



Minutes

Audit and Risk Committee Meeting was held at 9.00 AM on Wednesday 18 September 2024 in the Bennett Room, Pleasant Creek Historic Precinct, Stawell.

1 Present

Attended

Mr Peter Knights (Chair)
Mr Tony Roberts
Ms Lynn Jenz
Cr Rob Haswell
Cr Kevin Erwin

Also to attend

Mr Brent McAlister, Chief Executive Officer
Mr Vaughan Williams, Director Corporate Services
Ms Jay Petty, Acting Manager Financial Services
Ms Rohma Rauf, Coordinator Financial Services
Mr Mahesh Silva, RSD Audit (Item 7.1)
Ms Blessing Muncan, RSD Audit (item 7.1)

2 Apologies

Mr Tony Roberts

3 Disclosures of a Conflict of Interest at a Council Auspiced Meeting

Nil

4 Confirmation of Minutes from the Previous Meeting

Confirmation of draft minutes from the Northern Grampians Shire Council Audit and Risk Committee Meetings held Wednesday 5 June 2024.

Attachment

1. 20240605 Audit and Risk Committee Meeting Minutes

Recommendation

That minutes are received and recommended to Council for review

Moved Kevin Erwin

Second Rob Haswell

CARRIED

5 Matters Arising from the Minutes

5.1 Appointment of Audit and Risk Committee Chair

Item adjourned from June meeting due to two of three external members being apologies at the meeting.

Ms Jay Petty led the appointment of Chairperson for the 2024/25 financial year.

Recommendation: That Peter Knights be appointed as the chairperson of the Audit and Risk Committee for the 2024/25 financial year.

Moved Kevin Erwin

Second Lynn Jensz

CARRIED

6 Notification of Fraud Events

Nil to report.

7 VAGO Audit

7.1 Audit Management Letter and the Closing Report for 30 June 2024

RSD Audit led a discussion regarding the findings from the audit process and the Audit Management Letter and the Closing Report for the financial year ended 30 June 2024.

The audit partner (Mahesh) and audit manager (Blessing) presented a summary of the findings of the financial audit for 2024/25. They are recommending an unmodified audit opinion pending outstanding items. Outstanding items do not appear to be of a material nature and they are comfortable with the audit work performed.

Ms Lynn Jensz asked about outstanding items around credit cards and LSL calculations that have been on the management letter for more than 12 months. Ms Jay Petty will respond to these at the next committee meeting with details around timelines and responsibilities.

Attachments

1. Audit Management Letter 30 June 2024: currently in DRAFT
2. Closing Report 30 June 2024

Recommendation

That the DRAFT Audit Management Letter 30 June 2024 and the DRAFT Closing Report 30 June 2024 be received.

**Moved Lynn Jensz
Second Peter Knights
CARRIED**

7.2 Annual Financial Report 2023-24 and Annual Performance Statement 2023-24

Draft Annual Financial Report for the year ended 30 June 2024 and the draft Performance Statement 2023-24 were tabled for discussion.

Recommendation

That the draft Financial Report and Performance Report be endorsed subject to final adjustment by VAGO. Robert Haswell and Kevin Erwin to sign the annual report and performance statement

Attachments

1. Draft Annual Financial Report 2023-24
2. Draft Performance Statement 2023-24

**Moved Lynn Jensz
Second Peter Knights
CARRIED**

8 Risk Management

8.1 Risk Committee Update

Mr Vaughan Williams provided an update from the last Risk Committee Meeting held Tuesday 13 August 2024.

Attachment

1. 20240813 Risk Committee Minutes

Discussion:

Mr Vaughan Williams discussed an issue with a dwelling built on crown land and the implications around that. Ongoing issue.

Mr Peter Knights brought up continuity planning around data and security of data. More information will be provided in the VPDSS update during the year.

9 Financial Reporting

9.1 Quarterly Finance Report

Ms Jay Petty tabled the Quarterly Finance Report for the period ending 30 June 2024. As this is a report on the interim results and superseded by the Annual Financial Report, this item will be taken as read.

Recommendation

That the Finance Report be tabled.

Attachment

1. Finance Report June 2024

Moved Kevin Erwin

Second Lynn Jensz

CARRIED

9.2 Financial Position Update

Mr Vaughan Williams updated the Audit and Risk Committee on the financial position of the Council.

The update provided insight into the actual closing cash position of Council at 30 June compared to the budgeted closing cash position. The difference being approximately \$6m. Although a difference in the budgeted and closing cash is expected, this difference was material. Subsequently, this has resulted in an adopted 10 year plan which is unrealistic and requires a significant review to provide the new Council with accurate information to make a decision on the best option moving forward.

Council is not at risk of going into overdraft in the current year and will have time to review the budgeting assumptions made and suggest solutions to the adopted long-term financial plan.

Recommendation

That the financial position update be received and noted.

**Moved Lynn Jensz
Second Rob Haswell
CARRIED**

9.3 Councillor Reimbursement Report

Ms Jay Petty tabled the Councillor Reimbursement Report for the period 1 April 2024 to 30 June 2024. This is a reporting requirement under section 40(2) of the *Local Government Act 2020*.

Recommendation

That the Councillor Reimbursement Report be received and noted.

Attachment

1. Councillor Reimbursement Report - April to June 2024

**Moved Kevin Erwin
Second Lynn Jensz
CARRIED**

9.4 New control for creditor payments – Eftsure

Mr Vaughan Williams provided an update on a product Council has recently procured to improve creditor payment controls and the risk of fraud

Attachment

1. Eftsure Presentation for noting

10 General Business

10.1 Performance against Audit and Risk Committee Charter

Results from the survey of Audit and Risk Committee members to be tabled for discussion.

Attachment

1. Audit and Risk Committee Annual Performance Assessment 2023-24

Discussion

Ms Lynn Jensz mentioned asking more questions and requesting quarterly updates on outstanding audit issues. Already included in the annual audit plan.

RECEIVED

10.2 Audit and Risk Committee Charter and Guidelines

Ms Jay Petty tabled the Audit and Risk Committee Charter and Guidelines for discussion. Proposed changes are highlighted.

Recommendation

That the updated Charter and Guidelines be received and endorsed for tabling at the next appropriate Council Meeting.

Attachment

1. Audit and Risk Committee Charter
2. Audit and Risk Committee Guidelines

Moved Lynn Jensz

Second Rob Haswell

CARRIED

10.3 Annual Work Program 2024/25

Ms Jay Petty tabled the proposed Annual Work Program for 2024/25. This is a requirement under section 54(3) of the *Local Government Act 2020*.

Discussion:

Update annual audit plan to include a standing item around outstanding audit items for every meeting. Include in external audit area as well. Move review risk register item to the 3rd quarter to get the new council across it. Biannual item (dec & Jun) - update for OHS (Cam) and environmental (Trenton) considerations for council. Summarised report not necessarily a full presentation – scale of the exposure – consider for internal audit schedule.

Recommendation

That the 2024/25 Annual Work Program be adopted and endorsed for tabling at the next appropriate Council Meeting subject to the requested changes to the annual audit plan.

Attachment

1. 2024/25 Annual Work Program
2. 2024/25 Updated Annual Work Program

Moved Lynn Jensz

Second Kevin Erwin

CARRIED

10.4 Biannual Report

Audit Committee Chair tabled the Biannual Report.

Discussion Attachment

1. NGSC Audit and Risk Committee biannual report

The biannual report was provided by Peter Knights and presented to the Committee

Recommendation

That the Biannual Report be received and endorsed for tabling at the next appropriate Council Meeting.

**Moved Lynn Jensz
Second Kevin Erwin
CARRIED**

10.5 Open floor

Audit Committee members can raise issues here.

Ms Lynn Jensz noted the timing of receiving documents was inadequate for this meeting. Noted - with a week in advance being the target for agenda to be distributed in the future.

11 Next Meeting

Next meeting will be held on Wednesday 4 December 2024.

12 Close

Meeting closed at 10.56am



Victorian Auditor-General's Office

Northern Grampians Shire Council
Final Management Letter
for the year ended 30 June 2024

Background

I enclose for your information the final management letter for the year ended 30 June 2024. The final management letter provides a summary of audit findings from the final phase of our audit. This letter will be discussed at the audit and risk committee meeting on 18 September 2024.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely

Mahesh Silva

Engagement Partner

RSD Audit

VAGO Audit Service Provider

Bendigo

16 September 2024

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Introduction

We have substantially completed the 2023-24 audit and now bring to your attention our findings. This letter should be read in conjunction with our closing report presented to the Audit & Risk Committee on 18 September 2024. As part of our reporting, we include our assessment of the audit significance of the findings. The criteria we consider in this assessment is included in **Appendix A**. Findings can fall into the following categories:

- internal control findings.
- financial reporting and performance statement reporting findings.
- business improvement opportunities and other findings.

Internal control findings

As part of our audit, we assess the design and implementation of internal controls relevant to financial reporting and performance statement reporting. If we intend to rely on these controls, we test how effectively they are operating.

Any weaknesses in internal control identified during our audit is communicated to you through our management letters.

Financial reporting and performance statement reporting findings

As part of our audit, we may identify weaknesses in management's approach to financial reporting and performance statement reporting resulting in potential material misstatement. This includes, but is not limited to, non-compliance with the Australian Accounting Standards and other reporting frameworks.

Reporting and tracking internal control and financial reporting findings

As part of this communication, we include:

- our assessment as to the significance of the finding
- recommended actions
- management comments and expected implementation dates.

We have discussed all of our findings with management. The nature and rating of the finding determines our expectations in relation to management acceptance and our monitoring of the implementation of remedial actions.

Business improvement opportunities and other findings

While conducting our audit, we may identify opportunities for improving the efficiency and effectiveness of your entity's processes and controls. We may also identify better practice situations from across the public sector which we would like to share with you. These would be included in this category.

Given their nature, business improvement opportunities and other matters will not be tracked.

Scope of our audit

We did not carry out a comprehensive audit of all processes and systems of internal control you maintain or seek to uncover all deficiencies, breaches and irregularities in those systems and processes. Inherent limitations in any process and system of internal control may mean that errors or irregularities might not be detected.

As explained in the audit strategy memorandum discussed at the Audit & Risk Committee on 20 March 2024, the objective of the audit is for the Auditor-General to express an opinion on the financial report and performance statement. Although the audit considers internal controls relevant to preparing the financial report and performance statement, this is done in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of those controls. Our planned approach, including level of reliance on internal controls, was communicated in our audit strategy.

Reports to Parliament

The Auditor-General may include items listed in this letter in a report to Parliament. We will send you a draft of the relevant material included in this report and ask for your comments before the report is tabled in Parliament. High rated findings may be specifically identified and reported in the Parliamentary reports.

Our Results of 2022-23 Audits: Local Government report was tabled in Parliament on 7 March 2024. Our report discusses the observations and findings across all 79 councils as a result of our audit of sector. From this, we have made six recommendations. Four were specific to all councils. We have included these four findings in our management below to help councils keep track of them.

Summary of audit findings

The table below summarises all 'open' (current and prior period) management letter issues and prior period issues that have been resolved in the current period. Open items include all findings that are 'unresolved', 'partially resolved' or 'substantially resolved' as at the date of this letter.

Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency		Financial statements areas grouping	Resolved / unresolved	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting				
Open issues (current and prior period)									
Sept 2024	2024.4	Salaries and wages accrual	Low	-	X	Payables	New	Yes/No	XX
Sept 2024	2024.5	Assessment and capitalisation of work in progress (WIP)	Moderate	X	X	IPPE	New	Yes/No	XX
Sept 2024	2024.6	Comprehensive revaluation of full asset class	Moderate	X	X	IPPE	New	Yes/No	XX
May 2024	2024.2	Monthly review and reconciliation of credit card statements	Moderate	X	X	Expenditure	Unresolved	Yes	30 September 2024
May 2024	2024.3	Credit card holder agreements Our testing identified 3 card holders who do not have a signed Credit cardholder agreement on file.	Low	X	-	Expenditure	Unresolved	Yes	30 September 2024

Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency			Financial statements areas grouping	Resolved / unresolved	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting					
October 2023	2023.1	Performance statement review	Moderate	X	X		Performance statements	Unresolved	Yes	30 June 2024
Final 2022	2022.1	Calculation of Long Service Leave	Moderate	X	X		Provisions	Unresolved	Yes	30 June 2023
Interim 2021	2021.3	ICT General Controls Weaknesses	Moderate	X	-		ICT	Partially resolved	Partly	TBD
Final 2019	2019.3	Provision for Doubtful Debts Assessment Should be prepared in accordance with AASB 9.	Low	-	X		Receivables	Unresolved	Yes	30 June 2020
Prior period issues resolved during the period										
May 2024	2024.1	Independent review of general journals and supporting documentation	Moderate	X	X		General journals	Resolved	Yes	30 September 2024
Final 2022	2022.2	Parks, Open Space and Other Infrastructure Valuation Basis	Moderate	X	X		IPPE	Resolved	Yes	30 June 2023
Final 2022	2022.3	Found Assets Recognised through the asset revaluation reserve instead of through the comprehensive income statement	Low	X	X		IPPE	Resolved	Yes	N/A

Finding first raised (month / year)	Reference	Findings	Rating	Classification of deficiency		Financial statements areas grouping	Resolved / unresolved	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting				
Interim 2021	2021.1	Grants Register	Moderate	X	-	Governance	Resolved	Yes	1 August 2021

Detailed audit findings—open issues

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2024.4	<p>Salaries and wages accrual</p> <p>Our review of trade payables and other liabilities identified that NGSC did not accrue for 5 days of salaries and wages at year-end, leading to an understatement of liabilities. While we confirm that the total understatement falls below our specific materiality threshold and no adjustment was made to the financial statements, an unadjusted audit difference has been reported in the closing report.</p> <p>Implication:</p> <p>If an entity fails to raise an accrued salaries and wages accrual at year-end, it risks understating its liabilities and expenses in the financial statements. This can lead to inaccurate financial reporting, as salaries and wages earned by employees but not yet paid are not reflected on the financial statements</p>	<p>We recommend that the client implement a process to regularly review and accrue all unpaid salaries and wages at year-end to ensure accurate financial reporting. This will help avoid understating liabilities, ensure compliance with accounting standards, and provide a more accurate representation of the NGSC's financial position.</p>	<p>Recommendation: XXX</p> <p>Responsible officers: XXX</p> <p>Implemented date: XXX</p> <p>Management comment: XXX</p>
2024.5	<p>Assessment and capitalisation of work in progress (WIP)</p> <p>Our review of the Infrastructure, Property, Plant, and Equipment (IPPE) identified a significant Work-In-Progress (WIP) write-off in FY 2024. It was identified that approximately \$1.1 million of the \$3.3 million written off this year relates to projects from prior years.</p> <p>Implication:</p>	<p>We recommend implementing regular reviews of all WIP transactions to ensure accuracy and identify any issues early, preventing unexpected write-offs.</p>	<p>Recommendation: XXX</p> <p>Responsible officers: XXX</p> <p>Implemented date: XXX</p> <p>Management comment: XXX</p>

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	Not reviewing Work-In-Progress (WIP) transactions can lead to inaccurate financial reporting, unexpected large write-offs, poor decision-making, and cash flow issues. Without regular oversight, incorrect or outdated WIP entries can accumulate, distorting project progress and financial statements, which likely contributed to your NGSC's substantial write-off this year. Regular reviews help prevent these issues and ensure accurate financial management.		
2024.6	<p>Comprehensive revaluation of full asset class</p> <p>Based on our review of the road valuation we identified that the revaluation was only applied on certain assets components (Kerbs and Channels) and not the whole asset class. NGSC must apply the revaluation model to the entire class of assets to which the asset belongs. This prevents selective revaluation of individual assets and ensures consistency within the asset class.</p> <p>Implication:</p> <p>The review revealed that NGSC only applied the revaluation to certain asset components instead of the entire asset class, which is non-compliant with accounting standards. This could lead to inaccurate financial reporting, inconsistency in asset values and non-compliance with regulations.</p>	We recommend NGSC revalue the entire asset class not just individual assets to be in line with AASB 116	<p>Recommendation: XXX</p> <p>Responsible officers: XXX</p> <p>Implemented date: XXX</p> <p>Management comment: XXX</p>
2024.2	<p>Monthly review and reconciliation of credit card statements</p> <p>a) The monthly review of credit card statements has been discontinued, with NGSC citing a recurring variance that proved difficult to resolve. Following a recent system upgrade, they opted to defer reconciliation until the system has been fully updated. Once completed, they plan to resume monthly reviews of corporate credit cards.</p>	<p>We recommend:</p> <p>a) A monthly review of credit card statements is conducted, reconciling them with supporting documentation to promptly detect any unauthorised or erroneous transactions, such as fraudulent charges or billing</p>	<p>Recommendation: Accepted</p> <p>Responsible officer:</p> <p>Graham Haylock/Rohma Rauf</p> <p>Implementation date: 30 September 2024</p> <p>Monthly review and reconciliation of credit card statements was put on hold during the transition period to a new system.</p>

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<p>b) In February 2024, a transaction totalling \$3,087.70 for a cardholder did not have the invoice uploaded in the system during the testing period. Additionally, it was observed that a number of credit card transactions for both February 2024 and March 2024 remained unreconciled.</p> <p>We have identified a transaction amounting to \$675 for accommodation charges, which does not align with the NGSC's credit card policy.</p>	<p>errors. Timely identification enables swift action to address and rectify these issues.</p> <p>We recommend that the Council revisit or revise the credit card policy to ensure alignment with current practices at the organisation.</p>	<p>Once live, monthly review will be reinstated. Policy will be subsequently reviewed.</p> <p>Final 2023-24 management update: XX</p>
2023.1	<p>Performance Statement Review</p> <p>Our initial review of the performance statements identified various wording and formatting changes to improve the readability of the statements and compliance with the sector model statements. The various council departments prepare the data for the performance statement and other reportable performance measures.</p> <p>When conducting our audit of the service indicators, we were provided with supporting documents that, in some cases, varied from the reported measures or that insufficient data was provided to support the recorded numbers. In other cases, detailed data was provided.</p>	<p>Recommendation</p> <p>Before submitting the performance statements and workbook for auditing, we recommend that an internal review and verification process be applied to match the data to the supporting documentation.</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Nick Welsh [Senior Accountant]</p> <p>Implementation date: 30 June 2024</p> <p>Management comment:</p> <p>Management will review supporting documents that provide the basis of the Performance Statement disclosures before providing the final document for audit.</p> <p>Interim 2023-24 management update:</p> <p>Management will review supporting documents that provide the basis of the Performance Statement disclosures before providing the final document for audit.</p> <p>Final 2023-24 management update: XX</p>
2022.1	<p>Calculation of Long Service Leave provision</p> <p>We have noted a number of issues with the LSL provision model prepared by NGSC.</p>	<p>Recommendation</p> <p>We recommend NGSC:</p> <p>→ Perform a review of the workings to calculate the LSL</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Graham Haylock/Rohma Rauf</p>

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<p>→ We identified a number of errors in the LSL provision workings that had not been identified prior to audit.</p> <p>a) This includes employees with less than one year of service with excessive leave accrued</p> <p>b) In addition, discount rates had not been applied within the NPV workings</p> <p>→ Workcover rate used in the calculation is 3.5% our review of the Workcover premium notice for FY2023 is only 1.8%.</p> <p>These issues noted as part of the review resulted to an overstatement in provision and therefore an adjusting entry had to be processed at year end.</p> <p>Final audit 2022-23 update:</p> <p>Our review of the 30 June 2023 provision balances identified an error in the report generated from the system that was used to calculate the provision liability at year-end. As a result, an adjusting journal entry had to be processed to correct the misstatement.</p> <p>Final audit 2023-24 update:</p> <p>Upon reviewing the LSL provisions, we have identified discrepancies in the recalculation of years of service, along with inaccuracies in the application of superannuation, WorkCover, and discount rates.</p>	<p>provision balances at year end to ensure accuracy prior to audit (there is a new LSL model, we suggest NGSC considers on using the latest LSL model)</p> <p>We recommend NGSC use the correct Workcover rate for next financial year, as the provision is for future years.</p>	<p>Implementation date: 30 June 2023</p> <p>Management comments:</p> <p>Review of LSL model to be completed for the 2022/23 year end process.</p> <p>Interim 2022-23 management update:</p> <p>Calculation will be made later in financial year and provide to Auditors before 30 June for review</p> <p>Final 2022-23 management update:</p> <p>Management acknowledges the incorrect figures provided by our legacy payroll system for the LSL balances of some employees. Council has installed a new payroll system that will be able to provide correct leave balances for all employees and a review of these balances will be made before the completion of 2023/24 LSL calculation.</p> <p>Interim 2023-24 management update:</p> <p>Issues identified were due to our legacy payroll system. New system will improve LSL reporting.</p> <p>Final 2023-24 management update:</p> <p>XX</p>

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2021.3	<p>ICT General Control Weaknesses</p> <p>Information Technology controls exist within an organisation's internal control framework to provide assurance over the security, confidentiality, integrity, and availability of council data.</p> <p>As part of our review of NGSC General IT controls, we identified the following weaknesses:</p> <ul style="list-style-type: none"> → No ICT Penetration testing has been performed → There is no documented Disaster Recovery Plan and Policy in place, while Council do not have an organisation wide DRP, Council advise they do have a data backup program in place → There is no ICT Security Management Policy (this policy will cover End user device security, Physical Security, Operational Security, Procedural security by ICT and Communications security) → No periodic review of the Network Access to IT systems <p>Interim 2021-22 Update:</p> <p>Cybersecurity and IT Health Assessments</p> <p>Our review of ICT systems identified that the council has undertaken a Microsoft Score Rating. However, this quite a simple rating tool, and a more extensive rating tool undertaken by other entities is the Essential Eight, which is a cyber self-assessment (security) maturity tool "to help organisations mitigate cyber security incidents caused by various cyber threats" and which has been designed to protect Microsoft Windows-based internet-connected networks. Developed by the ACSC, the Essential Eight are endorsed by the Victorian Government.</p>	<p>We recommend NGSC:</p> <ul style="list-style-type: none"> → Engage an external party to undertake an IT infrastructure penetration testing [Status – Unresolved - Council is seeking to co-ordinate such an exercise with other councils]. → Develop and adopt a Disaster Recovery Plan and Policy document [Status - Progressing] → Develop an ICT Security Management Policy [Status - Progressing - To be formally approved in the future] → Conduct a periodic review of the Network User Access [Status – Unresolved to be included as part of the ICT Governance Framework which is currently under development] <p>Interim 2021-22 recommendation:</p> <p>With a number of serious and costly attacks directed to local government entities we again recommend that a more detailed assessment and penetration testing of the IT environment is conducted by NGSC.</p>	<p>Recommendation: partially accepted</p> <p>Responsible officer: Stretch Smith</p> <p>Implementation date:</p> <p>TBD</p> <p>Interim 2021-22 Management comment:</p> <p>Penetration testing was planned for 2021/22 however now deferred to 2022/23. This item was tabled to the Audit & Risk Committee and is listed on the schedule of work to be reported back on in the 2022/23 financial year.</p> <p>DRP continues to be a work in process. ICT specific BCP and DRP are currently being developed.</p> <p>Information Security Management Framework was adopted December 2021</p> <p>Periodic review process development planned to formalise work already undertaken. A business system profile has been developed, along with a Business Systems and User Access Management Procedure.</p> <p>Final 2021-22 management comments:</p> <p>An RFQ is to undertake an ICT security audit is currently being developed. All current ongoing security activities will be considered alongside recommendations made following the audit, and an action plan developed for implementation in line</p>

Reference	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
			<p>with identified priorities and available resources.</p> <p>Interim 2022-23 management update:</p> <p>An external Cyber security audit has been conducted; results have been presented to Management. The findings will be used to form the basis of a formal Cyber security action plan which will be presented to the ARC in August 2023.</p> <p>Final 2023-24 management update:</p> <p>XX</p>
2024.3	<p>Credit card holder agreements</p> <p>Our testing identified 3 card holders who do not have a signed Credit cardholder agreement on file.</p>	<p>We recommend that all cardholders - sign an individual credit cardholder agreements each time the credit card policy is reviewed and updated.</p>	<p>Recommendation: XXX</p> <p>Responsible officers: XXX</p> <p>Implemented date: 30 September 2024</p> <p>Management comment: XXX</p>
2019.3	<p>Provision for Doubtful Debts Assessment</p> <p>Based on our review of the provision for doubtful assets assessment, we identified that NGSC did not apply the Expected Credit Loss (ECL) methodology in determining their provision for doubtful debts at year-end.</p>	<p>We recommend NGSC calculates its provision for doubtful debt balances in accordance with the AASB 9 Expected credit loss model.</p>	<p>Recommendation: XXX</p> <p>Responsible officers: XXX</p> <p>Implemented date: 30 September 2024</p> <p>Management comment: XXX</p>

Recommendations from the *Results of 2022-23 Audits: Local Government* report

Our *Results of 2022-23 Audits: Local Government* report contains 6 recommendations, 4 directed to the 79 councils. The full context of the findings can be found in our report at [Results of 2022-23 Audits: Local Government | Victorian Auditor-General's Office](#).

The following table summarises the 4 recommendations with further detail on the pages that follow.

Finding first raised	Reference	Findings	Classification of deficiency		Management acceptance	Resolved / unresolved	Original implementation date
			Internal control	Financial / performance reporting			
March 2024	2024.LG1	Annual financial reporting process	-	X	No	Resolved	
March 2024	2024.LG2	Asset valuations – Finance team briefing	-	X	Yes	Unresolved	FY 2024-25
March 2024	2024.LG3	Asset valuations - Audit and Risk Committee oversight	-	X	Yes	Unresolved	FY 2024-25
March 2024	2024.LG4	Open internal control weakness and financial reporting issues	X	-	Yes	Unresolved	FY 2024-25

Ref	Summary of our report findings	Response from management
2024.LG1	<p>Annual financial reporting process</p> <p>We recommend that all councils:</p> <ul style="list-style-type: none"> → arrange for training or briefing sessions to be held with key internal stakeholders before 30 June 2024 to enhance their understanding of the financial reporting process and their legislative obligations → assess the adequacy of their financial reporting plan given their legislative obligations, namely: <ul style="list-style-type: none"> – task allocation and timelines – the nature and timing of liaison with other business units – quality assurance processes → critically assess whether they have the resources and expertise to fulfil their financial reporting obligations throughout the year and, if not, that they consider engaging an external party. 	<p>Responsible officer: Graham Haylock</p> <p>Implementation date: N/A</p> <p>Management comment: Management considers its current practices to be consistent with the recommendation.</p>
2024.LG2	<p>Asset valuations – Finance team briefing</p> <p>We recommend that finance teams:</p> <ul style="list-style-type: none"> → prepare and present a paper to their audit and risk committee prior to 30 June each year that outlines the: <ul style="list-style-type: none"> – requirements of the council's accounting policy with respect to property, infrastructure assets, plant and equipment – approach to assessing the fair value of each class of property, infrastructure assets, plant and equipment, including the engagement of an expert valuer and key milestones 	<p>Responsible officer: Graham Haylock</p> <p>Implementation date: June 2024</p> <p>Management comment: Management will review this recommendation during the 2024/25 financial year.</p>

Ref	Summary of our report findings	Response from management
	<ul style="list-style-type: none"> – likely outcomes for the respective reporting cycle (expected movements in fair value and resultant impact on the financial report). 	
2024.LG3	<p>Asset valuations - Audit and Risk Committee oversight</p> <p>We recommend that audit and risk committees:</p> <ul style="list-style-type: none"> → prior to balance date, review the finance team's accounting paper → after balance date and at the time of reviewing the draft financial report: <ul style="list-style-type: none"> – determine whether there have been any changes to circumstances that would indicate that key assumptions behind the finance team's initial advice and key judgements no longer hold true – assess the reasonableness of the valuation and fair value assessment outcomes. → update their annual work plan to include the above tasks. 	<p>Responsible officer: Graham Haylock</p> <p>Implementation date: June 2024</p> <p>Management comment: Management will review this recommendation during the 2024/25 financial year.</p>
2024.LG4	<p>Open internal control weakness and financial reporting issues</p> <p>We recommend that</p> <ul style="list-style-type: none"> → prioritise and promptly address the internal control and financial reporting issues we raise with them and that their audit and risk committee monitor this → review the actions and timelines established to resolve internal control weaknesses, with a focus on older and higher-risk findings → for longer-term action plans, ensure adequate compensating safeguards are in place. 	<p>Responsible officer: Graham Haylock</p> <p>Implementation date: June 2024</p> <p>Management comment: Management will review this recommendation during the 2024/25 financial year.</p>

Appendix A. Rating definitions and actions

We have rated our findings as follows:

Rating	Description of rating	Management action required
High	<p>This issue represents:</p> <ul style="list-style-type: none"> → a material misstatement in the financial report which has occurred, or an issue which could potentially result in a modified audit opinion if not addressed as a matter of urgency by the entity, or → a control weakness which could cause or is causing a major disruption of the process or the entity's ability to achieve process objectives in relation to financial reporting and comply with relevant legislation. 	<ul style="list-style-type: none"> → Requires executive management to correct the misstatement in the financial report, or address the issue, as a matter of urgency to avoid a modified audit opinion. → Requires immediate management intervention with a detailed action plan to be implemented within one month.
Moderate	<p>This issue represents:</p> <ul style="list-style-type: none"> → a misstatement in the financial report that is not material and has occurred, or that may occur, the impact of which has the possibility to be material, or → a control weakness which could have or is having a moderate adverse effect on the ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Requires management intervention with a detailed action plan implemented within three to six months.
Low	<p>This issue represents:</p> <ul style="list-style-type: none"> → a misstatement in the financial report that is likely to occur but is not expected to be material, or → a minor control weakness with minimal but reportable impact on the ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Requires management intervention with a detailed action plan implemented within six to 12 months.



