



CITY OF VINCENT

MINUTES

Audit and Risk Committee

7 December 2023

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**MINUTES OF CITY OF VINCENT
AUDIT AND RISK COMMITTEE
HELD AS E-MEETING AND ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON THURSDAY, 7 DECEMBER 2023 AT 4.00PM**

PRESENT:	<p>Cr George Araj</p> <p>Cr Ron Alexander</p> <p>Mr Baptiste Isambert</p> <p>Mayor Alison Xamon</p> <p>Cr Alex Castle</p> <p>Cr Jonathan Hallett</p>	<p>Independent External Member (Chair from Item 2)</p> <p>North Ward</p> <p>Independent External Member</p> <p>Mayor</p> <p>North Ward</p> <p>South Ward</p>
IN ATTENDANCE:	<p>David MacLennan</p> <p>Rhys Taylor</p> <p>Peter Varris</p> <p>Peter Ferguson</p> <p>Main Bhuiyan</p> <p>Mark Ambrose</p> <p>Danielle England</p> <p>Paul Tilbrook</p> <p>Wendy Barnard</p>	<p>Chief Executive Officer</p> <p>Chief Financial Officer</p> <p>A/Chief Audit Executive</p> <p>Executive Director Information and Communication Technology (left at 4.52pm during Item 6.5)</p> <p>Financial Controller</p> <p>Senior Director, Financial Audit, OAG (from 4.32pm Item 6.5 only)</p> <p>Audit Manager, Financial Audit, OAG (from 4.32pm Item 6.5 only)</p> <p>Associate Director Information Systems, OAG (from 4.32pm Item 6.5 only)</p> <p>Council Liaison Officer</p>

1 INTRODUCTION AND WELCOME

In accordance with Clause 3 of Schedule 2.3 of the *Local Government Act 1995*, the Chief Executive Officer is to preside at the meeting until the office of Presiding Member is filled.

The Presiding Member, David MacLennan, declared the meeting open at 4.03pm and read the following Acknowledgement of Country statement:

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”.

The CEO asked the OAG representatives to leave the meeting while the internal business was conducted.

1A ELECTION OF AUDIT COMMITTEE CHAIRPERSON AND DEPUTY CHAIRPERSON

The CEO called for nominations for Chairperson of the City of Vincent Audit Committee. Mr Araj confirmed his nomination for the position.

COMMITTEE DECISION

Moved: Mr Isambert, Seconded: Mr Araj

That Mr Araj is appointed Chairperson of the Audit Committee.

CARRIED UNANIMOUSLY (8-0)

The CEO called for nominations for a Deputy Chairperson from the Elected Members on the Committee. Mayor Xamon nominated Cr Alexander.

COMMITTEE DECISION

Moved: Mayor Xamon, Seconded: Cr Hallett

That Cr Alexander be appointed Deputy Chairperson of the Audit Committee.

CARRIED UNANIMOUSLY (8-0)

George Araj, having been appointed as Chairperson, took the Chair. The new members introduced themselves.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Conley Manifis is an apology for this meeting.

3 DECLARATIONS OF INTEREST

Baptiste Isambert declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General.

4 IN CAMERA SESSION

Discussion took place around when this session should be held. It was agreed that a 15 minute session will be held starting at 4pm, after which the meeting will start.

5 CONFIRMATION OF MINUTES**COMMITTEE DECISION**

Moved: Cr Alexander, Seconded: Cr Castle

That the minutes of the Audit Committee held on 18 October 2023 be confirmed.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

6 BUSINESS ARISING

6.1 REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE

- Attachments:
1. Audit Committee Terms of Reference (clean copy)
 2. Audit Committee Terms of Reference (marked up)

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. APPROVES the:

- 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1; and

1.2 NAME CHANGE OF THE AUDIT COMMITTEE TO AUDIT AND RISK COMMITTEE.

Moved: Mr Isambert, Seconded: Cr Alexander

That the recommendation be adopted.

AMENDMENT

Moved: Cr Castle, Seconded: Cr Hallett

That the recommendation be amended as follows:

That the Audit Committee recommends to Council that it:

1. APPROVES the:

- 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1 **subject to the following amendment: *A quorum will consist of a simple majority of committee members be in accordance with section 5.19(1) of the Local Government Act 1995 which is at least 50% of the number of offices (whether vacant or not) of members of the committee and will include, where possible, at least one external independent member. The quorum must be in place at all times during the meeting.; and***

- 1.2 name change of the Audit Committee to Audit and Risk Committee.

COMMITTEE DECISION ITEM 6.1

1. APPROVES the:

- 1.1 amendments to the Audit Committee Terms of Reference as at Attachment 1 subject to the following amendment: *A quorum will be in accordance with section 5.19(1) of the Local Government Act 1995 which is at least 50% of the number of offices (whether vacant or not) of members of the committee and will include, where possible, at least one external independent member. The quorum must be in place at all times during the meeting.; and*
- 1.2 name change of the Audit Committee to Audit and Risk Committee.

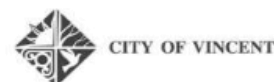
CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT AND RISK COMMITTEE



TERMS OF REFERENCE

1. OBJECTIVES

The Audit and Risk Committee (**Committee**) provides advice and assists the Council of the City of Vincent (**City**) to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management, internal controls, legislative compliance, ethical accountability, and the internal and external audit functions.

2. POWERS

- The role of the Committee is prescribed by the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*.
- The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government.
- The Committee is a formally appointed committee of the Council and is responsible to the Council.
- The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.
- The Committee does not have any management functions and cannot involve itself in management processes or procedures.

3. MEMBERSHIP

- The Committee shall comprise up to seven members, consisting of:
 - up to three external independent members; and
 - Council Members from the City. At least three members and the majority of the Committee members are to be Council Members.
- External independent members will be selected based on the following criteria:
 - a demonstrated high level of expertise and knowledge in financial management, reporting, governance, and audit; and
 - relevant skills and experience in providing independent expert advice.
- An external independent member will be a person with no operating responsibilities with the City, nor will that person provide paid services to the City either directly or indirectly.
- Appointments of external independent persons will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO and appointments will be approved by Council.
- Council may terminate the appointment of any member prior to the expiry of his/her term, if:
 - the Chairperson considers that the member is not making a positive contribution to the committee; or
 - the member is found to be in breach of the City's Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
 - a member's conduct, action or comments brings the City of Vincent into disrepute.
- The City will provide new members with an induction
- The CEO will appoint a Chief Audit Executive (**CAE**) to be responsible for internal audit and communication with the Audit Committee. The CAE must be independent of management of the financial functions. The CAE is not a member of the Audit Committee. The CAE has the following functions:
 - communicates with the Audit Committee
 - manages the induction of new members and any training during the membership term;
 - provides refresher training to the Committee on the *Local Government Act 1995* and key legislation impacting the City.

AUDIT AND RISK COMMITTEE



- facilitates an annual briefing to the Committee by the CEO on City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.)
- oversees the internal audit program and provides updates to the Audit Committee;
- prepares a forward agenda for the Audit Committee meetings each year; and
- provides updates on any external or performance audits or emerging issues.
- The CAE, CEO and any other staff as required by the CAE will attend meetings to provide advice and guidance to the committee, however the CAE, CEO and any other staff are not members of the Committee.
- The City shall provide secretarial and administrative support to the Committee.
- Membership shall be for a period of up to two years terminating on the day of the Ordinary Council elections.
- Members will be eligible for reappointment.
- Members will be entitled to receive reimbursement of reasonable expenses.
- Members will be provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.
- Members will annually acknowledge the City's Code of Conduct.

4. CHAIRPERSON

- The position of Chairperson shall be appointed by a vote of the Committee following a call for nominations for the position;
- The Chairperson shall be appointed for a period of not more than two years, after which a new process of appointment shall occur;
- A Chairperson may be reappointed; and
- The Chairperson shall not be the Mayor or a Council Member.
- The Committee may appoint a Council Member as deputy Chairperson to serve in the absence of the Chairperson. The deputy Chairperson shall be appointed for a period of not more than two years, after which a new process of appointment shall occur. A deputy Chairperson may be reappointed.
- The Chairperson shall facilitate an annual self-assessment of the Committee's performance.

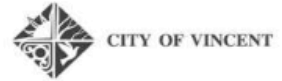
5. MEETINGS

- The Committee shall meet approximately every three months and more regularly as required at the discretion of the Chairperson.
- An annual forward agenda will be prepared and approved by the Committee each year to govern the matters to be discussed at each meeting.
- The agenda for each meeting will be provided to the Committee members one week prior to the meeting.
- A quorum will consist of a simple majority of committee members and will include at least one external member. The quorum must be in place at all times during the meeting.
- Decisions of the Committee are to be made by a simple majority.

6. REPORTING

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

AUDIT AND RISK COMMITTEE



7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee will be to advise the Council on all matters relating to:

- Financial Reporting & External Audit (OAG)
- Internal Audit Activities
- Risk Management and Internal Control
- Ethics and Compliance

In addition, the Committee will respond to requests from Council for advice that are within the parameters of the committee's terms of reference.

Detailed Duties and Responsibilities are set out in Annexure 1.

8. DELEGATED AUTHORITY

In accordance with section 7.1B of the *Local Government Act 1995*, the only powers and duties that can be delegated to a committee are any of the powers and duties of the local government under Part 7 of the Act; that is, those relating to audit. The Committee cannot on-delegate the powers and duties delegated to it.

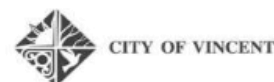
Council has not delegated any of its powers or duties to the Audit Committee.

9. BI-ANNUAL REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE

The Committee will ensure that this Terms of Reference complies with relevant legislative and regulatory requirements and will propose amendments when necessary to ensure that it accurately reflects the Committee's current role and responsibilities.

The Committee will review this Terms of Reference bi-annually at the first meeting of the calendar year, following each ordinary local government election, to align with the appointment of new Committee members.

