



MINUTES
OF MEETING
HELD ON
16 AUGUST 2016
3.00PM

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1. OPENING, OBITUARIES, VISITOR

1.1 OPENING

President Metcalf opened the meeting at 3:00pm.

1.2 OBITUARIES

Mr Allan Lee

2. RECORD OF ATTENDANCE/APOLOGIES

2.1 RECORD OF ATTENDANCE

D.E. Metcalf	President	Town Ward
R.I. Trepp		Rural South Ward
D.P. Hudson		Town Ward
A.J. Metcalf		Town Ward
W.E. Coote		Rural North Ward
B.N. Walsh		Town Ward
A.J. Selvey	Chief Executive Officer	
S.L. King	Finance Manager	
S.F. Geerdink	Works Manager	

2.2 LEAVE OF ABSENCE

T.A. Jones	Rural North Ward
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2.3 APOLOGIES

G.B. Ralph	Deputy President	Rural South Ward
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2.4 GUESTS

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

4. DECLARATION OF ELECTED MEMBERS

5. PUBLIC QUESTION TIME

6. APPLICATIONS FOR LEAVE OF ABSENCE

(2661) Moved: B.N. Walsh Seconded: W.E. Coote Carried: 6/0

THAT COUNCIL APPROVE LEAVE OF ABSENCE FOR CR A.J. METCALF FOR THE SEPTEMBER 2016 ORDINARY MEETING OF COUNCIL.

7. CONFIRMATION OF MINUTES

COUNCIL DECISION – ITEM 7.1

(2662) Moved: D.P. Hudson Seconded: A.J. Metcalf Carried: 6/0

THAT THE MINUTES OF THE ORDINARY MEETING OF THE DOWERIN SHIRE COUNCIL HELD ON 19 JULY 2016 BE CONFIRMED AS A TRUE AND CORRECT RECORD OF PROCEEDINGS.

COUNCIL DECISION – ITEM 7.2

(2663) Moved: D.P. Hudson Seconded: A.J. Metcalf Carried: 6/0

THAT THE MINUTES OF THE SPECIAL MEETING OF THE DOWERIN SHIRE COUNCIL HELD ON 5 AUGUST 2016 BE CONFIRMED AS A TRUE AND CORRECT RECORD OF PROCEEDINGS.

8. PETITIONS/DEPUTATIONS/PRESENTATIONS

9. ANNOUNCEMENTS BY PRESIDENT WITHOUT DISCUSSION

9.1 PRESIDENT ANNOUNCEMENTS

Date	Event	Location
22 July 2016	Meeting with M. Ellis and CCC lawyers.	Shire of Dowerin
27 July 2016	Meeting and briefing with M. Ellis.	Shire of Dowerin
28-29 July 2016	CCC Public Hearing	Dowerin Community Club
3 August 2016	WALGA conference - meeting with CEO, Jenny Matthews, Director General, DLGC & Tony Brown, Executive Director, WALGA Address by Tony Simpson Address by David Templeman Address by Troy Pickard WALGA AGM	Perth Convention Centre
5 August 2016	LEMC Meeting	Shire of Dowerin
8 August 2016	Dowerin Events Management	Field Days Office
9 August 2016	Audit Committee Meeting	Shire of Dowerin
15 August 2016	AROC Meeting	Shire of Toodyay

10. REPORTS OF COMMITTEE AND OFFICERS

10.1 OPERATIONS

10.1.1 STRATEGIC COMMUNITY PLAN REVIEW

Date:	09 August 2016
Applicant:	Shire of Dowerin
Location:	N/A
File Ref:	
Disclosure of Interest:	N/A
Author:	Andrea Selvey, CEO
Attachments:	1. Updated Strategic Community Plan (DRAFT)

Summary

The Shire of Dowerin Strategic Community Plan was adopted by Council in August 2013. It outlines the community's long term vision, values, aspirations and priorities. However, it is not intended to be a static document and a desktop review is required every two years. This item brings the reviewed Strategic Community Plan before Council for consideration and adoption.

Background

The Strategic Community Plan establishes the community's vision for the local government's future, including aspirations and service expectations and drives the development of local government area/place/regional plans, resourcing and other informing strategies, e.g. workforce, asset management and services, and will ultimately be a driver for all other planning. Council adopted the Shire of Dowerin Strategic Community Plan in August 2013 noting that a review of the Strategic Community Plan must be conducted in two years. Amendments to the plan are based on performance information and changing circumstances. At a minimum, a desk-top review of the Strategic Community Plan is required every two years (following Councillor elections) and a full review and renewed long term visioning process be conducted every four years (following presidential elections). This is to ensure that community priorities and aspirations are kept up to date and remain relevant.

Comment

The two year review of the Strategic Community Plan was due in June 2015; however circumstances prevented the review from being progressed and therefore the Shire was non-compliant with the Act and potentially had a future plan that did not reflect current priorities. On 28 June 2016, Councillors participated in a workshop to review the Strategic Community Plan as a precursor to establishing current priorities to inform the development of KPIs for the CEO. The feedback at this workshop has been incorporated into the updated Strategic Community Plan – attached as draft for Council consideration and adoption if Council feels it accurately reflects workshop feedback.

Consultation

Councillors, the CEO, Finance Manager and Works Manager participated in the review workshop.

Financial Implications

There are no direct financial implications; however ultimately, the Strategic Community Plan is

intended to be the driver for all other planning and the integration of asset, service and financial plans means the local government's resource capabilities are matched to community's needs.

Policy Implications

Nil

Statutory Implications

All local governments are currently required to produce a plan for the future under S5.56 (1) of the Local Government Act 1995. Regulations have been made under S5.56(2) of the Act to briefly outline the minimum requirements to achieve this.

Strategic Implications

The Strategic Community Plan establishes the strategic direction for all activities, projects and programs.

Voting Requirements

Simple majority

COUNCIL DECISION – ITEM 10.1.1

(2664) Moved: D.P. Hudson Seconded: W.E. Coote Carried: 6/0

THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO SECTION 5.56 OF THE LOCAL GOVERNMENT ACT 1995 RESOLVES TO:

- 1. ADOPT THE REVISIONS TO THE STRATEGIC COMMUNITY PLAN; AND**
- 2. DIRECT THE CEO TO UPDATE THE CORPORATE BUSINESS PLAN TO REFLECT THE UPDATED STRATEGIC COMMUNITY PLAN.**

10.1.2 AUSTRALIAN WORKING SHEEPDOG CHAMPIONSHIPS 2016

Date: 09 August 2016
Applicant: The Shire of Dowerin
Location: N/A
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO
Attachments: 2. Letter from the West Australian Working Sheep Dog Association Inc.

Summary

This item brings an update on a request made at the Annual Electors Meeting to sponsor the Australian Working Sheepdog Championships 2016 before Council.

Background

At the Annual Electors Meeting held on 30 June 2016, Mr LE Ward advised the meeting that the Shire of Northam were short of funds to be able to attract the Australian Sheep Dog Trials (the Trials) and requested that Council considers making a \$500 donation to assist in attracting the Trials to Northam. In accordance with the section 5.33 (1) of Local Government Act, Council considered matters raised at electors meetings at their next Ordinary Council Meeting which was held on 19 July 2016 and at this meeting resolved to direct the CEO to further investigate the potential sponsorship opportunities and benefits associated with the sheepdog trials event and report back to Council at the Ordinary Meeting of Council in August.

Comment

In accordance with the Council resolution, the CEO has made enquiries and received a letter from the West Australian Working Sheep Dog Association Inc. that outlines the sponsorship benefits for the Shire of Dowerin should we chose to sponsor the event. See attachment 2. Benefits include having a promotional display during the 9 days of the event and for some printed materials and media advertising to give exposure in the months prior to and during the event.

Officers have reviewed the sponsorship benefits and recommend against sponsorship for the following reasons:

- The Shire's limited funding in the 2016/17 budget for events ;
- Sponsorship was not sought from the Shire ;
- \$500 will provide little additional financial support for an event of this scale and cost.

Consultation

Nil

Financial Implications

Nil should Council resolve to accept the Officer's Recommendation. Should Council choose to sponsor the event, the impact would result in \$500 (or the amount determined by Council) being taken from the \$10,000 Community Events budget.

Policy Implications

Nil

Statutory Implications

Nil

Strategic Implications

Minor alignment with the Strategic Community Plan:

Theme 2 Local Economy and Business; Strategy 2.3.2

Voting Requirements

Simple majority

COUNCIL DECISION – ITEM 10.1.2

(2665) Moved: W.E. Coote Seconded: B.N. Walsh Carried: 6/0

THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO SECTION 3.18 OF THE LOCAL GOVERNMENT ACT RESOLVES TO DECLINE THE REQUEST TO SPONSOR THE AUSTRALIAN WORKING SHEEPDOG CHAMPIONSHIPS 2016 .

10.1.3 AUDIT COMMITTEE MINUTES AND RECOMMENDATIONS

Date: 10 August 2016
Applicant: Shire of Dowerin Audit Committee
Location: N/A
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO
Attachments: 3. Minutes of the 15 June 2016 Audit Committee meeting;
4. Minutes (Unconfirmed) of the 10 August 2016 Audit Committee meeting;
5. Spreadsheet showing updated ratio calculations;
6. Draft scope for the audit of the 2015/16 financial statements;
7. CONFIDENTIAL - Probity Audit (Draft) Report.

Summary

This item formally brings the minutes of the 15 June Audit Committee meeting before Council. In addition, this item also brings recommendations of the Audit Committee from the Audit Committee meeting held on 10 August 2016 for Council to consider.

Background

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfill its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

Comment

At the Audit Committee meeting held on 10 August 2016, the Committee considered the following items.

Corrections to Current Ratio for 2013/14 and 2014/15. On 21 July 2016, the Department of Local Government and Communities contacted the Shire to advise that they had identified an error in the Financial Statements, specifically the reported current ratio. The Department's Operational Guideline 18 on Financial Ratio details the calculation of current ratio and considers unspent grants to be part of restricted assets; therefore unspent grants should be deducted from current assets. Based on this calculation, the Shire's current ratio for 2014/15 is 1.138 not 2.193 as reported; and the current ratio for 2013/14 was 0.13 not 1.412 as reported. Please see attachment 5 - spreadsheet showing updated ratio calculations. This updated information showing accurate ratio calculations was provided to the DLGC on 25 July 2016, along with an email from the Shire Auditor, Leanne K Oliver (from Byfields) confirming that the DLGC is correct and concurring with the revised calculations.

The Shire is therefore required to prepare an addendum with the correct ratios for 2014/15 and 2013/14 include the correct information as an addendum to the 2014/15 Annual Report. In adding the addendum to 2014/15 Annual Report and Annual Financial Statement, the addendum will state the incorrect current ratio and the reinstated (correct ratio) for 2014/15 and 2013/14 and a note explaining the correction of error. Also the 2015/16 Annual Financial will need to restate the

comparative amount for 2014/15 and 2013/14 and note for correction of error.

This approach is consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors which can be used to correct the prior year error. Whilst the current ratio has been revised down, it should be noted that the Shire's 2014/15 current ratio is still within the range that is required by the standard of 1:1 (100% or greater).

Audit of 2015/16 Financial Statements. Whilst the Shire of Dowerin has previously appointed Byfields as their auditor, the Act requires the Shire to appoint a person – not a company. Therefore in accordance with legislative requirement, this item recommends the Committee considers the appointment of an Auditor. The options are for Council to appoint Leanne K Oliver, a registered company auditor (RCA 463021) as the Shire Auditor for the remaining term of the Shire's contract with Byfields noting that Byfields have suggested that should Ms Oliver be unable to undertake the audit Mr Dale James Woodruff (RCA 196,677) of Byfields would be the alternate auditor to sign off on the audit. In considering this matter, the Audit Committee is advised that Leanne Oliver has conducted the Interim Audit.

This item also presented a draft scope of work for the 2015/16 audit. The scope includes the model minimum standard audit specification as outlined by the DLGC and three additional procedures – see attachment 6 – draft scope for the audit of the 2015/16 financial statements.

Financial Management Review Update. The Audit Committee considered progress on the implementations of recommendations of the Financial Management Review.

Regulation 17 Review. The Local Government Audit Regulations require CEOs to review and report to their Audit Committee and Council, at least once every two years, on the appropriateness and effectiveness of systems and procedures in relation to:

- risk management
- internal controls, and
- legislative compliance

CEOs need to demonstrate that they have solid foundations in place for the ongoing management of risks and controls.

The following areas directly related to determining operational risk for the Shire are the areas of focus for the Regulation 17 Review.

A Risk management policy and methodology under the following themes:

- Providing inaccurate Advice / Information
- Asset Sustainability practices
- Business & Community disruption
- Failure to fulfill Compliance requirements
- Document Management Processes
- Employment practices
- Engagement practices
- Environment management
- Errors, Omissions, Delays
- External theft & fraud (including Cyber Crime)
- Management of Facilities / Venues / Events

- IT & Communications Systems and Infrastructure
- Misconduct
- Project / change Management
- Safety and Security practices
- Supplier / Contract Management

Implementation will be overseen internally by the CEO with assistance from LGIS who have implemented similar frameworks at over 80 other LG's in WA. LGIS offer this service as part of their strategy to reduce risk in local government and are scheduled to undertake implementation in early September and will report to the Audit Committee on their findings. The review is funded by the scheme and therefore incurs no additional cost to Council. However actions arising from the review may incur costs which would be brought before Council as part of standard budgeting processes.

Probity Audit Report. The Department of Local Government and Communities conducted a Probity Audit on the Shire processes in June 2016. The purpose of the audit was to check the Shire's compliance with the Local Government Act 1995 (The Act) and associated regulations.

The Shire has been working with a draft report emerging from the audit. See attachment 7. This report identifies lack of compliance with some areas of operations noting that there has been minimal focus on compliance at the Shire for an extended period of time. The report makes 19 recommendations. There is some overlap between these recommendations and the recommendations made by RJ Back in the Financial Management Review Report, March 2016. It should be noted that several of the recommendations have already been implemented.

Consultation

Nil

Consultation

Nil

Financial Implications

The recommendations relating to the scope of the 2015/16 Audit (Recommendation 4 and 5) have a financial impact of \$21,120 which can be accommodated in the 2016/17 budget adopted by Council.

Actions arising from the remaining recommendations may incur costs; however any costs outside the provision made by Council as part of the 2016/17 budget for improved compliance would be brought before Council for Council consideration. The 2016/17 budget also includes provision for Governance personnel who would have carriage of many of these actions.

Policy Implications

Nil

Statutory Implications

Under Section 5.22 of the Local Government Act 1995 the minutes of a meeting of a council or a committee are to be submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation. In accordance with this requirement, the 15 June 2016 minutes are presented for Council consideration and confirmation. The minutes from the 10 August 2016 meeting have not been confirmed so are attached as unconfirmed minutes.

Under Section 7.3 of the Local Government Act 1995 A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor. An Absolute majority is required.

Strategic Implications

Aligns with the Strategic Community Plan:

- Theme 4 – Local Government Leadership

Voting Requirements

Simple Majority required

COUNCIL DECISION – ITEM 10.1.3

(2666) Moved: D.P. Hudson Seconded: R.I. Trepp Carried: 6/0

1. THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO SECTION 5.22 OF THE LOCAL GOVERNMENT ACT 1995 RESOLVES TO:

- RECEIVE THE MINUTES FROM THE 15 JUNE 2016 AUDIT COMMITTEE MEETING;
- ADOPT THE UPDATED CURRENT RATIO OF 0.13 FOR THE 2013/14 FINANCIAL YEAR;
- ADOPT THE UPDATED CURRENT RATIO OF 1.14 FOR THE 2014/15 FINANCIAL YEAR AND INCLUDE THE CORRECT INFORMATION AS AN ADDENDUM TO THE 2014/15 ANNUAL REPORT THAT STATES THE INCORRECT CURRENT RATIO AND THE REINSTATED (CORRECT RATIO) FOR 2014/15 AND 2013/14 AND A NOTE EXPLAINING THE CORRECTION OF ERROR;
- ENDORSE THE SCOPE FOR THE 2015/16 AUDIT THAT INCLUDES THE MODEL MINIMUM STANDARD AUDIT SPECIFICATION AS OUTLINED BY THE DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES AT A COST OF \$16,500.
- MAKE ALLOWANCES FOR THE FOLLOWING ADDITIONAL PROCEDURES:
 - TRACING TRANSACTION AND DELEGATION/AUTHORISATION LIMITS AT A COST OF \$2,400(+GST) = \$2640; AND
 - SEPARATION OF DUTIES AT A COST OF \$1,800(+GST) = \$1980
- NOTE THAT THE REGULATION 17 REVIEW IS TO BE CARRIED OUT BY LGIS AND THAT THE REPORT WILL BE PRESENTED BY LGIS TO THE FIRST AUDIT COMMITTEE MEETING FOLLOWING COMPLETION OF THE REPORT.
- RECEIVE THE DRAFT COMPLIANCE PROBITY AUDIT 2016; AND
- DIRECTS THE CEO TO REPORT ON IMPLEMENTATION OF RECOMMENATIONS ARISING FROM THE PROBITY AUDIT TO THE NEXT MEETING OF THE AUDIT COMMITTEE.

(2667) Moved: R.I. Trepp Seconded: A.J. Metcalf Carried: 6/0

2. THAT COUNCIL BY ABSOLUTE MAJORITY PURSUANT TO SECTION 7.3 OF THE LOCAL GOVERNMENT ACT 1995 RESOLVES TO:

- APPOINT LEANNE K OLIVER A REGISTERED COMPANY AUDITOR (RCA 463021) AS THE SHIRE AUDITOR FOR THE 2015/16 AUDIT;
- SHOULD MS OLIVER BE UNABLE TO UNDERTAKE THE AUDIT COUNCIL ENDORSES MR DALE JAMES WOODRUFF (RCA 196,677) OF BYFIELDS AS THE ALTERNATE AUDITOR TO SIGN OFF ON THE SHIRE AUDIT.

10.1.4 STABILISATION AND BITUMEN TENDER / E QUOTE

Date: 8 August 2016
Applicant: N/A
Location: N/A
File Ref: ADM 0379
Disclosure of Interest: Nil
Author: Steve Geerdink

Summary

This report seeks Council to authorise the CEO to obtain e-quotes through WALGA preferred suppliers for Council's 2016-17 road stabilizing and bitumen program.

Background

Council reconstructs various sections of road pavement using lime and cement stabilisation which are then sealed or re-sealed along sections of roads and streets as part of the annual road program. This program is developed in consultation with the Chief Executive Officer and Council to ensure appropriateness of resource allocation and that budget requirements are met based on external and own sourced funding.

Comment

Following recent review of internal processes, it has become apparent that Council must initiate a tender process for the purchase and contracting of stabilising and bitumen.

The quantity of stabilisation and bitumen required to undertake Council's Road Construction Program for the 2016-17 roads program is estimated to be well in excess of \$150,000 in both areas. In accordance with Council's Purchasing Policy and Local Government Regulations, Council is required to call for tenders or utilise WALGA's e-quote service through their preferred suppliers.

Financial Implications

Internal Budget:

Municipal funds of \$182,000.00 have been allocated for the stabilising of specific roads in the 2016-17 Annual Operating Budget for the delivery of the 2016-17 Road Program.

Municipal funds of \$268,000.00 have been allocated for the sealing and re-sealing of roads in the 2016-17 Annual Operating Budget for the delivery of the 2016-17 Road Program.

Consultation

- Chief Executive Officer
- Finance Manager
- WALGA Preferred Suppliers List

Policy Implications

Council Purchasing Policy requires Council to invite tenders before the Shire enters into a contract if the consideration under the contract is or expected to exceed \$100,000. This item and the Officer's Recommendation comply with Council Purchasing Policy.

Statutory Implications

LOCAL GOVERNMENT (FUNCTIONS AND GENERAL) REGULATIONS 1996 - REG 11 (2).

In accordance with s11(2) of the Local Government (Functions and General) Regulations 1996 ('the Regulations') Tenders do not have to be publicly invited according to the requirements of this Division if (b) the supply of the goods or services is to be obtained through the WALGA Preferred Supplier Program.

Strategic Implications

Aligns with the Community Strategic Plan:

Theme 1 – Community; Strategy 1.1.4

Voting Requirements

Simple Majority

COUNCIL DECISION – ITEM 10.1.4

(2668) Moved: A.J. Metcalf Seconded: B.N. Walsh Carried: 6/0

THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO THE LOCAL GOVERNMENT (FUNCTIONS AND GENERAL) REGULATIONS 1996 - REG 11 AUTHORISES THE CHIEF EXECUTIVE OFFICER TO:

- 1. SEEK E-QUOTES FOR THE SUPPLY OF:**
 - a. STABILISING THROUGH THE WALGA PREFERRED SUPPLIERS FOR 2016-17 ROAD CONSTRUCTION PROGRAM;**
 - b. BITUMEN THROUGH THE WALGA PREFERRED SUPPLIERS FOR THE 2016-17 SEALING AND RE-SEALING PROGRAM; AND**
- 2. BRING A REPORT TO COUNCIL DETAILING QUOTES RECEIVED FOR COUNCIL CONSIDERATION.**

10.1.5 POP UP SHOP CONCEPT FOR 26-28 STEWART STREET

Date: 9th August 2016
Applicant: 26-28 Stewart Street – Pop Up Shop Cooperative
Location: Lot 380 & 381 on Diag 300902, 26-28 Stewart Street Dowerin
File Ref:
Disclosure of Interest: Nil
Author: Louise Hagboom

Summary

For Council to consider the property 26-28 Stewart Street to be established as a Pop Up Shop for local entrepreneurs and micro businesses to sell their goods and run the facility as a cooperative.

Background

26-28 Stewart Street is a Shire owned property which has remained vacant since former leasee Bookshop 53 closed early this year. The Shire advertised for “Expressions of Interest” for lease of the property on the Shire of Dowerin website and in the Dowerin Despatch throughout March and April 2016. Four applications were received and assessed for suitability by a panel of five staff who independently ranked all applications against the criteria and the unanimous decision of the panel was to award the lease to Mr Neil Cott. Mr Cott signed a tenancy document with the Shire of Dowerin on 30 May 2016 however notified the Shire Administration staff that the building was no longer required for his business use on 26 July 2016. This has again left the premise unoccupied and unused.

CDO has received anecdotal feedback from local entrepreneurs and local small business owners who may be interested in being involved in a local ‘cooperative business’ or ‘pop up shop’ concept should suitable building/opportunity present itself.

Comment

Vacant and derelict buildings in the town’s main street do little to instil confidence in the community or present Dowerin as a thriving rural community. Occupied buildings send a message that Dowerin is economically viable for business investment and businesses attract other businesses and traffic to the town site.

Following the response made through the Tender process in March/April 2016, it was clear that the types of businesses put forward for Tender would not necessarily be the type of business ventures that may suitably activate the Main Street of Dowerin.

The CDO has received anecdotal feedback from local entrepreneurs and local small business owners who may be interested in being involved in a local ‘pop up shop’ concept should a suitable building/opportunity present itself. Dowerin has a number of local entrepreneurs who produce high quality, highly sought after goods that are popular within markets around the district and within the metropolitan area.

Pop-up shops are a phenomenon which has brought life and creativity to rundown parts of towns and cities across the world. Pop-up shops can sell just about anything from clothing, to books, to homemade jams, garden ornaments and cards. Many of them feature handcrafted goods that the owners made themselves adding a point of difference to standard gift shops throughout the region.

A Pop up shop in Dowerin will be designed to encourage innovation and local entrepreneurs to come

to Dowerin and bring an injection of activity to Stewart Street. This concept will support micro businesses that have been longstanding in our community and who do not have enough volume or capacity to run their own, individual premise.

This concept would provide a business venture which will be a point of difference to other towns/businesses in the district. The pop up shop concept will allow the Shire to have a certain degree of control in regards to what businesses utilise the space, ensuring that quality of products is paramount.

The Shire would be required to perform some basic, aesthetic work to the property (gyprocking of internal walls) to improve the interior of the building and ensure that the building is well presented and of a good standard for retail use. A recent asset management inspection of the property indicated that there was an estimated \$5000 worth of maintenance that would be required to improve the interior of the building.

A good example of a Pop up Shop/Cooperative is The Tasty Pear based in Bassendean, follow this link for further details <http://tastypear.weebly.com/>

Consultation

Local 'micro business' owners.

Financial Implications

The 2016/17 budget made a provision of \$10,000 for Main Street revitalisation and a further \$5000 for repairs to Shire owned properties. It is suggested that these two accounts are used to fund minor maintenance such as painting and floor coverings up to the value of \$2,500.

It should also be noted that the budget allowed for annual revenue of \$3,120 from this property based on the lease of \$60 per week. While it would still be intended to charge pop up businesses a similar fee, this revenue target is unlikely to be achieved given the delay in tenancing the building and as it may not be possible to attract pop up businesses every week. Revenue will be monitored and a revised revenue projection will be included in the mid-year budget review. The Officer's recommendation is based on trying to achieve activation on the Main Street.

Asset Management Implications

A recent asset management inspection of the property indicated that there was an estimated \$5000 worth of maintenance that would be required to improve the building. However, given budget constraints, it is proposed that this is staged and the critical areas of wall repairs, painting and floor finish be addressed in this financial year and future maintenance issues considered as part of future budgets.

Policy Implications

NIL

Statutory Implications

Local Government Act 1995- Section 3.18

Strategic Implications

Strong alignment with the Strategic Community Plan:

Theme 1 Community; Strategy 1.7.1

Voting Requirements

Simple majority

COUNCIL DECISION – ITEM 10.1.5

(2669) Moved: D.P. Hudson Seconded: B.N. Walsh Carried: 6/0

THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO SECTION 3.18 OF THE LOCAL GOVERNMENT ACT 1995 RESOLVES TO:

- 1. AUTHORISE THE CEO AND CDO TO ESTABLISH 26-28 STEWART STREET AS A POP UP SHOP;
AND**
- 2. DEVELOP A DRAFT POLICY TO GUIDE USE FOR COUNCIL CONSIDERATION BY THE OCTOBER 2016 COUNCIL MEETING.**

11. NEW BUSINESS OF AN URGENT NATURE

11.1 LATE ITEM – APPROVAL TO CONSIDER

COUNCIL DECISION – ITEM 11.1

(2670) Moved: D.P. Hudson Seconded: B.N. Walsh Carried: 6/0

THAT THE LATE AGENDA ITEMS BE TO CONSIDER THE;

- 1. DEVELOPMENT APPLICATION FOR THE SHORT TERM ACCOMMODATION PROJECT,**
- 2. ACCOUNTS FOR PAYMENT – 5 JULY 2016 TO 4 AUGUST 2016, AND**
- 3. FINANCIAL STATEMENTS BEING DEFERRED TO SEPTEMBER MEETING OF COUNCIL.**

11.2 LATE ITEM – OPERATIONS

11.2.1 DEVELOPMENT APPLICATION FOR SHORT TERM ACCOMMODATION PROJECT

Date: 14 August 2016
Applicant: Shire of Dowerin
Location: Reserve 10614 on Part Lot 192 Fraser Street, Dowerin
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO
Attachments: 8. Location Plan
9. Site Plan
10. Studio Units Plan & Elevations
11. Amenities Block Plans & Elevations
12. One Bed Unit Plan & Elevations
13. Layout Plan

Summary

Following Council's resolution on 17 May 2016 to progress Phase 1 of the 'Dowerin Short Term Accommodation Project', Council is now requested to consider approving the application for Development Approval for 'Phase 1' of the proposed development on a portion of Lot 192 Fraser Street, Dowerin.

It is recommended Council grants Development Approval for the proposed development, subject to appropriate conditions.

Background

At the Ordinary Council Meeting held on 17 May 2016, Council resolved to –

- "1. RATIFY THE CEO'S ACTION IN SIGNING THE FUNDING AGREEMENT BETWEEN THE SHIRE OF DOWERIN AND THE DEPARTMENT OF INFRASTRUCTURE AND REGIONAL DEVELOPMENT;*
- 2. AGREE TO PROGRESS PHASE ONE OF THE DOWERIN SHORT TERM ACCOMMODATION PROJECT AND ASSOCIATED EXPENDITURE PROGRAM IN*

ACCORDANCE WITH THE FUNDING AGREEMENT WITH THE DEPARTMENT OF INFRASTRUCTURE AND REGIONAL DEVELOPMENT THAT PLACES AN UPPER LIMIT TO COUNCIL'S CAPITAL CONTRIBUTION AS FOLLOWS:

- a. \$300,000 DIRECT CASH FROM ECONOMIC DEVELOPMENT FUND RESERVE*
- b. \$785,000 BORROWINGS;*
- 3. AUTHORISE THE CEO TO CONTINUE DISCUSSIONS WITH DOWERIN EVENTS MANAGEMENT AND OTHER POTENTIAL CONTRIBUTORS WITH AN AIM OF SECURING FUNDING TO INCREASE OPERATIONAL REVENUE;*
- 4. AUTHORISE TRANSFER OF RESERVE FUNDS FROM THE ECONOMIC DEVELOPMENT FUND RESERVE TO THE MUNICIPAL FUND TO ENABLE THE SHORT TERM ACCOMMODATION PROJECT TO COMMENCE; AND*
- 5. AUTHORISE THE CEO TO INITIATE THE PROCESS FOR THE EXECUTION OF A LOAN AGREEMENT FOR \$785,000 WITH THE WA TREASURY CORP, WHICH INCLUDES ONE MONTH'S LOCAL PUBLIC NOTICE OF THE PROPOSAL, UNDER THE SHIRE OF DOWERIN COMMON SEAL.*
- 6. INCLUDE EXPENDITURE IN THE 2016/17 BUDGET."*

The Proposal

It is proposed to develop the Dowerin Short Term Accommodation Project on a portion (approximately 4.75 hectares in extent) of Lot 192 Fraser Street, Dowerin. Lot 192 Fraser Street is a Local Scheme Reserve (No. 10614) vested in the Shire for the purpose of 'Parks and Recreation'.

The site is surrounded by the Dowerin sports oval, tennis courts and associated amenities, existing residential dwellings to the south (Fraser Street), five (5) light industrial properties to the west and vacant land to the north. Refer attachment 8 for the location plan and attachment 9 for the location plan.

The proposed development is based on the concept plan for Phase 1 presented to Council at the April Ordinary Council Meeting. More specifically, Phase 1 of the development is to comprise of –

- Development of half the site, being the northern half of the site. The northern half of the site is preferred because the proposed location of the facilities amenities block allows for future expansion of the precinct to the north of the proposed site;
- Provision of all infrastructure/services (power, water, sewer, telecommunications) to the northern half of the site ensuring ease of future connection to services;
- Site preparation (earthworks, ringroad and drainage works);
- 11 x powered caravan/22 x camping sites (1 caravan site equals two camping sites);
- Ablution block to cater for complete development of the precinct (approximately 40 Caravan/camp sites);
- 4 x studio apartments;
- 3 x one bedroom apartments; and

- Landscaping, internal roads, paving, etc.

Plans of the proposal are attached. Refer Attachments 10 - 12.

Comment

Approval of the development application will significantly improve the range and type of tourist accommodation on offer in the Shire of Dowerin.

At the western boundary, the development directly abuts several light industrial businesses. A 1.8m high 'brushwood' style fence is proposed along this boundary which will provide the necessary screening from the businesses located along this boundary. Potential noise pollution issues are considered to be minor as only short stay accommodation is proposed.

The proposal is consistent with the objectives of the Shire's Local Planning Scheme No.2 and Local Planning Strategy. In light of the information above, it is recommended that Council approve the application subject to conditions.

Consultation

This project was discussed with Councillors at the Council Workshop on 12 April 2016.

Community consultation was undertaken as part of developing the Strategic Community Plan and Short Term Accommodation was identified as a high priority for the community. In addition, the CEO and CDO have met with most retail/service businesses over the past three months. Two businesses have expressed concern:

1. Dowerin Roadhouse/Motel and Caravan Park – the owner and the current leaseholder of this business have met with the CEO and CEO to express their concerns that this project will undermine their business. Their concerns were outlined in a letter from Ms K Spark tabled at the 19 July Council meeting during Public Question Time. The letter and the response are provided in the minutes of the Council Meeting held on the 19 July 2016. Following the 19 July Council meeting the CEO has formally written to and emailed Ms Spark to invite her to a meeting to discuss her concerns and potential solutions in more detail. Ms Spark has asked to postpone the meeting until after the Field Days.
2. The owner of Dowerin Bulk Transport met with the CEO several months ago expressing concern that the Short Term Accommodation Project would impact on their business which shares a common boundary and that the noise from her business could have negative impacts on guests staying in the proposed development. The owner was asked to put her concerns in writing so that they could be presented to Council for consideration. This has not occurred.

Given that the proposed development complies with all the requirements of Council's Local Planning Scheme No.2, advertising under the provisions of clause 64 of the deemed provisions for local planning schemes was not considered necessary.

Financial Implications

Based on rates revenue of \$1,144,163, repayments on a \$785,250 loan over a 20 year period (i.e. \$54,000 per annum) equates to approximately 4.8% of rates. However, it is anticipated that the operational costs including loan repayments would be fully met by anticipated revenue as demonstrated to Council in the agenda for the Ordinary Council Meeting held on 17 May 2016.

Therefore this project, which progresses a high priority project in Council's Corporate Business Plan, can be achieved without any anticipated negative impact on rates.

Policy Implications

There are no policy implications for the Shire of the recommendations of this report.

Statutory Implications

Pursuant to subclause 3.4.1 of Council's Local Planning Scheme No.2 (the Scheme), a person must not use a Local Reserve or commence or carry out development on a Local Reserve without first having obtained development approval (also known sometimes as planning approval) under Part 8 of Schedule 2 (the "deemed provisions" for local planning schemes) of the *Planning and Development (Local Planning Schemes) Regulations 2015*.

In considering an application for development approval, Council is to have due regard to the relevant matters listed under clause 67 of the deemed provisions for local planning schemes.

Clause 68 of the deemed provisions for local planning schemes states that the Shire may determine an application for development approval by –

- (a) granting development approval without conditions; or
- (b) granting development approval with conditions; or
- (c) refusing to grant development approval.