Northern Grampians Shire Council

Closing Report

For the financial year ended 30 June 2024

Presented to the Audit & Risk Committee on 18 September 2024

Background

I enclose for your information the closing report for the year ended 30 June 2024. The closing report provides a summary of results of our audit of the Northern Grampians Shire Council. This report will be discussed at the Audit & Risk Committee meeting on 18 September 2024.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely



Mahesh Silva

VAGO Audit Service Provider: Engagement Partner

RSD Audit

16 September 2024

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Introduction

Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our Audit Strategy Memorandum issued on 20 March 2024.

Scope and purpose of the audit

- The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and performance statement and provide a copy of the audit reports to you.
- A copy of the audit reports are also provided to the Minister for Local Government

The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



Audit completion status

We have substantially completed our audit of the financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the financial report and performance statement is presented fairly under the *Local Government Act 2020*.

Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly. We also expect to conclude that the performance statement is presented fairly. We expect to issue unmodified audit opinions.

Outstanding audit matters

We can conclude and issue our audit opinions when we finalise our audit process. Outstanding audit matters include:

- review of performance statement
- a final review of the draft financial report and performance statements by VAGO
- a review of the signed management representation letter
- completion of the review of subsequent events.

Appendix A provides a detailed list of all outstanding audit matters.

Areas of audit focus

Our audit focused on the financial report balances / disclosures / areas that we rated as higher risk for material misstatement in your financial report and performance statement.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement	Our audit response	Results of our key procedures
<p>1. Revaluation of infrastructure assets, property, plant, and equipment</p> <p>Property, infrastructure assets, plant and equipment represent a significant part of the Council's total assets (\$458 million as at 30 June 2023), with the majority of these assets carried at fair value.</p> <p>Some items experience significant and volatile changes in fair value, therefore necessitating an annual review of their value. While other assets it may be necessary to revalue the item only every 3 or 5 years.</p> <p>The market has been volatile and subject to uncertainties due to rising interest rates, supply chain issues, labour shortages, general inflation, COVID- 19, and other macro-economic factors.</p> <p>Determining the fair value of these assets is a complex process and is subject to judgement. Numerous assumptions about the assets are made (useful life, condition), valuation experts can be engaged and/or industry indices applied in determining fair value.</p> <p>On annual basis, selected asset classes are scheduled for a full revaluation.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed management's assessment as to whether the fair value, for each material asset class, is materially different from the carrying amount. assessed the reasonableness of key assumptions underlying management's fair value assessment. reviewed any indexation calculations prepared by management and sight supporting documentation to validate the fair value. <p>Where you engage an expert we have:</p> <ul style="list-style-type: none"> assessed the valuer's competence, skills and experience to conduct an appropriate valuation. reviewed the terms of engagement (ie. scope) valuer's report to evaluated the appropriateness of the methodology adopted, assumptions and estimates used and the overall reasonableness of the valuation. 	<p>In FY 2024, a comprehensive revaluation was performed on Buildings, Bridges, and Roads (specifically Kerbs and Channels). Footpaths, cycleways, and Drainage were indexed during the same period. We have conducted a review of the key assumptions and rates used, tested them against supporting documentation, and are satisfied that the revaluation adjustments are appropriate.</p> <p>For infrastructure classes that were not revalued, we reviewed management's fair value assessments and confirmed that they are reasonable.</p>

Land and Buildings are subject to a full revaluation in 2023-24, and remaining assets will subject to a managerial assessment.

The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements.

Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 Fair Value Measurement.

Disclosures may be incorrect or insufficient.

- tested the completeness and accuracy of data provided to your valuer.

We have completed substantive procedures including:

- checked the determination of the revaluation increment or decrement.
- reviewed the journals posted by management to bring the revaluation increment or decrement to account.
- reviewed management's impairment assessment
- reviewed the adequacy of disclosures in your financial report.

2. Accounting for government grants

The council receives a significant amount of funding in the form of grants.

The application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Non-for-Profit Entities* requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations exist.

Restrictions introduced by the Victorian Government in response to the COVID-19 pandemic may impact the council's ability to meet performance obligations and targets under a range of its funding agreements. A contract liability may or may not be required at balance date subject to the exercise of recall provisions or waivers by funding bodies.

Termination for Convenience (TFC) clauses within grant agreements, that require a grant recipient to refund unspent amounts upon demand by the grantor gives rise to a financial liability on any unspent amounts.

We have:

- updated our understanding of key controls over material items of revenue
- evaluated management's process to assess funding arrangements against the requirements of AASB 15 and AASB 1058
- performed substantive analytical procedures
- reviewed key grant agreements against the requirements of AASB 15 and AASB 1058
- made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted
- verified a sample of transactions to supporting documentation
- obtained and review management's assessment of the impacts of Termination for Conveniences clauses

Based on our review and testing of the grants register and management's AASB 15 and 1058 assessment, we have concluded that grants have been appropriately accounted for.

- reviewed the adequacy of disclosures in your financial report.

3. Impact of the 2022 floods

Heavy rainfall during October 2022 resulted in rising rivers and waterways. Flooding occurring across Victoria with many councils, including Northern Grampians Shire Council, experiencing damage to property and infrastructure assets.

In 2022-23, the Council is:

- able to seek recovery of costs associated with the recovery and clean-up activities via funding from the state government under the Disaster Recovery Funding Arrangements 2018 (DRFA)
- eligible to receive Council Flood Support Fund (the Fund) from State Government. The Fund is aimed to provide recovery support for people and communities affected by the Victorian floods beginning in October 2022. Local Government Victoria has established funding agreements with each eligible council. Upon signing, funds will be paid immediately. However, any unspent funds will need to be returned at the end of the funding period. In 2022-23, the Council has received \$0.5 million Fund.

The risk of material misstatement is elevated because:

- the clean-up and recovery costs are ad hoc in nature and comprised of numerous transactions of varying amounts
- claims under the DRFA may not be approved as eligibility requirements are not satisfied
- a number of months may elapse as claims are assessed
- a receivable or a contingent asset may need to be recognised at balance date subject to the status of the claims process
- assets may be impaired and need to be written off.

We have:

- gained an understanding of the flood event on the operations and assets of the Council
- gained an understanding of the Council's key systems and processes for capturing costs relating to clean-up and recovery activities
- performed substantive procedures, including the verification of material transactions to supporting documentation
- reviewed management's impairment assessment of PIPE to reflect actual damaged infrastructure assets
- reviewed management's schedule of assets written off
- considered the flood event when reviewing and testing figures within the statement of capital works and assessing the reasonableness of explanations provided for material variations between budget and actual expenditure
- reviewed the accounting treatment adopted by management for funding advanced and/or received from government
- assessed the appropriateness and reasonableness of any receivable or contingent asset recognised at balance date in light of supporting documentation
- reviewed the financial disclosures relating to the expenses and funding.

NGSC performed a review of the assets that were impacted by the flood. Impact of flood on infrastructure has been assessed as immaterial.

4. Changes in key information systems

The Council has transitioned to a new financial management system Business Central during 2023-24.

This increases the risk of material misstatement in the financial report due to:

- the migration of data from the old to the new system
- a need for staff to understand the new system, in terms of functionality and reporting capability
- changes to the control environment

Data for preparing the financial statements may be inaccurate or incomplete as a result of system failure or lack of controls.

We have:

- reviewed the ICT environment, including a review and assessment of the effectiveness of general IT controls operating at the council. This incorporates controls over security, change management, business continuity and disaster recovery.
- reviewed management's implementation plan, including the controls that were put in place to ensure complete and accurate transfer of data
- reviewed and test the data migration process to confirm the completeness and accuracy of financial system data
- considered and review any internal audit reports, where applicable.

Based on the system rollover review of the Civica (Authority) to Business Central NGSC implementation, the transaction appears to have been completed accurately. The data migration process included rounds of testing and reconciliation.

Performance statement

Risk of material misstatement

The performance statement may not be prepared in accordance with applicable legislative requirements

The Local Government (Planning and Reporting) Regulations 2020 specify the indicators to be included in the performance statement.

Local Government Victoria (LGV) release a model performance statement each year that needs to be compiled with.

For 2023-24 there has been changes to the indicators to be included in the performance statement that are subject to audit.

There is a potential risk that:

- systems in place at Council may not accurately capture the data required to support the sustainability and service performance outcomes.
- financial figures are incorrectly included or excluded when calculating the financial outcomes.
- a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions.

Our audit response

We have:

- reviewed the systems in place to capture the financial and non-financial data.
- determined the reliability and completeness of the available records for compiling that indicator.
- verified figures to supporting documentation.
- checked the calculations of reported figures.
- assessed the reasonableness of explanations included in the performance statement for material variations.
- confirmed that the format of the performance statement complies with model performance statement released by LGV.

Results of our key procedures

The review of the performance statement remains outstanding at the time of this report.

Audit findings—financial report

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set at 5% of current year IPPE \$23.8m.

Final specific materiality for particular statements, account balances or disclosures has been set at 5% of current year total expenditure \$3.1m.

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
- risk that there may be material error in the financial report increases with the level of accumulated uncorrected error below this threshold.

Adjusted audit differences

Our audit procedures identified material audit differences.

The effect of adjusted audit differences on the financial report is a decrease of \$243,707 in the total comprehensive result, and an increase of \$243,707 in current liabilities.

Appendix B presents the adjusted audit differences.

Unadjusted immaterial differences

The effect of unadjusted differences on the financial report is that the net result is overstated by \$ 343,572, and net assets are overstated by \$343,572.

Appendix C presents the unadjusted immaterial differences.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

There were no new findings related to internal control deficiencies that have been identified to be included in our final management letter.

Audit findings—performance statement

Materiality assessment

Misstatements are considered material if they could individually or collectively influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

Adjusted differences

We identified no adjusted differences in the performance statement, however work remains outstanding on this item.

Unadjusted immaterial differences

We identified no unadjusted immaterial differences in the performance statement, however work remains outstanding on this item.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

There were no new findings identified that need to be included in our final management letter.

Other audit findings

Fraud, irregularities, or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud.

Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance.

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity and financial prudence but we may detect these matters.

Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

Difficulties encountered in performing the audit

There have been no significant difficulties encountered during the audit or disagreement with management.

However, there has been delays in being able to finalise audit procedures and financial statements.

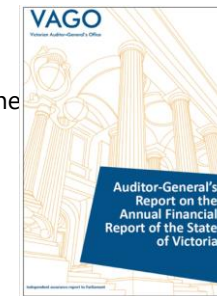
Reports to Parliament

Results of the 2023-24 Audits Local Government

- Northern Grampians Shire Council will be included in the *Results of the 2023-24 Audits: Local Government Report*. We aim to table this report by the end of November 2024. The report will analyse the financial performance and position, and sustainability risks of each sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.
- We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:
 - sector results over the last five years
 - trends and composition analyses for specific entities
 - compare results between entities over time.

Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023-24

- Each year, the Auditor-General presents the Annual Financial Report of the State of Victoria to the Victorian Parliament. The report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it provides information and recommendations for more effective and efficient management of public resources.
- We must table this report on or before 24 November 2024.



Fair value measurement amendments



AASB 13 *Fair Value Measurement* has been amended. The amendments are applicable for your entity for 2024-25.

Amendments include authoritative implementation guidance to be followed by not-for-profit public sector entities when measuring their non-financial assets not held primarily for their ability to generate cash inflows at fair value.

Key amendments include:

- assessing highest and best use of assets
- developing unobservable inputs and
- application of the cost approach to fair value.

For an overview of the amendments and our implementation recommendations refer to our tech alerts 2024-1 and 2023-1 on [our website](#).



Given your entity has material assets that are measured at fair value using the cost approach, you need to assess the impact of the amendments early in the 2024-25 reporting cycle. We recommend finance teams:

- fully understand the new requirements
- undertake an impact assessment
- prepare and present a paper to the audit and risk committee that outlines the:
 - accounting policy to measure each class of property, plant and equipment
 - approach for assessing the fair value of each class of assets, identifying amendments to valuation and/or measurement methods required
 - timeframes for obtaining evidence to support amendments and engaging with audit.



Audit and Risk committees have a key role to play in this significant accounting change. We recommend that committees:

- fully understand the new requirements
- review the finance team's impact assessment, timeframes and any accounting papers
- review existing systems and processes to ensure they can gather any additional information required by the amendments
- critically assess the reasonableness of the approach and timelines
- engage early with your valuer and auditor on any significant issues identified.

VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

Financial reporting alerts

APPENDIX A

Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
Performance statement review	Review of performance statement by audit	Audit
Submission of reviewed statements and deliverables to VAGO for final review and clearance	Once our team has finalised the procedures and are satisfied that management has made necessary changes, we will upload the statement and associated deliverables to VAGO for final review and clearance	Management and audit
Subsequent events update	Provide details of significant transactions and events up to date of signing. Audit will assess for any impact on the financial report	Management and audit
Financial report and performance statement certification	To be signed on adoption of the accounts by the Council	Management
Management representation letter	To be signed on same date as the certification of the financial report	Management

After we issue our audit report(s), we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	<p>We will review your annual report to confirm that it includes the correct version of the signed financial report, performance report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report.</p> <p>We request your provision to us of an electronic copy of the printers' proof of the annual report.</p>
Website publication of annual report	<p>We will review your annual report on your website to confirm that it includes the correct version of the signed financial report, performance report and auditor's report.</p> <p>We request your notification to us when you publish your annual report on your website.</p>

APPENDIX B

Adjusted audit differences

Adjusted dollar differences

Financial report component(s)	Adjusted \$	Basis for the adjustment
Dr Employee provision expenses	243,707	Understatement in the annual leave provisions
Cr Employee provisions – Annual leave	(243,707)	

Adjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Adjustment	Basis for the adjustment
Financial statements	Various wording/formatting changes	Improve readability of the statements and compliance with the sector model financial statements.

APPENDIX C

Unadjusted audit differences

Unadjusted dollar differences

Financial report component(s)	Adjusted \$	Basis for the difference and the reason/s for not adjusting
Dr Wages and salaries expense	343,572	<i>Accrual for salaries and wages for the 5 working days up to year-end that have not been accounted for by NGSC.</i>
Cr Accrued salaries and wages	(343,572)	

Unadjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Recommended disclosure	Basis of our recommendation
Review of draft performance statement is still in progress.		

APPENDIX D

Final management letter

We will provide a final management letter as a separate attachment.

APPENDIX E

Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and performance statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

A draft version of the management representation letter is provided as a separate attachment.

**Northern Grampians Shire Council
DRAFT ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2024

Northern Grampians Shire Council

Financial Report

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Northern Grampians Shire Council

Financial Report

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Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, Australian Accounting Standards and other mandatory professional reporting requirements.

Graham Haylock CPA
Principal Accounting Officer

Dated :
Stawell

In our opinion the accompanying financial statements present fairly the financial transactions of Northern Grampians Shire Council for the year ended 30 June 2024 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

Cr name
Mayor

Dated :
Stawell

Cr name
Councillor

Dated :
Stawell

Mr. Brent McAlister
Chief Executive Officer

Dated :
Stawell

VAGO Opinion

VAGO Opinion

Comprehensive Income Statement For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income / Revenue			
Rates and charges	3.1	20,383	19,516
Statutory fees and fines	3.2	280	458
User fees	3.3	2,382	1,985
Grants - operating	3.4	4,376	15,982
Grants - capital	3.4	5,919	7,267
Contributions - monetary	3.5	610	116
Contributions - non monetary	3.5	-	19
Assets recognised for the first time	3.6	118	3
Share of net profit/(deficit) of associates	6.2	25	(121)
Other income	3.7	1,313	1,622
Total income / revenue		35,406	46,846
Expenses			
Employee costs	4.1	(20,130)	(18,499)
Materials and services	4.2	(17,343)	(12,482)
Depreciation	4.3	(17,099)	(14,463)
Depreciation - Right of use assets	4.4	(191)	(158)
Allowance for impairment losses	4.5	(10)	97
Borrowing costs	4.6	(40)	(43)
Reversal of restoration provisions	5.5	(4)	(3)
Net loss on disposal of property, infrastructure, plant and equipment	4.8	(6,270)	(1,400)
Other expenses	4.9	(1,108)	(898)
Total expenses		(62,194)	(47,850)
Deficit for the year		(26,787)	(1,004)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	6.1	30,744	-
Share of other comprehensive income of associates	6.3	(51)	-
Total other comprehensive income		30,693	-
Total comprehensive result		3,906	(1,004)

The above comprehensive income statement should be read in conjunction with the accompanying notes.

Balance Sheet As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	11,373	26,623
Trade and other receivables	5.1 (c)	3,032	2,824
Inventories	5.2 (a)	89	91
Prepayments	5.2 (b)	382	446
Total current assets		14,876	29,984
Non-current assets			
Investment in associates	6.2	428	455
Property, infrastructure, plant and equipment	6.1	476,050	457,532
Right-of-use assets	5.8	503	626
Total non-current assets		476,981	458,612
Total assets		491,857	488,596
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	3,731	1,783
Trust funds and deposits	5.3 (b)	7	7
Contract and other liabilities	5.3 (c)	2,843	5,483
Provisions	5.5	3,322	3,114
Lease liabilities	5.8	204	191
Total current liabilities		10,108	10,578
Non-current liabilities			
Provisions	5.5	382	419
Interest-bearing loans and borrowings	5.4	1,000	1,000
Lease Liabilities	5.8	298	435
Total non-current liabilities		1,680	1,855
Total liabilities		11,788	12,432
Net assets		480,069	476,164
Equity			
Accumulated surplus		95,879	123,167
Reserves	9.1	384,190	352,997
Total Equity		480,069	476,164

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity For the Year Ended 30 June 2024

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024					
Balance at beginning of the financial year		476,162	123,166	344,265	8,731
Deficit for the year		(26,787)	(26,787)	-	-
Net asset revaluation gain	9.1	30,744	-	30,744	-
Net asset revaluation in associates	6.2	(51)	(51)	-	-
Transfers from other reserves	9.1	-	(449)	-	449
Balance at end of the financial year		480,068	95,879	375,009	9,180

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		477,166	125,789	344,265	7,112
Deficit for the year		(1,004)	(1,004)	-	-
Transfers from other reserves	9.1	-	(1,619)	-	1,619
Balance at end of the financial year		476,162	123,166	344,265	8,731

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows For the Year Ended 30 June 2024

	Note	2024 Inflows/ (Outflows) \$'000	2023 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		19,806	19,547
Statutory fees and fines		280	458
User fees		2,807	1,070
Grants - operating		3,708	16,863
Grants - capital		3,947	7,148
Contributions - monetary		662	116
Interest received		192	229
Trust funds and deposits taken		-	1
Other receipts		1,121	1,393
Net GST refund / (payment)		(66)	-
Employee costs		(20,015)	(18,687)
Materials and services		(15,328)	(12,601)
Other payments		(1,108)	(898)
Net cash provided by used in operating activities	9.2	(3,995)	14,641
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(11,089)	(13,503)
Proceeds from sale of property, infrastructure, plant and equipment		64	438
Net cash used in investing activities		(11,025)	(13,064)
Cash flows from financing activities			
Finance costs		(40)	(43)
Repayment of borrowings		-	(97)
Repayment of lease liabilities		(191)	(160)
Net cash used in financing activities		(231)	(300)
Net increase (decrease) in cash and cash equivalents		(15,250)	1,276
Cash and cash equivalents at the beginning of the financial year		26,623	25,347
Cash and cash equivalents at the end of the financial year	5.1 (a)	11,373	26,623
Financing arrangements	5.6		
Restrictions on cash assets	5.1 (b)		

The above statement of cash flow should be read with in conjunction the accompanying notes.

Statement of Capital Works For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
Property		
Land	-	710
Buildings	2,945	1,959
Total property	2,945	2,668
Plant and equipment		
Plant, machinery and equipment	416	885
Computers and telecommunications	56	42
Total plant and equipment	472	927
Infrastructure		
Roads	6,518	6,482
Bridges	2,564	574
Footpaths and cycleways	137	473
Drainage	404	221
Parks, open spaces and streetscapes	1,214	2,177
Total infrastructure	10,837	9,926
Total capital works expenditure	14,254	13,521
Represented by:		
New asset expenditure	879	532
Asset renewal expenditure	7,868	7,763
Asset expansion expenditure	335	365
Asset upgrade expenditure	5,172	4,862
Total capital works expenditure	14,254	13,521

The above statement of capital works should be read in conjunction with the accompanying notes.

Note 1 OVERVIEW

Introduction

The Northern Grampians Shire Council was established by an Order of the Governor in Council on 20 January, 1995 and is a body corporate.

The Council's main office is located at 59-69 Main Street, Stawell.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

Accounting policy information

(a) Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Specific accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.

Note 1 OVERVIEW (cont)

(a) Basis of accounting (cont)

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with AASB 16 *Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgments

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2023. The Budget was based on assumptions that were relevant at the time of adoption. Council sets guidelines and parameters for income and expense targets in the Budget in order to meet Council's planning and financial performance targets for both the short and long-term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income / Revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	20,135	20,383	248	1%	
Statutory fees and fines	356	280	(76)	-21%	
User fees	1,955	2,382	427	22%	
Grants - operating	11,103	4,376	(6,727)	-61%	1
Grants - capital	5,607	5,919	312	6%	
Contributions - monetary	73	610	537	736%	2
Contributions - non monetary	108	-	(108)	-100%	
Share of net profit/(deficit) of associates	-	25	25	100%	
Other income	763	1,313	550	72%	3
Total income / Revenue	40,100	35,406	(4,694)	-12%	
Expenses					
Employee costs	(19,039)	(20,130)	(1,091)	6%	
Materials and services	(10,427)	(17,343)	(6,916)	66%	4
Depreciation	(14,276)	(17,099)	(2,823)	20%	5
Depreciation - Right of use assets	(40)	(191)	(151)	377%	6
Allowance for impairment losses	-	(10)	(10)	-100%	
Borrowing costs	(43)	(40)	3	-7%	
Reversal of restoration provisions	-	(4)	(4)	100%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(6,270)	(6,270)	-100%	7
Other expenses	(1,161)	(1,108)	53	-5%	
Total expenses	(44,985)	(62,194)	(17,209)	38%	
Surplus for the year	(4,886)	(26,787)	(21,901)	448%	

Note 2.1 Performance against budget (cont)

2.1.1 Income / Revenue and expenditure (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Council received and recognised the full allocation of 2023/24 Financial Assistance Grants in the 2022/23 financial year (prior year). Council didn't receive any of the 2024/25 Financial Assistance Grants in advance. The budget included a full year of Financial Assistance Grants.
2	Contributions - monetary	On the completion of a number of community projects there were outstanding contributions which council recieved.
3	Other income	Council received an increase in child care benefit, interest income and rental income. A major component of the variance relates to reimbursements and insurance income received.
4	Materials and services	Upon analysis of the capital expenditure, a portion of the variance, relates to expenses reallocated as they were not capital in nature.
5	Depreciation	Higher depreciation expenses is mainly due to the impact of the 2023-24 asset revaluations not known at the time of budget adoption.
6	Net loss on disposal of property, infrastructure, plant and equipment	Net loss is due to the need to write off the un-depreciated book value of assets that were replaced during the course of the financial year. Significant assets disposed included various sporting clubrooms resulting from the rebuilds completed.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 2.1 Performance against budget (cont'd)

2.1.2 Capital Works

	Budget adopted 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	1,731	2,945	1,214	70%	1
Total Buildings	1,731	2,945	1,214	70%	
Total Property	1,731	2,945	1,214	70%	
Plant and Equipment					
Plant, machinery and equipment	941	416	(525)	(56%)	2
Computers and telecommunications	63	56	(7)	(10%)	3
Total Plant and Equipment	1,004	472	(532)	(53%)	
Infrastructure					
Roads	5,106	6,518	1,412	28%	4
Bridges	924	2,564	1,640	177%	5
Footpaths and cycleways	262	137	(125)	(48%)	6
Drainage	80	404	324	405%	7
Waste management	715	-	(715)	(100%)	8
Parks, open spaces and streetscapes	2,060	1,214	(846)	(41%)	9
Total Infrastructure	9,147	10,837	1,690	18%	
Total Capital Works Expenditure	11,882	14,255	2,373	20%	
Represented by:					
New asset expenditure	778	879	101	13%	
Asset renewal expenditure	5,253	7,868	2,615	50%	
Asset expansion expenditure	262	335	73	28%	
Asset upgrade expenditure	5,589	5,172	(417)	(7%)	
Total Capital Works Expenditure	11,882	14,254	2,372	20%	

Note 2.1 Performance against budget (cont)

2.1.2 Capital Works (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	This program had a large amount of carried forward works that were completed in this financial year but budgeted in previous financial years.
2	Plant, machinery and equipment	There has been a large delay on the delivery of new plant items which have been ordered. These are anticipated to be delivered in the 2024-25 year.
3	Computers and telecommunications	This program is budgeted assuming that all assets will be capitalised. After the purchase of these items there a number of items that fall below the capitalisation threshold and therefore are not capitalised giving the variance.
4	Roads	The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
5	Bridges	Due to previous contractor availability issues these works have been carried over from previous years and are in construction at this point in time.
6	Footpaths	This program has had a number of items which have been distributed to other areas with in the capital program as a result of the capitalisation process. This incongunction with an amount of works still in progress is the reasoning for the variance.
7	Drainage	The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
8	Waste management	The works within this program have been deemed to be operating expenses and have been recognised in the comprehensive income statement.
9	Parks, open spaces and streetscapes	There are a number of projects that were budgeted to finish in the 2023-24 year with a number of these projects having a delayed start date or being a multi year project.

Note 2. Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Your Lifestyle

Community life provides high quality community focused programs, service delivery and communication to residents. Community life is comprised of community care, connected communities, family services, health communities, leisure and recreational services which includes parks and sporting ovals together with social planning and investment.

Growing Our Economy

Growing our economy supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities. Growing our economy is responsible for economic development and events and tourism. It further encompasses the planning services area that includes the assessment of town development, planning strategy and urban growth.

Maintaining Assets

Maintaining assets is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include roads, bridges, footpaths and drainage together with community buildings.

Community Safety

Community safety provides efficient and effective services to meet the growing needs of the community. The service area is dedicated to the health, safety and amenity of the community. The service includes environment and waste, building safety, community protection, emergency management and municipal resources.

Governance

Governance provides effective governance oversight of the organisation. Human resource management provides support to the organisation and ensures councils customer focus includes communication and community engagement processes. Service areas include governance, enterprise risk and legal services.

Finance and strategy provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 2. Analysis of Council results by program

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
2024	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	9,880	9,428	452	4,262	22,816
Growing Our	1,291	2,331	(1,040)	21	-
Maintaining Assets	12,466	24,068	(11,696)	4,865	453,174
Community Safety	2,016	2,161	(53)	873	-
Governance	9,754	24,205	(14,451)	273	15,866
	35,407	62,193	(26,788)	10,295	491,857

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	13,286	7,675	5,611	7,954	9,560
Growing Our	1,860	2,111	(251)	589	-
Maintaining Assets	25,160	29,964	(4,804)	12,098	447,979
Community Safety	1,744	1,321	423	893	-
Governance	4,796	6,778	(1,983)	1,715	31,057
	46,846	47,850	(1,004)	23,248	488,596

Notes to the Financial Report For the Year Ended 30 June 2024

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated realisable value if offered for sale at the time of the valuation.

The valuation base used to calculate general rates for 2023-24 was \$6,029 million (2022-23, \$4,974 million).

	2024 \$'000	2023 \$'000
General rates		
Residential rates	9,277	8,548
Commercial rates	880	793
Industrial rates	478	428
Farm rates	5,672	5,495
Total general rates	16,307	15,264
Other rates and charges		
Municipal charge	676	1,008
Waste management charge	2,908	2,876
Rates in lieu	382	357
Supplementary rates and rate adjustments	(4)	(2)
Interest on rates and charges	100	-
Cultural and recreational	14	12
Total other rates and charges	4,076	4,251
Total rates and charges	20,383	19,516

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation was first applied in the rating year commencing 1 July 2023.

