



Shire of Pingelly

Attachments

Ordinary Council Meeting
20 February 2019

Attachment 1

Attachment 1



Department of
Local Government, Sport
and Cultural Industries

Pingelly - Compliance Audit Return 2018

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A		Stuart Billingham
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	N/A		Stuart Billingham
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		Stuart Billingham
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	N/A		Stuart Billingham
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Stuart Billingham



Department of
Local Government, Sport
and Cultural Industries

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Stuart Billingham
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Stuart Billingham
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Stuart Billingham
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Stuart Billingham
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes		Stuart Billingham
6	s5.42(1), 5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Stuart Billingham
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Stuart Billingham
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Stuart Billingham
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Stuart Billingham
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Stuart Billingham
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Stuart Billingham
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes		Stuart Billingham
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Stuart Billingham

Disclosure of Interest

No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Stuart Billingham
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Stuart Billingham



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Stuart Billingham
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Stuart Billingham
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Stuart Billingham
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Stuart Billingham
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Stuart Billingham
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Stuart Billingham
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Stuart Billingham
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Stuart Billingham
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Stuart Billingham
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Stuart Billingham
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Stuart Billingham
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Stuart Billingham



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Stuart Billingham
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Stuart Billingham

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Stuart Billingham
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Stuart Billingham

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Stuart Billingham
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	Yes		Stuart Billingham
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Stuart Billingham
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Stuart Billingham
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes		Stuart Billingham
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes		Stuart Billingham
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Stuart Billingham



Department of
**Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Stuart Billingham
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Stuart Billingham
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Stuart Billingham
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Stuart Billingham
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Stuart Billingham
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Stuart Billingham
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Stuart Billingham
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes		Stuart Billingham
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	Yes		Stuart Billingham



**Department of
Local Government, Sport
and Cultural Industries**

Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	9/10/2013	Stuart Billingham
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Stuart Billingham
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	9/10/2013	Stuart Billingham
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Stuart Billingham
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	/7/2015	Stuart Billingham
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	21/03/2018	Stuart Billingham
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	22/1/2013	Stuart Billingham



Department of
**Local Government, Sport
and Cultural Industries**

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A		Stuart Billingham
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A		Stuart Billingham
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		Stuart Billingham
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A		Stuart Billingham
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Stuart Billingham



Department of
**Local Government, Sport
and Cultural Industries**

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	Yes		Stuart Billingham
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Stuart Billingham
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Stuart Billingham
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Stuart Billingham
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Stuart Billingham
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Stuart Billingham

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Stuart Billingham
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Stuart Billingham
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Stuart Billingham
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Stuart Billingham



**Department of
Local Government, Sport
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Stuart Billingham
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Stuart Billingham
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Stuart Billingham
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Stuart Billingham
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Stuart Billingham
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Stuart Billingham
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Stuart Billingham
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	Yes		Stuart Billingham
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	Yes		Stuart Billingham
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	Yes		Stuart Billingham
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes		Stuart Billingham
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes		Stuart Billingham



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes		Stuart Billingham
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes		Stuart Billingham
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	Yes		Stuart Billingham
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Stuart Billingham
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	Yes		Stuart Billingham
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	Yes		Stuart Billingham
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes		Stuart Billingham
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes		Stuart Billingham
25	F&G Reg 11A	Does the local government have a current 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.	Yes		Stuart Billingham



Department of
**Local Government, Sport
and Cultural Industries**

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Pingelly

Signed CEO, Pingelly

Attachment 2



Government of **Western Australia**
Department of **Local Government and Communities**

Local Government Operational Guidelines

Number 11 – September 2006

Use of Corporate Credit Cards

1. Introduction

Corporate credit cards can deliver significant benefits to local governments through improved administrative practices and more effective cash management. However, they can also expose a local government to significant risks if not properly controlled.

The risks associated with credit cards can be minimised by implementing policies to control their use.

It is important to have a communication strategy that informs new employees and reminds existing employees of the policies governing the use of credit cards.

2. Legislation

The following provisions of the *Local Government Act 1995* (the Act) and associated regulations impact on the use and control of corporate credit cards:

- Section 2.7(2)(a) and (b) of the Act requires the council to oversee the allocation of the local government's finances and resources and to determine the policies of the local government.
- Section 6.5(a) of the Act requires the Chief Executive Officer (CEO) to ensure that proper accounts and records of the transactions and affairs of the local government are kept in accordance with regulations.
- *Local Government (Financial Management) Regulation 11(1)(a)* requires local governments to develop procedures for the authorisation and payment of accounts to ensure that there is effective security and appropriate authorisations in place for the use of credit cards.

3. Advantages of Corporate Credit Cards

When used correctly, a credit card can –

- eliminate or reduce time spent on paper based ordering and payments;
- reduce administrative costs;
- reduce the number of payments made per month;
- provide a useful resource in remote and emergency situations;
- reduce the need to carry cash on the premises; and
- provide an effective audit trail of expenditures.

4. Policies and Procedures Governing the Use of Corporate Credit Cards

The following issues should be considered when developing policies and procedures for controlling the use of credit cards –

General

- an agreement should be signed by the cardholder and the local government which sets out the cardholder's responsibilities and legal obligations when using the credit card;
- a register of all current cardholders should be kept which includes card number, expiry date of the credit card, credit limit and details of goods and services the cardholder has authority to purchase;
- all new and existing cardholders should be provided with a copy of the policies relating to the use of credit cards;

- what the cardholder should do in the event their employment ceases, an extended period of leave is taken or they are moved to a position which does not require the use of a credit card;
- what the cardholder should do if they lose or misplace their credit card;
- credit cards should not be transferred to other users;
- how reward schemes, such as Fly Buys, will be treated;
- the arrangements for destruction of all surrendered credit cards; and
- what action is to be taken in the event that a cardholder fails to comply with the policies.

Purchasing

- credit cards should only be used for purchasing goods and services on behalf of the local government;
- personal expenditure should be prohibited;
- a credit card should not be used for cash withdrawals;
- maximum credit limits should be based on the cardholder's need; and
- how purchases by facsimile, telephone or over the Internet are to be dealt with.

Payments

- time frames for payment of accounts should be monitored to ensure that credit charges are minimised;
- establish strict guidelines for expenditure on entertainment; and
- cardholders cannot approve expenditure incurred on their own credit cards.

5. Issuing of Corporate Credit Cards to Elected Members

The Act does not make provision for the issuing of credit cards to elected members. A local government can only pay allowances or reimburse expenses to an elected member. There are no provisions within the Act which allow an elected member to incur a debt, as would be the case with a credit card.

6. Who Should Approve Corporate Credit Card Applications?

The CEO should approve an application by a local government employee for a corporate credit card. In the case of the CEO, the council should approve the application.

7. Taxation Considerations

Goods and Services Tax (GST)

The Australian Taxation Office (ATO) has a ruling available relating to GST and entitlements to input tax credits without a tax invoice (GSTR 2000/26). A copy of this ruling is available from the ATO's website at <http://law.ato.gov.au/atolaw/view.htm>

This ruling provides an opportunity for corporate credit card statements to be used to claim input tax credits without holding a Tax Invoice. This is only allowed when the corporate credit card provider, the user of the corporate credit card (and their organisation) have met certain conditions.

For details on whether a corporate credit card statement can be used in place of a tax invoice, local governments will need to contact their credit card providers directly. If there are any doubts as to the documentation required to claim input tax credits, then a tax invoice should be obtained for all purchases.

Card users should ask suppliers to record an adequate description of goods/services on the tax invoice to ensure appropriate levels of accountability.

Australian Business Number (ABN)

It is important to remember that if a supplier does not have an ABN and Pay As You Go tax has not been withheld on the credit card statement, the local government is still liable to pay the corporate credit card provider the full amount and also the ATO 48.5% of the purchase price.

These guidelines are also available on the Department's website at www.dlgc.wa.gov.au



Government of **Western Australia**
Department of **Local Government and Communities**



Local Government Advisory Hotline
1300 762 511
Email: lghotline@dlgc.wa.gov.au
8.30am–5.00pm, Monday to Friday

About the Guideline series

This document and others in the series are intended as a guide to good practice and should not be taken as a compliance requirement. The content is based on Department officer knowledge, understanding, observation of, and appropriate consultation on contemporary good practice in local government. Guidelines may also involve the Department's views on the intent and interpretation of relevant legislation.

All guidelines are subject to review, amendment and re-publishing as required. Therefore, comments on any aspect of the guideline are welcome. Advice of methods of improvement in the area of the guideline topic that can be reported to other local governments will be especially beneficial.

For more information about this and other guidelines, contact the Local Government Regulation and Support Branch at:

Department of Local Government and Communities

Gordon Stephenson House, 140 William Street, Perth WA 6000

GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall (Country only): 1800 620 511

Email: info@dlgc.wa.gov.au Website: www.dlgc.wa.gov.au

Translating and Interpreting Service (TIS) – Tel: 13 14 50

Western Australian Auditor General's Report



Controls Over Corporate Credit Cards



Report 7: May 2018

Office of the Auditor General Western Australia

7th Floor Albert Facey House
469 Wellington Street, Perth

Mail to:

Perth BC, PO Box 8489
PERTH WA 6849

T: 08 6557 7500

F: 08 6557 7600

E: info@audit.wa.gov.au

W: www.audit.wa.gov.au

National Relay Service TTY: 13 36 77
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for
those with visual impairment.

© 2018 Office of the Auditor General Western Australia. All
rights reserved. This material may be reproduced in whole or
in part provided the source is acknowledged.

ISSN: 2200-1931 (Print)
ISSN: 2200-1921 (Online)



WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Controls Over Corporate Credit Cards



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

CONTROLS OVER CORPORATE CREDIT CARDS

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

The report summarises the results of my first focus area audit in the local government sector.

The audit assessed whether 8 local governments have effective controls over the use of corporate credit cards. We found that they generally had satisfactory controls, but we did note various shortcomings and have made related recommendations for improvement.

I wish to acknowledge the cooperation of the staff at the local governments included in this audit.

COLIN MURPHY
AUDITOR GENERAL
9 May 2018

Contents

Auditor General's overview	4
Controls over corporate credit cards.....	5
Background	5
Conclusion	5
Recommendations	5
What we did	6
Local governments included in our audit	6
What did we find?	7
Response from local governments	9

Auditor General's overview

I am pleased to present my first local government audit report to Parliament, under the *Local Government Amendment (Auditing) Act 2017*.

This report reflects the results of a focus area audit on Controls Over Corporate Credit Cards. These audits have a narrow scope and normally focus on specific areas of financial controls. We audited 8 local governments, some big in size and some small, some metropolitan based and some regional, to give an idea of how local governments are performing in this area.



Given the huge diversity among local governments, the intent of these audits is not to compare, but to provide examples of better practice as well as opportunities for improvement.