Strategic Implications

- Shire of Dowerin Strategic Community Plan June 2013 (Objective 2.3/Strategy 2.3.5); and
- Shire of Dowerin Corporate Business Plan (EB2.3).

The Shire of Dowerin Local Planning Strategy (the Strategy) identifies the importance of developing and maintaining 'Tourism and Shire Facilities' in order to attract tourist traffic through the townsite area. Under section 4.2 – Tourism and Shire Facilities the Strategy states that:

"Tourist accommodation including short-stay accommodation, chalets, caravan parks, camping areas, bed and breakfast, motels and hotels need to be encouraged."

In order to provide for this, the Strategy outlines the following 'Actions':

- 4.2.1 Identify land in Dowerin for clubs, amenities and facilities.*
- 4.2.2 Identify land in the Scheme for tourist facilities and include appropriate land uses and development standards to facilitate tourist development.*
- 4.2.3 Support the development of a range of tourist accommodation styles and locations.*
- 4.2.4 Actively encourage Government participation in the promotion of tourism in the district."*

Voting Requirements

Simple majority

COUNCIL DECISION – ITEM 11.2.1

(2671)

Moved: A.J. Metcalf

Seconded: B.N. Walsh

Carried: 5/1

THAT COUNCIL BY SIMPLE MAJORITY PURSUANT TO SUBCLAUSE 3.4.1 AND CLAUSES 67 AND 68 OF COUNCIL'S LOCAL PLANNING SCHEME NO.2 RESOLVES:

- 1. TO APPROVE THE APPLICATION FOR DEVELOPMENT APPROVAL FOR CAMP SITES, CARAVAN SITES AND SHORT STAY ACCOMMODATION (PHASE 1 OF THE DOWERIN SHORT TERM ACCOMMODATION PROJECT) ON PART LOT 192 FRASER STREET, DOWERIN (RESERVE 10614) GENERALLY IN ACCORDANCE WITH THE PLANS SUBMITTED FOR APPROVAL, SUBJECT TO THE FOLLOWING CONDITIONS:**
 - 1.1.1 THE DEVELOPMENT HEREBY PERMITTED MUST SUBSTANTIALLY COMMENCE WITHIN TWO YEARS FROM THE DATE OF THIS APPROVAL.**
 - 1.1.2 THE DEVELOPMENT HEREBY PERMITTED TAKING PLACE IN ACCORDANCE WITH THE APPROVED PLANS.**
 - 1.1.3 PRIOR TO THE OCCUPATION OF THE DEVELOPMENT, A VEHICLE CROSSOVER SHALL BE CONSTRUCTED ON FRASER STREET TO THE SPECIFICATION AND SATISFACTION OF THE SHIRE.**
 - 1.1.4 PRIOR TO OCCUPATION OF THE DEVELOPMENT, THE CAR PARKING AND VEHICLE ACCESS AND CIRCULATION AREAS SHOWN ON THE APPROVED SITE PLAN FOR PHASE 1, INCLUDING THE PROVISION OF UNIVERSALLY ACCESSIBLE (DISABLED) CAR PARKING, IS TO BE CONSTRUCTED, DRAINED, AND MARKED TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.5 ALL CAR PARKING AREAS AND VEHICLE ACCESS AND CIRCULATION AREAS ARE TO BE MAINTAINED AND AVAILABLE FOR CAR PARKING AND VEHICLE ACCESS AND CIRCULATION ON AN ONGOING BASIS TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.6 PRIOR TO OCCUPATION, LANDSCAPING IS TO BE COMPLETED TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.7 ALL LANDSCAPED AREAS ARE TO BE MAINTAINED ON AN ONGOING BASIS TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.8 PRIOR TO OCCUPATION, SCREENING MEASURES AS INDICATED ON THE APPROVED PLAN TO BE INSTALLED TO THE SATISFACTION OF THE SHIRE ON THE WESTERN BOUNDARY OF THE SITE.**
 - 1.1.9 THE STORMWATER SHALL BE DISCHARGED IN A MANNER SO THAT THERE IS NO DISCHARGE ONTO THE ADJOINING PROPERTIES TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.10 THE ON-SITE DRAINAGE SYSTEM SHALL BE MAINTAINED ON AN ONGOING BASIS TO THE SATISFACTION OF THE SHIRE.**
 - 1.1.11 PRIOR TO OCCUPATION, THE DEVELOPMENT HEREBY PERMITTED SHALL BE CONNECTED TO AN APPROVED EFFLUENT DISPOSAL SYSTEM.**
 - 1.1.12 ANY OUTDOOR LIGHTING IS TO BE DESIGNED, BAFFLED AND LOCATED TO PREVENT ANY INCREASE IN LIGHT SPILL ONTO THE ADJOINING PROPERTIES.**

(2672) Moved: D.P. Hudson Seconded: A.J. Metcalf Carried: 5/1

2. THAT IF THE DEVELOPMENT, THE SUBJECT OF THIS APPROVAL, IS NOT SUBSTANTIALLY COMMENCED WITHIN A PERIOD OF 2 YEARS, OR SUCH OTHER PERIOD AS SPECIFIED IN THE APPROVAL AFTER THE DATE OF THE DETERMINATION:

2.1.1 THE APPROVAL SHALL LAPSE AND BE OF NO FURTHER EFFECT.

2.1.2 WHERE AN APPROVAL HAS SO LAPSED, NO DEVELOPMENT SHALL BE CARRIED OUT WITHOUT THE FURTHER APPROVAL OF THE LOCAL GOVERNMENT HAVING FIRST BEEN SOUGHT AND OBTAINED.

(2673) Moved: B.N. Walsh Seconded: D.P. Hudson Carried: 5/1

3. THAT AN APPLICATION FOR A BUILDING PERMIT TO CONSTRUCT THE DEVELOPMENT HEREBY PERMITTED IS REQUIRED TO BE SUBMITTED AND APPROVED BY THE SHIRE PRIOR TO ANY WORKS COMMENCING ON-SITE IN RELATION TO THIS DETERMINATION.

11.3 LATE ITEM – FINANCE REPORT

11.3.1 ACCOUNTS FOR PAYMENT – 5 JULY 2016 TO 4 AUGUST 2016

Date:	13 August 2016
Applicant:	N/A
Location:	N/A
File Ref:	
Disclosure of Interest:	Nil
Author:	Emma Hardy and Sonia King
Attachments:	Creditor Payment Register List of Accounts Credit Card Summaries

Background

The attached schedules of cheques drawn and electronic payments that have been raised during the month since the last meeting by delegated authority are presented to Council for approval for payment and ratification at this meeting.

Comment

The list as presented has been reviewed by Chief Executive Officer and has been forwarded to Council to approve payment.

Statutory Implications

Reg 12 & 13 of the Local Government (Financial Management) Regulations 1996 requires that a separate list be prepared each month for adoption by Council showing:

- Creditors to be paid
- payments made from Municipal Fund, Trust Fund and Reserve Fund by Chief Executive Officer under delegated authority from Council

Policy Implications

Nil

Voting Requirements

Simple Majority

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION – ITEM 11.3.1

(2674) Moved: R.I. Trepp Seconded: B.N. Walsh Carried: 6/0

THAT THE ACCOUNTS PAID BY CHIEF EXECUTIVE OFFICER BY DELEGATED AUTHORITY SINCE THE JULY 2016 MEETING OF THE COUNCIL, AS ATTACHED, BE APPROVED IN ACCORDANCE WITH FMR REG 12(3) & 13(3).

LIST OF ACCOUNTS

05/07/2016 - 04/08/2016

MUNICIPAL FUND

ELECTRONIC PAYMENTS

Chq/EFT	Date	Name	Description	Amount	Contra
154	30-06-2016	SHIRE OF DOWERIN - VISA CARD PAYMENTS	NAB Business Visa - 3x Hi Vis Jackets, Bedding, Towels and Cushions for 1/18 Memorial Ave, Card Fees x2	-\$ 378.90	
157	09-07-2016	SHIRE OF DOWERIN - VISA CARD PAYMENTS	NAB Business Visa - Short term accom tender advertising, Renewal of Industrial Poisons permit, 6x Around the Towns interviews, Hi Vis Jacket, High Risk work license, Farewell gift for Wendy	-\$ 1,670.90	-\$ 75.00
158	09-07-2016	PUMA ENERGY	Fuel usage - June	-\$ 1,769.50	
EFT4100	13-07-2016	AVON WASTE	Rubbish collection	-\$ 2,350.80	-\$ 2,350.80
EFT4101	13-07-2016	CHILD SUPPORT AGENCY	Payroll deductions	-\$ 537.00	-\$ 537.00
EFT4102	13-07-2016	AMERY ACRES	Glen Olston Housing Allowance July 2015 - June 2016	-\$ 4,160.00	-\$ 4,160.00
EFT4103	13-07-2016	BYFIELDS	Audit fees for 2014/15	-\$ 11,550.00	
EFT4104	13-07-2016	BUNNINGS GROUP LIMITED	18 Anderson St - Mould killer & rotary clothesline	-\$ 110.90	
EFT4105	13-07-2016	Building & Health Surveying Services	EHO Contract June 2016	-\$ 4,272.05	
EFT4106	13-07-2016	BITUTEK PTY LTD	Dowerin - Kalannie Road - Reseal	-\$ 14,270.14	-\$ 14,270.14
EFT4107	13-07-2016	COMMERCIAL HOTEL DOWERIN	Council refreshments	-\$ 144.00	
EFT4108	13-07-2016	CDA AIR CONDITIONING & REFRIGERATION	19 Cottrell Street - Repairs/assessment of air conditioner not heating up	-\$ 230.75	
EFT4109	13-07-2016	DOWERIN BAKERY AND NEWS	Council refreshments and newspapers	-\$ 123.40	
EFT4110	13-07-2016	DOWERIN ENGINEERING WORKS	Blade Runner Mower - Replace bearings	-\$ 2,012.29	
EFT4111	13-07-2016	LANDGATE	Mining Tenements	-\$ 171.85	
EFT4112	13-07-2016	ALL-WAYS FOODS	Toilet paper, hand towel, cascade, chux roll, disinfectant, spray bottles, freshmint (field days supplies)	-\$ 1,165.15	
EFT4113	13-07-2016	HUMES	3x universal frames, 3x universal lids, 2x modular pits	-\$ 4,651.90	
EFT4114	13-07-2016	Local Government Appointments	Temp rates officer	-\$ 2,618.56	
EFT4115	13-07-2016	ONESTEEL DISTRIBUTION	Lug press steel	-\$ 1,610.40	
EFT4116	13-07-2016	IXOM OPERATIONS PTY LTD	Chlorine service fee 01/06/2016 - 30/06/2016	-\$ 40.92	
EFT4117	13-07-2016	FULTON HOGAN INDUSTRIES PTY LTD	22kg bag of asphalt	-\$ 2,006.40	
EFT4118	13-07-2016	PEERLESS JAL PTY LTD	Timber seal	-\$ 477.76	
EFT4119	13-07-2016	PERFECT COMPUTER SOLUTIONS	Synergysoft upgrade	-\$ 510.00	
EFT4120	13-07-2016	QUICK CORPORATE AUSTRALIA PTY LTD	8x toner cartridges	-\$ 1,037.96	
EFT4121	13-07-2016	RYLAN PTY LTD	Kerbing Stewart St for drainage pits	-\$ 3,850.00	-\$ 3,850.00
EFT4122	13-07-2016	RAMM SOFTWARE PTY LTD	RAMM Annual support & maintenance fee 2016/17	-\$ 6,289.93	
EFT4123	13-07-2016	STARTRACK EXPRESS	Freight for timber seal	-\$ 71.53	
EFT4124	13-07-2016	SWAN LOCK SERVICES	1x code door lock for back door of office	-\$ 396.00	
EFT4125	13-07-2016	RALPH THAXTER	Repairs to rip generator	-\$ 86.37	
EFT4126	13-07-2016	IT VISION	Annual license fee - IT Vision Software System	-\$ 23,454.20	
EFT4127	13-07-2016	WA LOCAL GOVERNMENT	Breakfast with David Templeman registration -	-\$ 40.00	

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		ASSOCIATION	Dale Metcalf		
EFT4128	13-07-2016	WESTRAC EQUIPMENT	3000hr service - Cat Loader	-\$ 3,843.14	
EFT4129	13-07-2016	Western Australian Treasury Corporation	Loan 97 & 98 Guarantee Fee	-\$ 1,799.19	
EFT4130	13-07-2016	REBECCA WINDSOR	Gym Inductions - Robson & Smith	-\$ 60.00	-\$ 60.00
EFT4131	13-07-2016	AUSTRALIAN TAX OFFICE	Payroll deductions	-\$ 27,930.00	
EFT4139	30-06-2016	CONTRACT AQUATIC SERVICES	Swimming pool management fees 2015/2016	-\$ 14,762.00	
EFT4140	30-06-2016	SHIRE OF TOODYAY	AROC Expenses - Sercretarial Support	-\$ 8,250.00	
EFT4141	22-07-2016	ADVANCED AUTOLOGIC PTY LTD	Lubricant, Rags, Grease Cart, Aerosol	-\$ 614.00	
EFT4142	22-07-2016	BOEKEMAN MACHINERY	D014 Roller - Battery	-\$ 367.68	
EFT4143	22-07-2016	BOC LIMITED	Oxygen masks & acetylene	-\$ 585.00	
EFT4144	22-07-2016	COUNTRY COPIERS	Photocopier Service	-\$ 3,473.71	
EFT4145	22-07-2016	CONPLANT	D014 Roller - Parts for air inflation of roller tyres	-\$ 138.70	
EFT4146	22-07-2016	DOWERIN IGA EXPRESS	Council refreshments, soap, coffee	-\$ 197.73	
EFT4147	22-07-2016	LANDGATE	Rural UV Gen Valuations R2016/2	-\$ 64.00	
EFT4148	22-07-2016	DOWERIN TYRE AND EXHAUST	D02 WM Vehicle - Fit 2x tyres	-\$ 450.00	
EFT4149	22-07-2016	DOWERIN & DISTRICTS FARM SHED	Fuel can and rags	-\$ 56.90	
EFT4150	22-07-2016	DALWALLINU CONCRETE	11x class 2 culvert pipes	-\$ 1,633.50	
EFT4151	22-07-2016	DOWERIN ROADHOUSE	HACC Meals on Wheels	-\$ 378.00	
EFT4152	22-07-2016	ELDERS LIMITED	Chemical and PPE	-\$ 1,024.67	
EFT4153	22-07-2016	ALL-WAYS FOODS	Wool telescopic duster	-\$ 21.80	
EFT4154	22-07-2016	JK WILLIAMS & CO	Cement, Ovens x2, chemical, padlock, hinges, watering can, retic fittings, exit mould, batteries, bar oil, silicone, PPE, garden stakes, cistern repair kit, spark plugs, chemset capsules & anchor studs, dynabolts	-\$ 3,207.92	
EFT4155	22-07-2016	JOELECTRICS	2/13 Stacy St - Install oven	-\$ 270.00	
EFT4156	22-07-2016	KENNARDS HIRE PTY LTD	Stewart St - 6x fence panels	-\$ 192.00	
EFT4157	22-07-2016	KENNETH MYERS	Stewart St - Excavator Hire - 5 Days	-\$ 1,650.00	
EFT4158	22-07-2016	5Rivers Plumbing & Gas	Shire Office - Repairs to leaking ladies toilets	-\$ 958.53	
EFT4159	22-07-2016	STARTRACK EXPRESS	D014 Roller - Freight for parts for air inflation of tyres	-\$ 87.26	
EFT4160	22-07-2016	WA LOCAL GOVERNMENT ASSOCIATION	Subscriptions - Governance, Local Laws, Employee Relations, Association	-\$ 12,191.70	
EFT4161	22-07-2016	LGIS TRAVEL	TRAVEL INSURANCE 30/06/2016 - 30/06/2017	-\$ 825.00	
EFT4162	22-07-2016	LGIS MOTOR VEHICLE	MOTOR VEHICLE INSURANCE 30/06/2016 - 30/06/2017	-\$ 19,398.93	
EFT4163	22-07-2016	LGIS MARINE CARGO	MARINE CARGO INSURANCE 30/06/2016- 30/06/2017	-\$ 577.50	
EFT4164	22-07-2016	LGIS SALARY CONTINUANCE	SALARY CONTINUANCE INSURANCE 30/06/2016 - 30/06/2017	-\$ 2,800.91	
EFT4165	22-07-2016	LGIS PERSONAL ACCIDENT	PERSONAL ACCIDENT INSURANCE	-\$ 467.50	
EFT4166	22-07-2016	LGIS BUSHFIRE	BUSHFIRE INSURANCE	-\$ 3,696.00	
EFT4167	22-07-2016	LGIS MANAGEMENT LIABILITY	MANAGEMENT LIABILITY INSURANCE	-\$ 8,672.40	
EFT4168	22-07-2016	LGIS LIABILITY	LGIS LIABILITY INSURANCE 30/06/2016 - 30/06/2017	-\$ 9,667.77	
EFT4169	22-07-2016	LGIS PROPERTY	LGIS PROPERTY INSURANCE 30/06/2016 - 30/06/2017	-\$ 28,363.24	
EFT4170	22-07-2016	LGIS WORKCARE	LGIS WORKERS COMPENSATION INSURANCE 30/06/2016 - 30/06/2017	-\$ 19,532.49	
EFT4171	25-07-2016	LGIS CONTRACT WORKS	DOWER - Contract Works	-\$ 825.00	
EFT4172	30-06-2016	MOORE STEPHENS	Financial Manuals - Budgeting, Financial Reporting, Management Reporting	-\$ 1,650.00	
EFT4173	30-06-2016	OCLC	Library - AMLIB Annual Maintenance Fee	-\$ 1,503.94	

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				Total:	-\$ 274,247.67	-\$ 25,302.94
CHEQUE PAYMENTS						
2053	10-06-2016	AUSTRALIA POST	Postage - 200 Stamps	-\$	200.00	
2054	29-06-2016	SHIRE OF DOWERIN	D043 Streetsweeper - Vehicle license renewal until 31/12/2016	-\$	46.35	
2055	21-07-2016	AUSTRALIA POST	Postage - 200 Stamps	-\$	200.00	
2056	29-07-2016	AUSTRALIA POST	Postage - 50 WHR Newsletters	-\$	50.00	
10197	13-07-2016	AUSTRALIAN COMMUNICATIONS AND MEDIA AUTHORITY	Two way license renewal (12 months)	-\$	112.00	
10198	13-07-2016	LORRAINE LAWRENCE	Shire Office - 34 small plants and 18 large plants for atrium & garden beds	-\$	350.00	
10199	13-07-2016	LGRCEU	Payroll deductions	-\$	58.20	-\$ 58.20
10200	13-07-2016	SYNERGY	Street Lighting - Electricity	-\$	1,233.45	
10201	13-07-2016	TELSTRA	Telephone usage - Administration	-\$	1,968.68	
10202	22-07-2016	SYNERGY	Council Buildings & Amenities - Electricity	-\$	10,871.75	
10203	22-07-2016	TELSTRA	Telephone usage - CEO, FM, WM, Works Mobiles	-\$	279.94	
				Total:	-\$ 15,370.37	-\$ 58.20
SUPERANNUATION PAYMENTS						
Chq/EFT	Date	Name	Description	Amount	Contra	
DD9185.1	13-07-2016	WA SUPER	Payroll deductions	-\$	2,867.34	
DD9185.2	13-07-2016	CONCEPT ONE SUPER	Superannuation contributions	-\$	20.09	
DD9185.3	13-07-2016	AUSTRALIAN CATHOLIC SUPERANNUATION & RETIREMENT FUND	Superannuation contributions	-\$	9.15	
DD9185.4	13-07-2016	FIDUCIAN PORTFOLIO SERVICES LIMITED	Superannuation contributions	-\$	61.17	
DD9185.5	13-07-2016	Australian Super	Superannuation contributions	-\$	336.21	
DD9185.6	13-07-2016	AMP Life Limited	Superannuation contributions	-\$	267.70	
DD9185.7	13-07-2016	MLC NOMINEES PTY LTD	Superannuation contributions	-\$	480.34	
DD9185.8	13-07-2016	NAB SUPERANNUATION FUND A	Superannuation contributions	-\$	93.37	
DD9185.9	13-07-2016	CBUS	Superannuation contributions	-\$	161.71	
DD9185.10	13-07-2016	PRIME SUPER	Superannuation contributions	-\$	167.94	
DD9185.11	13-07-2016	HEALTH EMPLOYEES SUPER	Superannuation contributions	-\$	137.04	
DD9185.12	13-07-2016	HOSTPLUS	Superannuation contributions	-\$	57.90	
DD9185.13	13-07-2016	CHILDCARE SUPER	Superannuation contributions	-\$	107.41	
DD9212.1	27-07-2016	WA SUPER	Payroll deductions	-\$	2,923.19	
DD9212.2	27-07-2016	CONCEPT ONE SUPER	Superannuation contributions	-\$	20.09	
DD9212.3	27-07-2016	AUSTRALIAN CATHOLIC SUPERANNUATION & RETIREMENT FUND	Superannuation contributions	-\$	9.42	
DD9212.4	27-07-2016	FIDUCIAN PORTFOLIO SERVICES LIMITED	Superannuation contributions	-\$	75.18	
DD9212.	27-07-2016	Australian Super	Superannuation contributions	-\$	341.36	

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5					
DD9212.6	27-07-2016	AMP Life Limited	Superannuation contributions	-\$ 267.70	
DD9212.7	27-07-2016	MLC NOMINEES PTY LTD	Superannuation contributions	-\$ 492.92	
DD9212.8	27-07-2016	NAB SUPERANNUATION FUND A	Superannuation contributions	-\$ 98.15	
DD9212.9	27-07-2016	CBUS	Superannuation contributions	-\$ 161.71	
DD9212.10	27-07-2016	PRIME SUPER	Superannuation contributions	-\$ 176.58	
DD9212.11	27-07-2016	HEALTH EMPLOYEES SUPER	Superannuation contributions	-\$ 117.56	
DD9212.12	27-07-2016	HOSTPLUS	Superannuation contributions	-\$ 88.50	
DD9212.13	27-07-2016	CHILDCARE SUPER	Superannuation contributions	-\$ 100.19	
Total:				-\$ 9,639.92	
PAYROLL PAYMENTS					
Chq/EFT	Date	Name	Description	Amount	Contra
	13-07-2016	Payroll Direct Debit of Net Pays	Payroll 13/07/2016	-\$ 41,877.35	
	27-07-2016	Payroll Direct Debit of Net Pays	Payroll 27/07/2016	-\$ 41,404.52	
Total:				-\$ 83,281.87	
MUNICIPAL TOTALS					
				Amount	Contra
EFT TRANSACTIONS				-274247.67	-\$ 25,302.94
CHEQUES				-\$ 15,370.37	-\$ 58.20
SUPER PAYMENTS				-\$ 9,639.92	
PAYROLL PAYMENTS				-\$ 83,281.87	
TOTAL				-\$ 382,539.83	-\$ 25,361.14

11.3.2 FINANCIAL STATEMENTS – DEFERRED TO SEPTEMBER MEETING OF COUNCIL

Date: 16 August 2016
Applicant: N/A
Location: N/A
File Ref:
Disclosure of Interest: Nil
Author: Sonia King
Attachments: Nil

Summary

Following the Finance Committee Meeting held on 15 August 2016, the Finance Committee have recommended that the financial statements for the period 1 July 2016 to 31 July 2016 will be deferred for presentation to Council at the September Ordinary Meeting of Council.

Background

Section 6.4 of the Local Government Act 1995 requires a Local Government to prepare financial reports.

The Local Government (Financial Management) Regulations Reg 34(1) require that a local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under regulation 22(1)(d), for the month as prescribed.

FMR r. 34(4) allows for the Statement to be presented to council at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates and recorded in the minutes of the meeting.

Consultation

Finance Committee

Chief Executive Officer

Financial Implications

Nil

Policy Implications

Nil

Statutory Implications

Council is required to adopt monthly finance reports to comply with Reg 34(1) of the Local Government (Financial Management) Regulations 1996.

Strategic Implications

Nil

Voting Requirements

Simple Majority

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION – ITEM 11.3.2

(2675) Moved: A.J. Metcalf Seconded: D.P. Hudson Carried: 6/0

THAT PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JULY 2016 TO 31 JULY 2016 AS REQUIRED BY LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATION 35, BE DEFERRED TO THE SEPTEMBER 2016 MEETING OF COUNCIL IN ACCORDANCE WITH FMR r 34(4).

12. ELECTED MEMBERS MOTIONS

13. CONFIDENTIAL ITEMS

14. CLOSURE OF MEETING

There being no further business Cr Dale Metcalf (President) declared the meeting closed at 4:25pm.

These minutes were confirmed true and accurate at the Ordinary Council Meeting held on Tuesday 20th September 2016.

.....

D.E. Metcalf

PRESIDENT

.....

Date

ORDINARY COUNCIL MEETING ATTACHMENTS

Tuesday
16 August 2016
3.00pm



ATTACHMENTS

10.1.1

1. Dowerin Strategic Community Plan Review July 2016

10.1.2

2. Letter from the West Australian Working Sheep Dog Association

10.1.3

3. Audit Committee Minutes June 2016

4. Unconfirmed - Audit Committee Minutes August 2016

5. Spreadsheet showing updated ratio calculations

6. Draft scope for the audit of the 2015/16 financial statements

7. CONFIDENTIAL - Probity Audit (Draft) Report

11.1.1

8. Location Plan

9. Zoning Plan

10. Studios Units Plan & Elevations

11. Amenities Block Plan & Elevations

12. One Bed Unit Plan & Elevations

13. Layout Plan

Challenges impacting Dowerin today

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The Shire of Dowerin takes great pride in its ability to successfully adhere to an accurate annual budget process which ensures that Dowerin's existing services and facilities are maintained whilst having the foresight to create reserve funds in order to help fund new and upcoming projects and activities.

Council's revenue comes from a limited number of sources including; council rates and annual charges, user fees and charges of council property and services, grants and contributions, and interest. However, Council has limited opportunities to source new revenue and therefore the importance of creating new infrastructure that combines facilities and limits maintenance is critical to the maintaining an acceptable standard of the Shires services, facilities and assets.

Further to this, the priorities and demands of our community will change dramatically over time resulting in minimal use of some services and facilities once deemed of upmost importance, and an increased demand for others that might not even exist yet. The Shire and community of Dowerin will benefit from the clear direction that the Dowerin Strategic Community Plan provides however must also be flexible to adapt and respond to times of change.

Some further challenges outlined by the community fall into 4 broad categories that align with the overall shared vision and include:

Community

- Maintain a liveable and safe environment for all.
- Improving community health and wellbeing.
- Encouraging residents and community members to take pride and to participate in our community.
- Maintain and increase education and training opportunities in particular the retention of Year 10 at the local District High School.
- Increase the range of affordable housing.
- Maintain the provision of a high standard of quality aged care services.
- Retain and improve on our attractive town and streetscape.

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Local Economy & Business

- Improve the limited economic base in Dowerin including employment, learning and training opportunities with the aim of attracting and retaining young people to Dowerin.
- Lack of commercial and industrial land available for potential new industries and services to town. Those existing services require strong support from the community and visitors to town.
- Lack of accommodation, services and activities to capture a growing tourism industry.

Caring for our Environment

- Retain and improve the regions waste management services, ensuring our Shire refuse site and local recycling centre is retained.
- Manage the districts development in a way that respects the social, economic and environmental needs of the community and retains it for future generations.
- Protect and conserve our natural environment, more trees should be planted and continued investigation into alternative water supplies should be supported.

Local Government Leadership

- Strong leadership is required at council level across various sectors including supporting local business, cultural enhancement and community engagement.
- Improvement at Council level to ensure that the Shire of Dowerin is an efficient and informative organisation and that effective governance and compliance is achieved.

Theme 1 – Community

GOAL: A strong, healthy and safe community

Objective 1.1. Maintain a liveable and safe environment for all

Strategies	Key Performance Indicators
1.1.1 Support police services in the town	Continue to provide adequate housing to the WA Police Service for use by its officers based in Dowerin
1.1.2 Promote and encourage participation in voluntary based emergency services	Encourage and promote membership of organisations such as the local St John Ambulance and Bush Fire Brigade Services
1.1.3 Continue to support the Ranger Service	Residents have access to the services of a ranger.
1.1.4 Continue to access the Roads to Recovery and Regional Road Group Funding	Effectively and efficiently maintain and improve Dowerin's road network

Objective 1.2 Pride and Participation in our community

1.2.1 Provide an annual program of community events and identify opportunities for grant funding	<ul style="list-style-type: none">• Increase in number and diversity of events• Increase in participation at events
1.2.2 Provide support for local clubs and organisations	<ul style="list-style-type: none">• Financial and In-Kind support of clubs and organisations is provided
1.2.3 Provide quality facilities for events	<ul style="list-style-type: none">• Utilisation rates of council owned facilities
1.2.4 Support Dowerin Events Management	<ul style="list-style-type: none">• Financial and In-Kind support is provided
1.2.5 Improve and expand communication technology facilities including the shire websites and social media	<ul style="list-style-type: none">• Increased utilisation of Shire website• Increased exposure on social media sites connecting a wider variety of demographics

Objective 1.3 Improved community health and well-being

1.3.1 Support the provision of medical services by Goomalling Shire	<ul style="list-style-type: none"> • Partnership agreement with Goomalling Shire • Effective representation on Board
1.3.2 Continue to support the Home and Community Care Service	<ul style="list-style-type: none"> • Utilisation of service • Client satisfaction rates
1.3.3 Investigate options available for sporting and recreational pursuits	<ul style="list-style-type: none"> • Establishment of facilities for individual fitness pursuits

Objective 1.4 Maintain and increase education and training opportunities

1.4.1 Continue to support and promote Dowerin District High School	<ul style="list-style-type: none"> • Exposure of Dowerin District High School within the Shire website and council related publications
1.4.2 Work in conjunction with the Community Resource Centre training courses and opportunities	<ul style="list-style-type: none"> • Range of courses and training opportunities provided
1.4.3 Encourage and support local apprenticeships and traineeships	<ul style="list-style-type: none"> • Number of individuals partaking in apprenticeships/traineeships • Number of businesses offering apprenticeships/traineeships

Objective 1.5 Provide a range of affordable housing

1.5.1 Investigate options to expand the number of independent living units at Goldfields Road	<ul style="list-style-type: none"> • Business case and report on number of independent living units
1.5.2 Conduct a review of the Shire's property assets	<ul style="list-style-type: none"> • Report to Council on status of, and options for, the Shire's property assets

Objective 1.6 Maintain the provision of high quality and accessible infrastructure

1.6.1 Maintain Dowerin's Recreation Centre and the Dowerin Community Club	<ul style="list-style-type: none">• Develop asset management plan for facilities
1.6.2 Develop seniors facilities and be recognised as an age friendly community	<ul style="list-style-type: none">• Number and range of facilities• Community satisfaction rates
1.6.3 Investigate and develop youth facilities and services	<ul style="list-style-type: none">• Number of facilities and services• Youth satisfaction rates• Increased youth involvement in community activities
1.6.4 Continue to support the development of the Dowerin Community Child Care	<ul style="list-style-type: none">• The successful establishment and operation of a community child care facility in Dowerin• Number of children utilising the facility

Objective 1.7 Retain and improve on our attractive town and streetscape

1.7.1 Report on options to revive old/empty buildings along the main street	<ul style="list-style-type: none">• Report to Council
1.7.2 Continue the beautification of public spaces utilising water wise principles	<ul style="list-style-type: none">• Community satisfaction rates• Number of garden beds/community spaces utilising water wise principles
1.7.3 Encourage community pride and participation in improving aesthetics of our town	<ul style="list-style-type: none">• Recycling facilities• Participation in Cleanup Australia campaign

Theme 2 – Local Economy and Business

GOAL: A strong and vibrant local economy

Objective 2.1 A diverse and growing economic base that will provide local employment

Strategies	Key performance indicators
2.1.1 Identify the availability of land for light industrial use	<ul style="list-style-type: none">• Number of industrial land lots available• Increase in number of businesses/expansion of existing businesses
2.1.2 Investigate alternative economic development and land use opportunities (including business, industry and agriculture)	<ul style="list-style-type: none">• Report to Council on economic development and land use opportunities• Draft economic development strategy
2.1.3 Advertise and negotiate for tradespeople, professionals and small businesses to meet gaps in required services	<ul style="list-style-type: none">• Gaps in services filled• Number and variety of trades, services and professionals available in Dowerin
2.1.4 Support the local business networks	<ul style="list-style-type: none">• A local Business Association is established• Shire relationship with business community

Objective 2.3 – A growing tourism industry

2.3.1 Market Dowerin and the region as a tourist destination	<ul style="list-style-type: none">• Number of marketing opportunities that Dowerin features in• Audit of accommodation providers detailing increase in number of overnight visitors• Continue to participate in regional tourism initiatives (e.g. Wheatbelt Way, Pioneers Pathway)
2.3.2 Work with key stakeholders in support of quality events	<ul style="list-style-type: none">• Number and type of events• Events hosts and support organisations
2.3.3 Develop 'experience' based opportunities that add to existing tourist activities	<ul style="list-style-type: none">• Number of experience based initiatives available• Number of visitors taking part in experience based activities
2.3.4 Implement short term accommodation project	<ul style="list-style-type: none">• Short term accommodation project delivered
2.3.5 Continue developing the Wheatbelt Heritage Rail Project	<ul style="list-style-type: none">• Successful acquittal of the CLGF Grant• Sustainable operational model for future of WHR presented to Council

Theme 3 – Caring for our Environment

GOAL: A sustainable natural and built environment

Objective 3.1 Focus on waste management and keep abreast of sustainable 'Reduce – Re-use – Recycle' practices

3.1.1 Foster community involvement to volunteer at the Dowerin Recycling Centre	<ul style="list-style-type: none">• Number of volunteers rostered to work at the recycling centre
3.1.2 Promote waste minimisation and sustainable waste disposal	<ul style="list-style-type: none">• Reduction of volume of waste going into local landfill• Increase in recyclable waste going through the Dowerin Recycling Centre
3.1.3 Encourage efficient use of natural resources	<ul style="list-style-type: none">• Uptake rate in green energy consumption (solar)• Energy consumption rates• Water consumption rates• Implementation of Energy Saving Action Plan
3.1.4 Continue to support Drum Muster program conducted by APEX group	<ul style="list-style-type: none">• Number of farmers/individuals taking part in Drum Muster program
3.1.5 Continue oil recycling program	<ul style="list-style-type: none">• Volume of oil recycled

Objective 3.2

Protect and conserve our natural environment

3.2.1 Support the role of the Wheatbelt Natural Resource Management Office	<ul style="list-style-type: none">• Effective relationships established with Wheatbelt NRM
3.3.2 Work to manage native and feral flora and fauna	<ul style="list-style-type: none">• Reduction in feral flora and fauna
3.3.4 Support native vegetation preservation within Shire and privately owned land	<ul style="list-style-type: none">• Participation in Native Tree Planting Week• Support Amery Acres Resource Project

Theme 4 – Local Government Leadership

GOAL: A Vibrant and progressive community lead by an innovative council

Objective 4.1 – An efficient and informative organisation

4.1.1 Develop and implement a workforce plan to meet current and future workforce needs	<ul style="list-style-type: none">• Implementation of Workforce Plan
4.1.2 Provide timely and efficient customer service	<ul style="list-style-type: none">• Customer/community satisfaction ratings
4.1.3 Strengthen the role of staff and councillors by providing regular training opportunities	<ul style="list-style-type: none">• Number of staff/councillors taking part in training opportunities
4.1.4 Ensure information is communicated to the public regularly and effectively	<ul style="list-style-type: none">• Number of community newsletters and media releases• Community satisfaction rates
4.1.5 Provide opportunities for the community to have input in Council's decision making	<ul style="list-style-type: none">• Number of community members taking part in public question time at monthly council meetings• % response to surveys and calls for public feedback regarding community

Objective 4.2 – Strong Leadership and governance

4.2.1 Conduct a minor review of the Strategic Community Plan biannually with community consultation and council endorsements	<ul style="list-style-type: none">• Update of Strategic Community Plan in July 2016
4.2.2 Review the visions, aspirations and priorities of the Strategic Community Plan every 4 years with detailed community consultation and engagement	<ul style="list-style-type: none">• Full review of the Strategic Community Plan in June 2017
4.2.3 Represent the Shire of Dowerin in regional, state and national forums	<ul style="list-style-type: none">• Number of forums attended
4.2.4 Collaborate with other surrounding shires to strengthen the region	<ul style="list-style-type: none">• Number of collaborative projects achieved



The West Australian Working Sheep Dog Association Inc.

