



AUDIT COMMITTEE MEETING
MINUTES

23 JANUARY 2024

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CITY OF GREATER GERALDTON**AUDIT COMMITTEE MEETING
HELD ON TUESDAY 23 JANUARY 2024 AT 3.30PM
IN THE GREENOUGH ROOM – CIVIC CENTRE****M I N U T E S**

- 1 DECLARATION OF OPENING** The meeting was declared open by Mayor Clune at 3.30pm

2 ATTENDANCEPresent:

Mayor Clune
Cr Colliver
Cr Denton
Cr Librizzi

Officers:

R McKim, Chief Executive Officer
P Radalj, Director Corporate Services
N Jane, Chief Financial Officer
B Pearce, Manager Corporate Compliance and Safety
D Duff, Manager ICT Services
M Adam, Minute Secretary

By Invitation:

Nil

Apologies:

Nil

Leave of Absence:

Nil

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 12 December 2023 as attached be accepted as a true and correct record of proceedings.

MOVED: Cr Denton SECONDED: Cr Colliver

COMMITTEE DECISION

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 12 December 2023 as attached be accepted as a true and correct record of proceedings.

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For



AUDIT COMMITTEE MEETING
MINUTES

12 DECEMBER 2023

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CITY OF GREATER GERALDTON**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 12 DECEMBER 2023 AT 3.30PM
IN THE GREENOUGH ROOM – CIVIC CENTRE****MINUTES**

1 DECLARATION OF OPENING: The meeting was declared open by Director P Radalj at 3.30pm

2 ATTENDANCE

Present:

Mayor Clune
Cr Colliver
Cr Denton
Cr Librizzi

Officers:

R McKim, Chief Executive Officer
P Radalj, Director Corporate Services
N Jane, Chief Financial Officer
T Machukera, Financial Accountant
M Adam, Minute Secretary

By Invitation: (by video link)

Mark Ambrose - OAG
Amit Kambra – RSM
A J Neo -RSM

Apologies:

Nil

Leave of Absence:

Nil

3 ELECTION OF PRESIDING MEMBER

The election of presiding member of the Audit Committee was conducted in accordance with the provisions of section 5.12, Schedule 2.3 , Schedule 4.1 and section 4.55 of the *Local Government Act 1995*.

One nomination was received from Mayor Clune.

MOVED: Cr Librizzi : SECONDED: Cr Denton

COMMITTEE DECISION

That Mayor Clune is Elected as presiding member of the Audit Committee

Term of office 12 December 2023 – 18 October 2025

ELECTED UNOPPOSED

The Meeting was handed over to the presiding member Mayor Clune at 3.34 pm

Cr Colliver joined the meeting 3.35pm

4 ELECTION OF DEPUTY PRESIDING MEMBER

In accordance with the provisions of section 5.12, Schedule 2.3 and Schedule 4.1 and section 4.55 of the *Local Government Act 1995*.

One nomination was received from Cr Colliver

MOVED: Cr Librizzi SECONDED: Cr Denton

COMMITTEE DECISION

That Cr Colliver is elected as deputy presiding member of the Audit Committee.

Term of office 12 December 2023 – 18 October 2025

ELECTED UNOPPOSED

5 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on **26 April 2023** as attached be accepted as a true and correct record of proceedings.

MOVED: Cr Colliver SECONDED: Mayor Clune

COMMITTEE DECISION

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 26 April 2023 as attached be accepted as a true and correct record of proceedings.

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

6 ITEMS FOR AUDIT COMMITTEE REVIEW

AC132	EXIT INTERVIEW OAG AND RSM
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AGENDA REFERENCE:	D-23-163544
AUTHOR:	Nita Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	5 December 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x5) 3 x Confidential
	A. Exit Meeting Agenda
	B. Confidential - Audit Planning Memorandum
	C. Confidential - Draft Management Letter – (Not provided)
	D. Confidential – Draft Closing Report
	E. Draft Annual Financial Report for 2022-2023

EXECUTIVE SUMMARY:

The purpose of this report is to enable an Audit Exit Meeting to be conducted for the 2022-23 financial audit. It also provides an opportunity for the Office of the Auditor General (OAG) and contract auditor RSM Australia, to discuss the draft Closing Report and Management Letter, and an occasion to raise any concerns associated with the audit process.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1 of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2023 (as outlined in the draft Audit Closing Report); and
2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Auditor General is responsible for the auditing of local governments within Western Australia. (Local Government (Audit) Regulations 1996. The Auditor General engaged RSM to conduct the financial audit for the City on their behalf, initially for the three years to 30 June 2023. The contract has been extended to include the 2023-24 and 2024-25 financial years.

In accordance with section 7.12A(2) of the Local Government Act 1995 and the Local Government Audit Regulation 1996, Council is required to meet with the external auditor at least once per year.

The Audit Committee met with representatives of the Auditor General and contract auditors RSM Australia on 26 April 2023 for the Audit Entrance Meeting. (AC131) and received the Audit Planning memorandum for the year ending 30 June 2023. (Attachment B).

The interim audit was conducted by RSM on behalf of the OAG and included an onsite visit from 1 to 5 May 2023.

In accordance with section 6.4(3) of the Local Government Act 1995, the 2022-23 Financial Report was prepared and submitted to the Office of the Auditor General on 29 September 2023.

The final audit was conducted by RSM on behalf of the OAG. The auditors worked remotely for the majority of the audit and attended the City offices for one week from 2 to 6 October 2023. They performed testing on all areas of the accounts, with a focus on areas they consider to be of high risk.

A further Audit Committee meeting will be scheduled early in the new calendar year once the final Annual Financial Report for 2022-23 is received from OAG including the Audit Report and Management Letter.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Holding an Exit Meeting provides opportunity for the Audit Committee to undertake one of its primary functions and that is to examine and discuss with the auditors their findings in relation to audits conducted.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Each year an audit entrance and exit meeting is held with the Office of Auditor General, the contract auditor and the Audit Committee.

Item AC121 – Exit Interview OAG and RSM (held on 13 December 2022).

Item AC131 – Audit Entrance meeting with OAG and RSM (held on 26 April 2023).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995, section 1.4 Terms used:

auditor means —

- (a) *in relation to an audit, other than a performance audit —*
 - (i) *in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*
 - (ii) *in relation to a local government that does not have an audit contract that is in force — the Auditor General;*
- and*
- (b) *in relation to a performance audit — the Auditor General;*

Local Government Act 1995, section 6.4 Financial report:

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Local Government Act 1995, section 7.12AD Reporting on a financial audit:

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
 - (a) *the mayor, president or chairperson of the local government; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

Local Government (Audit) Regulations 1996, section 16:

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
 - (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
 - (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
 - (i) *report to the council the results of that review; and*
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- (ii) *give a copy of the CEO's report to the council;*
 - (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
 - (i) *regulation 17(1); and*
 - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 - (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
 - (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
 - (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision is made in the annual budget to undertake the audit function.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce.
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The audit committee plays an integral role in the oversight of CGG's management of regulatory compliance and risks, ensuring that required controls are being implemented and are effective.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.

MOVED: Cr Colliver SECONDED: Cr Librizzi

COMMITTEE DECISION

- 1. RECEIVE the Office of Auditor General overview of the audit findings for the year ended 30 June 2023 (as outlined in the draft Audit Closing Report); and**
- 2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.**

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

AC133	REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE
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AGENDA REFERENCE:	D-23-159120
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	GO/11/0020-002
FILE REFERENCE:	27 November 2023
ATTACHMENTS:	Yes (x1)
	Draft Audit Committee Terms of Reference

EXECUTIVE SUMMARY:

The purpose of this report is to provide a draft of the Audit Committee Terms of Reference 2023 to the newly elected Audit Committee, for consideration and endorsement.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. Endorse the Audit Committee Terms of Reference 2023

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee Terms of Reference 2023 (attachment AC133) is provided for the purpose of deliberation and discussion by the newly elected Audit Committee, and to ensure that Audit Committee Members have shared understanding of the role of the committee.

At the Ordinary Meeting of Council on 28 November 2023 (report CEO110) Council resolved as follows;

Part A.

RE-ESTABLISH the following listed Council Committees:

- b. City of Greater Geraldton Audit Committee;*

Part B

1. REQUIRE each internal Council Committee at their first meeting held following this resolution to:

- a. APPOINT by Committee resolution a Council Member as Chairperson, and Council Member as a proxy Chairperson for the Committee: and*
- b. REVIEW the terms of reference of the Committee and report to Council any required changes in relation to named membership of the Committee.*

The Audit Committee Terms of Reference 2023 (TOR) are based on the provisions of the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996*, and Operational Guideline 9 - *The appointment, function and responsibilities of audit committees*, provided by the Department of Local Government Sport and Cultural Industries.

The TOR has been updated to align with the amended provisions of the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, in relation to audit and audit committees.

The changes are not material in nature and relate to the following:

- A change to terminology - deputy committee member, presiding member & deputy.
- Additional information relating to quorum as per act amendments.
- A reference to the council member induction manual.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The objective of the Audit Committee is to assist the Council in fulfilling their oversight responsibilities in relation to;

- systems of risk management and internal control;
- the processes for monitoring compliance with legislation, including the code of conduct;
- financial and performance reporting; and
- external and internal audit.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee Terms of Reference were reviewed by the Audit Committee on 6 December 2021 (report AC113).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.12A, 7.13(1)

Local Government (Audit) Regulations 1996 r 17

Local Government (Financial Management) Regulations 1996 r 5(2)(c)

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The Audit Committee is required by Council Resolution of 28 November 2023 (Report CEO110) to review its TOR at the first meeting of the committee after the ordinary election of the Council.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

The Audit Committee may choose to simply discuss the TOR with the view to enhancing understanding by newly elected committee members. The committee may also choose to discuss and recommend changes to the TOR. Note that the Committee is able to seek a review of the TOR at a future time.

MOVED: Cr Colliver SECONDED Cr Denton

COMMITTEE DECISION**1. Endorse the Audit Committee Terms of Reference 2023**

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

AC134	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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AGENDA REFERENCE:	D-23-159122
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	27 November 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to seek Audit Committee endorsement of the Annual Report of activities, for the period 1 July 2022 to 30 June 2023 for submission to Council.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2022 to 30 June 2023
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2022 to 30 June 2023 to Council as the Audit Committee Annual Report of activities.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with the *Local Government Act 1995* section 7.1A (1):

“A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it”.

The provisions of the City of Greater Geraldton Audit Committee Terms of Reference require the below:

- 5.2 The Committee shall report annually to the Council summarising its activities during the previous financial year.*

Below is a summary of the activities of the Audit Committee for the period 1 July 2022 to 30 June 2023 for the purposes of providing the above-mentioned report to Council:

Audit Committee Meeting – 13 December 2022

Report Number	Title	Decision
AC121	Exit interview OAG and RSM	1. RECEIVE the Office of Auditor General overview of the audit finding for the year ended 30 June 2022 (as outlined in the Audit Closing Report); and

		2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.
AC122	2021-22 Annual Financial Report	<ol style="list-style-type: none"> 1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2022; 2. RECEIVE the Audit Report for the financial year ended 30 June 2022; 3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2022; 4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2022; and 5. NOTE the findings identified during the Audit and REQUEST they be listed for review until completed.
AC123	External Audit of Work Health & Safety Systems	<ol style="list-style-type: none"> 1. RECEIVE the LGIS Worksafe Plan Tier 3 Safety Audit; and 2. REQUIRE an update on the status of the City of Greater Geraldton 2023-2024 Work Health & Safety Strategy at the next Audit committee.
AC124	Risk Management Update	<ol style="list-style-type: none"> 1. NOTE the status of the City of Geraldton Geraldton's risk management profile. 2. NOTE the review of the City's Risk Management Framework & Policies; and 3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile.
AC125	Audit Committee Annual Report to Council	<ol style="list-style-type: none"> 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2021 to 30 June 2022; and 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2021 to 30 June 2022 to Council as the Audit Committee Annual Report of Activities.
AC126	Progress Report on Management Actions from Audit Reports	<ol style="list-style-type: none"> 1. RECEIVE the Progress Reports on the current status of management actions related to internal audits.
AC127	IT Audit Reports – Progress on Actions	<ol style="list-style-type: none"> 1. NOTE the audit recommendations actioned or in-progress to uplift the City's cybersecurity and information security posture and reduce IT risk.
AC128	Council Policy 4.28 Managing Unreasonable Customer Conduct	<ol style="list-style-type: none"> 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct; and 2. REQUIRE the CEO to report back annually to the Audit Committee at the

		first meeting held after the close of the relevant financial.
AC129	Fraud and Corruption Control Plan	1. ENDORSE the Fraud and Corruption Control Plan 2022.

Audit Committee Meeting –14 March 2023

Report Number	Title	Decision
AC130	Compliance Audit Return	1. REVIEW the results of the Compliance Audit Return 2022. 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2022, at the Ordinary Meeting of Council on 28 March 2023.

Audit Committee Meeting – 26 April 2023

Report Number	Title	Decision
AC131	Audit Entrance Meeting with OAG and RSM	Noted. The Committee Received the Audit Planning Memorandum for the year ending 30 June 2023.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The Audit Committee plays an important oversight role in enhancing the credibility and objectivity of internal and external audit functions.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Audit Committee Terms of Reference clause 5.2 requires that the Committee shall provide an annual report to the Council summarising its activities during the previous financial year.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee Annual Report of activities 2021-2022 was reviewed by the Audit Committee on 13 December 2022, report AC125, and the Council on 31 January 2023, report CS012.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 section 7.1A.

Local Government (Audit) Regulations regulation 16.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive.
Outcome 4.7	Council understands its roles and responsibilities and leads by example.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The primary objective of the Audit Committee is to assist the Council in fulfilling their oversight responsibilities in relation to risk management, internal control, compliance with legislative provisions, and financial and performance reporting. The Annual Report of Audit Committee activities enables Council to review the annual activities of the Committee and corresponding recommendations and is a requirement under clause 5.2 of the Audit Committee Terms of Reference.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

MOVED: Cr Librizzi SECONDED: Cr Denton

COMMITTEE DECISION

- 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2022 to 30 June 2023**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2022 to 30 June 2023 to Council as the Audit Committee Annual Report of activities.**

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr M Librizzi	For

7 FRAUD CONTROL – STANDING ITEM

Nil

8 GENERAL BUSINESS - LATE ITEM

The committee discussed the preferred date for the next committee meeting, to review the 2022 – 2023 Annual Financial Report. The date selected is 23 January 2024 at 3.30pm

9 MEETING CLOSURE

There being no further business, the meeting was declared closed at **4.36 pm**

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC135	2022-23 ANNUAL FINANCIAL REPORT
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AGENDA REFERENCE:	D-23-168158
AUTHOR:	Nita Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	2 January 2024
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x4) 2 x Confidential
	A. 2022-23 Annual Financial Report
	B. Auditors Report 2022-23
	C. Confidential – Management Letter
	D. Confidential – Auditors Closing Report

EXECUTIVE SUMMARY:

The purpose of this report is for the Audit Committee to consider and accept the 2022-23 Annual Financial Report and Auditor's Report.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2023;
2. RECEIVE the Audit Report for the financial year ended 30 June 2023;
3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2023;
4. RECOMMEND to Council the adoption of the Audited Financial Report for the year ended 30 June 2023;
5. NOTE the findings identified during the audit and REQUEST they be listed for review until completed.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with s6.4 of the *Local Government Act 1995*, the 2022-23 Annual Financial Report was prepared and submitted to the Office of the Auditor General on 29 September 2023.

The audit was completed by RSM Australia on behalf of the Office of the Auditor General (OAG). The final audit site visit was conducted from 2 to 6 October 2023. On the 12 December 2023, the Audit Committee met with representatives from the Office of the Auditor General and contract auditor RSM Australia for the audit Exit Meeting. Draft reports were presented and discussed.

At the conclusion of the audit, the following final reports have been issued:

- Independent Auditor's Report
- Management Letter
- Auditors Closing Report

These reports along with the Audited Financial Report for the year ended 30 June 2023 are attached for the information of the Audit Committee.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Audit Committee plays a key role in assisting a local government to fulfill its governance and oversight responsibilities in relation to financial reporting.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Item AC122 - 2021-22 Annual Financial Report (held on 13 December 2022).

COMMUNITY/COUNCILLOR CONSULTATION:

No community consultation has been undertaken. The Annual Financial Report and Audit Report are included in the City's Annual Report, which will be presented to Council for adoption, then released to the community as a public document. The Annual Report is subsequently presented to an annual meeting of electors and made available on the City website.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995, section 1.4 Terms used:

auditor means —

(a) *in relation to an audit, other than a performance audit —*

(i) in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and

(ii) in relation to a local government that does not have an audit contract that is in force — the Auditor General;

and

(b) *in relation to a performance audit — the Auditor General;*

Local Government Act 1995, section 6.4 Financial report:

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to —

(a) be prepared and presented in the manner and form prescribed; and

(b) contain the prescribed information.

- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
- (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

Local Government Act 1995, section 7.12AD Reporting on a financial audit:

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
 - (a) *the mayor, president or chairperson of the local government; and*
 - (b) *the CEO of the local government; and*
 - (c) *the Minister.*

Local Government (Audit) regulations 1996, section 16:

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
 - (i) *is required to take by section 7.12A(3); and*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce.
Outcome 4.4	Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.
Outcome 4.7	Council understands its roles and responsibilities and leads by example.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Findings outlined in the management letter have been assigned a risk rating by the auditor. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequences of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Management have provided responses to each of the findings.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City Officers.

MOVED: Cr Librizzi SECONDED: Cr Colliver

COMMITTEE DECISION

1. **RECEIVE** the Annual Financial Report for the financial year ended 30 June 2023;
2. **RECEIVE** the Audit Report for the financial year ended 30 June 2023;
3. **NOTE** that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2023;
4. **RECOMMEND** to Council the adoption of the Audited Financial Report for the year ended 30 June 2023;
5. **NOTE** the findings identified during the audit and **REQUEST** they be listed for review until completed.

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For



City of Greater Geraldton

FINANCIAL REPORT

for the year ended 30 June 2023



Serving today while building tomorrow



City of
Greater Geraldton
a vibrant future



Financial Report

for the year ended 30 June 2023

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Content Overview

- i) These financial statements are General Purpose Financial Statements and cover the consolidated operations.
- ii) All figures presented in these financial statements are presented in Australian Currency.
- iii) These financial statements were authorised for issue by the Council on 12 December 2023
- iv) Council has the power to amend and reissue the financial statements.