Corporate credit cards offer significant benefits to entities. They can reduce costs and streamline business processes associated with authorising, tracking, purchasing, payment and reconciling purchases. But like all financial processes and tools, they can be misused if not properly managed.

I recognise the challenges that small local governments in particular experience with regard to matters such as segregation of duties and suitable arrangements while key staff are on leave. In saying that, the results of this audit are generally good. While we noted some areas that could be done better, the local governments mostly had satisfactory controls in place.

Importantly, the local governments were accepting of our findings and were open to change to address the issues we identified. And I encourage all local governments to follow suit – to assess their own management of corporate credit cards against the findings and recommendations of this report and to promptly act where required.

Parliament gave the Auditor General the mandate to audit local government to enhance accountability and transparency across the sector. For this to be a success we need to continue on the path we started with this audit. That is working together to recognise good practice as well as identify areas where things can and should be done better – in the public interest.

Controls over corporate credit cards

Background

Corporate credit cards are an important part of modern purchasing systems, offering significant benefits such as reduced costs and streamlined business processes. They are used for local government purchases including computing and other equipment, general consumables, hospitality and travel. While local governments generally use credit cards for a small proportion of their payments, it is important they are effectively managed to reduce the risk of improper or unauthorised use.

Local government employees and chief executive officers (CEOs) use corporate credit cards. However, the elected members that make up a local government Council cannot use these cards as the *Local Government Act 1995* (LG Act) does not allow them to incur debts. Instead, local governments pay allowances or reimburse expenses to an elected member.

The LG Act and associated regulations require:

- the Council to oversee allocation of the local government's finances and resources and to determine policies
- the CEO to ensure that proper accounts and records are kept in accordance with regulations
- local governments to develop procedures for the payment of accounts to ensure that there is effective security for, and properly authorised use of credit cards.

In conducting our audit, we considered the above requirements, *Local Government Operational Guidelines Number 11 – September 2006 Use of Corporate Credit Cards* and other accepted better practice guidance.

Conclusion

Local governments in our sample generally had satisfactory controls in place to manage the use of credit cards. We noted shortcomings however, of varying significance, in the policies and practices at most local governments we audited. We did not find any inappropriate use of credit cards.

Recommendations

1. Local governments should:
 - a. ensure policies specify requirements for all key credit card processes
 - b. keep adequate records of all card transactions, including information that describes the nature/purpose of the expenditure and evidence of review and approval
 - c. cancel redundant cards in a timely manner to avoid loss and/or misuse of cards
 - d. regularly monitor outstanding transactions to identify and follow up on long outstanding un-acquitted transactions
 - e. ensure senior management periodically reviews credit card use, to confirm compliance with policies and to identify any abnormal trends. The results of these reviews should be documented and retained.

What we did

The focus of this audit was to determine if the local governments in our sample have effective controls over the use of corporate credit cards. We also assessed if there was adequate independent review of the credit card use of CEOs.

We assessed the policies and practices at 8 local governments, over the period 1 January 2017 to 30 September 2017, using the following lines of inquiry:

1. Do local governments have appropriate policies and administrative systems in place for corporate credit cards?
2. Are suitable controls in place to monitor and manage the issue and use of cards and the timely approval of card transactions?
3. Do management periodically review their use of corporate credit cards and act on any identified shortcomings?

We conducted this audit under sections 18 of the *Auditor General Act 2006* and 7.12AJ of the *Local Government Act 1995* and in accordance with Australian Auditing and Assurance Standards.

Local governments included in our audit

Focus area audits assess local governments against common business practices to identify good practices, and control weaknesses and exposures so that local governments, including those not audited, can compare their own performance.

When deciding which local governments to include in this audit we aimed for a mix of different size local governments from diverse locations with varying budgets, resourcing and purchasing requirements. This allowed us to identify potential issues, better practice examples and improvement opportunities that are likely to be applicable across the broader local government sector.

We included the following local governments in this audit:

Local government	Number of credit cards	Number of credit card purchases made	Number of credit card purchases as a % of all purchases made	Value of credit card purchases	Value of credit card purchases as a % of all purchases made
City of Kalamunda	12	959	14%	\$159,585	0.34%
City of Rockingham	90	4,391	20%	\$1,213,175	0.89%
City of Wanneroo	54	3,199	4%	\$417,185	0.28%
Shire of Carnarvon	4	108	4%	\$17,144	0.17%
Shire of Cranbrook	2	293	16%	\$45,688	1.06%
Shire of Dandaragan	4	143	4%	\$41,249	0.43%
Shire of Denmark	4	122	6%	\$22,799	0.34%
Town of Port Hedland	8	553	12%	\$176,929	0.47%

Table 1: Key expenditure statistics from 1 January 2017 to 30 September 2017

What did we find?

Overall policies and administrative systems for managing corporate credit cards were appropriate

Good policies and procedures provide essential guidance for staff to manage credit cards in accordance with management's expectations. They should cover matters such as controls over issuing and cancelling cards as well as approving and acquitting purchases.

We found that appropriate policies and administrative systems were generally in place for use of credit cards, however:

- at the Shire of Denmark and the City of Wanneroo we found that policies did not specify the timelines for acquitting and approving monthly credit card statements. Setting timelines is important as they help ensure timely acquittal and approvals, and also early identification of any unauthorised transactions
- at the City of Wanneroo, we found 2 instances where cardholders had not completed cardholder agreements. Cardholder agreements outline cardholder duties and responsibilities.

Suitable controls were generally in place for managing credit card use, however most local governments had opportunities for improvement

Strong controls assist in the early identification of erroneous, inappropriate or unauthorised transactions. It is good practice for transactions to be matched to invoices and vetted by the cardholder before being independently approved by the cardholder's supervisor. These steps should be completed within a reasonable timeframe on a monthly basis.

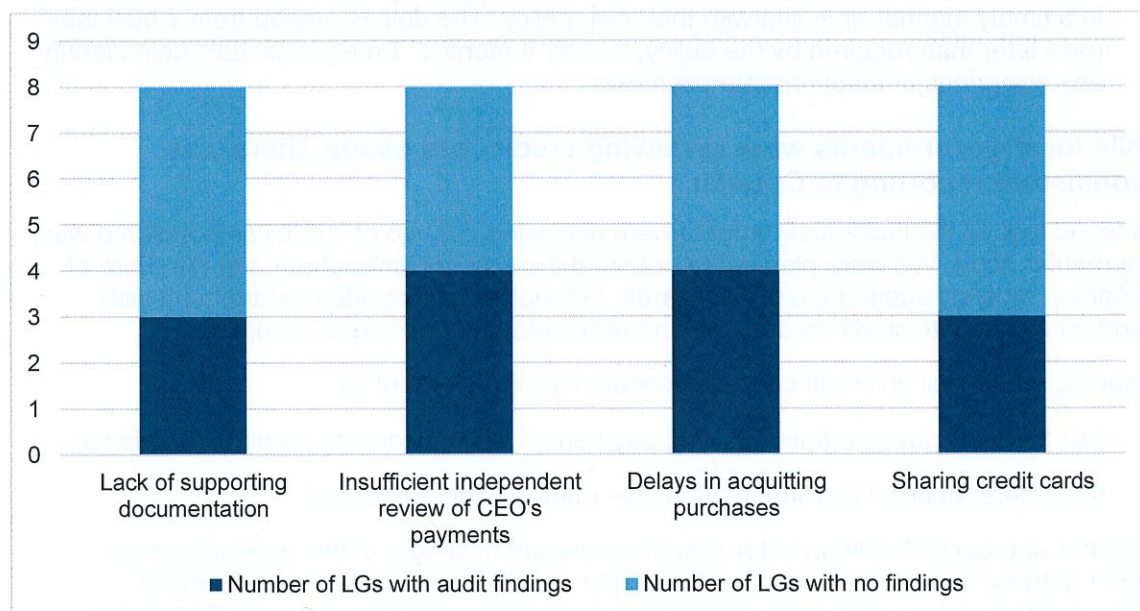


Figure 1: Audit findings by number of local governments (LGs)

We identified control weaknesses of varying significance at all local governments, except the Shire of Carnarvon:

- The City of Rockingham did not always have appropriate independent approval of credit card transactions. For 54% of cardholders, the coding and review of their transactions was performed by subordinates, and the cardholders thereafter approved their own transactions.

- CEO credit card transactions were approved by a subordinate, or were self-approved at 4 local governments. This process could be improved to increase transparency, without introducing additional approval processes, by periodically reporting the CEO's transactions to the Council, and clearly identifying them for noting.
- To ensure the person using the credit card is identifiable and accountable, staff should not share credit cards. We found sharing of cards at 3 local governments:
 - At the City of Kalamunda, we found that cardholders permitted staff within their departments to use their card. The monthly statement was then signed off by the cardholder and a subordinate. We were unable to determine who made the purchases and could not substantiate if approvals were independent. Staff at the City of Wanneroo and Shire of Dandaragan also shared cards but they were able to demonstrate independent approval and monitoring of these purchases.

We recognise the challenges of small local governments in this regard, however they should consider other arrangements to avoid sharing of cards.

- We found delays in cancelling cards when staff resigned, at the Shire of Denmark and the City of Wanneroo. The maximum delays were 4 months and 11 months respectively. If cards are not cancelled promptly, they may be used by other non-authorised staff.
- The City of Rockingham did not have adequate documentation for 20% of the transactions we audited. The Shire of Cranbrook and Shire of Denmark lacked adequate documents for a small number of transactions. This makes it difficult for management or auditors to determine the appropriateness of purchases.
- We found 4 local governments were not always acquitting their credit card transactions in a timely manner or in line with their own policy. The delays ranged from 7 business days later than required by the policy, to over 4 months. Timely acquittals help identify any erroneous or inappropriate payments.

While local governments were reviewing credit card usage, there was inconsistent reporting to Council

We found that all the local governments were reviewing the use of credit cards in some way, on a regular basis. We were pleased to note that the City of Rockingham and the Shire of Carnarvon recently audited their credit cards. Internal audits provide management with important insight into credit card usage and associated effectiveness of controls.

Reporting to Council on credit card expenditure was inconsistent as:

- half the local governments reported payment of the outstanding credit card balance
- the others reported individual purchases made on the credit card.

The latter approach clearly provides more transparent oversight of this expenditure as regular detailed review of all payments can help identify unusual card use. Councils interpreted Regulation 13 of the Local Government (Financial Management) Regulations 1996 inconsistently. This regulation requires local governments to present the details of all payments, including corporate credit card payments to Council on a monthly basis.

Response from local governments

Local governments in our sample generally accepted the recommendations and confirmed that, where relevant, they have amended policies and administrative systems or will improve practices for managing credit cards.

The City of Wanneroo agreed that in future credit cards will be cancelled when staff leave. The City advised that in the instances identified during our audit, although the cards had not been promptly cancelled with the bank, they had been promptly destroyed when the staff members resigned and that no transactions had been made using those cards.