Chair, Supreme Sub Committee

Grant Cooke
PO Box 5
Grass Valley 6403
0427 229 809
cooke209@bigpond.com

Secretary

Jenny Atherton
102 Noble Road
Wagin 6315
0407 422 179
ramulam@skymesh.com.au

Ms Andrea Salvey
CEO Shire of Dowerin
PO Box 111
13 Cottrell St
Dowerin WA 6461

22 July 2016

Dear Andrea,

Re: Supreme Australian Working Sheepdog Championships 2016.

Western Australia is hosting the Australian Supreme Sheepdog Championship in Northam this year. This event will be held at the Northam Recreation Centre facilities, on Henry Street Oval from the 8-16 October 2016 for competitors from all states of Australia, and also includes hosting the New Zealand team of competitors, their local transport and accommodation.

The event encompasses a number of competitions, these are listed below:

- Novice Event – Beginner dogs competing for Improver and Open Status
- Improver Event – Improver dogs compete for Open Status
- Open Supreme Australian Championship - Open Dogs competing for Australian Champion
- Interstate Challenge – 2 selected representatives from each State compete over 3 rounds for National Selection into the Australian Team to compete in NZ in 2017
- Wayleggo Cup - Australia versus New Zealand – 2 National Teams of 4 dogs compete over 2 rounds on a Trans Tasman course. This course is half Australian rules and half New Zealand rules.

The West Australian Working Sheepdog Association is a non profit association, proud to have the opportunity to organise this event in 2016 and promote the use of sheep dogs in our Agricultural industry. We would be delighted if you could

support this event with some sponsorship. In dog trialling, this event is the pinnacle of our sport and will include local, interstate and international competitors.

The main costs include daily transport of sheep to and from the grounds and judges costs, hosting the New Zealand team and hire of the Northam Shire Facilities. Main funding to date is from Australian dog trial club members with an annual levy, CopRice, and from local small businesses.

It is anticipated by our association that approximately 200 people will be directly associated with this event over the 9 days. This will include competitors and families, judges, sponsors and support crews. Most competitors will be housed in caravans, however there are the International competitors and some Interstate competitors that will be housed in accommodation in Northam.

There will be a formal dinner held during the week and other social activities, which all sponsors are welcome to participate in. The Northam location gives us a great opportunity to attract many spectators from surrounding rural districts and Perth region to this event over the week. Sponsors banners, produce, print and media advertising would have exposure in the months prior to and during the event.

Dog trialling gives spectators a different dimension to relate to and learn about our agricultural industry at a time when many peoples' perceptions of animal welfare are poorly informed. People are often intrigued by the relationship between handlers and their dogs and how they negotiate their way around a designated course. This event will follow on from the Perth Royal Show where sheepdogs are showcased each lunchtime and some evenings, which are a great draw card for the spectators. We hope to draw on this show exposure as a lead up to this National event. New Zealand and Australian Team rivalry is high and the Australian Team are hoping for a win after losing the Wayleggo Cup last year in New Zealand.

We would be delighted to have your support and also welcome you as a visitor. Your Shire is welcome to have a promotional display during the 9 days of the event. If you are able to support this event please find the banking details below. A tax invoice will be supplied.

NAME	WASDA Supreme Account
BSB	036 167
ACCOUNT	250 970

Kind Regards,

Grant Cooke
Chair Supreme Sub – Committee
Email cooke209@bigpond.com
Tel 9622 9609
Mob 0427 229 809



Shire of Dowerin

Audit Committee Minutes

15 June 2016

COMMITTEE MEMBERS	REPRESENTING
Cr D.E. Metcalf	Shire of Dowerin
Cr A.J. Metcalf	Shire of Dowerin
Cr R.I Trepp	Shire of Dowerin
OBSERVER	REPRESENTING
Andrea Selvey – CEO	Shire of Dowerin
Sonia King – Finance Manager	Shire of Dowerin
Leanne Oliver – External Auditor	Byfields

COMMITTEE TERMS OF REFERENCE

1. The Audit Committee is to provide guidance and assistance to Council based on the following *Terms of Reference*:
 - 1.1 To carry out Council's functions in relation to audits carried out under Part 7 (Audit) of the Local Government Act 1995
 - 1.2 To develop a process to be used to select and appoint a person to be an Auditor.
2. The Audit Committee may also provide guidance and assistance to Council as to:
 - 2.1 Matters to be audited;
 - 2.2 The scope of audits;
 - 2.3 Council's functions under Part 6 (Financial Management) of the Local Government Act 1995; and
 - 2.4 The carrying out of Council's functions relating to other audits and other matters relating to financial management.
3. The Audit Committee may evaluate tenders received for the provision of audit services and report to Council with a recommendation for appointment of an auditor for the Shire of Dowerin.
4. Meeting cycle: At least once a year to recommend adoption of Annual Report.

SHIRE OF DOWERIN

MINUTES FOR THE AUDIT COMMITTEE MEETING ON 15 JUNE 2016

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1. DECLARATION OF OPENING

The Chair opened the meeting at 3.05pm

2. ATTENDANCE

Cr D. Metcalf - Chairperson

Cr A.J. Metcalf

Cr R.I. Trepp

A. Selvey - Chief Executive Officer

S. King – Finance Manager

L. Oliver – Auditor from Byfields (via teleconference)

3. APOLOGIES

Nil

4. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

4. DECLARATION OF INTEREST

IMPORTANT: Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

5. CONFIRMATION OF MINUTES

OFFICER'S RECOMMENDATION

That the minutes of the inaugural meeting of the Shire of Dowerin Audit Committee held on 23 February 2016 be confirmed as a true and correct record of that meeting.

Moved: Cr A Metcalf

Seconded: Cr R Trepp

Carried: 3/0

6. PRESENTATIONS

The Shire of Dowerin's Auditor, Ms Leanne K Oliver, Director at Byfields is presenting the 2014/15 annual audit findings.

7. AUDIT REPORTS

7.1 2014/15 AUDIT AND ANNUAL REPORT

Date: 7 June 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments:

1. 2014/2015 Signed Accounts;
2. 2014/15 Annual Report;
3. Auditor's Report;
4. Auditor's Letter.

Summary

For Committee to consider and, if acceptable, recommend to Council that Council receives the Annual Report for the year ended 30 June 2015 for the Shire of Dowerin.

Background

Section 5.54 'Acceptance of Annual Reports' of the Local Government Act 1995 requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditors Report is not available in time. The Local Government Act 1995 Section 5.54(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented to Council within two (2) months of the Auditors Report becoming available.

Given the circumstances surrounding the finalisation of the financial statements for 2014/15 and the inability to secure an Auditor's Report before December 2015, the Shire was not able to achieve compliance with the December timeframe.

Since the finalisation of the Forensic Audit in March 2016, the focus has been on reviewing all accounts to ensure accuracy of financial data. This review has been completed and the Annual Financial Report for the year ended 30 June 2015 was presented to the Shire of Dowerin's Auditor. The Audit was completed by the Shire Auditor and signed off on 10 June 2016 – see attached 2014/2015 Signed Accounts; Auditor's Report and Auditor's Letter.

It is a requirement for Council to receive the Annual Report within two months of the Auditor's Report becoming available and as such the Annual Report is now presented for Committee's consideration and should it be acceptable to the Committee, officers seek a Committee recommendation to Council that they receive the 2014/15 Annual Report – see Attached.

Should the 2014/2015 Annual Report be recommend by the Committee and subsequently received by Council, it is intended to hold the Annual Electors Meeting on 30 June 2016 at 7.30pm.

Comment

The Auditor's report shows that the Shire of Dowerin failed to meet the obligation to review all infrastructure assets to fair value by June 2015 and to include the Asset Renewal Funding ratio as required by the Local Government Financial Regulations 1996. Apart from these two matters, the Auditor's report shows that the Shire's Financial Statements are compliant with the Local Government Act (1995) and the Local Government Financial Regulations (1996); were prepared in accordance with Australian Accounting Standards; and are a fair and true view of the Shire's financial position as of 30 June 2015. See attached Auditor's Report and accompanying letter.

Consultation

Council is required to hold an Annual Electors Meeting within 56 days of acceptance of the Annual Report. Pending the Committee recommendation and Council's adoption of the Annual Report, the Annual Electors Meeting has been scheduled to take place on 30 June 2016 at 7.30pm in the Town Hall.

The Annual Electors Meeting will be advertised as follows:

- Dowerin Despatch – 16th, 23rd & 30th June 2016
- Notices will also be placed on Shire and Community Notice Boards, Facebook and the Shire of Dowerin website.

Financial Implications

- The cost of the Audit was met within current budget allocation for the Shire Auditors.
- The cost of production of the Annual Report was negligible and met with current resource allocations.

Policy Implications

NIL

Statutory Implications

It is a statutory requirement under the Local Government Act 1995 Section 5.53 & 5.54 for Local Governments to receive an Annual Report.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.1

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL RESOLVES TO:

- 1. ACCEPT THAT THE MEETING BETWEEN THE AUDIT COMMITTEE AND THE AUDITOR AT THE AUDIT COMMITTEE MEETING HELD ON 15 JUNE 2016 SATISFIES LEGISLATIVE REQUIREMENTS;***
- 2. ACCEPT THE REPORT PROVIDED BY THE SHIRE AUDITOR MS LEANNE K. OLIVER OF BYFIELDS.***
- 3. RECEIVE THE SHIRE OF DOWERIN ANNUAL REPORT WHICH INCLUDES THE SIGNED FINANCIAL ACCOUNTS FOR THE 2014/2015 FINANCIAL YEAR; AND***
- 4. PROCEED WITH THE ANNUAL ELECTORS GENERAL MEETING ON THURSDAY 30 JUNE 2016 AT 7.30PM IN THE TOWN HALL.***

COMMITTEE RECOMMENDATION – ITEM 7.1

Moved: Cr R Trepp

Seconded: Cr A Metcalf

Carried: 3/0

THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL RESOLVES TO:

- 1. ACCEPT THAT THE MEETING BETWEEN THE AUDIT COMMITTEE AND THE AUDITOR AT THE AUDIT COMMITTEE MEETING HELD ON 15 JUNE 2016 SATISFIES LEGISLATIVE REQUIREMENTS;***
- 2. ACCEPT THE REPORT PROVIDED BY THE SHIRE AUDITOR MS LEANNE K. OLIVER OF BYFIELDS.***
- 3. RECEIVE THE SHIRE OF DOWERIN ANNUAL REPORT WHICH INCLUDES THE SIGNED FINANCIAL ACCOUNTS FOR THE 2014/2015 FINANCIAL YEAR;***
- 4. PROCEED WITH THE ANNUAL ELECTORS GENERAL MEETING ON THURSDAY 30 JUNE 2016 AT 7.30PM IN THE TOWN HALL; AND***
- 5. DIRECTS THE CEO TO PREPARE A DRAFT SCOPE OF WORKS FOR THE AUDITOR IN COMPLETING THE 2105/16 AUDIT FOR REVIEW BY THE COMMITTEE AT THE NEXT MEETING OF THE AUDIT COMMITTEE ON 3 AUGUST 2016.***

7.2 TERMS OF REFERENCE

Date: 7 June 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments: 5. Draft Terms of Reference for the Shire of Dowerin Audit Committee

Summary

A revised Terms of Reference are presented for the Audit Committee's review and, if acceptable, officers seek a committee recommendation to Council that they adopt these as the Shire of Dowerin Audit Committee Terms of Reference.

Background

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

It is important that Committees of Council have clear and comprehensive terms of reference, setting out the committee's roles and responsibilities and that matters such as the governing legislation, membership, primary roles and responsibilities of the committee and ancillary functions are also addressed.

The Audit Committee for the Shire of Dowerin was established early in 2016 and the Committee held its inaugural meeting on 23 February 2016.

Comment

On 17 May 2017, Jenni Law, Director of Local Government Regulation and Support from the Department of Local Government and Communities presented to the Finance Committee Meeting. At this meeting Ms Law outlined and clarified the role of a Finance Committee and the role of an Audit Committee. Based on Ms Law's recommendations and advice, the Terms of Reference for the Audit Committee have been reviewed by the Finance Manager and CEO and are now presented as a draft for consideration by the Committee – see attached. Should the Committee accept the draft TORs, they will be presented for Council's consideration at the next possible meeting.

Consultation

The Shire has consulted with the Department of Local Government and Communities and with WALGA.

Financial Implications

Nil

Policy Implications

Nil

Statutory Implications

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER’S RECOMMENDATION – ITEM 7.2

COMMITTEE RECOMMENDATION – ITEM 7.2

Moved: Cr A Metcalf

Seconded: Cr D E Metcalf

Carried: 3/0

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT THE REVISED TERMS OF REFERENCE ARE ADOPTED;

THAT THE CEO CONTACTS APPROPRIATELY QUALIFIED INDIVIDUALS FOR CONSIDERATION BY COUNCIL AS A CO-OPTED EXTERNAL MEMBER OF THE AUDIT COMMITTEE;

PRESENT THE REVISED TERMS OF REFERENCE AND RECOMMENDATION FOR AN EXTERNAL MEMBER OF THE AUDIT COMMITTEE FOR COUNCIL CONSIDERATION AT THE JULY COUNCIL MEETING.

8. QUESTIONS FROM MEMBERS

Nil

9. URGENT BUSINESS

Nil

10. DATE OF NEXT MEETING

Date: 3 August 2016 at 3pm

Items for next meeting: External Membership to the Audit Committee; and

Scope of Work for the Auditor in completing the 2015/16 Audit.

11. CLOSURE OF MEETING

The presiding member closed the meeting at 4.25pm.

SHIRE OF DOWERIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

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Principal place of business: 13 Cottrell Street DOWERIN WA 6461	

**SHIRE OF DOWERIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *Tenth* day of June 2016



Andrea Selvey
Chief Executive Officer

SHIRE OF DOWERIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	1,119,722	1,098,214	1,046,403
Operating grants, subsidies and contributions	28	2,314,274	1,887,627	1,175,141
Fees and charges	27	291,050	328,150	256,949
Sewerage charges	23	125,637	125,637	119,609
Interest earnings	2(a)	76,676	83,354	114,821
Other revenue		367,486	94,068	18,948
		<u>4,294,845</u>	<u>3,617,050</u>	<u>2,731,871</u>
Expenses				
Employee costs		(1,365,651)	(1,355,105)	(1,516,147)
Materials and contracts		(1,031,923)	(596,907)	(767,434)
Utility charges		(156,078)	(136,550)	(159,946)
Depreciation on non-current assets	2(a)	(1,180,688)	(1,484,312)	(1,484,305)
Interest expenses	2(a)	(24,927)	(23,567)	(23,696)
Insurance expenses		(141,984)	(149,738)	(113,982)
Other expenditure		(385,766)	(67,650)	(95,398)
		<u>(4,287,017)</u>	<u>(3,813,829)</u>	<u>(4,160,908)</u>
		7,828	(196,779)	(1,429,037)
Non-operating grants, subsidies and contributions	28	747,916	515,136	806,237
Loss on revaluation of fixed assets	2(a)	(110,832)	0	0
Profit on asset disposals	20	5,905	0	0
Loss on asset disposals	20	(1,412)	(23,428)	0
Net result		649,405	294,929	(622,800)
Other comprehensive income				
Changes on revaluation of non-current assets	12	7,409,891	0	4,110,238
Total other comprehensive income		7,409,891	0	4,110,238
Total comprehensive income		8,059,296	294,929	3,487,438

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

SHIRE OF DOWERIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		17,105	38,700	58,971
General purpose funding		3,302,682	2,551,480	1,845,544
Law, order, public safety		29,364	31,180	38,661
Health		263,446	293,872	310,500
Education and welfare		93,081	81,653	28,317
Housing		125,738	131,917	116,201
Community amenities		218,096	218,723	207,095
Recreation and culture		77,755	68,907	62,528
Transport		22,338	182,278	22,138
Economic services		114,065	9,339	34,085
Other property and services		31,175	9,000	7,832
		<u>4,294,845</u>	<u>3,617,049</u>	<u>2,731,872</u>
Expenses	2(a)			
Governance		(603,244)	(328,756)	(367,425)
General purpose funding		(96,596)	(96,960)	(84,364)
Law, order, public safety		(84,666)	(99,050)	(108,568)
Health		(335,929)	(346,773)	(396,275)
Education and welfare		(118,633)	(94,831)	(78,300)
Housing		(170,030)	(177,521)	(201,334)
Community amenities		(316,138)	(301,177)	(335,874)
Recreation and culture		(730,054)	(606,316)	(662,974)
Transport		(1,441,123)	(1,549,681)	(1,574,564)
Economic services		(334,046)	(184,999)	(224,176)
Other property and services		(31,631)	(4,197)	(94,358)
		<u>(4,262,090)</u>	<u>(3,790,261)</u>	<u>(4,128,212)</u>
Finance costs	2(a)			
Recreation and culture		(22,539)	(21,428)	(32,697)
Economic services		(2,388)	(2,139)	0
		<u>(24,927)</u>	<u>(23,567)</u>	<u>(32,697)</u>
Non-operating grants, subsidies and contributions				
Community amenities		41,000	0	0
Recreation and culture		59,893	0	163,634
Transport		647,023	515,136	642,603
	28	<u>747,916</u>	<u>515,136</u>	<u>806,237</u>
Profit/(Loss) on disposal of assets				
General purpose funding		(110,832)	0	0
Transport		4,493	(23,428)	0
	20	<u>(106,339)</u>	<u>(23,428)</u>	<u>0</u>
Net result		<u>649,405</u>	<u>294,929</u>	<u>(622,800)</u>
Other comprehensive income				
Changes on revaluation of non-current assets	12	7,409,891	0	4,110,238
Total other comprehensive income		<u>7,409,891</u>	<u>0</u>	<u>4,110,238</u>
Total comprehensive income		<u>8,059,296</u>	<u>294,929</u>	<u>3,487,438</u>

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

SHIRE OF DOWERIN
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,575,033	2,054,953
Trade and other receivables	4	152,347	149,044
Inventories	5	20,805	22,458
TOTAL CURRENT ASSETS		<u>2,748,185</u>	<u>2,226,455</u>
NON-CURRENT ASSETS			
Other receivables	4	103,137	18,949
Inventories	5	53,666	4,639
Property, plant and equipment	6	16,441,703	9,227,982
Infrastructure	7	24,186,122	23,860,532
TOTAL NON-CURRENT ASSETS		<u>40,784,628</u>	<u>33,112,102</u>
TOTAL ASSETS		<u>43,532,813</u>	<u>35,338,557</u>
CURRENT LIABILITIES			
Trade and other payables	8	287,196	230,697
Current portion of long term borrowings	9	81,822	57,180
Provisions	10	216,320	198,516
TOTAL CURRENT LIABILITIES		<u>585,338</u>	<u>486,393</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	496,483	472,175
Provisions	10	23,224	11,517
TOTAL NON-CURRENT LIABILITIES		<u>519,707</u>	<u>483,692</u>
TOTAL LIABILITIES		<u>1,105,045</u>	<u>970,085</u>
NET ASSETS		<u>42,427,768</u>	<u>34,368,472</u>
EQUITY			
Retained surplus		28,973,770	28,405,157
Reserves - cash backed	11	1,805,192	1,724,400
Revaluation surplus	12	11,648,806	4,238,915
TOTAL EQUITY		<u>42,427,768</u>	<u>34,368,472</u>

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

SHIRE OF DOWERIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		29,139,740	1,612,617	128,677	30,881,034
Comprehensive income		(622,800)	0	0	(622,800)
Net result					
Changes on revaluation of non-current assets	12	0	0	4,110,238	4,110,238
Total comprehensive income		<u>(622,800)</u>	<u>0</u>	<u>4,110,238</u>	<u>3,487,438</u>
Transfers from/(to) reserves		(111,783)	111,783	0	0
Balance as at 30 June 2014		28,405,157	1,724,400	4,238,915	34,368,472
Comprehensive income		649,405	0	0	649,405
Net result					
Changes on revaluation of non-current assets	12	0	0	7,409,891	7,409,891
Total comprehensive income		<u>649,405</u>	<u>0</u>	<u>7,409,891</u>	<u>8,059,296</u>
Transfers from/(to) reserves		(80,792)	80,792	0	0
Balance as at 30 June 2015		28,973,770	1,805,192	11,648,806	42,427,768

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

SHIRE OF DOWERIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,119,126	1,107,387	1,041,501
Operating grants, subsidies and contributions		2,356,677	1,897,211	1,143,036
Fees and charges		291,051	328,150	256,475
Service charges		125,637	125,637	119,609
Interest earnings		76,676	83,354	18,948
Goods and services tax		331,004	7,976	225,059
Other revenue		318,459	94,068	114,821
		<u>4,618,630</u>	<u>3,643,783</u>	<u>2,919,449</u>
Payments				
Employee costs		(1,340,264)	(1,420,968)	(1,264,686)
Materials and contracts		(968,084)	(696,967)	(986,298)
Utility charges		(156,078)	(136,550)	(114,650)
Interest expenses		(24,723)	(23,567)	(23,837)
Insurance expenses		(141,984)	(149,738)	(113,982)
Goods and services tax		(359,028)	0	(215,481)
Other expenditure		(382,678)	(67,650)	(95,538)
		<u>(3,372,839)</u>	<u>(2,495,440)</u>	<u>(2,814,472)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,245,792</u>	<u>1,148,343</u>	<u>104,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(650,938)	(445,625)	(1,080,989)
Payments for construction of infrastructure		(892,810)	(1,529,881)	(865,023)
Advances to community groups		(117,000)	(117,000)	0
Non-operating grants, Subsidies and contributions		747,916	515,136	806,237
Proceeds from sale of fixed assets		127,300	257,300	0
Net cash provided by (used in) investment activities		<u>(785,532)</u>	<u>(1,320,070)</u>	<u>(1,139,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(68,050)	(67,964)	(54,912)
Proceeds from self supporting loans		10,870	10,783	0
Proceeds from new debentures		117,000	117,000	0
Net cash provided by (used in) financing activities		<u>59,820</u>	<u>59,819</u>	<u>(54,912)</u>
Net increase (decrease) in cash held		520,080	(111,908)	(1,089,711)
Cash at beginning of year		2,054,953	2,116,815	3,144,664
Cash and cash equivalents at the end of the year	13(a)	<u>2,575,033</u>	<u>2,004,907</u>	<u>2,054,953</u>

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

**SHIRE OF DOWERIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2015**

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		17,105	38,700	58,971
General purpose funding		2,182,960	1,453,266	799,141
Law, order, public safety		29,364	31,180	38,661
Health		263,446	293,872	310,500
Education and welfare		93,081	81,653	28,317
Housing		125,738	131,917	116,201
Community amenities		259,096	218,723	207,095
Recreation and culture		137,648	68,907	226,162
Transport		675,266	697,414	664,741
Economic services		114,065	9,339	34,085
Other property and services		31,175	9,000	7,832
		<u>3,928,944</u>	<u>3,033,971</u>	<u>2,491,706</u>
Expenses				
Governance		(603,244)	(328,756)	(367,425)
General purpose funding		(207,428)	(96,960)	(84,364)
Law, order, public safety		(84,666)	(99,050)	(108,568)
Health		(335,929)	(346,773)	(396,275)
Education and welfare		(118,633)	(94,831)	(78,300)
Housing		(170,030)	(177,522)	(201,334)
Community amenities		(316,138)	(301,177)	(335,874)
Recreation and culture		(752,593)	(627,744)	(695,671)
Transport		(1,442,535)	(1,573,109)	(1,574,564)
Economic services		(336,434)	(187,138)	(224,176)
Other property and services		(31,631)	(4,197)	(94,358)
		<u>(4,399,261)</u>	<u>(3,837,257)</u>	<u>(4,160,909)</u>
Net result excluding rates		(470,317)	(803,286)	(1,669,203)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	106,339	23,428	0
Movement in deferred pensioner rates (non-current)		(330)	0	4,201
Movement in employee benefit provisions (non-current)		11,707	0	15,325
Movement in Accrued Salaries & Wages		0	0	3,276
Movement in Accrued Interest		0	0	(142)
Movement in Local Govt House Equity		(49,027)	0	0
Movement in LSL Reserve		24,618	0	0
Depreciation and amortisation on assets	2(a)	1,180,688	1,484,312	1,484,305
Capital Expenditure and Revenue				
Purchase of land and buildings	6(b)	(151,658)	0	(1,044,080)
Purchase furniture & equipment	6(b)	(75,538)	(64,865)	0
Purchase vehicles & plant	6(b)	(423,742)	(380,760)	(36,909)
Purchase infrastructure - roads	7(b)	(892,810)	(1,014,881)	(787,513)
Purchase infrastructure - parks & ovals		0	(515,000)	(69,832)
Purchase infrastructure - signs		0	0	(7,678)
Advances to community groups		(117,000)	(117,000)	0
Proceeds from disposal of fixed assets	20	127,300	257,300	0
Repayment of debentures	21(a)	(68,050)	(67,964)	(54,912)
Proceeds from new debentures	21(a)	117,000	117,000	0
Proceeds from self supporting loans		10,870	10,783	0
Transfers to reserves (restricted assets)	11	(80,792)	(344,969)	(292,044)
Transfers from reserves (restricted assets)	11	0	64,460	180,261
ADD	Estimated surplus/(deficit) July 1 b/fwd	203,649	253,228	1,460,978
LESS	Estimated surplus/(deficit) June 30 c/fwd	<u>572,629</u>	<u>0</u>	<u>232,436</u>
	Total amount raised from general rate	22(a)	(1,119,722)	(1,098,214)
			(1,098,214)	(1,046,403)

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical accounting estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that 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 local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) 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.

(c) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

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 sale

Land held for development and sale 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. Finance 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 on to the buyer at this point.

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

(f) 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.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
- (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;

and

- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

The Shire will revalue the remaining infrastructure assets in the year ending June 2017

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

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

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

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

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

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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.

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

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.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(i) Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at 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.

(l) 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.

(m) Provisions

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

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

(n) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(q) 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.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) 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 statement, 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.

(u) 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.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods

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

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil – The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures.
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn. It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(x) Adoption of New and Revised Accounting Standards

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

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Significant expense		
Misappropriation of Shire Funds		
Governance	231,870	80,015
- This relates to Shire funds misappropriated by the former CEO Mr Dacre Alcock		
Governance	51,902	0
- This relates to mistated Trust funds in prior years		
Loss on Revaluation of Fixed Assets		
General purpose funding	110,832	0
- This relates to the Loss on Disposal of Land & Building Assets as a result of Revaluation		
Auditors remuneration		
- Audit of the annual financial report	15,900	16,555
Depreciation		
Non-specialised buildings	220,670	197,511
Specialised buildings	0	0
Furniture & Equipment	28,912	36,389
Vehicles & Plant	354,711	381,851
Tools & Equipment	9,177	14,659
Infrastructure - Roads	434,084	718,262
Infrastructure - Footpaths	12,465	18,953
Infrastructure - Drainage	15,541	15,541
Infrastructure - Parks & Ovals	70,494	67,014
Infrastructure - Signs	15,497	14,987
Infrastructure - Street Lighting	6,136	6,136
Infrastructure - Sewerage	13,002	13,002
	1,180,688	1,484,305
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	24,927	23,696
	24,927	23,696
(ii) Crediting as revenue:		
Significant revenue		
Equity in Local Government House	49,027	0
Other revenue		
Reimbursements and recoveries	299,337	0
Significant revenue (refer above)	49,027	0
Other	19,122	18,948
	367,486	18,948

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

	2015 Actual \$	2015 Budget \$	2014 Actual \$
Interest earnings			
- Self supporting loans	1,901	0	0
- Reserve funds	61,313	60,354	70,460
- Other funds	6,865	19,500	34,678
Other interest revenue (refer note 26)	6,597	3,500	9,683
	<u>76,676</u>	<u>83,354</u>	<u>114,821</u>

(b) Statement of Objective

The Shire of Dowerin is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Administration and operation of facilities and services to elected members of Council. Other costs that relate to the corporate management of Council which do not concern other specific Council services.

GENERAL PURPOSE FUNDING

Rates including income and expenses relating to the imposition of rates.

General purpose government grants and interest earnings.

LAW, ORDER, PUBLIC SAFETY

Supervision and enactment of various Local Laws, fire prevention, animal control and community crime prevention.

HEALTH

Environmental health services including food quality, pest control, inspection of buildings and food premises. Home and community care services and meals on wheels services.

EDUCATION AND WELFARE

Care for the aged, community nursing.

Maintenance costs Community Resource Centre.

HOUSING

Maintenance of staff and other rental housing including Community Housing Project units operated by joint venture with Homeswest.

COMMUNITY AMENITIES

Rubbish collection & recycling services, operation of disposal sites, administration and operation of the Dowerin townsite sewerage scheme, administration of the town planning scheme, operation of Dowerin and Minnivale public cemeteries, maintenance to public toilets, Dowerin community bus.

RECREATION AND CULTURE

Maintenance of various halls and sports pavilions, parks and gardens, sports playing surface areas and reserves (including football oval, hockey oval, grassed tennis courts, bowling greens and golf course). Contribution to the operation of the public library

TRANSPORT

Construction and maintenance of streets, roads, footpaths, drainage, signs. Maintenance of street trees. Lighting of streets. Maintenance of works depot. Purchase of road plant.

ECONOMIC SERVICES

Regulation of tourism, area promotion, building control, saleyards, noxious weeds, vermin. Assistance with administration and infrastructure of Dowerin Field Days.