Annual rates and charges are recognised as income when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Infringements and costs	54	11
Court recoveries	0	2
Land information certificates	34	32
Permits	14	318
Town planning fees	169	-
Other statutory fees and fines	9	95
Total statutory fees and fines	280	458

Statutory fees and fines (including parking fees and fines) are recognised as income when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

3.3 User fees

	2024 \$'000	2023 \$'000
Aged and health services	733	667
Leisure centre and recreation	759	668
Child care/children's programs	193	231
Registration and other permits	185	139
Waste management services	72	79
Hire income	8	7
Rental fees	50	36
Infrastructure fees	212	133
Other fees and charges	170	26
Total user fees	2,382	1,985

User fees by timing of revenue recognition

User fees recognised over time	1,226	1,046
User fees recognised at a point in time	1,157	939
Total user fees	2,382	1,985

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

3.4 Funding from other levels of government

Grants were received in respect of the following

Summary of grants

Commonwealth funded grants	4,878	18,072
State funded grants	5,417	5,176
Total grants received	10,295	23,248

(a) Operating grants

Recurrent - Commonwealth Government

Financial Assistance Grants	424	11,651
Aged care	580	602
Other	22	19

Recurrent - State Government

Aged care	207	137
Municipal emergency response funding	-	240
Libraries	160	173
Maternal and child health	450	328
Recreation	188	471
Pre school	493	633
Other	91	75

Total recurrent operating grants

2,616 **14,329**

Notes to the Financial Report For the Year Ended 30 June 2024

3.4 Funding from other levels of government (cont)

	2024 \$'000	2023 \$'000
<i>Non-recurrent - Commonwealth Government</i>		
Pre school	60	70
Family and children	178	-
Other	-	37
<i>Non-recurrent - State Government</i>		
Aged care	7	18
Family and children	231	63
Pre school	56	154
Infrastructure operations	161	920
COVID business and hospitality support	60	161
Environmental planning	297	54
Recreation	102	25
Natural disaster recovery	514	114
Other	94	38
Total non-recurrent operating grants	1,760	1,653
Total operating grants	4,376	15,982

(b) Capital grants*Recurrent - Commonwealth Government*

Roads to recovery	3,030	1,821
Total recurrent capital grants	3,030	1,821

Non-recurrent - Commonwealth Government

Aerodromes	-	240
Parks, open spaces & streetscapes	74	2,800
Infrastructure	620	833

Non-recurrent - State Government

Buildings	1,227	646
Land & land improvements	-	100
Footpaths and cycleways	-	12
Recreational facilities	60	363
Infrastructure	908	206
Other	-	246

Total non-recurrent capital grants

Total capital grants	2,889	5,446
	5,919	7,267

(c) Recognition of grant income

Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 *Revenue from Contracts with Customers*. When both these conditions are satisfied, the Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the point in time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 *Income of Not-for-Profit Entities*.

Notes to the Financial Report For the Year Ended 30 June 2024

3.4 Funding from other levels of government (cont.)

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2024 \$'000	2023 \$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	4,501	14,595
Specific purpose grants to acquire non-financial assets	4,638	7,267
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	1,156	1,387
	10,295	23,248

(d) Unspent grants received on condition that they be spent in a specific manner

Operating

Balance at start of year	1,928	1,156
Received during the financial year and remained unspent at balance date	521	1,740
Received in prior years and spent during the financial year	(1,270)	(968)
Balance at year end	1,179	1,928

Capital

Balance at start of year	3,731	3,836
Received during the financial year and remained unspent at balance date	302	2,782
Received in prior years and spent during the financial year	(2,368)	(2,887)
Balance at year end	1,664	3,731

Unspent grants are determined and disclosed on a cash basis

3.5 Contributions

Monetary	610	116
Non-monetary	-	19
Total contributions	610	135

Contributions of non monetary assets were received in relation to the following asset classes.

Roads	-	19
Total non-monetary contributions	-	19

Monetary and non monetary contributions are recognised as income at their fair value when Council obtains control over the contributed asset.

3.6 Assets recognised for the first time

Net increment on revalued assets (found assets)	118	3
Total net increment on revalued assets	118	3

Notes to the Financial Report For the Year Ended 30 June 2024

Assets recognised for the first time are recognised as revenue when Council obtains control over the asset. Likewise, lost assets are assets previously recognised, that could not be identified by the GIS and removed from the asset register.

3.7 Other income

	2024 \$'000	2023 \$'000
Interest Income	192	229
Rental Income	174	140
Contributions	-	478
Reimbursements	309	240
Other Income	639	535
Total other income	1,313	1,622

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	16,977	15,918
Workcover	436	346
LSL provision movement	391	152
Superannuation	1,940	1,742
Fringe Benefit Tax	6	4
Other	379	338
Total employee costs	20,130	18,499

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

99	52
99	52

Employer contributions payable at reporting date.

7	(11)
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Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

1,026	832
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Aware Super

194	72
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Australian Super

224	145
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VicSuper Future Saver

-	64
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Hesta Super Fund

73	61
----	----

Rest Superannuation

103	58
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Hostplus Superannuation Fund

79	50
----	----

Cbus

81	57
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Employer contributions - other funds

643	352
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2,423	1,690
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Employer contributions payable at reporting date.

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Contributions made exclude amounts accrued at balance date. Refer to Note 9.3 for further information relating to Council's superannuation obligations.

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
4.2 Materials & Services		
Contractors	3,783	3,231
Cleaning	311	306
Legal services	168	90
Debt collection	4	36
Agency and labour hire	495	389
Minor equipment	177	164
Community activity costs	77	-
Service charges	198	-
Consumables	83	-
Medical services	19	7
Food and beverages	91	63
Other materials and services	2,428	2,578
Utilities	569	467
Rental/hire	27	10
Security	56	46
Administration	139	94
Advertising	99	139
Memberships, subscriptions, publications	233	219
Information Technology	1,278	1,368
Insurance	639	582
Consultants	758	1,712
General Maintenance	869	980
Expensed capital works	4,841	-
Total materials and services	17,343	12,482

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

	2024 \$'000	2023 \$'000
4.3 Depreciation		
Buildings	2,019	2,054
Plant and equipment	758	823
Infrastructure	14,322	11,586
Total depreciation	17,099	14,463

Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 Depreciation - Right of use assets

Vehicles	191	158
Total Depreciation - Right of use assets	191	158

Refer to note 5.8 for a more detailed breakdown of amortisation charges and accounting policy.

4.5 Allowance for impairment losses

	2024 \$'000	2023 \$'000
Other debtors	10	(97)
Total Allowance for impairment losses	10	(97)

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	66	163
Amounts provided for but recovered during the year	-	(97)
Balance at the end of year	66	66

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

Notes to the Financial Report For the Year Ended 30 June 2024

4.6 Borrowing costs

Interest on loans	40	43
Total borrowing costs	40	43

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.7 Finance Costs - Leases

Interest - lease liabilities	-	-
Total finance costs	-	-

4.8 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds from sale of assets	64	438
Written down value of assets disposed	-	(1,838)
Written down value of Infrastructure Reconstructed assets	(6,329)	-
Written down value of disposed asset held for sale	(5)	-
Total net loss on disposal of property, infrastructure, plant and equipment	(6,270)	(1,400)

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer or the asset is written off.

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	38	36
Auditors' remuneration - Internal Audit	0	11
Councillors' allowances	251	227
Community contributions	455	168
Operating lease rentals	177	247
Other	187	209
Total other expenses	1,108	898

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 5 Investing in and financing our operations

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand

Cash at bank

Total cash and cash equivalents

2024 \$'000	2023 \$'000
2	2
11,371	26,621
11,373	26,623

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors

Net GST receivable

Non statutory receivables

Other debtors

Allowance for expected credit loss - other debtors

Total current trade and other receivables

Total trade and other receivables

1,784	1,252
346	279
979	1,358
(76)	(66)
3,032	2,824
3,032	2,824

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

5.1 Financial assets (cont)

(d) Ageing of Receivables *

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

	2024 \$'000	2023 \$'000
Current (not yet due)	71	791
Past due by up to 30 days	340	191
Past due between 31 and 90 days	437	280
Past due between 91 and 365 days	55	29
Past due by more than 1 year	-	3
Total trade & other receivables	903	1,293

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$75,916 (2023: \$66,554) were impaired. The amount of the provision raised against these debtors was \$75,915 (2023: \$66,554). They individually have been impaired as a result of their doubtful collection.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)

Past due by up to 30 days

Past due between 31 and 90 days

Past due between 91 and 365 days

Past due by more than 1 year

Total trade & other receivables

-	-
-	-
-	-
76	40
-	25
76	66

Notes to the Financial Report For the Year Ended 30 June 2024

5.2 Non-financial assets

(a) Inventories

Inventory held for distribution

Total inventories

89	91
89	91

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

(b) Other assets

Prepayments

Total other assets

382	446
382	446

Notes to the Financial Report
For the Year Ended 30 June 2024

5.3 Payables, trust funds and deposits and Contract and other liabilities

(a) Trade and other payables

Current

Non statutory payables

Trade payables

2,394

182

Accrued wages and salaries

(16)

384

Accrued expenses

1,353

1,217

Total Current trade and other payables

3,731

1,783

(b) Trust funds and deposits

Current

Refundable deposits

7

7

Total Current trust funds and deposits

7

7

(c) Contract and other liabilities

Contract liabilities

Current

Grants received in advance - operating

1,179

1,847

Grants received in advance - capital

1,664

3,636

Total Contract liabilities

2,843

5,483

Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Contract liabilities

Contract liabilities reflect consideration received in advance from customers in respect of capital works and operational projects. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Other liabilities

Grant consideration was received from various government bodies to support the construction of several capital assets. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of these assets. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works and the use of civic facilities.

Notes to the Financial Report
For the Year Ended 30 June 2024

5.4 Interest-bearing liabilities

Non-current

Bank Borrowings - secured (1)

Total non-current interest-bearing liabilities

Total

(1) Borrowings are secured by the general rates of the Council

a) The maturity profile for Council's borrowings is:

Later than one year and not later than five years

2024 \$'000	2023 \$'000
1,000	1,000
1,000	1,000
1,000	1,000
1,000	1,000
1,000	1,000

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities based on contractual repayment terms at every balance date.

5.5 Provisions

2024

Balance at beginning of the financial year

Additional provisions

Amounts used

Increase in the discounted amount arising because of time and the effect of any change in the discount rate

Balance at the end of the financial year

Employee Provisions \$ '000	Landfill restoration \$ '000	Gravel pit restoration \$ '000	Public open space \$ '000	Total \$ '000
3,406	48	80	-	3,533
1,935	-	9	52	1,996
(1,750)	(5)	-	-	(1,755)
(71)	-	-	-	(71)
3,520	43	88	52	3,704

Provisions - current

Provisions - non-current

Balance at the end of the financial year

3,270	-	-	52	3,322
250	43	88	-	382
3,520	43	88	52	3,704

2023

Balance at beginning of the financial year

Additional provisions

Amounts used

Increase in the discounted amount arising because of time and the effect of any change in the discount rate

Balance at the end of the financial year

3,594	53	72	-	3,718
1,380	-	8	-	1,388
(1,404)	(5)	-	-	(1,409)
(164)	-	-	-	(164)
3,406	48	80	-	3,533

Provisions - current

Provisions - non-current

Balance at the end of the financial year

3,114	-	-	-	3,114
292	48	80	-	419
3,406	48	80	-	3,533

Notes to the Financial Report
For the Year Ended 30 June 2024

5.5 Provisions (cont)

	2024 \$'000	2023 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,111	1,008
Rostered days off	25	(2)
Long service leave	161	138
	1,296	1,145
Current provisions expected to be wholly settled after 12 months		
Annual leave	503	693
Long service leave	1,471	1,276
	1,974	1,969
Total current provisions	3,270	3,114
Non-current		
Long service leave	250	292
Total non-current provisions	250	292
Aggregate carrying amount of employee provisions:		
Current	3,270	3,114
Non-current	250	292
Total aggregate carrying amount of employee provisions	3,520	3,406
Provisions		
Current		
Open space contributions	52	-
Employee provisions	3,270	3,114
	3,322	3,114
Non-current		
Employee provisions	250	292
Land fill restoration	43	
Gravel pit restoration	88	128
	382	419

5.5 Provisions (cont)

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Annual leave

A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability.

Liabilities for annual leave are measured at:

- nominal value if the Council expects to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement.

Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

Key assumptions:

- discount rate
- inflation rate

2024	2023
4.35%	4.06%
2.50%	2.00%

Discount rates depend on the years of service and are based upon the rates released by the Department of Treasury and Finance.

(b) Land fill restoration

Non-current

2024 \$'000	2023 \$'000
43	48
43	48

Council is obligated to restore the St Arnaud landfill site to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the EPA self assessment tool and the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Notes to the Financial Report For the Year Ended 30 June 2024

5.5 Provisions (cont)

c) Gravel pit restoration

Non-current

2024 \$'000	2023 \$'000
88	80
88	80

Council is obligated to restore the Kara Kara gravel pit site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of gravel use. The provision for gravel pit restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the required revegetation required and the infill of the site to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

d) Open space contributions

Current

2024 \$'000	2023 \$'000
52	-
52	-

Council receives contributions under planning permit conditions regarding open space establishment in line with planning scheme requirements. This provision recognises these contributions and the requirement for future works to be delivered.

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2024

Interest bearing loans

Bank overdraft

Credit card facilities

Total facilities

Used facilities

Unused facilities

2024 \$'000	2023 \$'000
1,000	1,000
200	200
250	250
1,450	1,450
1,000	1,000
450	450

Notes to the Financial Report For the Year Ended 30 June 2024

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

(a) Commitments for expenditure

2024	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Cleaning services	131	-	-	-	131
Infrastructure & environment	60	-	-	-	60
ICT Services	333	151	-	-	484
Total	524	151	-	-	675
Capital					
Infrastructure	1,074	-	-	-	1,074
Total	1,074	-	-	-	1,074

2023	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Consultancies	197	-	-	-	197
Cleaning services	131	-	-	-	131
ICT Services	656	148	151	-	955
Total	984	148	151	-	1,283
Capital					
Buildings	88	-	-	-	88
Infrastructure	500	-	-	-	500
Drainage	4	-	-	-	4
Recreation facilities	631	-	-	-	631
Total	1,222	-	-	-	1,222

Notes to the Financial Report For the Year Ended 30 June 2024

5.8 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-Use Assets

Balance at 1 July 2023
Additions
Depreciation charge
Balance at 30 June 2024

2024 \$'000 Vehicles	2023 \$'000 Vehicles
626	208
67	577
(191)	(158)
503	626

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows
Less than one year
One to five years
Total undiscounted lease liabilities as at 30 June:

204	191
298	435
503	626

Lease liabilities included in the Balance Sheet at 30 June:

Current
Non current
Total lease liabilities

204	191
298	435
503	626

5.8 Leases (cont.)

Short-term and low value

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:

Short-term leases

Total

2024	2023
\$'000	\$'000
177	247
177	247

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023	Acquisitions	Transfers	Found & Relinquished Assets	Revaluation	Depreciation	Disposal	Carrying amount 30 June 2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	13,199	-	-	-	-	-	-	13,199
Buildings	62,700	2,086	707	-	13,181	(2,019)	(3,539)	73,116
Plant and Equipment	4,972	467	67	-	-	(756)	(5)	4,745
Infrastructure	366,234	6,948	4,750	122	17,563	(14,324)	(2,830)	378,463
Work in progress	10,426	4,726	(5,327)	(3,298)	-	-	-	6,527
	457,532	14,227	196	(3,176)	30,744	(17,099)	(6,374)	476,050

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Land & Buildings	3,392	859	(1,138)	(2,205)	909
Plant and Equipment	-	2	-	-	2
Infrastructure	7,034	3,864	(4,190)	(1,093)	5,615
Total	10,426	4,726	(5,327)	(3,298)	6,527

Notes to the Financial Report
For the Year Ended 30 June 2024

(a) Land and Buildings	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2023	12,839	360	132	13,331	90,289	90,289	3,392	107,013
Accumulated depreciation at 1 July 2023	-	-	(132)	(132)	(27,589)	(27,589)	-	(27,721)
	12,839	360	-	13,199	62,700	62,700	3,392	79,292
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	2,086	2,086	859	2,945
Revaluation increments/decrements	-	-	-	-	25,083	25,083	-	25,083
Fair value of assets disposed	-	-	-	-	(6,277)	(6,277)	-	(6,277)
Work in progress expensed	-	-	-	-	-	-	(2,205)	(2,205)
Transfers	-	-	-	-	707	707	(1,138)	(431)
	-	-	-	-	21,599	21,599	(2,483)	19,115
Movements in accumulated depreciation								
Depreciation	-	-	-	-	(2,019)	(2,019)	-	(2,019)
Accumulated depreciation of disposals	-	-	-	-	2,738	2,738	-	2,738
Accumulated depreciation of additions	-	-	-	-	(0)	(0)	-	(0)
Revaluation adjustment on accumulated depreciation	-	-	-	-	(11,902)	(11,902)	-	(11,902)
	-	-	-	-	(11,183)	(11,183)	-	(11,183)
At fair value 30 June 2024	12,839	360	132	13,331	111,888	111,888	909	126,128
Accumulated depreciation at 30 June 2024	-	-	(132)	(132)	(38,772)	(38,772)	-	(38,904)
Carrying amount	12,839	360	-	13,199	73,116	73,116	909	87,224

Notes to the Financial Report

For the Year Ended 30 June 2024

6.1 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecoms \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2023	12,513	841	1,420	-	14,773
Accumulated depreciation at 1 July 2023	(7,919)	(551)	(1,331)	-	(9,802)
	<u>4,594</u>	<u>289</u>	<u>88</u>	<u>-</u>	<u>4,972</u>
Movements in fair value					
Acquisition of assets at fair value	414	-	56	2	472
Fair value of assets disposed	(103)	-	-	-	(103)
Transfers	67	-	-	-	67
	<u>378</u>	<u>-</u>	<u>56</u>	<u>2</u>	<u>437</u>
Movements in accumulated depreciation					
Depreciation	(680)	(55)	(22)	-	(756)
Accumulated depreciation of disposals	98	-	-	-	98
Accumulated depreciation of additions	-	-	(3)	-	(3)
	<u>(582)</u>	<u>(55)</u>	<u>(25)</u>	<u>-</u>	<u>(661)</u>
At fair value 30 June 2024	12,891	841	1,476	2	15,210
Accumulated depreciation at 30 June 2024	(8,501)	(606)	(1,356)	-	(10,463)
Carrying amount	<u>4,390</u>	<u>235</u>	<u>120</u>	<u>2</u>	<u>4,747</u>

Notes to the Financial Report
For the Year Ended 30 June 2024

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks open spaces and streetscapes	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	320,938	94,710	22,086	24,230	10,014	210	7,034	479,221
Accumulated depreciation at 1 July 2023	(74,216)	(12,682)	(5,193)	(10,792)	(3,021)	(49)	-	(105,953)
	246,722	82,029	16,893	13,438	6,993	160	7,034	373,268
Movements in fair value								
Acquisition of assets at fair value	5,215	793	103	210	651	-	3,864	10,837
Revaluation increments/decrements	4,099	25,307	2,891	2,685	22,450	-	-	57,433
Found & relinquished assets at fair value	13	-	17	111	-	-	-	140
Work in progress expensed	-	-	-	-	-	-	(1,093)	(1,093)
Fair value of assets disposed	(3,518)	(128)	-	(17)	(747)	-	-	(4,410)
Transfers	2,467	151	(4)	55	2,081	-	(4,190)	560
	8,276	26,124	3,007	3,044	24,435	-	(1,418)	63,468
Movements in accumulated depreciation								
Depreciation	(11,714)	(929)	(514)	(271)	(894)	(2)	-	(14,324)
Accumulated depreciation of disposals	1,293	19	-	8	259	-	-	1,579
Accumulated depreciation of additions	(25)	-	-	-	(0)	-	-	(25)
Revaluation adjustment on accumulated depreciation	(862)	(27,903)	(720)	(1,303)	(9,081)	-	-	(39,869)
Accumulated depreciation of found & relinquished	(5)	-	(13)	-	-	-	-	(18)
	(11,313)	(28,813)	(1,247)	(1,565)	(9,716)	(2)	-	(52,657)
At fair value 30 June 2024	329,214	120,834	25,093	27,274	34,449	210	5,615	542,689
Accumulated depreciation at 30 June 2024	(85,529)	(41,495)	(6,440)	(12,358)	(12,737)	(51)	-	(158,610)
Carrying amount	243,685	79,339	18,653	14,916	21,712	158	5,615	384,079

Notes to the Financial Report For the Year Ended 30 June 2024

6.1 Property, infrastructure, plant and equipment (cont)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	All assets
land improvements	5 years	5
land under roads	-	All assets
Buildings		
buildings	15-100 years	5
Plant and Equipment		
plant, machinery and equipment	1-20 years	5
fixtures, fittings and furniture	2-10 years	5
computers and telecommunications	3-10 years	5
Infrastructure		
road pavements and seals	5-80 years	5
road formation and earthworks	-	5
road kerb and channel	15-100 years	5
bridges superstructure	120 years	15
bridges substructure	120 years	15
bridges rails	40 years	15
major culverts	20-80 years	15
footpaths and cycleways	15-80 years	5
drainage	20-120 years	5
parks, open spaces and streetscapes	15-100 years	5
heritage assets	15-100 years	10

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road formations are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Notes to the Financial Report For the Year Ended 30 June 2024

6.1 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land was undertaken by qualified independent valuers Grant Kerambrun AAPI Certified Practising Valuer VRC Property Pty Ltd as at 30/06/2018. A revaluation and condition assessment of buildings was undertaken by Ashay Prabhu of Assetic Pty Ltd, MIE (Aust) CPEng, NPER: Membership 1102199 in the 2023/24 financial year. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

As a part of councils assessment of the fair value of its assets at 30 June 2022 there has been an indexation applied to the valuation of the Land category. The indexation is based on the Victorian Valuer General's office indices which for the past 3 years have increased by 13.1% for land. This index has been applied to Land - Specialised, Land - Non Specialised.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2024 which are as follows:

Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 DoV	Tov	
Non-specialised land	-	360	-	06/22	Index
Specialised land	-	-	12,839	06/22	Index
Land improvements	-	-	-	06/22	Index
Buildings	-	-	73,116	06/24	Full
Total	-	360	85,955		

Valuation of infrastructure

The valuation method used for Council Infrastructure assets depends on the asset class. Roads, bridges, footpaths, parks & open spaces and drainage are all valued using the Fair Value method. All assets are reviewed for fair value on an annual basis.

Valuation of road and footpath assets has been determined in accordance with an internal valuation undertaken by Mr Kandee Balasingham B.Engineering (Civil) MIE Aust as at 31/12/2021. This valuation was reviewed at 30 June 2024 and the values were not indexed as these have not changed materially to the original valuation.

Valuation of kerb and channel assets has been determined in accordance with an internal valuation undertaken by Mr Kandee Balasingham B.Engineering (Civil) MIE Aust as at 31/12/2021. This valuation was reviewed at 30 June 2024 and the values were indexed as these have changed materially to the original valuation.

A revaluation and condition assessment of Open Space Assets was undertaken by Rapid Map Pty. Ltd. as at 31/12/2023.

A revaluation and condition assessment of Bridges and Major Culverts was undertaken by Ashay Prabhu of Assetic Pty Ltd, MIE (Aust) CPEng, NPER: Membership 1102199 in the 2023/24 financial year.

Valuation of drainage assets has been determined in accordance with an external valuation undertaken by Malcolm Style Pty Ltd and a partial condition assessment was undertaken by Rapid Map Pty Ltd. as at 31/12/2021. This valuation was reviewed at 30 June 2024 and the values were indexed as these have changed materially to the original valuation.

Notes to the Financial Report For the Year Ended 30 June 2024

6.1 Property, infrastructure, plant and equipment (cont.)

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	DoV	ToV
Roads	-	-	243,685	12/22	Full
Bridges	-	-	79,339	06/24	Full
Footpaths and cycleways	-	-	18,653	06/24	Index
Drainage	-	-	14,916	06/24	Index
Parks (etc)	-	-	21,712	06/24	Full
Other infrastructure	-	-	158	N/A	N/A
Total	-	-	378,463		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.05 and \$226.62 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated by individual building components and the remaining useful lives are determined on the basis of the current condition of each of the various components. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets. Parks and other infrastructure are valued using the cost method.

Reconciliation of specialised land

	2024 \$'000	2023 \$'000
Land under roads	2	2
Parks and reserves	5,705	5,705
Vacant land	810	810
Water management	274	274
Waste management	323	323
Gravel reserve	297	297
Aerodromes	304	304
Carpark	700	700
Recreation	578	578
Zoning restrictions	821	821
Council controlled (including land of Town Hall locations)	2,332	2,332
Other	693	693
Total specialised land	12,839	12,839

Notes to the Financial Report
For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
6.2 Investment in associates		
Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Development Association	428	455
	428	455
Change in equity share apportionment	(51)	-
Share of (deficit)/surplus for year	25	(121)
(a) Wimmera Development Association		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Fair value of Council's investment in Wimmera Development Association	428	455
Council's interest in equity	17.90%	20.17%
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	365	504
Change in equity share apportionment	(41)	-
Reported surplus for year	25	(121)
Transfers (to)/from reserves	11	(17)
Council's share of accumulated surplus at end of year	360	365
Council's share of reserves		
Council's share of reserves at start of year	90	72
Change in equity share apportionment	(10)	-
Transfers (to)/from reserves	(11)	17
Council's share of reserves at end of year	69	90
Movement in carrying value of specific investment		
Carrying value of investment at start of year	455	576
Change in equity share apportionment	(51)	-
Share of surplus for year	25	(121)
Carrying value of investment at end of year	428	455

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Northern Grampians Shire Council is the parent entity.

Associates

Interests in associates are detailed in note 6.2.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Northern Grampians Shire Council. The Councillors, Chief Executive Officer and Executive Directors are deemed KMP.

Details of KMP at any time during the year are:

Councillors

Councillor Brian Emerson
Councillor Kevin Erwin
Councillor Rob Haswell
Councillor Lauren Dempsey
Councillor Trevor Gready
Councillor Eddy Ostarcevic
Councillor Karen Hyslop

Key Management

Chief Executive Officer - Brent McAlister
Director Corporate Services - Vaughan Williams
Director Infrastructure and Amenity - Trenton Fithall
Director Strategy Prosperity and Engagement - Justine Kingan (23 August 2023 - current)

Total Number of Councillors

Chief Executive Officer and other Key Management Personnel

Total Number of Key Management Personnel

2024	2023
No.	No.
7	8
4	4
11	12

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

7.1 Council and key management (cont)

(c) Remuneration of Key Management Personnel (cont.)

Total remuneration of key management personnel was as follows:

	2024 \$'000	2023 \$'000
Short-term employee benefits	1,169	922
Other long-term employee benefits	39	27
Post-employment benefits	89	57
Total	1,297	1,006

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2024 No.	2023 No.
\$0,000 - \$9,999	-	1
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	4	4
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	1
\$90,000 - \$99,999	-	1
\$110,000 - \$119,999	-	1
\$230,000 - \$239,999	1	-
\$250,000 - \$259,999	1	-
\$270,000 - \$279,999	1	-
\$280,000 - \$289,999	1	2
	11	12

(d) Remuneration of other Senior Staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$170,000 and who report directly to a member of the KMP.

	2024 \$'000	2023 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	966	1,663
Long-term employee benefits	45	101
Post-employment benefits	97	145
Total	1,108	1,909

The number of other senior staff are shown below in their relevant income bands:

	2024 No.	2023 No.
Income Range:		
\$170,000 - \$179,999	2	6
\$180,000 - \$189,999	3	1
\$200,000 - \$209,999	1	-
\$210,000 - \$229,999	-	2
\$230,000 - \$239,999	-	1
	6	10
Total remuneration for the reporting year for other senior staff included above, amounted to:	1,108	1,909

7.2 Related party disclosures

(a) Transactions with related parties

Nil

(b) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party on commercial terms as follows:

Nil

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

(a) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- present obligations that arise from past events but are not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

MAV WorkCare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect

(b) Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

There are no known contingent assets as at balance date.

8.1 Contingent assets and liabilities (cont)

(c) Guarantees for loans to other entities

The Council has provided bank guarantees in favour of the Commonwealth Bank to secure debts or obligations. The liability is contingent upon the satisfactory completion of contracts involving the following organisations.

	2024 \$'000	2023 \$'000
Minister for Energy and Resources	93	93
Minister for Agriculture and Resources	6	6
Department of Sustainability and Environment	50	50
	148	148

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
- are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
- are to be applied prospectively for annual periods beginning on or after 1 January 2024;
- would not necessarily change practice for some not-for-profit public sector entities; and
- do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

8.2 Change in accounting standards (cont)

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

8.3 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in notes to the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

8.3 Financial Instruments (cont)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements, or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a long term financial plan which forecasts the cash and cash equivalent requirements over a long term period to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have an investment policy that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

8.3 Financial Instruments (cont)

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A shift of + 3% in market interest rates (AUD) from year-end rates of 4.1%.

These movements will not have a material impact on the valuation of Council's financial assets

8.4 Fair value measurement

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, open space and heritage assets are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.

Notes to the Financial Report For the Year Ended 30 June 2024

8.4 Fair value measurement (cont)

In addition Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 5 to 10 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset Class	Revaluation Frequency
Land	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years
Recreational, leisure and com	3 to 5 years
Waste management	3 to 5 years
Parks, open space and street	N/A
Aerodromes	3 to 5 years
Other infrastructure	N/A

Where the assets are revalued, the revaluation increases are credited directly to the asset revaluation reserve except to the extent that an increase reverses a prior year decrease for that class of asset that had been recognised as an expense in which case the increase is recognised as revenue up to the amount of the expense. Revaluation decreases are recognised as an expense except where prior increases are included in the asset revaluation reserve for that class of asset in which case the decrease is taken to the reserve to the extent of the remaining increases. Within the same class of assets, revaluation increases and decreases within the year are offset.