Auditor General's Reports

Report number	2018 reports	Date tabled
6	Audit Results Report – Annual 2017 Financial Audits and Management of Contract Extensions and Variations	8 May 2018
5	Confiscation of the Proceeds of Crime	3 May 2018
4	Opinions on Ministerial Notifications	11 April 2018
3	Opinion on Ministerial Notification	21 March 2018
2	Agency Gift Registers	15 March 2018
1	Opinions on Ministerial Notifications	22 February 2018

Office of the Auditor General
Western Australia

7th Floor Albert Facey House
469 Wellington Street, Perth

Mail to:
Perth BC, PO Box 8489
PERTH WA 6849

T: 08 6557 7500

F: 08 6557 7600

E: info@audit.wa.gov.au

W: www.audit.wa.gov.au



Follow us on Twitter @OAG_WA



Download QR Code Scanner app and
scan code to access more information
about our Office

5.14 Corporate Credit Cards

Policy Owner: Corporate Services

Person Responsible: ~~Executive Manager~~ Director Corporate & Community Services

Formatted: Strikethrough

Date of Approval: 18 June 2014

Objective

To meet changing circumstances for goods and services purchased with electronic transactions, credit cards are required in the organisation. Credit cards require a high level of security and this must be managed appropriately.

To provide details for the use, allocation, control and safe custody of corporate credit cards.

Area of Application

Employees classified as the Chief Executive Officer and Director Corporate & Community Services.

Policy Measures

"Credit Card" is defined as a facility allowing the cardholder to pay for goods and services on credit.

"Business Expense" is defined as any expense necessary to the conduct of the business or for the benefit of the Shire of Pingelly, or is under the terms of the employee's contract of employment with the Shire of Pingelly or relevant Council policies.

"Personal Expense" is defined as any expense not of a business nature.

The following policy statement governs the issue and use of corporate credit cards.

1. Credit cards may be issued to the following member of staff:

(a) The Chief Executive Officer and Director Corporate & Community Services.

(b) The use of credit cards by ~~the Chief Executive Officers~~ is restricted to business expenses only. The use of corporate credit cards for any item of personal expenditure is expressly disallowed;

(c) All credit card receipts are to be handed to the accounts department for reconciliation and allocation purposes;

(d) Any staff member who needs to use a corporate credit card to purchase goods and services must provide an invoice, or documentation to support their request, to the relevant senior staff member cardholder before any payment is made via credit card;

(e) Officers utilising the credit card are to do so only with the prior authorisation of the Chief Executive Officer.

(f) Corporate credit cards are issued with a credit limit of \$10,000 Chief Executive Officer and \$5,000 Director Corporate & Community Services.

Adopted: 18 June 2014

Reviewed: 17 June 2015, 17 May 2017, 18 July 2018



CORPORATE CREDIT CARD USAGE AGREEMENT

Cardholder Details

Surname		Given Name	
Mid Initial		Title	

Credit Limit	
--------------	--

Job Title		Employee Number	
-----------	--	-----------------	--

I understand and agree that a Shire Corporate Credit Card is issued to me on the express condition that I will at all times use the card in accordance with Council Policy 5.14 – Credit Card.

I undertake the following:

1. I will use the Corporate Credit Card only for official Shire purposes and not for any personal purposes.
2. I will account for my expenses by providing all credit card receipts to the accounts department for reconciliation and allocation purposes.
3. I will forward all tax invoices and other relevant documentation to the accounts department.
4. I have read and understand Council Policy 5.14 – Credit Card and the conditions that govern the use of the Corporate Credit Card.
5. If the Corporate Credit Card is lost or stolen I will report it immediately to the Bank or Card Provider and to the Accounts Department.
6. If I leave my employment at the Shire, I will return the Card to the Shire, and providing all credit card receipts and tax invoices and other relevant documentation for expenditures prior to departure.
7. "The Conditions of Use" issued by the Bank, which govern the issue and use of the Corporate Credit Card were made available to me.

Cardholder Acknowledgement

I have received a Shire of Pingelly Corporate Credit Card that has been issued in my name and accept full responsibility for the use of the card as outlined above.

Cardholder's signature	Date

Attachment 3



Department of Planning,
Lands and Heritage

Land Use Management

Our ref: File: 03697-1897 Job: 1900017
Enquiries: Carmen Watts Ph: 9771 7936
Fax: 6552 4417
Email: carmen.watts@dplh.wa.gov.au

11 January 2019

Chief Executive Officer
Shire of Pingelly

By email only: dccs@pingelly.wa.gov.au

Dear Mr Billingham

Section 18 Ministerial consent for proposed Lease over portion of Reserve 23983 being Lot 201 on Deposited Plan 410068 between Shire of Pingelly (Lessor) and Pingelly Recreation and Cultural Centre Association Incorporated (Lessee)

Thank you for your recent correspondence regarding permission to grant a Lease over portion of Reserve 23983 to Pingelly Recreation and Cultural Centre Association Incorporated for the permitted use of "Recreation and sport activities and hire by third parties and sporting clubs and operation of 'Club' Liquor License and uses reasonably ancillary thereto" commencing 1 January 2019 for a term of 21 years with an option for a further term of 21 years (further term option being subject to the prior approval of the Minister for Lands).

Reserve 23983 is set aside for the purpose of "Showground and Recreation" with a Management Order to the Shire of Pingelly with power to lease/licence for any term not exceeding 21 years, subject to the Minister for Lands consent. The Pingelly Recreation and Cultural Centre has recently been constructed on the Reserve.

In accordance with section 18 of the *Land Administration Act 1997* (LAA) the Minister for Lands approval is granted to the proposed Lease provided to the Department of Planning, Lands and Heritage (DPLH) by email dated 8 January 2019 on the condition that the final Lease executed by the parties is on the same terms as that provided to DPLH with that email and subject to the Management Order over Reserve 23983 being updated within the next six months from the date of this letter to include a condition regarding commercial leasing (condition in full at Annexure 1). An investigation is currently being undertaken to formalise the update to the Management Order over Reserve 23983 and to also change the purpose of Reserve 23983 to include "Community Purposes" to reflect the use of the Reserve.

If the final document executed by the parties is not on the approved terms, then it may be void under section 18 LAA. Please note that this approval is for the purposes of section 18 LAA only and does not constitute an endorsement as to the terms and effect of the document. DPLH cannot provide any advice in respect of the Lease and recommends that each party obtain their own independent advice as to their rights and obligations under the Lease.

This approval is subject to the registration requirements of the *Transfer of Land Act 1893*. You will need to provide a copy of this letter to Landgate when the documents are lodged for registration at Landgate.

Should you have any enquiries please contact me on any of the above details.

Yours faithfully



Carmen Watts
Senior State Land Officer (Pos Number 25287)
Case Delivery

Annexure 1

1. *The Management Body and any Lessee of the Management Body must allocate and use any premium, rental, fees, charges or other income it receives from all leases, subleases and licences in respect of the Reserve or any part of it (Reserve Funds) to maintain and repair all buildings and structures and to maintain the grounds and facilities of the Reserve and where there are surplus Reserve Funds for other reserves within the locality and otherwise to satisfy its obligations and liabilities as management body of the Reserve.*
2. *The Management Body or any Lessee of the Management Body must provide to the Department of Planning, Lands and Heritage within three (3) months of a request of the Minister for Lands, a report that details the amount and source of the Reserve Funds received and what the Reserve Funds have been expended on during that preceding financial year, and other periods as requested.*
3. *Any surplus of the Reserve Funds remaining at the end of each financial year shall be paid into a trust fund established by the Management Body pursuant to section 6.9(1) of the Local Government Act 1995 or set aside by the Management Body or any Lessee of the Management Body and carried forward for future capital or major works required to the Reserve and other reserves within the locality. The Management Body or any Lessee of the Management Body shall include in the report(s) referred to in clause 2 above, details of any expenditure from the trust fund or from funds which have been carried forward by the Management Body or any Lessee of the Management Body and used for capital or major works to or on the Reserve and other reserves within the locality.*

Attachment 4

Shires of Beverley, Brookton and Pingelly

Letter of Agreement

To progress Aged Support and Care Solutions

Index

1. Letter of Agreement
2. General Principles
3. Roles and Responsibilities
4. Term of Agreement
5. Winding up of Agreement

1. Letter of Agreement

This Letter of Agreement is to recognise an alliance formed between the Local Governments of Beverley, Brookton and Pingelly to progress sustainable Aged Care Planning, Services and Support within and between our communities.

We believe that by working together:

- Better economies of scale will be achieved.
- As a subregional group, provide an integrated, consistent approach to the services and infrastructure needed for Aged Friendly Communities, Aging in Place Housing, Home and Community Care Services, Provider Packages, Respite Care and Residential Services.
- Recognise both Federal and State government current trends.

2. General Principles

The Local Governments of Beverley, Brookton and Pingelly agree to:

- Recognise that collaboration can achieve better aged care planning and development outcomes.
- Share opportunities, resources and intellectual property to reduce duplication.
- Be flexible and open to new approaches to delivery and funding.
- Acknowledge the needs and constraints of all spheres of government, community and stakeholders.
- Adopt a realistic approach to funding and resource issues.
- Undertake appropriate consultation to facilitate understanding and consensus.
- Until otherwise established communication to the community on issues of relevance is undertaken by consensus.

3. Roles and Responsibilities

Committee

- Each Local Government is to have a CEO and two councillors as their representatives.
- All committee members may participate in meetings in a non-voting capacity.
- In all strategic and planning issues, consensus will be reached to make recommendations back to individual Councils for ratification.
- Each Local Government will have one (1) vote.

Chairperson

- Until otherwise agreed there will be a rotational Chairperson who will be an elected member of the host Local Government.

Minutes & Agenda

- Meetings to be rotational and held bi-monthly.
- The host Council will minute the meeting.
- Minutes to be distributed within two weeks of that meeting.
- Agenda to be set by the host Local Government in conjunction with the most recent host Council.
- Briefing notes of deputations and non-committee meetings to be provided by the organising/lead Council for specific projects/tasks.

4. Term of Agreement

Unless wound up this agreement will remain in place in perpetuity.

5. Winding up of Agreement

Either the Shire of Beverley, Brookton or Pingelly may, at any time, may withdraw their membership from this agreement by giving three (3) months notice in writing to the other parties.

The undersigned agree to abide by underlying principles and commitments (outlined) on which the arrangements are based.

Signed by.....on behalf of the Council of Beverley

Before.....

Date.....

Signed by.....on behalf of the Council of Brookton

Before.....

Date.....

Signed by.....on behalf of the Council of Pingelly

Before.....

Date.....