Financial Report

for the year ended 30 June 2023

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

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

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

Signed on the 12th day of December 2023



Chief Executive Officer



Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Rates	30,2a	50,145,028	50,329,885	47,900,551
Grants, subsidies and contributions	2a	14,093,880	8,936,279	13,372,243
Fees and charges	2a	24,336,509	23,785,039	23,217,306
Interest revenue	2a	2,692,693	1,018,942	849,658
Other revenue	2a	1,096,838	1,052,865	384,517
		<u>92,364,948</u>	<u>85,123,010</u>	<u>85,724,275</u>
Expenses				
Employee costs	2b	(29,753,773)	(30,460,011)	(28,913,674)
Materials and contracts	2b	(22,687,093)	(23,840,639)	(20,472,535)
Utility charges	2b	(2,818,619)	(2,738,657)	(2,941,667)
Depreciation	10a	(25,846,062)	(25,398,958)	(25,087,132)
Finance costs	2b	(1,050,184)	(825,487)	(954,428)
Insurance	2b	(934,654)	(975,377)	(835,631)
Other expenditure	2b	(3,098,294)	(2,783,524)	(2,943,078)
		<u>(86,188,679)</u>	<u>(87,022,653)</u>	<u>(82,148,145)</u>
Operating result from continuing operations		<u>6,176,269</u>	<u>(1,899,643)</u>	<u>3,576,130</u>
Capital grants, subsidies and contributions		10,132,484	12,792,443	7,652,178
Profit on asset disposals	10b	98,618	239,320	144,590
Loss on asset disposals	10b	(557,358)	(53,565)	(2,841,041)
Fair value adjustments to financial assets at fair value through profit or loss	2c	16,586	–	17,986
		<u>9,690,330</u>	<u>12,978,198</u>	<u>4,973,713</u>
Net result for the period		<u>15,866,599</u>	<u>11,078,555</u>	<u>8,549,843</u>
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	19	32,076,601	68,922,550	(126,476)
Total other comprehensive income for the period	19	<u>32,076,601</u>	<u>68,922,550</u>	<u>(126,476)</u>
Total comprehensive income for the period		<u>47,943,200</u>	<u>80,001,105</u>	<u>8,423,367</u>

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



Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	3	18,218,685	14,199,011
Trade and other receivables	5	8,447,633	6,866,965
Other financial assets	4a	38,719,933	38,533,261
Inventories	6	444,848	407,180
Contract assets		2,338,083	307,298
Assets classified as held for sale	7	–	7,446,159
Total current assets		68,169,182	67,759,874
Non-current assets			
Trade and other receivables	5	600,600	611,641
Other financial assets	4b	11,561,234	6,592,457
Property, plant and equipment	8	195,777,310	164,969,696
Infrastructure	9	698,771,391	684,793,868
Right of use assets	11a	53,889	96,929
Intangible assets	12	159,460	159,460
Total non-current assets		906,923,884	857,224,051
Total assets		975,093,066	924,983,925
Liabilities			
Current liabilities			
Trade and other payables	14	16,775,986	14,937,585
Other liabilities	15	2,650,060	1,808,316
Lease liabilities	11b	47,974	45,124
Borrowings	16	3,696,812	4,275,466
Employee related provisions	17	5,806,558	5,583,469
Total current liabilities		28,977,390	26,649,960
Non-current liabilities			
Lease liabilities	11b	8,285	56,259
Borrowings	16	16,463,815	20,160,636
Employee related provisions	17	314,866	331,526
Other provisions	18	13,279,334	9,679,368
Total non-current liabilities		30,066,300	30,227,789
Total liabilities		59,043,690	56,877,749
Net assets		916,049,376	868,106,176
Equity			
Retained surplus		349,956,228	346,569,022
Reserve accounts	33	51,755,828	39,276,435
Revaluation surplus	19	514,337,320	482,260,719
Total equity		916,049,376	868,106,176

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



Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2021		344,453,382	32,842,232	482,387,195	859,682,809
Comprehensive income for the period					
Net result for the period		8,549,843	–	–	8,549,843
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus	19	–	–	(126,476)	(126,476)
Total comprehensive income for the period		8,549,843	–	(126,476)	8,423,367
Transfers from reserve accounts	33	6,203,780	(6,203,780)	–	–
Transfers to reserve accounts	33	(12,637,983)	12,637,983	–	–
Balance as at 30 June 2022		346,569,022	39,276,435	482,260,719	868,106,176
Balance as at 1 July 2022		346,569,022	39,276,435	482,260,719	868,106,176
Comprehensive income for the period					
Net result for the period		15,866,599	–	–	15,866,599
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus	19	–	–	32,076,601	32,076,601
Total comprehensive income for the period		15,866,599	–	32,076,601	47,943,200
Transfers from reserve accounts	33	11,045,294	(11,045,294)	–	–
Transfers to reserve accounts	33	(23,524,687)	23,524,687	–	–
Balance as at 30 June 2023		349,956,228	51,755,828	514,337,320	916,049,376

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



Statement of Cash Flows

for the year ended 30 June 2023

	Actual 2023 \$	Budget 2023 \$	Actual 2022 \$
Notes			
Cash flows from operating activities			
Receipts			
Rates	50,092,939	50,080,480	48,567,485
Operating grants, subsidies and contributions	12,904,839	9,276,300	13,779,799
Fees and charges	22,868,100	23,785,039	22,762,631
Interest revenue	2,692,693	1,016,626	750,381
Other revenue	1,096,838	1,002,800	384,517
Total receipts	89,655,409	85,161,245	86,244,813
Payments			
Employee costs	(29,547,344)	(30,415,448)	(28,087,343)
Materials and contracts	(21,618,282)	(22,919,642)	(19,513,780)
Utility charges	(2,818,619)	(2,738,657)	(2,941,667)
Finance costs	(806,047)	(852,890)	(976,654)
Insurance paid	(934,654)	(975,377)	(835,631)
Goods and services tax paid	(49,129)	–	(75,380)
Other expenditure	(2,343,358)	(2,783,524)	(2,943,080)
Total payments	(58,117,433)	(60,685,538)	(55,373,535)
Net cash provided by (used in) operating activities	31,537,976	24,475,707	30,871,278
20b			
Cash flows from investing activities			
Payments			
Payments for financial assets at amortised cost	(5,160,233)	(5,650,000)	(24,971,167)
Payments for purchase of property, plant & equipment	(4,658,502)	(9,194,960)	(4,597,594)
Payments for construction of infrastructure	(24,171,595)	(28,401,032)	(23,943,094)
Town Planning Scheme and Development Contribution Plan Income	(100,000)	–	(600,000)
Unexpended Non-Operating Grants	–	–	(17,920)
Receipts			
Capital grants, subsidies and contributions	10,132,484	12,792,443	7,652,178
Proceeds from sale of property, plant & equipment	638,773	905,500	2,388,646
Proceeds from financial assets at amortised cost - term deposit	121,370	149,587	91,626
Net cash provided by (used in) investing activities	(23,197,703)	(29,398,462)	(43,997,325)
Cash flows from financing activities			
Payments			
Repayment of borrowings	(4,275,475)	(4,303,692)	(4,628,932)
Payments for principal portion of lease liabilities	(45,124)	(45,124)	(42,443)
Receipts			
Proceeds from new borrowings	–	650,000	600,000
Net cash flow provided by (used in) financing activities	(4,320,599)	(3,698,816)	(4,071,375)
Net increase /(decrease) in cash held	4,019,674	(8,621,571)	(17,197,422)
Cash at beginning of year	14,199,011	31,626,602	31,396,433
Cash and cash equivalents at the end of the year	18,218,685	23,005,031	14,199,011
3,20a			

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



Statement of Financial Activity

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	30	50,145,028	50,329,885	47,900,551
Grants, subsidies and contributions		14,093,880	8,936,279	13,372,243
Fees and charges		24,336,509	23,785,039	23,217,306
Interest revenue		2,692,693	1,018,942	849,658
Other revenue		1,096,838	1,052,865	384,517
Profit on asset disposals		98,618	239,320	144,590
Fair value adjustments to financial assets at fair value through profit or loss	4b	16,586	–	–
		92,480,152	85,362,330	85,868,865
Expenditure from operating activities				
Employee costs		(29,753,773)	(30,460,011)	(28,913,674)
Materials and contracts		(22,687,093)	(23,840,639)	(20,472,535)
Utility charges		(2,818,619)	(2,738,657)	(2,941,667)
Depreciation		(25,846,062)	(25,398,958)	(25,087,132)
Finance costs		(1,050,184)	(825,487)	(954,428)
Insurance		(934,654)	(975,377)	(835,631)
Other expenditure		(3,098,294)	(2,783,524)	(2,943,078)
Loss on asset disposals		(557,358)	(53,565)	(2,841,041)
		(86,746,037)	(87,076,218)	(84,989,186)
Adjustment for cash budget requirements:				
Non-cash amounts excluded from operating activities	31	26,553,584	25,173,620	27,759,302
Amount attributable to operating activities		32,287,699	23,459,732	28,638,981
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		10,132,484	12,792,443	7,652,178
Proceeds from disposal of assets		638,773	905,500	2,388,646
Proceeds from financial assets at amortised cost - self supporting loans	32a	121,370	149,587	91,626
Proceeds from council loans		15,856	–	–
		10,908,483	13,847,530	10,132,450
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(4,658,502)	(9,194,960)	(4,597,594)
Purchase and construction of infrastructure	9a	(24,171,595)	(28,401,032)	(23,943,094)
Advances to Community Groups		(100,000)	(650,000)	(600,000)
		(28,930,097)	(38,245,992)	(29,140,688)
Amount attributable to investing activities		(18,021,614)	(24,398,462)	(19,008,238)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	32a	–	650,000	600,000
Transfers from reserve accounts	33	11,045,294	4,353,725	6,203,783
		11,045,294	5,003,725	6,803,783
Outflows from financing activities				
Repayment of borrowings	32a	(4,275,475)	(4,303,684)	(4,628,932)
Payments for principal portion of lease liabilities	32d	(45,124)	(45,124)	(42,443)
Transfers to reserves (restricted assets)	33	(23,524,687)	(1,034,000)	(12,637,989)
		(27,845,286)	(5,382,808)	(17,309,364)
Amount attributable to financing activities		(16,799,992)	(379,083)	(10,505,581)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	31	4,021,159	2,545,590	4,895,997
Amount attributable to operating activities		32,287,699	23,459,732	28,638,981
Amount attributable to investing activities		(18,021,614)	(24,398,462)	(19,008,238)



Statement of Financial Activity (continued)
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Amount attributable to financing activities		(16,799,992)	(379,083)	(10,505,581)
Surplus/(deficit) after imposition of general rates	31	1,487,252	1,227,777	4,021,159

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



Notes to the Financial Statements

for the year ended 30 June 2023

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation

The financial report of the City of Greater Geraldton, which is a class 1 Local Government, comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 34 to these financial statements.

Initial application of accounting standards

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

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

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

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

New accounting standards for application in future years

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

- *AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard will result in a terminology change for significant accounting policies

- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply*
- *AASB 2022-5 Amendments to Australian Accounting Standards -Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards -Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation (continued)

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

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

Judgements and estimates

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses

(a) Revenue

Contracts with customers

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies or contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time /Single point in time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	Payment in full at point of sale	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Revenue Recognition

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

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2023					
Rates	–	–	50,145,028	–	50,145,028
Grants, subsidies and contributions	14,093,880	–	–	–	14,093,880
Fees and charges	23,579,017	–	757,492	–	24,336,509
Interest revenue	–	–	–	2,692,693	2,692,693
Other revenue	–	–	–	1,096,838	1,096,838
Capital grants, subsidies and contributions	–	9,956,734	–	175,750	10,132,484
Total	37,672,897	9,956,734	50,902,520	3,965,281	102,497,432
For the year ended 30 June 2022					
Rates	–	–	47,900,551	–	47,900,551
Grants, subsidies and contributions	13,372,243	–	–	–	13,372,243
Fees and charges	22,590,633	–	626,673	–	23,217,306
Interest revenue	–	–	–	849,658	849,658
Other revenue	–	–	–	384,517	384,517
Capital grants, subsidies and contributions	–	7,652,178	–	–	7,652,178
Total	35,962,876	7,652,178	48,527,224	1,234,175	93,376,453
				2023	2022
				Actual	Actual
				\$	\$

Interest revenue

Interest on reserve account funds	1,127,046	226,939
Investments - other funds	1,137,621	209,137
Rate overdue interest	311,399	315,999
Rate instalment interest	100,993	90,689
Pensioner Deferred Interest	13,129	6,786
Other interest revenue	2,505	108
Total interest earnings	2,692,693	849,658

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

	2023 Actual \$	2022 Actual \$
Other revenue		
Other revenue	1,096,838	384,517
	<u>1,096,838</u>	<u>384,517</u>

(b) Expenses

Employee costs

	2023 Actual \$	2022 Actual \$
Wages and salaries	20,143,774	19,254,156
Employee leave entitlements	5,265,487	5,402,114
Superannuation	3,604,627	3,554,711
Workers' compensation insurance	322,668	316,054
Protective clothing and uniforms	63,402	75,769
Recruitment costs	125,875	77,254
Training costs (other than salaries and wages)	140,750	148,955
Other employee costs	87,190	84,661
Total employee costs	<u>29,753,773</u>	<u>28,913,674</u>

Materials and contracts

Auditors remuneration

- Audit of the annual financial report	81,000	53,500
- Internal Audit	14,050	15,883

Other

Materials and contracts	22,569,286	20,403,152
Other	22,757	-
Total	<u>22,687,093</u>	<u>20,472,535</u>

Utility charges

Other	2,818,619	2,941,667
Total	<u>2,818,619</u>	<u>2,941,667</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(b) Expenses (continued)

	Note	2023 Actual \$	2022 Actual \$
Finance costs			
Borrowings	32a	778,064	946,668
Leases	32d	4,970	7,760
Other - Meru Rehabilitation Provision		267,150	—
Total		1,050,184	954,428
Insurance			
Other		934,654	835,631
Total		934,654	835,631
Other expenditure			
Other		3,098,294	2,943,078
Total Other expenditure		3,098,294	2,943,078
(c) Other "Non Operating" result items			
Fair value adjustments to financial assets at fair value through profit or loss			
The revenue relates to the increase in the fair value of the Council's investments.		16,586	17,986
		16,586	17,986

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Cash and cash equivalents

	Note	2023 \$	2022 \$
Cash - Unrestricted		9,886,853	2,770,274
Cash - Restricted		8,331,832	11,428,737
Total cash and cash equivalents	20a	18,218,685	14,199,011

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

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

Note 4. Other financial assets

	Note	2023 \$	2022 \$
(a) Current assets			
Financial assets at amortised cost		38,707,974	38,521,715
Financial assets previously classified as loans and receivables		11,959	11,546
Total current financial assets		38,719,933	38,533,261
Financial assets at amortised cost			
Term deposits		38,576,435	38,400,345
Self supporting loans		123,059	121,370
Other long term financial assets		8,480	–
		38,707,974	38,521,715
Financial assets previously classified as loans and receivables			
Mortgage backed securities		11,959	11,546
		11,959	11,546
Held as			
- Unrestricted other financial assets at amortised cost		2,664,106	7,682,906
- Restricted other financial assets at amortised cost	20a	36,055,827	30,850,355
Total		38,719,933	38,533,261

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets (continued)

	Note	2023 \$	2022 \$
(b) Non current assets			
Financial assets at fair value through profit or loss		366,703	350,117
Financial assets at amortised cost		11,184,393	6,220,048
Financial assets previously classified as loans and receivables		10,138	22,292
Total non-current financial assets		<u>11,561,234</u>	<u>6,592,457</u>
Financial assets at fair value through profit or loss			
Units in Local Government House Trust		366,703	350,117
		<u>366,703</u>	<u>350,117</u>
Financial assets at amortised cost			
Self supporting loans receivable		646,989	770,048
Other long term financial assets		10,537,404	5,450,000
		<u>11,184,393</u>	<u>6,220,048</u>
Financial assets previously classified as loans and receivables			
Mortgage backed securities		10,138	22,292
		<u>10,138</u>	<u>22,292</u>
Held as			
- Unrestricted other financial assets at amortised cost		1,111,234	1,142,457
- Restricted other financial assets at amortised cost	20a	10,450,000	5,450,000
Total		<u>11,561,234</u>	<u>6,592,457</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 32(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at a mortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 28 (i)) due to the observable market rates.

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables

	2023 \$	2022 \$
Current		
Rates and statutory receivables	4,219,816	4,156,686
Sundry Debtors	1,388,422	1,655,981
GST receivable	442,333	393,204
Accrued Income	1,247,773	167,942
Prepayments	1,291,482	638,667
Less: provision for expected credit loss	(142,193)	(145,515)
	8,447,633	6,866,965
Non-current		
Pensioner's rates and ESL deferred	600,600	611,641
	600,600	611,641

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

Trade receivables are recognised at original invoice amount less any provision for expected credit loss amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

SIGNIFICANT ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade and other receivables

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

Other Receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Inventories

	2023	2022
	\$	\$
Current		
Fuel and materials	366,315	363,623
Resaleable Merchandise	78,533	43,557
Total current inventories	<u>444,848</u>	<u>407,180</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Note 7. Assets Classified as Held for Sale

	2023	2022
	\$	\$
Non-current assets held for sale - current		
Land	–	7,446,159
Total Non-current assets held for sale - current	<u>–</u>	<u>7,446,159</u>

SIGNIFICANT ACCOUNTING POLICIES

Non-current assets held for sale

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

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

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 28(i).

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Property, plant and equipment

(a) Movements in balances

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

	Note	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in progress \$	Artwork \$	Total property, plant and equipment \$
Balance at 1 July 2021		59,875,000	104,079,999	163,954,999	1,400,962	9,057,635	–	813,609	175,227,205
Additions - Renewal		–	1,113,816	1,113,816	848,731	986,712	620,208	51,520	3,620,987
Additions - New		296,867	450,808	747,675	94,420	134,512	–	–	976,607
Disposals		(2,529,708)	(911,402)	(3,441,110)	(82,853)	(60,687)	–	(106,663)	(3,691,313)
Revaluation decrements transferred to revaluation surplus	19	–	(126,476)	(126,476)	–	–	–	–	(126,476)
Depreciation	10a	–	(2,151,408)	(2,151,408)	(462,613)	(1,103,069)	–	–	(3,717,090)
Depreciation on Disposal		–	11,785	11,785	82,852	31,298	–	–	125,935
Reclassifications between Asset Classes		(7,446,159)	–	(7,446,159)	–	–	–	–	(7,446,159)
Balance at 30 June 2022		50,196,000	102,467,122	152,663,122	1,881,499	9,046,401	620,208	758,466	164,969,696
Comprises:									
Gross balance amount at 30 June 2022		50,196,000	104,706,998	154,902,998	2,951,875	17,514,115	620,208	758,466	176,747,662
Accumulated depreciation at 30 June 2022		–	(2,139,625)	(2,139,625)	(1,070,376)	(8,467,714)	–	–	(11,677,715)
Accumulated impairment loss at 30 June 2022		–	(100,251)	(100,251)	–	–	–	–	(100,251)
Balance at 30 June 2022		50,196,000	102,467,122	152,663,122	1,881,499	9,046,401	620,208	758,466	164,969,696
Balance at 1 July 2022		50,196,000	102,467,120	152,663,120	1,881,499	9,046,403	620,208	758,466	164,969,696
Additions - Renewal		–	876,365	876,365	–	1,927,867	–	–	2,804,232
Additions - New		512,715	343,060	855,775	464,407	–	456,379	77,709	1,854,270
Disposals		(393,366)	(668,753)	(1,062,119)	–	(576,007)	–	–	(1,638,126)
Revaluation increments transferred to revaluation surplus	19	9,067,772	14,476,249	23,544,021	–	–	–	–	23,544,021
Depreciation	10a	–	(2,169,125)	(2,169,125)	(542,893)	(1,031,537)	–	–	(3,743,555)
Depreciation on Disposal		–	147,995	147,995	–	392,618	–	–	540,613
Reclassifications between Asset Classes		7,446,159	520,355	7,966,514	–	–	(520,355)	–	7,446,159
Balance at 30 June 2023		66,829,280	115,993,266	182,822,546	1,803,013	9,759,344	556,232	836,175	195,777,310

Notes to the Financial Statements
for the year ended 30 June 2023

Note 8. Property, plant and equipment (continued)

	Land \$	Buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in progress \$	Artwork \$	Total property, plant and equipment \$
Comprises:								
Gross balance amount at 30 June 2023	66,829,280	115,993,266	182,822,546	3,416,282	18,865,975	556,232	836,175	206,497,210
Accumulated depreciation at 30 June 2023	–	–	–	(1,613,269)	(9,106,631)	–	–	(10,719,900)
Balance at 30 June 2023	66,829,280	115,993,266	182,822,546	1,803,013	9,759,344	556,232	836,175	195,777,310

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. Property, plant and equipment (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - Land and buildings					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.
Buildings - specialised	3	Cost approach using current replacement cost.	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology.	Independent registered valuer	June 2023	Price per hectare / market borrowing rate.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Asset class	Valuation technique
(ii) Cost	
Furniture and equipment	Cost
Plant and equipment	Cost
Artwork	Cost

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure

(a) Movements in balances

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

Note	Infrastructure roads \$	Infrastructure Lighting \$	Recreation \$	Car Parks \$	Meru Landfill \$	Airport \$	Effluent Scheme \$	Work in progress \$	Total infrastructure \$	
Balance as at 1 July 2021	578,907,325	–	51,131,940	10,546,857	16,982,410	25,060,905	543,938	–	683,173,375	
Additions - Renewal	11,336,172	–	7,176,986	3,900	85,000	157,431	4,321	–	18,763,810	
Additions - New	2,950,132	–	1,818,485	104,624	288,918	17,125	–	–	5,179,284	
(Disposals)	–	–	(1,685,034)	–	–	–	–	–	(1,685,034)	
Depreciation	(16,744,311)	–	(2,025,363)	(497,851)	(913,489)	(1,127,270)	(18,718)	–	(21,327,002)	
Meru capping provision	–	–	–	–	524,120	–	–	–	524,120	
Depreciation on Disposal	–	–	165,315	–	–	–	–	–	165,315	
Other Movements	–	–	–	–	–	–	–	–	–	
Balance at 30 June 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Comprises:										
Gross balance amount at 30 June 2022	641,432,318	–	63,934,984	12,065,223	19,978,141	26,346,079	601,615	–	764,358,360	
Accumulated depreciation at 30 June 2022	(64,983,000)	–	(7,352,655)	(1,907,693)	(3,011,182)	(2,237,888)	(72,074)	–	(79,564,492)	
Balance at 30 June 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Balance as at 1 July 2022	576,449,318	–	56,582,329	10,157,530	16,966,959	24,108,191	529,541	–	684,793,868	
Additions - Renewal	12,281,964	321,885	3,913,795	6,373	132,310	1,080,066	–	–	17,736,393	
Additions - New	2,620,018	–	2,932,157	708,078	1,168,742	9,543	–	–	7,438,538	
(Disposals)	–	–	–	–	–	–	–	–	–	
Revaluation increments transferred to revaluation surplus	19	–	3,790,470	10,396,096	8,146,127	1,242,422	–	87,289	–	23,662,404
Revaluation decrements transferred to revaluation surplus	19	(16,133,160)	–	–	–	–	–	–	–	(16,133,160)
Depreciation	(17,135,291)	(1,855)	(2,179,244)	(503,544)	(1,085,835)	(1,134,868)	(18,830)	–	(22,059,467)	
Meru capping provision	–	–	–	–	3,332,815	–	–	–	3,332,815	
Depreciation on Disposal	–	–	–	–	–	–	–	–	–	

continued on next page ...