OTHER PROPERTY & SERVICES

Private Works. Plant repairs and operation. Engineering and Administration overheads. Material stocks.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening		Received (2)		Expended (3)		Closing		Expended (3)		Received (2)		Expended (3)		Closing	
		Balance (1)		2013/14		2013/14		30/06/14		2014/15		2014/15		2014/15		30/06/15	
		\$		\$		\$		\$		\$		\$		\$		\$	
Grant/Contribution	Function/ Activity																
Community Safety Grant	Law, Order		24,150		0		(24,150)		0		0		0		0		0
R4R - Heritage Rail	Economic Services		1,250,000		0		(702,153)		547,847		0		(140,057)		407,790		407,790
WDC - Age Friendly Communities	Community Amenities		0		0		0		0		41,000		0		41,000		41,000
LotteryWest - Gym Funding	Recreation & Culture		0		0		0		0		29,893		(29,893)		0		0
Suicide Prevention	Recreation & Culture		0		0		0		0		1,850		0		1,850		1,850
Womens Program 2015	Recreation & Culture		0		0		0		0		3,170		0		3,170		3,170
Total			1,274,150		0		(726,303)		547,847		75,913		(169,950)		453,810		453,810

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		316,031	(217,294)
Restricted		2,259,002	2,272,247
		<u>2,575,033</u>	<u>2,054,953</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	11	155,425	130,806
Plant Reserve	11	150,291	250,893
Sewerage Reserve	11	851,521	768,244
Land & Building Reserve	11	19,966	19,285
Recreation Facilities Reserve	11	173,751	167,826
Chp Units Reserve	11	44,474	35,356
Community Bus Reserve	11	39,214	33,714
Economic Reserve	11	312,977	302,276
All Hours Gym Reserve	11	5,000	0
Bowling Green Reserve	11	40,358	10,000
Tennis Court Reserve	11	12,215	6,000
Unspent grants	2(c)	453,810	547,847
		<u>2,259,002</u>	<u>2,272,247</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates outstanding		25,969	25,703
Sundry debtors		35,577	75,230
GST receivable		46,797	18,834
Loans - clubs/institutions		22,272	0
Sewerage Rates Outstanding		12,687	15,438
Rubbish Rates Outstanding		7,540	11,084
Emergency Services Levy		1,505	2,755
		<u>152,347</u>	<u>149,044</u>
Non-current			
Rates outstanding - pensioners		19,279	18,949
Loans - clubs/institutions		83,858	0
		<u>103,137</u>	<u>18,949</u>
5. INVENTORIES			
Current			
Fuel and materials		20,805	22,458
		<u>20,805</u>	<u>22,458</u>
Non-current			
Land held for resale - cost		53,666	4,639
Equity In Local Government House		53,666	4,639

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Freehold land at:		
- Independent valuation 2015 - level 2	963,000	460,183
	<u>963,000</u>	<u>460,183</u>
	<u>963,000</u>	<u>460,183</u>
Non-specialised buildings at:		
- Management valuation 2015 - level 2	13,569,539	8,442,163
- Additions after valuation - cost	151,658	0
Less: accumulated depreciation	0	(1,448,197)
	<u>13,721,197</u>	<u>6,993,966</u>
	<u>13,721,197</u>	<u>6,993,966</u>
Total land and buildings	<u>14,684,197</u>	<u>7,454,149</u>
Furniture & Equipment At:		
- Management valuation 2013 - level 3	716,968	716,968
- Additions after valuation - cost	75,538	0
Less accumulated depreciation	(379,240)	(350,328)
	<u>413,266</u>	<u>366,640</u>
Vehicles & Plant At:		
- Management valuation 2013 - level 3	2,537,491	2,888,932
- Additions after valuation - cost	423,742	0
Less accumulated depreciation	(1,641,614)	(1,515,537)
	<u>1,319,619</u>	<u>1,373,395</u>
Tools & Equipment At:		
- Management valuation 2013 - level 3	152,189	152,189
Less accumulated amortisation	(127,568)	(118,391)
	<u>24,621</u>	<u>33,798</u>
	<u>16,441,703</u>	<u>9,227,982</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Freehold land	460,183	0	(48,000)	550,817	0	0	0	963,000
Total land	460,183	0	(48,000)	550,817	0	0	0	963,000
Non-specialised buildings	6,993,966	151,658	(62,832)	6,859,074	0	(220,670)	0	13,721,197
Total buildings	6,993,966	151,658	(62,832)	6,859,074	0	(220,670)	0	13,721,197
Total land and buildings	7,454,149	151,658	(110,832)	7,409,891	0	(220,670)	0	14,684,197
Furniture & Equipment	366,640	75,538	0	0	0	(28,912)	0	413,266
Vehicles & Plant	1,373,395	423,742	(122,807)	0	0	(354,711)	0	1,319,619
Tools & Equipment	33,798	0	0	0	0	(9,177)	0	24,621
Total property, plant and equipment	9,227,982	650,938	(233,639)	7,409,891	0	(613,469)	0	16,441,703

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2 / 3	Market approach using recent observable market data for similar properties	Independent	June 2015	Price per hectare/market borrowing rate
Non-specialised buildings	2 / 3	Market approach using recent observable market data for similar properties	Independent	June 2015	Improvements to land using construction costs and current condition (Level2) , residual values and remaining useful life assessments (Level 3) inputs.
Furniture & Equipment					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values
Vehicles & Plant					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values
Tools & Equipment					
	3	Market approach where possible otherwise cost	Management	June 2013	Purchase costs and current condition (Level 2), residual values Purchase costs and current condition (Level 2), residual values

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.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2014 - level 3	21,482,165	21,482,165
- Additions after valuation - cost	892,810	0
Less accumulated depreciation	(434,085)	0
	<u>21,940,890</u>	<u>21,482,165</u>
Infrastructure - Footpaths		
- Management valuation 2014 - level 3	371,239	371,239
Less accumulated depreciation	(12,465)	0
	<u>358,774</u>	<u>371,239</u>
Infrastructure - Drainage		
- Cost	518,045	518,045
Less accumulated depreciation	(459,980)	(444,439)
	<u>58,065</u>	<u>73,606</u>
Infrastructure - Parks & Ovals		
- Cost	1,830,838	1,830,838
Less accumulated depreciation	(370,335)	(299,841)
	<u>1,460,503</u>	<u>1,530,997</u>
Infrastructure - Signs		
- Cost	195,010	195,010
Less accumulated depreciation	(153,083)	(137,586)
	<u>41,927</u>	<u>57,424</u>
Infrastructure - Street Lighting		
- Cost	122,714	122,714
Less accumulated depreciation	(82,329)	(76,193)
	<u>40,385</u>	<u>46,521</u>
Infrastructure - Sewerage		
- Cost	520,088	520,088
Less accumulated depreciation	(234,510)	(221,508)
	<u>285,578</u>	<u>298,580</u>
	<u><u>24,186,122</u></u>	<u><u>23,860,532</u></u>

The fair value of roads and footpaths are determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires infrastructure to be shown at fair value.

The remaining infrastructure assets are disclosed at cost and will be revalued by 30 June 2017 to ensure compliance with the Local Government (Financial Management) Regulation 17A (2).

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	21,482,165	892,810	0	0	0	(434,084)	0	21,940,890
Infrastructure - Footpaths	371,239	0	0	0	0	(12,465)	0	358,774
Infrastructure - Drainage	73,606	0	0	0	0	(15,541)	0	58,065
Infrastructure - Parks & Ovals	1,530,997	0	0	0	0	(70,494)	0	1,460,503
Infrastructure - Signs	57,424	0	0	0	0	(15,497)	0	41,927
Infrastructure - Street Lighting	46,521	0	0	0	0	(6,136)	0	40,385
Infrastructure - Sewerage	298,580	0	0	0	0	(13,002)	0	285,578
Total infrastructure	23,860,532	892,810	0	0	0	(567,219)	0	24,186,123

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual value and remaining useful life assessments level 3 inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2014	Construction costs and current condition (Level 2), residual value and remaining useful life assessments level 3 inputs
Infrastructure - Drainage		These assets have not been revalued			
Infrastructure - Parks & Ovals		These assets have not been revalued			
Infrastructure - Signs		These assets have not been revalued			
Infrastructure - Street Lighting		These assets have not been revalued			
Infrastructure - Sewerage		These assets have not been revalued			

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 DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	77,982	105,245
Accrued interest on debentures	1,565	1,361
Accrued salaries and wages	28,325	27,426
ATO liabilities	4,405	9,428
Excess Rates	76,737	78,504
Other Payables	98,182	5,253
Payroll Creditors	0	3,480
	<u>287,196</u>	<u>230,697</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	<u>81,822</u>	<u>57,180</u>
	<u>81,822</u>	<u>57,180</u>
Non-current		
Secured by floating charge		
Debentures	<u>496,483</u>	<u>472,175</u>
	<u>496,483</u>	<u>472,175</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	90,805	107,711	198,516
Non-current provisions	<u>0</u>	<u>11,517</u>	<u>11,517</u>
	90,805	119,228	210,033
Additional provision	88,786	38,574	127,360
Amounts used	<u>(79,147)</u>	<u>(18,702)</u>	<u>(97,849)</u>
Balance at 30 June 2015	<u>100,444</u>	<u>139,100</u>	<u>239,544</u>
Comprises			
Current	100,444	115,876	216,320
Non-current	<u>0</u>	<u>23,224</u>	<u>23,224</u>
	<u>100,444</u>	<u>139,100</u>	<u>239,544</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening balance	130,806	130,806	105,640
Amount set aside / transfer to reserve	24,619	14,578	25,166
Amount used / transfer from reserve	0	0	0
	<u>155,425</u>	<u>145,384</u>	<u>130,806</u>
(b) Plant Reserve			
Opening balance	250,893	250,893	101,617
Amount set aside / transfer to reserve	(100,602)	8,781	149,276
Amount used / transfer from reserve	0	(64,460)	0
	<u>150,291</u>	<u>195,214</u>	<u>250,893</u>
(c) Sewerage Reserve			
Opening balance	768,244	768,244	701,814
Amount set aside / transfer to reserve	83,277	94,034	66,430
Amount used / transfer from reserve	0	0	0
	<u>851,521</u>	<u>862,278</u>	<u>768,244</u>
(d) Land & Building Reserve			
Opening balance	19,285	19,285	16,797
Amount set aside / transfer to reserve	681	675	2,488
Amount used / transfer from reserve	0	0	0
	<u>19,966</u>	<u>19,960</u>	<u>19,285</u>
(e) Recreation Facilities Reserve			
Opening balance	167,826	167,826	156,623
Amount set aside / transfer to reserve	5,925	33,874	11,203
Amount used / transfer from reserve	0	0	0
	<u>173,751</u>	<u>201,700</u>	<u>167,826</u>
(f) Chp Units Reserve			
Opening balance	35,356	35,356	34,150
Amount set aside / transfer to reserve	9,118	9,456	1,467
Amount used / transfer from reserve	0	0	(261)
	<u>44,474</u>	<u>44,812</u>	<u>35,356</u>
(g) Community Bus Reserve			
Opening balance	33,714	33,714	28,630
Amount set aside / transfer to reserve	5,500	5,180	5,084
Amount used / transfer from reserve	0	0	0
	<u>39,214</u>	<u>38,894</u>	<u>33,714</u>
(h) Economic Reserve			
Opening balance	302,276	302,276	467,346
Amount set aside / transfer to reserve	10,701	161,831	14,930
Amount used / transfer from reserve	0	0	(180,000)
	<u>312,977</u>	<u>464,107</u>	<u>302,276</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED (CONTINUED)			
(i) All Hours Gym Reserve			
Opening balance	0	0	0
Amount set aside / transfer to reserve	5,000	0	0
Amount used / transfer from reserve	0	0	0
	<u>5,000</u>	<u>0</u>	<u>0</u>
(j) Bowling Green Reserve			
Opening balance	10,000	10,000	0
Amount set aside / transfer to reserve	30,358	10,350	10,000
Amount used / transfer from reserve	0	0	0
	<u>40,358</u>	<u>20,350</u>	<u>10,000</u>
(k) Tennis Court Reserve			
Opening balance	6,000	6,000	0
Amount set aside / transfer to reserve	6,215	6,210	6,000
Amount used / transfer from reserve	0	0	0
	<u>12,215</u>	<u>12,210</u>	<u>6,000</u>
TOTAL RESERVES	<u>1,805,192</u>	<u>2,004,909</u>	<u>1,724,400</u>
SUMMARY			
Total Opening balance	1,724,400	1,724,400	1,612,617
Total Amount set aside / transfer to reserve	80,792	344,969	292,044
Total Amount used / transfer from reserve	0	(64,460)	(180,261)
TOTAL RESERVES	<u>1,805,192</u>	<u>2,004,909</u>	<u>1,724,400</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

11. RESERVES - CASH BACKED (CONTINUED)

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

- (a) Leave Reserve
 - to be used to fund annual and long service leave requirements
- (b) Plant Reserve
 - to be used to fund the purchase of future plant acquisitions and major repairs.
- (c) Sewerage Reserve
 - to be used to preserve sewerage assets
- (d) Land & Building Reserve
 - for future purchase and development of Council land & building assets.
- (e) Recreation Facilities Reserve
 - to be used for the proposed construction of multi purpose sports centre.
- (f) Chp Units Reserve
 - to be used for contribution to joint venture aged units project and singles accommodation.
- (g) Community Bus Reserve
 - to be used for part funding of the replacement of the community bus.
- (h) Economic Reserve
 - to provide for future funding for development opportunities in the community.
- (i) All Hours Gym Reserve
 - to be used for the replacement of the gym equipment
- (j) Bowling Green Reserve
 - to be used for the replacement of the bowling greens
- (k) Tennis Court Reserve
 - to be used for the replacement of the tennis courts

The leave and plant reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

12. REVALUATION SURPLUS

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land

Opening balance	0	0
Revaluation increment	550,817	0
Revaluation decrement	0	0
	<u>550,817</u>	<u>0</u>

(b) Buildings

Opening balance	0	0
Revaluation increment	6,859,074	0
Revaluation decrement	0	0
	<u>6,859,074</u>	<u>0</u>

(c) Plant and Equipment

Opening balance	128,678	128,678
Revaluation increment	0	0
Revaluation decrement	0	0
	<u>128,678</u>	<u>128,678</u>

(d) Roads

Opening balance	3,995,438	0
Revaluation increment	0	3,995,438
Revaluation decrement	0	0
	<u>3,995,438</u>	<u>3,995,438</u>

(e) Infrastructure - Footpaths

Opening balance	114,799	0
Revaluation increment	0	114,799
Revaluation decrement	0	0
	<u>114,799</u>	<u>114,799</u>

TOTAL ASSET REVALUATION SURPLUS

<u>11,648,806</u>	<u>4,238,915</u>
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SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

13. 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:

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>2,575,033</u>	<u>2,004,907</u>	<u>2,054,953</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	649,405	294,929	(622,800)
Non-cash flows in Net result:			
Depreciation	1,180,688	1,484,312	1,484,305
(Profit)/Loss on sale of asset	(4,493)	23,428	0
Loss on revaluation of fixed assets	110,832	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	18,639	(26,534)	(27,903)
(Increase)/Decrease in inventories	(47,374)	0	254
Increase/(Decrease) in payables	56,499	(98,075)	51,552
Increase/(Decrease) in provisions	29,511	(14,581)	25,805
Grants contributions for the development of assets	<u>(747,916)</u>	<u>(515,136)</u>	<u>(806,237)</u>
Net cash from operating activities	<u>1,245,791</u>	<u>1,148,343</u>	<u>104,976</u>
(c) Undrawn Borrowing Facilities			
	2015 \$		2014 \$
Credit Standby Arrangements			
Bank overdraft limit	60,000		60,000
Bank overdraft at balance date	0		0
Credit card limit	16,000		16,000
Credit card balance at balance date	<u>(5,967)</u>		<u>(4,791)</u>
Total amount of credit unused	<u>70,033</u>		<u>71,209</u>
Loan facilities			
Loan facilities - current	81,822		57,180
Loan facilities - non-current	<u>496,483</u>		<u>472,175</u>
Total facilities in use at balance date	<u>578,305</u>		<u>529,355</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

**SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015**

14. CONTINGENT LIABILITIES

The Shire is unaware of any Contingent Liabilities as at the reporting date.

15. CAPITAL AND LEASING COMMITMENTS

The Shire did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

16. SUBSEQUENT EVENTS

The misappropriation of funds by the former CEO Mr Dacre Alcock extends to the 2015/2016 financial year. An estimated sum of \$145,802 was misappropriated in that year.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	49,861	73,324
General purpose funding	2,566,627	4,828,660
Law, order, public safety	324,783	372,590
Health	17,259	31,250
Education and welfare	635,589	89,428
Housing	3,730,199	1,596,541
Community amenities	1,500,025	578,793
Recreation and culture	7,249,061	4,941,460
Transport	23,199,836	22,632,033
Economic services	1,641,897	5,997
Other property and services	2,460,873	33,657
Unallocated	156,803	154,824
	<u>43,532,813</u>	<u>35,338,557</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	2.19	1.41	1.55
Asset sustainability ratio	1.20	1.31	3.07
Debt service cover ratio	11.91	1.00	32.36
Operating surplus ratio	(0.05)	(0.92)	0.74
Own source revenue coverage ratio	0.45	0.37	0.39

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 58 of this document.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

19. TRUST FUNDS

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

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
HACC - Vehicle Sale	2,025	0	0	2,025
Housing Rental Bonds	4,900	0	0	4,900
Key Deposits	610	0	0	610
Nomination Deposits	400	0	(400)	0
Tidy Towns Prize	2,818	0	0	2,818
Rec Steering Committee	27,504	13,335	(17,479)	23,360
Builders Bonds	5,000	5,000	0	10,000
Yellow Ribbon	247	0	0	247
Dowerin Childcare	(295)	295	0	0
HACC - Fundraising	2,265	244	0	2,509
Centenary Park	2,111	0	0	2,111
AROC Funds	64,198	104,669	(67,324)	101,543
	<u>111,783</u>			<u>150,123</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding						
<i>Fair Value adjustments</i>						
Asset 2012-005 - Cottrell St	22,420	0	0	0	(22,420)	0
Asset 06001 - HACC Air Con	3,816	0	0	0	(3,816)	0
Asset 05012 - Display Buildings	17,371	0	0	0	(17,371)	0
Asset 093 - Res 10647	20,000	0	0	0	(20,000)	0
Asset 090 - Res 04012	3,000	0	0	0	(3,000)	0
Asset 087 - Res 10614	25,000	0	0	0	(25,000)	0
Asset 072 - Res 10744	8,600	0	0	0	(8,600)	0
Asset 071 - Old Fire Shed	3,800	0	0	0	(3,800)	0
Asset 067 - Garage 5 O'Loghlen S	2,325	0	0	0	(2,325)	0
Asset 027 - Old Toilet Block	4,500	0	0	0	(4,500)	0
Housing						
Dowerin Bowling Club House	0	130,000	0	130,000	0	0
Transport						
Asset 8002 Mitsubishi Truck	65,062	75,364	63,650	63,650	(1,412)	(11,714)
Asset 8003 Mitsubishi Truck	57,745	75,364	63,650	63,650	5,905	(11,714)
	<u>233,639</u>	<u>280,728</u>	<u>127,300</u>	<u>257,300</u>	<u>(106,339)</u>	<u>(23,428)</u>

Profit	5,905	0
Loss	(112,244)	(23,428)
	<u>(106,339)</u>	<u>(23,428)</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture								
Dowerin Community Club	97	529,355	0	57,181	472,174	472,174	22,539	21,428
Economic services								
*Dowerin Events Management	98	0	117,000	10,870	106,130	106,217	2,388	2,139
		529,355	117,000	68,050	578,305	578,391	24,927	23,567

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
*Dowerin Events Management	117,000	117,000	WATC	Debenture	5	128,039	3.25%	117,000	117,000	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council has established an overdraft with the National Australia Bank of \$60,000 to assist with short term liquidity requirements. The balance of the overdraft at 1 July 2014 and 30 June 2015 was Nil.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

GENERAL RATE TYPE		Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Gross rental value valuations												
Residential		9.4917	135	1,143,584	108,546	0	0	108,546	108,546	0	0	108,546
Commercial/Industrial		9.4917	19	355,540	33,747	0	0	33,747	33,747	0	0	33,747
Town Rural		9.4917	10	87,048	8,262	0	0	8,262	8,262	0	0	8,262
Other Towns		9.4917	1	2,130	202	0	0	202	202	0	0	202
Unimproved value valuations												
Rural Farmland		0.8513	250	101,054,500	862,729	0	0	862,729	860,277	0	0	860,277
Sub-Totals			415	102,642,802	1,013,486	0	0	1,013,486	1,011,034	0	0	1,011,034
Minimum payment		Minimum \$										
Gross rental value valuations												
Residential		630	47	217,020	29,610	0	0	29,610	29,610	0	0	29,610
Commercial/Industrial		630	15	55,169	9,450	0	0	9,450	9,450	0	0	9,450
Town Rural		630	17	42,102	10,710	0	0	10,710	10,710	0	0	10,710
Other Towns		120	18	5,529	2,160	0	0	2,160	2,160	0	0	2,160
Unimproved value valuations												
Rural Farmland		630	47	2,400,900	29,610	0	0	29,610	30,240	0	0	30,240
Commercial/Industrial		630	4	400	2,520	0	0	2,520	2,520	0	0	2,520
Town Rural		630	3	73,000	1,890	0	0	1,890	1,890	0	0	1,890
Mining Tenement		120	6	10,885	720	0	0	720	600	0	0	600
Sub-Totals			157	2,805,005	86,670	0	0	86,670	87,180	0	0	87,180
Ex-gratia rates												
Discounts/concessions (refer note 25)												
Total amount raised from general rate								19,567				0
Specified Area Rate (refer note 22)												
Totals								1,119,722				1,098,214
								0				0
								1,119,722				1,098,214

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>572,629</u>	<u>203,649</u>	<u>232,436</u>
<u>Comprises:</u>			
<i>Cash and cash equivalents</i>			
Unrestricted	769,841	330,553	330,553
Restricted	1,805,192	1,724,400	1,724,400
<i>Receivables</i>			
Rates outstanding	25,969	25,703	25,703
Sundry debtors	35,577	75,230	75,230
GST receivable	46,797	18,834	18,834
Loans - clubs/institutions	22,272	0	0
Sewerage Rates Outstanding	12,687	15,438	15,438
Rubbish Rates Outstanding	7,540	11,084	11,084
Emergency Services Levy	1,505	2,755	2,755
<i>Inventories</i>			
Fuel and materials	20,805	22,458	22,458
<u>Less:</u>			
<i>Trade and other payables</i>			
Sundry creditors	(77,982)	(105,245)	(105,245)
Accrued interest on debentures	(1,565)	(1,361)	
Accrued salaries and wages	(28,325)	(27,426)	
ATO liabilities	(4,405)	(9,428)	(9,428)
Excess Rates	(76,737)	(78,504)	(78,504)
Other Payables	(98,182)	(5,253)	(5,253)
Payroll Creditors	0	(3,480)	(3,480)
<i>Current portion of long term borrowings</i>			
Secured by floating charge	(81,822)	(57,180)	0
<i>Provisions</i>			
Provision for annual leave	(100,444)	(90,805)	(90,805)
Provision for long service leave	(115,876)	(107,711)	(107,711)
Net current assets	<u>2,162,847</u>	<u>1,740,062</u>	<u>1,826,029</u>
<u>Less:</u>			
Reserves - restricted cash	(1,805,192)	(1,724,400)	(1,724,400)
Loans - Clubs/Institutions	(22,272)	0	0
<u>Add:</u>			
Secured by floating charge	81,822	57,180	0
Liabilities supported by Reserve	155,425	130,807	130,807
Surplus/(deficit)	<u>572,629</u>	<u>203,649</u>	<u>232,436</u>

Difference

There was a difference of \$ 28,787 between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report, due to the inclusion of Accrued Interest and Salaries and Wages.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

22. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

23. SEWERAGE CHARGES - 2014/15 FINANCIAL YEAR

	Rate in \$	Number of Properties	Rateable Value \$	Revenue \$	Budget Rate Revenue	Applied to Costs \$	Budget Applied to Costs
Gross Rental Value					\$		\$
Residential	6.1740	168	1,387,880	85,687	85,687	85,687	85,687
Commercial/Industrial	6.1740	12	286,616	17,696	17,696	17,696	17,696
Minimum payment							
Residential	320	9	14,040	2,880	2,880	2,880	2,880
Commercial/Industrial	660	11	70,428	7,260	7,260	7,260	7,260
Vacant Land	320	5	5,460	1,600	1,600	1,600	1,600
Government	660	2	0	1,320	1,320	1,320	1,320
Total Rates		207	1,764,424	116,443	116,443	116,443	116,443
Fixtures							
1st Fixture	211	14	0	2954	2954	2954	2954
Other Fixtures	96	65	0	6240	6240	6240	6240
Total Fixtures		79	0	9,194	9,194	9,194	9,194
Total Sewerage Rates and Charges		286	1,764,424	125,637	125,637	125,637	125,637

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2014/15 FINANCIAL YEAR**

No discount on rates is available

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00%		3,108	2,000
Interest on instalments plan	5.50%		3,489	1,500
Charges on instalment plan		4	603	800
			7,200	4,300

Ratepayers had the option of paying rates in:

1. - full, due on 2nd September 2014, or
2. - two equal instalments, due on 2nd September 2014 and 6th March 2015, or
3. - four equal instalments, due on 2nd September 2014, 4th November 2014, 6th January 2015 and 6th March 2015.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

	2015	2014
	\$	\$
27. FEES & CHARGES		
Governance	0	636
General purpose funding	3,061	3,972
Law, order, public safety	5,927	3,214
Health	17,447	25,991
Education and welfare	1,560	1,560
Housing	125,211	112,159
Community amenities	91,278	85,313
Recreation and culture	30,737	16,960
Transport	540	530
Economic services	9,454	6,043
Other property and services	5,835	571
	<u>291,050</u>	<u>256,949</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

28. GRANT REVENUE

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

	2015	2014
	\$	\$
By Nature or Type:		
Operating grants, subsidies and contributions	2,314,274	1,175,141
Non-operating grants, subsidies and contributions	747,916	806,237
	<u>3,062,190</u>	<u>1,981,378</u>
By Program:		
Governance	0	58,335
General purpose funding	2,051,614	680,348
Law, order, public safety	23,437	35,448
Health	234,319	284,509
Education and welfare	0	26,756
Housing	0	4,042
Community amenities	41,000	2,172
Recreation and culture	64,913	209,202
Transport	647,023	645,263
Economic services	-116	28,042
Other property and services	0	7,261
	<u>3,062,190</u>	<u>1,981,378</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

29. EMPLOYEE NUMBERS

	2015	2014
The number of full-time equivalent employees at balance date	<u>23</u>	<u>21</u>

30. ELECTED MEMBERS REMUNERATION

	2015 \$	2015 Budget \$	2014 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	15,335	18,540	16,679
President's allowance	3,000	3,000	2,500
Deputy President's allowance	750	750	750
Travelling expenses	0	0	0
Telecommunications allowance	0	1,800	0
	<u>19,085</u>	<u>24,090</u>	<u>19,929</u>

31. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2014/15.

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2014/15 financial year.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,575,033	2,054,953	2,575,033	2,054,953
Receivables	255,484	167,993	255,484	167,993
	<u>2,830,517</u>	<u>2,222,946</u>	<u>2,830,517</u>	<u>2,222,946</u>
Financial liabilities				
Payables	287,196	230,697	287,196	230,697
Borrowings	578,305	529,355	611,298	565,787
	<u>865,501</u>	<u>760,052</u>	<u>898,494</u>	<u>796,484</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2015	2014
	\$	\$
Impact of a 1% (1) movement in interest rates on cash		
- Equity	25,750	20,550
- Statement of Comprehensive Income	25,750	20,550

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

The profile of the Shire's credit risk at balance date was:

	2015	2014
Percentage of rates and annual charges		
- Current	0%	28%
- Overdue	100%	72%
Percentage of other receivables		
- Current	85%	95%
- Overdue	15%	5%

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

2015

Payables	287,196	0	0	287,196	287,196
Borrowings	103,794	402,406	156,505	662,705	578,305
	<u>390,990</u>	<u>402,406</u>	<u>156,505</u>	<u>949,901</u>	<u>865,501</u>

2014

Payables	230,697	0	0	230,697	230,697
Borrowings	78,252	313,010	234,757	626,019	529,355
	<u>308,949</u>	<u>313,010</u>	<u>234,757</u>	<u>856,716</u>	<u>760,052</u>

SHIRE OF DOWERIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2015

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
Year ended 30 June 2015								

Borrowings

Fixed rate								
Debentures	0	0	0	0	106,130	472,175	578,305	3.94%
Weighted average Effective interest rate	0	0	0	0	3.25%	4.09%		

Year ended 30 June 2014

Borrowings

Fixed rate								
Debentures	0	0	0	0	0	529,355	529,355	4.09%
Weighted average Effective interest rate	0	0	0	0	0	4.09%		

Audit Report

**SHIRE OF DOWERIN
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2015**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2015	2014	2013
Asset consumption ratio	0.91	0.73	N/A
Asset renewal funding ratio	N/A	N/A	N/A

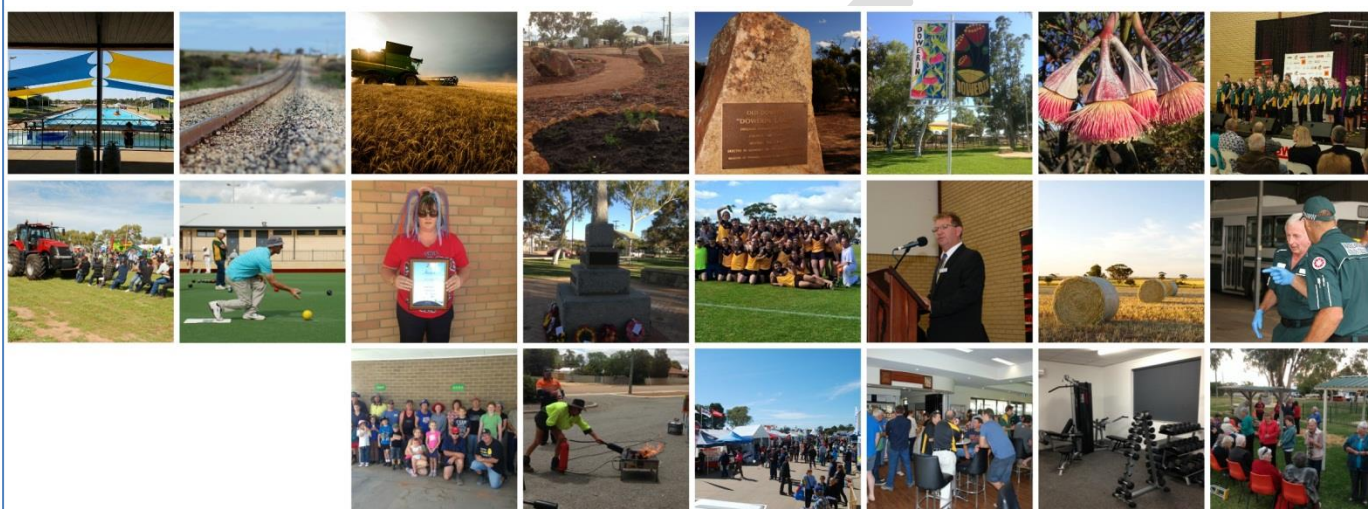
The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

The Shire is unable to produce the Asset renewal funding ratio.

ANNUAL REPORT

2014 -2015



Shire of Dowerin
13 Cottrell Street
Dowerin WA 6461

www.dowerin.wa.gov.au



Annual Report 2014-2015

Our Vision is to be...

A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.

Contact Us

Shire of Dowerin

13 Cottrell Street (PO Box 111)

DOWERIN WA 6461

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www.dowerin.wa.gov.au

Office Hours: 8.30 – 4.00PM

Who is this report for?

We have designed this report for a broad audience that reflects the great diversity of our constituents, including residents, our ratepayers, local businesses, interested stakeholders, government agencies and departments.

As part of our environmental commitment to reducing paper use, we encourage you to read this report online at www.dowerin.wa.gov.au

If you prefer a printed version, copies are available for review at the Shire Administration Office or Dowerin CRC. Alternatively, please contact Council via phone or email.

Feedback

We are committed to improving our annual reporting and would welcome your feedback.



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Dowerin - our community, our place

Suburbs & Localities

Dowerin is home to approximately 678 people who reside in the 367 private dwellings based within the townsite and rural surrounds including the localities of Amery, Ejanding, Kooberkine, Minnivale, Manmanning and Ucarty.

Attractions

Dowerin boasts a vast array of high quality community and sports facilities for a town of its size and population. A range of modern sports facilities are readily available for community use including ovals for cricket, football and hockey, basketball, netball, badminton and tennis courts, a bowling green and an Olympic-size swimming pool. Dowerin also caters for the needs of varying demographics within the community with a variety of activities and services for seniors including Home & Community Care (HACC), a senior citizens group (Dowerin Companion Club) and a small range of retirement housing units. Dowerin Playgroup, safe playgrounds and the provision of a highly successful District High School also ensures that Dowerin is a family friendly place to reside.

Significant Local Events

Dowerin continues to be home to one of the largest and most impressive agricultural exhibitions within Australia, the GWN7 Machinery Dowerin Field Days held in August. The Shire of Dowerin hosts an annual Australia Day event and Anzac Breakfast as well as various community events throughout the year including a community movie night and Christmas market.

Local Industries

The Shire of Dowerin covers an area of some 1,867sq km and consists mainly of agricultural land used primarily for the purposes of grain growing and sheep production for meat and wool. Other predominant industries include cattle, engineering, agricultural machinery & goods supply, heavy transport, CBH, retail, accounting and farm advisory services.

The Dowerin Shire Council is committed to the provision of a full range of quality community services, equitable access to facilities and full participation in community life for all residents and visitors to the shire.

The Dowerin Shire Council is dedicated to delivering its residents the best possible standard of living within the Wheatbelt and values it's laid back, progressive community, seeking to support all members to participate in a rich and rewarding community life in Dowerin.



Message from the Shire President

The 2014/2015 annual report demonstrates the Shire of Dowerin ability to deliver projects and services that have been highlighted as high priorities for the Community of Dowerin. There were no changes to Council membership and no elections held during the 2014/15 year.

Council, in partnership with the community, has completed a number of capital projects in the 2014/15 financial year which have been planned and implemented to meet the Shire of Dowerin's overall vision to be a thriving rural community, a lifestyle choice for all generations, a preferred location for enterprise development and a recognised leader in environmental management. These projects included:

- The completion of the Dowerin All Hours Gym;
- The endorsement of the Shire of Dowerin Disability Inclusion Plan;
- The opening of Lil'Tigers Early Learning Centre; and
- A collaborative project with Dowerin Events Management to enhance the event infrastructure at the Dowerin Field Day site with the construction of a new toilet block adjacent to the hockey field.

A sincere thank you to all the huge number of volunteers in our community who have contributed their time and expertise to ensure that projects such as those listed above were brought to successful fruition. Also, to those who volunteer their time to ensure the week to week running of sport, events and community service groups in Dowerin I offer my thanks. Without you our fantastic range of facilities would either not exist or would not be of the standard we enjoy. Dowerin should take pride in the level of volunteerism we demonstrate within our community. It is noteworthy that the Regional Institute Australia ranked Dowerin as the 3rd best community nationally for the high level of volunteerism.

Dowerin Shire roads are often highlight as the envy of residents of other Shires and our Works Crew managed to successfully deliver a \$1,022,670 roads program in the 2014/15 period. This work was delivered in a timely manner and on budget including significant works to the following areas:

- Reconstruction of the Dowerin Meckering Road
- Reconstruction and widening of the Cunderdin Minnivale Road

On behalf of Council, I extend to all staff our sincere appreciation of your efforts within the organisation and especially the extra hours you do at community events.

In closing I wish to thank the Councillors for their support and commitment to the community we serve. Their input on the various issues facing Council throughout the year has been invaluable.

