessment and apply appropriate measures to improve prevention and detection of fraud and corruption. The panel highlighted understanding strategic fraud risk then drilling down to initial and detailed processes and controls-based assessments. Approaches were similar across all sectors and our presenters shared some of their tools and techniques. Fraud risk assessments help identify the opportunities for fraud within an entity and enable appropriate preventative and detective treatments to be designed and implemented.



Source: OAG

**Figure 4: Fraud resilience forum October 2022**

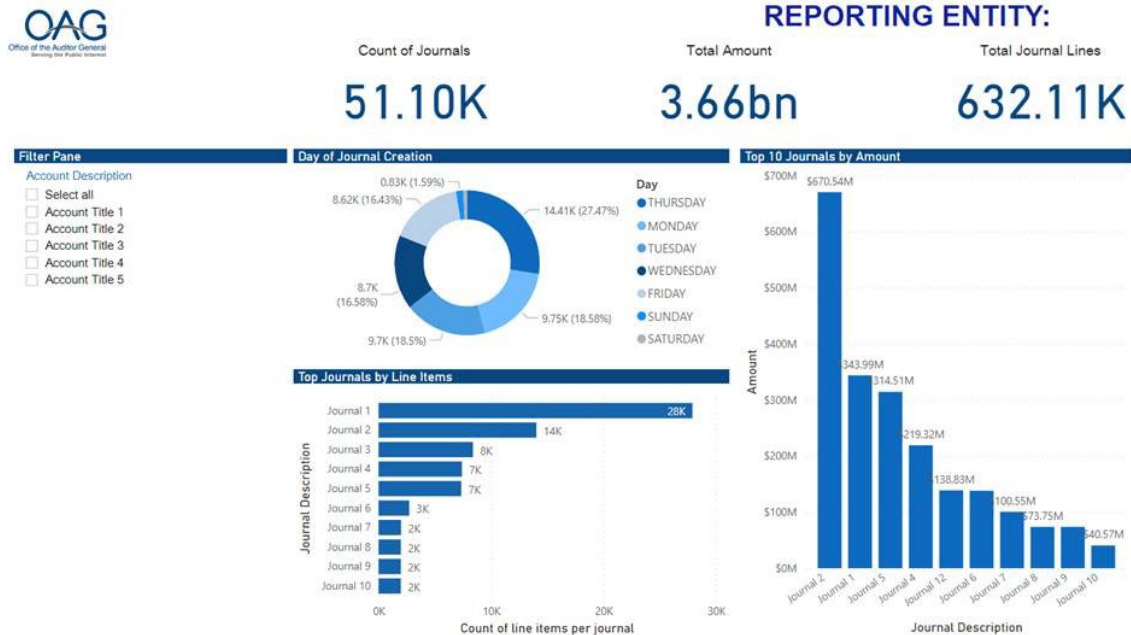
Our most recent forum in October 2022 focused on knowing your supplier. Panel presenters including senior leaders from the Australian Securities and Investments Commission and the Department of Finance, considered what due diligence can be done to reduce supplier risks. The forum covered the WA Supplier Debarment Scheme, companies, their structure and shadow directors.

The forums have highlighted there is much to learn and share as a sector. Through this network we hope to motivate and promote opportunities for collaboration to improve fraud resilience.