Notes to the Financial Statements
for the year ended 30 June 2023

Note 9. Infrastructure (continued)

Other Movements	-	-	(7,709,983)	-	(1,158,600)	-	-	8,868,583	-
Balance at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391
Comprises:									
Gross balance amount at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	21,871,888	27,434,699	598,000	8,868,583	703,416,233
Accumulated depreciation at 30 June 2023	-	-	-	-	(1,273,075)	(3,371,767)	-	-	(4,644,842)
Balance at 30 June 2023	558,082,849	4,110,500	63,935,150	18,514,564	20,598,813	24,062,932	598,000	8,868,583	698,771,391

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value					
Roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Recreation	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Car Parks	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Meru Landfill	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Airport	3	Cost approach using current replacement cost	Independent registered valuer	June 2020	Construction costs and current condition, residual values and remaining useful life assessments inputs
Effluent Scheme	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

The value of Road Infrastructure assets decreased by \$16m mainly due to the reduced unit rates used in the valuation.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
(a) Depreciation				
Buildings	8a	2,169,125	2,162,268	2,151,408
Furniture and equipment	8a	542,893	501,924	462,613
Plant and equipment	8a	1,031,537	1,205,102	1,103,069
Infrastructure - roads	9a	17,135,291	16,862,023	16,744,311
Infrastructure - Lighting	9a	1,855	–	–
Infrastructure - Recreation	9a	2,179,244	2,044,381	2,025,363
Infrastructure - Car Parks	9a	503,544	498,368	497,851
Infrastructure - Meru Landfill	9a	1,085,835	919,535	913,489
Infrastructure - Airport	9a	1,134,868	1,143,622	1,127,270
Infrastructure - Effluent Scheme	9a	18,830	18,695	18,718
Right of Use Assets - Furniture & Equipment	11a	43,040	43,040	43,040
Total depreciation		25,846,062	25,398,958	25,087,132

Depreciation of Non-Current Assets

Depreciation is recognised on a straight-line basis, using rates, which are reviewed each reporting period. Major depreciation periods are:

Asset Class	Years
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - Roads	20 to 80 years
Infrastructure - Recreation (Parks)	10 to 60 years
Infrastructure - Car Parks	20 to 100 years
Infrastructure - Meru Landfill	8 to 75 years
Infrastructure - Airport	10 to 100 years
Infrastructure - Effluent Scheme	10 to 40 years
Infrastructure - Footpaths	20 years
Infrastructure - Drainage	80 years
Right of use - Furniture and Equipment	Based on the remaining lease

Notes to the Financial Statements
for the year ended 30 June 2023

Note 10. Fixed assets (continued)

(b) Disposal of assets

The following assets were disposed of during the year.

	Note	Net book value			Sales price			Profit			(Loss)		
		2023 Actual \$	2023 Budget \$	2022 Actual \$	2023 Actual \$	2023 Budget \$	2022 Actual \$	2023 Actual \$	2023 Budget \$	2022 Actual \$	2023 Actual \$	2023 Budget \$	2022 Actual \$
By asset class													
<i>Property, plant and equipment</i>													
	8a												
Land		393,366	–	2,529,708	360,000	–	1,997,568	–	–	–	(33,366)	–	(532,141)
Buildings		668,753	–	899,618	–	–	351,000	–	–	–	(520,758)	–	(548,618)
Plant and equipment		576,007	719,745	29,388	278,773	905,500	40,078	98,618	239,320	144,590	(3,234)	(53,565)	–
Artwork		–	–	106,663	–	–	–	–	–	–	–	–	(106,663)
<i>Infrastructure</i>													
	9a												
Recreation		–	–	1,519,719	–	–	–	–	–	–	–	–	(1,653,619)
Total by asset class		1,638,126	719,745	5,085,096	638,773	905,500	2,388,646	98,618	239,320	144,590	(557,358)	(53,565)	(2,841,041)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires

land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

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

Depreciation

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

Impairment

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

Gains or losses on disposal

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

Note 11. Leases

Council as a lessee

Council has a lease in place over Printers. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

Where Council assesses that an agreement contains a lease, a right of use asset and lease liability is recognised on inception of the lease. Council does not separate lease and non-lease components for any class of assets and has accounted for lease payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

Terms and conditions of leases

Printers

The lease relates to printers located all over the City premises. The lease commenced on the 24th of October 2019 and the lease is for 5 years. The lease has fixed monthly repayments of \$4,174.44. At the end of the lease the City can either terminate the lease or continue with the lease.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

(a) Right of use assets

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

	Note	Printers \$	Total \$
2022			
Balance at 1 July 2021		139,969	139,969
Depreciation	10a	(43,040)	(43,040)
Balance at 30 June 2022		96,929	96,929
2023			
Balance at 1 July 2022		96,929	96,929
Depreciation	10a	(43,040)	(43,040)
Balance at 30 June 2023		53,889	53,889

Amounts included in the statement of comprehensive income related to leases

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

	Note	2023 Actual \$	2022 Actual \$
Expenses			
Depreciation on right-of-use assets	10a	43,040	43,040
Finance charge on lease liabilities	32d	4,969	7,650
Total amount recognised in the statement of comprehensive income		48,009	50,690
Total cash outflow from leases		4,969	7,650

	Note	2023 Actual \$	2022 Actual \$

(b) Lease liabilities

Current		47,974	45,124
Non-current		8,285	56,259
Total lease liabilities	32d	56,259	101,383

Disclosure

The City has a lease relating to printing equipment. The term for the lease is 5 years. The lease has fixed monthly lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

Secured liabilities and assets pledged as security

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

SIGNIFICANT ACCOUNTING POLICIES**Leases**

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

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

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

Details of individual borrowings required by regulations are provided at Note 32

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

Note 12. Intangible assets

Laneway Easement

	2023	2022
	Actual	Actual
	\$	\$
Non-current		
Gross book value	159,460	159,460
Total Laneway Easement – net book value	159,460	159,460
Movements in balances of intangible asset during the financial year are shown as follows:		
Balance at 1 July	159,460	159,460
Amortisation	–	–
Balance at 30 June	159,460	159,460
TOTAL INTANGIBLE ASSETS	159,460	159,460

SIGNIFICANT ACCOUNTING POLICIES**Laneway Easement**

The Laneway Easement is not amortised as it is considered to have an indefinite useful life.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Investment properties

Council has not classified any Land or Buildings as "Investment Properties".

Note 14. Trade and other payables

	2023	2022
	\$	\$
Current		
Sundry creditors	11,121,468	10,014,989
Accrued interest on debentures	90,646	113,660
Accrued Expenses	1,274,988	863,324
Accrued Salaries and Wages	1,207,053	942,965
Unexpended Non-Operating Grants (WATC)	3,081,831	3,002,647
Total current trade and other payables	<u>16,775,986</u>	<u>14,937,585</u>

SIGNIFICANT ACCOUNTING POLICIES**Financial liabilities**

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

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

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

Trade and other payables

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

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

Prepaid rates

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Other liabilities

	2023	2022
	\$	\$
(a) Other liabilities		
Current		
Deposits received in advance of services provided	2,650,060	1,808,316
Total other liabilities	2,650,060	1,808,316

SIGNIFICANT ACCOUNTING POLICIES**Contract Liabilities**

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 16. Borrowings

	Note	2023			2022		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Unsecured							
Loans	32a	3,696,812	16,463,815	20,160,627	4,275,466	20,160,636	24,436,102
Total unsecured borrowings	32a	3,696,812	16,463,815	20,160,627	4,275,466	20,160,636	24,436,102

Unsecured liabilities

All the City's borrowings are from the Western Australian Treasury Corporation (WATC) and are unsecured.

SIGNIFICANT ACCOUNTING POLICIES**Borrowing costs**

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

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

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

Risk

Information regarding exposure to risk can be found at Note 26.

Details of individual borrowings required by regulations are provided at Note 32(a).

Notes to the Financial Statements

for the year ended 30 June 2023

Note 17. Employee related provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	2,362,130	2,077,822
Long service leave	3,098,121	2,752,516
Sick Leave	307,899	341,219
Accrued RDO	38,408	35,711
Pandemic Leave	–	376,201
Total current employee related provisions	5,806,558	5,583,469
Non-current provisions		
Long service leave	314,866	331,526
Total non-current employee related provisions	314,866	331,526
Total employee related provisions	6,121,424	5,914,995

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

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

Note 18. Other provisions

	Infrastructure Meru - Rehabilitation	Total
Opening balance at 1 July 2022		
Non-current provisions	9,679,368	9,679,368
	9,679,368	9,679,368
Additional provision	3,599,966	3,599,966
Balance at 30 June 2023	13,279,334	13,279,334
Comprises		
Non-current	13,279,334	13,279,334
	13,279,334	13,279,334

Other provisions

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Revaluation surplus

	2023	2023	2023	Total	2023	2022	2022	2022	Total	2022
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Movement on Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	22,371,179	9,067,772	–	9,067,772	31,438,951	22,371,179	–	–	–	22,371,179
Buildings - non-specialised	48,187,256	14,476,249	–	14,476,249	62,663,505	48,313,732	–	(126,476)	(126,476)	48,187,256
Plant and equipment	1,601,370	–	–	–	1,601,370	1,601,370	–	–	–	1,601,370
Artwork	100,239	–	–	–	100,239	100,239	–	–	–	100,239
Infrastructure - roads	397,344,499	–	(16,133,160)	(16,133,160)	381,211,339	397,344,499	–	–	–	397,344,499
Infrastructure - other	–	3,790,470	–	4,793,806	4,793,806	–	–	–	–	–
Recreation	–	10,396,096	–	10,396,096	10,396,096	–	–	–	–	–
Car Parks	10,899,812	8,146,127	–	8,146,127	19,045,939	10,899,811	–	–	–	10,899,811
Meru Landfill	1,458,254	1,242,422	–	1,242,422	2,700,676	1,458,254	–	–	–	1,458,254
Effluent Scheme	298,110	87,289	–	87,289	385,399	298,110	–	–	–	298,110
	<u>482,260,719</u>	<u>47,206,425</u>	<u>(16,133,160)</u>	<u>32,076,601</u>	<u>514,337,320</u>	<u>482,387,194</u>	<u>–</u>	<u>(126,476)</u>	<u>(126,476)</u>	<u>482,260,718</u>

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

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional, significance should no longer be recognised

Notes to the Financial Statements

for the year ended 30 June 2023

Note 20. Notes to the statement of cash flows

(a) Reconciliation of cash

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

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Cash and cash equivalents	3	<u>18,218,685</u>	<u>23,005,031</u>	<u>14,199,011</u>

Restrictions

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

- Cash and cash equivalents	3	8,331,832	9,638,078	11,428,727
- Financial assets at amortised cost	4	46,505,827	25,609,515	30,850,355
		<u>54,837,659</u>	<u>35,247,593</u>	<u>42,279,082</u>

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

Restricted reserve accounts	33	51,755,828	32,244,393	39,276,435
Unspent grants		3,081,831	3,003,200	3,002,647
Total restricted assets		<u>54,837,659</u>	<u>35,247,593</u>	<u>42,279,082</u>

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

Net result		15,866,599	11,078,555	8,549,843
Non-cash items:				
Depreciation/amortisation		25,846,062	25,398,958	25,087,132
Adjustments to fair value of financial assets at fair value through profit or loss		(16,586)	–	(17,986)
(Profit)/loss on sale of asset		458,740	(185,755)	2,696,451
Other Non Cash Movements		–	–	(506,203)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(1,569,627)	(393,168)	415,248
(Increase)/decrease in other assets		–	–	(253,433)
(Increase)/decrease in inventories		(37,668)	(42,417)	(43,369)
(Increase)/decrease in contract assets		(2,030,785)	13,000	–
Increase/(decrease) in trade and other payables		1,861,415	1,052,362	849,995
Increase/(decrease) in accrued interest payable		(23,014)	–	(22,226)
Increase/(decrease) in employee related provisions		206,429	6,594	199,251
Increase/(decrease) in other provisions		267,151	–	907,764
Increase/(decrease) in other liabilities		841,744	340,021	660,989
Capital grants, subsidies and contributions		(10,132,484)	(12,792,443)	(7,652,178)
Net cash provided by/(used in) operating activities		<u>31,537,976</u>	<u>24,475,707</u>	<u>30,871,278</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 20. Notes to the statement of cash flows (continued)

	2023 Actual \$	2022 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements		
Credit card limit	115,000	115,000
Total amount of credit unused	115,000	115,000

Security

The Commonwealth Bank of Australia holds a mortgage over council's rates revenue.

	Note	2023 \$	2022 \$
Loan facilities			
Loan facilities - current	16	3,696,812	4,275,467
Loan facilities - non-current	16	16,463,814	20,160,635
Total facilities in use at balance date		20,160,626	24,436,102

Note 21. Contingent liabilities

1) The City of Greater Geraldton has entered into an agreement with the Public Transport Authority to indemnify Brookfield Rail for 40% of the cost of modification to the Rail Bridge No. 5371 (Abraham Street) contingent on changes to container heights (double stacking). The term of the indemnity expires on the date of expiry of the current lease Brookfield Rail holds over the Rail Corridor (2049).

The likelihood of such an event to occur is considered to be remote.

Note 22. Capital commitments

	2023 \$	2022 \$
(a) Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	12,388,014	2,082,941
- plant & equipment purchases	-	518,562
Total capital expenditure commitments	12,388,014	2,601,503
Payable:		
- not later than one year	12,388,014	2,601,503
Total capital expenditure commitments	12,388,014	2,601,503

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of various City infrastructure assets.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions

	2023 Actual \$	2023 Budget \$	2022 Actual \$
(a) Elected Member Remuneration			
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
Mayor's annual allowance	85,800	85,800	78,000
Deputy Mayor's annual allowance	21,450	21,450	19,500
Meeting attendance fees	405,873	405,874	348,194
Annual allowance for ICT expenses	–	–	43,581
Travel and accommodation expenses	6,484	17,500	8,120
Conference & Training Expenses	14,158	30,000	27,455
Total	533,765	560,624	524,850

	2023 Actual \$	2022 Actual \$
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(b) Key management personnel

Key Management Personnel (KMP) Compensation Disclosure

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

Short-term employee benefits	1,831,062	1,834,194
Post-employment benefits	149,081	147,954
Employee - other long-term benefits	33,674	28,914
Total	2,013,817	2,011,062

Short-term employee benefits

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

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria:

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
 - a) part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public or
 - b) part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is reasonable to expect the Council would have adopted with the party at arm's length in the same circumstances.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Related party transactions (continued)

	2023 Actual \$	2022 Actual \$
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(c) Transactions with related parties

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

(i) In addition to KMP compensation above, the following transactions occurred with related parties:

Sale of goods and services	6,120	6,374
Purchase of goods and services	156,503	33,055
	162,623	39,429

(ii) Amounts outstanding from related parties:

Trade and other receivables	338	1,964
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(iii) Amounts payable to related parties:

Trade and other payables	23,183	633
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(iv) Related parties**The City's main related parties are as follows:***i. Key management personnel*

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

ii. Entities subject to significant influence by the City

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

Note 24. Joint arrangements

Council has no interest in any Joint Arrangements.

Note 25. Investment in associates

Council has no interest in any Associated Entities.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management

Financial risk management

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2023					
Cash and cash equivalents	3.07%	18,218,685	–	18,218,685	–
Financial assets at amortised cost - term deposits	4.34%	38,576,435	38,576,435	–	–
2022					
Cash and cash equivalents	0.29%	14,199,011	–	14,199,011	–
Financial assets at amortised cost - term deposits	1.68%	38,400,345	38,400,345	–	–

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management (continued)

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity *	182,186	141,990

(*) Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 32(a).

(b) Credit risk**Trade and Other Receivables**

The City's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2023					
Trade receivables					
Expected credit loss	75.00%	12.00%	1.00%	12.00%	
Gross carrying amount	1,062,312	157,030	20,782	169,816	1,409,940
Loss allowance	9,143	1,352	179	1,462	12,136
30 June 2022					
Trade receivables					
Expected credit loss	79.00%	5.00%	2.00%	14.00%	
Gross carrying amount	1,315,777	79,745	25,695	237,965	1,659,182
Loss allowance	9,753	591	190	1,764	12,298

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Financial risk management (continued)

Contract Assets

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

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 20(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2023					
Trade and other payables	14,285,308	–	–	14,285,308	14,285,308
Borrowings	3,696,812	11,376,104	5,087,711	20,160,627	20,160,627
Lease liabilities	47,974	8,285	–	56,259	56,259
	<u>18,030,094</u>	<u>11,384,389</u>	<u>5,087,711</u>	<u>34,502,194</u>	<u>34,502,194</u>
2022					
Trade and other payables	14,937,585	–	–	14,937,585	14,937,585
Borrowings	4,275,467	13,356,034	6,804,601	24,436,102	24,436,102
Lease liabilities	45,124	56,259	–	101,383	101,383
	<u>19,258,176</u>	<u>13,412,293</u>	<u>6,804,601</u>	<u>39,475,070</u>	<u>39,475,070</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 27. Events occurring after the end of the reporting period

There are no events occurring after the end of the financial year which have significantly affected or may significantly affect the operations of the City of Greater Geraldton.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Other significant accounting policies

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Other significant accounting policies (continued)

or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity

(a) Statement of objectives

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

NAME AND OBJECTIVES**DESCRIPTION****GOVERNANCE**

To provide a decision-making process for the efficient allocation of scarce resources.

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Maintenance of senior citizen centre and the provision of youth services.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision of airport facilities.

ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works operation, plant repair and costs.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity (continued)

(b) Income and expenses

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Income excluding grants, subsidies and contributions			
Governance	110,202	39,650	39,695
General purpose funding	53,105,971	51,612,385	49,063,750
Law, order, public safety	355,435	325,000	309,213
Health	80,832	80,000	88,536
Education and welfare	44,536	30,000	49,023
Community amenities	15,056,919	13,932,164	15,395,871
Recreation and culture	1,929,108	2,639,267	1,331,249
Transport	4,824,241	5,488,700	4,085,042
Economic services	1,022,850	907,000	928,386
Other property and services	1,242,526	1,371,885	1,223,843
	<u>77,772,620</u>	<u>76,426,051</u>	<u>72,514,608</u>
Grants, subsidies and contributions			
Governance	45,546	107,647	116,248
General purpose funding	10,416,701	6,506,610	8,203,427
Law, order, public safety	1,526,782	1,016,652	1,090,049
Education and welfare	375,095	331,975	261,129
Community amenities	314,641	284,125	437,546
Recreation and culture	1,773,316	558,900	1,328,749
Transport	9,614,410	12,366,813	9,337,354
Economic services	47,446	45,000	57,180
Other property and services	722,845	511,000	192,739
	<u>24,836,782</u>	<u>21,728,722</u>	<u>21,024,421</u>
Total income	<u>102,609,402</u>	<u>98,154,773</u>	<u>93,539,029</u>
Expenses			
Governance	(943,452)	(2,703,460)	(2,798,560)
General purpose funding	(3,335,651)	(989,293)	(1,324,439)
Law, order, public safety	(3,883,380)	(3,911,047)	(3,358,207)
Health	(825,382)	(910,076)	(779,264)
Education and welfare	(2,000,609)	(2,147,026)	(1,803,092)
Housing	(30,367)	(37,483)	(40,787)
Community amenities	(13,129,415)	(13,733,931)	(11,580,793)
Recreation and culture	(20,291,534)	(20,924,177)	(21,022,108)
Transport	(30,393,703)	(30,766,601)	(30,907,110)
Economic services	(4,234,684)	(4,791,994)	(4,307,732)
Other property and services	(7,674,626)	(6,161,130)	(7,067,094)
	<u>(86,742,803)</u>	<u>(87,076,218)</u>	<u>(84,989,186)</u>
Net result for the period	<u>15,866,599</u>	<u>11,078,555</u>	<u>8,549,843</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Function and activity (continued)

(c) Total assets

	2023 Actual \$	2022 Actual \$
Governance	449,925	746,073
General purpose funding	84,981,356	75,547,805
Law, order, public safety	771,056	599,027
Health	–	23,688
Education and welfare	–	20,540
Community amenities	147,560,205	58,267,381
Recreation and culture	10,293,852	11,409,973
Transport	549,430,521	625,869,460
Economic services	25,403	62,174
Other property and services	181,580,748	152,437,803
Total assets	975,093,066	924,983,924