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

Council is not aware of any other after reporting date events.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Share of increase/ (decrease)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
2024			
Property			
Land	8,168	-	8,168
Buildings	58,475	13,181	71,655
	66,643	13,181	79,823
Infrastructure			
Roads	198,321	3,238	201,558
Bridges	65,715	(2,596)	63,119
Footpaths and cycleways	11,481	2,171	13,651
Drainage	2,088	1,381	3,469
Parks, open space and streetscapes	-	13,370	13,370
	277,604	17,563	295,167
	344,247	30,744	374,991
Other			
Investment in associates	19	-	19
	19	-	19
	344,266	30,744	375,010
	Balance at beginning of reporting period	Share of increase/ (decrease)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2023			
Property			
Land	8,168	-	8,168
Buildings	58,475	-	58,475
	66,643	-	66,643
Infrastructure			
Roads	198,321	-	198,321
Bridges	65,715	-	65,715
Footpaths and cycleways	11,481	-	11,481
Drainage	2,088	-	2,088
	277,604	-	277,604
	344,247	-	344,247
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	344,266	-	344,266

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 Other matters (cont.)

	Balance at beginning of reporting period	Transfer to / (from) accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000
2024			
Economic development	1,565	382	1,947
Community loans	150	-	150
Waste management	5,506	89	5,595
Long service leave	335	(147)	188
Defined benefits	300	-	300
Loan repayments	875	125	1,000
Total other reserves	8,731	449	9,180

	Balance at beginning of reporting period	Transfer to / (from) accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000
2023			
Economic development	853	712	1,565
Community loans	150	-	150
Waste management	4,725	781	5,506
General	-	-	-
Long service leave	334	1	335
Defined benefits	300	-	300
Loan repayments	750	125	875
Total other reserves	7,112	1,619	8,731

Economic Development Reserve - Funds held for use in enhancing the economic development of our towns.

Gravel Pits Restoration - Provision of the established rehabilitation of gravel pits. No further provision will be added to this in the future.

Community Loans Reserve - Funds held for the restoration of shop front verandahs and other community benefits.

Waste Management - Funds held for the restoration of waste sites and bin replacement.

General - Funds generated from operational savings to be reinvested in future efficiency gains and service reviews.

Long Service Leave Reserve - Funds held for employee long service leave.

Defined Benefits Reserve - Funds held for future calls on defined benefits superannuation.

Loan Repayments Reserve - Funds are being held for the future repayment of interest only loans.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Deficit for the year	(26,787)	(1,004)
<i>Non-cash adjustments</i>		
Depreciation	17,099	14,463
Depreciation - Right of Use Assets	191	158
Net loss on disposal of property, infrastructure, plant and equipment	6,270	1,400
Assets recognised for the first time	(118)	(3)
Reversal of Provision	4	3
Share of (profit)/loss of associates	(25)	121
Contributions - Non-monetary assets	-	(19)
Finance costs (included in financing activities)	40	43
Change in assets and liabilities:		
(Increase) in trade and other receivables	(142)	(980)
(Increase)/decrease in prepayments	64	(242)
Increase/(decrease) in trade and other payables	1,949	(213)
(Decrease)/increase in contract and other liabilities	(2,640)	764
Decrease in inventories	1	336
Increase/(decrease) in provisions	167	(188)
Net cash used in by operating activities	(3,928)	14,641

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee legislation (2023: 10.5%)).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023.

The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

9.3 Superannuation (cont)

Employer Contributions

Regular Contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

Funding Calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2023 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2023 (Interim) \$m	2022 (Interim) \$m
A VBI surplus	\$84.7	\$44.6
A total service liability surplus	\$123.6	\$105.8
A discounted accrued benefits surplus	\$141.9	\$111.9

9.3 Superannuation (cont)

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

The 2023 triennial actuarial investigation surplus amounts

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment return	5.5% pa
Salary inflation	3.5% pa
Price inflation	2.7% pa

Council was notified of the 30 June 2024 VBI during August 2024

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2020 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2020 Triennial investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for two years and 2.75% pa thereafter	3.50 %pa
Price inflation	2.0% pa	2.8% pa

9.3 Superannuation (cont)

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

Scheme	Type of scheme	Rate	2024 \$'000	2023 \$'000
Vision Super	Defined benefits	11.0% (2023: 10.5%)	99	52
Vision Super	Accumulation	11.0% (2023: 10.5%)	1026	832
Aware Super	Accumulation	11.0% (2023: 10.5%)	194	72
Australian Super	Accumulation	11.0% (2023: 10.5%)	224	145
Other Funds	Accumulation	11.0% (2023: 10.5%)	979	641

There were no contributions outstanding as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$78,000.

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2023-24 year.

Northern Grampians Shire Council Performance Statement For the year ended 30 June 2024

Possessing some of the world's most spectacular natural scenery and a rich golden heritage, the Northern Grampians Shire has established an exceptional reputation as an ideal place to live, work and invest.

Location

Located in the picturesque Grampians region of Victoria, the shire covers almost 6,000 square kilometres and services the major towns and villages of Stawell, St Arnaud, Great Western, Halls Gap, Navarre, Glenorchy, Marnoo and Stuart Mill.

National Parks

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife.

The Kara Kara National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.

Industry

The shire's economy is based on manufacturing, agriculture, tourism and wine production. The two main centres of Stawell and St Arnaud supply and service agricultural machinery and are home to industries including brick, steel fabrication and meat production.

QUICK STATS:

Area: Approximately 5,918 square kilometres

Population: Approximately 11,864

Road Length: 3,373km of local roads

Rateable Properties: 9,494

Industry: There are more than 2,200 businesses operating in the shire, with major activity based in the thriving tourism, manufacturing and agricultural industries.

Major Attractions: Stawell Easter Gift Festival, Grampians Grape Escape, Grampians Arts Trail, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Rodeo, Stawell Gold Cup, St Arnaud Cup, Great Western Cup, Halls Gap Cup, Run the Gap, Stawell Gift Hall of Fame and Grampians National Park.

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
Aquatic Facilities					
Service standard					
<i>Health inspections of aquatic facilities</i>	0.50	0.50	0.50	1.00	
[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]					
Utilisation					
<i>Utilisation of aquatic facilities</i>	3.25	5.22	6.55	6.97	
[Number of visits to aquatic facilities / Population]					
Service cost					
<i>Cost of aquatic facilities</i>	\$9.01	\$7.43	\$4.52	\$4.10	
[Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]					
Animal Management					
Timeliness					
<i>Time taken to action animal management requests</i>	3.64	4.87	2.75	2.93	
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					
Service standard					
<i>Animals reclaimed</i>	51.49%	40.72%	24.14%	33.11%	There have been an increase in the number of animals that have been reclaimed this year compared to last year.
[Number of animals reclaimed / Number of animals collected] x100					
<i>Animals rehomed</i>	29.10%	48.42%	54.02%	67.65%	Many animals were rehomed through rescue group connections or adopted out through the pound. A small number of the 305 were feral cats that were euthanised.
[Number of unclaimed collected animals rehomed / Number of unclaimed collected animals] x100					
Service cost					
<i>Cost of animal management service per population</i>	\$14.33	\$12.33	\$17.37	\$16.60	
[Direct cost of the animal management service / Population]					
Health and safety					
<i>Animal management prosecutions</i>	0.00%	0.00%	0.00%	0.00%	
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100					

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
Food Safety					
Timeliness					
<i>Time taken to action food complaints</i>	2.00	1.00	1.00	2.35	Environmental Health has not been fully staffed for a part of the reporting period, making it difficult to respond to complaints.
[Number of days between receipt and first response action for all food complaints / Number of food complaints]					
Service standard					
<i>Food safety assessments</i>	105.52%	86.00%	86.00%	133.90%	Council inspects food premises on a calendar year basis whereas this report is over a financial year which is why there is a difference between the numerator and the denominator.
[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100					
<i>Food safety samples</i>	New	New	New	102.86%	
[Number of food samples obtained / Required number of food samples] x 100					
Service cost					
<i>Cost of food safety service</i>	\$183.80	\$356.18	\$481.20	\$421.97	Staff vacancies account for the reduction in the cost of the service.
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]					
Health and safety					
<i>Critical and major non-compliance outcome notifications</i>	88.89%	90.91%	100.00%	69.23%	All critical and major non compliances were followed up but due to the timing of the non-compliance, 4 of them were followed outside the reporting period (in July 2024)
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
Governance					
Transparency					
<i>Council decisions made at meetings closed to the public</i>	24.78%	26.36%	23.62%	20.00%	There were a less items this year that were discussed at closed sessions of council compared to the previous financial year.
[Number of Council resolutions made at meetings of Council, or at meetings of a delegated committee consisting only of Councillors, closed to the public / Number of Council resolutions made at meetings of Council or at meetings of a delegated committee consisting only of Councillors] x100					
Consultation and engagement					
<i>Satisfaction with community consultation and engagement</i>	50.00	54.00	51.00	56.00	
[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]					
Attendance					
<i>Councillor attendance at council meetings</i>	94.38%	96.64%	90.48%	92.48%	
[The sum of the number of Councillors who attended each Council meeting / (Number of Council meetings) x (Number of Councillors elected at the last Council general election)] x100					
Service cost					
<i>Cost of elected representation</i>	\$37,159.86	\$35,680.65	\$40,346.57	\$42,129.29	
[Direct cost of the governance service / Number of Councillors elected at the last Council general election]					
Satisfaction					
<i>Satisfaction with council decisions</i>	55.00	55.00	55.00	50.00	
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
Libraries					
Resource currency					
Recently purchased library collection	52.59%	44.15%	48.69%	48.63%	
[Number of library collection items purchased in the last 5 years / Number of library collection items] x100					
Service cost					
Cost of library service per population	\$30.91	\$30.97	\$20.99	\$23.20	There has been a change in hours for the service for this year resulting in the change shown.
[Direct cost of the library service / Population]					
Utilisation					
Loans per head of population	New	New	New	3.20	
[Number of library collection item loans / Population]					
Participation					
Library membership	New	New	New	18.44%	
[Number of registered library members / Population] x100					
Library visits per head of population	New	New	New	2.61	
[Number of library visits / Population]					
Maternal and Child Health (MCH)					
Service standard					
Infant enrolments in the MCH service	106.03%	100.88%	100.82%	101.00%	
[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100					
Service cost					
Cost of the MCH service	\$71.60	\$71.60	\$61.85	\$79.19	Higher costs in this area are attributed to not having permanent staff and having to outsource this function to a point.
[Cost of the MCH service / Hours worked by MCH nurses]					
Participation					
Participation in the MCH service	87.28%	84.28%	85.23%	79.53%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
Participation					
Participation in the MCH service by Aboriginal children	89.19%	84.21%	86.21%	68.18%	There has been a reduction in the use of the service by Aboriginal Children this year as a whole.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100					
Satisfaction					
Participation in 4-week Key Age and Stage visit	106.03%	95.61%	91.80%	98.00%	
[Number of 4-week key age and stage visits / Number of birth notifications received] x100					
Roads					
Satisfaction of use					
Sealed local road requests	11.93	9.93	3.39	3.15	
[Number of sealed local road requests / Kilometres of sealed local roads] x100					
Condition					
Sealed local roads maintained to condition standards	90.20%	95.33%	95.90%	98.96%	
[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100					
Service cost					
Cost of sealed local road reconstruction	\$30.29	\$75.38	\$18.21	\$13.19	This year's unit rate is lower than last year's due to three projects being completed, reducing the average cost per unit compared to the previous year.

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]					
Service Cost					
<i>Cost of sealed local road resealing</i>	\$4.94	\$5.06	\$6.66	\$7.31	
[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]					
Satisfaction					
<i>Satisfaction with sealed local roads</i>	54.00	53.00	53.00	47.00	There is a reduction in the satisfaction of the sealed road network. This may be due to the people surveyed not understanding which roads are council controlled verses VicRoads controlled.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
Statutory Planning					
Timeliness					
<i>Time taken to decide planning applications</i>	89.00	109.00	68.00	66.50	
[The median number of days between receipt of a planning application and a decision on the application]					
Service standard					
<i>Planning applications decided within required time frames</i>	62.04%	59.26%	88.43%	76.11%	There was an overall decrease in the number of decisions made as well as in the timeline to make decisions within statutory timelines
[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100					
Service cost					
<i>Cost of statutory planning service</i>	\$3,606.51	\$3,370.06	\$1,141.39	\$4,434.67	Throughout the reporting period, Council's planning section was fully staffed, increasing the cost of service compared to previous years.
[Direct cost of the statutory planning service / Number of planning applications received]					
Decision making					
<i>Council planning decisions upheld at VCAT</i>	0.00%	0.00%	0.00%	0.00%	
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100					

Northern Grampians Shire Council

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of results in the comments.

Results					
Service / indicator / measure	2021	2022	2023	2024	Comments
Waste Management					
Service standard					
<i>Kerbside collection bins missed</i>	8.51	5.36	7.94	8.55	
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000					
Service cost					
<i>Cost of kerbside garbage bin collection service</i>	\$140.37	\$153.41	\$168.23	\$154.20	
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
Service cost					
<i>Cost of kerbside recyclables collection service</i>	\$55.94	\$81.54	\$115.12	\$72.00	An error has been identified in the 2022-23 reporting period, that has calculated a significant decrease for 2023-24. The error was a formula used to calculate the recycling service for 2022-23 as weekly. The calculation for this service is to coincide with a fortnightly run. Therefore, for the 2023-24 reporting, there was a minor increase in providing the recycling service based on 2021-22 actuals.
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]					
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	32.02%	30.41%	28.99%	29.57%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Northern Grampians Shire Council

Section 2 - Service Performance Indicators

For the year ended 30 June 2024

Service / Indicator / Measure [Formula]	Results					Comment
	2021 Actual	2022 Actual	2023 Actual	2024 Target as per budget	2024 Actual	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.25	5.22	6.55	N/A	6.97	
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	0%	0%	0%	N/A	0%	
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	88.89%	90.91%	100.00%	N/A	69.23%	All critical and major non compliances were followed up but due to the timing of the non-compliance, 4 of them were followed outside the reporting period (in July 2024)
Governance Consultation and engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	50	54	51	55	56	
Libraries Participation <i>Library membership</i> [Number of registered library members / Population] x100	#N/A	#N/A	#N/A	N/A	18.44%	
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	87.28%	84.28%	85.23%	N/A	79.53%	
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	89.19%	84.21%	86.21%	N/A	68.18%	There has been a reduction in the use of the service by Aboriginal Children this year as a whole.

Northern Grampians Shire Council							
Roads							
Condition							
Sealed local roads maintained to condition standards	90.20%	95.33%	95.90%	95.00%	98.96%		
[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100							
Statutory Planning							
Service standard							
Planning applications decided within required time frames	62.04%	59.26%	88.43%	65.20%	76.11%	There was an overall decrease in the number of decisions made as well as in the timeline to make decisions within statutory timelines when compared to 2022-23. This could be due to an increase in the complexity and scale of the applications received. Six applications were also withdrawn prior to decision-making stage. This could indicate that staff are dedicating time to work with the applicant (if an application is likely to be refused) to have the application withdrawn rather than issuing a refusal.	
[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100							
Waste Management							
Waste diversion							
Kerbside collection waste diverted from landfill	32.02%	30.41%	28.99%	31.41%	29.57%		
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100							

Section 3 - Financial Performance Indicators

For the year ended 30 June 2024

Dimension / Indicator / Measure [Formula]	Results					Forecasts				Material Variations and Comments
	2021	2022	2023	2024		2025	2026	2027	2028	
	Actual	Actual	Actual	Target as per budget	Actual	Forecasts	Forecasts	Forecasts	Forecasts	
Efficiency										
Expenditure level										
Expenses per property assessment [Total expenses / Number of property assessments]	\$4,799.23	\$4,554.10	\$4,785.00	\$4,799.00	\$6,219.50	\$4,753.70	\$4,919.80	\$4,999.70	\$5,124.10	This change includes a significant amount of assets that were disposed of during the year which over inflates this indicator.
Revenue level										
Average rate per property assessment [Sum of all general rates and municipal charges / Number of property assessments]	\$1,637.26	\$1,595.20	\$1,627.00	N/A	\$1,697.90	\$1,746.84	\$1,799.25	\$1,844.23	\$1,890.33	
Liquidity										
Working capital										
Current assets compared to current liabilities [Current assets / Current liabilities] x100	254.45%	279.48%	283.46%	154.60%	147.18%	155.92%	130.88%	112.73%	91.37%	Council isn't holding the large amount of cash reserves this financial year as the Federal Assistance Grants were not paid in advance this year as they were previously.
Unrestricted cash										
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	131.73%	95.01%	159.37%	N/A	112.53%	126.89%	99.13%	80.96%	59.60%	Council isn't holding the large amount of cash reserves this financial year as the Federal Assistance Grants were not paid in advance this year as they were previously.
Obligations										
Loans and borrowings										
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	11.99%	5.67%	5.12%	N/A	4.91%	4.79%	0.00%	0.00%	0.00%	
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	1.70%	6.02%	0.72%	N/A	0.00%	0.00%	4.65%	0.00%	0.00%	Councils only current loan is a part of the LGFV program and is set to be paid in future years.
Indebtedness										
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	9.75%	8.07%	7.90%	N/A	6.86%	3.52%	3.42%	3.34%	3.25%	This shows that council has a heavy reliance on non-own sourced funding to enable it to operate.
Asset renewal and upgrade										
Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	53.82%	91.97%	87.29%	75.90%	76.26%	123.78%	58.48%	48.81%	49.80%	This falls within councils target for the year.
Operating position										
Adjusted underlying result										
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-26.39%	-21.64%	-15.63%	N/A	-94.93%	-24.15%	-23.98%	-24.11%	-23.13%	This shows that council has a heavy reliance on non-own sourced funding to enable it to operate.

Northern Grampians Shire Council										
Stability										
Rates concentration										
Rates compared to adjusted underlying revenue	51.11%	51.65%	47.16%	55.60%	63.88%	54.48%	54.14%	54.67%	54.24%	This shows that in the current financial year that council didn't receive the Victorian Grants Commission Grant in advance as per previous years. This also shows councils heavy reliance on grant funding to remain sustainable.
[Rate revenue / Adjusted underlying revenue] x100										
Rates effort										
Rates compared to property values	0.51%	0.54%	0.39%	N/A	0.34%	0.32%	0.32%	0.32%	0.32%	The change here relates to the changes in property values in the current year.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100										

Section 4 - Sustainable Capacity Indicators

For the year ended 30 June 2024

Indicator / Measure [Formula]	Results				Comment
	2021 Actual	2022 Actual	2023 Actual	2024 Actual	
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$3,960.01	\$4,001.49	\$4,033.21	\$5,235.71	This change includes a significant amount of assets that were disposed of during the year which over inflates this indicator.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$36,859.60	\$39,285.74	\$37,452.21	\$38,963.80	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	3.38	3.37	3.52	3.52	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,867.67	\$1,951.41	\$1,977.58	\$2,062.55	
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$1,056.21	\$1,264.92	\$1,361.26	\$475.29	This is a reflection of the Victorian Grants Commission grants not being paid in advance as per previous years.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	2.00	2.00	
Workforce turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	17.9%	25.8%	25.1%	17.4%	The has been less staff turnover this financial year making it fall within the expected range.

Northern Grampians Shire Council
Other Information
For the year ended 30 June 2024

Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, Australian Accounting Standards and other mandatory professional reporting requirements.

Where applicable results in the performance statement have been prepared on accounting bases consistent with those reporting in the Financial Statements. The results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents that actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 27 June 2022 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The 2023/24 adopted budget can be viewed on council's website www.ngshire.vic.gov.au.

Northern Grampians Shire Council Certification of the performance statement

In my opinion the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020* , Australian Accounting Standards and other mandatory professional reporting requirements.



Graham Haylock, CPA
Principal Accounting Officer
Dated:

In our opinion, the accompanying performance statement of the Northern Grampians Shire Council for the year ended 30 June 2024 presents fairly the results of council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020* .

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify this performance statement in its final form.

Councillor
Dated:

Councillor
Dated:



Brent McAlister
Chief Executive Officer
Dated:

Risk Committee Minutes



Date:	13 August 2024 9am - 10am
Attendees:	Trenton Fithall – Director Infrastructure & Amenity Vaughan Williams – Director Corporate & Community Services Mary Scully - Manager Governance Camille Bunstma - Manager People & Culture Graham Haylock - Manager Financial Services Brittany Burns - Risk & Lease Management Officer
Guest:	
Apologies	Brent McAlister – CEO Justine Kingan – Director Strategy Prosperity & Engagement

Standing Items		Description	Raised by:	Actions	Responsible
1	Significant Risks Identified, Treatment Plans & Priorities	2025 Audit Plan	Brittany Burns	Continue to work on 10-year cycle proposed report.	Brittany Burns
2	Progress against Risk Management Policy objectives	Risk Management Plan 2023 24	Brittany Burns	Viewed and noted. Updates include EPA Audit accepted. Community Expectation report received. Discussions continuing about the frequency.	

3	Significant OHS, emergency, financial, fraudulent incidents reported	No notable reports.	Cam Buntsma/ Graham Haylock	Change in OHS legislation, reporting obligations have increased.	
4	Significant insurance claims	Significant damage to SSAC in April due to a storm, overall insurance claim of approximately \$60,000.	Brittany Burns	Panrock Reservoir Road, house on road reserve. Ongoing liaising with insurance company.	
5	Projects identified with significant associated risks	Projects being managed accordingly. Update on reporting and management of project risks in particular high-risk projects.	Trenton Fithall	Discussions around the reporting of risk, and structuring meeting to ensure risks are being addressed. Differences between the bottom line.	
6	Summary of conducted audit reports including recommendations	VAGO – Financial Management in progress			
7	Business Continuity Planning	Allocated budget for 2024/2025. Have received quotes from 2 consultants, further engage for work in mid-late 2025.	Brittany Burns/Mary Scully	Send summary beginning of 2025.	
8	Relevant Policy and Procedure activity	Risk Management policy up for review Procurement Policy Update – reviewed on Project Management Policy – due for review Asset Management Policy – due for review Audit & Risk Committee Charter		Create a document, with all review dates of all policies.	Brittany Burns
Other Items		Description	Raised by	Action	Responsible
9	Risk Register Recommendations Report	Ongoing review still occurring. Meeting with directorates and working on a more thorough presentation that will give a clear direction of pathway.	Brittany Burns	Once presentation is finalised information session presented to <ul style="list-style-type: none"> - ELT - SLT whole - Meet with individual managers from there to discuss risks. 	

				SLT announcement to review risks in CAMMS in interim.	
10	Relevant investigation reports	<p>LGI Updates</p> <p>Posted 7 August 2024 – <i>Warning to Councillors; avoid misuse of position</i> Read here</p> <p>Posted 23 March 2024 – <i>Governance and culture improvements at West Wimmera Shire Council</i> Read Here</p> <p>HRCC – Local Government Inspectorate asked to investigate all aspects of 2024-25 Budget process.</p>	Brittany Burns	<p>Yarriambiack Shire Council investigation – Plant policy requirements. Look up report and pass onto Trenton.</p> <p>Mary to add information to Councillor Bulletin re misuse of position.</p> <p>Mary to add information to Councillor Bulletin re West Wimmera Shire Council review.</p>	Mary Scully
11	Legislative updates	<p>Local Government Amendment (Governance & Integrity) Act 2024</p> <p>Read Here - Amendment Local Government Amendment (Governance and Integrity) Act 2024</p> <p>Fact Sheet - Local Government Amendment (Governance and Integrity) Bill 2024</p>	Mary Scully	<p>On Wednesday 25 June 2024, the <i>Local Government Amendment (Governance and Integrity) Act 2024</i> was given Royal Assent.</p> <p>Waiting for Councillor training and code of conduct. Continue to monitor all changes.</p>	
12	Environmental & Cultural Risks			Other business arising included the publishing of the Risk & Audit Committee meetings on NGSC Council website.	Mary Scully / Graham Haylock

Financial Report

30 June, 2024



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Operating Statement..... 4

Capital Works Summary..... 5

Cash and Investments..... 6

Debtors Report..... 7

Loan Report..... 8

Executive Summary as at 30 June, 2024

It should be noted that this report only reflects spending to 30 June, 2024.

Council ended the period with \$11.4M cash.

Cash Flow Statement as at 30 June, 2024

	Actuals to June, 2024	Budget 2023-24	Variations to Budget Fav (Unfav)
Cash flows from operating activities			
Rates and charges	20,241,290	20,135,000	106,290
Statutory fees and fines	280,224	356,000	(75,776)
User fees	2,389,419	1,955,000	434,419
Grants Operating	3,732,838	11,103,000	(7,370,162)
Grants Capital	3,922,161	5,607,000	(1,684,839)
Contributions Operating	610,237	73,000	537,237
Contributions Capital	-	108,000	(108,000)
Interest received	191,562	221,000	(29,438)
Other	1,121,176	542,000	579,176
Employee costs	(19,921,771)	(19,039,000)	(882,771)
Materials and services	(15,393,942)	(10,427,000)	(4,966,942)
Other payments	(1,173,408)	(1,161,000)	(12,408)
Net cash provided by operating activities	(4,000,213)	9,473,000	(13,473,213)
Cash flows from investing activities			
Payments for Property, infrastructure, Plant & Equipment	(11,206,859)	(11,882,000)	675,141
Proceeds from sale of Property, infrastructure, Plant & Equipment	64,000	90,000	(26,000)
Net cash used in investing activities	(11,142,859)	(11,792,000)	14,964,683
Cash flows from financing activities			
Finance costs	(39,918)	(43,000)	3,082
Repayment of lease liabilities	(67,305)	-	43,300
Net cash used in financing activities	(107,223)	(43,000)	24,744,217
Net decrease / increase in Cash & Cash Equivalents	(15,250,295)	(2,362,000)	(12,888,295)
Cash & Cash Equivalents at beginning of period	26,623,024	15,133,000	11,490,024
Cash & Cash Equivalents at end of period	11,372,729	12,771,000	(1,398,271)

Operating Statement as at 30 June, 2024

	Actuals	Adopted Budget	Variations to Budget Fav (Unfav)
Revenue			
Rates and charges	20,385,491	20,135,000	250,491
Statutory fees and fines	280,224	356,000	(75,776)
User fees	2,382,325	1,955,000	427,325
1 Grants Operating	4,376,340	11,103,000	(6,726,660)
2 Grants Capital	5,918,922	5,607,000	311,922
Contributions Operating	610,237	73,000	537,237
Contributions Capital	-	108,000	(108,000)
Assets recognised for the first time	118,056	-	118,056
Share of net profit/(deficit) of associates	24,611	-	24,611
3 Other Income	1,312,739	763,000	549,739
Total Revenue	35,408,945	40,100,000	- 4,691,055
Expenses			
Employee costs	20,129,664	19,039,000	1,090,664
4 Materials and Services	17,342,666	10,427,000	6,915,666
5 Depreciation	17,098,973	14,276,000	2,822,973
Amortisation - Right of Use Assets	190,909	40,000	150,909
Allowance for impairment losses	10,362	-	10,362
Borrowing costs	39,918	43,000	- 3,082
Other expenses	1,173,408	1,161,000	12,408
6 Asset profit/loss	6,269,571	-	6,269,571
Reversal of restoration provisions	3,700	-	3,700
Total expenses	62,259,171	44,986,000	17,273,171
Surplus (Deficit) for the period	(26,850,226)	(4,886,000)	- 21,964,226

Notes:

- 1 Council received and recognised the full allocation of 2023/24 Financial Assistance Grants in the current year. Council was expecting less than the full amount.
- 2 Council received unbudgeted grant funding from various state and federal governments including the Local Roads and Community Infrastructure program.
- 3 Council received an increase in child care benefit, interest income and rental income. A major component of the variance relates to reimbursement income received.
- 4 Upon analysis of the capital expenditure, a portion of the variance, relates to expenses reallocated as they were not capital in nature.
- 5 Higher depreciation expenses is mainly due to the impact of the 2021-22 asset revaluations not known at the time of budget adoption.
- 6 Net loss is due to the need to write off the un-depreciated book value of assets that were replaced during the course of the financial year.