AUDIT AND RISK COMMITTEE



ANNEXURE 1: DETAILED DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

This Annexure should be read in conjunction with Section 7: Duties and Responsibilities in the Committee's terms of reference:

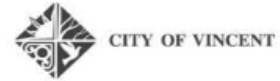
Financial Reporting & External Audit (OAG)

- Review the OAG's audit plan (audit planning memorandum) including view of significant accounts and fraud risk.
- Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- Obtain a briefing by CFO of significant accounting policies and significant judgements made in preparing the financial statements.
- Meet with the external auditor at least once in each year, prior to the auditor meeting with Council in accordance with section 7.12(A)(2) of the *Local Government Act 1995*, to ensure that:
 - The external auditor is supported in carrying out his or her other duties under the *Local Government Act 1995*; and
 - the audit is conducted successfully and expeditiously.
- Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters.
- Review the local government's draft annual financial report, focusing on:
 - accounting policies and practices.
 - changes to accounting policies and practices.
 - the process used in making significant accounting estimates.
 - significant adjustments to the financial report (if any) arising from the audit process.
 - compliance with accounting standards and other reporting requirements.
 - significant variances from prior years.
- Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- Oversee the implementation of any action arising from an audit that the City is required to take; or has stated it has taken or intends to take; or has accepted should be taken.

Internal Audit Activities

- Recommend to Council
 - the appointment of the internal audit service provider - where this is sourced externally and not conducted in-house.
 - the internal audit plan along with aspects of coordination with the external auditor's plan and those of other assurance providers.
 - any changes to the proposed annual internal audit plan
 - the internal audit program along with any changes to the internal audit program
- Review the level of resources allocated to internal audit and the scope of its authority.
- Review of the internal audit activities, progress against the plan, and internal audit reports issued during the period
- Review and recommend changes (if any) to the internal audit program.
- Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO.
- Review reports of internal audits, monitor the implementation of recommendations made by

AUDIT AND RISK COMMITTEE



- the audit and review the extent to which Council and management reacts to matters raised.
- Meet with the internal audit service provider every six months.
- Provide feedback on the performance of the internal audit service provider to Council and the CAE.

Risk Management and Internal control

- Review the City's Corporate Risk Register.
- Review of the City's risk management processes and activities (including Risk Management Policy and Appetite Statements).
- Review business continuity planning arrangements for the City including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

Ethics and Compliance

- Review the City's response to Public Sector Commission Integrity Surveys.
- Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities.
- Review the City's fraud risk management programs and plans.
- Review the status of any fraud investigation reports.
- To monitor and advise the CEO when the CEO is carrying out functions in relation to a review under *Local Government (Audit) Regulations 1996* regulation 17(1) and the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- Review the City's annual Compliance Audit Return and report to the Council the results of that review.

OFFICE USE ONLY	
Document Control	
Initial Council Adoption	15/09/2020 - D20/165439
Reviewed / Amended	
Next Review Date	
Document Responsibilities	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Compliance Requirements	
Legislation	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i>
Industry	Department of Local Government Sport and Cultural Industries, Local Government Operational Guidelines Number 9 Audit in Local Government The Office of the Auditor General (OAG) - Audit Committees — Better Practice Guide

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. OBJECTIVES

The Audit and Risk Committee (**Committee**) provides independent advice and assurance ~~assists~~ the Council ~~over of~~ the City of Vincent's (**City's**) to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management, internal controls, legislative compliance, ethical accountability, and the internal and external audit functions, and financial management.

2. POWERS

- The role of the Committee is prescribed by the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*.
- The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government.
- The Committee is a formally appointed committee of the Council and is responsible to the Council.
- The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.
- The Committee does not have any management functions and cannot involve itself in management processes or procedures.

3. MEMBERSHIP

- The Committee shall comprise up to seven members, consisting of:
 - up to three external independent members; and
 - Council Members from the City. At least three members and the majority of the Committee members are to be Council Members.
- External independent members will be selected based on the following criteria:
 - a demonstrated high level of expertise and knowledge in financial management, reporting, governance and audit; and
 - relevant skills and experience in providing independent expert advice; and
 - ~~they must be a resident or property owner within the City of Vincent.~~
- An external independent member will be a person with no operating responsibilities with the City, nor will that person provide paid services to the City either directly or indirectly.
- Appointments of external independent persons will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO and appointments will be approved by Council.
- Council may terminate the appointment of any member prior to the expiry of his/her term, if:
 - the Chairperson considers that the member is not making a positive contribution to the committee; or
 - the member is found to be in breach of the City's Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
 - a member's conduct, action or comments brings the City of Vincent into disrepute.
- The City will provide new members with an induction as described in the induction checklist at Annexure 1.
- The CEO will appoint a Chief Audit Executive (**CAE**) to be responsible for internal audit and communication with the Audit Committee. The CAE must be independent of management of the financial functions. The CAE is not a member of the Audit Committee. The CAE has the following functions:
 - communicates with the Audit Committee
 - manages the induction of new members and any training during the membership term;

AUDIT AND RISK COMMITTEE

- provides refresher training to the Committee on the Local Government Act 1995 and key legislation impacting the City.
- facilitates an annual briefing to the Committee by the CEO on City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.)
- ~~finalises the meeting agendas in consultation with the Chair;~~
- oversees the internal audit program and provides updates to the Audit Committee;
- prepares a forward agenda for the Audit Committee meetings each year; and
- provides updates on any external or performance audits or emerging issues.
- The CAE, CEO and any other staff as directed requested by the CAE will attend meetings to provide advice and guidance to the committee, however the CAE, CEO and any other staff are not members of the Committee.
- The City shall provide secretarial and administrative support to the Committee.
- Membership shall be for a period of up to two years terminating on the day of the Ordinary Council elections.
- Members will be eligible for reappointment.
- Members will be entitled to receive reimbursement of reasonable expenses.
- Members will be provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.
- Members will annually acknowledge the City's Code of Conduct.

4. CHAIRPERSON

- The position of Chairperson shall be appointed by a vote of the Committee following a call for nominations for the position;
- The Chairperson shall be appointed for a period of not more than ~~12 months~~two years, after which a new process of appointment shall occur;
- A Chairperson may be reappointed; and
- ~~The Chairperson shall not be the Mayor or a Council Member.~~
- The Committee may appoint a Council Member as deputy Chairperson to serve in the absence of the Chairperson. The deputy Chairperson shall be appointed for a period of not more than two years, after which a new process of appointment shall occur. A deputy Chairperson may be reappointed.
- The Chairperson shall facilitate an annual self-assessment of the Committee's performance.

5. MEETINGS

- The Committee shall meet approximately every ~~two-three~~ months and more regularly as required at the discretion of the Chairperson.
- An annual forward agenda will be prepared and approved by the Committee each year to govern the matters to be discussed at each meeting.
- ~~The agenda for each meeting will be finalised by the CAE in consultation with the Chairperson.~~
- The agenda for each meeting will be provided to the Committee members one week prior to the meeting.
- A quorum will consist of a simple majority of committee members and will include at least one external member. The quorum must be in place at all times during the meeting.
- Decisions of the Committee are to be made by a simple majority.

6. REPORTING

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

AUDIT AND RISK COMMITTEE

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee will be to advise the Council on all matters relating to:

- Financial Reporting & External Audit (OAG)
- Internal Audit Activities
- Risk Management and Internal Control
- Ethics and Compliance

In addition, the Committee will respond to requests from Council for advice that are within the parameters of the committee's terms of reference.

Detailed Duties and Responsibilities are set out in Annexure 1.

8. DELEGATED AUTHORITY

In accordance with section 7.1B of the *Local Government Act 1995*, the only powers and duties that can be delegated to a committee are any of the powers and duties of the local government under Part 7 of the Act; that is, those relating to audit. The Committee cannot on-delegate the powers and duties delegated to it.

Council has not delegated any of its powers or duties to the Audit Committee.

9. BI-ANNUAL REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE

The Committee will ensure that this Terms of Reference complies with relevant legislative and regulatory requirements and will propose amendments when necessary to ensure that it accurately reflects the Committee's current role and responsibilities.

The Committee will review this Terms of Reference bi-annually at the first meeting of the calendar year, following each ordinary local government election, to align with the appointment of new Committee members.

AUDIT AND RISK COMMITTEE

ANNEXURE 1: DETAILED DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

This Annexure should be read in conjunction with Section 7: Duties and Responsibilities in the Committee's terms of reference:

7.1 Financial Reporting & External Audit (OAG)

- ~~Provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to audits.~~
- Review the OAG's audit plan (audit planning memorandum) including view of significant accounts and fraud risk.
- Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- Obtain a briefing by CFO of significant accounting policies and significant judgements made in preparing the financial statements.
- Meet with the external auditor at least once in each year, prior to the auditor meeting with Council in accordance with section 7.12(A)(2) of the *Local Government Act 1995*, to ensure that:
 - The external auditor is supported in carrying out his or her other duties under the *Local Government Act 1995*; and
 - the audit is conducted successfully and expeditiously.
- Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters.
- Review the local government's draft annual financial report, focusing on:
 - accounting policies and practices.
 - changes to accounting policies and practices.
 - the process used in making significant accounting estimates.
 - significant adjustments to the financial report (if any) arising from the audit process.
 - compliance with accounting standards and other reporting requirements.
 - significant variances from prior years.
- Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- Oversee the implementation of any action arising from an audit that the City is required to take; or has stated it has taken or intends to take; or has accepted should be taken.

7.2 Internal Audit Activities

- Recommend to Council
 - the appointment of the internal audit service provider, where this is sourced externally and not conducted in-house.
 - the internal audit plan along with aspects of coordination with the external auditor's plan and those of other assurance providers.
 - any changes to the proposed annual internal audit plan.
 - the internal audit program along with any changes to the internal audit program.
- Review the level of resources allocated to internal audit and the scope of its authority.
- Review of the internal audit activities, progress against the plan, and internal audit reports issued during the period
- Review and recommend changes (if any) to the internal audit program.

AUDIT AND RISK COMMITTEE

- Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO.
- Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.
- Meet privately with the internal audit service provider every six months.
- Evaluate the performance of the internal audit service provider and CAE. Provide feedback on the performance of the internal audit service provider to Council and the CAE.

Risk Management and Internal control

- Review the City's Corporate Risk Register.
- Review of the City's risk management processes and activities (including Risk Management Policy and Appetite Statements).
- Review business continuity planning arrangements for the City including whether business continuity and disaster recovery plans have been periodically reviewed and tested.
- Review business risk reports issued by management including corresponding action plans.
- Review any deep dives performed on the City's risks.

7.4 Ethics and Compliance

- Review the City's response to the Public Sector Commission Integrity Surveys.
- Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities.
- Review the City's fraud control systems and fraud-risk management programs and plans, including the Fraud and Corruption Control Plan.
- Review the status of any fraud investigation reports.
- To monitor and advise the CEO when the CEO is carrying out functions in relation to a review under *Local Government (Audit) Regulations 1996* regulation 17(1) and the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- Review the City's annual Compliance Audit Return and report to the Council the results of that review.