Notes to the Financial Statements

for the year ended 30 June 2023

Note 30. Rating information

Rate type	Basis of valuation	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022	
		Rate in \$	Number of properties	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
General Rates													
Rate Description													
CGG GRV	Gross rental valuations	0.12927	17,027	341,556,738	44,153,030	132,648	(1,253)	44,284,425	44,153,030	255,000	16,000	44,424,030	42,122,015
UV	Unimproved valuations	0.00677	743	446,752,952	3,024,518	1,245	(638)	3,025,125	3,024,518	45,000	–	3,069,518	2,834,364
Total general rates			17,770	788,309,690	47,177,548	133,893	(1,891)	47,309,550	47,177,548	300,000	16,000	47,493,548	44,956,379
Minimum payment													
CGG GRV		1,027.00	2,506	8,341,348	2,573,663	–	–	2,573,663	2,573,662	–	–	2,573,662	2,656,849
UV		1,027.00	356	28,370,216	365,612	–	–	365,612	365,612	–	–	365,612	394,368
Total minimum payments			2,862	36,711,564	2,939,275	–	–	2,939,275	2,939,274	–	–	2,939,274	3,051,217
Total general rates and minimum payments			20,632	825,021,254	50,116,823	133,893	(1,891)	50,248,825	50,116,822	300,000	16,000	50,432,822	48,007,596
								<u>50,248,825</u>				<u>50,432,822</u>	<u>48,007,596</u>
Discounts													
General rates								(103,797)				(102,937)	(107,045)
Total rates								<u>50,145,028</u>				<u>50,329,885</u>	<u>47,900,551</u>

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Determination of surplus or deficit

Note	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(98,618)	(239,320)	(144,590)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(16,586)	(2,000)	(17,986)
Add: Loss on disposal of assets	557,358	53,565	2,841,041
Add: Depreciation	10a 25,846,062	25,398,958	25,087,132
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	11,041	–	34,946
Employee benefit provisions	(16,660)	390	(60,106)
Other provisions	267,151	–	–
Other Non-Cash (Revenue)/Expenditure	3,836	(37,973)	18,865
Non-cash amounts excluded from operating activities	26,553,584	25,173,620	27,759,302
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Movement in non-current capital grant/contribution liability	–	–	–
Property, plant and equipment received for substantially less than fair value	8a –	–	–
Infrastructure received for substantially less than fair value	9a –	–	–
Non cash Capital grants, subsidies and contributions	–	–	–
Non-cash amounts excluded from investing activities	–	–	–
(c) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	33 (41,305,828)	(32,244,393)	(39,276,435)
Less: Financial assets at amortised cost - self supporting loans	4a (123,059)	(171,705)	(91,627)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	16 3,696,812	3,754,481	4,275,466
- Current portion of lease liabilities	11 47,974	47,974	–
Other - Property Loan - Bowden	(8,480)	(108,441)	–
Other - Clay Target Loan	(11,959)	–	–
Total adjustments to net current assets	(37,704,540)	(28,722,084)	(35,092,596)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Determination of surplus or deficit (continued)

	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
Net current assets used in the Statement of Financial Activity			
Total current assets	68,169,182	56,477,844	65,763,715
Less: Total current liabilities	(28,977,390)	(26,527,983)	(26,649,960)
Less: Total adjustments to net current assets	(37,704,540)	(28,722,084)	(35,092,596)
Surplus or deficit after imposition of general rates	<u>1,487,252</u>	<u>1,227,777</u>	<u>4,021,159</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Principal at 1 July 2022	New loans During 2021-22	Principal repayments During 2021-22	Actual Principal at 30 June 2022	New loans During 2022-23	Principal repayments During 2022-23	Actual Principal at 30 June 2023	Principal at 1 July 2022	Budget		Principal at 30 June 2023
										New loans	Principal repayments	
266 Old Railway Building		356,830	–	(113,852)	242,978	–	(118,870)	124,108	242,978	–	(118,870)	124,108
281 Geraldton Hockey Association		–	600,000	(28,263)	571,737	–	(57,055)	514,682	571,737	–	(57,055)	514,682
260 Aquarena Renewal Stage 1		530,563	–	(298,771)	231,792	–	(231,792)	–	231,792	–	(231,792)	–
261 Airport Paid Parking Facilities		306,094	–	(172,368)	133,726	–	(133,726)	–	133,726	–	(133,726)	–
278 Meru Resource Recovery Facility		5,721,885	–	(660,730)	5,061,155	–	(675,613)	4,385,542	5,061,155	–	(675,614)	4,385,541
258 Airport Buffer Land		80,395	–	(80,395)	–	–	–	–	–	–	–	–
96 Geraldton Yacht Club SSL		183,044	–	(23,755)	159,289	–	(24,512)	134,777	159,289	–	(24,512)	134,777
273 Verita Road Stage 1		454,967	–	(224,714)	230,253	–	(230,253)	–	230,253	–	(230,253)	–
264 Aquarena Upgrade		692,874	–	(221,072)	471,802	–	(230,815)	240,987	471,803	–	(230,815)	240,988
262 Office Redevelopment		204,063	–	(114,912)	89,151	–	(89,151)	–	89,151	–	(89,151)	–
268 Foreshore Stabilisation & Protection		524,523	–	(125,162)	399,361	–	(129,060)	270,301	399,361	–	(129,060)	270,301
263 Recreation Ground Grandstand		433,046	–	(138,169)	294,877	–	(144,259)	150,618	294,877	–	(144,259)	150,618
269 Airport Projects		1,320,050	–	(314,992)	1,005,058	–	(324,800)	680,258	1,005,058	–	(324,800)	680,258
265 Old Works Depot		346,437	–	(110,536)	235,901	–	(115,407)	120,494	235,901	–	(115,407)	120,494
259 Verita Road		278,291	–	(278,291)	–	–	–	–	–	–	–	–
276 Animal Pound Facility		1,383,742	–	(265,898)	1,117,844	–	(271,216)	846,628	1,117,844	–	(271,216)	846,628
272 MUF, Youth Precinct, Beach Access Ramp		2,912,692	–	(251,330)	2,661,362	–	(259,462)	2,401,900	2,661,362	–	(259,462)	2,401,900
279 Wonthella Bowling club		200,000	–	(39,608)	160,392	–	(39,803)	120,589	160,392	–	(39,803)	120,589
274 Olive Street Development		2,356,207	–	(362,853)	1,993,354	–	(374,299)	1,619,055	1,993,354	–	(374,299)	1,619,055
277 Beresford Foreshore		1,512,212	–	(174,621)	1,337,591	–	(178,555)	1,159,036	1,337,590	–	(178,555)	1,159,035
275 Airport Runway Overlay		6,924,556	–	(300,035)	6,624,521	–	(308,556)	6,315,965	6,624,521	–	(308,556)	6,315,965
280 Geraldton Amateur Basketball Association		–	–	–	–	–	–	–	–	550,000	(23,785)	526,215
271 QPT Air-Conditioning Replacement		1,742,562	–	(328,604)	1,413,958	–	(338,270)	1,075,687	1,413,957	–	(338,270)	1,075,687
251 Geraldton Clay Target Club - SSL		–	–	–	–	–	–	–	–	100,000	(4,432)	95,568
Total Borrowings	16	28,465,033	600,000	(4,628,931)	24,436,102	–	(4,275,474)	20,160,627	24,436,101	650,000	(4,303,692)	20,782,409

Borrowing Finance Cost Payments

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities (continued)

(a) Borrowings

Purpose	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Purpose					
265 Old Works Depot	WATC	4.36%	(8,010)	(9,041)	(12,925)
262 Office Redevelopment	WATC	3.89%	(882)	(1,740)	(5,170)
261 Airport Paid Parking Facilities	WATC	3.89%	(1,323)	(2,609)	(7,755)
271 QPT Air-Conditioning Replacement	WATC	2.92%	(37,082)	(38,836)	(46,797)
278 Meru Resource Recovery Facility	WATC	2.24%	(107,140)	(109,608)	(122,078)
258 Airport Buffer Land	WATC	4.72%	–	–	(1,669)
279 Wonthella Bowling club	WATC	0.49%	(647)	(739)	(842)
264 Aquarena Upgrade	WATC	4.36%	(16,020)	(18,082)	(25,850)
269 Airport Projects	WATC	3.09%	(26,985)	(28,566)	(36,841)
275 Airport Runway Overlay	WATC	2.82%	(183,233)	(184,652)	(191,793)
281 Geraldton Hockey Association	WATC	1.25%	(6,722)	(6,948)	(6,004)
273 Verita Road Stage 1	WATC	2.45%	(3,749)	(4,239)	(9,300)
277 Beresford Foreshore	WATC	2.24%	(28,316)	(28,968)	(32,263)
272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	(81,885)	(83,364)	(90,064)
WATC Loan Guarantee Fee	WATC	0.00%	(161,969)	(171,901)	(193,580)
260 Aquarena Renewal Stage 1	WATC	3.89%	(2,294)	(4,531)	(13,442)
274 Olive Street Development	WATC	3.13%	(58,053)	(59,486)	(69,543)
268 Foreshore Stabilisation & Protection	WATC	3.09%	(10,722)	(11,351)	(14,639)
280 Geraldton Amateur Basketball Association	WATC	0.50%	–	(8,250)	–
96 Geraldton Yacht Club SSL	WATC	3.16%	(4,749)	(4,842)	(5,508)
259 Verita Road	WATC	4.72%	–	–	(5,778)
266 Old Railway Building	WATC	4.36%	(8,250)	(9,312)	(13,313)
263 Recreation Ground Grandstand	WATC	4.36%	(10,012)	(11,301)	(16,157)
276 Animal Pound Facility	WATC	1.99%	(20,022)	(20,902)	(25,357)
251 Geraldton Clay Target Club - SSL	WATC	1.25%	–	(1,250)	–
Total Finance Cost Payments			(778,065)	(820,518)	(946,668)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					Actual \$	Budget \$	Actual \$	Budget \$		
No new loans				0.00%	—	—	—	—	—	—
					—	—	—	—	—	—

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2022 \$	Borrowed During Year \$	Expended During Year \$	Unspent Balance 30 June 2023 \$
No Unspent borrowings			—	—	—	—
			—	—	—	—

Notes to the Financial Statements
for the year ended 30 June 2023

Note 32. Borrowing and lease liabilities (continued)

(d) Lease liabilities

Purpose	Note	Actual					Budget					
		Principal at 1 July 2021	New leases During 2021-22	Principal repayments During 2021-22	Principal at 30 June 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Printers		143,828	–	(42,445)	101,383	–	(45,124)	56,259	101,383	–	(45,124)	56,259
Total lease liabilities	11b	143,828	–	(42,445)	101,383	–	(45,124)	56,259	101,383	–	(45,124)	56,259

Notes to the Financial Statements

for the year ended 30 June 2023

Note 33. Reserve accounts

	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$	2023 Opening Balance Budget \$	2023 Transfer to Budget \$	2023 Transfer (from) Budget \$	2023 Closing Balance Budget \$	2022 Opening Balance Actual \$	2022 Transfer to Actual \$	2022 Transfer (from) Actual \$	2022 Closing Balance Actual \$
(a) Parking Land Reserve	551,759	-	-	551,759	1,301,759	-	-	1,301,759	551,759	-	-	551,759
(b) Unexpended Capital Works & Restricted Grant Reserve	10,485,880	18,872,577	(6,770,996)	22,587,461	12,085,701	-	(2,099,194)	9,986,507	11,368,128	4,599,091	(5,481,339)	10,485,880
(c) Employee Entitlements Reserve	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000	3,100,000	-	-	3,100,000
(d) Major Initiatives Reserve	8,191,405	3,600,000	(731,655)	11,059,750	7,748,607	1,000,000	(1,333,333)	7,415,274	5,281,655	2,909,750	-	8,191,405
(e) Asset Renewal Reserve	14,721,910	1,000,000	(3,119,445)	12,602,465	9,144,354	-	(248,000)	8,896,354	11,144,354	4,300,000	(722,444)	14,721,910
(f) Point Moore Reserve	148,318	39,000	-	187,318	461,318	34,000	-	495,318	110,318	38,000	-	148,318
(g) Money In Lieu of Public Open Space	2,077,163	13,110	(423,198)	1,667,075	1,722,379	-	(673,198)	1,049,181	1,286,015	791,148	-	2,077,163
	39,276,435	23,524,687	(11,045,294)	51,755,828	35,564,118	1,034,000	(4,353,725)	32,244,393	32,842,229	12,637,989	(6,203,783)	39,276,435

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

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

Name of Reserve	Purpose of the reserve
(a) Parking Land Reserve	The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking bays within the City.
(b) Unexpended Capital Works & Restricted Grant Reserve	The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus any unexpended capital works to be carried over to the next financial year.
(c) Employee Entitlements Reserve	The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Enterprise Agreement.
(d) Major Initiatives Reserve	The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.
(e) Asset Renewal Reserve	The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.
(f) Point Moore Reserve	The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.
(g) Money In Lieu of Public Open Space	The purpose of this reserve is to set aside funds received from developers in lieu of land. The funds can be used to purchase land for parks, recreation grounds or open spaces generally.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 34. Trust funds

	<u>1 July 2022</u>			<u>30 June 2023</u>
	Opening Balance \$	Amounts received \$	Amounts paid \$	Closing balance \$
Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:				
Mid West Industry Road Safety Alliance	34,061	–	(7,522)	26,539
Revegetation Contributions	134,422	11,500	–	145,922
Unclaimed Monies	7,436	–	–	7,436
	<u>175,919</u>	<u>11,500</u>	<u>(7,522)</u>	<u>179,897</u>

Financial Report
for the year ended 30 June 2023

Insert Independent Auditor's Report here



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 City of Greater Geraldton

To the Council of the City of Greater Geraldton

Opinion

I have audited the financial report of the City of Greater Geraldton (City) which comprises:

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

In my opinion, the financial report is:

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

Basis for opinion

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

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

Other information

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

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 December 2023

AC136	RISK MANAGEMENT UPDATE
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AGENDA REFERENCE:	D-23-168176
AUTHOR:	B Pearce, Manager Corporate Compliance & Safety
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	28 November 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x2) A. 2023 Strategic Risk Workshop B. City of Greater Geraldton Strategic Risk Review Summary Report Final

EXECUTIVE SUMMARY:

The purpose of this report is to provide an update to the Audit Committee as to the City of Greater Geraldton's risk management profile.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the status of the City of Geraldton Geraldton's risk management profile;
2. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile which is to include;
 - a. An updated management action plan to close out the LGIS/Marsh report findings;
 - b. An update on the completed enterprise risks internal review program; and
 - c. A completed risk maturity assessment.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with the *Local Government (Audit) Regulation 1996, section 17*, and the City of Greater Geraldton Risk Management Framework, the City is required to report on the effectiveness of the organisations management of risk. This report provides an update on the status of the City's risk management, and the risk review programs in program. Moderate or low risks of an operational or departmental nature are not included in this report.

Strategic Risk Review:

In July 2023 the City engaged LGIS WA/Marsh Advisory to facilitate a risk review program with the City's Executive Management Team. This review involved a desktop review of the City's Risk Management Framework, its supporting documents, and the City's Strategic Risk Register. For the purpose of this review the City defined Strategic risks as external risk exposures that the City cannot prevent, and which have a significant impact to the City's ability to achieve its future plans and ongoing viability.

Following this document review a facilitated risk review workshop was conducted by LGIS WA/Marsh Advisory. This workshop assisted the Executive Management Team assess and update the strategic risks impacting the City of Greater Geraldton. This updated strategic risks is attached to this report.

Upon completion of the document review and the workshop, LGIS WA/Marsh Advisory provided the Strategic Risk Review Summary Report (attached). This report detailed the risk review program deliverables and provided the following key findings.

Key findings:

- There is a positive appetite for increased organisational awareness of risk management processes, and communication at executive level to review control and treatment actions.
- Actionable deliverables and internal processes are heavily aligned to personnel, rather than a position function. Documented position or departmental allocations would decrease a risk of information loss, inform capacity of position functions and strengthen internal reporting processes.
- The combined review of the City's Risk Framework, internal system risk register, and Council Policy 4.24 Risk Appetite & Tolerance would strongly benefit a consistent approach, analysis, evaluation and reporting of risk.
- The City would benefit from a structured monitoring and review of strategic risk treatments. This is best achieved following a determination and communication on monitoring and review schedules to guide all key stakeholders in achieving the Community Strategic Plan 2021-2031 Objectives.
- The monitoring and review of strategic risk treatments should link to the documented and structured review of Strategic Risk *Control Effectiveness* Ratings.
- Activities to drive the consistent application of risk management through internal engagement and management processes, on potential risks, would assist to decrease identified inconsistencies. The longer term goal, should the above recommendations be adopted, would be to switch from reactive observations, to a focus on preventative actions to achieve the identified Strategic Direction Outcomes.

The following provides the updated summary of the City's assessed strategic risks. This table details, the risk exposure and maps these risks to what Strategic Community Plan outcomes that could be impacted, and what risk theme(s) as per the Risk Management Framework the risk aligns with.

Risk Register Reference	Risk Exposure	Strategic Community Plan	Risk Theme
1330	Failure or loss of City asset or infrastructure	3.1 & 3.3	Assets - Asset Management Practices
1540	Cyber or Information Security Incident	4.8	Asset Management - ICT Systems & Infrastructure: & Operations - Business / Community Disruption / Emergency Event
1357	Major Emergency event (Natural or Human caused) with external agency management	1.4 & 3.6	Assets - Environmental Management & Operations - Business / Community Disruption / Emergency Event
New Risk	Major Bushfire Emergency event	1.4 & 3.6	Assets - Environmental Management

Risk Register Reference	Risk Exposure	Strategic Community Plan	Risk Theme
	(Natural or Human caused)		& <i>Operations</i> - Business / Community Disruption / Emergency Event
1507	Work Health & Safety injury or Harm	4.3 & 4.5	<i>People</i> - Work, Health, Safety & Security Management Practices
1328	Reduction or Loss of External Funding	4.4	<i>Operations</i> - Financial Management
1359	Impact on operations due to shortage of resources e.g. Fuel, Gas, Electricity, Contractors, Utilities (Water etc.)	2.2, 4.4 & 4.9	<i>Operations</i> - Business / Community Disruption / Emergency Event
1337	Forced Organisational change	4.5 & 4.9	<i>Operations</i> - Business / Community Disruption / Emergency Event & <i>Operations</i> - Statutory, Regulatory or Other Compliance Obligations
1357	Climate Change impacts	3.1, 3.5 & 3.6	<i>Assets</i> - Asset Management Practices & <i>Operations</i> - Business / Community Disruption / Emergency Event
1360	Regional Population & Economic Decline	2.4 & 4.4	<i>Operations</i> - Business / Community Disruption / Emergency Event
1506	Organisational Culture	4.3 & 4.5	<i>People</i> - Work, Health, Safety & Security Management Practices
1334	Technology advances more rapidly than council is able to adapt	4.8	<i>Assets</i> - Management of Facilities / Venues / Events

Enterprise risk review:

The City commenced an internal review of the enterprise risks in October 2023. Enterprise risks as defined by the Risk Management Framework are risk to City operations, which the City has some ability to mitigate or prevent.

The enterprise risks internal review program issued the City's risk register to all managers and the executive management team, with guidance on the process to complete the annual review process. This review is to be completed by first quarter 2024.

High or Extreme Risks:

The City across its multiple risk registers currently has identified 16 risks with a rating of high, with none having a residual risk rating of extreme. Please note these risks are subject to change following the enterprise risks internal review program.

These following high risks are currently listed in the City's risk register are listed in order over risk exposure severity.

Risk Register Reference	Risk Exposure	Risk Portfolios/Register
1494	Tenders Exceed budget	<i>MP.</i> Aquarena 50m Pool Upgrade
1549	Walkaway Nangetty Bridge 3014 at risk of failure	<i>ENT.</i> Enterprise Risk
260	Major Aerodrome Emergency Incident	<i>Branch</i> - Geraldton Airport
1355	Theft/Holdup of City Employees Transporting/handling Cash	<i>ENT.</i> Enterprise Risk
245	Major Security Incident/Event at City facilities or sites	<i>ENT.</i> Enterprise Risk
238	Emergency Evacuation of City Facility	<i>ENT.</i> Enterprise Risk
154	Major Disruption/Cancellation of City Event	<i>Branch</i> - Community & Cultural Development
1344	Potential Health/Disease Impacts to Mullewa Residents due to Wastewater / Effluent Treatment Systems	<i>Branch</i> - Maintenance Operations <i>Branch</i> - Land & Regulatory
296	Harm to minor under City guardianship for youth outreach program	<i>Branch</i> - Community & Cultural Development
1326	Injury or Illness to Community Member(s)	<i>ENT.</i> Enterprise Risk
1558	Inability to resource project: Contractors, Material, and Consultants	<i>MP.</i> Meru project
1598	Injury to a community member(s) or worker(s)	<i>MP.</i> RRG 23/24 GDS, NGY, WAW, FL, PL
198	Major Medical Emergency at City Facility or Site	<i>ENT.</i> Enterprise Risk
1500	Injury to a community member(s) or worker(s)	<i>MP.</i> Aquarena 50m Pool Upgrade
1481	Injury to a community member(s) or worker(s)	<i>MP.</i> Renewals 23/24 Footpaths Program
1562	Injury to a community member(s) or worker(s)	<i>MP.</i> Renewals 23/24 Roads Program

Note

MP. means Major Project risks, *ENT.* means Enterprise risks, and *Branch* are internal Branch or departmental risks

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**Community:**

There are no adverse community impacts relating to this risk update.