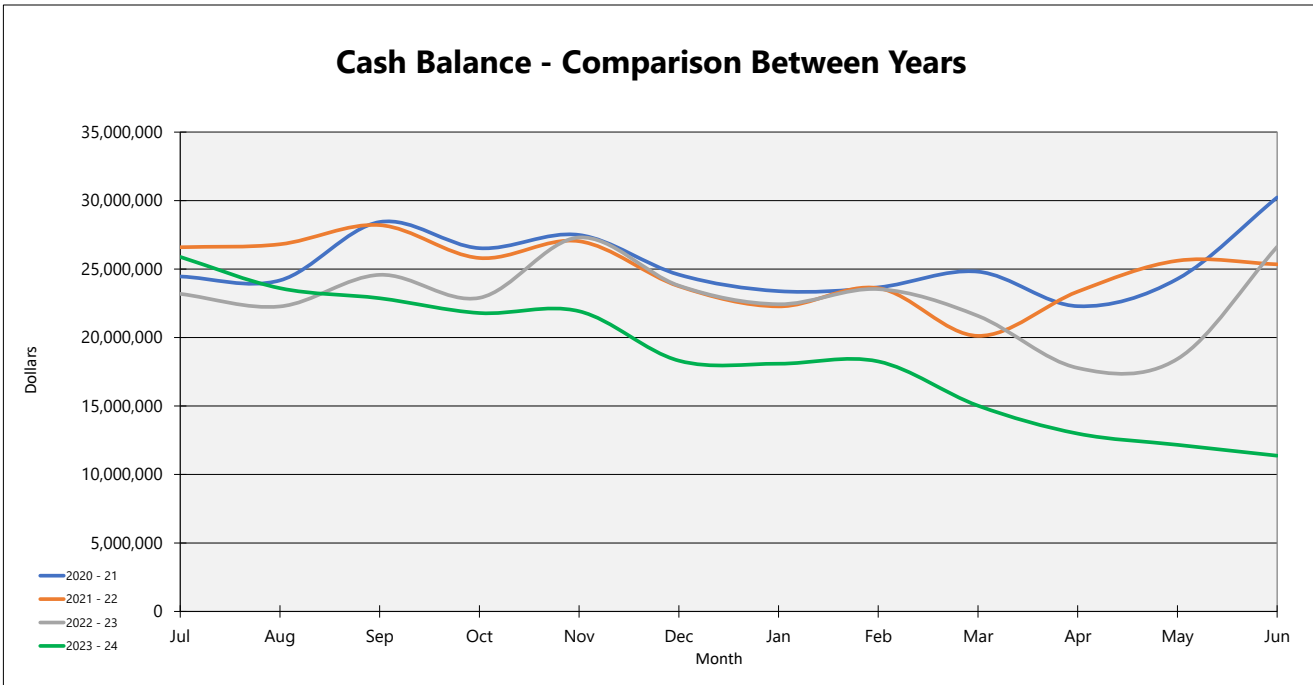
Capital Works as at 30 June, 2024

	Actuals	Adopted Budget	Variations to Budget Fav (Unfav)
Property			
Land Improvements	211,683	-	211,683
1 Buildings	3,005,265	1,731,400	1,273,865
Total Property	3,216,948	1,731,400	1,485,548
2 Plant Machinery and Equipment	231,350	941,000	- 709,650
3 Computers and telecommunications	68,773	62,700	6,073
Total Plant and Equipment	300,123	1,003,700	- 703,577
4 Roads	8,103,201	5,105,984	2,997,217
5 Bridges	1,974,766	924,000	1,050,766
6 Footpaths	110,760	262,000	- 151,240
7 Drainage	193,956	80,000	113,956
8 Waste management	-	715,000	- 715,000
9 Parks, Open Space and Streetscapes	2,024,423	2,060,000	- 35,577
Total Infrastructure	12,407,106	9,146,984	3,260,122
Total Capital Works Expenditure	15,924,177	11,882,084	4,042,093

Notes:

- 1 This program had a large amount of carried forward works that were completed in this financial year but budgeted in previous financial years.
- 2 There has been a large delay on the delivery of new plant items which have been ordered. These are anticipated to be delivered in the 2024-25 year.
- 3 This program is budgeted assuming that all assets will be capitalised. After the purchase of these items there a number of items that fall below the capitalisation threshold and therefore are not capitalised giving the variance.
- 4 The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
- 5 Due to previous contractor availability issues these works have been carried over from previous years and are in construction at this point in time.
- 6 This program has had a number of items which have been distributed to other areas with in the capital program as a result of the capitalisation process. This incongunction with an amount of works still in progress is the reasoning for the variance.
- 7 The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
- 8 The works within this program have been deemed to be operating expenses and have been recognised in the comprehensive income statement.
- 9 There are a number of projects that were budgeted to finish in the 2023-24 year with a number of these projects having a delayed start date or being a multi year project.

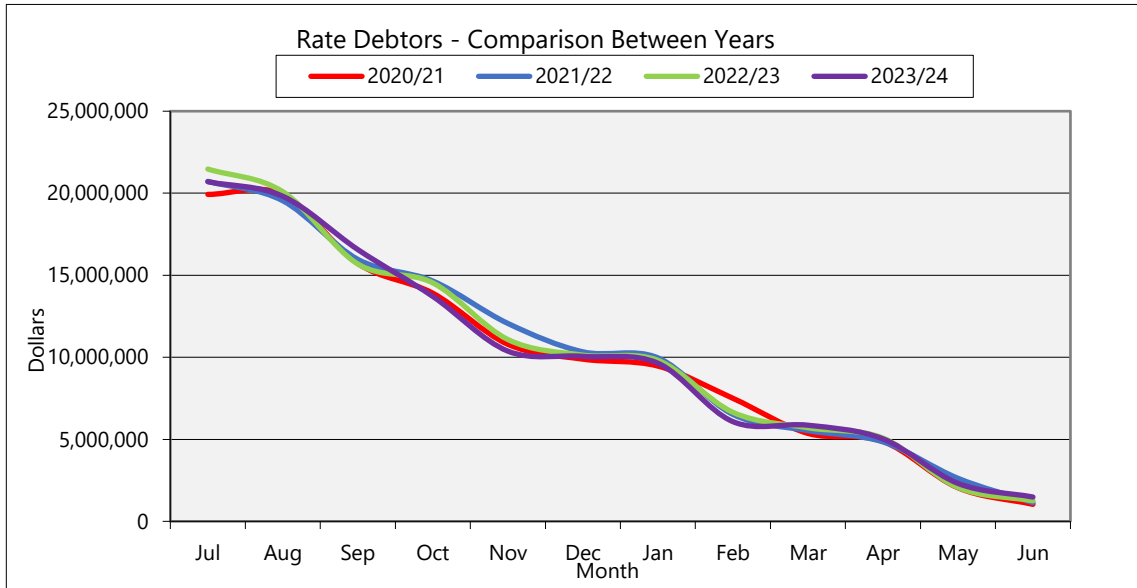
Cash and Investments as at 30 June, 2024



Total Cash Balance at Month End

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2019 - 20	18,642,143	18,424,373	20,885,437	20,496,673	22,711,437	22,520,759	21,226,659	23,831,676	21,993,073	19,771,946	25,394,596	27,206,212
2020 - 21	24,458,405	24,173,971	28,436,358	26,525,969	27,490,366	24,592,324	23,388,847	23,663,702	24,811,535	22,290,630	24,280,838	30,230,677
2021 - 22	26,594,594	26,813,020	28,211,375	25,807,441	27,033,930	23,750,045	22,274,406	23,607,188	20,121,050	23,354,913	25,609,380	25,346,744
2022 - 23	23,190,093	22,271,414	24,579,815	22,898,950	27,307,669	23,789,682	22,432,629	23,536,006	21,579,899	17,776,702	18,436,519	26,623,024
2023 - 24	25,886,555	23,604,567	22,870,042	21,790,099	21,921,632	18,310,356	18,089,167	18,254,386	15,024,766	12,984,962	12,165,097	11,372,729

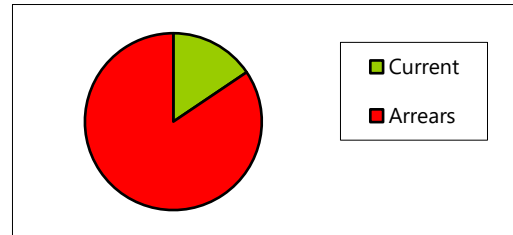
Debtors Reports as at 30 June, 2024



Rates Debtors YTD

Current
Arrears
Total

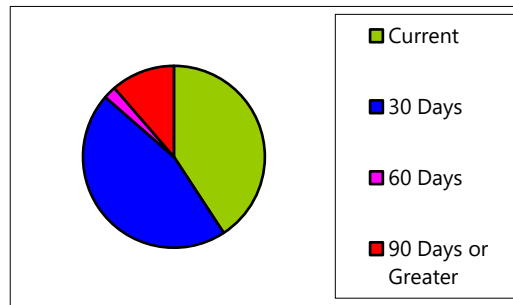
\$	%
230,666	16%
1,251,637	84%
1,482,303	100%



Sundry Debtors YTD

Current
30 Days
60 Days
90 Days or Greater
Total

\$	%
351,342	40.8%
393,200	45.6%
19,374	2.2%
97,839	11.4%
861,755	100%



Details:

60 Days

\$377,190 Contribution New Holloway Road Pump Station, Stawell - Sloane Street Development. To be paid when the pump station is complete.

90 Days or Greater

\$54,000 Cementary debt
\$16,594 Fire hazard property debts
\$7,283S Sporting Club - lighting invoice
\$14,372 Sporting Clubs user fees

Loan Report - Budget 2023/24

Borrowing Principles:

Indebtedness

Our level of debt will not exceed 60% or \$12.1 million of rates and charges revenue.

Indebtedness Calculation Check 4.9% ✓

Debt Servicing Costs

Our level of annual debt servicing costs (principal plus Interest) will not exceed 5% or \$2 million of our total operating revenue.

Debt Servicing Calculation Check 0.1% ✓

Loans Budgeted 2023/24

Principal

	\$000's
Loans Outstanding as at 30 June, 2023	1,000
Add proposed new loans 2023/24	-
Less scheduled repayments 2023/24	0
Loans Outstanding as at 30 June, 2024	1,000

Expiry of Existing Loans

	Expiry	Current Balance \$000's
Loan 20	Jun-26	1,000
		1,000

Councillor Reimbursements - April to June 2024

Date	Name	Description	Amount
27/05/2024	R J H Haswell	Parking Reimbursement	50.00
4/06/2024	R J H Haswell	Parking & Meals Reimbursement	78.10
11/06/2024	B M Emerson	Use of private vehicle, kms claimed	435.20
			563.30



Cybercrime and payment fraud is exploding

\$1^T

Global Cost of Cybercrime

McAfee, Hidden Cost of Cybercrime 2020

\$33^B

Estimated Annual Cost to Australia IN 2021

Australian Cyber Security Centre

300^K

Incidents in Australia Annually

Nigel Phair, AFP

90^{SEC}

Frequency of Attack in 2020

Nigel Phair, AFP

\$242^M

Lost to Payment Redirection scams in 2022

Australian Comp & Consumer Commission

77%

Increase in value of losses YoY to 2021

Australian Comp & Consumer Commission

\$64^K

Average loss to BEC attack in 2022

Australian Cyber Security Centre

26%

Increase in Avg loss to BEC attack from 2021-2022.

Australian Cyber Security Centre

853

Data breach notifications received by OAIC under Australia's mandatory scheme

Office of the Australian Information Commissioner, Annual Report 22

TOP 3

Australia is the third most targeted nation alongside US and UK.

Trend Micro

13%

Of scams and frauds are reported

Australian Comp & Consumer Commission, 'Targeting Scams Report' 2022

68%

Of AP Managers had reported their job had become more stressful due to fake invoice or email scams

Eftsure Survey, April 2020

Cybercrime and payment fraud is exploding

\$1^T

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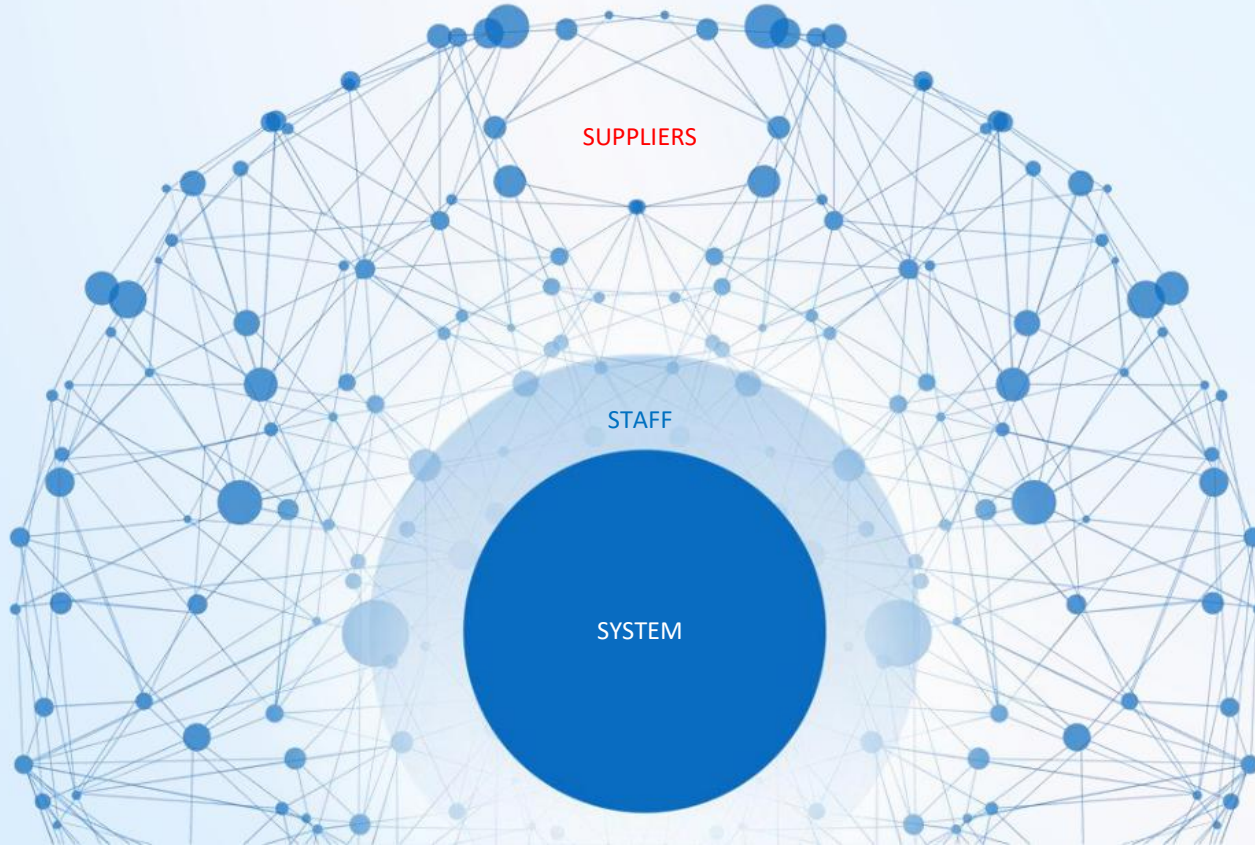
Of AP Managers had reported their job had become more stressful due to fake invoice or email scams

Eftsure Survey, April 2020

Risks of Fraud from every direction...



It's no longer about you and your system:



What you may be doing now:



Manual Controls



Call back procedures



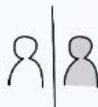
Internal Audits



Processes, and protocols
from your large auditor



Staff cyber-resilience
Training



Segregation of duties



Investment in IT
systems, Anti-Virus



ERPs transitioning to Cloud

None of those are designed to mitigate against AI...

The limitations of call-back controls:

- Are your team trained on the latest scams and frauds?
- Do they always ignore incoming information?
- Do they always independently source a phone number?
- From where do they source a phone number?
- A website: how do they know it's a legitimate website?
- Do they 'lead the witness'?
- Can they be perfect at volume and velocity?
- Can they tell if AI voice cloning is being used?





VOICE CLONING

Compromising trust for
call-back controls.



AI INVOICE MANIPULATION

Automating bulk invoice
manipulation and changes



DEEP FAKES

Impersonating your
colleagues and suppliers

Deep Fake Callback Scam

Company based in UK

- The CEO of an energy company thought he was speaking via phone to his boss, the chief executive of the firm's German parent company. The caller on the phone asked the CEO to send the funds – totaling €220,000, to a Hungarian supplier in an “urgent” request.
- The victim, deceived into thinking that the voice was that of his boss – particularly because it had a similar slight German accent and voice pattern – made the transfer. However, once the transaction went through, the fraudsters called back, asking for another urgent money transfer. At that point, the CEO became suspicious and refused to make the payment.
- “In the identity-verification industry, we’re seeing more and more artificial intelligence-based identity fraud than ever before,” David Thomas, CEO of identity verification company Evident, told Threatpost.
- **“As a business, it’s no longer enough to just trust that someone is who they say they are.”**
- Individuals and businesses are just now beginning to understand how important identity verification is. Especially in the new era of deep fakes, it’s **no longer just enough to trust a phone call or a video file.”**

WSJ PRO

Fraudsters Used AI to Mimic CEO's Voice in Unusual Cybercrime Case

Scams using artificial intelligence are a new challenge for companies

By Catherine Stupp

Updated Aug. 30, 2019 12:52 pm ET | WSJ PRO



“we’ll see the technology advance to the point where only a few seconds of audio are needed to create a life-like replica of anyone’s voice on the planet. It’s pretty... scary.”

David Thomas – CEO Evident

Deepfake Video Scam

Company based in Hong Kong

- Finance worker at multinational firm tricked into paying \$25 million to fraudsters via deepfake posing as CFO in a video call.
- Scam involved duping the worker into a video call with deepfake recreations of supposed staff members.
- Worker, thinking the call was real, transferred \$25.6 million across 15 transactions to five bank accounts.
- Part of a series of incidents where deepfake technology is used to manipulate video and cheat individuals out of money.

Finance worker pays out \$25 million after video call with deepfake 'chief financial officer'

By Heather Chen and Kristeen Magana, CNN
2 minute read · Published 2:31 AM EDT, Sun February 4, 2024



"The people in the video conference looked like my real colleagues"

Baron Chan – Hong Kong Police Force, Cybersecurity division



Vic gov supplier bank details altered in cyber attacks



The Victorian Auditor-General's Office (VAGO) said [pdf] it received four notifications of bank details being changed in departments' vendor master files due to a cyber attack.

A vendor master file is a central database that holds information about an agency's suppliers details, including their bank account details, Australian Business Number (ABN) and invoice records, according to the office.



"slow-adopters need to consider more proactive, technology-enabled ways to monitor fraud risk"

Andrew Greaves - Victorian Auditor-General

Victorian Government

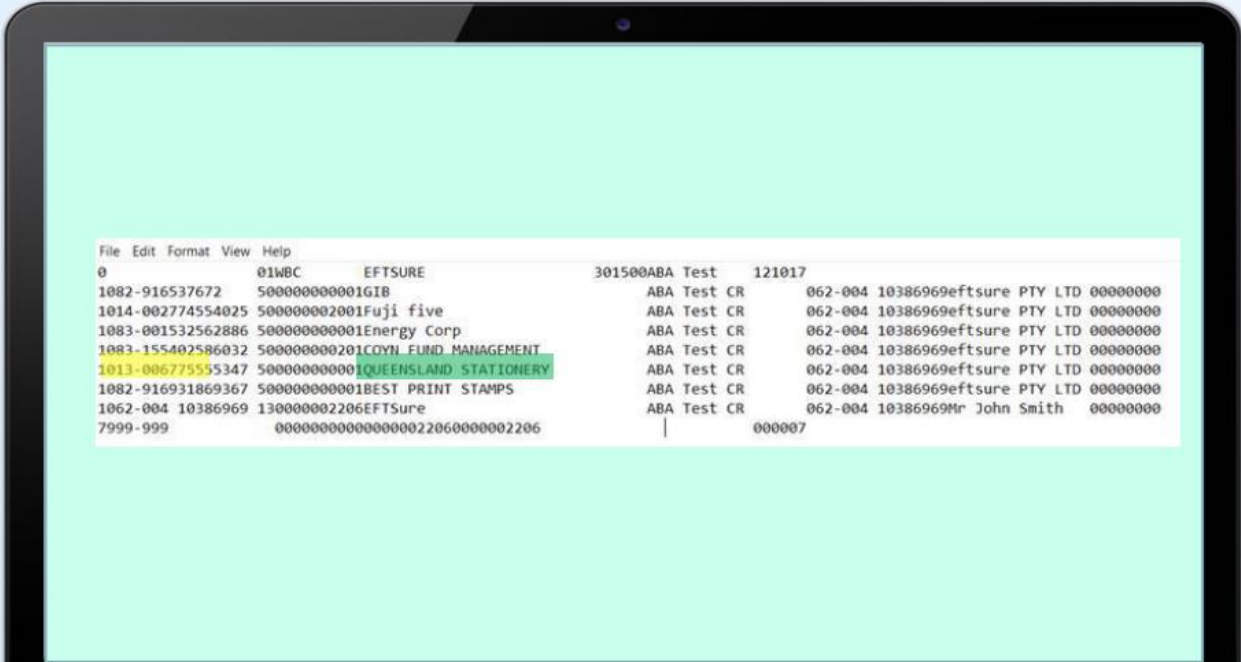
Vendor Master File altered in cyberattack

- Over the past eighteen months, Victorian government departments have faced a series of cyberattacks that altered vendors' bank details held in a central database. According to a report by the Auditor-General's Office (VAGO), there were four notifications of such changes in vendor master files.
- The report further breaks down the discrepancies between departments and their anti-fraud control procedures, urging slow adopters to consider more proactive, technology-enabled ways to monitor fraud risks.
- The report also highlights that three departments have yet to implement a data analytics program to test their fraud and corruption vulnerabilities, with departments citing competing priorities and a lack of resources as the main obstacles.
- While the problem is understandable, it still creates vulnerabilities that cybercriminals are keen to exploit. Researchers have even flagged that scammers are using malicious artificial intelligence (AI) tools to alter key financial information more quickly and efficiently than ever.

There is still risks when you have long standing suppliers...

1 Internal Risk: ABA files are easily editable

2 External Risk: Malware threat



The screenshot shows a text-based ABA file interface with a menu bar (File, Edit, Format, View, Help) and a list of transactions. The transactions are organized into columns: Transaction ID, Amount, Description, and Reference. The transaction with ID 1013-00677555347 is highlighted in green, and its description '1QUEENSLAND STATIONERY' is also highlighted in green. The transaction with ID 1062-004 10386969 is highlighted in yellow, and its description '130000002206EFTSure' is also highlighted in yellow. The transaction with ID 1082-004 10386969 is highlighted in blue, and its description '1BEST PRINT STAMPS' is also highlighted in blue. The transaction with ID 1083-001532562886 is highlighted in red, and its description '500000000001Energy Corp' is also highlighted in red. The transaction with ID 1082-916537672 is highlighted in orange, and its description '500000000001GIB' is also highlighted in orange. The transaction with ID 1014-002774554025 is highlighted in purple, and its description '500000002001Fuji five' is also highlighted in purple. The transaction with ID 1083-155402586032 is highlighted in brown, and its description '500000000201COYN FUND MANAGEMENT' is also highlighted in brown. The transaction with ID 1013-00677555347 is highlighted in green, and its description '1QUEENSLAND STATIONERY' is also highlighted in green. The transaction with ID 1082-916931869367 is highlighted in blue, and its description '500000000001BEST PRINT STAMPS' is also highlighted in blue. The transaction with ID 1062-004 10386969 is highlighted in yellow, and its description '130000002206EFTSure' is also highlighted in yellow. The transaction with ID 7999-999 is highlighted in orange, and its description '00000000000000022060000002206' is also highlighted in orange.

File	Edit	Format	View	Help
0	01WBC	EFTSURE	301500ABA Test	121017
1082-916537672	5000000000001GIB	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1014-002774554025	500000002001Fuji five	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1083-001532562886	500000000001Energy Corp	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1083-155402586032	500000000201COYN FUND MANAGEMENT	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1013-00677555347	500000000001QUEENSLAND STATIONERY	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1082-916931869367	500000000001BEST PRINT STAMPS	ABA Test CR	062-004 10386969eftsure PTY LTD	00000000
1062-004 10386969	130000002206EFTSure	ABA Test CR	062-004 10386969Mr John Smith	00000000
7999-999	00000000000000022060000002206			000007



eftsure

Cybercrime is (highly) organized crime:



"For health and safety reasons, we'll be transitioning to cyber crime."

“We've been inside many of these operations. Last year we got inside an operation in Kiev in Ukraine. We had hidden video right **throughout** an operation with about **500 employees**. Our undercover guy was working in there, and he was able to get extensive footage.

And it is so highly organised.

Everything is run like an industrialised corporation. It has the HR department, the accounting, the finance department, the sales, the onboarding, the client onboarding. These companies put in, put legitimate companies to shame with their degree of organisation because they have the money to spend on recruiting the best people.

They **bring the best possible people with, with university degrees** in accounting and even cybersecurity teams that they employ.”

- Ken Gamble
Co-founder, Executive Chairman of IFW Global
[On Eftsure's 'On the Defence' Podcast]



Cybercrime is (highly) organized crime:

The screenshot shows a web browser window with the address bar displaying `cyberscoop.com/cybercrime-groups-jobs-talent-dark-web/`. The browser's bookmark bar includes links to OneDrive, Conversations, CB Insights, EFTsure, Oculus, GA, Garage Gym, eftsurre, and Emily's 10th Birthday. The page title is "CYBERSCOOP". The main headline is "Cybercrime groups offer six-figure salaries, bonuses, paid time off to attract talent on dark web". Below the headline is a sub-headline: "Despite the obvious risks, tech jobs with hacking groups can be alluring for those who need the money or want to do the work." The byline reads "BY AJ VICENS • JANUARY 30, 2023". The article text begins with a large red "C" and states: "ybercrime is a booming business. So, like any other thriving market, the masterminds behind ransomware syndicates or online scam operations need workers, too. And they aren't just looking for other criminal hackers. Developers, administrators and designers are in high demand." A sidebar on the right contains a "SHARE" section with icons for Facebook, LinkedIn, Twitter, and Reddit. Below this, there are two related article teasers: "FBI seizes Hive ransomware group infrastructure after lurking in service months" by TONYA RILEY, and "Russia's Sandworm hackers blame Ukraine malware attack" by AJ VICENS. The main article text continues: "And just as the cybersecurity market is competing for the best talent, cybercriminals are also offering high salaries and perks to attract the best. Some ads boasted annual salaries as high as \$1.2 million for the skilled hackers." It then states: "According to new analysis from the cybersecurity firm Kaspersky, it appears that developers are the most sought after within the cybercrime ecosystem. The company's researchers reviewed roughly 200,000 employment-related messages posted on 155 dark web forums between January 2020 and June 2022. The number of posts peaked in March 2022, possibly because of COVID-19-related lockdowns and income reductions in multiple countries. Nevertheless, job posts — both seeking employment and listing jobs — have exceeded 10,000 per quarter, the analysis found." The article concludes with: "Other in-demand positions included attack specialists, reverse engineers, testers, analysts, administrators and designers. Even the most sophisticated hacking crews still need help, the researchers said."

cyberscoop.com/cybercrime-groups-jobs-talent-dark-web/

OneDrive Conversations CB Insights — Ana... EFTsure DO Pack f... Oculus GA Garage Gym eftsurre Emily's 10th Birthd... Other Bookmark

Q CYBERSCOOP

Cybercrime groups offer six-figure salaries, bonuses, paid time off to attract talent on dark web

Despite the obvious risks, tech jobs with hacking groups can be alluring for those who need the money or want to do the work.

BY AJ VICENS • JANUARY 30, 2023

Cybercrime is a booming business. So, like any other thriving market, the masterminds behind ransomware syndicates or online scam operations need workers, too. And they aren't just looking for other criminal hackers. Developers, administrators and designers are in high demand.

And just as the cybersecurity market is competing for the best talent, cybercriminals are also offering high salaries and perks to attract the best. Some ads boasted annual salaries as high as \$1.2 million for the skilled hackers.

According to new analysis from the cybersecurity firm Kaspersky, it appears that developers are the most sought after within the cybercrime ecosystem. The company's researchers reviewed roughly 200,000 employment-related messages posted on 155 dark web forums between January 2020 and June 2022. The number of posts peaked in March 2022, possibly because of COVID-19-related lockdowns and income reductions in multiple countries. Nevertheless, job posts — both seeking employment and listing jobs — have exceeded 10,000 per quarter, the analysis found.

Other in-demand positions included attack specialists, reverse engineers, testers, analysts, administrators and designers. Even the most sophisticated hacking crews still need help, the researchers said.

SHARE

Facebook LinkedIn Twitter Reddit

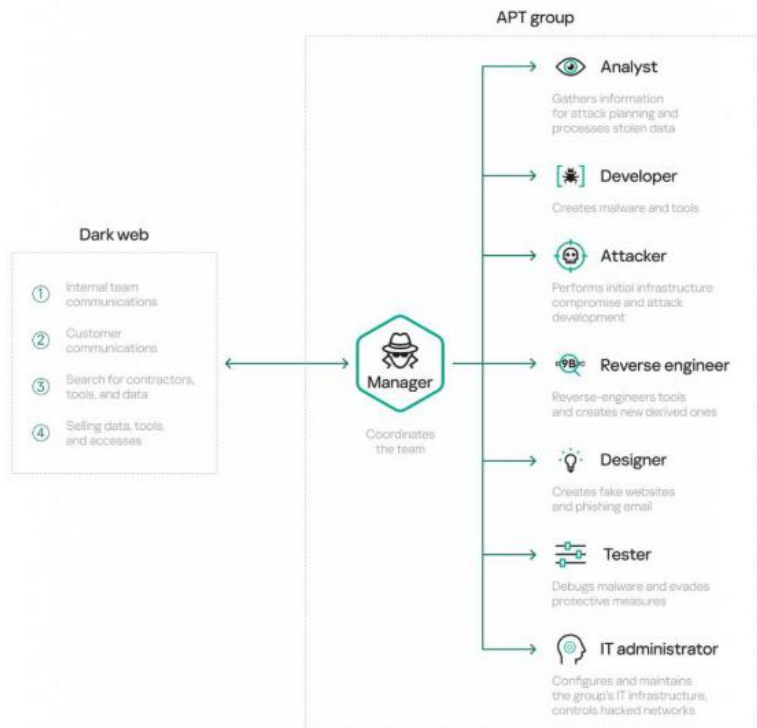
FBI seizes Hive ransomware group infrastructure after lurking in service months

BY TONYA RILEY

Russia's Sandworm hackers blame Ukraine malware attack

BY AJ VICENS

Cybercrime is highly organized crime:



Source: Kaspersky: <https://securelist.com/darknet-it-headhunting/108526/>

Front of mind for Executives

The Sydney Morning Herald

Cyberthreats top CEO list of concerns for 2024

Colin Kruger
January 3 2024 – 2:44pm

Corporate bosses have nominated cybersecurity as the biggest worry keeping them awake at night as hackers continue to ramp up activity, with recent attacks on St Vincent's Health and Victoria's court system.