SHIRE OF BEVERLEY
BEVERLEY, WESTERN AUSTRALIA 6304

File Ref: ADM0528
Enquiries: CEO

SHIRE OF PINGELLY	
FILE	ADM0565
DATE	29 JAN 2019
Officer	CEO
Copy to	ICR193032

Cr William Mulroney
Shire President
Shire of Pingelly
17 Queen Street
PINGELLY WA 6308

To the Shire Presidents of Brookton and Pingelly

In March 2014 a Letter of Agreement was signed by the Presidents of the Shires of Beverley, Brookton and Pingelly on behalf of their respective Councils to recognise an alliance between the Local Governments to *progress sustainable Aged Care Planning, Service and Support within and between our communities.*

The agreed General Principles guiding this arrangement were as follows:-

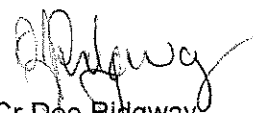
- Recognise that collaboration can achieve better aged care planning and development outcomes
- Share opportunities, resources and intellectual property to reduce duplication
- Be flexible and open to new approaches to delivery and funding
- Acknowledge the needs and constraints of all spheres of government, community and stakeholders
- Adopt a realistic approach to funding and resource issues
- Undertake appropriate consultation to facilitate understanding and consensus
- Until otherwise established communication to the community on issues of relevance is undertaken by consensus

The Term of Agreement was to remain in perpetuity, with a review to be undertaken in 2018.

There has been limited progress by the group, particularly in the last 12 months. The Shire of Beverley is also disturbed that a Major Land Transaction and Trading Undertaking involving Kalkarni Residential Aged Care Facility and Saddleback Medical Centre was developed during the time the Beverley Brookton Pingelly Alliance (BBP) was in place, and yet first known about through Public Announcement at the end of 2018.

The Shire of Beverley requests that the Agreement now be terminated.

Yours sincerely


Cr Dee Ridgway
Shire President

23 January 2019

Attachment 5



SHIRE OF PINGELLY

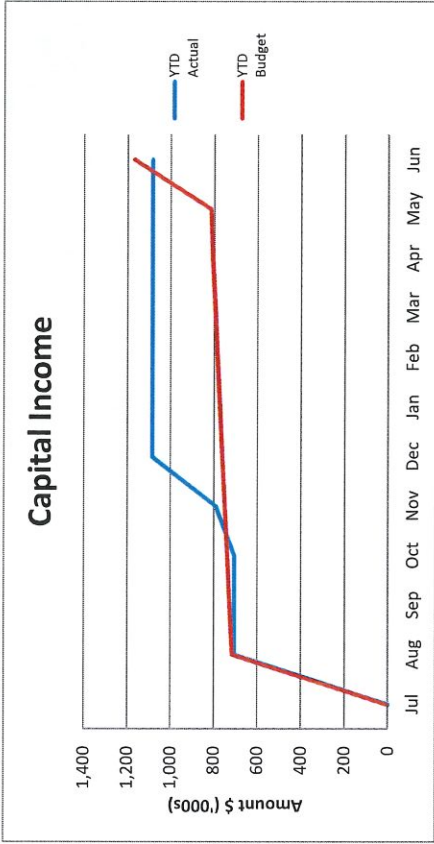
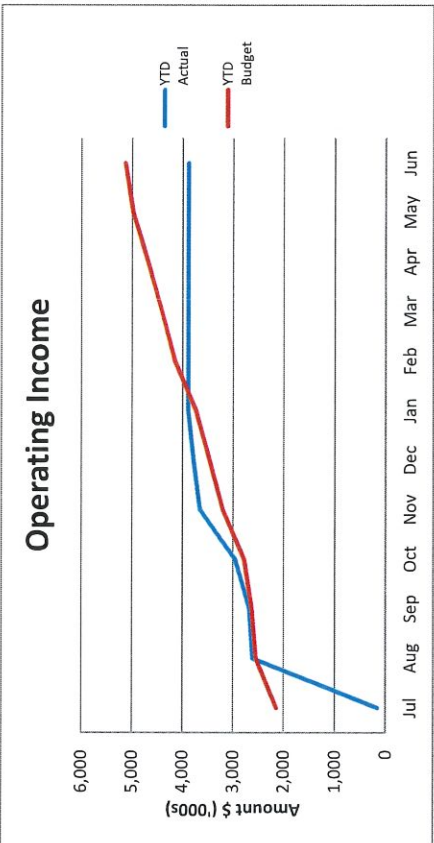
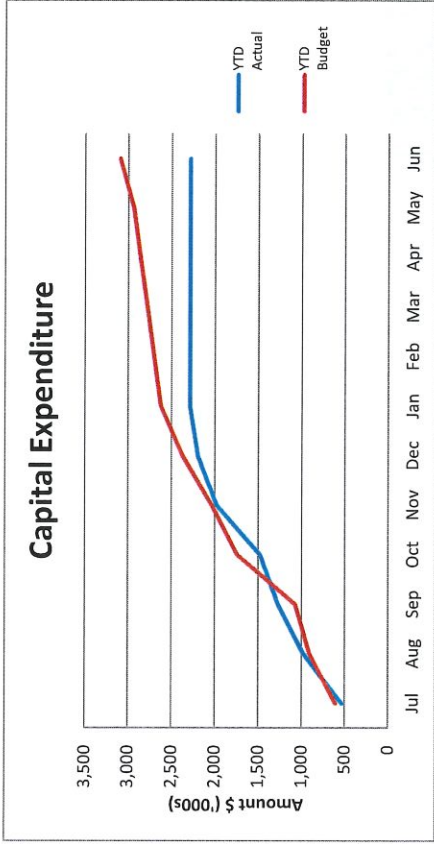
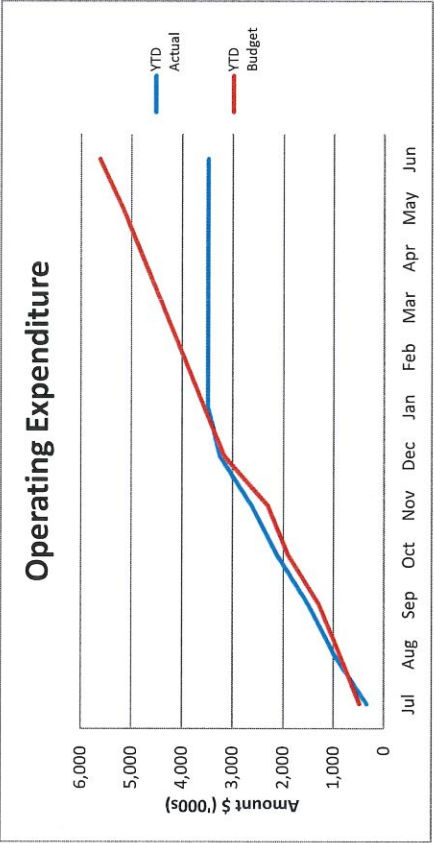
MONTHLY STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

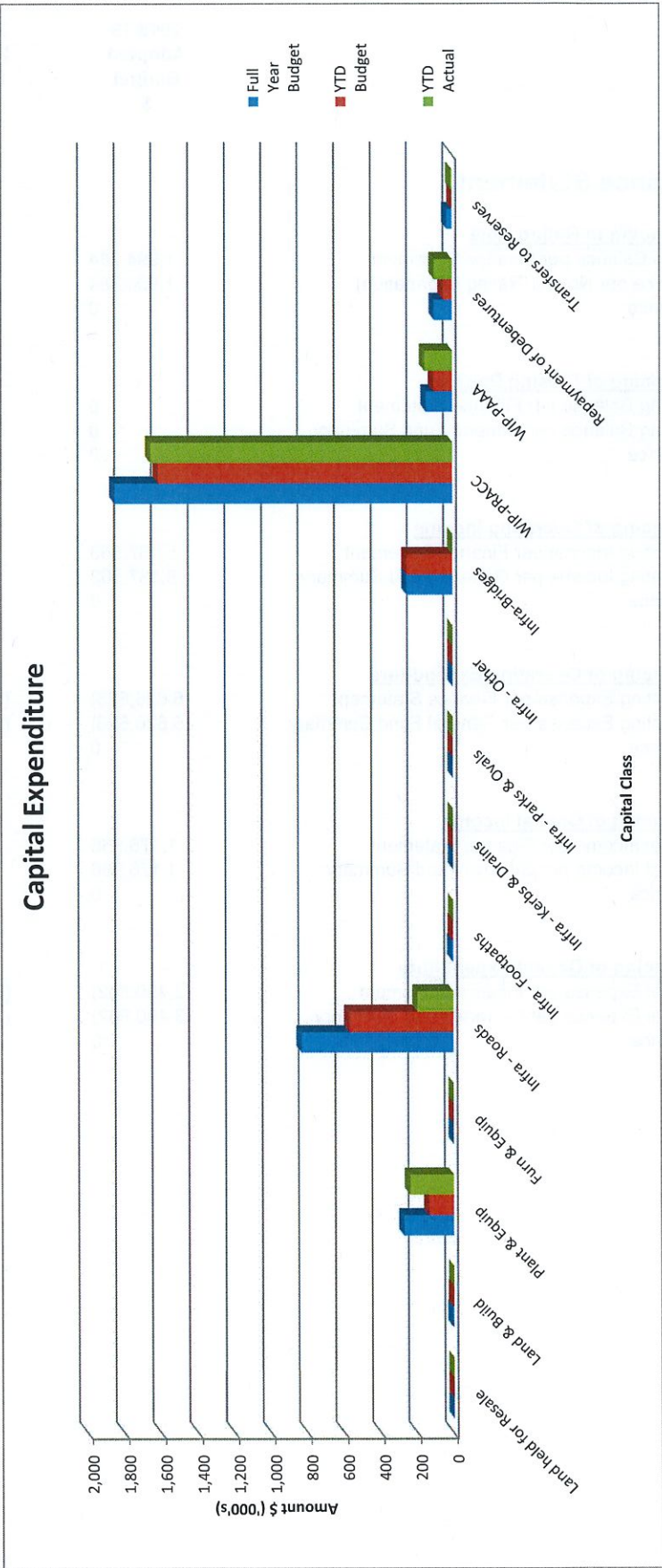
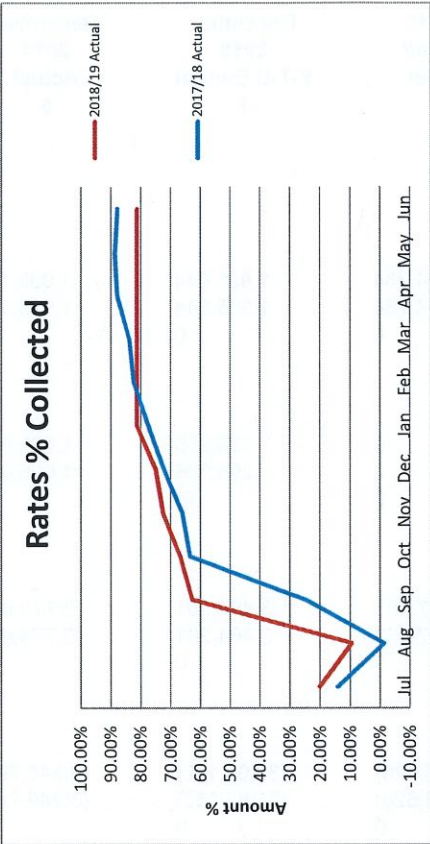
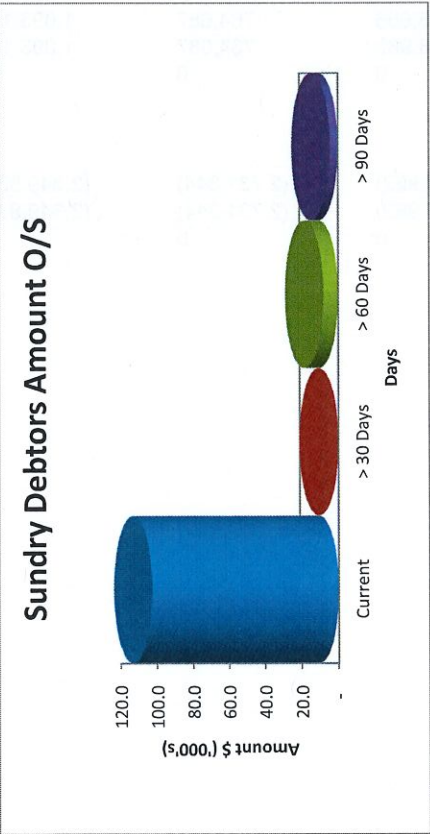
TABLE OF CONTENTS