Economy:

There are no adverse economic impacts relating to this risk update.

Environment:

There are no adverse environment impacts relating to this risk update.

Leadership:

The Audit Committee plays a key role in ensuring the City as a local government fulfills management and oversight responsibilities in relation to organisational and strategic risk management.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC084 – Risk Management Profile
- AC120 – Risk Management Profile

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and polity implications as follows:

- *Local Government (Audit) Regulations 1996, Regulation 17*
- Department of Local Government, Sports, and Cultural Industries Integrated Planning Guideline
- City of Greater Geraldton Risk Management Framework
- Council Policy 4.7 Risk Management
- Council Policy 4.24 Risk Appetite and Tolerance

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications relating to the risk profile update.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership, and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed, and inclusive
Outcome 4.5	A culture of safety, innovation and embracing change

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The purpose of this report is wholly associated with current risk management practices in the City. Following completion of the internal review of the enterprise risks, the City shall update dates its risk maturity assessment.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered as risk management is integral to City operations.

MOVED: Denton SECONDED: Colliver

COMMITTEE DECISION

1. **NOTE** the status of the City of Geraldton Geraldton's risk management profile;
2. **REQUIRE** the CEO to report back to the Audit Committee the ongoing status of the City's risk profile which is to include;
 - a. An updated management action plan to close out the LGIS/Marsh report findings;
 - b. An update on the completed enterprise risks internal review program; and
 - c. A completed risk maturity assessment.

CARRIED 4/0

Name	Vote (For or Against)
Mayor Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

Risk Register Reference	Title	Description	SCP alignment	Risk Theme	Classifications	Inherent Rating	Residual Rating	Likelihood	Consequence	Control Effectiveness	Action Reference N#	Action Description	Signoffs	Due Date	Frequency Description	EMT determined Residual risk level
R01330	Failure or loss of City asset or infrastructure (Asset Management)	<p>CAUSE - Asset not built required standards e.g. AS Severe weather event Age of Assets Failure to inspect and maintain Incorrect materials Not fit for purpose</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due failure of asset Reputation damage Legal Action, Claims or Prosecutions Regulatory investigation</p>	3.1 A City that is planned, managed and maintained to provide for environmental and community well being.	Assets - Asset Management Practices	Work Health & Safety Financial Impact Service Interruption Reputation Legal & Compliance	High	Moderate	Likely	Major	MODERATELY Effective	MC00161	Maintenance Operations Specific - Roll out of maintenance planning and tracking of the City's infrastructure/assets via Asstic Cloud	Kerry Smith	1-Jun-24	1st day of every 12 months	Moderate
											MC00162	Maintenance Operations Specific - Asset custodian matrix as per trim D-16-37433	Kerry Smith	1-Nov-23	1st day of every 12 months	
											MC00377	Maintenance Operations Specific - Asset management plan to be reviewed, developed and implemented.	Kerry Smith	1-Jul-24	1st day of every 12 months	
											MC00762	Engineering Services Specific - - Manager Engineering Services to champion the PDF processes, and ensure that all required staff have been inducted into the use of the PDF processes and templates. Records of inductions are to be trimmed - Manager Engineering Services to promote PDF at manager meetings and with staff on appropriate projects - Attendance record of PDF refresher training 27 August 2019 Trim ref. D-19-062912 - Planning and design presentation Trim ref. D-19-060694 - Project delivery presentation Trim ref. D-19-060693	Chris Edwards	30-Sep-23	1st day of every 12 months	
											MC00763	Engineering Services Specific - Conduct and document quarterly audits of select projects to assess staff's management of projects against Promapp processes. Quarterly Audit findings to be presented to Manager Project Delivery and issues to be provided to Project Improvement Working Group and trimmed	Chris Edwards	30-Sep-23	1st day of every 3 months	
											MC00771	Engineering Services Specific - Undertake annual review of proposed capital works program, and seek approval from EMT and Council for finalisation of proposed capital works program for the coming financial year.	Ganga Chettri	30-Sep-23	1st day of every 12 months	
											MC01773	Engineering Services Specific - Develop and implement Publish Promapp process to guide development of the City's capital program.	Debra Taylor	30-Sep-23	1st day of every 12 months	
											MC02058	Engineering Services Specific - Undertake annual review of proposed renewal projects program, and seek approval from EMT and Council for finalisation of renewal projects works program for the coming financial year.	Debra Taylor	30-Sep-23	The first Day of every 12 months	
											MC02430	Develop and implement Aquarena asset management plans that shall direct service, and preventative maintenance schedule.	Mark Adams	30-Jun-24	30th day of every 12 months	
											TBC	2023-24 - Long Term Financial Plan Schedules 2023-2033 Final	Paul Radalj			
TBC	Develop, configure and implement new EAM (IBIS Project)	James Saunders	30-Jun-24													
TBC	Strategic Asset Management Plan - 20/9/2019	Chris Lee														
R01540	Cyber or Information Security Incident	<p>An incident that causes degradation to the confidentiality, integrity or accessibility of ICT systems or information</p> <p>CAUSE- - System Vulnerabilities - System and Network Weaknesses - Staff or Contractor malicious or accidental event</p> <p>CONSEQUENCE - - Network Intrusion - Service Disruption - Loss of confidential data - Reputation Damage - Financial loss - City wide services disruption</p>	4.8 Deliver secured technology that supports sustainability, the environment, service delivery and the community.	Asset Management - ICT Systems & Infrastructure Operations - Business / Community Disruption / Emergency Event	Financial Impact Service Interruption Reputation Legal & Compliance	High	Moderate	Possible	Major	MODERATELY Effective	MC00460	CYBERSECURITY - Perform Annual independent security testing (Penetration and Vulnerability Assessment). - Risk assess each reportable item and prioritise for action (as per process)	Paul Benson Dennis Duff	1-Jun-24	1st day of every 12 months	Moderate
											MC02371	CYBERSECURITY Test and Maintain Cybersecurity Incident Response Plan D-20-124441	Paul Benson Dennis Duff	30-Jun-24	30th day of every 12 months	
											MC02373	CYBERSECURITY Perform Annual (or Biannual) Information Security Risk Assessment - Analyse and Evaluate Risks and Prioritise for Treatment - @todo - Link to Process when created	Paul Benson Dennis Duff	1-Jul-24	31st day of every 12 months	
											MC02380	CYBERSECURITY - Ensure campaign is effective in raising awareness across the organisation - @todo Link to Process once developed	Paul Benson	1-Jun-24	1st day of every 12 months	
											MC02382	Technology (information, systems and processes) weaknesses and vulnerabilities are identified, recorded, assessed, treated and monitored in a prioritised and timely manner	Paul Benson Dennis Duff	1-Jul-24	31st day of every 12 months	
											MC02390	Process details the end-to-end process for the Managed Detection and Response (MDR) service which also links to the Respond to Cybersecurity Incident process.	Paul Benson Dennis Duff	30-Jun-24	30th day of every 12 months	
R01357	Major Emergency event (Natural or Human caused) with external agency management	<p>CAUSE - Severe weather such as Cyclone, Flooding, Earthquake Major Port or Rail Incident Major Industrial Accident Major Traffic Accident Bushfire Pandemic (COVID 19)</p> <p>CONSEQUENCE - Death/Injury to persons Partial or Total suspension of City operations Financial Impact due service interruption Regulatory Investigation and prosecutions Reputation damage due to failure to respond to emergency event</p>	1.4 Community safety, health and well-being is paramount. 3.6 The natural environment is valued, protected and celebrated.	Assets - Environmental Management Operations - Business / Community Disruption / Emergency Event	Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance	High	Moderate	Unlikely	Catastrophic	PARTIALLY Effective	MC01803	Local Emergency Management Arrangements (Added Trim number to document) Verify LEMA supporting resources and contacts is up to date	Andy Gaze	30-Sep-23	22nd day of every 6 months	Moderate
											MC01806	Chapman and Greenough River Flood study Action - Develop and implement a Local Town Planning Policy relating to Chapman and Greenough River Flood zones.	Phil Melling			
											MC01808	Review, develop and update LEMC to reflect emergency management requirements for Abrolhos Islands	Andy Gaze	30-Sep-23	31st day of every month	
											MC01809	Develop and implement Bushfire Brigade Operating Procedure manual (which includes response procedures and minimum training requirements for brigade members) Added Trim reference e.g. folder or record number to manual	Andy Gaze	1-Mar-24	1st day of every 25 months	
											MC01810	Dedicated Bushfire Response Resources; Dedicated City Incident Management team for major events (provide trim details of Delegation and roles) 13 Bushfire brigades, which includes 12 vehicles with 262 brigade volunteer (provide trim refer) Brigades are strategically located to enable response within 20 minutes, (provide trim refer to map showing locations) (Water Storage tanks as per map(provide trim refer)	Andy Gaze	30-Sep-23	25th day of every 12 months	
											MC01812	Develop within Bushfire Brigade Operating Procedure manual the processes for hand over of Major Event that exceeds City capacity (As per Section 13 of Bushfire Act) to State Government to then manage and respond to the event	Andy Gaze	30-Sep-23	1st day of every 12 months	
											MC01813	Treatment process directs how the City issues community service announcements i.e. inform the community of events.	Tully Gray	30-Sep-23	1st day of every 12 months	
											MC01814	Bushfire Firebreak Standards and compliance program in place , add trim reference	Andy Gaze	5-Oct-23	5th day of every 12 months	
											MC02329	D-18-058266 RM/4/0006EMT. Business Continuity Management - Executive Management Team - Event Response Plan SEE RM/4/0006 trim folder for full BCM plans	Paul Radalj, Phil Melling, Ross McKim, Chris Lee, Fiona Norling, Brodie Pearce	12-Jun-24	12th day of every 12 months	

Risk Register Reference	Title	Description	SCP alignment	Risk Theme	Classifications	Inherent Rating	Residual Rating	Likelihood	Consequence	Control Effectiveness	Action Reference N#	Action Description	Signoffs	Due Date	Frequency Description	EMT determined Residual risk level
New N# to be allocated	Major Bushfire Emergency event (Natural or Human caused)	<p>CAUSE - Major Rail incident Major Industrial Accident Major Traffic Accident Arson Farmer/landholder activities</p> <p>CONSEQUENCE - Death/Injury to persons Loss of natural environment Community assets lose Farmer/landholder assets lose Partial or Total suspension of City operations Financial Impact due service interruption Regulatory Investigation and prosecutions</p>	<p>1.4 Community safety, health and well-being is paramount.</p> <p>3.6 The natural environment is valued, protected and celebrated.</p>	<p>Assets - Environmental Management</p> <p>Operations - Business / Community Disruption / Emergency Event</p>	<p>Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance</p>	High	Moderate	Unlikely	Catastrophic	PARTIALLY Effective	MC01803	Local Emergency Management Arrangements (Added Trim number to document) Verify LEMA supporting resources and contacts is up to date	Andy Gaze	30-Sep-23	22nd day of every 6 months	Moderate
											MC01810	Dedicated Bushfire Response Resources; Dedicated City Incident Management team for major events (provide trim details of Delegation and roles) 13 Bushfire brigades, which includes 12 vehicles with 262 brigade volunteer (provide trim refer) Brigades are strategically located to enable response within 20 minutes, (provide trim refer to map showing locations) (Water Storage tanks as per map(provide trim refer)	Andy Gaze	30-Sep-23	25th day of every 12 months	
											MC01812	Develop within Bushfire Brigade Operating Procedure manual the processes for hand over of Major Event that exceeds City capacity (As per Section 13 of Bushfire Act) to State Government to then manage and respond to the event	Andy Gaze	30-Sep-23	1st day of every 12 months	
											MC01813	Treatment process directs how the City issues community service announcements i.e. inform the community of events.	Tully Gray	30-Sep-23	1st day of every 12 months	
											MC01814	Bushfire Firebreak Standards and compliance program in place , add trim reference	Andy Gaze	5-Oct-23	5th day of every 12 months	
											MC02329	D-18-058266 RM/4/0006 EMT. Business Continuity Management - Executive Management Team - Event Response Plan SEE RM/4/0006 trim folder for full BCM plans	Paul Radalj, Phil Melling, Ross McKim, Chris Lee, Fiona Norling, Brodie Pearce	12-Jun-24	12th day of every 12 months	
R01507	Work Health & Safety injury or Harm	<p>CAUSE - Severe weather event Fire Industrial Accident Traffic Accident Ineffective emergency management Antisocial, violent behaviour or armed holdup bomb threat, terrorism etc.</p> <p>CONSEQUENCE - Death/Injury to persons Financial Impact due service interruption Regulatory Investigation and prosecutions Reputation damage due to failure to manage emergency event</p>	<p>4.3 Accountable leadership supported by a skilled and professional workforce.</p> <p>4.5 A culture of safety, innovation and embracing change.</p>	<p>People - Work, Health, Safety & Security Management Practices</p>	<p>Work Health & Safety Financial Impact Service Interruption Reputation Legal & Compliance</p>	High	Moderate	Unlikely	Catastrophic	MODERATELY Effective	MC02562	Implementation of the City of Greater Geraldton Safety Management systems as follows <ul style="list-style-type: none"> City of Greater Geraldton Operational Policy 041 Work Health & Safety City of Greater Geraldton HS-MAN-001 Contractor Work Health & Safety Manual City of Greater Geraldton HS-PLN- 039-Safety Management Plan Refer to the WHS Hub on the Intranet for the completed systems	Brodie Pearce	30-Nov-23	30th day of every 12 months	Moderate
											MC02563	Audit of WHS management systems <ul style="list-style-type: none"> Annual Internal Audit by WHS team Bi annual external Audit by LGIS 	Brodie Pearce	1-Sep-23	30th day of every 12 months	
											MC02564	2023 - 2024 Work Health & Safety Implementation Plan	Ross McKim	30-Sep-23	30th day of every 12 months	
											TBC	Development of IBIS (TechOne) safety reporting and inspections forms	Brodie Pearce	30-Sep-23	once	
											MC02408	Injury Management system inclusive of Policy TRIM N#, Promapp Processes and templates.	Natalie Hope	30-Nov-23	30th day of every 12 months	
R01328	Reduction or Loss of External Funding	<p>CAUSES - Change of state and federal government Loss of grant funding Downturn in economy</p> <p>CONSEQUENCES - Reduction in services and renewal projects Alternative funding via loans Community frustration / City's reputation Increase of rates</p>	<p>4.4 Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.</p>	<p>Operations - Financial Management</p>	<p>Financial Impact Service Interruption Reputation</p>	Moderate	Moderate	Unlikely	Major	MODERATELY Effective	MC02060	2023-24 - Long Term Financial Plan Schedules 2023-2033 Final	Paul Radalj	30-Sep-23	12th day of every 12 months	Moderate
											MC02307	Annual Range and levels of services (as per Integrated planning framework [Corporate Business plan and Budget process] and proposed LG Act reform)	Paul Radalj	30-Sep-23	12th day of every 12 months	
											TBC	Grant oversight by EMT via <ul style="list-style-type: none"> Smarty grant update Community funding policy EMT strategic external funding review process Project Delivery Framework Monthly PLT review of major projects with external funding Annual budget review with EMT review of grant funded projects Grant Officer reporting to EMT 	EMT			
R01359	Impact on operations due to shortage of resources e.g. Fuel, Gas, Electricity, Contractors, Utilities (Water etc.)	<p>CAUSE - Loss of industry Historical reliance on agricultural, fishing and mining sectors Lack of employment opportunities Regional cost of living Limited availability of tertiary education (unit's) Reduced development of land and services Contractor insolvency Lack of Regional contractor capacity Contractor relocation Contract early termination Cyclical nature of industry (infrequent major projects)</p> <p>CONSEQUENCES - Reduced services Reduction in tourism Reduced Rates Revenue Financial capability impacted Depopulation e.g. rural communities Reputation Damage Service disruption Increased operational costs Community outrage Public Health impacted (waste services) Workforce impacts Increased litigation risk Regulatory breach Reduction in regional capability Impact on regional workforce Value of money (costs of accessing services)</p>	<p>2.2 Efficient and accessible intrastate and interstate connectivity.</p> <p>4.4 Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.</p> <p>4.9 Collaboration and strategic alliances with Local Government partners delivers results for common aspirations.</p>	<p>Operations - Business / Community Disruption / Emergency Event</p>	<p>Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance</p>	Moderate	Moderate	Unlikely	Major	MODERATELY Effective	MC01992	Contracts for power, gas, communications (tariff reviews every three years) exclude water sewage	Paul Radalj	30-Sep-23	4th day of every 12 months	Moderate
											MC01993	Ensure completion of Contractors performance audits (KPI assessments and inspections) documents located following link; RM/3/0014: RISK MANAGEMENT - DOCUMENT REGISTER - Annual Supply Contract KPI Checklists	Paul Radalj	30-Sep-23	4th day of every 12 months	
											MC01995	City of Greater Geraldton environment related response and management plans Greater Geraldton Strategic Waste Management and Recycling Action Plan 2020-2030 City of Greater Geraldton Climate Mitigation Plan Greater Geraldton Water Planning & Management Strategy Found at - https://www.cgg.wa.gov.au/documents/504/greater-geraldton-water-planning-and-management-strategy (TBC ?)	Chris Lee	5-Jul-24	5th day of every 12 months	
											MC02006	Annual Review of Power consumption	Paul Radalj	30-Sep-23	4th day of every 12 months	
											MC02329	D-18-058266 RM/4/0006 EMT. Business Continuity Management - Executive Management Team - Event Response Plan SEE RM/4/0006 trim folder for full BCM plans for all Branches	Paul Radalj, Phil Melling, Ross McKim, Chris Lee, Fiona Norling, Brodie Pearce	12-Jun-24	12th day of every 12 months	

Risk Register Reference	Title	Description	SCP alignment	Risk Theme	Classifications	Inherent Rating	Residual Rating	Likelihood	Consequence	Control Effectiveness	Action Reference N#	Action Description	Signoffs	Due Date	Frequency Description	EMT determined Residual risk level
R01337	Forced Organisational change	<p>CAUSE - State/Federal Government Agenda/Policy Changes Legislation Changes Council direction change Amalgamation, additional services or obligations etc</p> <p>CONSEQUENCE - Increased operational costs Reduction in current services level to account for new obligations Community reputation damage (services impacted, amalgamation etc.) Inadequate finances/resources</p>	<p>4.5 A culture of safety, innovation and embracing change.</p> <p>4.9 Collaboration and strategic alliances with Local Government partners delivers results for common aspirations.</p>	<p>Operations - Business / Community Disruption / Emergency Event</p> <p>Operations - Statutory, Regulatory or Other Compliance Obligations</p>	<p>Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance</p>	Moderate	Moderate	Almost Certain	Moderate	MODERATELY Effective	MC01994	Council Approved Corporate Membership List 2023 - 2024	Paul Radalj	30-Sep-23	4th day of every 12 months	Moderate
											MC02014	Regular meetings with local members, ministers heads of departments (when possible)	Ross McKim	30-Sep-23	4th day of every 12 months	
											MC02015	Taking part in legislation review processes and providing feedback on Government Reviews	Paul Radalj	30-Sep-23	5th day of every 12 months	
											MC02307	Annual Range and levels of services (as per Integrated planning framework [Corporate Business plan and Budget process] and proposed LG Act reform)	Paul Radalj	30-Sep-23	30th day of every 12 months	
R01357	Climate Change impacts	<p>CAUSE - Human Activities e.g. greenhouse gas emissions etc.</p> <p>CONSEQUENCE - Environmental changes e.g. sea level rise, cyclonic weather patterns, erosion, heightened fire events etc. Increased operational cost (maintenance, renewal, insurance etc.) Stage withdrawal from coastline Community outrage CBD and coastal inundation Community Safety e.g. major storm events etc.</p>	<p>3.1 A City that is planned, managed and maintained to provide for environmental and community well being.</p> <p>3.5 An integrated emergency and land management approach</p> <p>3.6 The natural environment is valued, protected and celebrated.</p>	<p>Assets - Asset Management Practices</p> <p>Operations - Business / Community Disruption / Emergency Event</p>	<p>Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance</p>	Moderate	Moderate	Likely	Moderate	MODERATELY Effective	MC01995	<p>City of Greater Geraldton environment related response and management plans</p> <p>Greater Geraldton Strategic Waste Management and Recycling Action Plan 2020-2030</p> <p>City of Greater Geraldton Climate Mitigation Plan</p> <p>Greater Geraldton Water Planning & Management Strategy Found at - https://www.cgg.wa.gov.au/documents/504/greater-geraldton-water-planning-and-management-strategy (TBC ?)</p>	Chris Lee	5-Jul-24	5th day of every 12 months	Moderate
											MC01999	Coastal Hazard Risk Management & Adaptation Planning	Chris Lee	30-Sep-23	5th day of every 12 months	
											MC02000	Council Policy 3.1 Climate Change	Chris Lee	30-Sep-23	5th day of every 12 months	
											MC02001	State Planning Policy 2.6 - Coastal Planning	Phil Melling	30-Sep-23	5th day of every 12 months	
											MC02002	Local Emergency Management Arrangements (plans) ES/8/0003 EMERGENCY SERVICES - PLANNING - Local Emergency Management Arrangements	Chris Lee	5-Jul-24	5th day of every 12 months	
											MC02004	City of Greater Geraldton Town Planning Plans & Policies	Phil Melling	30-Sep-23	5th day of every 12 months	
											R01360	Regional Population & Economic Decline	<p>CAUSE - Loss of industry Historical reliance on agricultural, fishing and mining sectors Lack of employment opportunities Regional cost of living Limited availability of tertiary education (unit's) Reduced development of land and services economic economy downturn price of commodities +/- climate change state/federal funding or legislation changes local industry downturn inability to access loans for local projects</p> <p>CONSEQUENCE - Reduced services Reduction in tourism Reduced Rates Revenue Financial capability impacted Depopulation e.g. rural communities Reputation Damage depopulation reduction of services Council revenue decreases inability to renew assets came increases reputational damage local businesses close</p>	<p>2.4 A desirable place to live, work, play, study, invest and visit</p> <p>4.4 Healthy financial sustainability that provides capacity to respond to change in economic conditions and community priorities.</p>	<p>Operations - Business / Community Disruption / Emergency Event</p>	
TBC	Establish data sets and complete scenario analysis to plan and support business growth	Phil Melling	4-Jul-24	4th day of every 12 months												
MC02016	Ensure the implementation of Integrated planning as per Final - Integrated Planning and Reporting Schedule 2020-21 - Updated on 20 October 2021 (Includes Council review and endorsement of Strategic Community Plan, Corporate Business Plan and Annual Budget)	Paul Radalj	30-Sep-23	4th day of every 12 months												
MC02025	<p>CBD Revitalisation program</p> <p>Documents found at following link; https://www.cgg.wa.gov.au/documents/86/geraldton-cbd-revitalisation-program</p>	Chris Lee, Pieter Vorster	4-Jul-24	4th day of every 12 months												
MC02026	Geraldton Airport Master Plan 2012-2030	Paul Radalj	3-Mar-24	4th day of every 12 months												
MC02049	Council Policy 2.5 Economic Investment	Paul Radalj	30-Sep-23	20th day of every 12 months												
TBC	Undertake Revenue Review	Paul Radalj	1-Oct-23	21st day of every 12 months												
MC02173	Review and update the Geraldton Jobs and Growth Plan	Pieter Vorster	15-May-24	15th day of every 24 months												
MC02419	Greater Geraldton tourism destination marketing strategy ADD TRIM N# and fix title	Tully Gray	30-Sep-23	25th day of every 12 months												
TBC	<p>Grant oversight by EMT via</p> <ul style="list-style-type: none"> Smarty grant update Community funding policy EMT strategic external funding review process Monthly PLT review of major projects with external funding Annual budget review with EMT review of grant funded projects Grant Officer reporting to EMT 	EMT														