Dale Metcalf

Shire President, Shire of Dowerin



Message from the Chief Executive Officer

This report by the Chief Executive Officer is not a traditional or normal annual report due to the exceptional circumstances that relate to the reporting period of 2014/2015. The CEO responsible for that complete period, Mr Dacre Alcock, resigned his position on Friday 30 October 2015, effective immediately. The resignation followed the serving of search warrants by Crime and Corruption Commission Officers the previous day and the subsequent charging of Mr Alcock with numerous counts of stealing. It is necessary to report now on those matters as being significant and to inform the community without waiting for the 2015/2016 annual report.

It is also relevant that the adverse matters relate to previous financial years going back to the 2010/2011 financial year. The intent of this report is to put on the public record the key issues and events and to allow the Council and the community to move forward in a positive manner.

The author, Gary Martin, commenced as the Acting CEO on Monday 9 November 2015, with the prime focus of stabilising the Shire's management, recruiting a CEO and advising the Council on its functions and actions necessary due to the unsatisfactory situation resulting from the illegal activities of Mr Alcock, and the flow on negative impacts on the Shire. A key component of the recovery phase was the engagement of Forensic Auditors to conduct a thorough review of the Shire's financial and administration records and to report on the period of the illegal activity, the amount of money involved, the funds and accounts effected and any third party implications.

The forensic audit report by Mr Ron Back and Associates was thorough and comprehensive. Significantly, the report confirmed the various issues and amounts relevant to the charges laid by the CCC for prosecution purposes. The report identified a total of \$599,879.92 misappropriated from the Shire between 7 November 2011 and 28 October 2015. The report also identified a further \$40,015.68 of other transactions of a doubtful nature, mainly relating to misuse of entitlements and hospitality type expenditure which may have been a disciplinary matter if identified earlier. Mr Alcock has since pleaded guilty to stealing the \$599,879.92 and is currently awaiting sentence.

The Shire will recover from the damage caused by the loss, with a large amount being absorbed prior to 1 July 2015 and the loss for the 2015/2016 financial year being met by internal reallocation of funds and particularly a reduction in budgeted reserve fund transactions. However, the damage to the Shire goes far deeper than the direct financial loss. Apart from the betrayal of trust and all associated human reactions, the sheer scale of disruption and damage to the Shire's internal management far outweighs the direct loss. For example, the Shire has been forced to deal with a severe cash flow problem arising from funding agencies withholding grant monies expended by the Shire but not recouped until further audits carried out. It also became apparent that the standard of compliance and basic management systems were well below an acceptable standard. The Shire was non-

compliant in many areas.

The Council appointed Ms Andrea Selvey as the new CEO following a comprehensive recruitment process. Ms Selvey commenced work on Monday 14 March 2016. Ms Selvey faces a significant difficult task in returning the Shire to a vibrant, effective, accountable and compliant organisation. The sheer scale of non-compliance, problems and tasks she inherited, and the need for organisational change should not be understated.

There were no material variations in the functions of Council, the structure or Council policy.

I am pleased to note that the Shire employees continued to serve the Shire in a friendly and positive manner in a very difficult environment. Their service to the community deserves recognition.

Gary Martin

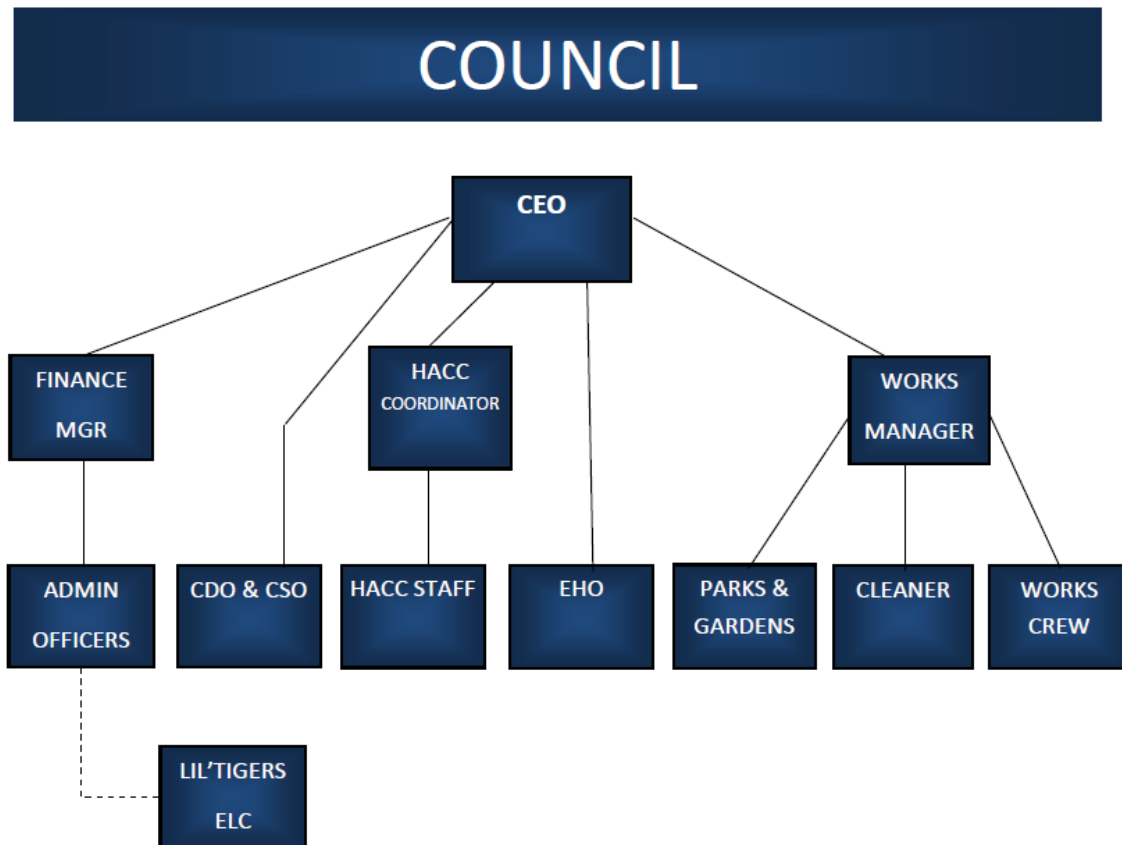
Acting Chief Executive Office

Members of Council

Elected Members			
Name	Ward	Address	Contact Details
Dale (DE) Metcalf (Shire President)	Town	19 Anderson Street, Dowerin WA 6461	Ph: 08 9631 1080 Fax: 08 9631 1215 Mob: 0429 081 775 linden@wn.com.au
Graham (GB) Ralph Deputy President	South	3718 Cunderdin Minnivale Road PO Box 176 DOWERIN WA 6461	Ph: 08 9631 3014 Fax: 08 9631 3013 Mob: 0427 313 014 gsralph@wn.com.au
William (WE) Coote	North	69 Dowall Street, Minnivale PO Box 91 Dowerin WA 6461	Ph:08 9631 3020 Fax:08 9631 3021 Mob: 0427 313 020 billcoote45@gmail.com
Tracy (TA) Jones	North	95 Ejanding West Road PO Box 44 Dowerin WA 6461	Ph:08 9632 3014 Fax: 08 9632 3070 Mob: 0429 323 014 ash.tracy@bigpond.com
Lindsay (LG) Hagboom	South	1279 Dowerin Meckering Road PO Box 86 DOWERIN WA 6461	Ph: (08) 9634 1015 Fax: (08) 9634 1015 Mob: 0429 858 320 blantyre@bbnet.com.au
Todd (TW)Quartermaine	Town	Ucarty Farm 84 Ucarty Rock Road Ucarty PO Box 222 DOWERIN WA 6461	Ph: (08) 9634 1032 Mob: 0428 341 032 tlq@bigpond.com
Shannon (SV) Brookes	Town	2273 Dowerin-Meckering Road Ucarty PO Box 129 DOWERIN WA 6461	Ph: (08) 9634 1020 Mob: 0429 341 020 shannonbrookes@bigpond.com
Darrel (DP) Hudson	Town	7506 Goomalling- Merredin Road PO Box 59 Dowerin WA 6461	Ph: 08 9631 1063 Fax: 08 9631 1454 0428 311 063 yleena2@bigpond.com

Staffing Structure

The Shire of Dowerin employed 34 full-time and part-time staff in the 2014/15 period and continues to be the largest employer in the district. The structure of the organisation is illustrated below.



Year in Review

July
2014

WA 4WD Association Country Campout

This event was organised and run by the WA 4WD Association with the assistance of the Shire of Dowerin as a way to get their 30+ clubs and hundreds of members together once a year to mingle and talk all things four wheel drive.

August
2014

Award Winners!

The Shire of Dowerin was presented with the Infrastructure Planning, Design or Management Award as part of the 2014 Sport & Recreation Industry Awards for the development of the Dowerin Community Club.

50th Anniversary of the Dowerin Field Days

It was the Field Days Golden Anniversary which was recognised with the construction of a new gated entrance on the southern entrance to the site.

Sept
2014

Hockey Stars!

Our Senior Hockey team took out the 2014 Premiership, the first time winning in 28 years.

Nov
2014

Going Solar

A 30kw solar panel system was installed on the roof of the DCC which will contribute to sustainability and save approximately \$11,000 per annum in power costs.

Jan
2015

Australia Day Award

The 2015 Australia Day Active Citizenship Award was presented to Tammy Mann for the work she does in the community.

Feb
2015

Dowerin All Hours Gym Opens its doors

Thanks to funding from Lotterywest and the Shire of Dowerin, the Dowerin All Hours Gym opened its doors establishing a firm membership base shortly after opening.

March
2015

Clean Up Australia Day

We had 28 community members wage war against little at the annual Clean Up Australia Day event.

April
2015

Soldiering On

A fantastic production written and produced by **Paul De'Pierres** and showcased our fantastic local talent.

Anzac Centenary Commemorations

There was an overnight vigil leading up to the dawn service and the war time memorabilia display at the Dowerin District Museum from the beginning of April to the middle of May.

May
2015

Grants, grants, grants!

The Shire of Dowerin successful with applications for funding for a bike plan, to install fencing at the air strip and to install a number of measures such as ramps and electronic doors to ensure Dowerin is an Aged Friendly Community.

Strategic Community Plan

The Shire of Dowerin Strategic Community Plan, in compliance with s5.56 of the Local Government Act, was adopted by Council in June 2013.



The Shire of Dowerin has four key principles which it uses to drive planning and decision making processes:

Community

Local Business/Economy

Environment

**Local Government
Leadership**

Review of performance against strategic objectives, explaining variations between budget and actual results and how they impact on the SCP.

COMMUNITY

GOAL: A strong, healthy and safe community

Sport & recreation

In 2014-15 the Shire of Dowerin received 29 applications for KidSport allowing families to access \$1,945.00 in funding from the Department of Sport and Recreation to assist children within our community take part in local sport and recreation opportunities. More information about KidSport can be obtained online at <http://www.dsr.wa.gov.au/funding/individuals/kidsport> or contact Emma Richards at the Shire Office for details.

Contract Aquatic Services appointed new Manager Jayson Riley to the Dowerin Memorial Swimming Pool in the 2014-15 season. Jay proved to be a huge asset to the Dowerin community and instilled a new lease of life into the Dowerin Pool. 23 season passes and 1 single person pass was issued during the 14/15 season with a further 641 additional public admissions.

Health & Well-Being

The Shire of Dowerin continues to support our surrounding shires with contributions towards medical services and practitioners. In early 2014, the Shire of Dowerin in conjunction with the Wheatbelt GP network trialled the provision of a doctor in Dowerin once per week. Unfortunately, a lack of local support for this service rendered the service financially unviable resulting in the Dowerin GP service ceasing in November 2014. The Shire of Dowerin entered into an MoU with the Shire of Goomalling for the delivery of a Doctor's service. The Shire of Dowerin contributes 33% to the operating loss of the Goomalling Medical Practice up to an annual maximum of \$25,000. The operating loss is

only to include direct costs attributed to the Goomalling Medical Practice. The operating loss does not include Council administration costs and overheads, depreciation, leave liabilities, accruals, Doctors accommodation and vehicle costs. This MoU serves to provide the residents of Dowerin with access to a quality medical service in close proximity to Dowerin. In addition, the Shire promotes this medical service via the Dowerin Despatch, website and social media at an approximate cost of \$500 per annum. The Shire of Dowerin continues to support the provision of allied health services. As part of the Wheatbelt GP Network, Jenni Daniel (Podiatrist) has been available here in Dowerin once every 3 months whilst Northam based Chiropractor Deanna Hanson has been attending Dowerin each Monday to assist residents with all Chiropractic requirements.

Further to this, HACC services continue to provide a pivotal role in its services to our elderly population in Dowerin. Lisa and the team help to ensure Dowerin's senior population receive the care and assistance required to live independently within their own home and community.

Infrastructure & Facilities

In 2014-15 the Shire of Dowerin conducted works totalling \$1,022,670 to help strengthen and improve our local road network; \$707,156.00 of this was obtained through grant funding. Major works included the reconstruction of the Dowerin Meckering Road and the reconstruction and widening of the Cunderdin Minnivale Road. Further to this, paths at the local Cemetery were

resealed with asphalt greatly improving the safety and longevity of paths at the Dowerin Cemetery.

Shire Groundskeepers worked tirelessly to improve the level of sporting fields in

Dowerin. Verti mowing of the hockey field and town oval was completed in October 2014. The hockey field was also top dressed for the purpose of evening the surface to ensure that a top quality hockey field was available for the 2015 hockey season.

LOCAL BUSINESS/ECONOMY

GOAL: A Strong & Vibrant Local Economy

Business & Industry

In 2014/15 the Shire of Dowerin continued to support the local business community by way to ensuring the viability and ongoing success of Lil'Tigers Early Learning Centre (ELC). The Shire of Dowerin deems Child Care to be instrumental in the ongoing success and economic viability of the district and Council supports the Dowerin Community Child Care in the Administration and Human Resource aspect of the daily running of Lil'Tigers ELC. Further to this, the Shire of Dowerin also continues to provide rent-free use of the building for the purpose of Child Care services in Dowerin.

The Wheatbelt Development Commission (WDC) in conjunction with Landcorp and the Shire of Dowerin has been gathering information from Shire Staff in order to develop a Business Case which will be utilized to attract funding to develop more light industrial units in Dowerin. This proposal relates to an area of land on Cottrell Street and once the project is complete aims to attract a new business opportunity for Dowerin.

The Shire of Dowerin continues to provide business opportunities to those wishing to utilise them in Dowerin. The Wheatbelt Vet Services continues to run in Dowerin on a monthly basis. This year, the Vet has moved into a new location in the Town Hall and

continues to provide a great service to local residents in Dowerin.

Tourism

In 2014/15 the Shire helped facilitate and support events which utilised the Field Day Site and specifically the Four Wheel Drive Track. In July 14 Dowerin played host to the WA 4WD Association Country Campout. This event was organised and run by the WA 4WD Association with the assistance of Shire Staff and saw hundreds of members get together in Dowerin to utilise our facilities as well as supporting our local businesses and services.

Short Term Accommodation Project

Shire Officers commenced a project to design and facilitate the development of a short term accommodation precinct in Dowerin this year. The purpose of this project is to directly increase the number of overnight visitors to Dowerin which will in turn increase Dowerin's economic base. A small working group comprising of Councillors, Shire Staff and Dowerin Events Management Representatives travelled throughout Wheatbelt region to visit a range of caravan parks and cabins and gather a good understanding of what the market is like throughout the Wheatbelt. The working group then worked in conjunction with MCG Architects to develop a draft

master plan which is currently being utilised to help draw up applications which will be

used to attract external funding to help see the project through to fruition.

ENVIRONMENT

GOAL: A sustainable natural and built environment

Recycling Shed and Waste Management

Council staff continue adhere to the Dowerin recycling program with the aim of maintaining this successful and beneficial venture with part proceeds going to the DDHS P&C. The Recycling Centre located on the Dowerin Kalannie Road continues to be utilized heavily and efficiently by local residents. This facility, once run on a volunteer basis is now supported by the Wheatbelt Work Camp whereby representatives from the Camp attend to the recyclables to ensure that they are sorted and bundled ready for transport to Perth and processing.

The management of the refuse site is proving successful and the tip will remain open to the public three days per week from 11am—4pm on a Wednesday, Friday and Sunday.

Council encourages community members to continue making appropriate use of Dowerin's green waste site located just out of town on the corner of Sanders and Meckering Road.

Solar Power

The Shire of Dowerin approved the installation of a 30kw Solar Power System on the roof of the Dowerin Community Club building. This system is expected to significantly contribute to environmental sustainability outcomes and save approximately \$11,000 per annum in power costs; repaying the cost of installation within 5 years.

Community Support

The Community of Dowerin demonstrated their ongoing support to the Annual Clean Up Australia Day Event with a team of volunteers taking to our streets and road verges in March 15. Community support to the National Tree Day event was also strong which helped with the Shire's efforts to re-vegetate a disused gravel pit within the Shire. It's been fantastic to see volunteers spanning across generations coming together to assist in these Shire driven community events.



LOCAL GOVERNMENT LEADERSHIP

GOAL: A vibrant and progressive community led by an innovative Council.

Workforce Plan

Shire Staff began implementing the Shire Workforce plan in 2014/15. This is a live document which tracks the training schedules and qualifications of staff within the organisation. In 2014/15 the Shire of Dowerin became a leader in efforts to retain and attract youth in Dowerin by way of employing a Trainee who has recently completed her Certificate III in Business through C Y O'Connor TAFE. Further to this, four members of administration staff completed their certificate III in Local Government through C Y O'Connor TAFE. Whilst outside staff have obtained qualifications in various areas including traffic control, snake handling and chemical handling.

This area of the SCP has been neglected due to ineffective and unfocussed leadership. Although there is no specific funding allocated to this area in the CBP, the impact to this area due to poor performance has resulted in non-compliance in annual reporting activities (as outlined in the compliance return) and a qualified audit due to former CEO's lack of attention to Shire related activities. This has resulted in a direct loss to the Shire of \$231,870 in 14/15, plus an additional \$51,902 due to trust Fund as a result of incorrect accounting treatment in prior years. The impact of this loss and recovery from it will be borne by the Shire in 15/16 likely through an insurance claim and utilisation of cash backed reserve funds.



Statutory Reports

It is a requirement that the Shire of Dowerin include information regarding the following documents in its Annual Report. For further details regarding any of the documents detailed throughout this report please contact Shire Administration Staff.

PLAN FOR THE FUTURE

DISABILITY ACCESS & INCLUSION PLAN

RECORD KEEPING PLAN

PUBLIC INTEREST DISCLOSURE

FREEDOM OF INFORMATION STATEMENT

EMPLOYEES REMUNERATION

Plan for the Future

Under provisions of clause 19C of the Local Government (Administration) Regulations 1996, a local government is to make a plan for the future of its district. The plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.

Section 5.53 of the Local Government Act 1995 requires Council to include in its annual report an overview of the plan for the future of the district made in accordance with section 5.56, including major programmes that are proposed to commence or to continue in the next financial year

In November 2013 Council adopted its Corporate Plan 2013 – 2017 incorporating the plan for the future of the district.

The key parts of the Plan are as follows:

Vision

A thriving rural community which will be a lifestyle choice for generations, a preferred location for business development and a recognised leader in environmental management.

A thriving rural community...

Dowerin will be progressive and successful community whereby activities and events will happen regularly and opportunities will be available for residents, businesses and visitors to take advantage of.

Shire facilities will be heavily utilised, well managed and successfully maintained and local residents will play an intricate role in the community through volunteerism and participation.

A lifestyle choice for generations....

With high quality facilities and services that will cater for the needs of a range of demographics. Dowerin will be a prime location for singles, families and seniors to relocate from the hustle and bustle of the metropolitan area and will offer employment, education and health and emergency services and will be a safe and friendly place to reside.

A preferred location for business development....

Dowerin will be a prosperous and successful place to live and do business. Opportunities will be available for economic growth and business activity leading to a sustainable economy for the long term. Young people will be attracted back to Dowerin through the availability of traineeships and apprenticeships leading to a bright future of opportunity and personal growth.

Disability Access Inclusion Plan

Council undertook a review of its Disability Access Inclusion Plan in 2013 and adopted the 2013/18 Disability Access Inclusion Plan at the October 2013 Council Meeting. In endorsing the new Plan, Council adopted the following access and inclusion statement;

“The Shire of Dowerin endeavours to provide universally accessible and inclusive services and facilities for all people with the community”

In evaluating implementation of the Disability Services Plan during the 2014/15 financial year across the following 6 outcomes;

- Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the relevant Public Authority.
- Outcome 2: People with disabilities have the same opportunities as other people to access to buildings and facilities of the relevant public authority.
- Outcome 3: People with disabilities receive the information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
- Outcome 4: People with disabilities receive the same level and quality of service from the staff of the relevant public authority.
- Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the relevant public authority.
- Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the relevant public authority.

Council continued to upgrade its buildings and incorporate access for the disabled which is highlighted in 2014/15 with an application to the Aged Friendly Communities Grant which, if approved will provide improved access to the Post Office, Gym and Dowerin Community Club. All applications for building licences include the Building Code of Australia access requirements.

Record Keeping Plan

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organisation must have a record keeping plan (RKP) that has been approved by the State Records Commission. A government organisation's record keeping plan sets out the matters about which records are to be created by the organisation and how it keeps its records.

The record keeping plan comprises a range of documents which, when assessed as a whole, provides an accurate reflection of the record keeping program within the organisation. More specifically, documentation regarding the organisation's record keeping system/s, disposal arrangements, policies, practices and processes will be the essential component of the record keeping plan. The inclusion of such documentation will constitute evidence of compliance.

The Shire of Dowerin submitted its revised RKP to the Office of State Records in October 2008. The RKP meets the requirements of SRC Standard 2: Record Keeping Plans and fairly reports the policies, procedures and activities which are or will be implemented by the Shire of Dowerin to comply with the State Records Act 2000.

Staff members responsible for records management have been trained in the basic retention and disposal methods for local government records and have attended RKP training at the Office of State Records. Ongoing training is programmed for new and existing staff in the new reporting period.

Public Interest Disclosure

The Public Interest Disclosure Act was established by the Commissioner for Public Sector Standards under Section 20 of the Public Interest Disclosure Act 2003.

One of the principles of the legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also encourages a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of public interest include the following;

- » Improper Conduct (irregular or unauthorised use of public resources)
- » An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public monies)
- » Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment)

Matters that relate to the Shire of Dowerin should be referred to the Shire of Dowerin's Public Interest Disclosure Officer. Disclosures to the Public Interest Disclosures Officer can be made not just about officers of a local authority but also its elected officials.

There is an obligation of the Public Interest Disclosure Officer in the Public Interest Disclosure Act to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Dowerin had no Public Interest Disclosures during the 2014/15 reporting period.

Freedom of Information Statement

The Shire of Dowerin is responsible for the good governance of the Shire and carries out functions as required including statutory compliance and provision of services and facilities.

Council is comprised of eight elected members who meet each month, except January, to make decisions relating to the policy and direction of the Shire. All Council meetings are open to the public and meeting dates and venues are advertised on a regular basis. Members of the public are invited to ask questions during Public Question Time shortly after the commencement of each meeting.

Council maintains records relating to the function and administration of the Shire, each property within the Shire and include such documents as the Minutes of Meetings, Rate Book, Town Planning Schemes, Local Planning Strategies, Local Laws, Codes of Conduct, Register of Financial Interests, Register of Delegated Authority, Financial Statements and Electoral Rolls.

These documents can be inspected free of charge at the Shire Administration Office, 13 Cottrell Street Dowerin 8.30am to 4.00pm Monday to Friday.

Council has had one request for Freedom of Information during the 2014/15 year.

Requests for information under the Freedom of Information Act can be sent to:

Chief Executive Officer

Shire of Dowerin

PO Box 111

DOWERIN WA 6461

Employees Remuneration

There was one employee who was within the annual cash salary band of 100,001 to 110,000.

INDEPENDENT AUDIT REPORT TO THE SHIRE OF DOWERIN

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Dowerin which comprises the statement of financial position as at 30 June 2015 and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Byfields Pty Ltd ACN 150 608 398

DIRECTORS: Andrew Northcott B.Com CPA • Craig Lane B.Com CPA • Dale Woodruff B.Bus CPA • Jon Bush B.Com CPA • Leanne Oliver B.Com CPA
Neil Hooper B.Com CPA • Simon Northey B.Bus CPA • Glenn Waldoock B.Bus CPA • Roger Thomson B.Bus CA • Brant Jansen B.Bus CPA

ASSOCIATES: Ian Jones B.Com CPA • Lea Williams B.Com CA • Ryan Naughton B.Com CPA • Tony Umbrello B.Bus CA

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Statutory Compliance

Valuation of Infrastructure

The Shire has failed to meet their obligations under Regulation 17A of Local Government (Financial Management) Regulations 1996. The Shire is required to revalue all infrastructure assets to fair value by 30 June 2015. As at balance day a number of infrastructure assets were disclosed at cost.

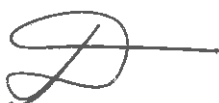
Ratios

The shire has failed to meet their obligations under regulation 50(1) of the Local Government (Financial Management) Regulations 1996. The shire has failed to include the Asset Renewal Funding Ratio as stipulated in this regulation.

Auditor's Opinion

In our opinion, other than the matters noted above, the financial report for the Shire of Dowerin:

- i) gives a true and fair view of the Shire of Dowerin's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and
- iii) is prepared in accordance with the requirements of Local Government Act 1995 Part 6 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended)



LEANNE OLIVER RCA
Director

BYFIELDS BUSINESS ADVISERS
BELMONT WA

Date: 10 June 2016

10 June 2016

The President
Shire of Dowerin
PO Box 111
DOWERIN WA 6461

Dear Sir

Management Report for the Year Ended 30 June 2015

We have completed the audit of your Shire's financial report for the year ended 30 June 2015. We enclose the audited financial report for your attention.

We direct your attention to the fact that the responsibility for the preparation of the financial statements and adequate disclosure is that of the Council. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and the safeguarding of monies of the Shire.

The purpose of our audit of the financial report is to express an opinion on that report and this report on management issues includes only matters that come to our attention during the conduct of our work and therefore should not be regarded as a comprehensive statement of management issues that may exist.

Our audit procedures highlighted the following issue for your consideration and implementation where possible.

Qualifications:

Valuation of Infrastructure

The Shire has failed to meet their obligations under Regulation 17A of Local Government (Financial Management) Regulations 1996. The Shire is required to revalue all infrastructure assets to fair value by the 30 June 2015. As at balance day a number of infrastructure assets are disclosed at cost.

It is our understanding this task will be undertaken with the correct fair values being disclosed in the year ended 30 June 2017, this will result in this qualification remain in place for the year ended 30 June 2016

Ratios

The shire has failed to meet their obligations under regulation 50(1) of the Local Government (Financial Management) Regulations 1996. The shire has failed to include the Asset Renewal Funding Ratio as stipulated in this regulation.

Other Compliance Matter

While the following matters have not resulted in any qualification, as they are outside the scope of the audit report, we felt it necessary to bring them to your attention.

Financial Management Review

As required under Part 2, Section 5 (2) (c) of the Local Government (Financial Management Regulations) 1996, the CEO must undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

As at balance date however a financial management review had not been undertaken.

Primary and Annual Returns

Some Primary and Annual Returns for the financial year ended 30 June 2015 were not completed and lodged within the specified timeframes as required under Part 5, Division 6, Section 5.75 and 5.76 of the Local Government Act 1995.

With the annual returns, the CEO is able to accept the annual returns for all the councillors and executive staff. With the annual return for the CEO this must be accepted by the president and an acknowledgement letter be provided to the CEO from the president, this was not the case in the 2015 year.

Other Matters

Fraudulent Activity of Mr Dacre Alcock

We have reviewed in detail the forensic audit report prepared by RJ Back & Associates. We have also discussed the amendments made to the financial report with Megan Shirt and are satisfied the necessary amendments and disclosures have been made to ensure the financial statements are not materially misstated by the actions of the former CEO.

Bank Reconciliation

At the time of conducting our audit testing there were a number of months where the bank reconciliation was not performed and no reviews were undertaken.

We understand for the year under audit the bank reconciliations have now been prepared and all anomalies have been reviewed.

It is a recommendation by the department as outlined in section 5.3.6 of the Local Government Accounting Manual that as part of the local governments general systems of internal controls that a reconciliation of all restricted and non-restricted bank accounts be performed at the very least once a month.

Goods and Services Tax

At balance date there is a level of uncertainty around the correct amount owing the ATO. We have reviewed the forensic auditor's findings and the amendment made to the accounts. We feel while there is a level of uncertainty any changes that may be required will not be material and thus have not qualified on these balances.

Other than the above, we noted no other significant matters that should be raised or brought to the attention of Council.

We thank you for the kind assistance provided during the audit. If you wish to discuss any of the above items or require any further information, please contact us immediately.

Yours sincerely

A handwritten signature in black ink, appearing to be 'L. K. Oliver', written in a cursive style.

LEANNE K OLIVER RCA CPA
Director

(Please detach this page, sign and return to our office. The Management Letter above is for you to retain for your reference.)

We certify that the above letter (consisting of 3 pages) has been tabled at our next council meeting of the **Shire of Dowerin**, held on, and considered by all Council Members.

(President)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

(Council Member)

Signature:

Name:

___ / ___ / 2016

Shire of Dowerin Audit Committee Terms of Reference

Objectives of Audit Committees:

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

Reports from the Audit Committee will assist Council in discharging its legislative responsibilities

The Audit Committee is to facilitate:

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

Powers of the Audit Committee

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference.

The Audit Committee is a formally appointed committee of Council and is responsible to that body. The committee does not have

executive powers or authority to implement actions and does not have any delegated financial responsibility.

Membership

The Audit Committee will consist of three members with XX elected and one external person. Membership will be reviewed biennially immediately following Local Government elections unless, by a decision of Council, an interim appointment is required.

All members shall have full voting rights.

External persons appointed to the committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years.

The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.

Reimbursement of approved expenses will be paid to the external person who is a member of the committee.

The CEO and Finance Manager shall be ex-officio members of the Committee and shall provide secretarial and administrative support to the committee.

Meetings

The Audit Committee shall meet at least quarterly.

Reporting

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

Duties and Responsibilities

The duties and responsibilities of the Audit Committee will be to:

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

of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;

j) Review the scope of the audit plan and program and its effectiveness;

k) Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO;

l) Review the level of resources allocated to internal audit and the scope of its authority;

m) Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;

n) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;

o) Review the local government's draft annual financial report, focusing on –

- accounting policies and practices;
- changes to accounting policies and practices;
- the process used in making significant accounting estimates;
- significant adjustments to the financial report (if any) arising from the audit process;
- compliance with accounting standards and other reporting requirements; and
- significant variances from prior years;

p) Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;

q) Review the annual Compliance Audit Return and report to Council the results of that review, and

r) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the Council the results of those reviews.



Shire of Dowerin

Audit Committee Minutes - Unconfirmed

10 August 2016

9.00am

COMMITTEE MEMBERS	REPRESENTING
Cr D.E. Metcalf	Shire of Dowerin
Cr A.J. Metcalf	Shire of Dowerin
Cr R.I Trepp	Shire of Dowerin
Mr Jason Whiteaker	External Advisor to the Audit Committee
OBSERVER	REPRESENTING
Andrea Selvey – CEO	Shire of Dowerin

COMMITTEE TERMS OF REFERENCE

1. At the Ordinary Meeting of Council on 19 July 2016, Council adopted the Terms of Reference for the Audit Committee. These Terms of Reference are available on request.

Shire of Dowerin
13 Cottrell Street
Dowerin WA 6461
08 9631 1202
www.dowerin.wa.gov.au

SHIRE OF DOWERIN

MINUTES FOR THE AUDIT COMMITTEE MEETING HELD ON 10 AUGUST 2016

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 9.08am.

2. ATTENDANCE

Cr D. Metcalf - Chairperson

Cr A.J. Metcalf

Cr R.I. Trepp

Mr J. Whiteaker

A. Selvey - Chief Executive Officer

3. APOLOGIES

Nil

4. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

4. DECLARATION OF INTEREST

IMPORTANT: Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

5. CONFIRMATION OF MINUTES

OFFICER'S RECOMMENDATION – ITEM 5

Moved: Cr AJ Metcalf

Seconded: Cr RI Trepp

Carried: 4/0

THAT THE MINUTES OF THE MEETING OF THE SHIRE OF DOWERIN AUDIT COMMITTEE HELD ON 15 JUNE 2016 BE CONFIRMED AS A TRUE AND CORRECT RECORD OF THAT MEETING.

6. PRESENTATIONS

Nil

7. AUDIT REPORTS

7.1 CORRECT RATIOS FOR 2014/15 AND 2013/14 FINANCIAL YEARS

Date: 1 August 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments: 1. Spreadsheet – Updated Ratios
2. Email from Leanne K Oliver (Shire Auditor)

Summary

For Committee to consider and, if acceptable, recommend to Council that Council adopts the corrected current ratio for the 2013/14 and 2014/15 financial years and takes appropriate steps as outlined below to ensure the error is reported and corrected.

Background

In accordance with legislation, the Shire of Dowerin submitted its 2014/15 Annual Financial Statements to the Department of Local Government and Communities (DLGC) on 6 July 2016 following the Annual Electors Meeting.

On 21 July 2016, the DLGC contacted the Shire to advise that they had identified an error in the Financial Statements, specifically the reported current ratio. The Department's Operational Guideline 18 on Financial Ratio details the calculation of current ratio and considers unspent grants to be part of restricted assets; therefore unspent grants should be deducted from current assets. Based on this calculation, the Shire's current ratio for 2014/15 is 1.138 not 2.193 as reported; and the current ratio for 2013/14 was 0.13 not 1.412 as reported. Please see attachment one - spreadsheet showing updated ratio calculations. This updated information showing accurate ratio calculations was provided to the DLGC on 25 July 2016, along with an email from the Shire Auditor, Leanne K Oliver (from Byfields) confirming that the DLGC is correct and concurring with the revised calculations. See attachment two – email from Leanne K Oliver.