7.5—Other Matters

- Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference.
- Seek information or obtain expert advice through the CAE on matters of concern within the scope of the committee's terms of reference.
- Annual acknowledgement of the City's Code of conduct by Committee members

AUDIT AND RISK COMMITTEE

OFFICE USE ONLY	
Document Control	
Initial Council Adoption	15/09/2020 - D20/165439
Reviewed / Amended	
Next Review Date	
Document Responsibilities	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Compliance Requirements	
Legislation	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i>
Industry	Department of Local Government Sport and Cultural Industries, Local Government Operational Guidelines Number 9 Audit in Local Government The Office of the Auditor General (OAG) - Audit Committees — Better Practice Guide

DRAFT

As the OAG representatives were present, the Chair decided that this item be discussed next.

At 4.32pm the OAG representatives rejoined the meeting and presented information from the audit. Committee members asked questions which were answered.

At 4.32pm Baptiste Isambert left the room due to his declared interest.

6.5 AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2023

- Attachments:**
1. **Audit Interim Management Letter - Financial Audit - Confidential**
 2. **Audit Management Letter - Information Systems - Confidential**
 3. **Annual Financial Audit - Exit brief - Confidential**
 4. **Auditor's Opinion - for the year ended 30 June 2023**
 5. **Financial Statements as at 30 June 2023**

RECOMMENDATION:

That the Audit Committee:

1. **RECEIVES the Auditor's management letters (Financial Audit and Information System Audit) and exit brief, prepared for the year ended 30 June 2023 at Attachments 1, 2 and 3; and**
2. **RECEIVES the Audit Opinion (unsigned) for the year ended 30 June 2023 at Attachment 4; and**
3. **RECEIVES the Audited Annual Financial Statements for the year ended 30 June 2023 at Attachment 5; and**
4. **RECOMMENDS to Council the adoption of the Audited Annual Financial Statements for the year ended 30 June 2023.**

COMMITTEE DECISION ITEM 6.5

Moved: Cr Hallett, Seconded: Cr Castle

That the recommendation be adopted.

CARRIED (5-0)

For: Cr Alexander, Cr Araj, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

(Mr Isambert was absent from the Council Chamber and did not vote.)

At 4.52pm Executive Director Information and Communication Technology left the meeting and did not return.

At 5.05pm the OAG representatives left the meeting did not return.

At 5.06pm Baptiste Isambert returned to the meeting.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 City of Vincent

To the Council of the City of Vincent

Opinion

I have audited the financial report of the City of Vincent (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 Vincent 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.

Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
xx December 2023

City of Vincent

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



City of Vincent

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

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Content Overview

The City of Vincent conducts the operations of a local government with the following community vision:

To be a clever, creative and courageous local government.

Principal place of business:
244 Vincent Street (cnr Loftus Street)
Leederville, Western Australia, 6007

City of Vincent

Financial Statements 2023

General Purpose Financial Statements
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 Vincent have 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 11 day of December 2023

Chief Executive Officer

David MacLennan

City of Vincent

Financial Statements 2023

Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Rates	27,2a	40,162,113	39,910,329	36,824,729
Grants, subsidies and contributions	2a	2,084,168	1,067,601	1,887,483
Fees and charges	2a	23,293,766	21,055,384	19,038,250
Interest revenue	2a	1,683,841	508,000	502,706
Other revenue	2a	1,505,709	1,139,329	1,472,025
		<u>68,729,597</u>	<u>63,680,643</u>	<u>59,725,193</u>
Expenses				
Employee costs	2b	28,271,968	28,802,780	27,833,670
Materials and contracts		21,363,272	21,707,562	27,197,267
Utility charges		1,884,194	1,800,499	1,868,088
Depreciation	10a	11,912,706	12,865,818	11,802,017
Finance costs	2b	545,351	540,835	549,758
Insurance		673,452	647,958	595,012
Other expenditure		1,435,609	1,101,844	1,707,779
		<u>66,086,552</u>	<u>67,467,296</u>	<u>71,553,591</u>
		<u>2,643,045</u>	<u>(3,786,653)</u>	<u>(11,828,398)</u>
Capital grants, subsidies and contributions	2a	1,724,603	3,440,577	2,394,594
Profit on asset disposals		188,773	729,188	140,764
Loss on asset disposals		(744,436)	(516,540)	(131,240)
Share of net profit of associates accounted for using the equity method	22	519,536	–	7,288,446
Revaluation of infrastructure	9a	(4,389,396)	–	–
Profit/(Loss) from sale of Tamala Park Land		978,043	1,848,288	787,429
Change in Equity Local Govt House Trust		1,843	–	1,999
Profit/(Loss) from sale of shares		2,750	–	–
		<u>(1,718,284)</u>	<u>5,501,513</u>	<u>10,481,992</u>
Net result for the period	26a	<u>924,761</u>	<u>1,714,860</u>	<u>(1,346,406)</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	17	11,856,050	–	3,340,771
Total other comprehensive income for the period	17	<u>11,856,050</u>	<u>–</u>	<u>3,340,771</u>
Total comprehensive income for the period		<u>12,780,811</u>	<u>1,714,860</u>	<u>1,994,365</u>

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

City of Vincent

Financial Statements 2023

Statement of Financial Position

as at 30 June 2023

	Note	2023 Actual \$	2022 Actual \$
Assets			
Current assets			
Cash and cash equivalents	3	15,330,270	7,585,863
Trade and other receivables	5	3,393,910	2,876,075
Other financial assets	4a	17,140,000	18,511,000
Inventories	6	1,331,138	1,404,305
Other assets	7a	1,389,404	985,826
Assets classified as held for sale	7b	843,000	–
Total current assets		39,427,722	31,363,069
Non-current assets			
Trade and other receivables	5	1,931,326	1,870,712
Other financial assets	4b	40,745	38,902
Inventories	6	41,986	47,017
Investment in associate	22	14,962,895	14,211,418
Property, plant and equipment	8	251,184,398	220,825,236
Infrastructure	9	147,996,166	175,576,047
Right of use assets	11a	–	90,002
Intangible assets	12	127,197	47,370
Other assets	7a	889,298	1,051,797
Total non-current assets		417,174,011	413,758,501
Total assets	26b	456,601,733	445,121,570
Liabilities			
Current liabilities			
Trade and other payables	13	6,921,787	7,193,461
Other liabilities	14	1,669,040	2,027,361
Lease liabilities	11b	–	70,601
Borrowings	15	1,585,417	1,424,524
Employee related provisions	16	5,525,851	5,488,100
Total current liabilities		15,702,095	16,204,047
Non-current liabilities			
Borrowings	15	11,475,705	12,310,595
Employee related provisions	16	538,130	501,936
Total non-current liabilities		12,013,835	12,812,531
Total liabilities		27,715,930	29,016,578
Net assets		428,885,803	416,104,992
Equity			
Retained surplus		110,933,953	115,501,376
Reserve accounts	30	17,193,645	11,701,461
Revaluation surplus	17	300,758,205	288,902,155
Total equity		428,885,803	416,104,992

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

City of Vincent

Financial Statements 2023

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		116,617,783	11,931,460	285,561,384	414,110,627
Comprehensive income for the period					
Net result for the period		(1,346,406)	–	–	(1,346,406)
Increase/(decrease) in asset revaluation surplus	17	–	–	3,340,771	3,340,771
Total comprehensive income for the period		(1,346,406)	–	3,340,771	1,994,365
Transfers from reserve accounts	30	3,515,319	(3,515,319)	–	–
Transfers to reserve accounts	30	(3,285,320)	3,285,320	–	–
Balance as at 30 June 2022		115,501,376	11,701,461	288,902,155	416,104,992
Balance as at 1 July 2022		115,501,376	11,701,461	288,902,155	416,104,992
Comprehensive income for the period					
Net result for the period		924,761	–	–	924,761
Increase/(decrease) in asset revaluation surplus	17	–	–	11,856,050	11,856,050
Total comprehensive income for the period		924,761	–	11,856,050	12,780,811
Transfers from reserve accounts	30	2,139,142	(2,139,142)	–	–
Transfers to reserve accounts	30	(7,631,326)	7,631,326	–	–
Balance as at 30 June 2023		110,933,953	17,193,645	300,758,205	428,885,803

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

City of Vincent

Financial Statements 2023

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	40,230,993	39,910,329	37,284,569
Operating grants, subsidies and contributions	2,084,168	972,546	2,233,536
Fees and charges	23,186,841	21,055,384	19,074,357
Interest revenue	1,683,841	508,000	502,706
Goods and services tax received	2,941,746	–	1,717,494
Other revenue	1,448,570	1,139,329	1,472,025
Total receipts	71,576,159	63,585,588	62,284,687
Payments			
Employee costs	(28,198,023)	(28,402,780)	(27,339,270)
Materials and contracts	(21,722,945)	(21,523,101)	(28,782,609)
Utility charges	(1,884,194)	(1,790,499)	(1,868,088)
Finance costs	(545,351)	(540,835)	(549,758)
Insurance paid	(673,452)	(647,958)	(595,012)
Goods and services tax paid	(3,498,049)	–	(1,528,890)
Other expenditure	(1,435,609)	(1,086,844)	(1,707,779)
Total payments	(57,957,623)	(53,992,017)	(62,371,406)
Net cash provided by (used in) operating activities	13,618,536	9,593,571	(86,719)
18b			
Cash flows from investing activities			
Payments for financial assets at amortised cost	1,360,000	–	522,321
Payments for purchase of property, plant & equipment	(4,986,406)	(11,378,268)	(3,651,218)
Payments for construction of infrastructure	(4,916,576)	(9,106,260)	(5,368,954)
Payments for intangible assets	–	–	(60,035)
Capital grants, subsidies and contributions	1,473,209	3,440,577	2,394,594
Proceeds from sale of property, plant & equipment	283,215	1,948,000	442,523
Proceeds from distributions from associates	1,666,668	1,666,666	833,334
Proceeds from the sale of shares	13,750	–	–
Net cash provided by (used in) investing activities	(5,106,140)	(13,429,285)	(4,887,435)
Cash flows from financing activities			
Repayment of borrowings	(1,501,876)	(1,501,877)	(1,265,178)
Payments for principal portion of lease liabilities	(93,992)	(70,602)	(92,839)
Proceeds from new borrowings	827,879	827,879	7,083,333
Net cash flow provided by (used in) financing activities	(767,989)	(744,600)	5,725,316
Net increase /(decrease) in cash held	7,744,407	(4,580,314)	751,162
Cash at beginning of year	7,585,863	5,692,588	6,834,701
Cash and cash equivalents at the end of the year	15,330,270	1,112,274	7,585,863
3,18a			