Risk Register Reference	Title	Description	SCP alignment	Risk Theme	Classifications	Inherent Rating	Residual Rating	Likelihood	Consequence	Control Effectiveness	Action Reference N#	Action Description	Signoffs	Due Date	Frequency Description	EMT determined Residual risk level
R01506	Organisational Culture	<p>CAUSE - Psychosocial Risk Service Delivery Changes - Political Change State/Council/EMT Changes Siloed Operations Changes In Strategic Directions Leadership Changes Enterprise Agreement Negotiations Perceived Red Tap Entitlements (EA) Changes Covid/WHS External Impacts Policy Changes/ Work From Home Post Covid funding/policy Changes Cost Of Living Impacts On Staff</p> <p>CONSEQUENCES - Poor Performance Presenteeism Stress Cost Or Productivity Excessive Sick Leave High Turn Over Service Disruption Loss Of Exp/Knowledge Community/Reputation Damage</p>	<p>4.3 Accountable leadership supported by a skilled and professional workforce.</p> <p>4.5 A culture of safety, innovation and embracing change.</p>	People - Work, Health, Safety & Security Management Practices	Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance	Low	Low	Likely	Minor	MODERATELY Effective	TBC	<ul style="list-style-type: none"> •Workforce Plan Nat Hope Annual Review 4 Yearly Plan •Cultural Survey External Benchmarked - Actions From The Survey •Onboarding / Recruitment Processes (ongoing) •Assets/Facilities Work Environment - Safe Secure Workplace •Asset Management •WHS Implementation Management Plan •Security And Safety Audits •Employee Consultive Committee 3 Times A Year •Safety Committee Bi Monthly •Enterprise Agreement •Codes Of Conduct Policy/ Values •WHS Corporate Risk Register- Psychosocial Risks Management •CEO Catch Ups All Branches •Ibis Implementation Plan - Change Management Actions •City Wellness Plan •Injury Management Systems 				Low But monitor
R01334	Technology advances more rapidly than council is able to adapt	<p>CAUSE - Technology advances beyond City ability to keep up with (i.e. ERP implementation) Change in business practices Culture and resistance to change Councils Low Risk Tolerance Misaligned Strategies Vendor lock-in/Contract period too long Proprietary lock-in/Lack of open standards in the technology in use ICT staff Skills/Resource gaps</p> <p>CONSEQUENCE - Aged or obsolete technology not adequate for City needs Inefficient operations & processes leading to increased costs Decreased Cybersecurity posture Outsourcing of ICT Projects creating further risk. Missed opportunity to decrease costs Missed opportunity to improve organisational performance</p>	4.8 Deliver secured technology that supports sustainability, the environment, service delivery and the community.	Assets - Management of Facilities / Venues / Events	Work Health & Safety Financial Impact Service Interruption Reputation Environmental Legal & Compliance	Low	Low	Likely	Minor	MODERATELY Effective	MC00460	CYBERSECURITY - Perform Annual independent security testing (Penetration and Vulnerability Assessment). - Risk assess each reportable item and prioritise for action (as per process)	Paul Benson, Dennis Duff	1-Jun-24	1st day of every 12 months	Low But monitor
											MC01997	Review and updates to ICT systems and software within budget allocation	Paul Radalj	30-Sep-23	4th day of every 12 months	
											MC02005	Annual review and research into alternative power supply & energy technology updates full market review every 2 years,	Paul Radalj	30-Sep-23	4th day of every 12 months	
											MC02019	Monitor technology innovation which may impact City operations	Paul Radalj	30-Sep-23	4th day of every 12 months	
											MC02345	INFORMATION COMMUNICATION AND TECHNOLOGY: - Perform annual review of ICT Strategic Plan D-20-028267 - Plan review to include section/update on Emergent Technologies.	Dennis Duff	30-Jun-24	30th day of every 12 months	
											MC02346	INFORMATION COMMUNICATION AND TECHNOLOGY: - Submit annual ICT Capital Renewal (or NEW) Nomination form. - Justifications to link to this risk where appropriate.	Dennis Duff	30-Nov-23	30th day of every 12 months	
											MC02374	Nomination form within the process addresses Strategic Alignment, Business Process, Open Standards, Skills Gaps, Project Resourcing and Opportunity & Risk.	Dennis Duff, Ralf Ritzinger	30-Jun-24	30th day of every 12 months	
											TBC	IBIS implementation plan	Nita Jones	TBC	RBC	
TBC	EMT endorsed ICT Action plan	Dennis Duff	TBC	TBC												
TBC	Annual ICT budget process	Dennis Duff	TBC	TBC												

Note - See over page for City of Greater Geraldton Risk Management Framework risk matrix used in the above assessment.

RISK ASSESSMENT GUIDE (MATRIX)

LIKELIHOOD TABLE		
DESCRIPTOR	DETAILED DESCRIPTION	OPERATIONAL FREQUENCY
ALMOST CERTIAN	The event is expected to occur in most circumstances	More than once per year. Incident imminent
LIKELY	The event will probably occur in most circumstances	Will occur at least once per calendar year.
POSSIBLE	The event should occur at some time in the life of the CGG	At least once in every three (3) calendar years
UNLIKELY	The event could occur at some time in the life of the CGG	At least once in every ten (10) calendar years
RARE	The event is only likely to occur in exceptional circumstances	Less than once every 15 calendar years

RISK MATRIX					
Consequence \ Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	LOW 10	LOW 12	MODERATE 16	EXTREME 23	EXTREME 25
Likely	LOW 7	LOW 11	MODERATE 14	HIGH 21	EXTREME 24
Possible	LOW 5	LOW 8	MODERATE 13	HIGH 20	HIGH 22
Unlikely	LOW 2	LOW 4	LOW 9	MODERATE 17	HIGH 19
Rare	LOW 1	LOW 3	LOW 6	MODERATE 15	HIGH 18

CONTROL RATING GUIDE		
RATING	DETAILED DESCRIPTION	OPERATIONAL APPLICATION
EFFECTIVE	<u>No control gaps</u> To control is influencing the risk level and only continued monitoring is needed	Control addresses risk, is in document control, is in operation, and has been rigorously tested to confirm effectiveness or otherwise
MODERATELY EFFECTIVE	<u>Few control gaps</u> The control is influencing the risk level, however, improvement is needed	Control addresses risk, document control needs to improve and/or operation of control needs rigorous testing and improvement
PARTIALLY EFFECTIVE	<u>Some control gaps</u> Control has limited influence on risk level	Control partially addresses risk, not documented and/or operation of control needs rigorous testing and improvement
NOT EFFECTIVE	<u>Significant control gaps</u> Result in the control not influencing the risk level	Does not effectively address control, not documented, operation not rigorously tested and need improvement

RISK ACCEPTABLE CRITERIA			
RISK RANK	DESCRIPTION	CRITERIA	RESPONSIBILITY
LOW	ACCEPTABLE	No immediate concern Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Managers
MODERATE	MONITOR	Periodic Monitoring Risk acceptable with adequate controls, managed by specific procedures and subject to annual monitoring	Operational Managers
HIGH	URGENT ATTENTION REQUIRED	Regular / Frequent Monitoring Risk acceptable with effective controls, managed by Senior Management / Executive Management and subject to monthly monitoring	All Directors Safety / Health / Service Interruption Director CCS Financial Reputational Environmental Legal / Compliance
EXTREME	UNACCEPTABLE	Actively Manage Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible. Managed at Executive Level Authority and the subject of continuous monitoring	CEO / Council

RISK ASSESSMENT GUIDE (MATRIX)

CONSEQUENCE TABLE						
DESCRIPTION	SAFETY & HEALTH	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
INSIGNIFICANT	Negligible injuries Full recovery < 3 days	Organisation, less than \$10,000 Dept./Project 0-2% remaining budget	No material service interruption, backlog cleared in 2 – 4 hours	Unsubstantiated, low impact', low profile or 'no news item <i>Example gossip, Facebook item seen by limited persons</i>	Contained, reversible impact managed by site response <i>Example pick up bag of rubbish</i>	Compliance No noticeable regulatory of statutory impacts Legal Threat of litigation requiring small compensation Contract No effect on contract performance
MINOR	First aid injuries Full recovery < 3 weeks	Organisation \$10,000 - \$100,000 Dept./Project 2-5% remaining budget	Short term temporary interruption Backlog cleared < 1 – 7 days	Substantiated, low impact, low news item <i>Example Local paper, Everything Geraldton, Facebook item seen by local community</i>	Contained, reversible impact managed by internal response <i>Example pick up trailer of rubbish</i>	Compliance Some temporary non compliances Legal Single minor litigation Contract Results in meeting between two parties in which contractor expresses concern
MODERATE	Medically treated injuries Full recovery < 3 months	Organisation \$100,000 - \$1M Dept./Project 5-14% remaining budget	Medium term temporary interruption. Backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, unsubstantiated public embarrassment, moderate impact, moderate news profile <i>Example State wide paper, TV News story, Moderate Facebook item taken up by people outside City</i>	Contained, reversible impact managed by external agencies <i>Example Contractor removal of asbestos sheets</i>	Compliance Short term non compliances but with significant regulatory requirements imposed Legal Single minor litigation Contract No effect on contract performance
MAJOR	Lost time or severe injury possible Partial/full recovery 4 - 12 months	Organisation \$1M – 9M Dept./Project 15-20% remaining budget	Prolonged interruption of services, additional resources required; performance affected Issue resolved within , 4 – 12 weeks	Sustained high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions <i>Example Australia wide paper, TV News stories, Current Affair etc. Significant Facebook item taken up by large numbers of people outside City</i>	Uncontrolled reversible impact managed by a coordinated response from external agencies <i>Example truck or train spill of diesel and oil on road, reserve or park</i>	Compliance Noncompliance results in termination of services or imposed penalties Legal Single moderate litigation of numerous moderate litigations Contract Receive written notice from the contractor threatening termination if not rectified
CATASTROPHIC	Fatality, permanent disability	Organisation greater than \$10M Dept./Project greater than 20% remaining budget	Intermediate prolonged interruption of service that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions. Likely to lead to dismissal of Council / Councillors or Executive Staff. <i>Example World Wide news, TV News stories, Current Affair, 60 minutes, Widespread Facebook item taken up by vast numbers of people outside the city</i>	Uncontained, irreversible impact <i>Example Ship runs aground and spills oil along the coast line, ground water supply exhausted or rendered unusable</i>	Compliance Noncompliance results in litigation, criminal charges or significant damages or penalties Legal Numerous major litigations Contract Termination of contract for default



City of Greater Geraldton

Strategic Risk Review Summary Report

A guided review of strategic risks

August 2023



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“It is essential to monitor and review the management of risks as changing circumstances may result in risks increasing or decreasing in significance. It also ensures that new risks are identified as appropriate.”

(7.5 Monitoring and Review, 2022 – 2024 Risk Management Framework, City of Greater Geraldton)

Section One

Executive Summary

Marsh Advisory was engaged by the City of Greater Geraldton to review its strategic risks as a process of continual improvement.

The Purpose of this document is to outline the core findings, along with any recommendations for the City of Greater Geraldton to consider following the review conducted on 28th July 2023.

This report highlights specific changes to risk identification, awareness of, and structural process feedback obtained and provided in the spirit of supporting the improvement of the City of Greater Geraldton's risk management profile.

The process undertaken and report provide senior management the opportunity to further enhance the risk maturity of the organisation. The engagement of stakeholders in the workshop broadly demonstrates the City's alignment of risk management process awareness, internal cooperation and commitment to the *Community Strategic Plan 2021 – 2031*.

We would like to take this opportunity to thank the participants for their professionalism, cooperation and assistance during the onsite review.

The strategic risk review process was structured in the following order:

- Offsite review of current Strategic Risk Management documentation
- Onsite Strategic Risk Review Workshop
- Development of Strategic Risk Review Summary Report

The City representatives confirmed risk as an inherent part of any organisations business operations. The analysis and evaluation was facilitated through the application and interpretation of the internal systems risk matrix - likelihood and consequence tables.

It is recommended any subsequent analysis of evaluated risks where *Consequences* are *Moderate*, *Major* or *Catastrophic* with a *Control Effectiveness* retained as *Partially Effective* are to be reviewed against the *Council Policy 4.24 Risk Appetitive & Tolerance*, in particular where the City has little or no appetite for risk.

During the workshop, the City actively captured and documented changes, additions and or amendments within the internal risk register. This report supplements and summarises those changes

Section Two

Summary of Findings

The City of Greater Geraldton has a considerable base of identified, analysed and evaluated Strategic Risks. Future performance relies on varying levels of control and treatment implementation and monitoring to align with organisational processes that strive to ensure achievement of the Community Strategic Plan 2021-2031 should these risks arise.

In order to best facilitate and imbed continuous improvements a scheduled strategic risk review should be considered to outline, how any adopted recommendations, amended risk treatments or monitoring frequencies are being prioritised, undertaken and reviewed for effectiveness.

Key findings:

- There is a positive appetite for increased organisational awareness of risk management processes, and communication at executive level to review control and treatment actions.
- Actionable deliverables and internal processes are heavily aligned to personnel, rather than a position function. Documented position or departmental allocations would decrease a risk of information loss, inform capacity of position functions and strengthen internal reporting processes.
- The combined review of the City's Risk Framework, internal system risk register, and Council Policy 4.24 Risk Appetite & Tolerance would strongly benefit a consistent approach, analysis, evaluation and reporting of risk.
- The City would benefit from a structured monitoring and review of strategic risk treatments. This is best achieved following a determination and communication on monitoring and review schedules to guide all key stakeholders in achieving the Community Strategic Plan 2021-2031 Objectives.
- The monitoring and review of strategic risk treatments should link to the documented and structured review of Strategic Risk *Control Effectiveness* Ratings.
- Activities to drive the consistent application of risk management through internal engagement and management processes, on potential risks, would assist to decrease identified inconsistencies. The longer term goal, should the above recommendations be adopted, would be to switch from reactive observations, to a focus on preventative actions to achieve the identified Strategic Direction Outcomes.

Section Three

Findings & Recommendations

Strategic Risk Changes

Major Emergency Events

Finding & Observation:

- The City split Major Emergency Events between Natural and Human Causation.
- Strategic Direction Outcome 3.1 overlaps both natural and human causation.
- The Strategic Risk Review Group determined the *Residual Risk* Level as *Moderate*.
- The 2023 Strategic Risk Workshop Excel Register's *Control Effectiveness* is detailed as *Partially Effective – High* with a *Residual Risk Consequence* rating of *Catastrophic*. This does not align with the City's Risk Appetite and Tolerance Policy where the City has little or no appetite for risk which will:
 - 2.1.3. Compromise the safety and welfare of staff, contractors and/or member of the community.
 - 2.1.4. Cause significant and irreparable damage to the environment.

Recommendation & Outcome:

- Consolidate Strategic Risks into broader categories where Strategic Community Plan Outcomes align to simplify monitoring requirements.
- *Control Effectiveness* is currently assessed as *Partially Effective* (High Risk for Major Emergency Events) which should be further reviewed to ensure the potential *Consequences* are reduced to achieve the Strategic Direction Outcomes 1.4, 3.1, 3.5 & 3.6.
 - Improvements to limit or mitigate potential consequences should aim to align with the City's Risk Appetite and Tolerance Policy where the City has little or no appetite for risk.

Work Health & Safety Injury or Harm

Finding & Observation:

- The Strategic Risk Review Group determined the *Residual Risk* Level as *Moderate*, with a reduced *Residual Consequence* from *Catastrophic* to *Major*.
- The risk registers *Control Effectiveness* is detailed as *Moderately Effective – Moderate* with a *Residual Risk Consequence* rating of *Catastrophic*. This accepted *Residual Risk* and *Consequence* level may still not be aligned with the City's *Risk Appetite and Tolerance Policy* where the City has little or no appetite for risk which will:
 - 2.1.3. Compromise the safety and welfare of staff, contractors and/or member of the community.

Recommendation & Outcome:

- The City would benefit from further mitigating potential residual risk (e.g. consequences) to align with the City's *Risk Appetite and Tolerance Policy* where the City has little or no appetite for risk.
- Achievement of the *Control Effectiveness* as *Effective – Low* risk for Work Health & Safety Injury or Harm would support achievement of the Strategic Direction Outcomes 1.4, & 4.5.

New Strategic Risk

Excessive Economic & Population Growth

Finding & Observation:

- Addition from Operational Risk Register to Strategic Risk Register
- **Strategic Direction Outcome:** 2.4 A desirable place to live, work, play, study, invest and visit.
- **Inherent Rating:** *High*
- **Control:** Regular monitoring of external influence on the City of Greater Geraldton economic environment.
- **Control Rating:** *Partially Effective*

Recommendation & Outcome:

- The City and executive management would benefit from defining the consultation and communication activities, along with the internal roles responsible for escalating monitoring and reporting processes.

Strategic Asset & Infrastructure Loss

Finding & Observation:

- Addition from Operational Risk Register to Strategic Risk Register
- **Strategic Direction Outcome:** 3.1 a City that is planned, managed and maintained to provide for environment and community wellbeing & 3.3 A well-maintained, SMART, sustainable, liveable City valued by the community.
- **Inherent Rating:** *High*
- **Control:** Detailed Operational Risk Controls with additions of:
 - Strategic Asset Management Plan
 - Long Term Financial Plan
- **Control Rating:** *Moderately Effective*

Recommendation & Outcome:

- Executive management would benefit from determining the avenues for reviewing the identified risk mitigation actions to align with the frequency in the 2023 Strategic Risk Workshop Excel Register.
- The City would benefit from detailing the separate likelihood and consequence ratings for both the *Inherent & Residual Risk Ratings* to clearly inform any additional mitigation or treatments impacting on the *Residual Risk Level*.

Cyber or Information Security Event

Finding & Observation:

- Addition from Operational Risk Register to Strategic Risk Register
- **Strategic Direction Outcome:** 4.8 Deliver secured technology that supports sustainability, the environment, service delivery and the community.
- **Inherent Rating:** *High*
- **Control:** Detailed Operational Risk Controls
- **Control Rating:** *Moderately Effective*

Recommendation & Outcome:

- The City would benefit from documenting the re-evaluation of control status and effectiveness in place to achieve a *Moderately Effective Control Rating*.