Graphical Analysis	1 to 2
Report Balancing Integrity	3
Statement of Financial Activity	4
Report on Significant Variances	5
Notes to and Forming Part of the Statement	
1 Acquisition of Assets	6 to 7
2 Disposal of Assets	8
3 Information on Borrowings	9
4 Reserves	10 to 11
5 Net Current Assets	12
6 Rating Information	13
7 Trust Funds	14
8 Operating Statement	15
9 Statement of Financial Position	16
10 Financial Ratios	17
Restricted Funds Summary	18

Income and Expenditure Graphs to 31 December 2018



Other Graphs to 31 December 2018



SHIRE OF PINGELLY

Summary of Balancing Contained Within The Monthly Reports

	2018/19 Adopted Budget \$	2018/19 Revised Budget \$	December 2018 Y-T-D Budget \$	December 2018 Actual \$
Finance Statement				
<u>Balancing to Rating Note</u>				
Rates Balance per Finance Statement	1,994,784	1,994,784	1,995,044	1,995,175
Balance per Note 6 (Rating Information)	1,994,784	1,994,784	1,995,044	1,995,176
Variance	0	0	0	(1)
<u>Balancing of Closing Position</u>				
Closing Balance per Finance Statement	0	0	296,955	1,095,642
Closing Balance per General Fund Summary	0	0	296,955	1,095,642
Variance	0	0	(0)	0
<u>Balancing of Operating Income</u>				
Operating Income per Finance Statement	5,137,563	5,137,563	3,464,201	3,779,667
Operating Income per General Fund Summary	5,137,563	5,137,563	3,464,201	3,779,667
Variance	0	0	0	0
<u>Balancing of Operating Expenditure</u>				
Operating Expense per Finance Statement	(5,626,626)	(5,626,626)	(3,165,130)	(3,246,793)
Operating Expense per General Fund Summary	(5,626,626)	(5,626,626)	(3,165,130)	(3,246,794)
Variance	0	0	0	1
<u>Balancing of Capital Income</u>				
Capital Income per Finance Statement	1,176,966	1,176,966	764,687	1,093,107
Capital Income per General Fund Summary	1,176,966	1,176,966	764,687	1,093,107
Variance	0	0	0	(0)
<u>Balancing of Capital Expenditure</u>				
Capital Expense per Finance Statement	(3,490,962)	(3,490,962)	(2,731,344)	(2,349,837)
Capital Expense per General Fund Summary	(3,490,962)	(3,490,962)	(2,731,344)	(2,349,837)
Variance	0	0	0	0

SHIRE OF PINGELLY

STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	NOTE	2018/19 Adopted Budget \$	2018/19 Revised Budget \$	December 2018 Y-T-D Budget \$	December 2018 Actual \$	Variances Actuals to Budget \$	Variances Actual Budget to Y-T-D %	
Operating								
Revenues/Sources								
Governance		85,669	85,669	42,678	39,268	(3,410)	(7.99%)	
General Purpose Funding		696,301	696,301	351,655	294,730	(56,925)	(16.19%)	▼
Law, Order, Public Safety		65,902	65,902	19,991	57,287	37,296	186.56%	▲
Health		6,936	6,936	3,456	751	(2,705)	(78.27%)	
Education and Welfare		11,175	11,175	5,580	7,379	1,799	32.24%	
Community Amenities		343,650	343,650	250,566	181,971	(68,595)	(27.38%)	▼
Recreation and Culture		712,454	712,454	240,679	683,421	442,742	183.96%	▲
Transport		1,118,892	1,118,892	503,690	478,265	(25,425)	(5.05%)	
Economic Services		24,050	24,050	12,012	16,197	4,185	34.84%	
Other Property and Services		77,750	77,750	38,850	25,222	(13,628)	(35.08%)	▼
		3,142,779	3,142,779	1,469,157	1,784,491	315,334	21.46%	
(Expenses)/(Applications)								
Governance		(677,507)	(677,507)	(562,084)	(326,475)	235,609	41.92%	▼
General Purpose Funding		(225,373)	(225,373)	(108,690)	(75,645)	33,045	30.40%	▼
Law, Order, Public Safety		(207,056)	(207,056)	(110,288)	(129,440)	(19,152)	(17.37%)	▲
Health		(121,072)	(121,072)	(61,260)	(55,987)	5,273	8.61%	
Education and Welfare		(119,003)	(119,003)	(61,913)	(32,982)	28,931	46.73%	▼
Community Amenities		(408,119)	(408,119)	(195,180)	(178,273)	16,907	8.66%	
Recreation & Culture		(1,338,540)	(1,338,540)	(744,489)	(637,799)	106,690	14.33%	▼
Transport		(2,225,141)	(2,225,141)	(1,128,712)	(1,594,294)	(465,582)	(41.25%)	▲
Economic Services		(264,077)	(264,077)	(129,040)	(121,528)	7,512	5.82%	
Other Property and Services		(40,738)	(40,738)	(63,474)	(94,370)	(30,896)	(49%)	▲
		(5,626,626)	(5,626,626)	(3,165,130)	(3,246,793)	(81,663)	2.58%	
Net Operating Result Excluding Rates		(2,483,847)	(2,483,847)	(1,695,973)	(1,462,302)	233,671	(13.78%)	
Adjustments for Non-Cash								
(Revenue) and Expenditure								
(Profit)/Loss on Asset Disposals	2	308,049	308,049	347,049	(73,572)	(420,621)	121.20%	▼
Movement in Deferred Pensioner Rates/ESL		0	0	0	0	0	0.00%	
Movement in Employee Benefit Provisions		0	0	0	0	0	0.00%	
Adjustments in Fixed Assets		0	0	0	0	0	0.00%	
Rounding		0	0	0	0	0	0.00%	
Depreciation on Assets		1,755,000	1,755,000	877,482	1,153,061	275,579	(31.41%)	▲
Capital Revenue and (Expenditure)								
Purchase Land Held for Resale	1	0	0	0	0	0	0.00%	
Purchase of Land and Buildings	1	(5,000)	(5,000)	(2,496)	0	2,496	100.00%	
Purchase of Furniture & Equipment	1	0	0	0	0	0	0.00%	
Purchase of Plant & Equipment	1	(273,000)	(273,000)	(136,500)	(240,840)	(104,340)	(76.44%)	▲
Purchase of WIP - PP & E	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Roads	1	(833,572)	(833,572)	(573,318)	(198,209)	375,109	65.43%	▼
Purchase of Infrastructure Assets - Footpaths	1	(6,000)	(6,000)	(2,994)	0	2,994	100.00%	
Purchase of Infrastructure Assets - Kerbs & Drains	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Parks & Ovals	1	0	0	0	0	0	0.00%	
Purchase of Infrastructure Assets - Bridges	1	(252,000)	(252,000)	(251,998)	0	251,998	100.00%	▼
Purchase of Infrastructure Assets - Other	1	0	0	0	0	0	0.00%	
Purchase of WIP Recreation and Culture	1	(1,849,533)	(1,849,533)	(1,611,577)	(1,653,271)	(41,694)	(2.59%)	
Purchase of WIP Aged Accommodation	1	(144,525)	(144,525)	(103,293)	(152,700)	(49,407)	(47.83%)	▲
Proceeds from Disposal of Assets	2	113,600	113,600	56,796	92,669	35,873	63.16%	▲
Repayment of Debentures	3	(98,336)	(98,336)	(49,168)	(98,336)	(49,168)	(100.00%)	▲
Proceeds from New Debentures	3	700,000	700,000	700,000	700,000	0	0.00%	
Self-Supporting Loan Principal Income		7,598	7,598	3,799	7,598	3,799	99.99%	
Transfer from Restricted Asset - Unspent Loans		0	0	0	0	0	0.00%	
Transfers to Restricted Assets (Reserves)	4	(28,996)	(28,996)	0	(6,481)	(6,481)	0.00%	
Transfers from Restricted Asset (Reserves)	4	355,768	355,768	4,092	292,840	288,748	7056.40%	▲
ADD Net Current Assets July 1 B/Fwd	5	740,010	740,010	740,010	740,010	(0)	0.00%	
LESS Net Current Assets Year to Date	5	0	0	296,955	1,095,642	798,687	(268.96%)	▼
Amount Raised from Rates		(1,994,784)	(1,994,784)	(1,995,044)	(1,995,175)	(131)	0.01%	

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

Material Variances Symbol

Above Budget Expectations Greater than 10% and \$5,000 ▲
Below Budget Expectations Less than 10% and \$5,000 ▼

SHIRE OF PINGELLY
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018
Report on Significant variances Greater than 10% and \$5,000

Purpose

The purpose of the Monthly Variance Report is to highlight circumstances where there is a major variance from the YTD Monthly Budget and YTD Actual figures. These variances can occur because of a change in timing of the activity, circumstances change (e.g. a grants were budgeted for but was not received) or changes to the original budget projections. The Report is designed to highlight these issues and explain the reason for the variance.