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

City of Vincent

Financial Statements 2023

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	27	40,162,113	39,910,329	36,824,729
Grants, subsidies and contributions		2,084,168	1,067,601	1,887,483
Fees and charges		23,293,766	21,055,384	19,038,250
Interest revenue		1,683,841	508,000	502,706
Other revenue		1,505,709	1,139,329	1,472,025
Profit on asset disposals		188,773	729,188	140,764
Share of net profit of associates accounted for using the equity method	22	1,499,422	1,848,288	8,077,874
		70,417,792	66,258,119	67,943,831
Expenditure from operating activities				
Employee costs		28,271,968	28,802,780	27,833,670
Materials and contracts		21,363,272	21,707,562	27,197,267
Utility charges		1,884,194	1,800,499	1,868,088
Depreciation		11,912,706	12,865,818	11,802,017
Finance costs		545,351	540,835	549,758
Insurance		673,452	647,958	595,012
Other expenditure		1,435,609	1,101,844	1,707,779
Loss on asset disposals		744,436	516,540	131,240
Loss on revaluation of non-current assets		4,389,396	–	–
		71,220,384	67,983,836	71,684,831
Non-cash amounts excluded from operating activities	28	15,476,813	10,804,882	3,747,058
Amount attributable to operating activities		14,674,221	9,079,165	6,058
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,473,209	3,440,577	2,394,594
Proceeds from disposal of assets		283,215	1,948,000	442,523
Distributions from investments in associates	22	1,666,668	1,666,666	833,334
Proceeds from sale of shares		13,750	–	–
		3,436,842	7,055,243	3,670,451
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(4,986,406)	(11,378,268)	(3,651,218)
Purchase and construction of infrastructure	9a	(4,916,576)	(9,106,260)	(5,368,952)
Payments for intangible assets	12	–	–	(60,035)
		(9,902,982)	(20,484,528)	(9,080,205)
Non-cash amounts excluded from investing activities	28	425,955	–	–
Amount attributable to investing activities		(6,040,185)	(13,429,285)	(5,409,754)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	29a	827,879	827,879	7,083,333
Transfers from reserve accounts	30	2,139,142	5,240,858	3,515,319
		2,967,021	6,068,737	10,598,652
Outflows from financing activities				
Repayment of borrowings	29a	(1,501,876)	(1,501,877)	(1,265,178)
Payments for principal portion of lease liabilities	29d	(93,992)	(70,602)	(92,839)
Transfers to reserves (restricted assets)	30	(7,631,326)	(5,646,083)	(3,285,320)
		(9,227,194)	(7,218,562)	(4,643,337)
Amount attributable to financing activities		(6,260,173)	(1,149,825)	5,955,315
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28	6,676,946	5,657,084	6,125,328
Amount attributable to operating activities		14,674,221	9,079,166	6,058
Amount attributable to investing activities		(6,040,185)	(13,429,285)	(5,409,754)
Amount attributable to financing activities		(6,260,173)	(1,149,825)	5,955,315

continued on next page ...

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City of Vincent

Financial Statements 2023

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

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Surplus/(deficit) after imposition of general rates	28	9,050,809	157,140	6,676,946

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

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero-cost concessionary lease. All right-of-use assets under zero-cost concessionary leases are measured at zero-cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero-cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the 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 31 to these financial statements.

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

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*

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.

City of Vincent

Financial Statements 2023

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 and contributions - Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies and contributions -Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies and contributions -Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and charges - Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Fees and charges - Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Fees and charges - Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
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

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Fees and charges - Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire
Fees and charges - Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges - Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - Sale of stock	Beatty Park kiosk	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Fees and charges - Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Fees and charges - Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

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 Actual	Capital grant/ contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
For the year ended 30 June 2023					
Rates	-	-	40,162,113	-	40,162,113
Grants, subsidies and contributions	1,907,947	-	-	176,221	2,084,168
Fees and charges	9,924,150	-	11,928,616	1,441,000	23,293,766
Interest revenue	-	-	359,435	1,324,406	1,683,841
Other revenue	-	-	218,702	1,287,007	1,505,709
Capital grants, subsidies and contributions	-	1,546,965	-	177,638	1,724,603
Total	11,832,097	1,546,965	52,668,866	4,406,272	70,454,200
For the year ended 30 June 2022					
Rates	-	-	36,824,729	-	36,824,729
Grants, subsidies and contributions	1,680,642	-	-	206,841	1,887,483
Fees and charges	7,857,140	-	9,899,710	1,281,400	19,038,250
Interest revenue	-	-	323,447	179,259	502,706
Other revenue	-	-	136,149	1,335,876	1,472,025
Capital grants, subsidies and contributions	-	1,970,984	-	423,610	2,394,594
Total	9,537,782	1,970,984	47,184,035	3,426,986	62,119,787

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City of Vincent

Financial Statements 2023

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 \$
Interest revenue		
Rate instalment interest	207,925	183,366
Pensioner Deferred Interest	5,335	2,487
Rates penalty interest	146,175	135,107
Interest on reserve funds	497,011	80,469
Other interest earnings	827,395	101,277
Total interest earnings	1,683,841	502,706
Other revenue		
Other revenue		
Reimbursements and recoveries	1,212,290	1,400,454
Other revenue	293,419	71,571
	1,505,709	1,472,025

(b) Expenses

Employee costs

	2023 Actual \$	2022 Actual \$
Employee benefit costs	27,701,923	27,240,696
Other employee costs	570,045	592,974
Total employee costs	28,271,968	27,833,670
	2023 Actual \$	2022 Actual \$
	Note	

Auditors remuneration

- Audit of the annual financial report	107,800	106,300
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Finance costs

Borrowings	29a	544,704	547,957
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	29d	647	1,801
Total		545,351	549,758

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Cash and cash equivalents

	Note	2023 Actual \$	2022 Actual \$
Cash at bank and on hand		6,790,270	3,639,619
Term deposits		8,540,000	3,946,244
Total cash and cash equivalents	18a	15,330,270	7,585,863
Held as			
- Unrestricted cash and cash equivalents		6,776,625	5,585,863
- Restricted cash and cash equivalents	18a	8,553,645	2,000,000
Total		15,330,270	7,585,863

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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets

	2023 Actual \$	2022 Actual \$
Note		
(a) Current assets		
Financial assets at fair value through profit or loss	–	11,000
Financial assets at amortised cost	17,140,000	18,500,000
Total current financial assets	17,140,000	18,511,000
Financial assets at fair value through profit or loss		
Shares in unlisted corporation: North Perth Community Financial Services Ltd	–	11,000
	–	11,000
Financial assets at amortised cost		
Term deposits	17,140,000	18,500,000
	17,140,000	18,500,000
Held as		
- Unrestricted other financial assets at amortised cost	8,500,000	8,798,539
- Restricted other financial assets at amortised cost	8,640,000	9,712,461
	18a	
Total	17,140,000	18,511,000

(b) Non current assets

Financial assets at fair value through profit or loss	40,745	38,902
Total non-current financial assets	40,745	38,902
Financial assets at fair value through profit or loss		
Investment in Local Government House Trust - opening balance	38,902	36,903
Movement attributable to fair value increment	1,843	1,999
Investment in Local Government House Trust - closing balance	40,745	38,902

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(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 City classifies financial assets at amortised cost if both of the following criteria are met:

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25 (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.

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets (continued)

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

Note 5. Trade and other receivables

	Note	2023 Actual \$	2022 Actual \$
Current			
Rates outstanding		752,833	773,811
Sundry debtors		771,063	828,036
GST receivable		835,032	278,729
Receivables for employee related provisions	16	191,032	157,465
Allowance for impairment of receivables		(207,793)	(218,023)
Infringement Debtor		1,350,520	1,275,603
Infringement Debtor impairment allowance		(298,777)	(219,546)
		<u>3,393,910</u>	<u>2,876,075</u>
Non-current			
Rates outstanding		405,372	356,996
Rates outstanding - pensioners		131,383	145,398
Infringement Debtor		1,625,260	1,530,743
Infringement Debtor Impairment allowance		(302,391)	(237,326)
Receivables for employee related provisions	16	71,702	74,901
		<u>1,931,326</u>	<u>1,870,712</u>

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the City of Vincent has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk has been remained with the City of Vincent, therefore the City continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing as other loans at Note 15. The City considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

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

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables (continued)

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 23.

Note 6. Inventories

	2023 Actual \$	2022 Actual \$
Current		
Depot	119,643	124,554
Beatty Park Leisure Centre	67,978	75,475
Tamala Park - Developed land and land under construction [*]	1,143,517	1,204,276
Total current inventories	1,331,138	1,404,305
Non-current		
Tamala Park - Land held for development [*]	41,986	47,017
Total non-current inventories	41,986	47,017

SIGNIFICANT ACCOUNTING POLICIES**General**

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

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

Land held for resale

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

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

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

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

^(*) The City recognised its share of Inventory (Tamala Park Land - Developed land and land under construction) based on its equity in Tamala Park Regional Council prospectively as at 30 June 2023.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 7. Other assets

	2023 Actual \$	2022 Actual \$
7a Other assets		
Other assets - current		
Deposits and Prepayments	632,217	484,401
Lease Incentives	162,500	162,500
Accrued Income	594,687	338,925
Total other assets - current	1,389,404	985,826
Other assets - non-current		
Lease Incentives	889,298	1,051,797
Total other assets - non-current	889,298	1,051,797

7b Non-current assets held for sale

Non-current assets held for sale - current		
Land	843,000	-
Total Non-current assets held for sale - current	843,000	-

Land classified as held for sale

During the year Council elected to dispose of vacant land on 25 Sydney Street, North Perth. The land was advertised, and multiple offers were received. The land has since settled in July 2023.

SIGNIFICANT ACCOUNTING POLICIES**Other current assets**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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 25(i).