## Supporting our performance and financial audit teams

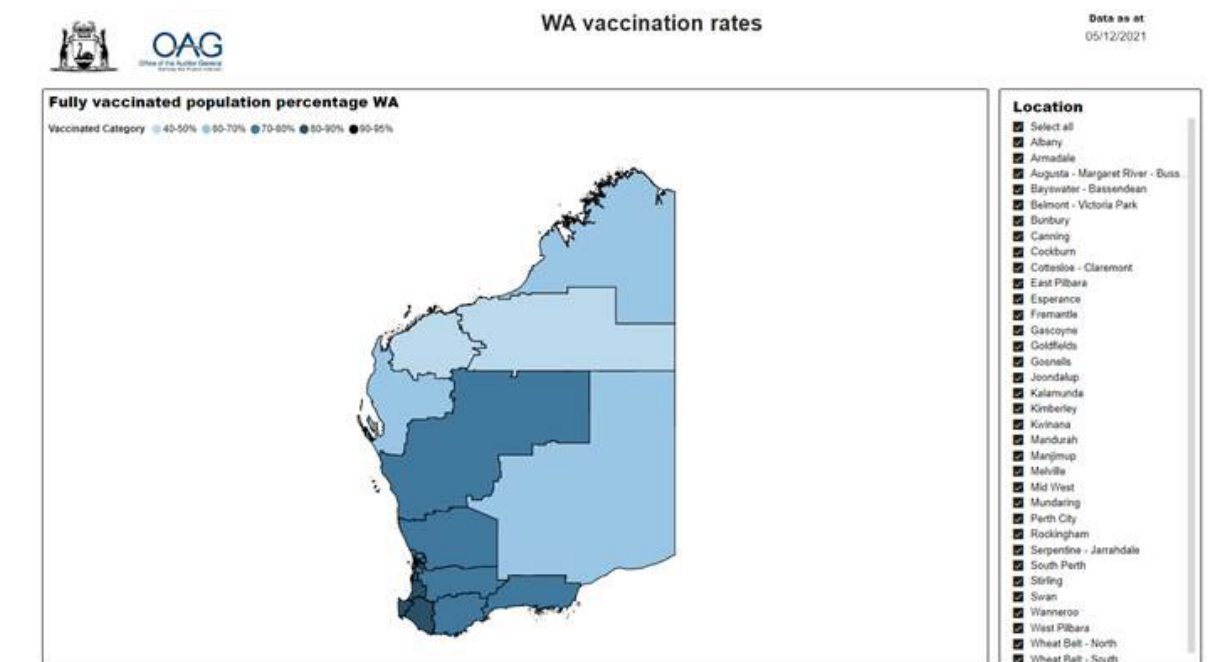
To demonstrate how data analytics can help our wider audit work we have taken data received during the financial audit of a small number of entities in the past three financial years and built interactive dashboards for the financial audit teams (Figure 5). These dashboards help the auditors with selecting samples for testing by visually representing anomalies, summarising specific lines of inquiry and allowing deeper exploration of questionable transactions.

The data analytics function also assisted our performance audit teams during the past year. The data team were able to manage tracking and data downloads over a 14-week period to support an audit of the COVID-19 vaccine roll out (Figure 6). We provided analysis and data visualisation of trends via a dashboard and our capabilities have also been used in planning performance audits.



Source: OAG

Figure 5: De-identified dashboard – Journal summary


















Source: OAG

Figure 6: Vaccination rate analysis

## Forensic audit work program

Forensic audits are confidential while in progress and as such we will not publish a forward audit program listing audited entities and audit topics. This is a substantial deviation from our longstanding performance audit approach where we consult openly with Parliament and entities on potential topics and publish current audits on our website. Planned forensic audits may not always proceed depending on our preliminary examination findings. Table 1 is a summary of the current forensic audit program.



	Status		
	Completed in last 12 months	In progress	Planned
<b>Fraud risk activity</b>			
Procurement, contract management and asset transfers		    	
Financial transactions			
<b>Data analytics support</b>			
Other			
<b>Sector resources</b>			
Better practice guide			
Fraud resilience forum	 		 

Legend:

-  Uplift sector capability
-  Support other OAG teams
-  Dedicated forensic audit

Source: OAG

**Table 1: Forensic Audit work status**

## Current audits

We are currently undertaking five audits:

- one examining anomalous transactions for fraud vulnerability related to land and buildings
- two examining potential procurement fraud vulnerability
- one examining potential undisclosed relationships in procurement practices
- one examining the validation of suppliers.

These projects cover periods ranging between three and ten years, and involve between single and multiple entities.