The Materiality variances adopted by Council are: 10% and \$5,000

	Account	Program
REPORTABLE OPERATING REVENUE VARIATIONS		
General Purpose Funding - variance below budget expectations		(56,925)
Movement in Excess Rates - YTD Budget nil compared to YTD Actual (Permanent Difference) EOY adj	(44,826)	
Law Order and Public Safety - variance above budget expectations		37,296
ESL SES grants - YTD Higher than budgeted (Timing difference) received early Q1 Instal in June 17/18	8,060	
ESL BFB grants - YTD Higher than budgeted (Timing difference) received early Q1 Instal in June 17/18	9,220	
Community Amenities		(68,595)
Waste Tipping Charges Pingelly Tip Site YTD Actuals less than YTD Budget (Old Hospital Waste)	(78,755)	
Recreation and Culture - variance above budget expectations		442,742
PRACC Grants YTD Actual less than YTD Budget - NSRF (Timing Difference) claim 2 Raised in July 2017 \$1,466,579, claim 3 raised April \$1,291,008.00	5,562	
PRACC Grants YTD Actual less than YTD Budget - Dept of Sport & Rec (Timing Difference)	(36,092)	
PRACC Grants YTD Actual more than YTD Budget - Bendigo Bank (Timing Difference)	33,334	
Economic Services - variance below budget expectations		4,185
WANDRAA Funding Storm Damage - YTD Actual less than YTD Budget (Timing Difference)	(25,169)	
Other Property and Services - variance below budget expectations		(13,628)
Private Works - more than anticipated - Income based on previous year (Timing Difference)	(10,788)	
REPORTABLE OPERATING EXPENSE VARIATIONS		
Governance - variance above budget expectations		235,609
Administration Allocated more YTD actual than YTD budget (Timing Difference)	(188,579)	
Governance Depreciation Actual YTD more than Budget YTD - Depreciation more than expected in Budget 2018 (Permanent Difference)	(14,845)	
General Purpose Funding - variance below budget expectations		33,045
Administration Allocated less YTD actual than YTD budget (Timing Difference)	15,082	
Law, Order, Public Safety - variance below budget expectations		(19,152)
Fire Fighting Expenditure - Less than anticipated (Timing Difference)	(2,973)	
LOPS - Depreciation Actual YTD more than Budget YTD - Depreciation more than expected in Budget 2018 (Permanent difference)	(14,306)	
SES Expenses Actual YTD less than Budget YTD (Timing Difference)	4,342	
Education and Welfare - variances below budget expectations		28,931
Education - Depreciation Actual YTD less than Budget YTD - Depreciation less than expected in Budget 2018 (Permanent Difference)	14,727	
Recreation and Culture - variance below budget expectations		106,690
Halls - Admin Allocated YTD Actual less than YTD Budget (Timing Difference)	5,654	
Swimming Pool Building Ops YTD Actual less than YTD Budget (Timing Difference) Pool opens 1 Nov 17	4,812	
Swimming Pool Contract Mgmt YTD less than YTD Actuals (Timing Difference) Pool opens 1 Nov 17	4,673	
Linear Park Grounds Mctc YTD Actual higher than YTD Budget (Permanent Difference)	3,596	
GM008 Rec Grounds Maintenance Actuals YTD more than Budget YTD (Timing Difference)	(16,738)	
GM005 Other Town Parks and Gardens Mctc YTD Actuals less than YTD Budget (Timing Difference)	(5,761)	
Other Rec and Sport Admin Allocated YTD Actuals less than YTD Budget (Timing Difference)	7,538	
Other Culture - Depreciation Actual YTD less than Budget YTD - Depreciation less than expected in Budget 2018 (Permanent Difference)	24,003	
Transport - variance below budget expectations		(465,582)
Road Maintenance YTD Actual more than YTD Budget (Timing Difference)	6,765	
Townsite Maintenance YTD Actual more than YTD Budget (Timing Difference)	15,519	
Transport - Depreciation Actual YTD more than Budget YTD - Depreciation greater than expected in Budget 2018 (Permanent Difference) due to revaluation of Infra Assets.	(321,156)	
Other Property and Services - variance below budget expectations		(30,896)
Private Works - YTD Actual higher than YTD Budget (Timing Difference)	5,794	
Public Works O/heads - Allocated to Works & Svcs - YTD Actuals less than YTD Budget under allocated YTD (Timing Difference) Manual allocation required.	(60,810)	
Plant Op Costs - Allocated to Works & Services - YTD Actual less than YTD Budget under allocated (Timing Difference) Manual Allocation required.	(17,939)	
Plant Op Costs - Fuel and Oil YTD Actuals less than YTD Budget (Timing Difference)	(3,833)	
Plant Op Costs - Parts and Repairs YTD Actual more than YTD Budget-Grader Major repair early in year	33,337	
Plant Op Costs - Depreciation will be run/calculated and assets rolled over after auditor's final audit in November 2018 (Timing Difference)	16,434	
Salaries & Wages - Gross Salaries and Wages - YTD Actual less than YTD Budget (Timing Difference)	(39,254)	
REPORTABLE NON-CASH VARIATIONS		
(Profit)/Loss on Asset Disposals - below budget expectations		
DTS Holden captiva sold at auction (Timing Difference) loss on sale to book Written Down Value	3,666	
Webb St Block in process of being sold/disposed Actual YTD less than Budget YTD (Timing Difference)	-	(420,621)
Handover of CRC and Joint Venture Housing in progress but has not occurred yet (Timing Difference)	-	
CAT Front end loader changed over with new CASE loader (Timing Difference) profit on sale to book WDV	(77,238)	
Depreciation on Assets - below budget expectations		275,579
Depreciation run/calculated and Infrastructure assets revalued , resulted in greater Depreciation than expected in Budget 2018 (Permanent Difference)		
REPORTABLE CAPITAL EXPENDITURE VARIATIONS		
Purchase of Plant & Equipment YTD Actuals more than YTD Budget (Timing Difference)		(104,340)
Purchase of Road Infrastructure Assets - below budget expectations		375,109
Road Infrastructure YTD Actuals less than YTD Budget (Timing Difference)		
SBS01 Capex - Sbs Bodey Street And Harper Street (Timing Difference)	38,496	
RRGA7 Capex - Rrg York Williams Rd Reseal & Regravel (Timing Difference)	133,609	
RRG09 Capex - Rrg Yenellin Road Upgrade (Timing Difference)	140,634	
RRG11 Capex - Rrg Review Street (Timing Difference)	109,732	
RRG12 Capex - Rrg Bullaring Road (Timing Difference)	(19,578)	
CRSF4 Capex - CRSF Shaddick Rd Realine & Regravel - Crsf Funding 2017/18 carry over funding - (Timing Difference)	(27,783)	
Purchase of Works in Progress Assets - PAAA - above budget expectations		(49,407)
PAAA Project Expenditure YTD Actuals more than YTD Budget - (Timing Difference)		
Repayment of Debentures - Variance below budget expectations.		(49,168)
repayment of Debentures Actuals YTD more than Budget YTD - (Timing Difference)		
REPORTABLE CAPITAL REVENUE VARIATIONS		
Proceeds from Disposal of Assets - below budget expectations		
Proceeds from Disposal of assets YTD Actual above YTD Budget - (Timing Difference)	92,669	35,873
Transfers from Restricted Assets		288,748
Actuals YTD greater than Budget YTD transfers in early Dec 18 - (Timing Difference) usually transfer funds in June 2019 period 12		

SHIRE OF PINGELLY
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	2018/19 Adopted Budget \$	2018/19 Revised Budget \$	2018/19 YTD Budget \$	December 2018 YTD Actual \$
1. ACQUISITION OF ASSETS				
The following assets have been acquired during the period under review:				
<u>By Program</u>				
Education & Welfare				
<u>Other Aged & Disabled Services</u>				
Capex - Paaa Architects & Consultants	9,745	9,745	9,744	3,301.90
Capex - Paaa Building Construction	19,580	19,580	19,580	20,141.82
Capex - Paaa Utility Services	18,000	18,000	18,000	23,313.35
Capex - Paaa Construction Community	19,000	19,000	18,999	13,538.87
Capex - Paaa Landscaping Soft & Hard	7,000	7,000	6,998	7,112.37
Capex - Paaa Landscaping Sensory Garden	71,200	71,200	29,972	85,291.69
Recreation and Culture				
<u>Swimming Areas & Beaches</u>				
Swimming Pool Buildings Capital	5,000	5,000	2,496	0.00
<u>Works in Progress - Recreation Centre</u>				
Capex - Pracc Project Manager	76,900	76,900	34,370	40,228.01
Capex - Pracc Architects & Consultants	41,906	41,906	16,760	26,743.87
Capex - Praac Building Construction	1,079,802	1,079,802	1,079,802	1,080,157.16
Capex - Pracc Utility Services	4,300	4,300	1,720	3,298.23
Capex - Pracc Carpark And Drainage	56,025	56,025	56,025	63,745.49
Capex - Pracc Landscaping Soft & Hard	19,000	19,000	19,000	17,856.92
Capex - Pracc Playground	35,000	35,000	35,000	34,438.00
Capex - Pracc Opening & Promotion	2,500	2,500	2,500	2,921.26
Capex - Pracc Fit Out Furniture	15,000	15,000	15,000	10,202.86
Capex - Pracc Bowling Green	503,100	503,100	335,400	355,991.92
Capex - Pracc Footpaths	16,000	16,000	16,000	17,655.46

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	2018/19 Adopted Budget \$	2018/19 Revised Budget \$	2018/19 YTD Budget \$	December 2018 Actual \$
1. ACQUISITION OF ASSETS (Continued)				
Transport				
<i>Construction - Roads, Bridges, Depots</i>				
Bridges Purchase - Schedule 12				
Capex - Bridge - Replace Box Culverts	252,000	252,000	251,998	0.00
Roads Construction				
Capex - Sbs Bodey Street And Harper Street	77,000	77,000	38,496	0.00
Capex - Rrg York Williams Rd Reseal & Regravel	172,500	172,500	172,500	38,891.14
Capex - Rrg Yenellin Road Upgrade	140,635	140,635	140,634	0.00
Capex - Rrg Review Street	273,500	273,500	136,746	27,014.50
Capex - Rrg Bullaring Road	67,000	67,000	33,486	53,064.09
10 Shaddick Rd Realine & Regravel - Crsf	102,937	102,937	51,456	79,238.85
Footpath - Upgrade Apex Hill	6,000	6,000	2,994	0.00
<i>Road Plant Purchases</i>				
Capex - Front End Loader	243,000	243,000	121,500	240,840.00
Capex - Flail Mower	30,000	30,000	15,000	0.00
	<u>3,363,630</u>	<u>3,363,630</u>	<u>2,682,176</u>	<u>2,245,019.98</u>
By Class				
Land	0	0	0	0.00
Buildings	5,000	5,000	2,496	0.00
Furniture & Equipment	0	0	0	0.00
Plant & Equipment	273,000	273,000	136,500	240,840.00
Work in Progress - PPE	0	0	0	0.00
Infrastructure - Roads	833,572	833,572	573,318	198,208.58
Infrastructure - Footpaths	6,000	6,000	2,994	0.00
Infrastructure - Kerbs & Drains	0	0	0	0.00
Infrastructure - Parks & Ovals	0	0	0	0.00
Infrastructure - Bridges	252,000	252,000	251,998	0.00
Infrastructure - Other	0	0	0	0.00
Works in Progress - Recreation Centre	1,849,533	1,849,533	1,611,577	1,653,271.40
Works in Progress - Aged Care Accommodation	144,525	144,525	103,293	152,700.00
	<u>3,363,630</u>	<u>3,363,630</u>	<u>2,682,176</u>	<u>2,245,019.98</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