City of Vincent

Financial Statements 2023

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 \$	Property, Plant and Equipment - Work in Progress \$	Total property, plant and equipment \$
Balance at 1 July 2021	135,808,000	77,586,750	213,394,750	499,131	4,831,420	2,948,416	221,673,717
Additions	-	1,019,726	1,019,726	18,306	447,196	2,165,990	3,651,218
Disposals	-	(13,758)	(13,758)	-	(413,341)	-	(427,099)
Revaluation increments / (decrements) transferred to revaluation surplus	17 1,662,415	-	1,662,415	-	-	-	1,662,415
Depreciation	10a -	(4,294,156)	(4,294,156)	(166,351)	(1,274,508)	-	(5,735,015)
Transfers	-	268,417	268,417	20,558	24,432	(313,406)	1
Balance at 30 June 2022	137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Comprises:							
Gross balance amount at 30 June 2022	137,470,415	163,720,243	301,190,658	3,764,795	10,935,883	4,801,000	320,692,336
Accumulated depreciation at 30 June 2022	-	(89,153,264)	(89,153,264)	(3,393,151)	(7,320,684)	-	(99,867,099)
Balance at 30 June 2022	137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Balance at 1 July 2022	137,470,415	74,566,979	212,037,394	371,644	3,615,199	4,801,000	220,825,237
Additions	-	1,916,779	1,916,779	969,805	741,080	1,358,738	4,986,402
Disposals	-	(419,018)	(419,018)	(4,261)	(252,773)	-	(676,052)
Revaluation increments / (decrements) transferred to revaluation surplus	17 11,494,800	21,346,431	32,841,231	-	-	-	32,841,231
Assets classified as held for sale	(843,000)	-	(843,000)	-	-	-	(843,000)
Depreciation	10a -	(4,328,388)	(4,328,388)	(281,961)	(998,345)	-	(5,608,694)
Transfers	-	3,824,835	3,824,835	325,071	6,050	(4,522,537)	(366,581)
Other Movements	-	-	-	25,855	-	-	25,855
Balance at 30 June 2023	148,122,215	96,907,618	245,029,833	1,406,153	3,111,211	1,637,201	251,184,398
Comprises:							
Gross balance amount at 30 June 2023	148,122,215	212,804,190	360,926,405	4,877,919	10,193,747	1,637,201	377,635,272
Accumulated depreciation at 30 June 2023	-	(115,896,572)	(115,896,572)	(3,471,766)	(7,082,536)	-	(126,450,874)
Balance at 30 June 2023	148,122,215	96,907,618	245,029,833	1,406,153	3,111,211	1,637,201	251,184,398

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City of Vincent

Financial Statements 2023

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	Level 2 & Level 3	Market and Cost Approach	Independent Valuation	June 2023	Sales evidence of similar assets, estimates of replacement cost, residual value.
Buildings - non-specialised	Level 2 & Level 3	Market and Cost Approach	Independent Valuation	June 2023	Estimates of useful life, pattern of consumption, asset condition, residual value and relationship to the assessed remaining service potential of the depreciable amount.

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.

(ii) Cost

Furniture and equipment	N/A	Cost Approach	Not Applicable	N/A	N/A
Plant and equipment	N/A	Cost Approach	Not Applicable	N/A	N/A

City of Vincent

Financial Statements 2023

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.

	Infrastructure roads	Infrastructure footpaths	Infrastructure Rights of Way	Infrastructure drainage	Infrastructure Park Development	Infrastructure Car Park Development	Other Infrastructure Assets	Infrastructure Work in Progress	Total infrastructure
Note	\$	\$	Actual \$	\$	Actual \$	Actual \$	\$	\$	\$
Balance as at 1 July 2021	108,142,561	20,582,102	8,203,758	16,878,106	11,215,514	3,292,254	7,111,535	721,681	176,147,511
Additions	2,374,888	161,545	110,781	67,716	232,181	93,807	1,172,529	1,155,505	5,368,952
(Disposals)	-	-	-	-	-	-	(5,899)	-	(5,899)
Depreciation	10a (3,100,493)	(732,455)	(208,754)	(241,159)	(836,920)	(243,746)	(570,989)	-	(5,934,516)
Transfers	63,064	-	-	-	216,724	49,211	57,627	(386,626)	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048
Comprises:									
Gross balance amount at 30 June 2022	150,660,915	32,926,054	11,626,886	29,292,110	18,993,876	8,831,932	16,135,776	1,490,560	269,958,109
Accumulated depreciation at 30 June 2022	(43,180,895)	(12,914,862)	(3,521,101)	(12,587,447)	(8,166,377)	(5,640,406)	(8,370,973)	-	(94,382,061)
Balance at 30 June 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048
Balance as at 1 July 2022	107,480,020	20,011,192	8,105,785	16,704,663	10,827,499	3,191,526	7,764,803	1,490,560	175,576,048
Additions	1,679,253	132,434	-	-	126,408	-	654,082	2,324,401	4,916,578
(Disposals)	-	-	-	-	(27,996)	-	(134,830)	-	(162,826)
Revaluation increments / (decrements) transferred to revaluation surplus	17 (33,780,224)	9,677,049	(2,823,237)	(3,073,843)	612,276	2,116,251	5,431,771	-	(21,839,957)
Revaluation (loss) / reversals transferred to profit or loss	-	-	-	(4,389,396)	-	-	-	-	(4,389,396)
Depreciation	10a (3,104,214)	(739,137)	(210,251)	(242,402)	(878,904)	(253,760)	(634,988)	-	(6,063,656)
Transfers	853,325	-	-	99,821	77,693	-	268,134	(1,313,743)	(14,770)
Other Movements	-	-	-	-	-	-	(25,855)	-	(25,855)
Assets classified as held for sale	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	73,128,160	29,081,538	5,072,297	9,098,843	10,736,976	5,054,017	13,323,117	2,501,218	147,996,166
Comprises:									

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City of Vincent

Financial Statements 2023

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

Note 9. Infrastructure (continued)

Gross balance amount at 30 June 2023	119,913,889	47,830,426	9,365,258	17,713,864	18,335,136	7,696,229	19,438,546	2,501,218	242,794,566
Accumulated depreciation at 30 June 2023	(46,785,729)	(18,748,888)	(4,292,961)	(8,615,021)	(7,598,160)	(2,642,212)	(6,115,429)	–	(94,798,400)
Balance at 30 June 2023	73,128,160	29,081,538	5,072,297	9,098,843	10,736,976	5,054,017	13,323,117	2,501,218	147,996,166

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City of Vincent

Financial Statements 2023

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					
Infrastructure - Roads	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Footpaths	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Rights of Way	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Drainage	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Park Development	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - Car Park Development	Level 3	Cost approach using current replacement cost	Independent Valuation	June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other Infrastructure Assets	Level 3	Cost approach using current replacement cost	Independent Valuation	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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Building	15 to 80 years
Furniture and equipment	1 to 20 years
Plant and equipment	1 to 27 years
<u>Sealed roads and streets:</u>	
Subgrade structure	not depreciated
Formation	not depreciated
Pavement	60 to 100 years
Seal	
- bituminous seals	20 years
- asphalt surfaces	30 years
Footpaths	5 to 50 years
Water supply and Drainage systems	30 to 120 years
<u>Car park infrastructure:</u>	
Subgrade structure	not depreciated
Other infrastructure	10 to 60 years
<u>Parks infrastructure:</u>	
Reticulation	10 - 30 years
Parks other infrastructure	3 to 80 years
Right of use Asset (plant and equipment)	3 years
Intangible	3 - 5 years

	2023 Actual \$	2022 Actual \$
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(b) Fully depreciated assets in use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

Buildings	842,600	2,135,800
Furniture and equipment	3,147,074	3,063,707
Plant and equipment	3,188,520	2,762,173
Other property, plant and equipment	345,270	345,270
Infrastructure - Park Development	1,718,500	1,605,300
Infrastructure - Car Park Development	559,927	559,927
Other Infrastructure Assets	744,610	657,582
	<u>10,546,501</u>	<u>11,129,759</u>

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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.

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 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 12.

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.

City of Vincent

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases

(a) Right of use assets

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

	Note	Plant & Equipment \$	Total \$
2022			
Balance at 1 July 2021		209,823	209,823
Depreciation	10a	(119,821)	(119,821)
Balance at 30 June 2022		90,002	90,002
2023			
Balance at 1 July 2022		90,002	90,002
Additions		23,392	23,392
Depreciation	10a	(113,393)	(113,393)
Balance at 30 June 2023		—	—

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 \$
Depreciation on right-of-use assets	10a	(113,393)	(119,821)
Finance charge on lease liabilities	29d	(647)	(1,801)
Short-term lease payments recognised as expense		(93,993)	(92,839)
Total amount recognised in the statement of comprehensive income		(208,033)	(214,461)
Total cash outflow from leases		(94,640)	(94,640)

(b) Lease liabilities

Current		—	70,601
Total lease liabilities	29d	—	70,601

The City has a lease relating to plant and equipment (Parking Meters). The lease term is 3 years and has fixed lease payments. The measurement of lease liabilities does not include 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.

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.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

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 lease liabilities required by regulations are provided at Note 29(d).

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.

	2023 Actual \$	2022 Actual \$
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Council as a lessor

Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year	992,184	1,038,681
1 to 2 years	1,007,866	939,858
2 to 3 years	894,866	1,016,514
3 to 4 years	863,011	804,761
4 to 5 years	792,891	825,694
> 5 years	1,467,226	2,366,275
	6,018,044	6,991,783

The City leases buildings to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

SIGNIFICANT ACCOUNTING POLICIES**The City as Lessor**

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 12. Intangible assets

Intangible assets are as follows:

	2023 Actual \$	2022 Actual \$
Software		
Non-current		
Computer software development	612,094	324,358
Less: Accumulated amortisation	(484,897)	(276,988)
Total software – net book value	127,197	47,370
Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July	47,370	–
Recognition of computer software	206,789	60,035
Amortisation	(126,962)	(12,665)
Balance at 30 June	127,197	47,370
TOTAL INTANGIBLE ASSETS	127,197	47,370

SIGNIFICANT ACCOUNTING POLICIES

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Information on useful life, amortisation rates and amortisation methods can be found in Note 10.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Trade and other payables

	2023 Actual \$	2022 Actual \$
Current		
Sundry creditors	114,850	3,272,411
Prepaid rates	528,581	494,694
Contribution Liabilities - Bonds	1,724,336	1,589,439
Accrued Expenses	4,554,020	1,836,917
Total current trade and other payables	6,921,787	7,193,461

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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 14. Other liabilities

	2023 Actual \$	2022 Actual \$
(a) Other liabilities		
Current		
Contract liabilities from contracts with customers - Other	564,399	671,324
Capital grant liabilities from transfers for recognisable non financial assets	1,104,641	1,356,035
	<u>1,669,040</u>	<u>2,027,359</u>
Reconciliation of changes in contract liabilities		
Opening balance	671,324	497,633
Additions	564,399	671,324
Revenue from contracts with customers included as a contract liability at the start of the period	(671,324)	(497,633)
	<u>564,399</u>	<u>671,324</u>
The City expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,356,035	926,511
Additions	669,715	1,356,035
Revenue from capital grant/contributions held as a liability at the start of the period	(921,109)	(926,511)
	<u>1,104,641</u>	<u>1,356,035</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	1,104,641	1,356,035
	<u>1,104,641</u>	<u>1,356,035</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES**Contract Liabilities**

Contract liabilities represent the 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 25(i)) due to the unobservable inputs, including own credit risk.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Borrowings

Note	2023			2022		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Debentures	1,585,417	11,475,705	13,061,122	1,424,524	12,310,595	13,735,119
Total secured borrowings	1,585,417	11,475,705	13,061,122	1,424,524	12,310,595	13,735,119

Secured liabilities and assets pledged as security

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

The City of Vincent has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

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

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29(a).