A report from KPMG, Keeping us up at night, which surveyed more than 300 Australian CEOs in October last year, nominated dealing with cyber risks as the top priority for 2024 and the next three to five years.

A large green circle containing a white thumbs-up icon, surrounded by concentric dotted circles.

eftsure

Bringing Financial Controls into the digital age

Using real-time alerts throughout the payment lifecycle, powered by a massive proprietary, verified vendor database, our breakthrough fraud-tech platform mitigates the risk of fraud and error putting you in control, creating certainty and ensuring you never pay the wrong people.



Leaders in Fraud Tech

YEARS
10
since inception

BILLION
\$ **210**
payments
protected in 2023

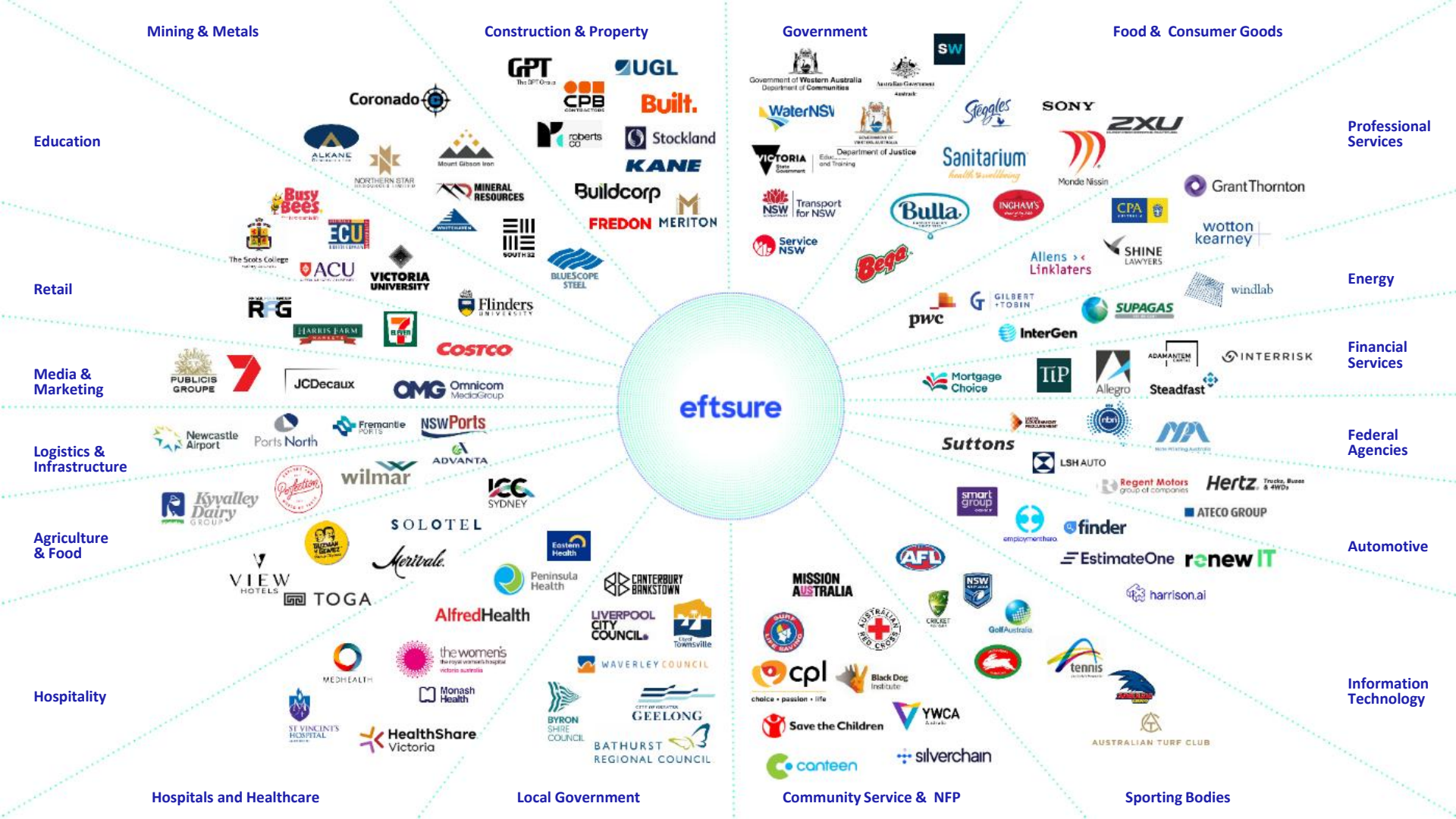
ABNs
95%
verified vendor records
in the database

2,000
customers / members



Some of our VIC Council Customers:

 Bayside CITY COUNCIL	 GLEN EIRA CITY COUNCIL	 CITY OF PORT PHILLIP	 Moreland City Council	 City of Casey	 City of KINGSTON
 CITY OF MELTON	 Nillumbik The Green Wedge Shire	 Mount Alexander Shire Council	 BULOKE SHIRE COUNCIL	 Colac Otway SHIRE	 CITY OF BALLARAT
 CITY OF GREATER GEELONG	 Mildura Rural City Council	 BAWBAW SHIRE COUNCIL	 ALPINE SHIRE COUNCIL	 Mansfield Shire	 Southern Grampians SHIRE COUNCIL
 GLENELG SHIRE Victoria's Birthplace	 moira SHIRE	 West Wimmera Shire Council	 BENALLA RURAL CITY	 SHIRE OF STRATHBOGIE	



Supplier
verified data

External
verified data

ASIC
ABR
Third Party Agencies
Bank verification
Credit Bureau
Other



Customer vendor
master data

Bank
verified data

redHealth

NSWPorts

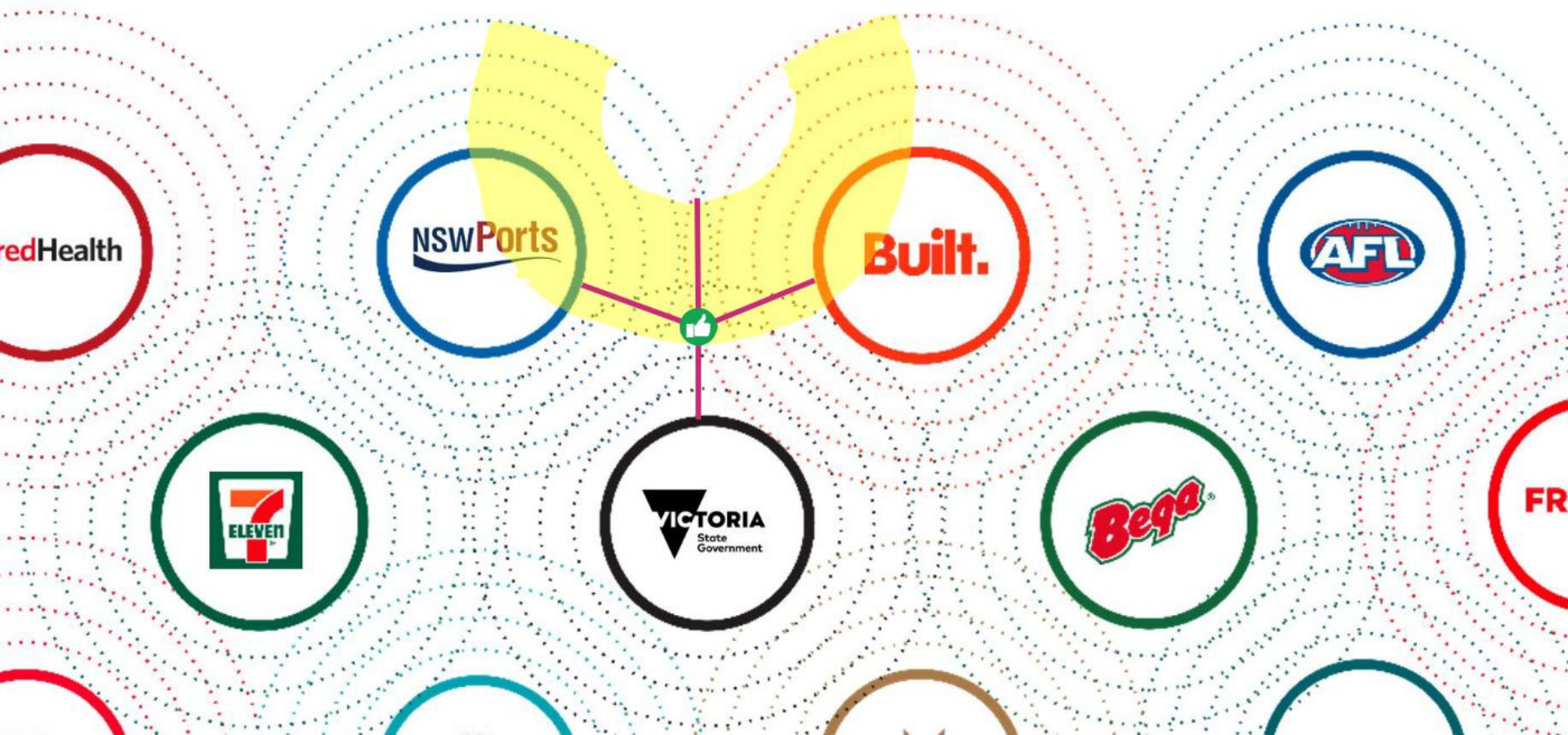
Built.

AFL



Bega

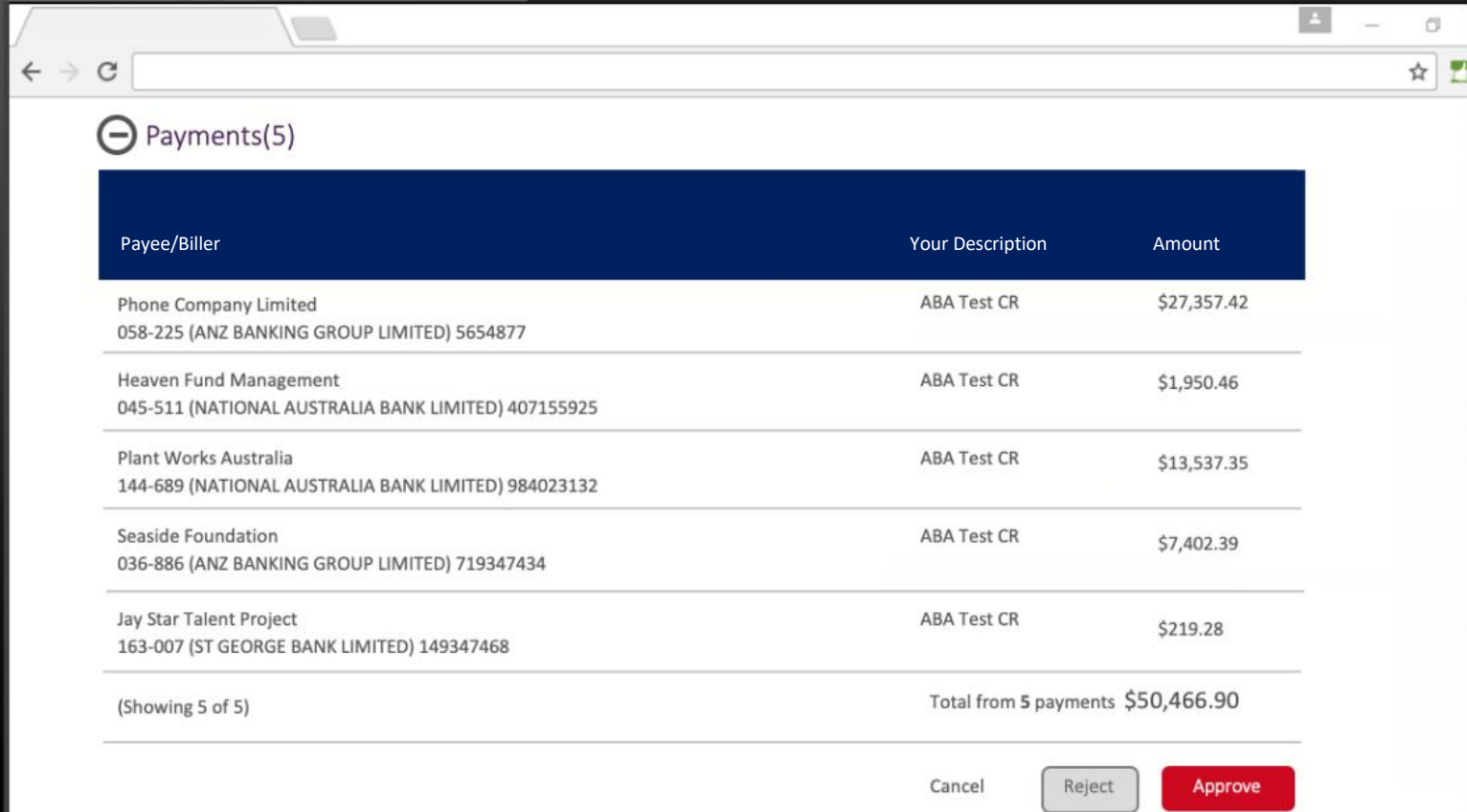
FR



Enhanced control throughout the payment lifecycle



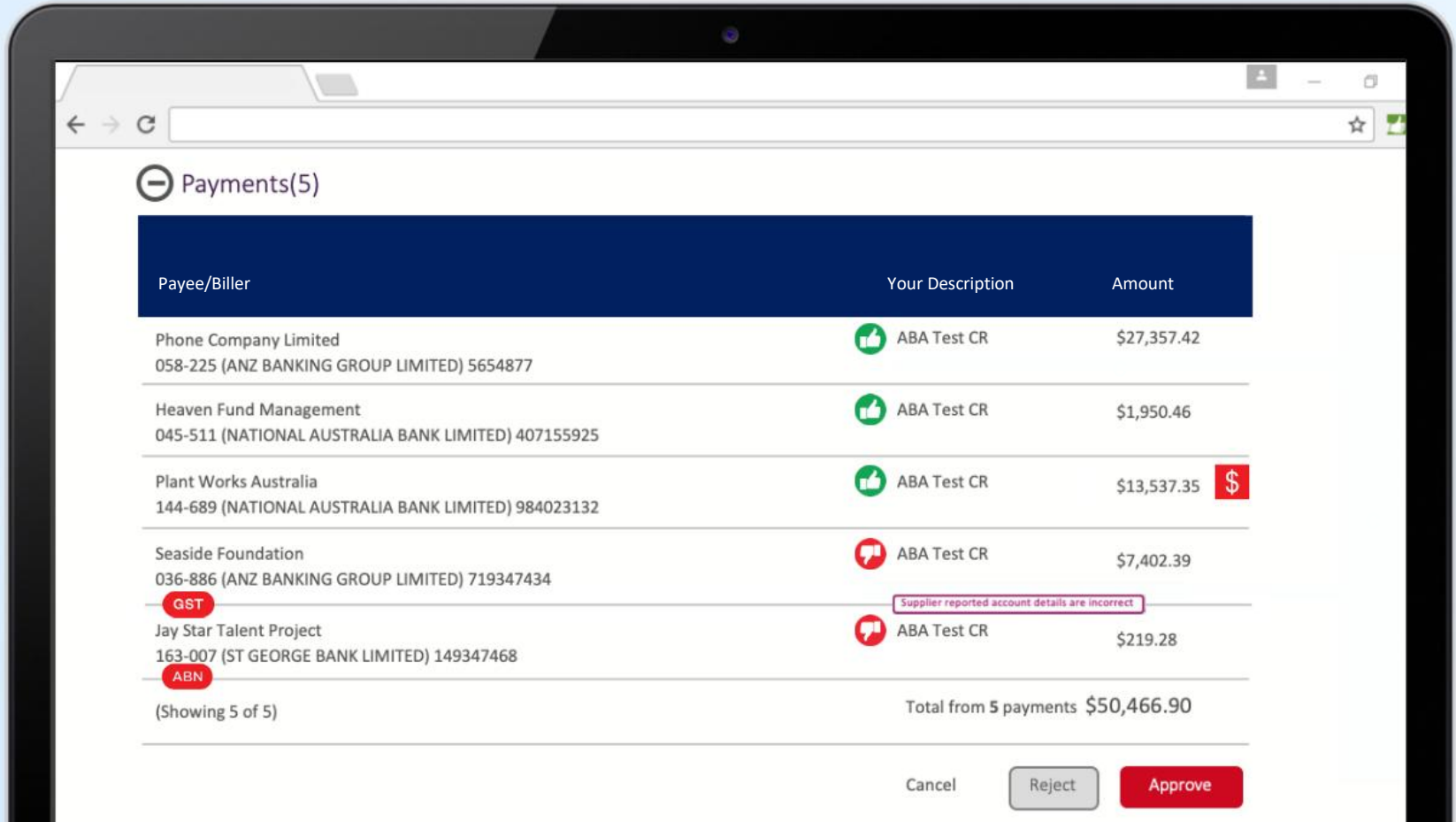
Can you spot the fraud?









Payee/Biller	Your Description	Amount
Phone Company Limited 058-225 (ANZ BANKING GROUP LIMITED) 5654877	ABA Test CR	\$27,357.42
Heaven Fund Management 045-511 (NATIONAL AUSTRALIA BANK LIMITED) 407155925	ABA Test CR	\$1,950.46
Plant Works Australia 144-689 (NATIONAL AUSTRALIA BANK LIMITED) 984023132	ABA Test CR	\$13,537.35
Seaside Foundation 036-886 (ANZ BANKING GROUP LIMITED) 719347434	ABA Test CR	\$7,402.39
Jay Star Talent Project 163-007 (ST GEORGE BANK LIMITED) 149347468	ABA Test CR	\$219.28
(Showing 5 of 5)	Total from 5 payments	\$50,466.90

Cancel Reject Approve

How about now?



Payee/Biller	Your Description	Amount
Phone Company Limited 058-225 (ANZ BANKING GROUP LIMITED) 5654877	 ABA Test CR	\$27,357.42
Heaven Fund Management 045-511 (NATIONAL AUSTRALIA BANK LIMITED) 407155925	 ABA Test CR	\$1,950.46
Plant Works Australia 144-689 (NATIONAL AUSTRALIA BANK LIMITED) 984023132	 ABA Test CR	\$13,537.35 
Seaside Foundation 036-886 (ANZ BANKING GROUP LIMITED) 719347434	 ABA Test CR	\$7,402.39
<div>GST</div> Jay Star Talent Project 163-007 (ST GEORGE BANK LIMITED) 149347468	<div>Supplier reported account details are incorrect</div>  ABA Test CR	\$219.28
(Showing 5 of 5)	Total from 5 payments	\$50,466.90

Cancel

Reject

Approve

As authorizer, it's on you:



Description: No description provided
Amount: \$1.00
Date: 6 Sep 2018

Check BSB and account numbers: Account names aren't used to process payments. Entering incorrect details may mean the wrong account is credited and it may not be possible to recover the funds.

If sufficient cleared funds aren't available, the payment may not be processed

[Go back and edit](#)

Confirm



Important information

It's your responsibility to ensure that all of the information you have provided is correct and to check the PayID name shown when paying to a PayID. If you enter an incorrect BSB, account number or PayID your payment may be paid to an unintended recipient and may not be recovered. ANZ does not check that the details provided by you are correct or that the account name matches the account number.

Once final authorisation has been completed, your payment will be lodged and cannot be cancelled.

Future-dated payments require cleared funds to your account by 11:59pm, Melbourne time on the day before the scheduled payment date otherwise your payment will be unsuccessful.

[When will the payment be processed?](#)

[Find out how to manage your future payments/transfers](#)

Cancel

Confirm >



When

Thursday 20 Sep 2018 Sydney/Melbourne time

Some financial institutions may process transactions by BSB and account number or account number only without checking the account name. Please carefully check these details, as you may not be able to recover an incorrect payment.

To ensure your security we require you to generate and enter a NetCode to continue

GET NETCODE

Enter your NetCode

The money will be debited from your account on the nominated date and your payment should be received on Friday 21 Sep 2018 (Sydney/Melbourne time).

Cancel

Pay

Online Banking Alerts - Westpac

Suppliers Suppliers Suppliers | ef X Sign in to Westpac Online Bank X +

banking.westpac.com.au/wbc/banking/handler?fi=wbc&TAM_OP=login&segment=personal&logout=false

Lost or stolen cards Contact us Locate us Register for Westpac Online Banking

Home Personal Business Corporate About us

Sign in to Westpac Online Banking

Customer ID

30672746

Password

.....

☐ Remember customer ID

Sign in

[Forgot customer ID or password?](#)

Security reminder
Westpac Protect™

- Don't sign in if you are sharing access to your computer
- Never share your security codes or passwords with anyone
- Call us on 132 032 if you are being asked to do this

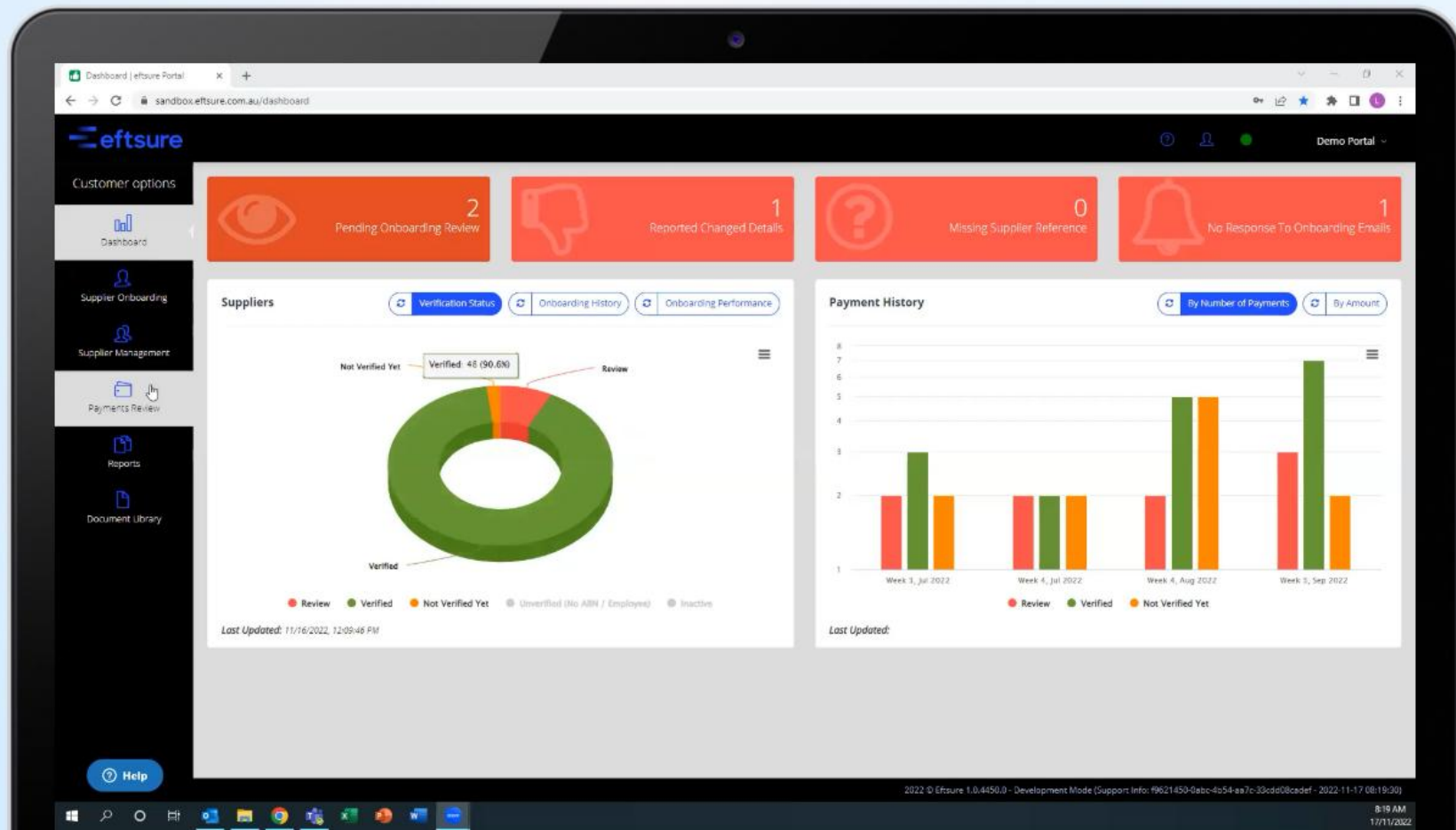
[Learn more about staying safe](#)

> Register for Online Banking
> Online Help
> What's new
> Online Banking features

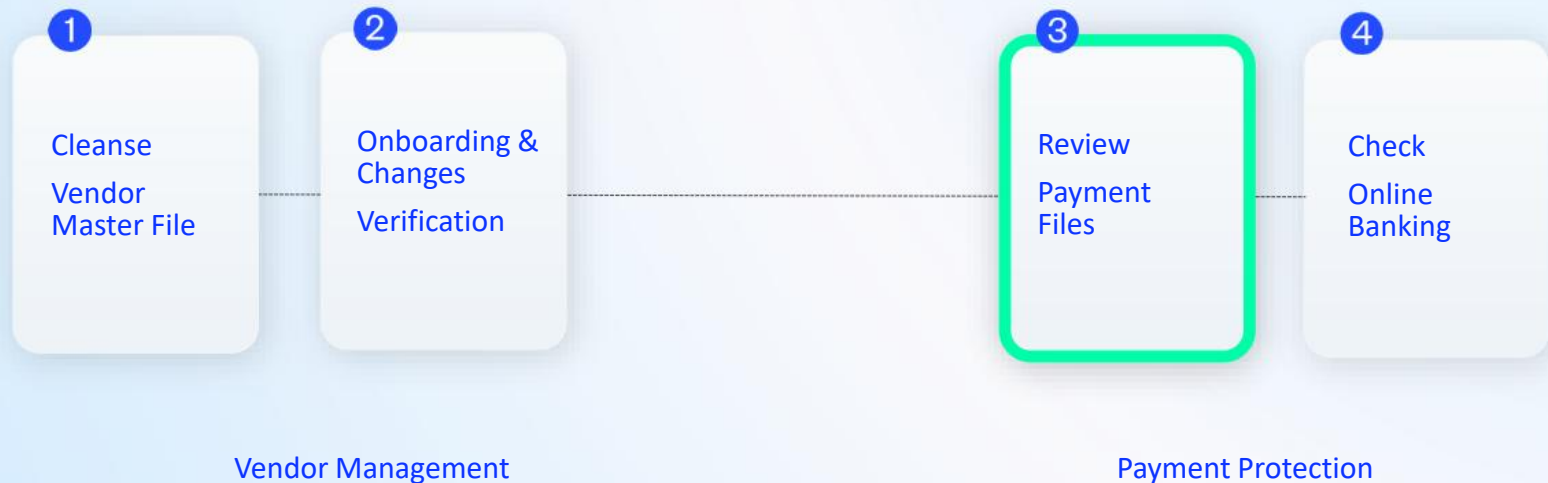
Enhanced control throughout the payment lifecycle