2. DISPOSALS OF ASSETS

The following assets have been disposed of during the period under review:

<u>By Program</u>		Written Down Value		Sale Proceeds		Profit(Loss)	
Asset No		2018/19 Budget \$	December 2018 Actual \$	2018/19 Budget \$	December 2018 Actual \$	2018/19 Budget \$	December 2018 Actual \$
	Governance						
1037	5 Webb St (Land)	32,000	0.00	20,000	0.00	(12,000)	0.00
EMCCS02	EMEDS02 - DTS Vehicle PN725	10,500	10,335.22	7,600	6,669.09	(2,900)	(3,666.13)
10180	CRC Lot 2 (18) Parade Street-Spec Building	230,600.00	0.00	0	0.00	(230,600)	0.00
10191	CRC Lot 2 (18) Parade Street-Land	16,000.00	0.00	0	0.00	(16,000)	0.00
10173	Lot 602 (38) Sharow St Land	4,753	0.00	0	0.00	(4,753)	0.00
10174	Lot 603(36) Sharow St Land	4,753	0.00	0	0.00	(4,753)	0.00
10289A	Lot 602 (38) and Lot 603 (4 Units only)	115,043	0.00	0	0.00	(115,043)	0.00
	Transport						
PL5	2003 CAT Front End Loader-PN430	8,000	8,762.21	86,000	86,000.00	78,000	77,237.79
		421,649	19,097.43	113,600	92,669.09	(308,049)	73,571.66

<u>By Class of Asset</u>		Written Down Value		Sale Proceeds		Profit(Loss)	
Asset No		2018/19 Budget \$	December 2018 Actual \$	2018/19 Budget \$	December 2018 Actual \$	2018/19 Budget \$	December 2018 Actual \$
	Plant & Equipment						
EMCCS02	EMEDS02 - DTS Vehicle PN725	10,500	10,335.22	7,600	6,669	(2,900)	(3,666.13)
PL5	2003 CAT Front End Loader-PN430	8,000	8,762.21	86,000	86,000.00	78,000	77,237.79
	Land & Buildings						
10180	CRC Lot 2 (18) Parade Street-Spec Building	230,600	0.00	0	0	(230,600)	0.00
10191	CRC Lot 2 (18) Parade Street-Land	16,000	0.00	0	0	(16,000)	0.00
10173	Lot 602 (38) Sharow St Land	4,753	0.00	0	0	(4,753)	0.00
10174	Lot 603(36) Sharow St Land	4,753	0.00	0	0	(4,753)	0.00
10289A	Lot 602 (38) and Lot 603 (4 Units only)	115,043	0.00	0	0	(115,043)	0.00
1037	5 Webb St (Land)	32,000	0.00	20,000	0.00	(12,000)	0.00
		421,649	19,097.43	113,600	92,669.09	(308,049)	73,571.66

Summary

Profit on Asset Disposals
Loss on Asset Disposals

2018/19 Adopted Budget \$	December 2018 Actual \$
78,000	77,237.79
(386,049)	(3,666.13)
(308,049)	73,571.66

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

3. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-18	New Loans		Principal Repayments			Principal Outstanding			Interest Repayments		
		2018/19 Budget \$	2018/19 Actual \$	2018/19 Budget \$	2017/18 Revised Budget	2018/19 Actual \$	2018/19 Budget \$	2017/18 Revised Budget	2018/19 Actual \$	2018/19 Budget \$	2017/18 Revised Budget	2018/19 Actual \$
Education & Welfare												
Loan 120 - SSL Pingelly Cottage Homes	181,717	0	0	7,598	7,598	7,598	174,119	174,119	174,119	5,879	5,879	5,814
Recreation & Culture												
Loan 123 - Recreation and Cultural Centre	2,289,025			90,738	90,738	90,738	2,198,287	2,198,287	2,198,287	95,423	95,423	46,982
Loan 124 - Recreation and Cultural Centre			0	0	0	0	0	0	0	0	0	0
WATC Short Term Facility	500,000	700,000	700,000	0	0	0	1,200,000	1,200,000	1,200,000	28,320	28,320	4,335
	2,970,742	700,000	700,000	98,336	98,336	98,336	3,572,406	3,572,406	3,572,406	129,622	129,622	57,131

(*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	2018/19 Adopted Budget \$	December 2018 Actual \$
4. RESERVES		
Cash Backed Reserves		
(a) Leave Reserve		
Opening Balance	113,223	113,223
Amount Set Aside / Transfer to Reserve	2,430	1,391
Amount Used / Transfer from Reserve	(80,000)	(80,000)
	<u>35,653</u>	<u>34,614</u>
(b) Plant Reserve		
Opening Balance	246,256	246,256
Amount Set Aside / Transfer to Reserve	5,285	3,025
Amount Used / Transfer from Reserve	(186,500)	(184,840)
	<u>65,041</u>	<u>64,441</u>
(c) Building and Recreation Reserve		
Opening Balance	31,202	31,202
Amount Set Aside / Transfer to Reserve	20,185	383
Amount Used / Transfer from Reserve	(28,000)	(28,000)
	<u>23,387</u>	<u>3,585</u>
(d) Electronic Equipment Reserve		
Opening Balance	6,280	6,280
Amount Set Aside / Transfer to Reserve	7	77
Amount Used / Transfer from Reserve	(3,200)	0
	<u>3,087</u>	<u>6,357</u>
(e) Community Bus Reserve		
Opening Balance	11,419	11,419
Amount Set Aside / Transfer to Reserve	25	140
Amount Used / Transfer from Reserve	0	0
	<u>11,444</u>	<u>11,559</u>
(f) Swimming Pool Reserve		
Opening Balance	51,095	51,095
Amount Set Aside / Transfer to Reserve	495	628
Amount Used / Transfer from Reserve	(5,000)	0
	<u>46,590</u>	<u>51,723</u>
(g) Joint Venture Housing Reserve		
Opening Balance	52,544	52,544
Amount Set Aside / Transfer to Reserve	523	645
Amount Used / Transfer from Reserve	(53,068)	0
	<u>(1)</u>	<u>53,189</u>
(h) Refuse Site Rehab/Closure Reserve		
Opening Balance	15,556	15,556
Amount Set Aside / Transfer to Reserve	46	191
Amount Used / Transfer from Reserve	0	0
	<u>15,602</u>	<u>15,747</u>
Total Cash Backed Reserves	<u>200,803</u>	<u>241,215</u>

All of the above reserve accounts are to be supported by money held in financial institutions.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	2018/19 Adopted Budget \$	December 2018 Actual \$
4. RESERVES (Continued)		
Cash Backed Reserves (Continued)		
Summary of Transfers To Cash Backed Reserves		
Transfers to Reserves		
Leave Reserve	2,430	1,391
Plant Reserve	5,285	3,025
Building and Recreation Reserve	20,185	383
Electronic Equipment Reserve	7	77
Community Bus Reserve	25	140
Swimming Pool Reserve	495	628
Joint Venture Housing Reserve	523	645
Refuse Site Rehab/Closure Reserve	46	191
	<u>28,996</u>	<u>6,480</u>
Transfers from Reserves		
Leave Reserve	(80,000)	(80,000)
Plant Reserve	(186,500)	(184,840)
Building Reserve	(28,000)	(28,000)
Electronic Equipment Reserve	(3,200)	0
Community Bus Reserve	0	0
Swimming Pool Reserve	(5,000)	0
Joint Venture Housing Reserve	(53,068)	0
Refuse Site Rehab/Closure Reserve	0	0
	<u>(355,768)</u>	<u>(292,840)</u>
Total Transfer to/(from) Reserves	<u>(326,772)</u>	<u>(286,360)</u>

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

Leave Reserve

- to be used to fund annual and long service leave requirements.

Plant Reserve

- to be used for the purchase of major plant.

Building and Recreation Reserve

- to be used to fund the renovation/purchase of Shire of Pingelly buildings and Recreation Infrastructure.

Electronic Equipment Reserve

- to be used to fund the purchase of administration computer system equipment.

Community Bus Reserve

- to be used to fund the change-over of the community bus.

Swimming Pool Reserve

- to be used to fund the upgrading of the swimming pool complex

Joint Venture Housing Reserve

- to be used for the future maintenance of the Joint Venture units

Refuse Site Rehab/Closure Reserve

- to be used to facilitate the rehabilitation/closure of the town refuse site.

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

	2017/18 B/Fwd Per 2018/19 Budget \$	2017/18 B/Fwd Per Financial Report \$	December 2018 Actual \$
5. NET CURRENT ASSETS			
Composition of Estimated Net Current Asset Position			
CURRENT ASSETS			
Cash - Unrestricted	631,596	631,595	358,231
Cash - Restricted Unspent Grants	229,139	229,139	168,000
Cash - Restricted Unspent Loans	(314,353)	(314,353)	(0)
Cash - Restricted Reserves	527,575	527,575	241,215
Receivables (Budget Purposes Only)	0	0	0
Rates Outstanding	220,559	220,559	557,721
Sundry Debtors	100,719	100,719	129,311
Provision for Doubtful Debts	(3,519)	(3,519)	(3,519)
Gst Receivable	151,014	151,014	35,761
Loans - clubs/institutions	7,598	7,598	0
Accrued Income/Payments In Advance	1,958	1,958	0
Investments	0	0	0
Inventories	8,380	8,380	4,589
	<u>1,560,666</u>	<u>1,560,666</u>	<u>1,491,309</u>
LESS: CURRENT LIABILITIES			
Payables and Provisions (Budget Purposes Only)	0	0	0
Sundry Creditors	(113,407)	(113,407)	(106,557)
Accrued Interest On Loans	(49,507)	(49,507)	0
Accrued Salaries & Wages	(19,658)	(19,658)	0
Income In Advance	0	0	0
Gst Payable	(50,973)	(50,973)	(11,609)
Payroll Creditors	0	0	0
Accrued Expenses	(15,733)	(15,733)	0
PAYG Liability	(32,720)	(32,720)	(31,695)
Other Payables	(3,487)	(3,487)	(4,591)
Current Employee Benefits Provision	(303,871)	(303,871)	(303,871)
Current Loan Liability	(598,336)	(98,336)	(500,000)
	<u>(1,187,692)</u>	<u>(687,691)</u>	<u>(958,322)</u>
NET CURRENT ASSET POSITION	372,974	872,976	532,987
Less: Cash - Reserves - Restricted	(527,575)	(527,575)	(241,215)
Less: Cash - Unspent Grants/Loans - Fully Restricted	0	0	0
Less: Current Loans - Clubs / Institutions	(7,598)	(7,598)	0
Less: Investments	0	0	0
Add Back : Component of Leave Liability not Required to be Funded	303,871	303,871	303,871
Add Back : Current Loan Liability	598,336	98,336	500,000
Adjustment for Trust Transactions Within Muni	0	0	0
ESTIMATED SURPLUS/(DEFICIENCY) C/FWD	<u>740,010</u>	<u>740,010</u>	<u>1,095,642</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