Note 16. Employee related provisions

(a) Employee related provisions

	2023 Actual \$	2022 Actual \$
Current provisions		
Employee benefit provisions		
Annual leave	2,974,049	3,028,075
Long service leave	2,551,802	2,460,025
	5,525,851	5,488,100
Total current employee related provisions	5,525,851	5,488,100
Non-current provisions		
Annual leave	—	—
Long service leave	538,130	501,936
	538,130	501,936
Total non-current employee related provisions	538,130	501,936
Total employee related provisions	6,063,981	5,990,036

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.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 16. Employee related provisions (continued)

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	2023 \$	2022 \$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		1,212,796	1,198,007
More than 12 months from reporting date		4,851,185	4,792,029
		<u>6,063,981</u>	<u>5,990,036</u>
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	262,734	232,366

SIGNIFICANT ACCOUNTING POLICIES**Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

City of Vincent

Financial Statements 2023

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

Note 17. Revaluation surplus

	2023 Opening Balance \$	2023 Revaluation Increment \$	2023 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2023 Closing Balance \$	2022 Opening Balance \$	2022 Revaluation Increment \$	2022 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2022 Closing Balance \$
Revaluation surplus - Land	134,591,029	11,494,800	-	11,494,800	146,085,829	134,591,029	-	-	-	134,591,029
Revaluation surplus - Buildings - non-specialised	40,570,952	21,346,431	-	21,346,431	61,917,383	40,570,952	-	-	-	40,570,952
Revaluation surplus - Furniture and equipment	206,609	-	-	-	206,609	206,609	-	-	-	206,609
Revaluation surplus - Plant and equipment	2,948,368	-	-	-	2,948,368	2,948,368	-	-	-	2,948,368
Revaluation surplus - Joint Venture in Mindarie Regional Council	3,647,158	855,305	-	855,305	4,502,463	1,968,802	1,678,356	-	1,678,356	3,647,158
Revaluation surplus - Joint Venture in Tamala Park Regional Council	1,662,944	-	(529)	(529)	1,662,415	529	1,662,415	-	1,662,415	1,662,944
Revaluation surplus - Infrastructure - roads	81,580,765	-	(33,780,224)	(33,780,224)	47,800,541	81,580,765	-	-	-	81,580,765
Revaluation surplus - Infrastructure - footpaths	12,870,701	9,677,049	-	9,677,049	22,547,750	12,870,701	-	-	-	12,870,701
Revaluation surplus - Infrastructure - drainage	3,073,843	-	(3,073,843)	(3,073,843)	-	3,073,843	-	-	-	3,073,843
Revaluation surplus - Infrastructure - other	2,607,101	5,431,771	-	5,431,771	8,038,872	2,607,101	-	-	-	2,607,101
Infrastructure - Rights of Way	5,142,685	-	(2,823,237)	(2,823,237)	2,319,448	5,142,685	-	-	-	5,142,685
Infrastructure - Park Development	-	612,276	-	612,276	612,276	-	-	-	-	-
Infrastructure - Car Park Development	-	2,116,251	-	2,116,251	2,116,251	-	-	-	-	-
	288,902,155	51,533,883	(39,677,833)	11,856,050	300,758,205	285,561,384	3,340,771	-	3,340,771	288,902,155

City of Vincent

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. 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>15,330,270</u>	<u>1,112,274</u>	<u>7,585,863</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	8,553,645	617,274	2,000,000
- Financial assets at amortised cost	4	8,640,000	12,397,174	9,712,461
		<u>17,193,645</u>	<u>13,014,448</u>	<u>11,712,461</u>
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	30	17,193,645	12,397,174	11,701,461
Shares in unlisted corporation - North Perth Community Financial Services Ltd		–	–	11,000
Payable to Leederville Garden		–	–	–
Contract liabilities from contracts with customers		564,399	–	671,326
Capital grant liabilities from transfers for recognisable non financial assets		1,104,641	–	1,356,035
Total restricted assets		<u>18,862,685</u>	<u>12,397,174</u>	<u>13,739,822</u>

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. Notes to the statement of cash flows (continued)

	2023 Actual \$	2023 Budget \$	2022 Actual \$
(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities			
Net result	924,761	1,714,860	(1,346,406)
Non-cash items:			
Depreciation/amortisation	11,912,706	12,865,818	11,802,017
(Profit)/loss on sale of asset	555,663	(212,648)	(9,524)
Share of profits of associates	(519,536)	–	(7,288,446)
Loss on revaluation of fixed assets	4,389,396	–	–
Profit/(Loss) from sale of Tamala Park Land	(978,043)	(1,848,288)	(787,429)
Change in Equity Local Govt House Trust	(1,843)	–	(1,999)
Profit/(Loss) from sale of shares	(2,750)	–	–
Movement in Work-In Progress	174,560	–	–
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(578,449)	(95,055)	339,608
(Increase)/decrease in inventories	12,407	(6,363)	(4,448)
(Increase)/decrease in other assets	(241,079)	–	(667,584)
Increase/(decrease) in trade and other payables	(271,674)	215,824	(825,528)
Increase/(decrease) in employee related provisions	73,945	400,000	494,399
Increase/(decrease) in other liabilities	(358,319)	–	603,215
Capital grants, subsidies and contributions	(1,473,209)	(3,440,577)	(2,394,594)
Net cash provided by/(used in) operating activities	13,618,536	9,593,571	(86,719)

	2023 Actual \$	2022 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements		
Credit card limit	60,000	60,000
Total amount of credit unused	60,000	60,000
Loan facilities		
Loan facilities - current	1,585,417	1,424,524
Loan facilities - non-current	11,475,705	12,310,595
Total facilities in use at balance date	13,061,122	13,735,119

City of Vincent

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Contingent liabilities

In compliance with the *Contaminated Sites Act 2003*, the City has listed sites to be possible sources of contamination. Details of those sites are:

Mindarie Regional Council (MRC)

The most recent 2021 Mandatory Auditor's Report (MAR) report recommended that further works were required to close out the following:

- The adequacy of the landfill gas monitoring network including confirmation of screening intervals.
- Assessment of the potential for off-site migration of landfill gas particularly with relation to preferential pathways.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.
- The MAR noted further long-term assessment of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) (in addition to other Contaminant of Potential Concern (COPCs) in groundwater including arsenic, nickel, ammonia, benzene and pathogens) would be appropriate.

The October 2023 MAR reports on those further investigations completed and provides an update on the conditions of the source site and affected site. The MRC MAR report is required by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

The purpose of the 2023 MAR audit was to:

- Confirm that the investigations undertaken adequately characterized the contamination status of the site.
- Confirm whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.
- Confirm the suitability of the site for the current and proposed land uses.
- Recommend a site classification under the *Contaminated Sites Act 2003*

The MAR auditor has determined, based on the analysis contained in the assessed reports, that:

- Source Site: Remains suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination
- Affected Site: Remains suitable for current use as a development "buffer zone". The site is situated to the north of the MRC landfill.

The MAR report summary of findings for the Source and Affected sites are listed below:

Source Site:

- Soil -- No soil investigations were completed in 2021 and 2023
- Groundwater -- Groundwater results indicate impact to aquifer immediately below the landfill. Elevated levels of contaminants were above the relevant drinking water guidelines, some also exceeded the criteria for non-potable water use. No contaminants of potential concern (COPCs) were detected in samples collected from the onsite abstraction bore above the non-potable criteria.
- Landfill gas - The site is considered capable of generating a significant quantity of landfill gases and vapours. Methane was detected at elevated levels in boreholes outside the waste mass and along the northern wall of the landfill. The extraction system appears to be effectively mitigating methane with negligible detections outside of the extraction well network. There are indications of fugitive emissions through damages areas of the cap which would require repair and maintenance.

Affected Site:

- Groundwater results indicate some contaminants above the relevant drinking water guidelines but were below criteria for non-potable water uses. Certain COPCs detected above drinking water criteria were considered to be a reflection of natural site conditions.
- No methane has been recorded in recent events at monitoring wells outside the site boundary.

Site management plan (SMP)

A SMP was developed and received by the MRC in May 2020 and updated in May 2022. The SMP was required to provide a management plan for the site to ensure that potential hazards associated with soil, landfill gas, and groundwater contaminants are appropriately managed for the site's continued use as a landfill facility and leachate management. There are no "results" associated with this SMP, it is an ongoing document that continues to evolve to address the comprehensive management of landfill gas and groundwater in light of the most recent information obtained from periodic tests results.

The October 2023 MAR report concludes that:

- The auditor is satisfied that the information contained in the reviewed reports, considered as a whole, is sufficient to inform the current site and surrounding site condition and restrictions that may be applicable.
- Expectations of concerted effort to improve future reporting and reports to comply with relevant standards and guidelines.
- The assessments were sufficient to define the potential extents and types of contaminated media with an appropriate level of confidence.
- Investigation methodologies were sufficient to assess and manage risk.
- Ongoing assessment of landfill gas and groundwater as part of an ongoing Site Management Plan should be undertaken to inform long term trends and to inform the need or otherwise for mitigation measures.

Based on the above, MRC has no new information indicating that an additional landfill rehabilitation provision is required to address any specific remediation requirements nor do the October 2023 MAR report recommend such action.