Payment File Review



Enhanced control throughout the payment lifecycle

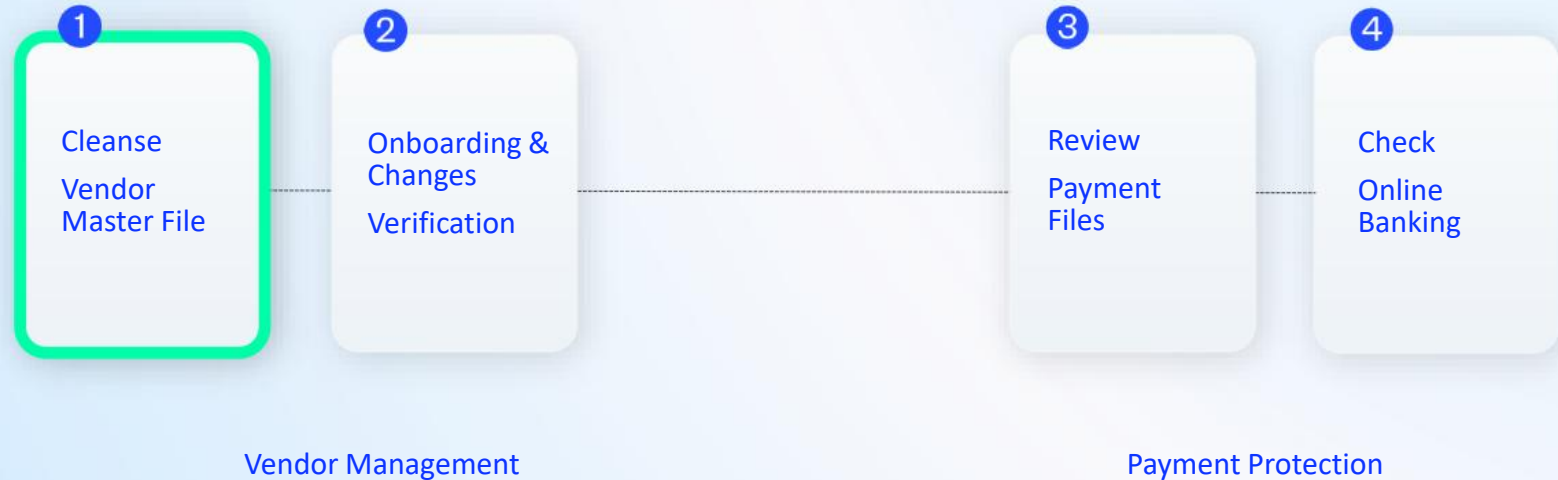


Comprehensive Audit Report on your VMF

	Risk	Report Section	Item	Average %
●	CRITICAL	1	Incorrect bank account number	1%
●	HIGH	2	Similar bank account name but different account number	3%
●	CAUTION	3	Duplicate supplier records	9%
●	CAUTION	4	Mismatch with supplier's official bank account name	3%
●	CAUTION	5	Mismatch with supplier's bank account name in other customers' VMFs	1%
●	CAUTION	6	Invalid ABN	6%
●	CAUTION	7	ABN mismatch with ASIC registered Company Name	1%
●	HIGH	8	Incorrect GST Status	1%

Total **25%**

Enhanced control throughout the payment lifecycle



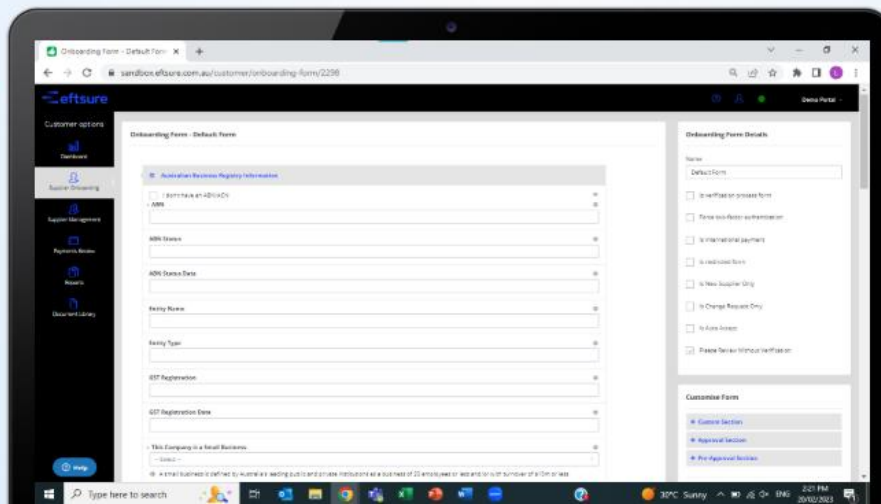
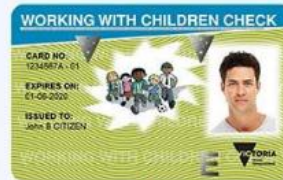
Customise your vendor onboarding form(s)

The screenshot displays the 'Onboarding Form - Default Form' interface within a web browser. The browser's address bar shows the URL 'sandbox.eftsure.com.au/customer/onboarding-form/2298'. The eftsure logo is visible in the top left corner of the application. A left-hand sidebar contains navigation links: 'Customer options', 'Dashboard', 'Supplier Onboarding', 'Supplier Management', 'Payments Review', 'Reports', and 'Document Library'. The main content area is titled 'Onboarding Form - Default Form' and contains several sections for data entry:

- Australian Business Registry Information:** Includes a checkbox for 'I don't have an ABN/ACN', an 'ABN' field, 'ABN Status', 'ABN Status Date', 'Entity Name', 'Entity Type', 'GST Registration', 'GST Registration Date', and a dropdown for 'This Company is a Small Business'.
- Onboarding Form Details:** A list of checkboxes for various settings: 'Is verification process form', 'Force two-factor authentication', 'Is international payment', 'Is restricted form', 'Is New Supplier Only', 'Is Change Request Only', 'Is Auto Accept', and 'Please Review Without Verification' (which is checked).
- Customise Form:** A section with three expandable options: '+ Custom Section', '+ Approval Section', and '+ Pre-Approval Section'.

The bottom of the screen shows a Windows taskbar with the search bar, task view button, and several application icons. The system clock indicates the time is 2:21 PM on 20/02/2023, with a weather widget showing 30°C Sunny.

Add Certificates of Currency to onboarding



Issue email invitations secured with 2FA

The screenshot shows a web browser window displaying the 'Pending Supplier Invitations' page on the Eftsure platform. The browser's address bar shows the URL 'sandbox.eftsure.com.au/customer/suppliers/'. The left sidebar contains navigation links for 'Customer options', 'Dashboard', 'Supplier Onboarding', 'Supplier Management', 'Payments Review', 'Reports', and 'Document Library'. The main content area is titled 'Pending Supplier Invitations' and features a '+ Invite Supplier' button. Below this is a table with one entry:

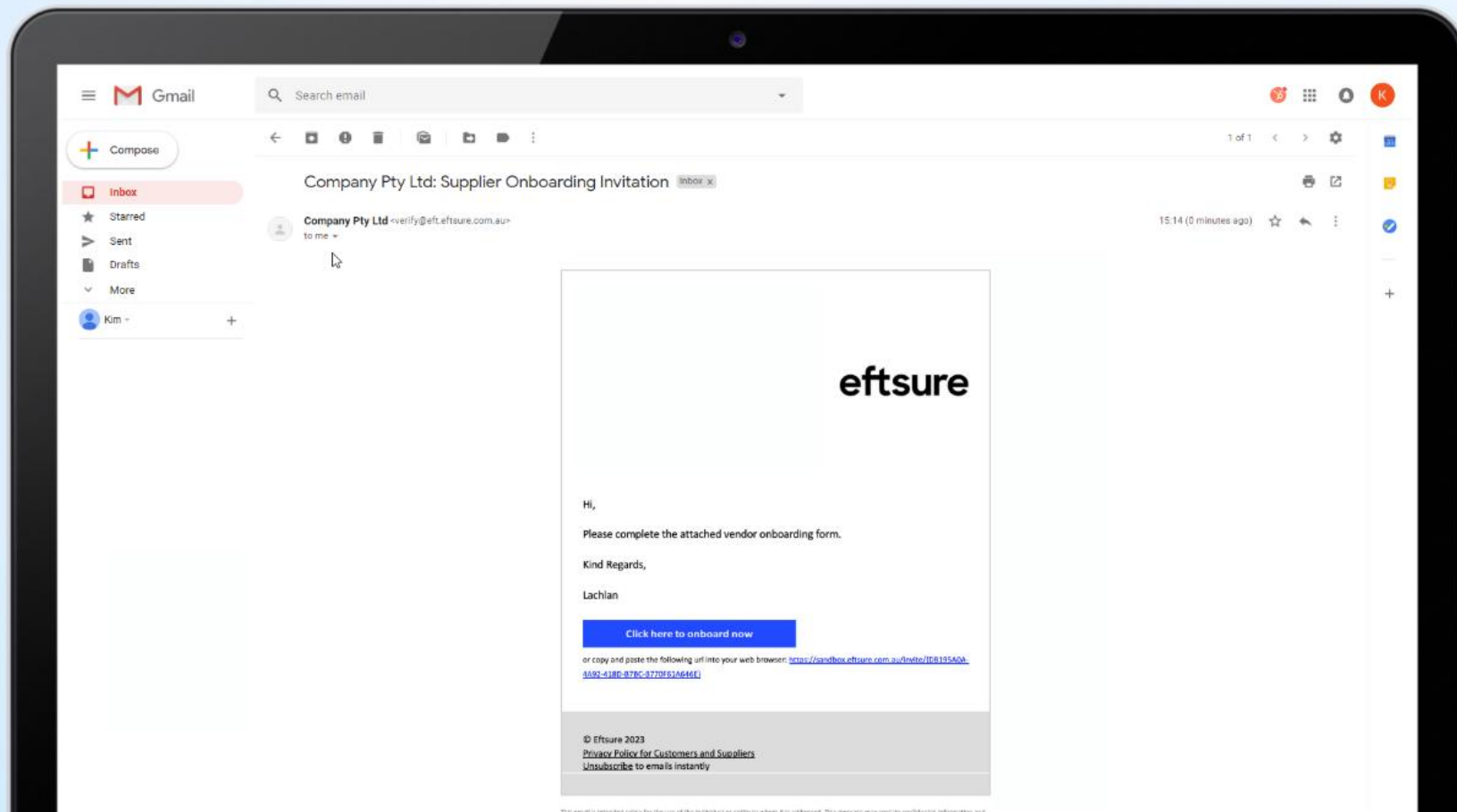
<input type="checkbox"/>	Company name	Status	Invite email	Invited by
<input type="checkbox"/>	North Sydney Coffee	Please review (sms code not entered)	lachlan.williams.work+100@gmail.com	Lachlan Williams 2023, 06/17 11:07 PM

Below the table, it says 'Showing 1 to 1 of 1 items'.

The 'Invite Supplier' modal is open on the right, showing a form for 'Domestic Onboarding Form'. The form includes fields for 'Company Name *', 'Contact First Name *', 'Contact Last Name', 'Email Address *', 'Contact Mobile Phone Number', 'Contact Landline Phone Number', 'Phone Number Authorization' (set to 'Not Selected'), and 'Contact Country' (set to 'Australia'). A note states: 'Please make sure the mobile number is trusted and correct (and not from a single invoice or email) as it will be used to send a security code to the supplier to complete the onboarding and may also be used by Eftsure to make a verification calls if we are unable to source the number independently.' At the bottom of the modal are 'Cancel' and 'Continue' buttons.

The Windows taskbar at the bottom shows the search bar, task view button, and several open applications including Chrome, Teams, Excel, PowerPoint, Word, and Outlook. The system clock indicates 2:36 PM on 20/02/2023, with weather information for 29°C Sunny.

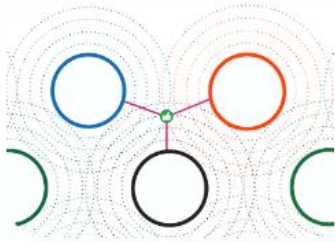
Supplier receives it in their inbox



Three verification tracks:

1

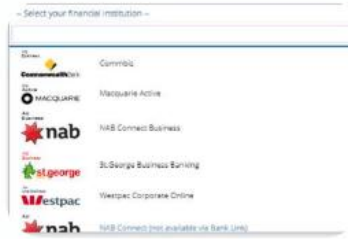
Instant Cross-Match



- Majority of suppliers
- Pre-Verified in Eftsurre 6.5m strong Database
- 95% of ABNs

2

Fast Bank-Link



- Supplier verifies securely through their financial institution
- Not in pre-verified Eftsurre Database

3

Expert Phone call

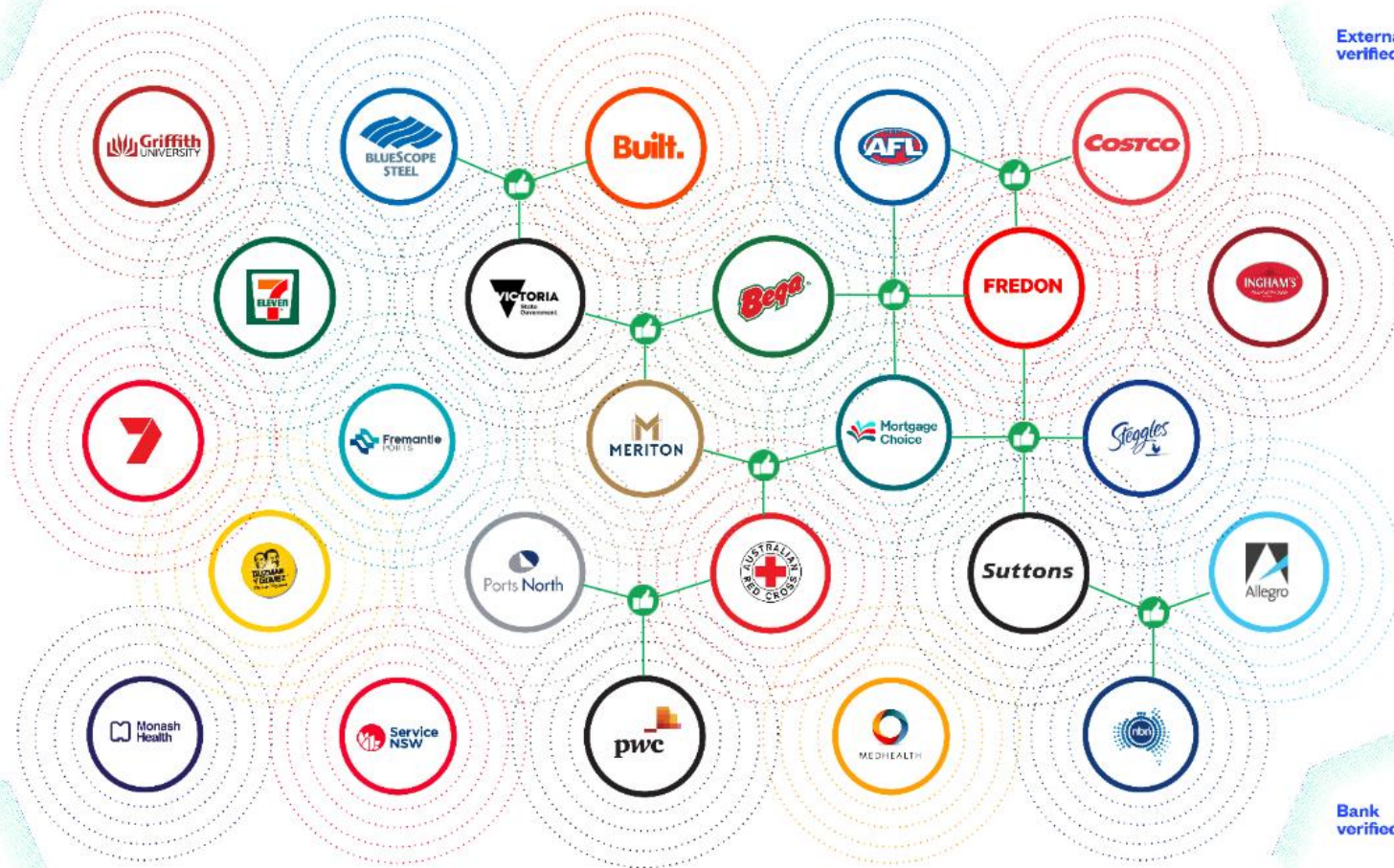


- Independent verification by Eftsurre's expert fraud-detection team with outbound call
- Not in pre-verified Eftsurre Database

Supplier
verified data

External
verified data

ASIC
ABR
Third Party Agencies
Bank verification
Credit Bureau
Other



Customer vendor
master data

Bank
verified data

1. Instant Verification < Cross-Matching

The screenshot displays the EFTSURE PTY LTD supplier onboarding portal. The main content area shows the 'Onboarding Status: Please complete' with a progress bar indicating 'Company Information' is complete and 'Payment Details' is in progress. Below this, the 'Payment Information' section is active, showing a dropdown menu for 'Select a payment type --'. At the bottom of this section are two buttons: 'Add another payment type and continue' and 'Remove selected payment type'.

A side panel on the right, titled 'Select bank account you previously verified with Eftsure', provides options for account verification. It includes a text box for 'Existing account' (BSB:032099 ACC:***395) and a 'Verify account number' section with input fields for the digits 6, 6, 3, 3, 9, 5. A blue checkmark indicates that the bank account number matches. Below this, there is a text box for 'Account name' (EFTSURE PTY LTD) and three radio button options: 'I would like to use a different account', 'We don't accept payments by EFT / bank transfer - our terms are COD only', and 'Finish'.

The browser address bar shows the URL 'sandbox.eftsure.com.au/supplier/payment-types'. The Windows taskbar at the bottom displays the system clock as 2:59 PM on 20/02/2023, along with various system icons and application shortcuts.

Three verification tracks:

1

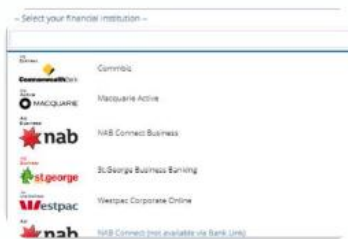
Instant Cross-Match



- Majority of suppliers
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- 95% of ABNs

2

Fast Bank-Link



- Supplier verifies securely through their financial institution
- Not in pre-verified Eftsure Database

3

Expert Phone call



- Independent verification by Eftsure's expert fraud-detection team with outbound call
- Not in pre-verified Eftsure Database

Supplier enters bank account information

eftsure Portal

sandbox.eftsure.com.au/supplier/payment-types

Options

Onboarding requests > Demo Portal

Onboarding Status: Please complete

Onboarding Progress

Company Information

Payment Details

Payment Information

-- Select a payment type --

Add another payment type and continue Remove selected payment type

Please provide your Australian bank details in one of the following ways

Please *either* click the Blue "Enter my account details manually" button below to enter your bank account details (this option will take longer as it *may* result in Eftsure calling you to confirm the details)

Enter my account details manually

or *alternatively*, for a much quicker automatic process (without the need for a call from Eftsure), you may select your bank from the dropdown list and follow the prompts to login to your bank through the system.

-- Select your financial institution --

OR

We don't accept payments by EFT / bank transfer - our terms are COD only

Close

Type here to search

Breaking news

2:52 PM 20/02/2023

2. Express Verification < BankLink (1/2)

The screenshot shows a laptop screen displaying the Eftsure Portal. The browser address bar shows the URL: `sandbox.eftsure.com.au/supplier/payment-types`. The page title is "eftsure Portal".

The main content area is titled "Onboarding Status: Please complete". It shows an "Onboarding Progress" bar with two steps: "Company Information" (completed) and "Payment Details" (in progress). Below the progress bar, there is a section for "Payment Information" with a dropdown menu labeled "-- Select a payment type --". At the bottom of this section are two buttons: "Add another payment type and continue" and "Remove selected payment type".

A modal window is open on the right side of the screen, titled "Please provide your Australian bank details in one of the following ways". It contains the following text:

Please *either* click the Blue "Enter my account details manually" button below to enter your bank account details (this option will take longer as it *may* result in Eftsure calling you to confirm the details)

[Enter my account details manually](#)

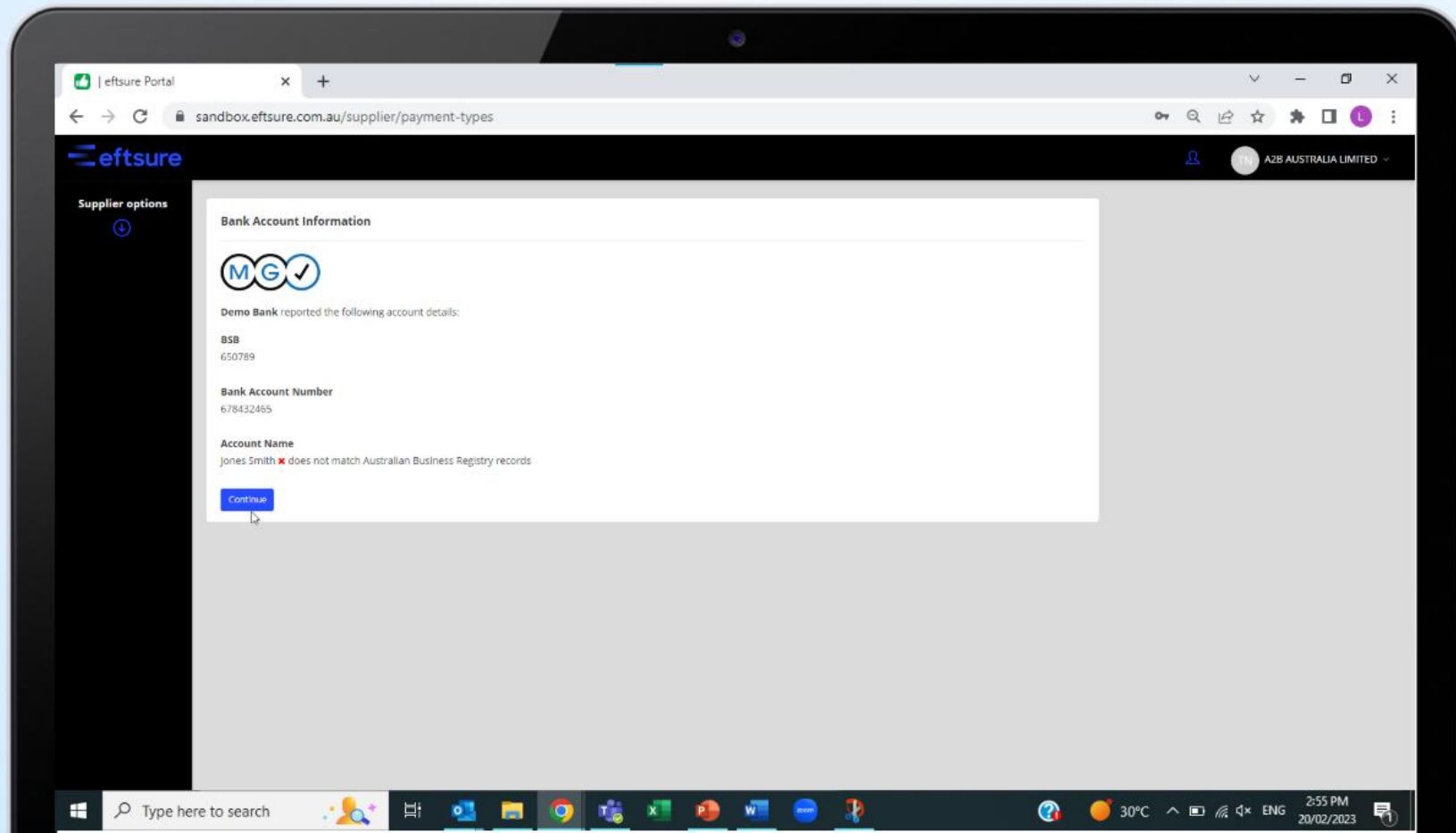
or *alternatively*, for a much quicker automatic process (without the need for a call from Eftsure), you may select your bank from the dropdown list and follow the prompts to login to your bank through the system.

The modal also features a dropdown menu labeled "-- Select your financial institution --" with a list of Australian banks and their business banking options:

- Commonwealth Bank - CommBiz
- MACQUARIE - Macquarie Active
- nab - NAB Connect Business
- st.george - St George Business Banking
- Westpac - Westpac Corporate Online
- nab - NAB Connect (not available via Bank Link)

The Windows taskbar at the bottom shows the time as 2:55 PM on 20/02/2023, along with various system icons and the search bar.

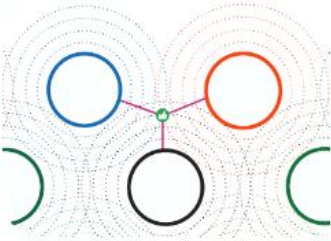
2. Express Verification < BankLink (2/2)



Three verification tracks:

1

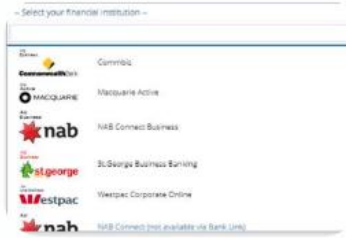
Instant Cross-Match



- Majority of suppliers
- Pre-Verified in Eftsure 6.5m strong Database
- 95% of ABNs

2

Fast Bank-Link



- Supplier verifies securely through their financial institution
- Not in pre-verified Eftsure Database

3

Expert Call-back



- Independent verification by Eftsure's expert fraud-detection team with outbound call
- Not in pre-verified Eftsure Database

Expert Call-back and Fraud Screening:

- | | |
|----------------------------------|--|
| 1. Expertise and Experience | Team are continuously trained on the latest scams and frauds. |
| 2. Independently Source | White pages/Yellow Pages, Legitimate Website that belongs to the Supplier or 5 Web Pages on Google with the same number. |
| 3. Always Outbound, no voicemail | No incoming information is used, ever. Outbound Voicemails are never left and inbounds never responded to |
| 4. Country Check via IP Address | IP Quality Score collects data by checking IP Address of the Computer where onboarding was accessed from as well as country. If the onboarding has been accessed from an international domain. |
| 5. Website Registration | The Website's (DNS) registration date is checked and flagged if it is less than one year old. |
| 6. VPN Check | If a supplier is using a VPN, its favored to ask the supplier on the time of call if they used a VPN in the time of completing the onboarding. |



Customer Acceptance after verification

The screenshot displays the eftsure Portal interface. The left sidebar contains navigation options: Customer options, Dashboard, Supplier Onboarding, Supplier Management, Payments Review, Reports, and Document Library. The main content area shows the 'Accept and Add Supplier Reference' dialog box, which is open over a greyed-out background of the supplier's profile.

Supplier Profile (Background):

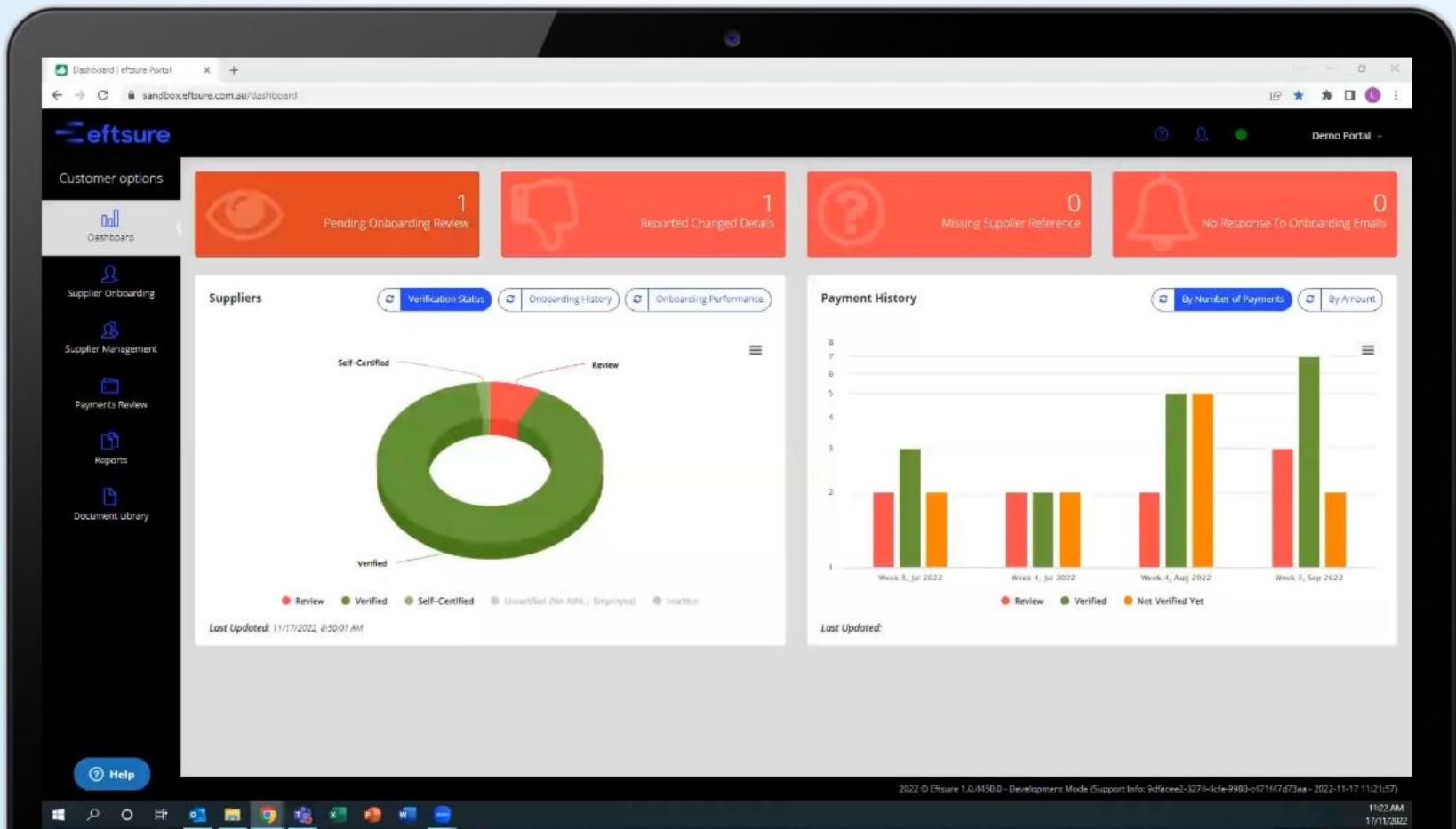
- Account Name: EFTSURE PTY LTD
- Company Representative Details**
 - First Name *: Michael
 - Last Name *: Galanis
 - Position *: CFO
- Verification Status**
 - Verified Account Name: EFTSURE PTY LTD
 - Verification Date: 2022, Oct 19 11:18 AM
 - Source of Data: Eftsure database
 - Verification Team Member: Patricia C
- Country last accessed from:** AU

Accept and Add Supplier Reference (Dialog Box):

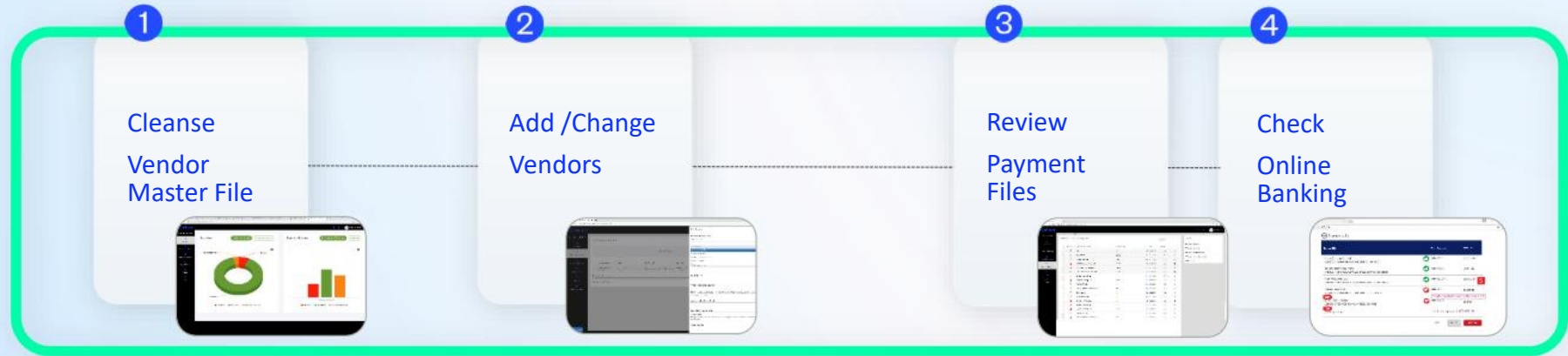
- BSB: 032099
- Bank Account Number: 663995
- Account Name: EFTSURE PTY LTD
- Supplier Name: EFTSURE PTY LTD
- ABN/ACN: 21169403736
- ☒ Notify supplier
- Supplier Reference: EFT101

At the bottom of the dialog box, there are buttons for 'Close', 'Start again', and 'Next'. The background of the main content area has buttons for 'Back', 'Reject', 'Incomplete', and 'Accept'.