6. RATING INFORMATION

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	2018/19 Rate Revenue \$	2018/19 Interim Rates \$	2018/19 Back Rates \$	2018/19 Total Revenue \$	2018/19 Budget \$
General Rate								
GRV - Residential	0.130220	321	3,135,172	408,262	(63)	0	408,200	407,247
GRV - Rural Residential	0.130220	69	719,124	93,644	0	0	93,644	93,644
GRV - Commercial/Industrial	0.130220	33	463,424	60,249	0	0	60,249	60,249
GRV - Townsites	0.130220	12	128,440	16,725	0	0	16,725	16,725
UV - Broadacre Rural	0.010469	250	123,477,000	1,292,681	(524)	0	1,292,157	1,292,478
Sub-Totals		685	127,923,160	1,871,562	(586)	0	1,870,975	1,870,343
Minimum Rates	Minimum \$							
GRV - Residential	900	58	121,945	52,200	0	0	52,200	52,200
GRV - Rural Residential	900	20	69,600	18,000	0	0	18,000	18,000
GRV - Commercial/Industrial	900	8	28,385	7,200	0	0	7,200	7,200
GRV - Townsites	900	7	20,270	6,300	0	0	6,300	6,300
UV - Broadacre Rural	900	45	2,709,500	40,500	0	0	40,500	40,500
Sub-Totals		138	2,949,700	124,200	0	0	124,200	124,200
Ex Gratia Rates								
Movement in Excess Rates							1,995,176	1,994,543
							233	241
							(44,826)	0
Total Amount of General Rates Specified Area Rates							1,950,583	1,994,784
							0	0
Total Rates							1,950,583	1,994,784

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

The general rates detailed above for the 2018/19 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also bearing considering the extent of any increase in rating over the level adopted in the previous year.

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

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

7. TRUST FUNDS

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

Detail	Balance 01-Jul-18 \$	Amounts Received \$	Amounts Paid (\$)	Balance \$
Transport Licensing	0	188,381	(188,381)	0
BCITF Levy	0	0	0	0
Rates	0	0	0	0
Funds Held on Behalf of Groups	40	0	0	40
Unclaimed Monies	100	0	0	100
Builders Registration Board	0	0	0	0
Social Club	0	0	0	0
Nomination Deposits	80	0	(80)	0
Bond Monies (Including Key Deposits)	4,040	6,860	(2,850)	8,050
	<u>4,260</u>	<u>195,241</u>	<u>(191,311)</u>	<u>8,190</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

8. OPERATING STATEMENT

	December 2018 Actual \$	2018/19 Revised Budget \$	2018/19 Adopted Budget \$	2017/18 Actual \$
OPERATING REVENUES				
Governance	39,268	85,669	85,669	105,617
General Purpose Funding	2,289,906	2,691,085	2,691,085	3,174,924
Law, Order, Public Safety	57,287	65,902	65,902	454,910
Health	751	6,936	6,936	8,283
Education and Welfare	7,379	11,175	11,175	635,719
Housing	0	0	0	0
Community Amenities	181,971	343,650	343,650	174,268
Recreation and Culture	683,421	712,454	712,454	4,055,949
Transport	478,265	1,118,892	1,118,892	1,188,399
Economic Services	16,197	24,050	24,050	43,885
Other Property and Services	25,222	77,750	77,750	108,329
TOTAL OPERATING REVENUE	3,779,667	5,137,563	5,137,563	9,950,283
OPERATING EXPENSES				
Governance	326,475	677,507	677,507	556,517
General Purpose Funding	75,645	225,373	225,373	176,753
Law, Order, Public Safety	129,440	207,056	207,056	200,344
Health	55,987	121,072	121,072	109,345
Education and Welfare	32,982	119,003	119,003	42,882
Housing	0	0	0	0
Community Amenities	178,273	408,119	408,119	370,813
Recreation & Culture	637,799	1,338,540	1,338,540	949,218
Transport	1,594,294	2,225,141	2,225,141	1,796,546
Economic Services	121,528	264,077	264,077	231,661
Other Property and Services	94,370	40,738	40,738	87,172
TOTAL OPERATING EXPENSE	3,246,793	5,626,626	5,626,626	4,521,251
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	532,874	(489,063)	(489,063)	5,429,032

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

9. STATEMENT OF FINANCIAL POSITION

	December 2018 Actual \$	2017/18 Actual \$
CURRENT ASSETS		
Cash and Cash Equivalents	767,446	1,073,956
Investments Current	5,000	5,000
Trade and Other Receivables	719,274	478,330
Inventories	4,589	8,380
Trust at Bank	8,190	4,260
TOTAL CURRENT ASSETS	<u>1,504,499</u>	<u>1,569,926</u>
NON-CURRENT ASSETS		
Other Receivables	231,478	231,478
Inventories	0	0
Property, Plant and Equipment	20,292,689	18,436,371
Infrastructure	67,642,020	68,425,477
Investments Non Current	46,400	46,400
TOTAL NON-CURRENT ASSETS	<u>88,212,587</u>	<u>87,139,726</u>
TOTAL ASSETS	<u>89,717,086</u>	<u>88,709,652</u>
CURRENT LIABILITIES		
Trade and Other Payables	154,452	285,484
Long Term Borrowings	500,000	98,336
Provisions	303,871	303,871
Trust Liability	8,190	4,260
TOTAL CURRENT LIABILITIES	<u>966,513</u>	<u>691,951</u>
NON-CURRENT LIABILITIES		
Trade and Other Payables	0	0
Long Term Borrowings	3,072,406	2,872,406
Provisions	53,186	53,186
TOTAL NON-CURRENT LIABILITIES	<u>3,125,592</u>	<u>2,925,592</u>
TOTAL LIABILITIES	<u>4,092,105</u>	<u>3,617,543</u>
NET ASSETS	<u>85,624,981</u>	<u>85,092,109</u>
EQUITY		
Retained Surplus	33,759,960	32,940,728
Reserves - Cash Backed	241,215	527,575
Revaluation Surplus	51,623,806	51,623,806
TOTAL EQUITY	<u>85,624,981</u>	<u>85,092,109</u>

SHIRE OF PINGELLY

NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2018

10. FINANCIAL RATIOS

	2019 YTD	2018	2017	2016
Current Ratio	1.65	4.05	2.03	1.05
Operating Surplus Ratio	(0.14)	(0.26)	(0.60)	(0.72)

The above ratios are calculated as follows:

Current Ratio
$$\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$$

Purpose:

This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions.

Standards:

The standard is not met if the ratio is lower than 1:1 (less than 100%)

The standard is met if the ratio is greater than 1:1 (100% or greater)

A ratio less than 1:1 means that a local government does not have sufficient assets that can be quickly converted into cash to meet its immediate cash commitments. This may arise from a budget deficit from the past year, a Council decision to operate an overdraft or a decision to fund leave entitlements from next year's revenues.

Below Std
Std met

Operating Surplus Ratio
$$\frac{(\text{Operating Revenue MINUS Operating Expense})}{(\text{Own Source Operating Revenue})}$$

Purpose:

This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Standards:

Basic Standard is not met less than < 1% (< 0.01)

Basic Standard between 1% and 15% (0.01 and 0.15)

Advanced Standard greater than > 15% (>0.15).

Below Std
Basic Std
Adv Std

SHIRE OF PINGELLY RESTRICTED CASH RECONCILIATION 31 December 2018								
Restricted Grants/Funds Received	Projects	GL/Job Account	Total Restricted Funds	Actual Expenditure previous year 2015/16	Actual Expenditure previous year 2016/17	Actual Expenditure current year 2017/18	Actual Expenditure current year 2018/19	Restricted Funds Remaining
WDC Community Chest Funding-Sensory Garden	Aged Approp Accom Units	0861	10,000.00	0.00	0.00	0.00	10,000.00	0.00
Lotterywest Grant-Aged Sensory Space	Aged Approp Accom Units	PAA02	50,000.00	0.00	0.00	8,861.32	41,138.68	0.00
National Stronger Regions Funds - final claim 4	Recreation & Cultural Centre	11PR/PR01	353,289.00	0.00	0.00	0.00	353,289.00	0.00
Dept of Sport & Rec \$350,000 - final claim 3 25%	Recreation & Cultural Centre	11PR/PR03	87,500.00	0.00	0.00	0.00	87,500.00	0.00
Bendigo Bank-Pingelly Community Financial Services	Recreation & Cultural Centre	11PR/PR04	150,000.00	0.00	0.00	100,000.00	50,000.00	0.00
Focus Group Grain contribution to PRACC	Recreation & Cultural Centre	11PR/PR07	4,323.00	0.00	0.00	0.00	4,323.00	0.00
CBH Contribution Grass Roots Fund -playground	Recreation & Cultural Centre	11PR/PR11	10,000.00	0.00	0.00	0.00	10,000.00	0.00
DSR CSRFF Grant Bowling Rink	Recreation & Cultural Centre	11PR/PR03	36,091.75	0.00	0.00	0.00	36,091.75	0.00
Pingelly Bowling Club contribution Bowling Rink	Recreation & Cultural Centre	11PR/PR10	70,000.00	0.00	0.00	0.00	70,000.00	0.00
WATC S/T Loan Facility PRACC claim 2-Bowls	Recreation & Cultural Centre	1704	200,000.00	0.00	0.00	0.00	200,000.00	0.00
WATC S/T Loan Facility PRACC claim 2-PRACC	Recreation & Cultural Centre	1704	500,000.00	0.00	0.00	314,353.36	185,646.64	0.00
Main Roads Bullaring rd Bridge Funding 18/19 c/fwd	Transport	1250	168,000.00	0.00	0.00	0.00	0.00	168,000.00
Sub Total								168,000.00
Total Restricted Grant Funds								168,000.00
Available Cash								Balance
Municipal Bank	Muni Fund Bank	0111	Variable	Ongoing	N.A.			525,480.57
Municipal Bank	Till Float SES	0112						50.00
Municipal Bank	Till Float	0113						200.00
Municipal Bank	Petty Cash on hand	0114						500.00
Total Cash								526,230.57
Less Restricted Cash								(168,000.00)
Total Unrestricted Cash								358,230.57