Comment

The Shire is therefore required to prepare an addendum with the correct ratios for 2014/15 and 2013/14 for the Audit Committee to consider and recommend to the Council that it adopts and correct ratios and to include the correct information as an addendum to the 2014/15 Annual Report. In adding the addendum to 2014/15 Annual Report and Annual Financial Statement, the addendum should state the incorrect current ratio and the reinstated (correct ratio) for 2014/15 and 2013/14 and a note explaining the correction of error. Also the 2015/16 Annual Financial will need to restate the comparative amount for 2014/15 and 2013/14 and note for correction of error.

This approach is consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors which can be used to correct the prior year error.

Financial Implications

Whilst the current ratio has been revised down, it should be noted that the Shire's 2014/15 current ratio is still within the range that is required by the standard of 1:1 (100% or greater).

Policy Implications

NIL

Statutory Implications

Under Regulation 50 of the Local Government (Financial Management) Regulations 1996, the annual financial report is to include the current ratio.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.1

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL RESOLVES TO:

- 1. ADOPT THE UPDATED CURRENT RATIO OF 0.13 FOR THE 2013/14 FINANCIAL YEAR; AND***
- 2. ADOPT THE UPDATED CURRENT RATIO OF 1.14 FOR THE 2014/15 FINANCIAL YEAR AND INCLUDE THE CORRECT INFORMATION AS AN ADDENDUM TO THE 2014/15 ANNUAL REPORT THAT STATES THE INCORRECT CURRENT RATIO AND THE REINSTATED (CORRECT RATIO) FOR 2014/15 AND 2013/14 AND A NOTE EXPLAINING THE CORRECTION OF ERROR.***

COMMITTEE RECOMMENDATION – ITEM 7.1

Moved: Mr J Whiteaker Seconded: Cr AJ Metcalf Carried: 4/0

THAT COUNCIL RESOLVES TO:

- 1 ADOPT THE UPDATED CURRENT RATIO OF 0.13 FOR THE 2013/14 FINANCIAL YEAR; AND**
- 2. ADOPT THE UPDATED CURRENT RATIO OF 1.14 FOR THE 2014/15 FINANCIAL YEAR AND INCLUDE THE CORRECT INFORMATION AS AN ADDENDUM TO THE 2014/15 ANNUAL REPORT THAT STATES THE INCORRECT CURRENT RATIO AND THE REINSTATED (CORRECT RATIO) FOR 2014/15 AND 2013/14 AND A NOTE EXPLAINING THE CORRECTION OF ERROR.**

7.2 CONFIDENTIAL - DRAFT SCOPE FOR THE AUDITOR IN CONDUCTING THE AUDIT OF THE 2015/16 FINANCIAL STATEMENTS

Date: 29 July 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments: 3. Draft scope for the audit of the 2015/16 financial statements.

Summary

The item seeks the Audit Committee's review and recommendations regarding the appointment of the auditor in accordance with legislative compliance and the scope of work for the 2015/16 audit.

Background

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

The Regulations state that an audit committee may provide guidance and assistance to the local government as to:

- (i) matters to be audited; and
- (ii) the scope of audits;

The Act and Regulations prescribe the scope of the external audit of the annual financial statements of a local government. The guidelines recognises that scope details are going to vary between local governments but as an aid a model minimum standard audit specification has been developed by the DLGC with individual local governments amending that document to suit their particular needs.

Comment

Whilst the Shire of Dowerin has previously appointed Byfields as their auditor, the Act requires the Shire to appoint a person – not a company. Therefore in accordance with legislative requirement, this item recommends the Committee considers the appointment of an Auditor. The options are for Council to appoint Leanne K Oliver, a registered company auditor (RCA 463021) as the Shire Auditor for the remaining term of the Shire's contract with Byfields noting that Byfields have suggested that should Ms Oliver be unable to undertake the audit Mr Dale James Woodruff (RCA 196,677) of Byfields would be the alternate auditor to sign off on the audit.

However, given that the Shire could be potentially seeking a settlement or pursuing legal action against Byfields, this could be seen as a conflict. Therefore, an alternative is for the Shire to seek an alternative auditor for the 2015/16 Audit and then move to the new arrangements with the Auditor General.

In considering this matter, the Audit Committee is advised that Leanne Oliver has conducted the Interim Audit.

This item also presents a draft scope of work for the 2015/16 audit. The scope includes the model minimum standard audit specification as outlined by the DLGC and three additional procedures – see attachment three – draft scope for the audit of the 2015/16 financial statements.

Consultation

Nil

Financial Implications

The current contract between the Shire and the Auditor stipulates the contract price as \$16,500.

The additional requirements have been costed by Byfields as follows:

- Tracing Transaction and Delegation/Authorisation Limits 2,400(+GST) = \$2640
- Separation of Duties 1,800(+GST) = \$1980

Policy Implications

Nil

Statutory Implications

Local Government Act 1995 - Sect 7.3 deals with the appointment of auditors stipulating that:

(1) A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.

** Absolute majority required.*

(2) The local government may appoint one or more persons as its auditor.

(3) The local government's auditor is to be a person who is —

- (a) a registered company auditor; or
- (b) an approved auditor.

Local Government (Audit) Regulations 1996 - Reg 7 deals with Agreements with auditors, contents of an agreement between a local government and an auditor including:

- (a) the objectives of the audit; and
- (b) the scope of the audit; and
- (c) a plan for the audit; and
- (d) details of the remuneration and expenses to be paid to the auditor; and
- (e) the method to be used by the local government to communicate with, and supply

information to, the auditor.

The process and documentation provided in this report to the Audit Committee complies with these legislative requirements.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.2

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT:

- 1. COUNCIL APPOINT LEANNE K OLIVER A REGISTERED COMPANY AUDITOR (RCA 463021) AS THE SHIRE AUDITOR FOR THE 2015/16 AUDIT;**
- 2. SHOULD MS OLIVER BE UNABLE TO UNDERTAKE THE AUDIT COUNCIL ENDORSES MR DALE JAMES WOODRUFF (RCA 196,677) OF BYFIELDS AS THE ALTERNATE AUDITOR TO SIGN OFF ON THE SHIRE AUDIT;**
- 3. THAT COUNCIL ENDORSES THE SCOPE FOR THE 2015/16 AUDIT THAT INCLUDES THE MODEL MINIMUM STANDARD AUDIT SPECIFICATION AS OUTLINED BY THE DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES AT A COST OF \$16,500.**
- 4. THAT COUNCIL MAKES ALLOWANCES FOR THE FOLLOWING ADDITIONAL PROCEDURES:**
 - a. TRACING TRANSACTION AND DELEGATION/AUTHORISATION LIMITS AT A COST OF \$2,400(+GST) = \$2640; AND**
 - b. SEPARATION OF DUTIES AT A COST OF \$1,800(+GST) = \$1980**

COMMITTEE RECOMMENDATION – ITEM 7.2

Moved: Cr RI Trepp

Seconded: Cr AJ Metcalf

Carried: 4/0

THAT COUNCIL RESOLVES TO:

1. **APPOINT LEANNE K OLIVER A REGISTERED COMPANY AUDITOR (RCA 463021) AS THE SHIRE AUDITOR FOR THE 2015/16 AUDIT;**
2. **SHOULD MS OLIVER BE UNABLE TO UNDERTAKE THE AUDIT COUNCIL ENDORSES MR DALE JAMES WOODRUFF (RCA 196,677) OF BYFIELDS AS THE ALTERNATE AUDITOR TO SIGN OFF ON THE SHIRE AUDIT;**
3. **ENDORSE THE SCOPE FOR THE 2015/16 AUDIT THAT INCLUDES THE MODEL MINIMUM STANDARD AUDIT SPECIFICATION AS OUTLINED BY THE DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES AT A COST OF \$16,500.**
4. **MAKE ALLOWANCES FOR THE FOLLOWING ADDITIONAL PROCEDURES:**
 - a. **TRACING TRANSACTION AND DELEGATION/AUTHORISATION LIMITS AT A COST OF \$2,400(+GST) = \$2640; AND**
 - b. **SEPARATION OF DUTIES AT A COST OF \$1,800(+GST) = \$1980**

7.3 FINANCIAL MANAGEMENT REVIEW ACTION PLAN UPDATE

Date: 29 July 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments: 4. Financial Management Review Action Plan

Summary

This report provides the Audit Committee with an update on progress against the 51 recommendations from the Financial Management Review.

Background

In March 2016, Mr Ron Back provided Council with a report from his review of the Shire's Financial Management. The report provided recommendations to improve governance and compliance within the Shire. Progress on the implementations of recommendations is reported to Council on a quarterly basis with the last update provided to Council at the 19 July 2016 Ordinary Meeting of Council.

Comment

Given The Audit Committee's Terms of Reference includes effective management of financial and other risks and the protection of Council assets and internal controls, it is deemed appropriate to report progress against the Financial Management Review recommendations to this Committee. Please see attachment four – Spreadsheet of actions and progress.

Consultation

Nil

Financial Implications

Many of the recommendations have a cost associated. These are outlined in the spreadsheet attached. The 2016/17 budget includes funding for two new positions that will enable many of these recommendations to be progressed in a more timely manner. The budget also includes \$50,000 for compliance to ensure these recommendations can be actioned.

Policy Implications

Nil

Statutory Implications

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.3

THAT THE AUDIT COMMITTEE NOTES THE PROGRESS OF ACTIONS ARISING FROM THE FINANCIAL MANAGEMENT REVIEW.

COMMITTEE RECOMMENDATION – ITEM 7.3

Moved: Cr AJ Metcalf Seconded: Mr J Whiteaker Carried: 4/0

THAT COUNCIL:

NOTES THE PROGRESS OF ACTIONS ARISING FROM THE FINANCIAL MANAGEMENT REVIEW.

7.4 REGULATION 17 REVIEW

Date: 29 July 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO and Sonia King, Finance Manager
Attachments: N/A

Summary

This report updates the Audit Committee on the requirement to conduct a Regulation 17 Review and current progress towards conducting the Review.

Background

The Local Government Audit Regulations require CEOs to review and report to their Audit Committee and Council, at least once every two years, on the appropriateness and effectiveness of systems and procedures in relation to:

- risk management
- internal controls, and
- legislative compliance

CEOs need to demonstrate that they have solid foundations in place for the ongoing management of risks and controls.

The following areas directly related to determining operational risk for the Shire are the areas of focus for the Regulation 17 Review.

A Risk management policy and methodology under the following themes:

- Providing inaccurate Advice / Information
- Asset Sustainability practices
- Business & Community disruption
- Failure to fulfil Compliance requirements
- Document Management Processes
- Employment practices
- Engagement practices
- Environment management
- Errors, Omissions, Delays
- External theft & fraud (including Cyber Crime)
- Management of Facilities / Venues / Events
- IT & Communications Systems and Infrastructure
- Misconduct
- Project / change Management
- Safety and Security practices
- Supplier / Contract Management

Comment

Implementation will be overseen internally by the CEO with assistance from LGIS who have implemented similar frameworks at over 80 other LG's in WA. LGIS offer this service as part of their strategy to reduce risk in local government and are scheduled to undertake implementation in early September and will report to the Audit Committee on their findings.

Consultation

Nil

Financial Implications

The review is funded by the scheme and therefore incurs no additional cost to Council. However actions arising from the review may incur costs which would be brought before Council as part of standard budgeting processes.

Policy Implications

Nil

Statutory Implications

Local Government (Audit) Regulations 1996 - Reg 17

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER’S RECOMMENDATION – ITEM 7.4

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT:

THE REGULATION 17 REVIEW BE CARRIED OUT BY LGIS AND THAT THE REPORT BE PRESENTED BY LGIS TO THE FIRST AUDIT COMMITTEE MEETING FOLLOWING COMPLETION OF THE REPORT.

COMMITTEE RECOMMENDATION – ITEM 7.4

Moved: Mr J Whiteaker

Seconded: Cr AJ Metcalf

Carried: 4/0

THAT COUNCIL RESOLVES THAT THE REGULATION 17 REVIEW BE CARRIED OUT BY LGIS AND THAT THE REPORT BE PRESENTED BY LGIS TO THE FIRST AUDIT COMMITTEE MEETING FOLLOWING COMPLETION OF THE REPORT.

7.5 COMPLIANCE PROBITY AUDIT REPORT - DRAFT

Date: 05 August 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO
Attachments: 5. Draft Compliance Probity Audit Report

Summary

This report updates the Audit Committee on the draft report provided to the Shire by the Department of Local Government and Communities (DLGC) on the Probity Audit conducted on Shire operations in June.

Background

In April 2016, the CEO and Finance Manager met with Jenni Law, the Director of Local Government Regulation and Support at the DLGC. In discussions Ms Law offered the Shire a Probity Audit. This offer was accepted and on the 15 and 16 June, two officers from DLGC conducted the audit. The purpose of the audit was to check the Shire's compliance with the Local Government Act 1995 (The Act) and associated regulations.

Comment

On Wednesday 3 August 2016, Ms Law provided the Shire with a draft report emerging from the audit. See attached. This report identifies lack of compliance with some areas of operations noting that there has been minimal focus on compliance at the Shire for an extended period of time. The report makes 19 recommendations. There is some overlap between these recommendations and the recommendations made by RJ Back in the Financial Management Review Report, March 2016. It should be noted that several of the recommendations have already been implemented.

Consultation

Nil

Financial Implications

Actions arising from the audit may incur costs which would be brought before Council as part of standard budgeting processes. The 2016/17 budget includes provision for Governance personnel who would have carriage of many of these actions.

Policy Implications

Nil

Statutory Implications

Local Government Act (1995) and associated regulations inform all areas of Local Government operations.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.5

THAT THE AUDIT COMMITTEE RECOMMENDS TO COUNCIL THAT:

- 1. COUNCIL RECEIVES THE COMPLIANCE PROBITY AUDIT 2016; and***
- 2. DIRECTS THE CEO TO REPORT ON IMPLEMENTATION OF RECOMMENATIONS TO THE NEXT MEETING OF THE AUDIT COMMITTEE***

COMMITTEE RECOMMENDATION – ITEM 7.5

Moved: Cr RJ Trepp

Seconded: Cr DE Metcalf

Carried: 4/0

THAT COUNCIL RESOLVES TO:

- 1. RECEIVE THE COMPLIANCE PROBITY AUDIT 2016; and**
- 2. DIRECT THE CEO TO REPORT ON IMPLEMENTATION OF RECOMMENATIONS TO THE NEXT MEETING OF THE AUDIT COMMITTEE.**

8. QUESTIONS FROM MEMBERS

Nil

9. URGENT BUSINESS

Nil

10. DATE OF NEXT MEETING

Date: TBC

Items for next meeting: Confirmation of Audit of the 2015/16 Financial Statements

11. CLOSURE OF MEETING

The presiding member closed the meeting at 10.20am.

AUDIT COMMITTEE MEETING ATTACHMENTS

Wednesday
10 August 2016
9.00am



ATTACHMENTS

7.1

1. Spreadsheet – Updated Ratios
2. Email from Leanne K Oliver (Shire Auditor)

7.2

3. Draft scope for the audit of the 2015/16 financial statements

7.3

4. Financial Management Review Action Plan

7.5

5. Draft Compliance Probity Audit Report

SHIRE OF DOWERIN
Ratio Calculations
AS AT 30TH JUNE 2015

IMPORTANT: Enter all Values in the blue cells as a positive

Ratios		Formula		\$	2015	\$	2014	\$	2013	
Liquidity & Solvency										
CURRENT RATIO	Current Assets			2,748,185		2,226,455		0		
	LESS: Restricted Current Assets			(2,259,002)		(2,272,247)		0		
	Restricted Cash	+		1,805,192		1,724,400		0		
	Restricted Investments	+		0		0		0		
	Restricted Grants at 30.6	+		453,810	489,183	547,847	(45,792)	0	0	
					=		=		1.55	
	Current Liabilities	+		585,338	429,913	486,393	355,587	0	0	
	LESS: Liabs Assoc with Rest Curr Assets			(155,425)		(130,806)		0		
- Staff Liabilities Reserve	+		155,425		130,806		0			
-	+		0		0		0			
-	+		0		0		0			
OPERATING SURPLUS RATIO	Operating Revenue Minus Operating Expense			(98,511)		(1,429,037)		0		
	Net Result	+		649,405		(622,800)		0		
	- less: Non-Operating grants, Subsidies and	-		(747,916)	(98,511)	(806,237)	(1,429,037)	0	0	
					=		=		0.74	
	Own Source Operating Revenue			1,937,450	1,937,450	1,556,730	1,556,730	0	0	
	- add: rates	+		1,119,722		1,046,403		0	=	
	- add: fees and user charges	+		291,051		256,948		0		
	- add: service charges/ sewerage	+		125,637		119,609		0		
	- add: interest income	+		76,676		114,822		0		
	- add: profit on disposal of assets	+		5,905		0		0		
	- add: reimbursements and recoveries	+		299,337		0		0		
	- add: Other Revenue	+		19,122		18,948		0		
OWN SOURCE REVENUE RATIO	Own Source Operating Revenue			1,937,450		1,556,730		0		
	- rates			1,119,722		1,046,403		0		
	- add: fees and user charges			291,051		256,948		0		
	- add: service charges/sewerage			125,637		119,609		0		
	- add: interest income			76,676		114,822		0		
	- add: profit on disposal of assets			5,905		0		0		
	- add: reimbursements and recoveries			299,337		0		0		
	- add: Other Revenue			19,122		18,948		0		
			1,937,450	0.45	1,556,730	0.37	0	0.39		
Operating Expense	+		4,288,430	4,288,430	4,160,908	4,160,908	0	0		
Debtors										
DEBT SERVICE RATIO	Annual operating surplus before interest and depreciation			1,107,105		78,964		0		
	Net result			649,405		(622,800)		0		
	- less: non-operating grants, subsidies and	-		(747,916)		(806,237)		0		
	- add: interest expense	+		24,927		23,696		0		
	- add: depreciation	+		1,180,689	1,107,105	1,484,305	78,964	0	0	
					=		=		32.36	
	Debt service cost			92,977	92,977	78,608	78,608	0	0	
	- principal repayments on loans	+		68,050		54,912		0		
- add: interest repayments on loans	+		24,927		23,696		0			
- add: interest repayments on O/D	+		0		0		0			
Assets										
ASSET SUSTAINABILITY RATIO	Capital renewal and replacement expenditure			1,416,448		1,946,012		0		
	Capital expenditure			1,543,748		1,946,012		0		
	Less: new/upgrade expenditure	+		0		0		0		
	Less: proceeds on disposal of renewed assets	+		127,300	1,416,448	0	1,946,012	0	0	
				=		=		3.070		
Depreciation expense			1,180,689	1,180,689	1,484,305	1,484,305	0	0		
ASSET CONSUMPTION RATIO	Depreciated replacement cost of assets	+		40,627,825	40,627,825	33,088,514	33,088,514	0	0	
	Current replacement cost of depreciable	+		44,523,034	44,523,034	45,326,732	45,326,732	0	0	
ASSET RENEWAL FUNDING RATIO	Discount rate	+		0.00%		0.00%		0.00%		
	NPV of planned capital renewals over 10 years			0		0		0		
	Planned capital renewals year 1			0		0		0		
	Planned capital renewals year 2			0		0		0		
	Planned capital renewals year 3			0		0		0		
	Planned capital renewals year 4			0		0		0		
	Planned capital renewals year 5			0		0		0		
	Planned capital renewals year 6			0		0		0		
	Planned capital renewals year 7			0		0		0		
	Planned capital renewals year 8			0		0		0		
	Planned capital renewals year 9			0		0		0		
	Planned capital renewals year 10			0	0	0	0	0	0	
					= Enter Figures		= Enter Figures		=	N/A
	NPV of Required Capital Expenditure Over 10 years			0	0	0	0	0	0	
	Required capital renewals year 1			0		0		0		
	Required capital renewals year 2			0		0		0		
	Required capital renewals year 3			0		0		0		
	Required capital renewals year 4			0		0		0		
	Required capital renewals year 5			0		0		0		
	Required capital renewals year 6			0		0		0		
Required capital renewals year 7			0		0		0			
Required capital renewals year 8			0		0		0			
Required capital renewals year 9			0		0		0			
Required capital renewals year 10			0		0		0			

Emma Richards

From: Andrea Selvey
Sent: Friday, August 05, 2016 1:56 PM
To: Emma Richards
Subject: FW: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Email as discussed Emma.

From: Leanne K. Oliver [mailto:leanneo@byfields.com.au]
Sent: Monday, 25 July 2016 11:09 AM
To: Andrea Selvey
Subject: RE: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Hi Andrea

I have reviewed last year's accounts.

What the department is saying is correct, the unspent grants were not included in restricted cash and thus the current ratio should be 1.138.

Do you wish me to reply directly to the department?

Regards

Leanne

From: Andrea Selvey [mailto:ceo@dowerin.wa.gov.au]
Sent: Thursday, 21 July 2016 5:14 PM
To: Leanne K. Oliver <leanneo@byfields.com.au>
Cc: Sonia King <finance@dowerin.wa.gov.au>; navsdron@bigpond.com
Subject: FW: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Dear Leanne,

Would you mind reviewing the email below and providing your response.

Thanks, Andrea

From: ning.yan@dlgc.wa.gov.au [mailto:ning.yan@dlgc.wa.gov.au]
Sent: Thursday, 21 July 2016 5:12 PM
To: Andrea Selvey
Cc: james.harmer@dlgc.wa.gov.au
Subject: RE: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Hi Andrea

Thank you for providing the ratio calculations. It seems the Shire has excluded unspent grants from restricted cash in the Current Ratio calculation.

Ratio Calculation
AS AT 30TH JUNE 201:

IMPORTANT: Enter all Values in the blue cells as a positive

Ratios	Formula	\$	2015
Liquidity & Solvency			
CURRENT RATIO	Current Assets	2,748,185	
	LESS: Restricted Current Assets	(2,259,002)	
	Restricted Cash	1,805,192	
	Restricted Investments	0	
	Restricted Grants	453,810	489,183
			=
	Current Liabilities	585,338	429,913
	LESS: Liabs Assoc with Rest Curr Assets	(155,425)	
	Staff Liabilities Reserve	155,425	
		0	
		0	1.138

The Department's operation guideline 18 – Financial Ratio details the calculation of current ratio and considers unspent grants to be part of restricted assets and should be deducted from current assets. From our calculation above, the Shire's current ratio should be 1.138. Can you have a chat with your auditor to discuss this issue please.

Kind Regards

Ning Yan

Senior Project Officer
Local Government Regulation and Support
Department of Local Government and Communities
Tel: +61 8 6552 1701
Fax: +61 8 6552 1555
Email: ning.yan@dlgc.wa.gov.au
Web: www.dlgc.wa.gov.au

From: Andrea Selvey [<mailto:ceo@dowerin.wa.gov.au>]

Sent: Wednesday, 20 July 2016 4:58 PM

To: Ning Yan

Cc: Lynette V. Pereira; Sonia King

Subject: RE: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Dear Ning,

Please find attached spreadsheet showing ratio calculations. Hope this provides clarification.

Thank you.

Andrea

Andrea Selvey

Chief Executive Officer
Shire of Dowerin
PO Box 111
13 Cottrell Street
Dowerin WA 6461

Ph: 08 9631 1202
Fax: 08 9631 1193

Website: www.dowerin.wa.gov.au

From: ning.yan@dlgc.wa.gov.au [<mailto:ning.yan@dlgc.wa.gov.au>]
Sent: Friday, 15 July 2016 4:03 PM
To: Andrea Selvey
Cc: lynette.v.pereira@dlgc.wa.gov.au
Subject: Shire of Dowerin Annual Report 2014-15 - Current Ratio

Hi Andrea

Thank you for submitting the Shire's 2014/15 Annual Report to the Department.

Would you be able to provide us with your current ratio calculation as we are unable to arrive at the figure reported.

Thank you in advance for your assistance.

Kind Regards

Ning Yan
Senior Project Officer
Local Government Regulation and Support
Department of Local Government and Communities
Tel: +61 8 6552 1701
Fax: +61 8 6552 1555
Email: ning.yan@dlgc.wa.gov.au
Web: www.dlgc.wa.gov.au

From: Emma Richards [<mailto:admin2@dowerin.wa.gov.au>]
Sent: Wednesday, 6 July 2016 5:11 PM
To: Annual Report Submission
Cc: Andrea Selvey; Stuart Fraser
Subject: RE: Shire of Dowerin Complete Annual Report 2014-15

Please find attached the corrected Complete Annual Report 2014-15 for the Shire of Dowerin. My apologies as the previous version was missing the signed financial report.

Regards

Emma Richards

Administration Officer
Shire of Dowerin
13 Cottrell Street
PO Box 111
DOWERIN WA 6461

Tel: 08 9631 1202
Fax: 08 9631 1193
Email: admin2@dowerin.wa.gov.au
Website: www.dowerin.wa.gov.au
Please note I work part time (Tues, Wed & Fri - 8.30am - 4.00pm)



From: Emma Richards
Sent: Wednesday, July 06, 2016 9:32 AM
To: 'annual.report@dlgc.wa.gov.au'
Cc: Andrea Selvey; 'stuart.fraser@dlgc.wa.gov.au'
Subject: Shire of Dowerin Complete Annual Report 2014-15

Please find attached the Shire of Dowerin's Complete Annual Report 2014-15.

Regards

Emma Richards

Administration Officer
Shire of Dowerin
13 Cottrell Street
PO Box 111
DOWERIN WA 6461

Tel: 08 9631 1202
Fax: 08 9631 1193
Email: admin2@dowerin.wa.gov.au
Website: www.dowerin.wa.gov.au
Please note I work part time (Tues, Wed & Fri - 8.30am - 4.00pm)



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Shire of Dowerin 2015/16 Audit Specification

Objectives of the Audit

To provide an independent audit opinion of the accounts and annual financial reports of the local government for each financial year covered by the term of the audit appointment.

Scope of the Audit

The auditor is to –

Carry out such work as is necessary to form an opinion as to whether –

- (a) the accounts are properly kept; and
- (b) the annual financial report –
 - (i) is prepared in accordance with the financial records; and
 - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the *Local Government Act 1995* (as amended) (the Act), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in his or her audit report on –

- (a) the financial position of the local government; and
- (b) the results of the operation of the local government.

Include in his or her audit report –

- (a) any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
- (b) any matters indicating non-compliance with financial management or control requirements of the Act, Regulations and any other written law;
- (c) details of whether information and explanations were obtained by the auditor;
- (d) a report on the conduct of the audit; and
- (e) the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions.

Audit Methodology and Approach

Other requirements of the Auditor –

- (a) The auditor is required to comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*;
- (b) An audit is to be carried out in accordance with accounting standards adopted from time to time by the Australian Government Auditing and Assurance Standards Board (AuASB);
- (c) The auditor is to provide the local government with a general outline of his/her methodology;
- (d) The auditor is to provide the local government with a plan for the audit including –
 - timing of interim audit visits;

final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means;
the method to be used to communicate with, and provide advice and information to, the local government; and

The auditor is required to produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

Critical Matters to be Audited

The auditor is to include to an opinion on the following and the manner in which they have been maintained.

(i) Revenue

- Rates revenue
- Government grants
- User pays revenue
- Profit on sale of non-current assets
- Other income

(ii) Expenditure

- Salary and wage costs
- Depreciation
- Materials and contract expenditure
- Loss on sale of non-current assets
- Insurances
- Bad debts
- Other expenditure

(iii) Current Assets

- Bank and short term investments
- Receivables and prepayments
- Inventory

(iv) Non-Current Assets

- Property, plant, furniture and equipment
- Infrastructure and depreciation
- Other receivables

(v) Liabilities (Current and non-current)

- Creditors and accruals
- Loan borrowings including new loans raised
- Provision for annual and long service leave entitlements

(vi) Reserve Funds

(vii) Contingent Liabilities

(viii) Capital Commitments

(ix) Accounting Policies and Notes to the Financial Statements

(x) Cash Flow Statement

(xi) The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

Additional Procedures

In addition to the Model Minimum Standard Audit Specification process the following additional procedures will be undertaken.

1. Tracing Transactions

This process would involve selecting a payment from the bank statement then tracing this back through the accounting system to the invoice or other relevant documentation, the discussed sample size selected was one payment per week during the period 1 July 2015 to 30 June 2016.

The specific process is detailed below:

1. Select payment from bank statement, where this is a batch payment obtain a summary of the suppliers paid within the batch then select one payment to review.
2. Obtain copies of documentation from staff required to substantiate the payment, e.g. invoice, contract
3. Obtain copies of purchase orders (if applicable)
4. Review documentation to ensure correct authorisation is evidenced for both ordering and payment. Appropriateness of authorisation will be assessed in terms of current policies and procedures in place.
5. Review general ledger accounts to ensure the payment has been allocated to the correct account within Synergy
6. Review GST has been correctly calculated and allocated
7. Preparation of detailed report showing finding on each transaction

2. Delegations/ Authorisation Limits

1. Preparation of report summarising the delegation/authorisation limits in place within the Shire for the purpose of purchasing or procurement.
2. Provide guidance on appropriateness of these limits.
3. Testing of the adherence to these limits would be tested as part of Tracing Transactions.

3. Separation of Duties

1. Preparation of detailed report identifying all the key duties/steps involved in the procurement, payment and accounting process and who is the key personnel responsible for each step.
2. Preparation of summary of any duties/steps where there is insufficient separation of duties or review process in place.

The cost to undertake these Agreed Upon Procedures would be:

- Tracing Transaction and Delegation/Authorisation Limits 2,400(+GST)
- Separation of Duties 1,800(+GST)

Hours, Fees and Expenditure

The auditor is to provide –

- estimate of the time to be spent on the audit;
- fees for completing the audit in accordance with this specification;
- nominated auditor(s) and registered company audit number(s); and
- experience of the nominated auditors in completing local government audits.

The auditor is to provide a fee for any additional audit requested by Council.

Terms

Conditions to be noted by auditors –

1. the auditor shall not sub contract to a third party;
2. the auditor shall not, and has no right to, assign the audit contract to third parties;
3. the auditor shall not be engaged by the local government to undertake any financial consultancy with the local government that requires the preparation of financial information that will be the subject of the annual audit; and
4. the auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission.

Communication

The primary point of contact between the Shire of Dowerin and the Auditor is via the Shire of Dowerin Audit Committee.

The Audit Committee will recommend the Scope of the Audit to Council; receive the Audit Report and Management Letter from the Auditor before forwarding these documents to Council;

An essential component of the scope for the Auditor is to formally meet with the Audit Committee at least once per year to present the findings of the Audit to the Committee.

Termination of Appointment

The appointment as auditor is terminated if –

- (a) the auditor ceases to be a registered company auditor;
- (b) the auditor ceases to be an approved auditor under Section 7.5 of the *Local Government Act 1995*;
- (c) the auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*;

Shire of Dowerin - Financial Review Action Plan March 2016

1 FINANCIAL SYSTEMS							
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS	COMMENT
1.1	HIGH	Staff training and mentoring	Staff training program developed	08-Apr-16	10000	Ongoing	Training in Bank Recs scheduled for early August. 5 June 16 - Online training for WALGA intro to the Local Govt Act purchased with date for all staff to complete online module together. Introductions to Northam to arrange staff PD swaps. Training program being developed in one on one meetings with staff. Training/mentoring commenced. 13/04 LGIS can provide some resilience training and team building training.
1.2	HIGH	Bank Reconciliation undertaken and process in ITVision utilised	Develop and implement a process for monthly Bank Reconciliations to be undertaken, reviewed, certified and signed by senior officers.Get quotes from ITVision to set up and include in 2016/17 process for council consideration	01-Jul-16	2000TBC	Not started	ITVision requested to remove incorrect data in bank reconciliation program to coincide with training. Staff training in correct bank reconciliations process scheduled for August.
1.3	HIGH	Processing of all payments via the creditors system.	All Payments (including credit card and direct debits) be processed through creditors system.	Completed	-	Completed	Procedure developed and implemented
1.4	HIGH	Monthly financial reports	Monthly financial reports to be upgraded to the Moore Stephens model.	30-May-16	2000	Completed	30 May 2016 - Moore Stephens core template for compliance introduced at 17 May Council meeting. SK to attend training with Moore Stephens at next opportunity to looks additional reporting.
1.5	MEDIUM	Electronic purchase orders implemented	Electronic purchase order module be used.	15-Aug	TBC	Not started	ITVision electronic purchase order module has been purchased. Megan Shirt to train staff in mid August.
1.6	HIGH	Trust fund accounts	Correct and process trust fund accounts via Synergy Soft	15-Aug		In progress	1 July Northam Shire to take over AROC trust fund in new financial year. Staff training in process Trust Fund transactions
1.7	MEDIUM	Annual reports - staff training	See staff training program at 1.1	15-Aug		In progress	
1.8	LOW	Loan Module	Set up loan module in Synergy Soft	15-Aug		In progress	Loan module set up - staff training to use module scheduled for mid August
2 ICT SYSTEMS							
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS	

2.1	HIGH	Upgrade Server and MSOffice	Develop a PAM to determine ICT (Hardware and Software) requirements and replacement schedule (note Server replaced in Dec 2014 and upgraded in 2015)	01-Jul-16	TBC	In progress	30 May 16 - PAM Completed. New server or Cloud being considered in 2016/17 budget process. PCS working on PAM - Quotes will be sought in implementing the PAM and appropriate budget allocation sought via 2016/17 Budget process
2.2	HIGH	Upgrade Internet	Upgrade from ADSL1 to ADSL2+	30-Apr-16		Completed	30 May 2016 - Completed. Quotes being sourced from Internet Providers
2.3	HIGH	Review keyword system for F Drive	Complete review of keywords used to replace with corporate keywords rather than individual staff names	Jan-17	Feb-16	Not started	30 June - Incorporated into Governance Coordinator position Review HR capacity and capability to undertake this task as part of review of structure
3 POLICIES AND PROCEDURES							
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS	
3.1	HIGH	Council policies	Review all Council policies	Mar-17		In progress	Review HR capacity and capability to undertake this task as part of review of structure
3.2	HIGH	Delegations	Review all delegations and take reviewed register to Council for formal consideration and adoption			In progress	Review HR capacity and capability to undertake this task as part of review of structure
3.3	MEDIUM	Disbursement of funds	Develop and document procedures for all accounting practices and processes			Scheduled	30 May 16 - LGIS Reg 17 Reveiw scheduled for Sept 16. Review HR capacity and capability to undertake this task as part of review of structure. Some assistance from the LGIS Business Continuity Advisory Service offered. Confirming details with LGIS following meeting on 12 April .
3.4	HIGH	Cash handling	Develop procedures for cash handling	Jul-16		Process and procedures under review	
3.5	MEDIUM	Asset Management Plans and procedures	Develop procedures as part of asset management plans	Dec-16		In progress	30 June - Works Tools being utilised for works planning.30 May 16 - New positions (Manager Assets and Works and Asset and Risk Officer) being proposed to Council as part of restructure. Review HR capacity and capability to undertake this task as part of review of structure. Some assistance from the DLGC confirmed on 8 April. DLGC consultants visiting Dowerin for one day workshop on 4 May.
3.4	HIGH	Audit reporting to the Department	Ensure appropriate reporting by the Auditor to the Department			Completed	Auditor advised of this compliance requirement on the Auditor - not Shire responsibility
4 PAYMENT PROCEDURES							
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS	
4.1	LOW	Fund Accounts	Investigate merging three accounts into one for reporting in SynergySoft	Jun-17	2000	Not started	Discussed with Megan Shirt - low priority. Further action to be discussed and determined if necessary.
4.2	LOW	Direct Debt	Investigate offering ratepayers direct debt as a less labour intensive process for staff and to ensure regular payments are made.	Jul-17			Low priority. Implement when resources permit.