City of Vincent

Financial Statements 2023

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

Note 20. Capital commitments

	2023 Actual \$	2022 Actual \$
Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	1,697,460	766,347
- plant & equipment purchases	3,343,010	1,989,585
Total capital expenditure commitments	5,040,470	2,755,932
Payable:		
- not later than one year	5,040,470	2,755,932
Total capital expenditure commitments	5,040,470	2,755,932

The capital expenditure projects outstanding at the end of the current reporting period represent heavy fleet replacement program, construction of a skate park, artwork, North Perth Town Hall renewals, Solar PV for DLGSC building and other various projects.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21. Related party transactions

	2023 Actual \$	2023 Budget \$	2022 Actual \$
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(a) Elected Member Remuneration

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

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Mayor's annual allowance	64,938	66,000	63,354
Deputy Mayor's annual allowance	16,234	16,500	15,838
Meeting attendance fees	222,416	224,160	217,363
Child care expenses	386	4,000	833
Other expenses	14	500	30
Annual allowance for ICT expenses	22,500	22,500	22,500
Travel and accommodation expenses	280	1,000	1,242
Total	326,768	334,660	321,161

	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:

	2023 Actual \$	2022 Actual \$
Short-term employee benefits	850,999	845,757
Post-employment benefits	75,926	79,930
Employee - other long-term benefits	46,713	14,380
Council member costs	326,768	321,161
Total	1,300,406	1,261,228

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21. Related party transactions (continued)

(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.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

Sale of goods and services	74,859	69,938
Purchase of goods and services	634,566	1,332,404
	<u>709,425</u>	<u>1,402,342</u>

Investments in associates:

Distributions received from investments in associates	1,666,668	833,334
	<u>1,666,668</u>	<u>833,334</u>

Amounts payable to related parties:

Trade and other payables	207,295	65,601
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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 21(a) and 21(b).

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates

(a) Investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

	% of ownership interest	2023 \$	2022 \$
Mindarie Regional Council	8.33	11,059,568	9,668,427
Tamala Park Regional Council*	8.33	3,903,327	4,542,991
		<u>14,962,895</u>	<u>14,211,418</u>

Mindarie Regional Council

The Mindarie Regional Council was formally constituted in December 1987. The City of Vincent (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and the Towns of Victoria Park and Cambridge) is a member of the Mindarie Regional Council. The primary function of the Regional Council under the constitution agreement is for the orderly and efficient treatment and / or disposal of waste. City of Vincent is a participant in the Mindarie Regional council and has a one twelfth (1/12) equity in the land and assets of the refuse facility as per the constitution agreement (dated 25 November 1996) that recognises the City as a member of the Mindarie Regional Council.

The City's interest in the MRC joint arrangement is represented by the following breakdown of the joint arrangement's financial position (1/12 share). The valuation as shown below is, at the time of preparation of these statements.

	2023 Actual \$	2022 Actual \$
Summarised statement of financial position		
Other current assets	64,273,412	50,281,492
Total current assets	<u>64,273,412</u>	<u>50,281,492</u>
Non-current assets	100,324,693	95,598,663
Total non-current assets	<u>100,324,693</u>	<u>95,598,663</u>
Other current liabilities	5,528,381	5,605,777
Total current liabilities	<u>5,528,381</u>	<u>5,605,777</u>
Non-current liabilities	26,354,914	24,253,248
Total non-current liabilities	<u>26,354,914</u>	<u>24,253,248</u>
Net assets	<u>132,714,810</u>	<u>116,021,130</u>
Reconciliation to carrying amounts		
Opening net assets 1 July	116,021,130	23,532,486
Changes in members contributions	–	85,000,000
Profit/(Loss) for the period	6,430,026	(12,651,628)
Other comprehensive income	10,263,654	20,140,272
Closing net assets 1 July	<u>132,714,810</u>	<u>116,021,130</u>
Carrying amount at 1 July	9,668,427	1,961,040
Net Share of Interests in Mindarie Regional Council	535,836	6,029,031
Changes on Revaluation of Non-Current Assets	855,305	1,678,356
Carrying amount at 30 June (Based on audited Financials)	<u>11,059,568</u>	<u>9,668,427</u>
Net Share of Interests in Mindarie Regional Council	535,836	6,029,031
Total	<u>535,836</u>	<u>6,029,031</u>

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

Tamala Park Regional Council *

The City is a participant (along with the Cities of Perth, Wanneroo, Joondalup, Stirling and the Towns of Victoria Park and Cambridge) in the operations of Tamala Park Regional Council (TPRC). Tamala Park Regional Council changed to Catalina Regional Council from 1 August 2023. The TPRC was created in 2006 to develop approximately 173 hectares of land for sale immediately north of the land leased by the Mindarie Regional Council. The City of Vincent has a one twelfth (1/12) equity in the assets and liabilities of the development as well as a one twelfth (1/12) equity in the assets and liabilities of TPRC as the operator of the development, and a one twelfth (1/12) share in the asset of the land held for development.

The City's interest in the TPRC joint venture is represented by the following breakdown of the joint venture's financial position (1/12 share).

	2023 Actual \$	2022 Actual \$
Summarised statement of financial position		
Other current assets	44,873,314	53,079,035
Total current assets	44,873,314	53,079,035
Non-current assets	2,640,157	1,786,027
Total non-current assets	2,640,157	1,786,027
Other current liabilities	559,922	216,487
Total current liabilities	559,922	216,487
Non-current liabilities	113,627	132,683
Total non-current liabilities	113,627	132,683
Net assets	46,839,922	54,515,892
Reconciliation to carrying amounts		
Opening net assets 1 July	54,515,893	54,969,292
Profit/(loss) for the period	1,001,970	(688,875)
Other comprehensive income	(6,353)	-
Changes in members contribution	(8,671,588)	-
Share of associates net profit	-	235,476
Closing net assets 1 July	46,839,922	54,515,893
Carrying Amount at 1 July	4,542,990	4,580,774
Proceeds from Sale of Land	3,170,688	2,524,056
Land Development Expenses	(2,192,645)	(1,736,627)
Proceeds Distribution	(1,666,668)	(833,334)
Net Share of Interests in Tamala Park Regional Council - Retained surplus	83,498	(57,407)
Net Share of Interests in Tamala Park Regional Council - Members Equity	(34,007)	65,527
Net Share of Interests in Tamala Park Regional Council - Revaluation Surplus	(529)	-
Carrying amount at 30 June (Based on audited Financials)	3,903,327	4,542,990
Net Share of Interest in Tamala Park Regional Council - Retained Surplus	83,498	(57,406)
Net Share of Interests in Tamala Park Regional Council - Members Equity	(34,007)	65,527
Net Share of Interests in Tamala Park Regional Council - Revaluation Surplus	(529)	-
Net Share of Tamala Park Land in Tamala Park Regional Council **	(65,790)	1,251,293
Total	(16,828)	1,259,414

(*) *Tamala Park Regional Council changed to Catalina Regional Council from 1 August 2023.

(**) The City recognised its share of Inventory (Tamala Park Land - Developed land and land under construction -Note 6) based on its equity in Tamala Park Regional Council as at 30 June 2023.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the City has significant influence, that is it has the power to participate in the financial and operating policy decisions of the investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. 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 area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The 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	4.17%	15,330,270	8,540,000	6,785,820	4,450
Financial assets at amortised cost - term deposits	4.77%	17,140,000	17,140,000	–	–
2022					
Cash and cash equivalents	0.92%	7,585,863	3,946,244	544,818	3,094,801
Financial assets at amortised cost - term deposits	2.00%	18,500,000	18,489,000	–	11,000

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. 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 *	67,858	5,448

(*) 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 29(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	3.00%	0.00%	0.00%	42.00%	
Gross carrying amount	296,165	57	664	474,177	771,063
Loss allowance	8,989	-	-	198,804	207,793
Other receivables					
Expected credit loss	10.00%	10.00%	10.00%	22.00%	
Gross carrying amount	157,499	114,820	81,953	2,621,508	2,975,780
Loss allowance	15,750	11,482	8,195	565,740	601,167
30 June 2022					
Trade receivables					
Expected credit loss	0.00%	0.00%	2.00%	46.00%	
Gross carrying amount	341,308	5,767	2,589	478,372	828,036
Loss allowance	-	-	62	217,961	218,023

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
Other receivables					
Expected credit loss	10.00%	10.00%	10.00%	17.00%	
Gross carrying amount	219,359	116,504	60,862	2,409,620	2,806,345
Loss allowance	21,936	11,650	6,086	417,200	456,872

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

	Trade receivables		Other receivables	
	2023	2022	2023	2022
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
Opening loss allowance as at 1 July	218,023	181,916	456,872	409,506
Increase in loss allowance recognised in profit or loss during the year	(10,229)	36,107	314,415	47,366
Receivables written off during the year as uncollectible	–	–	(170,120)	–
Closing loss allowance at 30 June	207,794	218,023	601,167	456,872

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

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

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The 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 18(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	6,393,206	–	–	6,393,206	6,921,787
Borrowings	1,993,835	7,571,740	5,264,054	14,829,629	13,061,122
Lease liabilities	–	–	–	–	–
	8,387,041	7,571,740	5,264,054	21,222,835	20,100,236
2022					
Trade and other payables	6,698,767	–	–	6,698,767	7,193,461
Borrowings	1,847,337	7,210,560	6,781,508	15,839,405	13,735,119
Lease liabilities	70,601	–	–	70,601	70,601
	8,616,705	7,210,560	6,781,508	22,608,773	20,999,179

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 24. Events occurring after the end of the reporting period

Non-adjusting events after the reporting period.

Sale of Land

The City entered into an agreement on 16 May 2023 for the sale of a parcel of land. The City sold the parcel of land located at 25 (Lot 93) Sydney Street, North Perth for \$860,393 with the settlement completed on 25 July 2023. This transaction has resulted in a loss on disposal of \$60,804 which will be recognised in the financial year ending 30 June 2024.

Note 25. 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 City 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

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 25. Other significant accounting policies (continued)

techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The 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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity

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 child minding centre, playgroup centre and senior citizen centre. Provision and maintenance of home care programs and 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.
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 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.