Manual Verification (without using Supplier Onboarding Form)



Enhanced security AND efficiency end to end



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Payment Protection

Enhance your controls and bring them to Digital Age



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No More ABN Lookups

Automatic matching
Of payee bank
account
information to ABN



No More line-by-line payment file checks

Instant real-time bank
account detail
verification across
payment files of any
size



Save you 28min for every supplier addition or change

Automated and secure
vendor changes using
forms customized to
your needs



Save you 59 seconds per payment line item

Instant real-time bank
account detail
verification across
payment files of any size

Eftsure is easy:

- Portal Access: **immediate**
- Bank extension download: **2 min**
- VMF Health Check: **3-4 weeks**
- Staff Training: **1-2 hours**

"Implementing Eftsure was a seamless and straightforward experience. The setup process was remarkably easy, allowing us to effortlessly integrate Eftsure into our finance process"

-Adele Chester, Accounts and Payroll Officer
Port of Portland



Collaborations and partners:



Big Four Accounting



Multinational Banks



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Forensic Consulting



Banks



Community

Seriously secure, powerfully private:



ISO Certified



Security Due Diligence



Full Code and Policy Review



Architecture and Security Review



All data stored in Australia

TLS 1.3 | 256-bit

Data Encrypted in transit & at rest



"Eftsure is saving us 1.5 FTEs"

- Jim Snelgrove , Payment & Account Services
Manager, Georgiou Construction



"We have saved up to 30 hours per month from faster supplier onboarding and outsourcing the checking of new supplier details."

- Jacob Attwood, Group Financial Controller, AFL



"In my manager role alone, the timesaving of utilising Eftsure to automate bank detail verifications and approvals is minimum 5 hours per week. Extraordinary!"

- Lucy Baer, Group Financial Accountant,
Manildra Group



"Before implementing Eftsure, our vendor verification process was manual and time-consuming. With Eftsure, we've dramatically transformed this process—what used to take hours now takes just 5 minutes. This time savings has not only streamlined our Accounts Payable operations but also significantly enhanced our workflow efficiency"

-Adele Chester, Accounts and Payroll Officer Port of Portland



“It’s having tools like Eftsure that help **prevent** **cybercrime**.”

- Robert Thorpe, Managing Director F&O, Allegro Funds



“It’s the **peace of mind** when you’re using Eftsure.”

- Cameron McKinley, Finance Manager, Cricket Victoria



“Eftsure for an Entity like Mineral Resources Limited is **a lifesaver** .”

- Tony Morganti, Financial Controller, Mineral Resources

Thank You

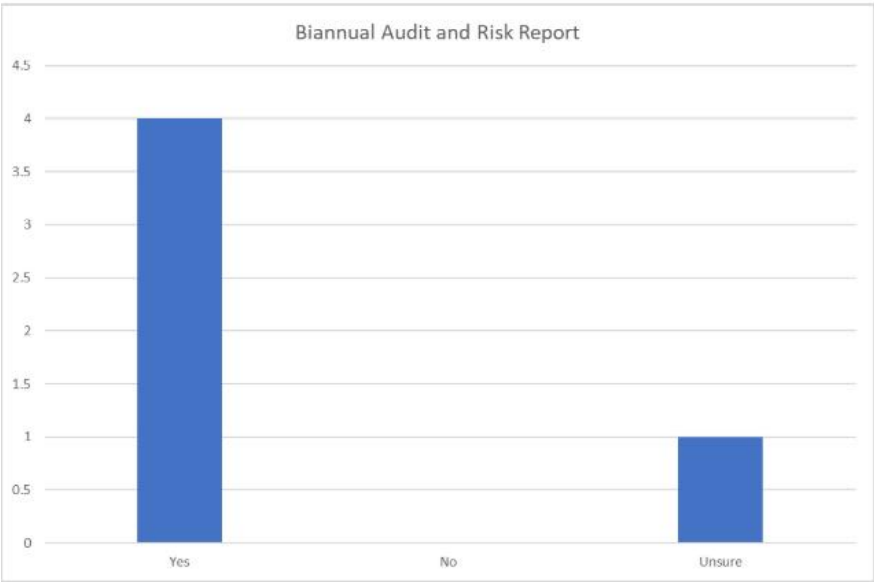
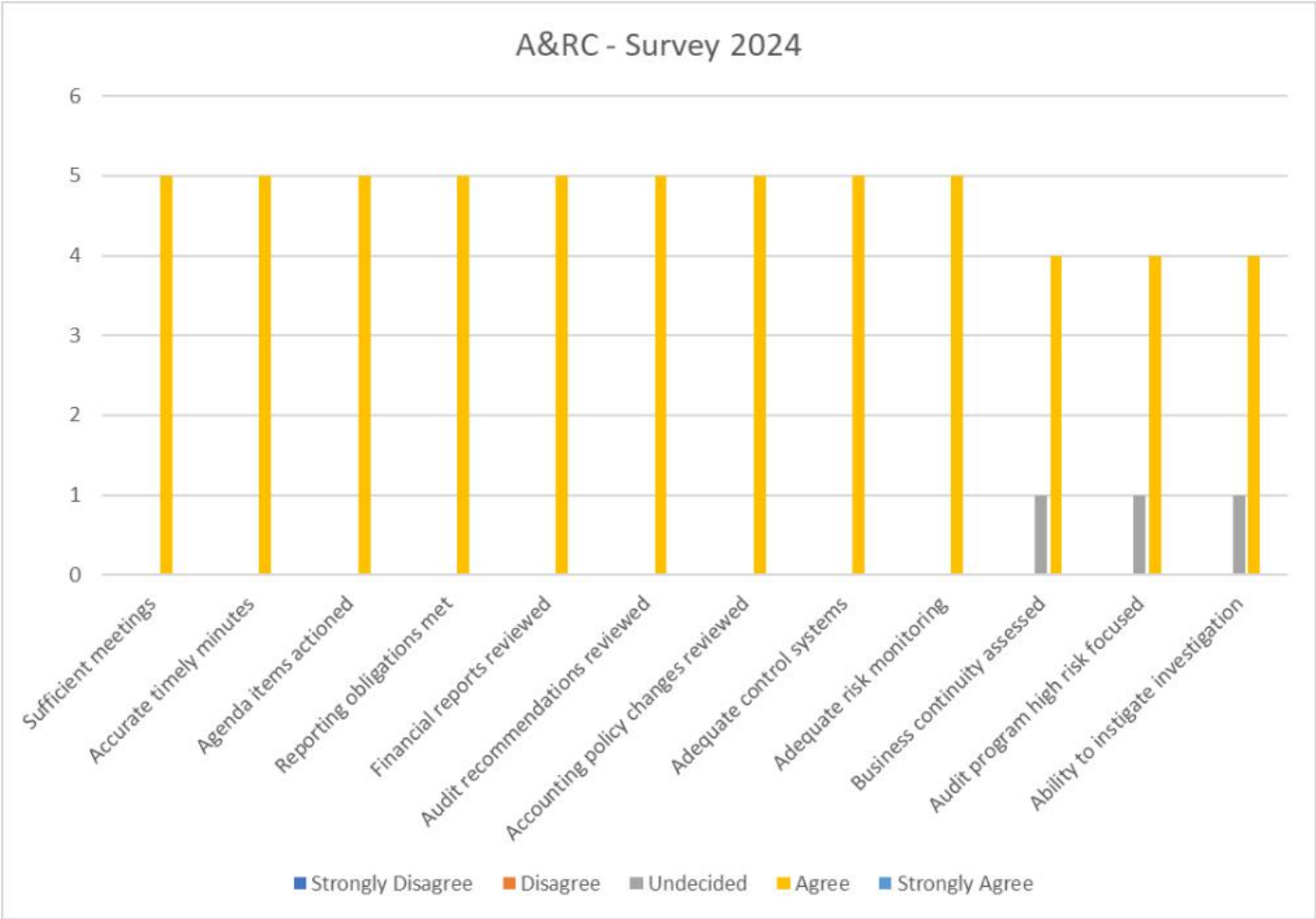
Siobhan Anderson, CA
Business Development Manager
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eftsure



Audit And Risk Committee – Annual Performance Assessment 2023-24

These are the results of the self-assessment survey. All 5 members of the committee responded.



Comments

I think overall the ARC committee reporting has improved however I am still somewhat concerned that we are very reliant upon management staff to highlight risk areas to us and at times we should and could be asking more questions.

Audit and Risk Committee Charter



September 2024



Northern Grampians Shire Council
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The Audit and Risk Committee (the Committee) is an independent advisory committee to Council, established to assist in the effective conduct of Council's responsibilities for good governance, the management of risk, financial reporting and maintenance of reliable systems and internal controls in order to facilitate the achievement of its organisational objectives in an efficient, effective and ethical manner.

The Charter sets out the appropriate authority, composition, meeting requirements and responsibilities of the Committee to ensure good practice and compliance with the requirements of the *Local Government Act 2020* and is supported by the Committee's Guidelines.

Authority

The Committee has the responsibility to:

- Monitor the compliance of Council policies and procedures with the overarching governance principles, the *Local Government Act 2020* and any Ministerial directions.
- Monitor Council's financial and performance reporting.
- Monitor and provide advice on risk management and fraud prevention systems and controls.
- Oversee internal and external audit functions.

Composition

- The Committee will consist of at least three members, the majority of whom must be independent of Council.
- The Committee must include members who are Councillors of the Council.
- Members of Council staff must not be committee members.
- The Council will appoint the Committee members and the chairperson.
- The chairperson of the Committee must be independent.
- The majority of members of the Committee are required to demonstrate, collectively, expertise in financial management, environmental management, risk and experience in public sector management.

Meetings

- The Committee will meet at least four times a year.
- Additional meetings to be discussed and agreed with the Council and/or management as circumstances require.
- All Committee members are expected to attend each meeting, in person or through teleconference or video conference.
- A quorum is a majority of the Committee members.
- The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide pertinent information, as necessary.
- The Chief Executive Officer will ensure the preparation and maintenance of meeting agendas, minutes and reports and that they are provided at least one week in advance to members, along with appropriate briefing materials.

Responsibilities

The Committee will carry out the following functions and responsibilities:

Annual Work Program

- The Committee is required to adopt an Annual Work Program.

Financial Report

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- Review with management and the external auditors the results of the audit.
- Review the annual financial report, and consider whether it is complete, consistent with information known to Audit and Risk Committee members and reflects appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the Committee pursuant to the Australian Auditing Standards.

Internal control

- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Risk management

- Monitor the systems and process via the Council's risk profile to ensure that material operational risks to the Council are dealt with appropriately.
- Consider the adequacy of actions taken to ensure that the material business risks have been dealt with in a timely manner to mitigate exposures to the Council.
- Conduct an annual review of performance on continual improvement in risk management through the monitoring of annual risk management performance objectives.
- Take action and make decisions on the most appropriate treatment measures when Council's extreme and risks are escalated to the Audit and Risk Committee.

Business continuity

- Monitor processes and practices of the Council to ensure effective business continuity.

Internal audit

- Review with management the Charter, activities, staffing, and organisational structure of the internal audit function.
- Review and recommend the annual audit program for approval by the Council and all major changes to the program.
- Monitor processes and practices to ensure that the independence of the audit function is maintained.
- As part of the Committee's annual assessment of performance, determine the level of satisfaction with the internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- Monitor that the annual work program is linked with and covers the material business risks.
- Provide an opportunity for the Committee to meet with internal auditors to discuss any matters that the committee or internal auditor believe should be discussed privately.

External audit

- Note the external auditor's proposed audit strategy, scope and approach, including any reliance on internal auditor activity.
- Provide an opportunity for the Committee to meet with the external auditors, to discuss any matters that the committee or the external auditors believe should be discussed privately.

Compliance

- Review the systems and processes to monitor organisational compliance with legislation and regulations. Report the findings and results of management's investigation with follow-up of any instances of non-compliance.
- Keep informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings.
- Obtain regular updates from management about compliance matters.

Reporting responsibilities

- Undertake an annual assessment of its performance against the Committee Charter.
- Provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting.
- The Chief Executive Officer must table reports and annual assessments of the Committee at Council meetings when required by *the Local Government Act 2020* and when requested by the chairperson of the Committee.
- Prepare a biannual audit and risk report that describes the activities of the Committee, including its findings and recommendations, and provide a copy of the report to the Chief Executive Officer for tabling at the next Council meeting.
- Monitor that open communication between internal auditors, the external auditors, and the Council occurs.
- ~~● Report annually to stakeholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation. **Remove as superseded by biannual report**~~
- Consider the findings and recommendations of relevant performance audits undertaken by the Victorian Auditor-General and to ensure the Council implements relevant recommendations.

Other responsibilities

- Perform other activities related to this Charter as requested by the Council.

References

Local Government Act 2020 – Section 53 & 54
NGSC Audit and Risk Committee Guidelines

Review

Assessment of the charter will be undertaken every four years to align with the Council term to ensure it remains current with the Council's goals, processes, aims and requirements and as a means by which to reduce Council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures.

Review history

Date	Review details	Action
3 August 2020	Reported to Council	Adopted by Council
18 September 2024	Reported to Audit & Risk Committee	

Audit and Risk Committee Guidelines



September 2024



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Audit and Risk Committee Guidelines



Prepared by position

Functional area

Date adopted

Review date

Manager Financial Services

Financial Services

September 2024

September 2028

Introduction

Council must establish an Audit and Risk Committee (the Committee) and prepare and approve an Audit and Risk Committee Charter (the Charter) under sections 53 and 54 of the *Local Government Act 2020* (the Act).

Purpose

These guidelines support the Charter and are for the use of the Committee members, management and both internal and external auditors, to clarify the roles and responsibilities of each party, and to assist with communication and assessment of the effectiveness of risk management and internal control systems.

Audit and Risk Charter

The Charter sets out the appropriate authority, composition, meeting requirements and responsibilities of the Committee to ensure good practice and compliance with the requirements of the *Local Government Act 2020*.

The Charter is adopted by Council to meet the needs of the operating environment and must be reviewed at least every four years by the Committee to ensure it remains relevant to both Council and regulatory requirements.

Role of the Audit and Risk Committee

The Committee is an independent advisory committee focusing on:

- Monitoring of risk management systems, internal control frameworks, compliance and internal audit activities
- Integrity of financial reporting
- Liaison between external auditors, internal auditors and management.

The role of the Committee is set out in the Charter.

Composition

The composition of the Committee is set out in the Charter as follows:

- The Committee will consist of at least three members, the majority of whom must be independent of Council.
- The Committee must include members who are Councillors of the Council.
- Members of Council staff must not be committee members.
- The Council will appoint the Committee members and the chairperson.
- The chairperson of the Committee must be independent.
- The majority of members of the Committee are required to demonstrate, collectively, expertise in financial management, environmental management, risk and experience in public sector management.

Members will be provided with the opportunity to attend technical and professional development courses as relevant.

The Mayor

The Mayor may be a member of the Committee if they are one of the Councillor Representatives.

If not a member of the Committee, the Mayor may attend meetings however the Committee retains the right to exclude the Mayor from a meeting if it is considered necessary.

The Chief Executive Officer and Council officers

The Chief Executive Officer and Council officers may not be appointed to the Committee however the Chief Executive Officer should attend all meetings of the Committee and should invite other Council officers as appropriate.

The Committee retains the right to exclude the Chief Executive Officer and Council officers from a meeting if it is considered necessary.

Councillor Representatives

The Councillor Representatives will be appointed annually at Council's December meeting (i.e. the meeting where the Appointment of Council Committee Delegates/Representatives is approved).

Audit and Risk Committee chairperson

The Committee chairperson must be an external independent member. The chairperson will be nominated annually by the Committee at its June meeting and will be appointed subject to Council's approval at its July meeting. If two of the three independent members of the Committee are apologies at the June meeting, the nomination will be adjourned to the next appropriate meeting for both the Audit and Risk and Council meeting.

In the absence of the chairperson, an acting chairperson will be appointed from the remaining independent members.

Independent members

All positions for independent members will be appointed following public advertisement of the position. The Mayor and Chief Executive Officer are responsible for the evaluation of potential independent members, taking account of the following qualities:

- Knowledge of Council's operations
- Strong communication skills

- High levels of personal integrity and ethics
- Sufficient time available to fulfil responsibilities
- Expertise in financial, **environmental** and/or risk management
- Experience in public sector management

Following evaluation, the Chief Executive Officer will make a recommendation to Council for the appointment of the member.

The appointment of each of the three independent members should be staggered to ensure that only one new appointment is made in any one year.

Terms of office

Councillor Representatives will be appointed for a one-year term. Independent members will be appointed for a three-year term and will be eligible to apply for reappointment following the completion of a term. **If a current independent member notifies their intention to apply for reappointment, the Director Corporate Services will determine if the position is publicly advertised, or if the member is recommended for reappointment at the next Committee Meeting. The reappointment is subject to the recommendation of the Committee and the approval Council.**

Induction of new independent members

New independent members will be introduced to the other committee members and be given an induction by the Director Corporate Services, for the new member to understand the Committee's roles and responsibilities, and should include:

- Council's Audit and Risk Committee Charter and Audit and Risk Committee Guidelines
- Council's Risk Register
- Council's Councillor Code of Conduct and Staff Code of Conduct
- Statutory documents - Council Plan, Annual Budget and Annual Financial Report
- Recent Audit and Risk Committee minutes and appropriate supporting documents
- Financial policies, including Council's Fraud Policy, Procurement Policy and Procurement Guidelines
- Council's Business Continuity Plan

Honorariums

The Act allows Council discretion to pay independent members a fee for serving as a member of the Audit and Risk Committee. A fee may not be paid to a Councillor or member of Council's staff.

The fee will reflect the time, commitment and responsibility involved in serving on the Committee, and will be paid annually at the completion of the financial year of service, as authorised by the Manager Financial Services.

The fee will be reviewed and set for the coming financial year by Council at its July meeting each year. The fee may be waived by mutual agreement between Council and a third party where a reciprocal arrangement is entered into for an appropriately qualified member of staff to take up a position as a member on the other party's Audit and Risk Committee.

Removal of a member

If Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so, and provide that member the opportunity to be heard at a Council meeting which is open to the public.

Rights to obtain information

The Committee may request information through the Chief Executive Officer, from any Council officer or relevant external party. The Committee has right of access to the Chief Executive Officer at any time and may recommend to Council the instigation of special investigations.

Meetings

As set out in the Charter:

- The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
- All members of the Committee are expected to attend each meeting, in person or through teleconference or videoconference if approval is given by the Chairperson and the means are available.
- The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide pertinent information, as necessary.
- Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- Minutes will be prepared.

Meetings will be held at the Pleasant Creek Historical Precinct Council offices, Stawell. Meetings will be scheduled by agreement with the members, in September (financial report), December, March and June each year.

Agendas and appropriate supporting documents will be distributed by the Coordinator Financial Services.

Agendas will be set by the Chief Executive Officer, based on the **Annual Work Program** with contributions invited from Council officers or internal and external auditors.

Minutes will be circulated as soon as reasonably practicable following a meeting.

Authority

As an advisory committee, the Committee (and its members) cannot have any executive powers, management functions or delegated responsibility.

Conflict of interest and misuse of information

Members who have a conflict of interest in respect of a matter must disclose the conflict of interest in the manner required by the Council's *Governance Rules* and comply with the procedures specified in the *Governance Rules*.

Under section 123 *Local Government Act 2020*, it is an offence for a member of the committee to misuse his or her position to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person or to cause, or attempt to cause, detriment to the Council or to another person.

Under section 125 *Local Government Act 2020*, it is an offence for a member of the committee to intentionally or recklessly disclose information that the person knows, or should reasonably know, is confidential information.

Voting rights

- All members of the Committee have full voting rights.

- The Mayor only has voting rights if appointed as a Council Representative on the committee.
- The Chief Executive Officer has no voting rights.
- Council officers have no voting rights.
- Invited guests have no voting rights.

Quorum

A quorum is a majority of the Committee members.

Internal auditors

In order to review the risks as identified in the Annual Audit Plan, management may source independent specialists to undertake internal audits.

Internal auditors will undertake reviews in order to provide independent and objective assurance to the Committee on corporate governance, risk management and internal control issues as identified, and are intended to add value and improve the Council's risk management and control processes and compliance.

All internal audit reports will be presented to the Committee, and any recommendation resulting from the audits will be added to the Outstanding Issues Report. An open invitation is extended to all internal auditors to attend Audit and Risk Committee meetings, and the committee may request a private meeting with any internal auditor if required.

External auditors

As an independent party with knowledge of the Council's financial affairs, the external auditors are able to provide the Committee with valuable insight into Council's governance, risk management and internal controls.

The external auditors will advise the Committee on the audit strategy to be implemented during their annual audit of the financial statements and are responsible for communicating any matters arising during the audits to the committee. An open invitation is extended to the external auditors to attend meetings of the Committee, and the committee may request a private meeting with the external auditor if required.

Reporting

Annual Financial Report

The annual financial report will be presented to the Committee for review at its September meeting each year. The external auditor will attend this meeting to present their opinion on management's preparation of the report to the committee. The committee may request to meet with the auditor privately if required. Based on the Committee's assessment, the annual financial report will be recommended to Council for approval.

Quarterly Finance Report

The Quarterly Finance Report will be presented to the Committee for review at each meeting.

Fraud investigation reporting

Any instance of suspected fraud will be investigated as set out in the Council's Fraud Policy and be reported to the Committee.

Risk Register

Council's Risk Register is the source document for identification of Council's exposure to risk and is reviewed and maintained by the Council's Risk Management Committee. The Committee will review the significant residual risks and progress of actions to address the risks at each meeting.

Outstanding Audit Recommendations Report

Council officers will maintain an Outstanding Issues Report detailing progress on recommendations resulting from audits undertaken and the progress of actions to address the risks. The **Outstanding Audit Recommendations Report** should be reviewed at each meeting of the Committee.

Annual Work Plan

The Committee is responsible for the development of an Annual Work Program setting out the activities to be undertaken each year. The calendar should be reviewed annually at the June meeting.

Annual Audit Plan

The Committee is responsible for the development of an Annual Audit Plan to determine which of the risks identified in the Council's Risk Register should be reviewed in that year. This should be undertaken at the June meeting of the Committee each year, forming the basis of Council's internal audit activity.

Annual Performance Review

The Committee will undertake an annual self-assessment of its performance and effectiveness against the Committee Charter at the June meeting.

Reporting to Council

The chairperson is responsible for preparing the Biannual Audit and Risk Report. The report describes the activities of the Committee, including its findings and recommendations and will be reported to the following Council meeting.

The following will also be presented at the October Council meeting along with the biannual report:

- Annual Performance Review for the past financial year
- Annual Work Program for the coming financial year

The minutes of the Committee meetings will be reported to the following Council meeting.

Annually, at the July Council meeting, Council will approve the appointment of the Committee chairperson, and determine the amount of the honorariums to be paid to independent members.

Review history

Date	Review details	Action
August 2020	New guidelines developed in line with LGA 2020	Guidelines approved by Manager Financial Services
September 2024	Tabled at Audit & Risk Review with minor changes	

Northern Grampians Shire Council Audit and Risk Committee 2024/25 Annual Work Program

	18-Sep-24 Quarter 1	04-Dec-24 Quarter 2	05-Mar-25 Quarter 3	04-Jun-25 Quarter 4
Risk Management				
Receive Update From Risk Committee Meetings				
Review Risk Register				
Review Business Continuity Plan				
Review Fraud Prevention Policy and Fraud Control Plan				
Review Victorian Protective Data Security Standard (VPDSS) Actions			TBC	
Audits - Internal				
Review & Recommend Internal Audit Plan				
Review Outstanding Audit Recommendations				
Audits - External				
Review Audit Strategy				
Review Interim Management Letter				
Consider External Auditors Comments on Management Letter & Closing Report				
Financial Report				
Review & Recommend Adoption of Annual Financial Report & Performance Statement				
Review Quarterly Finance Report				
Review Councillor Reimbursement Report				
General Business & Future Planning				
Establish/Schedule Meetings For Forthcoming Year				
Survey - Annual Assessment of Committee's Performance				
Review Audit Committee Annual Work Program				
Nominate Chair of Audit Committee				
Committee Reporting				
Biannual Audit and Risk Committee Report				

Other Reports

Eftsure - new payment control - Q1

Northern Grampians Shire Council Audit and Risk Committee 2024/25 Annual Work Program

	18-Sep-24 Quarter 1	04-Dec-24 Quarter 2	05-Mar-25 Quarter 3	04-Jun-25 Quarter 4
Risk Management				
Receive Update From Risk Committee Meetings				
Review Risk Register				
Review Business Continuity Plan				
Review Fraud Prevention Policy and Fraud Control Plan				
Review Victorian Protective Data Security Standard (VPDSS) Actions			TBC	
Review OHS considerations for Council				
Review Environmental impact considerations for Council				
Audits - Internal				
Review & Recommend Internal Audit Plan				
Review Outstanding Audit Recommendations				
Audits - External				
Review Audit Strategy				
Review Interim Management Letter				
Consider External Auditors Comments on Management Letter & Closing Report				
Review Outstanding Audit Recommendations				
Financial Report				
Review & Recommend Adoption of Annual Financial Report & Performance Statement				
Review Quarterly Finance Report				
Review Councillor Reimbursement Report				
General Business & Future Planning				
Establish/Schedule Meetings For Forthcoming Year				
Survey - Annual Assessment of Committee's Performance				
Review Audit Committee Annual Work Program				
Nominate Chair of Audit Committee				
Committee Reporting				
Biannual Audit and Risk Committee Report				

Other Reports

Eftsure - new payment control - Q1

Northern Grampians Shire Council

AUDIT COMMITTEE CHAIRMAN'S REPORT

for the 6 months to 30 June 2024

1. Attendance and Meetings

The Northern Grampians Shire Council Audit Committee has met twice since last report. The composition of the Committee with respect to external members is unchanged. Attendance was adequate.

2. Activity

The VAGO appointed external auditors RSD Chartered Accountants presented their audit strategy at the April meeting and their interim report at the June meeting.

An update of the work done to date with respect to action required out of the Victorian Protective Data Security Standards and Annual Information Security Performance Indicators. The Council officers involved have managed this process well and continued a proactive approach to compliance and integration to Council's systems of the key priorities identified within this project.

The Finance Team compiled quarterly reporting for both meetings and were presented by Graham Haylock and reviewed in detail by the committee

The committee received update on the Psychosocial Assessment and Management Plan and in particular considerations with respect to non acceptable behaviour towards council team.

Thank you to the Governance, Compliance and Finance team and to my fellow members of the committee for their contribution.

Peter Knights FCPA

Chair

Northern Grampians Shire Council Audit Committee

September 16th 2024