## Communicating our message

Our communications strategy was finalised at the start of 2022 and helps guide our engagement with the WA public sector. We will coordinate with other integrity agencies so as not to duplicate effort and follow the lead set by our financial, performance and information systems audit teams by providing the sector with more than just forensic audit reports. This report demonstrates this engagement.

To help entities be more resilient, we will share lessons and learnings from our forensic audit work across the sector. We will do this by continuing to:

- making resources available where we see an unaddressed gap in the sector that fits within our mandate, the first has been a better practice guide on fraud risk assessment
- facilitating opportunities for entities to share experience and practice through our fraud resilience forums
- engaging with our stakeholders, as guided by our communication plan, to explain our purpose, capabilities and resources, and gather their feedback to help inform our future development.

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## Auditor General's 2022-23 reports

Number	Title	Date tabled
7	Opinion on Ministerial Notification – Tom Price Hospital Redevelopment and Meekatharra Health Centre Business Cases	2 November 2022
6	Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations	19 October 2022
5	Financial Audit Results – Local Government 2020-21	17 August 2022
4	Payments to Subcontractors Working on State Government Construction Projects	11 August 2022
3	Public Trustee's Administration of Trusts and Deceased Estates	10 August 2022
2	Financial Audit Results – Universities and TAFEs 2021	21 July 2022
1	Opinion on Ministerial Notification – Wooroloo Bushfire Inquiry	18 July 2022

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Office of the Auditor General  
for Western Australia

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22
1. Committee Operation					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2023.</i>	Not Applicable – next due 2023				
Agree on the annual audit work plan; and set priority areas for the coming year.					✓
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2023.</i>	Not Applicable – next due 2023				
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2023.</i>	Not Applicable – next due 2023				
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19] <i>Report Next Due: 30-06-2022</i>			✓		
Receive the biannual dashboard report			✓		✓
3. Legislative Compliance					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓			✓	
4. Internal Audit					
Review annually the internal audit annual work plan, including any				✓	

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22
reports produced as part of special assignments undertaken by internal audit.					
<b>5. Financial Reporting</b>					
Consider and recommend adoption of the Annual Financial Report to Council.					✓
<b>6. External Audit (OAG)</b>					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					✓
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG	✓		✓	✓	✓

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22
better practice guides and performance audits of other State and local government entities.					
<b>7. Regulation 17 Triennial Review (report next Due: March 2024)</b>					
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not Applicable – next due 2024				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not Applicable – next due 2024				
Receive an update on the action plan arising from auditor recommendations from the <b>2021</b> Regulation 17 review (until all action items are completed).	✓		✓	✓	✓
<b>8. Financial Management Systems Triennial Review (report next Due: March 2022)</b>					
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	✓				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	✓				
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.			✓	✓	✓
<b>9. Governance Health &amp; Financial Sustainability Four-Yearly Review (report next Due: 2023-24)</b>					
To consider the CEO's biennial Governance Health and Financial Sustainability Review, and report to the Council the results of that review.	Not Applicable – next due 2023-24				
Set the action plan arising from the recommendations from the review.	Not Applicable – next due 2023-24				

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22
Receive an update on the action plan arising from the recommendations from the review.	Not Applicable – next due 2023-24				
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Not Applicable – next due 2023-24				
10.Information Systems Security Audit (report next Due: 2022-23)					
Receive the audit report arising from the 2 yearly Information Systems Security Audit.				✓	
Set the action plan arising from the recommendations from the Information Systems Security Audit.				✓	
Receive an update on the action plan arising from the recommendations from the Information Systems Security Audit.					✓

*\* A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2022 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.*

RISK ASSESSMENT TOOL								
<b>OVERALL RISK EVENT:</b> Confirmation of Completed Committee Responsibilities <b>RISK THEME PROFILE:</b> 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) Choose an item. <b>RISK ASSESSMENT CONTEXT:</b> Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not confirming the committees responsibilities that have been completed would not be in line with the recommendations from the Auditor General's publication (Better Practice Guide), or the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