4.3	HIGH	Direct Credit reports	Develop and implement process for reports to be signed by authorising staff	Completed	Completed	Procedures reviewed and updated. Ongoing review as part of monthly internal control.
5 PAYMENTS REPORTING						
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS
5.1	HIGH	Cheque and dollar reconciliations	Sequences included in list presented to Council	May-16		Completed Implemented
5.2	HIGH	Certification of payments	Certification signed by preparer and supervisor included in list presented to Council	May-16		Completed Implemented
6 FINANCIAL REPORTS						
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS
6.1	HIGH	Monthly reports	Implement Moore Stephens template and review process for determining materiality level annually	May-16		Completed Duplicate - See Item 1.4 above
6.2	HIGH	Annual Financial Reports	Complete 2014/15 Annual reports asap	07-May	4500	Completed Audit report received by Council on 21 June and presented to Annual Electors Meeting on 30 June. 15 June 16 - Annual Report Completed and being presented to Audit Committee on 15 June with view to presenting to Council on 21 June. Underway with aim to present to Council on 17 May at Council Meeting
6.3	HIGH	Mid Year Budget Review	Ensure compliance with legislation to complete review by end April.	19-Apr		Completed 30 April - Completed and submitted to the Dept on time to achieve compliance. Underway with aim to present to Council on 19 April at Council Meeting
7 SYSTEMS REVIEW - INTERNAL CONTROLS						
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS
7.1	HIGH	Rating System	Develop, document and implement procedures for reconciliations and end of month reporting	Dec-16		Not started Some procedures in place. Review of all procedures underway to ensure currency and creating a central database. New governance coordinator will have records management as a key priority.
7.2	HIGH	Procedures for Creditor Payment System	Develop, document and implement procedures for reconciliations and end of month reporting	Dec-16		Not started Review HR capacity and capability to undertake this task as part of review of structure
7.3	HIGH	Procedures for Debtors System	Develop, document and implement procedures for reconciliations and end of month reporting	Dec-16		Not started Review HR capacity and capability to undertake this task as part of review of structure
7.4	HIGH	Procedures for Cash Receipting System	Develop, document and implement procedures for banking ensuring review by Senior Officer	May-16		Completed Procedure developed
7.5	HIGH	Procedures for Payroll System	Develop, document and implement procedures for fortnightly audit of payroll system	May-16		Underway Procedure being following - requires documentation
7.6	HIGH	Payroll System	Review on-cost charge process in payroll parameters	May-16		Underway Review carried out as part of setting the 2016/17 budget. Monitor and review in September 2016
8 COMPLIANCE WITH STATUTORY RQEUREMENTS						
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS
8.1	HIGH	Workforce Plan	Review and update	Jul-16		In progress 30 May 2016 - Negotiating with LGIS to assist with this. Review HR capacity and capability to undertake this task as part of review of structure.

8.2	HIGH	Asset Management Plans	Prepare asset management plans in accordance with IPR	As per Dept. guidelines fro different classes of assets	In progress	30 May 16 - New positions (Manager Assets and Works and Asset and Risk Officer) being proposed to Council as part of restructure. Get quotes and Review HR capacity and capability to undertake this task as part of review of structure. Some support from DLGC as per item 3.5 above.
8.3	HIGH	Long Term Financial Plan	Develop LTFP in accordance with IPR	Dec-16		Get quotes for this work for consideration by Council as part of 2016/16 budget process.
9 GENERAL						
ITEM NUMBER	PRIORITY	ITEM	ACTION	TIMEFRAME	COST	STATUS
9.1	HIGH	Audit Committee	Undertake review under Audit Regulation 17 for risk management	Jul-16		Scheduled for Sept 2016
9.2	HIGH	Audit Committee	Audit Committee establish timetable for CEO review on compliance, risk and internal controls	Aug-16		In progress
9.3	HIGH	Position Descriptions	Review and update all position descriptions	Jul-16		In progress
9.4	HIGH	Elected Member Training	Elected Member Training programme developed	08-Apr-16	12,000	In progress
9.5	HIGH	Auditor	Review contract for Auditors	01-May-16		Completed
ADDITIONAL ACTIONS						
HIGH	Internet Banking	Develop register of users to ensure accountable authorisation management	30-Apr		Completed	Register and forms for signature of staff that outline responsibilities of staff (including securing dongle and password).
HIGH	Records Management	Review and Implement Records Management Plan	Sep-16		In progress	30 May 2016. New Governance Position in restructure.Review HR capacity and capability to undertake this task as part of review of structure
HIGH	Public Interest Disclosure	Develop Policy to provide councillors, staff and contractors with info regarding rights and responsiblities and protection	Jul-16		In progress	Policy adopted by Council at 19 July Council meeting
HIGH	Acquittals	Roads to Recovery; CLGF; Swimming Pool	Jun-16		Completed	Outstanding acquittals completed



Government of **Western Australia**
Department of **Local Government and Communities**

SHIRE OF DOWERIN

2016

COMPLIANCE PROBITY AUDIT REPORT

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EXECUTIVE SUMMARY

The Department of Local Government and Communities recommended that the Shire of Dowerin would benefit from a modified probity audit of its purchasing and procurement, statutory registers for gifts, delegations, policies and disclosures of interest, compliance and decision making committee structure.

The Dowerin Probity Audit found that the local government was not statutorily compliant with some provisions of the *Local Government Act 1995* (the Act) and associated regulations, and has not followed proper standards of practice in some areas.

There has been minimal focus on compliance for an extended period of time. The probity audit identified statutory non-compliance in the Shire's record keeping practices. There are indications that the local government has not had full or adequate control over its processes, which in turn raises concerns about the integrity of the Shire's procedures and whether the oversights deliver best value for money in terms of the Shire's expenditure.

The Shire needs to establish and maintain a number of registers required by the Act. The content of those registers must comply with the relevant provisions that govern the information that is to be included, and the Shire needs to regularly review the format and content. Whilst the Shire has a Purchasing Policy in place, it does not fully comply in certain areas with the regulations.

The Shire's purchasing and procurement processes require review. There is also considerable improvement needed in the Shire's record keeping practices. The report highlights the need for employees to be more aware of the proper application of policies and procedures. Key staff would benefit from relevant training in these areas, which in turn would support more efficient and cost effective practices for the Shire.

RECOMMENDATIONS

Recommendation: 1

That Council conduct a review of its Delegations Register. Delegations should be amended to improve their effectiveness, added if relevant or removed if unnecessary or redundant.

Recommendation: 2

The CEO ensures the register of financial interests contains all disclosures made under section 5.70 of the Act with regard to Council and committee meetings.

Recommendation: 3

The CEO and presiding member for Council and committee meetings ensures agendas and minutes contain the required information regarding business items for each meeting, and the details of each decision made at the meeting.

Recommendation: 4

The CEO introduce a procedure to ensure all financial interest returns are lodged by the statutory dates and that each return is checked for its standard of information in regard to dates, signatures, and the manner in which they are completed.

Recommendation: 5

The CEO introduces a procedure to ensure the Shire's compliance with the process for disposal of property as stipulated in section 3.58(3) of the Act.

Recommendation: 6

The CEO arranges a review of the Shire's policies to ensure compliance with the Act and regulations and council consider the development and adoption of further policies, such as those recommended for consideration on page 22 of this report.

Recommendation: 7

That CEO ensures the Shire's Purchasing Policy complies with Regulation 11A of the Local Government (Functions & General) Regulations 1996 as amended. The policy is to include clearly described procedures for recording and retaining written information or documents regarding quotations received for all purchases made by the Shire.

Recommendation: 8

The CEO reviews the Shire's purchasing and procurement processes. Where the value of goods and services is \$150,000 or more, the Shire must conduct a tender process in accordance with Part 4, Division 2 of the *Local Government (Functions & General Regulations) 1996*, unless otherwise exempt.

Recommendation: 9

The CEO ensures all employees with the authority to purchase goods and services are aware of and understand the requirements contained in the Shire's Purchasing Policy regarding obtaining quotations. Record Management Procedures should be introduced to provide for quotations or notations on quotations concerning purchasing. Records need to be more readily accessible and retrievable to support the procurement process.

Recommendation: 10

The CEO ensures all employees with the authority to invite tenders or involvement in the tender process are adequately skilled by providing relevant training.

Recommendation: 11

The CEO introduces a new Tender Register and ensures that it is properly maintained in accordance with regulation 17 of the *Local Government (Functions and General) Regulations 1996*.

Recommendation: 12

That Council review the operation of its committee structure to determine whether the powers and duties delegated to any of its committees are lawfully able to be delegated under the Act.

Recommendation: 13

That Council develops "Terms of Reference" or "Statements of Purpose" for each of its committees to improve transparency by providing information to the public on the purpose for establishing the committee and any limits on its operation.

Recommendation: 14

The CEO develops a system for providing written notices to call and convene Council meetings as specified in sections 5.4 and 5.5 of the Act.

Recommendation: 15

That the Shire's Complaints Officer (CEO) establishes and maintains a Complaints Register in accordance with section 5.121(1) of the Act.

Recommendation: 16

The CEO reviews the Shire's Gift Register to ensure all categories of gift disclosures are recorded by Council members and employees in a manner compliant with the statutory provisions of the Act and associated regulations.

Recommendation: 17

The CEO reviews the Shire's Code of Conduct and updates the information to include the content that is required by the Act, *Local Government (Administration) Regulations 1995* and the *Local Government (Rules of Conduct) Regulations 2007*.

Recommendation: 18

The CEO consolidates all the issues identified in this report and other matters from the Shire's Financial Forensic Audit and 2015 Statutory Compliance Audit Return for the CEO to use as a guide in addressing the Shire's level of compliance including improvements to its processes and procedures.

Recommendation: 19

The Director General of the Department of Local Government and Communities presents the *Shire of Dowerin 2016 Probity Audit Report* to the Council of the Shire for its comment and response within 28 days. The Shire's response should specify what steps it proposes to take by providing a consolidated schedule in the form of a recommendation implementation action plan. Upon receiving the Shire's response, the Minister and the Department will determine whether any further action is warranted.

1. INTRODUCTION

The Shire of Dowerin covers an area of 1,867 square kilometres and is situated 156 kilometres North East of Perth. It is located in the Central Wheatbelt of Western Australia. The district is made up of fifteen localities; Amery, Booralaming, Daren Lakes, Doodarding, Dowerin, Ejanding, Goddard, Hindmarsh, Koombarkine, Manmanning, Minnivale, Moonijin, Nambling, Uberin and Ucarty. The major local industries are wheat, sheep, cattle, engineering and seed cleaning. Dowerin has some historical significance as one of the early pioneer farming areas and resting place for travellers on their way to the goldfields, with the first town site established in 1895.

The Dowerin Shire Council consists of eight elected members with the following three wards; Rural North Ward, Rural South Ward and Town Ward. The Shire administration office is located in Dowerin. The Council recently appointed Ms Andrea Selvey on 14 March 2016 as the new CEO to replace Mr Dacre Alcock who vacated the position on 20 May 2015. The total revenue of the Shire for 2014-15 was approximately \$5,026,936 and it has around 34 employees. The Shire is currently working towards two significant projects for the area; the Short Term Accommodation Facility and the Wheat Belt Heritage Rail Project.

As part of the Department's compliance and monitoring process, a probity audit was arranged with the Shire of Dowerin to examine its general level of compliance in its processes and practices. Representatives from the Department visited the Shire to conduct a Probity Compliance Audit. The audit was undertaken by Mr Stuart Fraser, Principal Advisory Officer and Ms Marina Sucur, A/Senior Project Officer who visited the Shire's offices at Dowerin on 15 and 16 June 2016.

During that visit relevant documents and registers were examined together with the Shire's procedures. This report examines certain areas of statutory compliance and also comments on matters relating to administrative best practice.

As a result of the Probity Compliance Audit, this report outlines certain probity processes of the Shire and examines the level of compliance with the *Local Government Act 1995* (the Act) and associated regulations relating to those processes. The report makes specific recommendations in circumstances where the Shire is not compliant with statutory requirements. The report also makes recommended process improvements where the Shire's processes do not appear to reflect best practice.

Prior to the Compliance Probity Audit and this report, the Shire had already identified areas of non-compliance in its Statutory Compliance Audit Return for 2015 and a financial forensic audit report prepared by a consultant who was engaged by the Shire. As a number of matters raised in both those documents are also identified in the Department's Compliance Probity Audit Report it is suggested that a consolidation of all three documents be undertaken with the view to producing a comprehensive implementation schedule for the CEO to use as a guide in addressing the Shire's level of compliance including improvements to its processes and procedures.

2. THE IMPORTANCE OF PROBITY

Probity is the evidence of ethical behaviour in a particular process. Probity is defined as complete and confirmed integrity, uprightness and honesty. It contributes to sound processes that accord equal opportunities for all participants.

Processes must be conducted with probity in mind to enable all parties to deal with each other on the basis of mutual trust and respect.

Adopting an ethical, transparent approach enables the business of government to be conducted fairly, reasonably and with integrity. Probity rules must be clear, open, well understood and applied equally to all parties to the process.

It is accepted that conflicts of interest may arise in the course of business operations, especially during the decision making process. Possible conflicts are extremely varied but include pecuniary (financial) and non-financial interests, associations with external groups or bodies and non-direct personal interests. In carrying out one's duties, public officials must not allow themselves to be improperly influenced by family, personal or business relationships.

Maintaining a high level of probity in a local government's processes protects the reputation of not only the Council, but also the administration. This is important as a local government's activities involve the management and control of public money, and may be subject to considerable public scrutiny.

3. SCOPE OF THE AUDIT

The following areas of compliance were examined for the purpose of the Audit and specifically for the period January 2015 to February 2016:

1. Delegations;
2. Financial Interest;
3. Policies;
4. Purchasing and Procurement;
5. Tender Register;
6. Committee Meeting Structure;
7. Complaints Register;
8. Gifts Register; and
9. Code of Conduct.

It should be noted that in some instances it was necessary to examine information outside that time frame.

4. STATUTORY COMPLIANCE

An examination of the registers and documents listed above concluded that the Shire needs to review some of its policies and general administrative procedures.

The following is a summary of issues identified in this probity audit:

- Delegations – need for review of delegations;
- Disclosure of Interest – Maintenance of Disclosures and Returns
- Policies – need to establish a policy manual and review policies;
- Purchasing and Procurement – improvements required in processes and procedures;
- Tender Register – Introduction of new and compliant Tender Register;
- Review of Committee Meeting Structure;
- Establishment and maintenance of gift and complaints registers;
- Code of Conduct - update contents to include current legislative requirements.

5. DELEGATIONS

Statutory Requirement

Section 5.46 of the *Local Government Act 1995* (the Act) states:

- (1) *The CEO is to keep a register of the delegations made under this Division to the CEO and to employees.*
- (2) *At least once every financial year, delegations made under this Division are to be reviewed by the delegator.*

5.1 Delegations Register

Issues Identified

The Shire's last review of its Register of Delegations was adopted by council at its ordinary meeting of 18 August 2015. The Register contains up to twenty eight delegations which include the following:

DELEGATION NUMBER	-	001 Acting CEO
LEGISLATIVE POWER	-	Local Government Act (1995) Section 5.42
DELEGATION SUBJECT	-	Acting Chief Executive Officer
DELEGATE	-	Chief Executive Officer

That in the absence of the Chief Executive Officer, Mr Dacre Alcock through leave of greater than 2 days duration, the Works Manager, Mr Steven Geerdink or the Finance Manager, Ms Sonia Dwaal be delegated to undertake the position of Acting Chief Executive Officer.

Reviewed at Council Meeting
18 August 2015

The above instrument of delegation provides for a delegation from Council to senior employees, namely the Works Manager and Finance Manager. Council cannot delegate its powers or duties under the Act directly to any other employee, except to the CEO. It is suggested that provision should be made for this matter in a Management Policy rather than a delegation. Once an employee is appointed as Acting CEO they automatically assume the powers and duties of the CEO including any delegations given to that position by Council.

As the CEO has the statutory function to manage, supervise and direct other local government employees, it is the CEO's responsibility and within their authority to appoint an Acting CEO for temporary periods whilst he or she is normally on leave or absent from the position of CEO.

The appointment of an Acting CEO may be handled differently in cases where the CEO has vacated the position or is on extended leave for other abnormal reasons.

DELEGATION NUMBER	-	002 Industrial Relations
LEGISLATIVE POWER	-	Local Government Act 1995 (Section 5.42)
DELEGATION SUBJECT	-	Disputes, Arbitration and Industrial
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is delegated authority to provide the Fitz Gerald Strategies with consent to act on the Council's behalf in any matter regarding disputes with employees of Council.

Reviewed at Council Meeting
18 August 2015

In reference to the instrument of delegation No.002 above, concerning industrial relations, it is not good policy to nominate a particular person or body to provide services to the local government. It may also be in breach of the local government's Purchasing and Procurement Policy as well as procurement practices.

A better approach would be to adopt the Shire's stance in delegation No.003 "Legal Representations Cost Indemnification" which states: *authorise the Chief Executive Officer to engage such services with a suitable legal firm (industrial relations representative or firm) as selected by the Chief Executive Officer in consultation with the Shire President.*

DELEGATION NUMBER	-	004 Liquor – Sale from Council Property
LEGISLATIVE POWER	-	Local Government Act 1995 (Section 5.42)
DELEGATION SUBJECT	-	Liquor, Sale from Council Property
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is delegated authority to approve applications for the sale of liquor from property under the care, control and management of the Council and to approve applications to consume liquor on property under the care, control and management of Council.

Reviewed at Council Meeting
18 August 2015

The above delegation No.004 “Liquor – Sale from Council Property” provides authority to the CEO to approve applications for the sale and consumption of liquor on property that is under the care, control and management of the local government. It states this power is derived from section 5.42 of the *Local Government Act 1995*. That reference to the Act is incorrect as that section does not allow for the power which has been delegated. The requirement to approve the consumption of liquor on Shire premises is found in section 119(1) of the *Liquor Control Act 1988* which states:

A person who consumes liquor in any place or on any premises, including any park or reserve, without the consent of the occupier, or of the person or authority having control, of that place or those premises commits an offence.

In regard to the sale of liquor, a Liquor Licence from the Department of Racing, Gaming and Liquor must be obtained for the sale of liquor from a premise. Local government certification is required to be submitted with the application. Prior to submitting an application for a Liquor Licence, the applicant must seek a Section 40 Certificate from the relevant local government.

DELEGATION NUMBER	-	005 Conferences, Seminars & Training Courses
LEGISLATIVE POWER	-	Local Government Act 1995 (Section 5.42)
DELEGATION SUBJECT	-	Conferences, Seminars & Training Courses
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is delegated authority to approve the attendance by Council staff at conferences, seminars and training courses where attendance will enhance the professional development of the officer, provide benefits to the Council and is relevant to the duties and responsibilities of the officer.

Reviewed at Council Meeting
18 August 2015

The above instrument of delegation No.005 "Conferences, Seminars & Training" allows the CEO to approve staff attendance at training courses for professional development. This matter would be better dealt with in Shire administrative management policy.

The CEO of a local government has the statutory function and responsibility to manage employees, including approving training for professional development of staff. The CEO may approve suitable training for employees on the basis there are sufficient funds allocated in the annual budget for that purpose.

DELEGATION NUMBER	-	007 Rate Book
LEGISLATIVE POWER	-	Local Government Act 1995 (Section 5.42)
DELEGATION SUBJECT	-	Rate Book
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is hereby delegated the performance of the following functions of the Council.

1. The discharge of the obligations specified in Section 6.39(1) of the Local Government Act 1995.
2. The service of Notices of Valuation and Rates referred to in Section 6.41(1) of the Local Government Act 1995 (as amended).
3. The time allowed for the payment of the rate before it becomes in arrears 6.50(2) of the Local Government Act 1995.
4. The powers conferred in Section 6.40 of the Local Government Act 1995.
5. The exercise of discretion in regard to granting of any extension of time for service of objections to the Rate Book 6.76(4) of the Local Government Act 1995.
6. The recovery of rates by complaint or action pursuant to the provisions of 6.56(1) of the Local Government Act 1995.
7. Entering into an agreement in accordance with 6.49 of the Local Government Act 1995.
8. Requiring a lessee to pay rent to the Council in satisfaction of rates or service charges due and payable in accordance with 6.60(2) of the Local Government Act 1995.

Reviewed at Council Meeting
18 August 2015

Delegations 1, 2 and 4 in the above instrument of delegation No.007 "Rate Book" are duties suitable for "acting through" situations rather than a delegation. Acting through is different to a delegation in that there is no discretion required as the Act requires a task or duty to be performed by the person i.e. *the local government must reassess the service charge and give notice.*

DELEGATION NUMBER	-	013 Demolition Licences
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LEGISLATIVE POWER	-	Building Act 2011 Sections 21 and 22
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DELEGATION SUBJECT	-	Demolition Licences
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DELEGATE	-	Chief Executive Officer
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The Chief Executive Officer, Mr Dacre Alcock is delegated authority to approve the issue of a demolition licence to take down a building or a part of a building and such licence may be subject to such conditions as the Chief Executive Officer considers necessary for the safe and proper execution of the work.

The Chief Executive Officer, in exercising authority under Section 5.44 of the Local Government Act 1995, has delegated this power/duty to the Environmental Health and Building Office, Mr Linton Thomas.

Reviewed at Council Meeting
18 August 2015

DELEGATION NUMBER	-	015 Appoint Authorised Persons
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LEGISLATION POWER	-	Building Act 2011, Section 96
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DELEGATION SUBJECT	-	Appoint Authorised Persons
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DELEGATE	-	Chief Executive Officer
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The Chief Executive Officer, Mr Dacre Alcock is delegated to appoint authorised persons for the purposes of the Building Act 2011.

DELEGATION NUMBER	-	016 Authority to Issue Building Orders
LEGISLATIVE POWER	-	Building Act 2011, Section 110
DELEGATION SUBJECT	-	Authority to Issue Building Orders
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is the delegated authority to;

- a) Stop work, demolish/remove a building, alter a building or evacuate a building, where there is a contravention of a provision of the Building Act 2011.
- b) Take specific action to prevent the contraventions of the Building Act 2011; and
- c) Finish and outward facing side of a wall; building which are considered as being unsafe or not fit for human habitation.

The Chief Executive Officer, in exercising authority under Section 5.44 of the Local Government Act 1995, has delegated this power/duty to the Environmental Health and Building Officer, Mr Linton Thomas.

Reviewed at Council Meeting
18 August 2015

DELEGATION NUMBER	-	017 Authority to Commence Prosecution
LEGISLATION POWER	-	Building Act 2011, section 139
DELEGATION SUBJECT	-	Authority to Commence Prosecution
DELEGATE	-	Chief Executive Officer

The Chief Executive Officer, Mr Dacre Alcock is delegated to commence prosecution for breaches of the Building Act 2011.

The Chief Executive Officer, in exercising authority under Section 5.44 of the Local Government Act 1995, has delegated this power/duty to the Environmental Health and Building Officer, Mr Linton Thomas.

Reviewed at Council Meeting
18 August 2015

All of the above instruments of delegation regarding the *Building Act 2011* make reference to powers that may be exercised by a "Permit Authority" which includes a local government. None of the delegations clearly make reference to the power in the *Building Act 2011* that provides for the local government to delegate those powers.

Section 127 of the *Building Act 2011* enables a local government to be a permit authority to delegate any of its powers or duties under another provision of that Act.

Section 127 of the *Building Act 2011* states:

(1) A special permit authority or a local government may delegate any of its powers or duties as a permit authority under another provision of this Act.

(2) A delegation of a special permit authority's powers or duties may be only to an employee of the special permit authority, or to an employee of one of the legal entities that comprise the special permit authority.

(3) A delegation of a local government's powers or duties may be only to a local government employee.

(4) The delegation must be in writing executed by or on behalf of the delegator.

(5) Except as provided for in subsection (6A), a person to whom a power or duty is delegated under this section cannot delegate that power or duty.

(6A) The CEO of a local government may delegate to any other local government employee a power or duty of the local government that has been delegated to the CEO under this section but in the case of such a power or duty —

(a) the CEO's power under this subsection to delegate the exercise of that power or the discharge of that duty; and

(b) the exercise of that power or the discharge of that duty by the CEO's delegate, are subject to any conditions, qualifications, limitations or exceptions imposed by the local government on its delegation to the CEO.

DELEGATION NUMBER	-	028 Caravan Parks & Camping Grounds
LEGISLATIVE POWER	-	Caravan Parks & Camping Grounds Act 1995 (Section 17)
DELEGATION SUBJECT	-	Enter and inspect Caravan Parks & Camping Grounds facilities
DELEGATE	-	Environmental Health/Building Officer

The Environmental Health/Building Officer, Mr Linton Thomas is appointed the "Authorised Person" for the purposes of the Caravan Parks and Camping Grounds Act and may at all reasonable times for the purpose of the Act enter and inspect facilities, stop, enter, inspect and detain any vehicle in a caravan

park or camping ground, conduct examinations and inquiries and exercise such other powers as are prescribed for the purpose of the Act.

Reviewed at Council Meeting
18 August 2015

The above instrument of delegation No.028 "Caravan Parks & Camping Grounds" appoints an authorised person to exercise powers and duties under the *Caravan Parks & Camping Grounds Act 1995*. An authorisation is not the same as a delegation as it has different legal implications for the person exercising those powers and duties and the person with the power to appoint an authorised person.

An authorised person is not acting on behalf of another person, but may exercise powers and duties in their own right.

Section 17 of the *Caravan Parks and Camping Grounds Act 1995* states:

17. *Appointment of authorised person*

- (1) *The chief executive officer of the Department or a local government —*
(a) may appoint such persons to be authorised persons for the
purposes of this Act as the chief executive officer or the local
government considers necessary.

Reference to the CEO exercising their power to delegate powers and duties under other acts in accordance with section 5.44 of the *Local Government Act 1995* (the Act) is not relevant or correct. The power to on-delegate is only provided in regard to powers or duties under the Act, not under any other acts, unless specified.

There are instruments of delegation that make reference to individual employee(s). Delegations may be made to the position not the person, so it is suggested that the Shire revise its delegations accordingly.

The Department's Operational Guideline No.17 "Delegations" provides that the exercise of a power or duty may sometimes be treated as an "Acting Through" situation which does not require a delegation.

The following legislation provides for delegations and authorisations which are either excluded from the Register or should not be treated as a delegation as statutory provisions only provide for the appointment of authorised officers.

1. *Bush Fires Act 1954*: Section 17(10) - a local government may by resolution delegate to its mayor, or president, and its Chief Bush Fire Control Officer, jointly its powers and duties under subsections (7) and (8).
2. *Cat Act 2011*: Section 44(1) - the local government may delegate to its CEO the exercise of any of its powers or the discharge of any of its duties under another provision of this Act.
3. *Dog Act 1976*: Section 10AA(1) - A local government may, by absolute majority as defined in the *Local Government Act 1995* section 1.4, delegate to its chief executive officer any power or duty of the local government under another provision of this Act.
4. *Food Act 2008*: Section 118 – the CEO (the chief executive officer of the department of the Public Service principally assisting in the administration of this Act); may delegate any power or duty of the CEO under another provision of this Act to a local government. The local government may then, as the enforcement agency, appoint authorised officers.
5. *Planning and Development (Local Planning Scheme) Regulations 2015* – Part 10, Division 2 provides for delegations by the local government and by the CEO of any of the powers or duties that may be delegated under a scheme.

Conclusion

A number of delegations in the Delegations Register are either unnecessary or irrelevant, and other ones require improvement to render them more effective. There are also some missing delegations that should be included in the Register.

Recommendation: 1

That Council conduct a review of its Delegations Register. Delegations should be amended to improve their effectiveness, added if relevant or removed if unnecessary or redundant.

6. FINANCIAL INTEREST DISCLOSURES

DISCLOSURE OF INTEREST AT MEETINGS

Statutory Requirement

Section 5.70 of the Act states:

Employees to disclose interests relating to advice or reports

(1) *In this section —*

employee includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) *An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.*

(3) *An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest.*

Section 5.88 of the Act states:

Register of financial interests

(1) *A CEO is to keep a register of financial interests.*

(2) *The register is to contain —*

(a) the returns lodged under section 5.75 and 5.76; and

(b) a record of the disclosures made under sections 5.65, 5.70 and 5.71, and be in the form that is prescribed (if any).

Section 5.22 of the Act states:

Minutes of council and committee meetings

(1) *The person presiding at a meeting of a council or a committee is to cause minutes to be kept of the meeting's proceedings.*

Issues Identified

Disclosures of interest either by Council members at meetings or by employees when providing verbal advice and in reports are to be recorded in the minutes of the meeting. Those disclosures also need to be included in the local government's register of financial interests.

An examination of the minutes of meetings and the Financial Interests Register indicated that there were instances where disclosures were made and recorded in the minutes, but no record of the disclosures were contained in the Register.

An example of one of those disclosures follows:

MINUTES OF ORDINARY MEETING OF COUNCIL – 21 JULY 2015

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11. NEW BUSINESS OF AN URGENT NATURE

12. ELECTED MEMBERS MOTIONS

Dacre Alcock, CEO declared a financial interest in item 3.1.1 and left the meeting at 5.15pm.

MINUTES OF ORDINARY MEETING OF COUNCIL – 21 JULY 2015

CONFIDENTIAL ITEMS

13.1.1 CEO PERFORMANCE REVIEW

Date:	13 July 2015
Applicant:	Dacre Alcock
Location:	Shire of Dowerin
File Ref:	ADM
Disclosure of Interest:	Dacre Alcock
Author:	Dacre Alcock

The minutes of the 21 July 2015 meeting do not list Item 13 at all, nor is there a record of a resolution being passed regarding that item.

Conclusion

Not all disclosures of interest are being recorded in the Financial Interest Register in accordance with section 5.88 of the Act. In addition some items of business, especially those relating to confidential items, are not being properly recorded in the minutes.

Recommendation: 2

The CEO ensures the register of financial interests contains all disclosures made under section 5.70 of the Act with regard to Council and committee meetings.

Recommendation: 3

The CEO and the presiding member for Council and committee meetings ensures agendas and minutes contain the required information regarding business items of each meeting, and the details of each decision made at the meeting.

DISCLOSURE OF INTEREST IN RETURNS

Statutory Requirement

Section 5.75 of the Act states:

Primary returns

- (1) A relevant person other than the CEO must lodge with the CEO a primary return in the prescribed form within 3 months of the start day.*
- (2) A CEO must lodge with the mayor or president a primary return in the prescribed form within 3 months of the start day.*
- (3) This section does not apply to a person who —*
 - (a) has lodged a return within the previous year; or*
 - (b) has, within 3 months of the start day, ceased to be a relevant person.*

Section 5.76 of the Act states:

Annual returns

- (1) Each year, a relevant person other than the CEO must lodge with the CEO an annual return in the prescribed form by 31 August of that year.*
- (2) Each year, a CEO must lodge with the mayor or president an annual return in the prescribed form by 31 August of that year.*

Section 5.88 of the Act states:

Register of financial interests

- (1) A CEO is to keep a register of financial interests.*
- (2) The register is to contain —*
 - (a) the returns lodged under section 5.75 and 5.76;*

Issues Identified

On examination of the Shire's Register of Financial Interests, it was noted that all eight council members had lodged their returns together with all designated employees (including the CEO, Works Manager and Finance Manager).

However, prior to the Department's Probity Audit being undertaken at the Shire, an annual return was not lodged within the required time, or if it had been lodged it was not sighted in the register. It was also reported that three Primary Returns for newly elected members were not sighted in the register.

A further issue was identified regarding the former CEO signing his own acknowledgment letters to verify receipt of his returns. The acknowledgement for the receipt of the CEO's returns is to be done by the Shire President.

Some of the returns examined were not completed correctly as there were blank sections, addresses missing and in one case the return was not dated or signed.

Conclusion

The completion standard of the returns requires improvement, including checking the basic administrative information for any inaccuracies.

The manner of maintaining the Financial Interests Register requires further attention. A procedure should be introduced to check returns are lodged accurately within the statutory time frame.

Recommendation: 4

The CEO introduce a procedure to ensure that all financial interest returns are lodged by the statutory dates and that each return is checked for its standard of information in regard to dates, signatures, and the manner in which they are completed.

7. DISPOSAL OF PROPERTY

Statutory Requirement

Section 3.58 of the Act states:

Disposing of property

(1) *In this section —*

dispose includes to sell, lease, or otherwise dispose of, whether absolutely or not; property includes the whole or any part of the interest of a local government in property, but does not include money.

(2) *Except as stated in this section, a local government can only dispose of property to —*

(a) the highest bidder at public auction; or

(b) the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.