Organisational Culture

Finding & Observation:

- Addition as identified in September 2021 as a Strategic Risk inclusion for the review and subsequent adoption.
- **Strategic Direction Outcome:** 4.3 Accountable leadership supported by a skilled and professional workforce.
- **Inherent Rating:** *Low*
- **Control:** Detailed Operational Risk Controls
- **Control Rating:** *Moderately Effective*

Recommendation & Outcome:

- The City should document the review of identified controls for Organisational Culture to confirm the *Residual Risk Rating* as *Low*, and *Control Effectiveness* as *Effective*.

Strategic Risk Management

Risk Management Process

Finding & Observation:

- The Risk Management Framework and registers in place, and referred to in the 2023 Strategic Risk Workshop Excel Register have different ratings to the internal system used to monitor assessed risks.

Recommendation & Outcome:

- The City would benefit from a review of the Risk Management Framework to ensure the consistent identification, analysis and evaluation of risk aligned to all recording mechanisms inclusive of the:
 - Likelihood & Consequence Tables
 - Risk matrix
 - Control Rating Guide
 - Risk Acceptance Criteria
 - Risk Appetite & Tolerance Policy
 - City of Greater Geraldton internal risk register
- The City would benefit from further defining and communicating consistent reporting and monitoring processes to align with the Sign-off and Due Dates captured in the 2023 Strategic Risk Workshop Excel Register.

Section Four

Verification Process

The Strategic Risk Review Workshop services to the City of Greater Geraldton have been undertaken as per the service agreement. Onsite activities carried out by Lloyd Sounness, Senior Consultant from Marsh Advisory on Friday the 28th July as requested by Brodie Pearce, Manager Corporate Compliance & Safety, from the City of Greater Geraldton.

Documentation provided and reviewed prior to the Strategic Risk Review Workshop:

- Risk Management Framework – Version 5
- Strategic Risk Register Extract
- Trim: D-19-025476 Risk Assessment Guide
- 2023 Strategic Risk Workshop Excel Register – Draft
- Community Strategic Plan 2021 – 2031

Strategic Risk Review Workshop Process:

Risk management documentation provided and reviewed prior to the 27/7/2023

Onsite Strategic Risk Review Workshop commenced at 8:30am 28/07/2023

Workshop participants were provided the City's risk matrix, likelihood and consequence table from the internal systems register. A number of hardcopy strategic risk registers, along with the Community Strategic Plan 2021 – 2031 was made available.

The strategic risk review was structured in the following order:

- Risk Management Principles Overview
- Current Strategic Risk Profile Review
 - Risk Analysis and Risk Evaluation
- Community Strategic Plan Objectives Overview
- New & Emerging Strategic Risks
 - Risk Identification, Risk Analysis & Risk Evaluation

Completion of the Onsite Strategic Risk Review Workshop at 12:00pm 28/07/2023

This completes the current engagement with Marsh Advisory to facilitate the Strategic Risk Review Workshop and provide a Summary Report with key recommendations for improvements. Whilst we look forward to continued engagement on risk management services. Should you have any questions on the report or activities undertaken within this engagement please don't hesitate to make contact.

Marsh Advisory would like to thank the City of Greater Geraldton for their hospitality during the project. This appreciation is extended to all personnel who were involved in the activity, who made themselves available or prepared and presented documents.



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AC137 2023 - 2024 WORK HEALTH & SAFETY IMPLEMENTATION PLAN	
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AGENDA REFERENCE:	D-23-160282
AUTHOR:	B Pearce, Manager Corporate Compliance & Safety
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	28 November 2023
FILE REFERENCE:	RM/8/0008
ATTACHMENTS:	Yes (x1) 2023 - 2024 Work Health & Safety Implementation Plan

EXECUTIVE SUMMARY:

The purpose of this report is to inform the Audit Committee of the current status of the City of Greater Geraldton 2023 - 2024 Work Health & Safety Implementation Plan.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the 2023 - 2024 Work Health & Safety Implementation Plan; and
2. REQUIRE an update on the status of the 2023 - 2024 Work Health & Safety Implementation Plan at the next Audit Committee.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In May of this year, the City's Executive Management Team (EMT) reviewed and confirmed the City's draft 2023 - 2024 Work Health & Safety Implementation Plan (the Plan). The Plan was previously reported to the Audit Committee in the form of a Strategy, this was updated in the document development to a Plan. EMT accepted the Plan and confirmed that its final endorsement and implementation would be via the City's Safety & Health Committee.

In June of this year the City's Safety & Health Committee held a meeting. At this meeting the Health & Safety Representative's and the City's management representatives confirmed the Plan and endorsed its implementation. Following this endorsement the Plan was issued to all managers and uploaded to the City's Safety hub on the intranet for all staff to be able to access.

The Plan confirms 8 key activities that are required to be undertaken to support the implementation of Work Health & Safety (WHS) at the City.

These activities are as follows:

1. Complete all actions detailed in WHS Audit Action Plan.

2. Annual verification of the City's implementation, maintenance, and review of the Work Health & Safety Management System (WHSMS) across City operations.
3. The implementation of a risk management approach to managing health and safety to make every effort, where reasonably practicable, to eliminate or control risks from hazards, including psychosocial hazards associated with the workplace and the work performed by workers.
4. The establishment of measurable objectives and targets to facilitate continual improvement of health and safety in the workplace, with the aim of reducing work-related illness and injury.
5. The provision of appropriate health and safety training, and the dissemination of health and safety information to all City workers and others in the workplace. The communication of the WHS Policy and Plan throughout the City via public display, inductions, and training.
6. Consulting with workers and others (as required) about decisions that may affect their health and safety.
7. The provision of adequate human and financial resources to ensure effective implementation of the WHSMS.
8. The documentation and communication of health and safety responsibilities for all workers.

Following the plans commencement, EMT and the Safety & Health Committee receive reports on activities listed in the Plan monthly and when the full Safety & Health Committee meets. The Plan is a confirmed standing item on the Safety & Health Committee's agenda.

As detailed in the attached Plan extract, it provides direction on the regular actions that all workers or management is required to complete.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The implementation of the Plan supports the safety and wellbeing of volunteers and the community accessing or being involved in Council activities.

Economy:

There are no adverse economic impacts arising the Plan. The cost of compliance with WHS, however is noted as having an effect on the City, local businesses and community associations. This is due to the requirement for all parties to have documented an effective administration process relating to proactively managing safety.

Environment:

There are no adverse environmental impacts.

Leadership:

The City's establishment of a compliant WHS System that is supported by a Plan, demonstrates the City's ongoing leadership in ensuring effective application and management of the City's WHS systems.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee previously considered WHS as follows:

- AC091 Work Health & Safety Bill update.
- AC108 Work Health & Safety update.
- AC116 Internal audit safety management systems improvement action plan update.
- AC123 LGIS External Audit of Work Health & Safety Systems.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Work Health & Safety Act 2020

Work Health & Safety Regulations 2022

Operational Policy 041 Occupational Health & Safety

City of Greater Geraldton Safety Management Plan

City of Greater Geraldton Safety Management System

FINANCIAL AND RESOURCE IMPLICATIONS:

The implementation and ongoing management of the WHS obligations require the application of resources to meet compliance obligations. Such operational requirements are accounted for in the City's workforce planning and annual budget process.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership, and well-informed decision-making.
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce.
Outcome 4.5	A culture of safety, innovation and embracing change.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The implementation of the compliant WHSMS is a critical risk management and compliance control for the City.

The Plan shall be a primary risk mitigation management plan supporting the City's management of WHS risks into the future.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

MOVED: Cr Librizzi SECONDED: Cr Colliver

COMMITTEE DECISION

1. **RECEIVE** the 2023 - 2024 Work Health & Safety Implementation Plan; and
2. **REQUIRE** an update on the status of the 2023 - 2024 Work Health & Safety Implementation Plan at the next Audit Committee.

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

Action #	WHSMS Link (Plan, Procedure etc.)	Critical Action Details	Supporting Actions	Accountability (The person accountable for ensuring Action completion)
1	LGIS Tier 3 WSP Audit Actions register & WHS Audit Action Plan	Complete all actions detailed in WHS Audit Action Plan (tab 3)	1.1 Refer to listed actions completed in Tab 3 WHS Audit Action Plan.	EMT
2	Operational Policy 041 Workplace Health & Safety HS-PLN- 039-Safety Management Plan Work Health & Safety Management System	Annual verification other City's implementation, maintenance, and review of the WHSMS across City operations.	2.1 Operational Policy 041 Workplace Health & Safety Review to be completed second quarter each year. Trim: D-21-002925 2.2 City of Greater Geraldton HS-PLN- 039-Safety Management Plan to be completed second quarter each year. Trim: D-20-085140 2.3 Work Health & Safety Management System listed documents to be reviewed in accordance with document review schedule. Trim: D-20-023529 2.4 Annual audit of City WHS systems to be completed. This shall be on a rolling basis e.g. 1yr internal audit, 2yr LGIS Audit.	Manager Corporate Compliance & Safety
3	Operational Policy 041 Workplace Health & Safety CGG WHS Risk Register HS-PRO-016 Workplace Risk Assessment procedure.	The implementation of a risk management approach to managing health and safety to make every effort, where reasonably practicable, to eliminate or control risks from hazards, including psychosocial hazards associated with the workplace and the work performed by workers.	3.1 Annual review and implementation of Branch CGG WHS Risk Register Trim: D-21-073234 3.2 Annual confirmation workers inducted and trained as per Training Matrix requirements relating to Hazard and risk management via HS-PRO-016 Workplace Risk Assessment procedure. Trim: D-22-023767 (Matrix) Trim: D-20-010672 (HS-PRO-016)	EMT Managers
4	Operational Policy 041 Workplace Health & Safety HS-PRO-034 Incident Management Procedure WHS - Due Diligence Manager Action CGG WHS Risk Register WHS inspections obligations	The establishment of measurable objectives and targets to facilitate continual improvement of health and safety in the workplace, with the aim of reducing work-related illness and injury.	The City shall ensure the following targets: 4.1 Completion of WHS inspections obligations. 4.2 Annually assurance that WHS risk issues are understood and required controls are implemented. 4.3 All WHS incidents are to be reported and investigated as per HS-PRO-034 Incident Management Procedure. 4.4 Managers & EMT are to implement the WHS - Due Diligence Manager Action Guide and to report on completion in annual Performance conversation. Trim: D-20-050136 (HS-PRO-034) Trim: D-22-040420 (Due Diligence)	EMT Managers
5	Operational Policy 041 Workplace Health & Safety HS-PRO-031-Consultation and Communication Procedure WHS Training Matrix WHS Annual calendar of activities WHS inspections obligations	The provision of appropriate health and safety training, and the dissemination of health and safety information to all City workers and others in the workplace. &The communication of the WHS Policy and Plan throughout the City via public display, inductions, and training.	5.1 Implementation of WHS Training Matrix requirements relating to WHS in City operations. Trim: D-22-023767 5.2 Implementation of WHS consultation and communication requirements as per HS-PRO-031-Consultation and Communication Procedure. Trim: D-18-085268 5.3 Implementation of City WHS Annual calendar of activities (which includes but is not limited to the following actions) Status of schedule to be reported to EMT and committee monthly/quarterly. o Inspection Schedule implementation o Prestarts o WHS updates o WHS updates / Team Toolbox o Branch Toolbox / EMT WHS Reports o Safety Committee Meetings o Safety Month (both International Day and Australian specific Day) o Issue of updated WHS Policy and Plan to all workers. o WHS general survey to all workers) o Wellbeing calendar o Safety Star Award Trim: D-23-053475 Annual calendar Trim: D-20-009155 (inspection schedule)	EMT Managers

2023 - 2024 Work Health & Safety Implementation Plan

Action #	WHSMS Link (Plan, Procedure etc.)	Critical Action Details	Supporting Actions	Accountability (The person accountable for ensuring Action completion)
6	Operational Policy 041 Workplace Health & Safety HS-PRO-031-Consultation and Communication Procedure	Consulting with workers and others (as required) about decisions that may affect their health and safety.	<p>6.1 Monthly Manager or EMT Leadership Walk Question Set - Safety Culture Trim: D-21-100416</p> <p>6.2 Implementation of WHS consultation and communication requirements as per HS-PRO-031-Consultation and Communication Procedure.</p> <p>6.2.1 Implementation of Safety Committee quarterly meetings.</p> <p>6.2.2 Distribution of Safety Committee meeting records to all City workers.</p> <p>6.2.3 Ensure newly implemented or changes to WHS issues are communicated. to effected workers seeking their feedback as per HS-PRO-031.</p>	EMT Managers
7	Operational Policy 041 Workplace Health & Safety	The provision of adequate human and financial resources to ensure effective implementation of the WHSMS.	7.1 Annual verification of budget completed by each Branch sufficient to address WHS resourcing requirements e.g. Worker training, plant and equipment or Personal Protective Equipment.	EMT Managers
8	Operational Policy 041 Workplace Health & Safety HS-PRO-031-Consultation and Communication Procedure City of Greater Geraldton HS-PLN- 039-Safety Management Plan HS-PRO-037 Safety Accountabilities and Responsibilities Procedure Work Health & Safety Management System	The documentation and communication of health and safety responsibilities for all workers.	<p>8.1 All City Workers upon commencement or as per the WHS Training Matrix and HS-PRO-031-Consultation and Communication Procedure shall be inducted into the following:</p> <p>8.1.1 Operational Policy 041 Workplace Health & Safety Review.</p> <p>8.1.2 City of Greater Geraldton HS-PLN- 039-Safety Management Plan.</p> <p>8.1.3 HS-PRO-037 Safety Accountabilities and Responsibilities Procedure.</p> <p>8.1.4 Work Health & Safety Management System (WHSM). Trim: D-20-060107 (HS-PRO-037)</p>	EMT Managers

AC138	APPLICATION OF COUNCIL POLICY 4.28	MANAGING UNREASONABLE CUSTOMER CONDUCT
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AGENDA REFERENCE:	D-23-161843
AUTHOR:	N Hope, Manager Organisational Development
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	30 November 2023
FILE REFERENCE:	GO/19/0008
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the application of Council Policy *4.28 Managing Unreasonable Customer Conduct*, listing the number of customers to whom the policy has applied in the 2022/23 reporting year.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The City of Greater Geraldton Council Policy - *4.28 Managing Unreasonable Customer Conduct* has a set of strategies to manage the risks to the City's resource management, staff health and productivity, posed by a growing prevalence of unreasonable conduct by a small number of high-demand customers.

The policy objectives are to provide the overarching principles and guidance as the basis for a fair, equitable and transparent mechanism for dealing with unreasonable conduct by customers that will achieve an effective balance between:

- Meeting the genuine needs of customers fairly and equitably;
- Providing a safe working environment for staff, volunteers and elected members;
- Providing a safe experience for customers of the City; and
- Ensuring that City resources are used efficiently, effectively and equitably, to manage the City's responsibilities to discharge its statutory functions and represent the interests of all persons in the District.

Council Policy 4.28 *Managing Unreasonable Customer Conduct*, reporting requirements list that annually, at the first Audit Committee meeting held after the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2022/23 financial year, the City of Greater Geraldton reports the following:

<i>The number of customers to whom this policy has been applied in 2022/23:</i>	1
<i>The nature of the unreasonable conduct:</i>	<i>Poor Conduct</i>
<i>The action taken or limits imposed:</i>	<i>Letter sent to customer in May 2023, to advise that the restriction on contact with the City would remain in place only permitting written correspondence, this was expanded on with the addition of one employee name that could be contacted via the telephone, however, only relating to one planning application matter.</i>
<i>The number of reviews undertaken and their outcomes:</i>	One

Although the City still experiences an unacceptable level of unreasonable conduct by customers applying this policy more frequently has been mitigated due to security or police attendance (where serious enough) and the enforcement of orders placed on individuals by the courts prohibiting their attendance at the Council office.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

This policy is aimed at unreasonable conduct that falls well outside of community norms and is expected to affect only a very few persons, who will receive prior warnings of the consequences of their conduct or behaviour.

Economy:

This policy addresses growing issues that left unattended may result in unnecessary costs to the productivity and operational efficiency of the City, as well as costs associated with stress-related impacts on employee's health.

Environment:

There are no adverse environmental impacts.

Leadership:

The *Local Government Act 1995* requires that Councils establish good governance principles through the introduction of policies and guidelines. Providing a safe working and customer friendly environment is a key responsibility of management.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Council review or amend Council Policies as and when required.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation in 2022/23.

LEGISLATIVE/POLICY IMPLICATIONS:

Pursuant to section 2.7 of the *Local Government Act 1995* the role of Council includes determination of Council Policies:

2.7. Role of council

- (1) *The council —*
- (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no current financial or resource implications. However, if there is an incident that requires security attendance, whether this be short or longer-term presence, this is an additional financial implication to the City.

INTEGRATED PLANNING LINKS:

Strategic Direction: Community	Aspiration: Our Culture and heritage is recognised and celebrated. We are creative and resilient. We can all reach our full potential.
Outcome 1.2	We are a community accountable for our actions
Outcome 1.4	Community safety, health and well-being is paramount
Strategic Direction: Economy	Aspiration: A healthy thriving and resilient economy that provides opportunities for all whilst protecting the environment and enhancing our social and cultural fabric.
Outcome 2.4	A desirable place to live, work, play, study, invest and visit
Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.1	Meaningful customer experiences created for the people we serve
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.5	A culture of safety, innovation and embracing change
Outcome 4.7	Council understands its roles and responsibilities and

leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Ensuring that the Council Policy Register is current and comprehensive supports the role of Council in the good government of the City of Greater Geraldton. Council Policy 4.28 and its associated processes is wholly associated with mitigating the risk to City employees and the users or attendees at City facilities.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City Officers.

MOVED Cr Librizzi SECONDED Cr Denton

COMMITTEE DECISION

1. **NOTE** the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. **REQUIRE** the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

AC139	CONFIDENTIAL	-	CYBERSECURITY	RISK	REDUCTION
ACTIVITIES					

AGENDA REFERENCE:	D-23-170011
AUTHOR:	D Duff, Manager ICT Services
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	18 December 2023
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x1) Confidential
	Draft ICT Disaster Recovery Plan

This item has been provided to the Audit Committee under separate cover

Note: This report to the Audit Committee has been listed as confidential , as it deals with a matter that if disclosed , could be reasonably expected to – impair the effectiveness of any lawful method of procedure for preventing , detecting , investigating or dealing with any contravention or possible contravention of the law s.5.23(2)(f)(i) Local Government Act 1995.

Only the Committee Decision is available for public record

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

- NOTE the risk reduction activities and their progress**

COMMITTEE DECISION

MOVED Cr Librizzi SECONDED Cr Colliver

- NOTE the risk reduction activities and their progress**

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

Item Non AC139 remains confidential as it deals with a matter that if disclosed , could be reasonably expected to – impair the effectiveness of any lawful method of procedure for preventing , detecting , investigating or dealing with any contravention or possible contravention of the law s.5.23(2)(f)(i) Local Government Act 1995.

AC140	PROGRESS REPORT ON AUDIT RECOMMENDATIONS– JANUARY 2024
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AGENDA REFERENCE:	D-23-170788
AUTHOR:	N Jane, Chief Financial Officer & D Duff, Manager ICT Services
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	2 January 2024
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x2) Confidential A. Progress Report on Financial and Regulation 17 Audit Recommendations – January 2024 B. Progress Report on ICT Audit Recommendations – January 2024

EXECUTIVE SUMMARY:

This report is to provide the Audit Committee with an update on the progress of actions taken by management to implement audit recommendations.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Progress Reports on Management Actions from Financial Statement, Information System and internal audits.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The *Local Government Act 1995* requires the City to prepare an Annual Financial Report and submit it to the auditor. The auditor is to prepare a report on the financial audit and provide the report to the Mayor, the CEO and the Minister. In addition, regulations require additional reviews including a Financial Management Systems review (Local Government Financial Management Regulation) and Audit Regulation 17 review.

The Auditor General is responsible for undertaking the audit of the annual financial report. The City appointed AMD to complete the Financial Management Systems review and Audit Regulation 17 review which was conducted in 2021.