(3) *A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*

(a) it gives local public notice of the proposed disposition —

(i) describing the property concerned; and

(ii) giving details of the proposed disposition; and

(iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given; and

(b) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.

Issues Identified

Over the period under review the Shire had resolved to dispose of the following pieces of land within its district:

- Amery Reserve No.49356 Avon Location 321;
- An area of veranda in front of the Commercial Hotel;
- Lot 7 Stacy Street Dowerin.

No record was found that indicated the Shire properly complied with section 3.58 of the Act.

Expressions of interest were sought for the Amery Acres cropping lease for a period of between one to five years. Although an expression of interest was intended to be advertised, section 3.58 of the Act only allows for disposal by public auction, public tender or private treaty.

An expression of interest is not considered a public tender and if the disposal of the land is conducted by an expression of interest, the proposed disposal should be advertised in accordance with section 3.58(3) of the Act before a final decision is made to dispose of the property.

The area of land on the veranda of the Commercial Hotel also was not advertised in accordance with section 3.58 of the Act and nor was there any record of advertising for the proposed disposal of Lot 7 Stacy Street Dowerin.

Since the disposal of Lot 7 Stacy Street did not proceed, it was suggested that the last recorded resolution of Council on 18 August 2015 to accept the offer for the purchase of the property be revoked.

Conclusion

The Shire's records indicate that it does not comply with the disposal of property process under section 3.58 of the Act. If a public auction or public tender process is not followed, the disposal must be advertised in accordance with section 3.58(3) of the Act prior to approval of the disposal.

Recommendation: 5

The CEO introduces a procedure to ensure the Shire's compliance with the process for disposal of property as stipulated in section 3.58(3) of the Act.

8. POLICY MANUAL

Statutory Requirement

Section 2.7(2)(b) of the Act states:

Without limiting subsection (1), the council is to —
(b) determine the local government's policies.

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* states:

(1) A local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150 000 or less or worth \$150 000 or less.

(2) *A purchasing policy is to make provision for and in respect of the policy to be followed by the local government for, and in respect of, entering into contracts referred to in subregulation (1).*

(3) *A purchasing policy must make provision in respect of —*

- (a) *the form of quotations acceptable; and*
- (ba) *the minimum number of oral quotations and written quotations that must be obtained; and*
- (b) *the recording and retention of written information, or documents, in respect of —*
 - (i) *all quotations received; and*
 - (ii) *all purchases made.*

Issues Identified

At the time of the Probity Audit, the Shire had five policies in place:

- Corporate Credit Card Policy;
- Council Purchasing Policy;
- Freedom of Information Policy;
- Recruitment and Selection Policy; and
- Sundry Debtor Management Policy.

The Act and regulations requires a local government to have the following policies in place when dealing with certain matters:

- Employee Payment on Finishing Employment (s5.50);
- Purchasing Policy (F&G Reg.11A(1));
- Pre-qualified Suppliers Panel (F&G Reg. 24AC)
- Regional Price Preference Policy (F&G Reg.24E)
- Provision of Motor Vehicle (Council Members) (Admin Reg. 34AD);
- Gifts to Council Members (Retirement) (Admin Reg. 34AC);

It is also recommended that a local government consider adopting the following policies:

- Public Question Time;
- Use of Council Property;
- Disruptive Behaviour at Council Meetings;
- Elected Member and Employee Legal Representation and Indemnification;
- Execution of Documents (Common Seal and by Signature);
- Complaints Handling (Procedures)
- Induction for Council Members and Staff;
- Record Keeping;
- Access to Information; and
- Confidential Information.

Whilst the Shire has a Purchasing Policy in place, it does not fully comply in certain areas with the regulations.

The Shire's Purchasing Policy does not make provision for the form of quotations acceptable in accordance with regulation 11A(3)(a) of the *Local Government (Functions & General) Regulations 1996*. The following is an example of what should be included:

Form of Quotations

Both a verbal and written request for quotation must include:

- 1. details of the goods and services required;*
- 2. the time when the goods and services are required; and*
- 3. a date by which the quotation must be submitted.*

Verbal

Where a verbal quotation is required under this policy, then both the request for quotation and the submission of a quotation may occur verbally or in writing.

Written

Where a written quotation is required under this policy, then both the request for quotation and the submission of a quotation must occur in writing.

The Shire's policy does not mention recording and retention of written information relating to all quotations received and all purchases made in accordance with regulation 11A(3)(b)(i),(ii). The following is an example of appropriate policy:

Record Keeping

All written records that are required under this policy must be stored in the Shire's Records system. A record of a request for quotation and any submissions of quotation must be kept even if there is no subsequent purchase. In addition to this, pricing schedules obtained from written quotes must be stored in the Shire's Purchasing system as part of the Requisition.

Verbal

Where a verbal quotation is required under this policy, then the following information must be noted or stored in the Shire's purchasing system:

- 1. details of the goods and services required;*
- 2. the name of any supplier who has been requested to provide a quotation and the date on which it was requested; and*
- 3. the name of any supplier who submitted the quotation, the amount of the quotation and the date on which it was received.*

Written

Where a written quotation is required under this policy then the written request for quotation and any written submission of quotation must be recorded. A written record of the name of the successful supplier must also be made.

The Shire's Sundry Debtor Management Policy made reference to writing off bad debts in accordance with section 76 of the Act as stated below:

Bad debts can only be written off in accordance with Section 76 of the Local Government Act 1993

The Policy also stated that the CEO had delegated authority to write off any sundry debtor bad debt to the amount of \$5,000 as stated below:

The CEO has delegated authority to write off any sundry debtor bad debt to the amount of \$5,000.

Firstly, there is no section 76 in the *Local Government Act 1995* that relates to writing off bad debts and the date of the Act is 1995 not 1993. The section of the Act that deals with writing off bad debts is section 6.12(1)(c) of the Act.

The policy cannot contain a delegation of authority to write off bad debts and the Shire's Delegations Register had no record of any delegation to the CEO for writing off bad debts

Conclusion

The Shire is deficient in the area of policy development and adoption. The number and standard of policies it has in place are not considered sufficient to provide a satisfactory set of policies to properly support the Shire's decision making governance structure.

The Shire's Purchasing Policy does not contain specific information or make proper provision for *"the form of quotations acceptable and the recording and retention of written information, or documents, in respect of all quotations received and all purchases made"* in accordance with Regulation 11A of the *Local Government (Functions and General) Regulations 1996*.

It is also noted that should the Shire wish to establish panels of pre-qualified suppliers, it will need to have a written policy in place in accordance with regulation 24AC of the *Local Government (Functions and General) Regulations 1996* as amended. Currently, the Shire has no policy in regard to panels of pre-qualified suppliers.

The Council's Purchasing Policy and Sundry Debtor Management Policy require review in regard to compliance with the statutory requirements and accuracy of information contained in the policies.

Recommendation: 6

The CEO arranges for a review of the Shire's policies to ensure compliance with the Act and regulations and Council consider the development and adoption of further policies, such as those recommended for consideration on page 22 of this report.

Recommendation: 7

The CEO ensures the Shire's Purchasing Policy complies with Regulation 11A of the *Local Government (Functions & General) Regulations 1996* as amended. The policy is to include clearly described procedures for recording and retaining written information or documents regarding quotations received for all purchases made by the Shire.

9. PURCHASING AND PROCUREMENT

Statutory Requirement

Regulation 11(1) of the *Local Government (Functions and General) Regulations 1996* states:

Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$150 000 unless subregulation (2) states otherwise.

Regulation 11A(3) of the *Local Government (Functions and General) Regulations 1996* states:

A purchasing policy must make provision in respect of —

- (a) the form of quotations acceptable; and*
- (b) the recording and retention of written information, or documents, in respect of —*
 - (i) all quotations received; and*
 - (ii) all purchases made.*

The Shire's Purchasing Policy places the following limits and requirements in relation to obtaining quotations:

Amount of Purchase	Model Policy	Approval Required
< \$500	Direct purchase from local suppliers where possible.	Authorised staff member to issue order number.
\$501 to \$9,999	Direct purchase from local suppliers where possible with two verbal quotes. Refer to CEO or Finance Manager for approval of purchase.	Authorised staff member to issue order number. Management to sign approval.
\$10,000 - \$49,999	Obtain at least three verbal or written quotations and refer to CEO or Finance Manager for approval of purchase.	Authorised staff member to issue order number. Management to sign approval.
\$50,000 - \$99,999	Obtain at least three written quotations containing price and specification of goods and services and refer to Council	Council to approve.

	for approval of purchase.	
\$100,000 >	Conduct a public tender process.	Council to select and approve.

The following positions have delegated authority to purchase and sign purchase orders within the set limits:

Position	Amount
Chief Executive Officer	Unlimited
Works Manager	\$50,000
Finance Manager	\$50,000
Community Services Officer	\$500
Administration Staff	\$500
Maintenance	\$500
Parks and Gardens	\$500

Issues Identified

A random sample of the Shire's creditors indicated some significant expenditure over an extended period with certain suppliers of goods and services.

Those suppliers and the period applicable for those purchasers are as follows:

Company	Period	Total Expenditure
Western Stabilisers	Sept 2014 to Apr 2016	\$341,292
Contract Aquatic Services	Apr 2012 to Apr 2016	\$282,780
Twinkarri Pty Ltd	Oct 2014 to Nov 2015	\$90,856
Blackwell Plumbing	Jul 2014 to Oct 2015	\$64,672

The Shire's expenditure far exceeds the current tender threshold of \$150,000 for two of the above suppliers; Western Stabilisers and Contract Aquatic Services.

Expenditure for at least two other suppliers is also significant enough to monitor the amount of funds spent to determine whether it will exceed the \$150,000 threshold for which tenders are required to be invited.

The time periods for the expenditure are provided to indicate that in some cases, within a relatively short period time, significant expenditure has been incurred. This suggests that the suppliers should be invited to tender for fixed written contracts for the supply of goods or services.

It should be noted that the period (i.e. 12 months) is not a factor when determining whether the procurement should go to tender. Inviting tenders relates to any period

over which the purchase is regularly made with one supplier, and the amount purchased is, or is expected to be, \$150,000 or greater (unless an exemption applies).

The audit also checked the frequency of staff compliance with the requirements to obtain verbal and written quotations. The sample of payment vouchers together with purchase requisitions and other records examined indicated that verbal or written quotes were either not obtained in accordance with the Shire's Purchasing Policy or were not be kept or recorded in accordance with proper record keeping practices.

Conclusion

The Shire in at least two instances has not complied with the requirement to invite tenders in accordance with Regulation 11(1) of the *Local Government (Functions & General) Regulations 1996*. Evidence indicates there was a failure to invite tenders for the purchase of goods and services where the consideration under the contract is, or is expected to be, more or worth more than \$150,000.

There needs to be greater clarity and understanding by the Shire's employees regarding the legislative requirements for inviting tenders. This may be addressed by providing procurement staff with relevant training.

The Shire's records indicate that the procedure set out in its Purchasing Policy for obtaining quotations for purchasing goods and services below the tender threshold of \$150,000 is not being followed and not being complied with in accordance with Regulation 11A of the *Local Government (Functions & General) Regulations 1996*.

Recommendation: 8

The CEO reviews the Shire's purchasing and procurement processes. Where the value of goods and services is \$150,000 or more, the Shire conducts a tender process in accordance with Part 4, Division 2 of the *Local Government (Functions & General Regulations) 1996*, unless otherwise exempt.

Recommendation: 9

The CEO ensures all employees with the authority to purchase goods and services are aware of and understand the requirements contained in the Shire's Purchasing Policy regarding obtaining quotations. Record Management Procedures should be introduced to provide for quotations or notations on quotations concerning purchasing. Records need to be more readily accessible, and retrievable to support the procurement process.

Recommendation: 10

The CEO ensures all employees with the authority to invite tenders or involvement in the tender process are adequately skilled by providing relevant training.

10. TENDER REGISTER

Statutory Requirement

Regulation 17 of the *Local Government (Functions and General) Regulations 1996* states:

- (1) *The CEO is responsible for keeping the tenders register and making it available for public inspection.*
- (2) *The tenders register is to include, for each invitation to tender —*
 - (a) *a brief description of the goods or services required; and*
 - (b) *particulars of the making of —*
 - (i) *the decision to invite tenders; and*
 - (ii) *if applicable, the decision to seek expressions of interest under regulation 21(1); and*
 - (c) *particulars of —*
 - (i) *any notice by which expressions of interests from prospective tenderers was sought; and*
 - (ii) *any person who submitted an expression of interest; and*
 - (iii) *any list of acceptable tenderers that was prepared under regulation 23(4); and*
 - (d) *a copy of the notice of the invitation to tender; and*
 - (e) *the name of each tenderer whose tender has been opened; and*
 - (f) *the name of any successful tenderer.*
- (3) *The tender register is to include for each invitation to tender the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.*

Issue Identified

The Shire has a Tender Register, but there were no tenders recorded in the register for the period 1 April 2015 to 31 March 2016. The last entry in the register relating to a tender was for the provision of audit services for the periods 2013/14 and 2016/17.

The Tender register did not contain all the details required under regulation 17 of the *Local Government (Functions & General) Regulations 1996*.

Conclusion

The Shire's Tender Register is non-compliant with regulation 17 of the *Local Government (Functions and General) Regulations 1996* in respect to recording details concerning tenders. The register requires updating and re-establishment in a format to accommodate the statutory information.

Recommendation: 11

The CEO introduces a new Tender Register and ensures that it is properly maintained in accordance with regulation 17 of the *Local Government (Functions and General) Regulations 1996*.

11. DECISION MAKING – COMMITTEE MEETING STRUCTURE

The Shire's committee and meeting structure contained one standing committee, with some advisory and/or working groups. There are some non-Council committees that are not part of the internal Shire meeting structure.

The Standing Committee was the:

- Finance and Audit Committee.

This has since been split as of 15 December 2015 into the:

- Audit Committee; and
- Finance Committee.

Other Committees and Groups comprise the:

- Dowerin Bush Advisory Committee.
- Australia Day Honours Committee.
- Short Term Accommodation Committee.
- Goomalling Medical Centre Advisory Committee.
- Dowerin Local Emergency Management.
- HACC Management Committee.
- Wheatbelt Work Camp Committee.
- Leeuwin Youth Scholarship Committee.
- Dowerin Events Management Board.
- Kellerberrin Sub-Regional Road Group.
- Avon Regional Organisation Councils (AROC).
- Great Eastern Zone WALGA

Statutory Requirement

Section 5.8 of the Act states:

A local government may establish committees of three or more persons to assist the council, and to exercise the powers and discharge the duties of the local government that can be delegated to committees.

Section 5.4 of the Act states:

Calling council meetings

An ordinary or a special meeting of a council is to be held —

- (a) if called for by either —
 - (i) the mayor or president; or
 - (ii) at least 1/3 of the councillors, in a notice to the CEO setting out the date and purpose of the proposed meeting; or
- (b) if so decided by the council.

Section 5.5 of the Act states:

Convening council meetings

- (1) The CEO is to convene an ordinary meeting by giving each council member at least 72 hours' notice of the date, time and place of the meeting and an agenda for the meeting.
- (2) The CEO is to convene a special meeting by giving each council member notice, before the meeting, of the date, time, place and purpose of the meeting.

Issues Identified

It is noted that the Standing Committees do not appear to have been given any delegated powers, including the recently established Audit Committee.

However, Council was presented with an Instrument of Appointment and Delegation for the Audit Committee that states:

The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.

Other than the Audit Committee, the purpose or status of other committees and whether they have any delegated powers or duties is not clear.

It is also not clear which committees are established under section 5.8 of the Act and which are working or advisory groups that have no status under the Act.

It is important to identify the status and purpose of a local government committee to distinguish it from other committees or groups as there are statutory provisions that apply to committees established under the Act.

An example of statutory provisions that apply to committees of Council established under the Act is the requirement to call and convene meetings, particularly special meetings of council.

At the Council meeting held on 15 December 2015 a resolution was passed regarding the dates for holding Council meetings over the next twelve months. Those meeting dates were publicly advertised in accordance with regulation 12 of the *Local Government (Administration) Regulations 1996*.

However, Special Council meetings were held in 2015 and 2016 where no record could be found of any written notice for the calling and convening of those meetings in accordance with sections 5.4 and 5.5 of the Act.

Conclusion

The status and purpose for Council committees and working/advisory groups needs to be clarified in order to improve the control and management of Council's decision making structure.

Clarification of the status and purpose of Council committees will clearly identify those committees that are formal standing committees established under the Act and whether Council has delegated any powers and duties to its committees.

As there is no record of a written notice calling and convening special Council meetings, the process for holding special meetings of Council may not be compliant with sections 5.4 and 5.5 of the Act.

Recommendation: 12

That Council review the operation of its committee structure to determine whether the powers and duties delegated to any of its committees are lawfully able to be delegated under the Act.

Recommendation: 13

That Council develops "Terms of Reference" or "Statements of Purpose" for each of its committees to improve transparency by providing information to the public on the purpose for establishing the committee and any limits placed on its operation.

Recommendation: 14

The CEO develops a system for providing written notices to call and convene Council meetings as specified in sections 5.4 and 5.5 of the Act.

12. COMPLAINTS REGISTER

Statutory Requirement

Section 5.121 of the Act states:

Register of certain complaints of minor breaches

(1) The complaints officer for each local government is required to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c).

(2) The register of complaints is to include, for each recorded complaint —
(a) the name of the council member about whom the complaint is made; and
(b) the name of the person who makes the complaint; and
(c) a description of the minor breach that the standards panel finds has occurred; and
(d) details of the action taken under section 5.110(6)(b) or (c).

Issues Identified

The Shire has a book titled "Comments Register" in which it records complaints which relate to maintenance issues, but not for the purpose of recording details in regard to complaints made under section 5.107 of the Act.

The Shire's Complaints Officer, usually the CEO, is required to maintain a register of complaints in accordance with section 5.121(1) of the Act.

This register is not being maintained as required by the Act in regard to recording of the required details for complaints made under section 5.110(6)(b) & (c) of the Act.

Conclusion

The Shire's Complaints Register is non-compliant with section 5.121 of the Act.

Recommendation: 15

That the Shire's Complaints Officer (CEO) establishes and maintains a Complaints Register in accordance with section 5.121(1) of the Act.

13. GIFTS REGISTER

Statutory Requirement

Regulation 12(4) and (5) of *Local Government (Rules of Conduct) Regulations 2007* state:

(4) Notification of the acceptance of a notifiable gift is to be in writing and is to include —

- (a) the name of the person who gave the gift; and*
- (b) the date on which the gift was accepted; and*
- (c) a description, and the estimated value, of the gift; and*
- (d) the nature of the relationship between the person who is a council member and the person who gave the gift; and*
- (e) if the gift is a notifiable gift under paragraph (b) of the definition of "notifiable gift" (whether or not it is also a notifiable gift under paragraph (a) of that definition) —*
 - (i) a description; and*
 - (ii) the estimated value; and*
 - (iii) the date of acceptance,**of each other gift accepted within the 6 month period.*

(5) The CEO must maintain a register of gifts in which details of notices received under subregulation (4) are recorded.

Section 5.89A of the Act states:

Register of gifts and contributions to travel

- (1) A CEO is to keep a register of gifts and contributions to travel.*
- (2) The register is to contain a record of the disclosures made under sections 5.82 and 5.83.*
- (3) The register is to be in the form that is prescribed (if any).*
- (4) The CEO is to make the register available for public inspection.*
- (5) The CEO is to publish the register on the local government's official website.*

Issues Identified

The Shire has a Gift Register in place that has no recent disclosures of gifts recorded by any Council members or staff.

There are three categories of gifts provided for in the legislation including gifts over \$200 which were previously disclosed in annual financial interest returns. Now they need to be disclosed in a register which is published on the local government's website. The other two gift categories are notifiable and prohibited gifts, and electoral gifts.

The Shire of Dowerin's current Gifts Register does not appear to make proper provision for any of those gifts

Conclusion

The Shire's Gift Register is non-compliant with the statutory requirements in regard to keeping and maintaining the relevant register(s) for the purpose of disclosing gifts received by Council members and employees of the Shire.

Recommendation: 16

The CEO reviews the Shire's Gift Register to ensure all categories of gift disclosures are recorded by Council members and employees in a manner compliant with the statutory provisions of the Act and associated regulations.

14. CODE OF CONDUCT

Statutory Requirement

Section 5.103 of the Act states:

Codes of conduct

- (1) Every local government is to prepare or adopt a code of conduct to be observed by council members, committee members and employees.*

Regulation 34B of the *Local Government (Administration) Regulations 1996* states:

- (2) A code of conduct is to contain a requirement that a person who is an employee refrain from accepting a prohibited gift from a person who —
- (a) is undertaking or seeking to undertake an activity involving a local government discretion; or
 - (b) it is reasonable to believe is intending to undertake an activity involving a local government discretion.
- (3) A code of conduct is to contain a requirement that a person who is an employee and who accepts a notifiable gift from a person who —
- (a) is undertaking or seeking to undertake an activity involving a local government discretion; or
 - (b) it is reasonable to believe is intending to undertake an activity involving a local government discretion,
 - (c) notify the CEO, in accordance with subregulation (4) and within 10 days of accepting the gift, of the acceptance.

Regulation 34C of the *Local Government (Administration) Regulations 1996* states:

- (2) A code of conduct is to contain a requirement that a person who is an employee and who has an interest in any matter to be discussed at a council or committee meeting attended by the person disclose the nature of the interest —
- (a) in a written notice given to the CEO before the meeting; or
 - (b) at the meeting immediately before the matter is discussed.

Issues Identified

The Shire's Code of Conduct was last reviewed on 29 June 2006. There are references to statutory provisions regarding gifts that are out of date. There are also implications for the Code in regard to other matters contained in the *Local Government (Rules of Conduct) Regulations 2007*.

Conclusion

The Shire's Code of Conduct contains information that is not up to date regarding current gift provisions in the regulations or the Act. For example, it is not compliant with Regulation 34B and 34C of the *Local Government (Administration) Regulations 1996* which deals with "notifiable" and "prohibited" gifts and impartiality interest (non-financial).

Recommendation: 17

The CEO reviews the Shire's Code of Conduct and updates the information to include the content that is required by the Act, *Local Government (Administration) Regulations 1995* and the *Local Government (Rules of Conduct) Regulations 2007*.

GENERAL CONCLUSION

Statutory Environment:

Regulation 17 of the *Local Government (Audit) Regulations 1996* states:

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

Conclusion

The Shire's procedures are in a poor state of compliance and have been for some time. This conclusion is based not only on what has been identified in the Department's compliance probity audit, but also the findings in the Shire's recent Forensic Audit and Statutory Compliance Audit Return completed for 2015.

A number of statutory registers that are to be kept by a local government were either non-existent or failed to comply with the requirements set out in the Act and regulations.

A key contributing factor to the Shire's performance in this area is its record keeping systems for maintaining efficient and effective records and documents.

In view of the state of the Shire's processes, the CEO needs to focus on improving standards of the relevant systems, processes, procedures and practices in regard to risk management, internal controls and statutory compliance.

Recommendation: 18

The CEO consolidates all the issues identified in this report and other matters from the Shire's Financial Forensic Audit and 2015 Statutory Compliance Audit Return for the CEO to use as a guide in addressing the Shire's level of compliance including improvements to its processes and procedures.

The following recommendation is made to the Director General regarding this report:

Recommendation: 19

The Director General of the Department of Local Government and Communities presents the *Shire of Dowerin 2016 Probity Audit Report* to the Council of the Shire for its comment and response within 28 days. The Shire's response should specify what steps it proposes to take by providing a consolidated schedule in the form of a recommendation implementation action plan. Upon receiving the Shire's response, the Minister and the Department will determine whether any further action is warranted.

CONFIDENTIAL

SHIRE OF DOWERIN
Ratio Calculations
AS AT 30TH JUNE 2015

IMPORTANT: Enter all Values in the blue cells as a positive

Ratios		Formula		\$	2015	\$	2014	\$	2013
Liquidity & Solvency									
CURRENT RATIO	Current Assets			2,748,185		2,226,455		0	
	LESS: Restricted Current Assets			(2,259,002)		(2,272,247)		0	
	Restricted Cash	+		1,805,192		1,724,400		0	
	Restricted Investments	+		0		0		0	
	Restricted Grants at 30.6	+		453,810	489,183	547,847	(45,792)	0	0
					= 1.14		= 0.13		1.55
CURRENT RATIO	Current Liabilities	+		585,338	429,913	486,393	355,587	0	0
	LESS: Liabs Assoc with Rest Curr Assets			(155,425)		(130,806)		0	
	- Staff Liabilities Reserve	+		155,425		130,806		0	
		+		0		0		0	
	-	+		0		0		0	
		+							
OPERATING SURPLUS RATIO	Operating Revenue Minus Operating Expense			(98,511)		(1,429,037)		0	
	Net Result	+		649,405		(622,800)		0	
	- less: Non-Operating grants, Subsidies and	-		(747,916)	(98,511)	(806,237)	(1,429,037)	0	0
					= 0.05		= 0.92		0.74
	Own Source Operating Revenue			1,937,450	1,937,450	1,556,730	1,556,730	0	0
	- add: rates	+		1,119,722		1,046,403		0	=
OWN SOURCE REVENUE RATIO	- add: fees and user charges	+		291,051		256,948		0	
	- add: service charges/ sewerage	+		125,637		119,609		0	
	- add: interest income	+		76,676		114,822		0	
	- add: profit on disposal of assets	+		5,905		0		0	
	- add: reimbursements and recoveries	+		299,337		0		0	
	- add; Other Revenue	+		19,122		18,948		0	
OWN SOURCE REVENUE RATIO	Own Source Operating Revenue			1,937,450		1,556,730		0	
	- rates			1,119,722		1,046,403		0	
	- add: fees and user charges			291,051		256,948		0	
	- add: service charges/sewerage			125,637		119,609		0	
	- add: interest income			76,676	=	114,822	=	0	=
	- add: profit on disposal of assets			5,905		0		0	
- add: reimbursements and recoveries			299,337		0		0		
- add; Other Revenue			19,122		18,948		0		
				= 0.45		= 0.37		0	0.39
	Operating Expense	+		4,288,430	4,288,430	4,160,908	4,160,908	0	0
Debtors									
DEBT SERVICE RATIO	Annual operating surplus before interest and depreciation			1,107,105		78,964		0	
	Net result			649,405		(622,800)		0	
	- less: non-operating grants, subsidies and	-		(747,916)		(806,237)		0	
	- add: interest expense	+		24,927		23,696		0	
	- add: depreciation	+		1,180,689	1,107,105	1,484,305	78,964	0	0
					= 11.91		= 1.00		32.36
DEBT SERVICE RATIO	Debt service cost			92,977	92,977	78,608	78,608	0	0
	- principal repayments on loans	+		68,050		54,912		0	
	- add: interest repayments on loans	+		24,927		23,696		0	
	- add: interest repayments on O/D	+		0		0		0	
Assets									
ASSET SUSTAINABILITY RATIO	Capital renewal and replacement expenditure			1,416,448		1,946,012		0	
	Capital expenditure			1,543,748		1,946,012		0	
	Less: new/upgrade expenditure	+		0		0		0	
	Less: proceeds on disposal of renewed assets	+		127,300	1,416,448	0	1,946,012	0	0
					= 1.20		= 1.31		3.070
	Depreciation expense			1,180,689	1,180,689	1,484,305	1,484,305	0	0
ASSET CONSUMPTION RATIO	Depreciated replacement cost of assets	+		40,627,825	40,627,825	33,088,514	33,088,514	0	0
	Current replacement cost of depreciable	+		44,523,034	44,523,034	45,326,732	45,326,732	0	0
				= 0.91		= 0.73			N/A
ASSET RENEWAL FUNDING RATIO	Discount rate	+		0.00%		0.00%		0.00%	
	NPV of planned capital renewals over 10 years			0		0		0	
	Planned capital renewals year 1			0		0		0	
	Planned capital renewals year 2			0		0		0	
	Planned capital renewals year 3			0		0		0	
	Planned capital renewals year 4			0		0		0	
ASSET RENEWAL FUNDING RATIO	Planned capital renewals year 5			0		0		0	
	Planned capital renewals year 6			0		0		0	
	Planned capital renewals year 7			0		0		0	
	Planned capital renewals year 8			0		0		0	
	Planned capital renewals year 9			0		0		0	
	Planned capital renewals year 10			0	0	0	0	0	0
	NPV of Required Capital Expenditure Over 10 years			0	0	0	0	0	0
ASSET RENEWAL FUNDING RATIO	Required capital renewals year 1			0	0	0	0	0	0
	Required capital renewals year 2			0		0		0	
	Required capital renewals year 3			0		0		0	
	Required capital renewals year 4			0		0		0	
	Required capital renewals year 5			0		0		0	
	Required capital renewals year 6			0		0		0	
ASSET RENEWAL FUNDING RATIO	Required capital renewals year 7			0		0		0	
	Required capital renewals year 8			0		0		0	
	Required capital renewals year 9			0		0		0	
	Required capital renewals year 10			0		0		0	
					= Enter Figures		= Enter Figures		N/A

Shire of Dowerin 2015/16 Audit Specification

Objectives of the Audit

To provide an independent audit opinion of the accounts and annual financial reports of the local government for each financial year covered by the term of the audit appointment.

Scope of the Audit

The auditor is to –

Carry out such work as is necessary to form an opinion as to whether –

- (a) the accounts are properly kept; and
- (b) the annual financial report –
 - (i) is prepared in accordance with the financial records; and
 - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the *Local Government Act 1995* (as amended) (the Act), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in his or her audit report on –

- (a) the financial position of the local government; and
- (b) the results of the operation of the local government.

Include in his or her audit report –

- (a) any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
- (b) any matters indicating non-compliance with financial management or control requirements of the Act, Regulations and any other written law;
- (c) details of whether information and explanations were obtained by the auditor;
- (d) a report on the conduct of the audit; and
- (e) the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions.

Audit Methodology and Approach

Other requirements of the Auditor –

- (a) The auditor is required to comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*;
- (b) An audit is to be carried out in accordance with accounting standards adopted from time to time by the Australian Government Auditing and Assurance Standards Board (AuASB);
- (c) The auditor is to provide the local government with a general outline of his/her methodology;
- (d) The auditor is to provide the local government with a plan for the audit including –
 - timing of interim audit visits;

final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means;
the method to be used to communicate with, and provide advice and information to, the local government; and

The auditor is required to produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

Critical Matters to be Audited

The auditor is to include to an opinion on the following and the manner in which they have been maintained.

(i) Revenue

- Rates revenue
- Government grants
- User pays revenue
- Profit on sale of non-current assets
- Other income

(ii) Expenditure

- Salary and wage costs
- Depreciation
- Materials and contract expenditure
- Loss on sale of non-current assets
- Insurances
- Bad debts
- Other expenditure

(iii) Current Assets

- Bank and short term investments
- Receivables and prepayments
- Inventory

(iv) Non-Current Assets

- Property, plant, furniture and equipment
- Infrastructure and depreciation
- Other receivables

(v) Liabilities (Current and non-current)

- Creditors and accruals
- Loan borrowings including new loans raised
- Provision for annual and long service leave entitlements

(vi) Reserve Funds

(vii) Contingent Liabilities

(viii) Capital Commitments

(ix) Accounting Policies and Notes to the Financial Statements

(x) Cash Flow Statement

(xi) The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

Additional Procedures

In addition to the Model Minimum Standard Audit Specification process the following additional procedures will be undertaken.

1. Tracing Transactions

This process would involve selecting a payment from the bank statement then tracing this back through the accounting system to the invoice or other relevant documentation, the discussed sample size selected was one payment per week during the period 1 July 2015 to 30 June 2016.

The specific process is detailed below:

1. Select payment from bank statement, where this is a batch payment obtain a summary of the suppliers paid within the batch then select one payment to review.
2. Obtain copies of documentation from staff required to substantiate the payment, e.g. invoice, contract
3. Obtain copies of purchase orders (if applicable)
4. Review documentation to ensure correct authorisation is evidenced for both ordering and payment. Appropriateness of authorisation will be assessed in terms of current policies and procedures in place.
5. Review general ledger accounts to ensure the payment has been allocated to the correct account within Synergy
6. Review GST has been correctly calculated and allocated
7. Preparation of detailed report showing finding on each transaction

2. Delegations/ Authorisation Limits

1. Preparation of report summarising the delegation/authorisation limits in place within the Shire for the purpose of purchasing or procurement.
2. Provide guidance on appropriateness of these limits.
3. Testing of the adherence to these limits would be tested as part of Tracing Transactions.

3. Separation of Duties

1. Preparation of detailed report identifying all the key duties/steps involved in the procurement, payment and accounting process and who is the key personnel responsible for each step.
2. Preparation of summary of any duties/steps where there is insufficient separation of duties or review process in place.

The cost to undertake these Agreed Upon Procedures would be:

- Tracing Transaction and Delegation/Authorisation Limits 2,400(+GST)
- Separation of Duties 1,800(+GST)

Hours, Fees and Expenditure

The auditor is to provide –

- estimate of the time to be spent on the audit;
- fees for completing the audit in accordance with this specification;
- nominated auditor(s) and registered company audit number(s); and
- experience of the nominated auditors in completing local government audits.

The auditor is to provide a fee for any additional audit requested by Council.

Terms

Conditions to be noted by auditors –

1. the auditor shall not sub contract to a third party;
2. the auditor shall not, and has no right to, assign the audit contract to third parties;
3. the auditor shall not be engaged by the local government to undertake any financial consultancy with the local government that requires the preparation of financial information that will be the subject of the annual audit; and
4. the auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission.

Communication

The primary point of contact between the Shire of Dowerin and the Auditor is via the Shire of Dowerin Audit Committee.

The Audit Committee will recommend the Scope of the Audit to Council; receive the Audit Report and Management Letter from the Auditor before forwarding these documents to Council;

An essential component of the scope for the Auditor is to formally meet with the Audit Committee at least once per year to present the findings of the Audit to the Committee.

Termination of Appointment

The appointment as auditor is terminated if –

- (a) the auditor ceases to be a registered company auditor;
- (b) the auditor ceases to be an approved auditor under Section 7.5 of the *Local Government Act 1995*;
- (c) the auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*;