When receiving the audit reports, the Audit Committee requested progress updates on implementation of the proposed management actions.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**Community:**

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Monitoring the actions resulting from audits assists the Audit Committee to fulfill its governance and oversight responsibilities. The report enables the Audit Committee to monitor the timeliness of agreed actions and understand the reasons for any delay.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

Progress reports on audit recommendations provided to the committee:

- AC127 – IT Audit Reports – Progress on Actions – 13 December 2022
- AC126 – Progress Report on Management Actions from Audit Reports – 13 December 2022
- AC117 – Report on Management Actions Annual Financial Report and Audit Reports – 22 February 2022
- AC104 – Progress Report – Management Actions on Audits – 28 September 2021

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995, section 1.4 – auditor means Auditor General

Local Government Act 1995, section 6.4 – requirement to prepare an annual financial report

Local Government Act 1995, section 7.12AD – auditor to prepare report on financial audit

Local Government (Audit) Regulations 1996, section 16 – audit committee functions

Local Government (Audit) Regulations 1996, section 17 – review of systems and procedures in relation to risk management, internal control and legislative compliance, conducted every 3 financial years

Local Government (Financial Management) Regulations 1996, section 5 – review of systems and procedures, conducted every 3 financial years

Council Policy 4.6 Information Security Management System

FINANCIAL AND RESOURCE IMPLICATIONS:

The annual budget makes provision for the conducting of required audit activities.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary
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	leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.7	Council understands its roles and responsibilities and leads by example
Outcome 4.8	Deliver secured technology that supports sustainability, the environment, service delivery and the community

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Findings outlined in each audit report are assigned a risk rating. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and or consequence of adverse outcomes if action is not taken. Preparation of a schedule of management actions and reporting progress to the Audit Committee ensures findings are appropriately addressed.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

COMMITTEE DECISION

MOVED Cr Colliver SECONDED Cr Denton

- 1. RECEIVE the Progress Reports on Management Actions from Financial Statement, Information System and internal audits.**

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

AC141	STRATEGIC INTERNAL AUDIT PLAN 2021-2025
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AGENDA REFERENCE:	D-23-171336
AUTHOR:	N Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	3 January 2024
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x2) Confidential
	A. Strategic Internal Audit Plan 2021-2025
	B. 2024 Internal Audit Proposal - AMD

The purpose of this report is to provide a progress update on the Strategic Internal Audit Plan for 2021-2025 and endorse actions for 2024. The key purpose of the plan is to ensure the implementation and establishment of adequate control systems, appropriate risk management and governance procedures to meet the City's objectives and statutory requirements.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. ENDORSE the auditable areas for 2024 as:
 - a. Annual review of Strategic Internal Audit Plan;
 - b. Review of prior year recommendations – Internal Audit;
 - c. Review of prior year recommendations – External Audit;
 - d. Fraud and Corruption Control Plan Audit (for 2023);
 - e. Financial Management Systems Review;
 - f. Audit Regulation Review;
 - g. Management of Compliance Obligations Review; and
2. REQUEST an update on progress at the next Audit Committee meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

Internal audit provides independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In September 2021, the Audit Committee endorsed the Strategic Internal Audit Plan for 2021-2025 (AC105). The audit areas identified and scheduled within the plan are summarised as follows:

Year 1 (2021) the following areas were audited, and actions undertaken:

- Review of Strategic Internal Audit Plan
- Review of prior year recommendations – internal and external audits
- Fraud and Corruption Control Plan
- Financial Management System Review (Reg 5)

- Audit Regulation 17 Review

Year 2 (2022) the following areas were audited, and actions undertaken:

- Review of Strategic Internal Audit Plan
- Review of prior year recommendations – internal and external audits
- Fraud and Corruption Control Plan

Since the endorsement of the Strategic Internal Audit Plan 2021-2025, the scope of the annual financial audits conducted by the Auditor General has expanded to include information systems. In addition, the Auditor General conducted the following performance audits:

- “State of Cyber Security in Local Government” in 2020-21; and
- “Information Systems – Local Government” in 2021-22.

These additional performance audits resulted in the decision not to conduct the planned Information Technology – Cyber Risk and Controls internal audit in 2022 as the scope was covered by the performance audit.

With the implementation of the new ERP System (IBIS), it is recommended that the audit of Project Tender and Contract Management originally planned for 2023 be rescheduled to 2025 once the implementation of the Supply Chain Management and Enterprise Asset Management modules in IBIS are completed. These modules incorporate project, contract, and tender management.

The internal auditor (Maria Cavallo - AMD Chartered Accountants) has been consulted on the proposed auditable areas and supports the proposal to include the following areas in the audit for 2024:

- Annual review of Strategic Internal Audit Plan
- Review of prior year recommendations – Internal Audit
- Review of prior year recommendations – External Audit
- Fraud and Corruption Control Plan Audit (for 2023)
- Financial Management Systems Review
- Audit Regulation Review
- Management of Compliance Obligations Review

Aligning the timing of these reviews will reduce duplication of effort by both the audit team and City officers, whilst providing a comprehensive review of these areas.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts. Implementing this plan assists in ensuring we are accountable for our actions to the community.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to risk management, internal controls, and legislative compliance. The Strategic Internal Audit Plan outlines the required and proposed actions over the period of the plan.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee endorsed the Strategic Internal Audit Plan 2021-2025 at the meeting on 28 September 2021 (AC105).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16

Local Government (Audit) regulations 1996, section 17

Local Government (Financial Management) regulations 1996, section 5

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision is made in the budget to undertake reviews as required.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Auditable areas were identified by the Internal Auditor in conjunction with management, and defined in terms of the business risks, critical success factors and specific risk-based criteria. The criteria used to rank each area are as follows:

- Materiality/size – high priority was given to areas which involved larger dollar amounts.
- Strategic Importance – effort directed towards activities that are significant to the achievement of corporate objectives.
- Control Environment – consideration was given to the status of the current control environment.

- Inherent Risk – the level of risk associated with the nature of the underlying assets or the operations conducted by the activity.
- Regulatory Compliance – it is compulsory to comply with relevant legislation and regulations due to the nature of the industry.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.

COMMITTEE DECISION

MOVED Cr Colliver SECONDED Mayor Clune

1. **ENDORSE** the auditable areas for 2024 as:
 - a. Annual review of Strategic Internal Audit Plan;
 - b. Review of prior year recommendations – Internal Audit;
 - c. Review of prior year recommendations – External Audit;
 - d. Fraud and Corruption Control Plan Audit (for 2023);
 - e. Financial Management Systems Review;
 - f. Audit Regulation Review;
 - g. Management of Compliance Obligations Review; and
2. **REQUEST** an update on progress at the next Audit Committee meeting.

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

AC142	COMPLIANCE AUDIT RETURN 2023
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AGENDA REFERENCE:	D-24-000453
AUTHOR:	M Adam, Coordinator Governance
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	2 January 2024
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x1) Compliance Audit Return 2023

EXECUTIVE SUMMARY:

The purpose of this report is for the Audit Committee to review the 2023 Compliance Audit Return (CAR) for the purposes of providing a report on the review to the Council.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* and regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to:

1. REVIEW the results of the Compliance Audit Return 2023.
2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2023, at the Ordinary Meeting of Council on 27 February 2024.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with section 7.13(1) of the *Local Government Act 1995* and regulation 14 of the *Local Government (Audit) Regulations 1996*, the City is required to carry out a compliance audit for the period 1 January 2023 to 31 December 2023 and prepare a Compliance Audit Return (CAR) in a form approved by the Minister.

The 2023 CAR is provided to the City by the Department of Local Government, Sport and Cultural Industries (the Department) and the areas of compliance are restricted to those considered high risk.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:**Community:**

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Review of the Compliance Audit Return and reporting to the Council by the Audit Committee is a regulatory requirement under the provisions of the *Local Government (Audit) Regulations 1996 r.14 (3A)*.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

The Audit Committee reviewed the 2022 Compliance Audit Return for the City of Greater Geraldton on 14 March 2023 AC130 and submitted a report to the Council on 28 March 2023 (report CS028).

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.13(1)

Local Government (Audit) Regulations 1996 r.14

14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Local Governments are legislatively required to carry out a compliance audit for the period 1 January to 31 December in each year and prepare a return in the form approved by the Minister. The return must be reviewed by the Audit Committee and the Committee are required to report to the Council the results of the review and Council are required to adopt the CAR and submit to the Department CEO by the 31 March following the period to which the return relates. Compliance with these provisions addresses the risk associated with regulatory obligation.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

COMMITTEE DECISION

MOVED Cr Librizzi SECONDED Cr Denton

- 1. REVIEW the results of the Compliance Audit Return 2023.**
- 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2023, at the Ordinary Meeting of Council on 27 February 2024.**

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For



Compliance Audit Return 2023

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comment
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	No major trading was undertaken
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	No major land transaction was undertaken
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comment
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	By Council Decision - Delegation to Behaviour Complaints Committee - 27 June 2023 [Section 5.16]
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	Included in the Agenda/Minutes of the Behaviour Complaints Committee 1 August 2023 [Section 5.16]
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Yes	The Committee decisions were made by simple majority
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	1 x Delegation to committee made on 23 June 2023 (report CS048)
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	



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11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest			Response	Comment
No	Reference	Question		
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	City record D-20-021275
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	



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10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Council Meeting – 26 April 2023 - DS013. A City Officer provided advice on the preparation of this report and had a declarable interest. [City Record D-23-049565]
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?	Yes	Adopted 29 November 2022 – report CCS736 Next review scheduled for 2024
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ?	Yes	Section 15A – Fraud Control Yes the requirements comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i>
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	https://www.cgg.wa.gov.au/your-council/governance/code-of-conduct.aspx



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21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes Yes	Operational Policy 054 Employee Code of Conduct https://www.cgg.wa.gov.au/your-council/governance/code-of-conduct.aspx
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Disposal of Property				
No	Reference	Question	Response	Comment
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	Yes	See Attachments for clarification
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property?	Yes	See Attachments for clarification

Elections				
No	Reference	Question	Response	Comment
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the <i>Local Government Act 1995</i> ?	Yes	CEO110 – 28 November 2023 (D-23-169126)
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	NA	The Audit Committee has no delegated powers under part 7 of the Act
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	Final audit report received from OAG on 15 December 2023.



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4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	NA	No significant matters reported
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	NA	No significant matters reported
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	Auditors Report received from OAG on 15 December 2023, including management letter.

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Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	22/6/2021
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 22/6/2021 Reviewed 28/6/2022 and 27/6/2023 (CS050)
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	
Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	N/A	The City of Greater Geraldton Enterprise Agreement 2021-2023 defines a senior officer as the CEO. There were no CEO vacancies in the year 1 January 2023 to 31 December 2023.
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	The City of Greater Geraldton Enterprise Agreement 2021-2023 defines a senior officer as the CEO.
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	
Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	



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4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	https://www.cgg.wa.gov.au/Profiles/cgg/Assets/ClientData/Register_-_Complaints_s_5_1_21_.pdf
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Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	AC106 – 28 September 2021 CCS644 – 26 October 2021 Next review scheduled for 2024
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	AC106 – 28 September 2021 CCS644 – 26 October 2021 Next review scheduled for 2024
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes Yes	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Council Policy 4.29 Attendance at Events, adopted 22 February 2022 – report CCS673 Next review scheduled for 2024
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Council Policy 4.1 – Council Member Continuing Professional Development and Travel, adopted 22 February 2022 – report CEO091 Next review scheduled for 2024
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	Training Report published on City website 28 July 2023 [City Record D-23-097640]
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Submitted 29 September 2023
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	



Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comment
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	<i>Council Policy 4.9 Procurement of Goods & Services</i> was reviewed and endorsed by Council 29 August 2023 (Council Item CS059)
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	No	The City identified an ongoing service Contract which over time exceeded the consideration stated in regulation 11(1). When this was confirmed the City immediately issued a Request for Tender in July 2023.
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	



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10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	The City issued a single expression of interest (EOI) in the prior year e.g. on 25 November 2023. This EOI is not scheduled to close until 25 January 2024.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	N/A	No Panels established in prior period.
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application	N/A	



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		satisfies the criteria for deciding which application to accept?		
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	

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Compliance Audit Return 2023 – Coordinator Land & Leasing

Commercial Enterprises by Local Governments		
Question	Program 1 January 2023 – 31 December 2023	Compliant
Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	Refer to D-24-003122	N/A
Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	Refer to D-24-003122	N/A
Disposal of Property		
Question	Program 1 January 2023 - 31 December 2023	Compliant
<p>Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?</p> <p><i>(3) A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property — (a) it gives local public notice of the proposed disposition — (i) describing the property concerned; and (ii) giving details of the proposed disposition; and (iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given; and (b) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.</i></p>	Marine Rescue Geraldton Lease (DS009) January 2023 D-23-015522	Exempt disposition as per F&G Regs s30(2)(c) Marine Rescue formally under Department of Fire and Emergency Services.
	Geraldton Airport Lease Terry Truck Rentals (CS008) January 2023 D-23-015536	Yes Objections received – No
	Junior & Senior Motocross Club Lease (DS011) March 2023 D-23-042106	Exempt disposition as per F&G Regs s30(2)(b) Sporting group
	Vocus Group (DS012) March 2023 D-23-042112	Yes Advertising scheduled for 2024.
	Wanslea Lease (DS014) April 2023 D-23-053425	Exempt disposition as per F&G Regs s30(2)(b) Not for profit community group
	PRG Corporate Lease (DS016) May 2023 D-23-069442	Yes Objections received – No
	Geraldton Airport Lease Geraldton Fuel Company (CS036) May 2023 D-23-069481	Yes Objections received – No
	Geraldton Airport Lease Airport Security (CS037) May 2023 D-23-069484	Yes Objections received – No
	Geraldton Airport Lease Nexus Airlines (CS049) June 2023 D-23-082723	Yes Objections received – No
	Geraldton Airport Land Lease Marine Rescue (CS077) November 2023 D-23-169124	Yes Objections received – No
Rover Football Club Lease (DS023) December 2023 D-23-171963	Exempt disposition as per F&G Regs s30(2)(b) Sporting group	

Compliance Audit Return 2023 – Coordinator Land & Leasing

	Bundiyarra Aboriginal Community Aboriginal Corporation lease (DS024) December 2023 D-23-171966	Exempt disposition as per F&G Regs s30(2)(b) Not for profit community group
	Foreshore Licences – Fusions Gelato & Ultimate Water Sports (DS025) December 2023 D-23-171967	Yes Objections received – Advertising to be scheduled outside of reporting period.
	Cojah Pty Ltd Surrender and new lease (DS026) December 2023 D-23-171970	Yes Objections received – Advertising to be scheduled outside of reporting period.
<p>Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i>, did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property?</p> <p>(4) The details of a proposed disposition that are required by subsection (3)(a)(ii) include – (a) the names of all other parties concerned; and (b) the consideration to be received by the local government for the disposition; and (c) the market value of the disposition – (i) as ascertained by a valuation carried out not more than 6 months before the proposed disposition; or (ii) as declared by a resolution of the local government on the basis of a valuation carried out more than 6 months before the proposed disposition that the local government believes to be a true indication of the value at the time of the proposed disposition</p>	Geraldton Airport Lease Terry Truck Rentals (CS008) January 2023 D-23-015536	D-23-025919 Yes
	Vocus Group (DS012) March 2023 D-23-042112	Lease still in negotiation – advertising scheduled for 2024
	PRG Corporate Lease (DS016) May 2023 D-23-069442	D-23-109279 Yes
	Geraldton Airport Lease Geraldton Fuel Company (CS036) May 2023 D-23-069481	D-23-092909 Yes
	Geraldton Airport Lease Airport Security (CS037) May 2023 D-23-069484	D-23-072529 Yes
	Geraldton Airport Lease Nexus Airlines (CS049) June 2023 D-23-082723	D-23-092928 Yes
	Geraldton Airport Land Lease Marine Rescue (CS077) November 2023 D-23-169124	Advertising completed outside of reporting period
	Foreshore Licences – Fusions Gelato & Ultimate Water Sports (DS025) December 2023 D-23-171967	Advertising completed outside of reporting period
	Cojah Pty Ltd Surrender and new lease (DS026) December 2023 D-23-171970	Advertising completed outside of reporting period

5 FRAUD CONTROL – STANDING ITEM

AC143	FRAUD AND CORRUPTION CONTROL PLAN AUDIT 2022
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AGENDA REFERENCE:	D-23-170878
AUTHOR:	N Jane, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	3 January 2024
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x1) Confidential Fraud and Corruption Control Plan Audit 2022.

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the Fraud and Corruption Control Plan Audit 2022.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the *Local Government Act 1995* RESOLVES to:

1. RECEIVE the Fraud and Corruption Control Plan Audit 2022;
2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and
3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Fraud and Corruption Control Plan was reviewed and updated in 2022 and endorsed by the Audit Committee on 13 December 2022 (AC129).

The plan details the City's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives. The Plan calls for regular Fraud and Corruption Control Plan Audits. The audit is designed to assist the City to monitor and review its misconduct resistance approach. The purpose is to identify:

- Work areas where elements of the City misconduct resistance approach may need refreshing or improving; and
- Elements of the misconduct resistance approach that may need attention across the entire organisation.

In accordance with the Strategic Internal Audit Plan 2021-2025 and the City's Fraud and Corruption Control Plan 2022, AMD Chartered Accountants were engaged to undertake the review.

The audit was conducted between December 2022 through to February 2023. Their report is attached.

The report highlights the proposed areas of improvement in the City's current Framework to assist with implementation and communication of the FCCP and embedding fraud risk management into the City's culture. Findings are categorised into the following sections to align with Australian Standard AS 8001-2021: Fraud and Corruption Control:

- i. Foundation for Fraud and Corruption Control
 - a. 1 moderate risk finding
 - b. 1 low risk finding
- ii. Preventing Fraud and Corruption
 - a. 2 moderate risk findings
 - b. 1 low risk finding
- iii. Detecting Fraud and Corruption
 - a. 1 low risk finding
- iv. Responding to Fraud and Corruption Events
 - a. No findings

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts. Undertaking this audit ensures that we are accountable for our actions to the community.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The Fraud and Corruption Control Plan is core to good governance and establishes an effective structure to address fraud and misconduct risks and to detect and respond to fraud and corruption in accordance with the best practice guidelines as defined in Australian Standard AS8001-2021 Fraud and Corruption Standards.

Disclosure of Interest:

No Officer involved in the preparation of this report has a declarable interest in this matter.

RELEVANT PRECEDENTS:

AC118 – Fraud and Corruption Control Plan Audit 2021 – 22 February 2022

AC094 – Fraud and Corruption Plan Audit - 27 January 2023

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges requires Council to examine its exposure to fraud.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.2	Decision making is ethical, informed and inclusive
Outcome 4.3	Accountable leadership supported by a skilled and professional workforce
Outcome 4.7	Council understands its roles and responsibilities and leads by example

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The City is exposed to risks of fraud and corruption because of the volume of goods and services procured, often from local suppliers, and because of the high degree of devolved decision making vested in local governments. The Fraud and Corruption Control Plan forms part of an active Framework that manages this risk through identifying and monitoring fraud risk and implementing rigour and controls with respect to identified risks.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.

COMMITTEE DECISION

MOVED Cr Denton SECONDED Cr Colliver

- 1. RECEIVE the Fraud and Corruption Control Plan Audit 2022;**
- 2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and**
- 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee meeting.**

CARRIED 4/0

Name	Vote (For or Against)
Mayor J Clune	For
Cr Colliver	For
Cr Denton	For
Cr Librizzi	For

6 GENERAL BUSINESS/ LATE ITEMResponse to Auditors Recommendations

The Mayor requested information on:

- the way in which the auditors view the City's response to auditors recommendations
- The auditors view of the City's ability to meet the auditors recommendations

Director Radalj advised that the City will advise the auditors if the City does not agree with the auditors recommendation/s. In some instances the auditors may amend their recommendations. The City will consult with the auditors until consensus is reached.

In some matters the City may advise that an action to mitigate an audit recommendation may be deferred due to the transition from one (old) system to a new system. The recommendation will be reviewed when the new system is implemented.

The City provides a management response to audit recommendations and there is an ongoing action report on the actions undertaken to address audit recommendations. The report is provided to the Audit Committee.

7 MEETING CLOSURE

There being no further business, the meeting was declared closed at **4.20pm**

Audit Committee Action Items

23 January 2024

Title	Item/ References	Action	Item# Completed/ In Progress	Committee Decision
External audit of Work Health & Safety System	AC123	2. REQUIRE an update on the status of the City of Greater Geraldton 2023-2024 Work Health & Safety Strategy at the next Audit committee.	AC137 - 23/1/24	<ol style="list-style-type: none"> 1. RECEIVE the 2023 - 2024 Work Health & Safety Implementation Plan; and 2. REQUIRE an update on the status of the 2023 - 2024 Work Health & Safety Implementation Plan at the next Audit Committee.
Risk management update	AC124	3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile	AC136 - 23/1/24	<ol style="list-style-type: none"> 1. NOTE the status of the City of Geraldton Geraldton's risk management profile; 2. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile which is to include; <ol style="list-style-type: none"> a. An updated management action plan to close out the LGIS/Marsh report findings; b. An update on the completed enterprise risks internal review program; and c. A completed risk maturity assessment.
Progress report on management actions from audit reports	AC126	No action item from previous meeting	AC140 - 23/1/24	<ol style="list-style-type: none"> 1. RECEIVE the Progress Reports on Management Actions from Financial

				Statement, Information System and internal audits.
Council Policy 4.28 Managing Unreasonable Customer Conduct	AC128	1. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial	AC138 - 23/1/24	<ol style="list-style-type: none"> 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct. 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.
Standing Item Fraud and Corruption Control Plan –	N/A		AC143 - 23/1/24	<ol style="list-style-type: none"> 1. RECEIVE the Fraud and Corruption Control Plan Audit 2022; 2. ENDORSE the actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee meeting.