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity (continued)

(a) Income and expenses

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Income excluding grants, subsidies and contributions			
Governance	72,254	66,500	61,776
General purpose funding	42,629,426	40,726,329	37,215,755
Law, order, public safety	216,536	317,306	249,252
Health	315,457	346,605	384,194
Education and welfare	139,315	187,317	145,188
Community amenities	1,089,378	707,273	815,271
Recreation and culture	11,251,668	10,194,207	9,003,479
Transport	10,720,944	9,606,871	8,630,133
Economic services	252,078	508,450	265,499
Other property and services	1,649,318	2,529,660	9,285,802
	<u>68,336,374</u>	<u>65,190,518</u>	<u>66,056,349</u>
Grants, subsidies and contributions			
Governance	48	–	7,200
General purpose funding	1,525,330	763,848	1,632,455
Law, order, public safety	1,140	50,000	1,460
Health	232	60,919	1,259
Education and welfare	84,442	110,950	4,909
Community amenities	111,457	45,994	602,519
Recreation and culture	1,685,660	1,935,258	610,058
Transport	385,701	1,507,054	1,387,459
Economic services	2,426	1,385	726
Other property and services	12,335	32,770	34,031
	<u>3,808,771</u>	<u>4,508,178</u>	<u>4,282,076</u>
Total income	<u>72,145,145</u>	<u>69,698,696</u>	<u>70,338,425</u>
Expenses			
Governance	(3,194,245)	(3,341,981)	(2,885,226)
General purpose funding	(1,256,229)	(887,829)	(632,607)
Law, order, public safety	(5,116,303)	(4,829,171)	(4,499,359)
Health	(1,957,739)	(2,188,227)	(1,617,516)
Education and welfare	(443,452)	(441,371)	(431,556)
Community amenities	(15,437,432)	(17,048,417)	(25,046,299)
Recreation and culture	(26,912,335)	(25,926,147)	(24,612,053)
Transport	(14,173,791)	(9,586,575)	(9,060,757)
Economic services	(707,174)	(796,660)	(618,506)
Other property and services	(2,021,684)	(2,937,458)	(2,280,952)
	<u>(71,220,384)</u>	<u>(67,983,836)</u>	<u>(71,684,831)</u>
Net result for the period	<u>924,761</u>	<u>1,714,860</u>	<u>(1,346,406)</u>

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Financial Statements 2023

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

Note 26. Function and activity (continued)

(b) Total assets

	2023	2022
	Actual	Actual
	\$	\$
General purpose funding	53,587,310	31,887,798
Law, order, public safety	4,494,554	4,661,552
Health	4,651,176	5,097,265
Education and welfare	22,787,876	22,446,297
Community amenities	5,212,514	4,948,095
Recreation and culture	150,420,541	152,115,781
Transport	192,321,373	198,693,099
Other property and services	23,126,389	25,271,683
Total assets	456,601,733	445,121,570

City of Vincent

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

Note 27. Rating information

		2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2022
Rate type	Basis of valuation	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	Budget total revenue	Actual Total revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Rates														
Rate Description														
Residential	Gross rental valuation	0.08579	10,981	248,447,916	21,314,346	236,972	5,181	21,556,499	21,270,668	120,000	2,500	21,393,168		19,746,748
Other	Gross rental valuation	0.07229	1,626	127,522,443	9,218,598	145,287	121,377	9,485,262	9,150,271	130,000	11,000	9,291,271		8,514,738
Vacant Commercial	Gross rental valuation	0.13791	41	2,587,150	356,794	(11,618)	(4,815)	340,361	363,140	-	-	363,140		337,037
Vacant Residential	Gross rental valuation	0.08191	194	4,616,900	378,170	3,454	35	381,659	381,861	12,000	2,500	396,361		336,946
Total general rates			12,842	383,174,409	31,267,908	374,095	121,778	31,763,781	31,165,940	262,000	16,000	31,443,940		28,935,469
Minimum payment														
Residential	Gross rental valuation	1,335.32	6,098	77,356,652	8,142,781	(54,327)	(3,794)	8,084,660	8,156,135	6,000	1,000	8,163,135		7,582,737
Other	Gross rental valuation	1,288.73	162	1,973,252	208,774	-	-	208,774	208,774	5,000	1,000	214,774		195,323
Vacant Commercial	Gross rental valuation	1,631.65	-	-	-	-	-	-	-	-	-	-		-
Vacant Residential	Gross rental valuation	1,180.00	195	2,054,440	230,100	(3,918)	(1,377)	224,805	219,480	7,000	2,000	228,480		227,228
Total minimum payments			6,455	81,384,344	8,581,655	(58,245)	(5,171)	8,518,239	8,584,389	18,000	4,000	8,606,389		8,005,288
Total general rates and minimum payments														
			19,297	464,558,753	39,849,563	315,850	116,607	40,282,020	39,750,329	280,000	20,000	40,050,329		36,940,757
								<u>40,282,020</u>				<u>40,050,329</u>		<u>36,940,757</u>
Discounts														
Rates Waived								(119,907)				(140,000)		(116,028)
Total rates								<u>40,162,113</u>				<u>39,910,329</u>		<u>36,824,729</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.

City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. 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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(188,773)	(729,188)	(140,764)
Net Share of Interest in Associates	(519,536)	–	(7,288,445)
Add: Loss on disposal of assets	744,436	516,540	131,240
Less: Share of net profit of associates and joint ventures accounted for using the equity method	(978,043)	(1,848,288)	(787,429)
Add: Loss on revaluation of fixed assets	9a 4,389,396	–	–
Add: Depreciation	10a 11,912,706	12,865,818	11,802,017
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	(1,843)	–	(1,999)
Pensioner deferred rates	14,015	–	(9,939)
Employee benefit provisions	39,391	–	15,907
Infringement debtor provisions	65,064	–	26,470
Non-cash amounts excluded from operating activities	15,476,813	10,804,882	3,747,058
(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 Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
Non cash Capital grants, subsidies and contributions	251,394	–	–
Movement in Work-In Progress	174,561	–	–
Non-cash amounts excluded from investing activities	425,955	–	–
(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 Statement of Financial Activity 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	30 (17,193,645)	(12,397,174)	(11,701,461)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	15 1,585,417	1,607,889	1,424,524
- Current portion of lease liabilities	11 –	–	70,601
Less: Shares transferred from non current to current asset	–	–	(11,000)
Less: Land held for resale	(1,986,519)	–	(1,204,276)
Add: Rates outstanding Non-current	405,372	–	356,996
Add: Other assets Non-current	889,298	–	1,051,797
Add: Infringement debtors transferred to non current asset	1,625,260	1,208,751	1,530,743
Total adjustments to net current assets	(14,674,817)	(9,580,534)	(8,482,076)

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. 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	39,427,722	23,470,959	31,363,069
Less: Total current liabilities	(15,702,095)	(13,733,285)	(16,204,047)
Less: Total adjustments to net current assets	(14,674,817)	(9,580,534)	(8,482,076)
Surplus or deficit after imposition of general rates	9,050,810	157,140	6,676,946

City of Vincent

Financial Statements 2023

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

Note 29. Borrowing and lease liabilities

(a) Borrowings liabilities

Purpose	Note	Budget										
		Principal at 1 July 2021	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	New loans	Principal repayments	Principal at 30 June 2023
Resource Recovery Facility		-	7,083,333	(334,447)	6,748,886	-	(674,912)	6,073,974	6,748,886	-	(674,912)	6,073,974
Strength Equipment- BPLC		-	-	-	-	389,169	(45,078)	344,091	-	389,169	(45,079)	344,090
Underground Car Park Loftus Rec		305,474	-	(260,991)	44,483	-	(44,483)	-	44,483	-	(44,483)	-
Cardio Equipment- BPLC		-	-	-	-	438,710	(32,273)	406,437	-	438,710	(32,273)	406,437
Beatty Park Redevelopment		5,417,204	-	(388,291)	5,028,913	-	(410,152)	4,618,761	5,028,914	-	(410,152)	4,618,762
Loftus Centre Redevelopment		1,335,295	-	(185,744)	1,149,551	-	(197,889)	951,662	1,149,549	-	(197,889)	951,660
246 Vincent Street DLGSC building		858,992	-	(95,705)	763,287	-	(97,089)	666,198	763,287	-	(97,089)	666,198
Total		7,916,965	7,083,333	(1,265,178)	13,735,120	827,879	(1,501,876)	13,061,123	13,735,119	827,879	(1,501,877)	13,061,121
Total Borrowings	15	7,916,965	7,083,333	(1,265,178)	13,735,120	827,879	(1,501,876)	13,061,123	13,735,119	827,879	(1,501,877)	13,061,121

Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Strength Equipment- BPLC	12	WATC*	4.33%	Recreation and culture	10/08/26	(16,624)	(10,894)	-
Loftus Centre Redevelopment	5	WATC*	6.35%	Recreation and culture	01/08/27	(74,333)	(75,380)	(87,695)
246 Vincent Street DLGSC building	2B	WATC*	1.44%	Recreation and culture	03/12/29	(15,652)	(15,763)	(17,710)
Cardio Equipment- BPLC	13	WATC*	4.48%	Recreation and culture	08/08/28	(19,673)	(12,383)	-
Underground Car Park Loftus Rec	6B	WATC*	3.85%	Recreation and culture	01/08/22	(184)	(326)	(8,534)
Beatty Park Redevelopment	10	WATC*	5.49%	Recreation and culture	05/01/32	(297,830)	(299,706)	(322,191)
Resource Recovery Facility	14	WATC*	1.26%	Community amenities	25/08/31	(120,408)	(126,005)	(111,827)
Total						(544,704)	(540,457)	(547,957)
Total Finance Cost Payments						(544,704)	(540,457)	(547,957)

* WA Treasury Corporation

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City of Vincent

Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. 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		
				%	\$	\$	\$	\$	\$	\$
Strength Equipment- BPLC	WATC*	Debenture	4	4.33%	389,169	389,169	389,169	389,169	38,852	-
Cardio Equipment- BPLC	WATC*	Debenture	6	4.48%	438,710	438,710	438,710	438,710	66,427	-
					<u>827,879</u>	<u>827,879</u>	<u>827,879</u>	<u>827,879</u>	<u>105,279</u>	<u>-</u>

* WA Treasury Corporation

(c) Unspent Borrowings

The Council does not have any unspent borrowings for FY2022/23.

(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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EMV kits for Parking ticket machines		163,440	-	(92,839)	70,601	23,392	(93,992)	-	70,602	-	(70,602)	-
Total lease liabilities	11b	<u>163,440</u>	<u>-</u>	<u>(92,839)</u>	<u>70,601</u>	<u>23,392</u>	<u>(93,992)</u>	<u>-</u>	<u>70,602</u>	<u>-</u>	<u>(70,602)</u>	<u>-</u>

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Financial Statements 2023

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(d) Lease liabilities (continued)

Purpose	Lease number	Institution	Lease interest rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2023 \$	Budget for year ending 30 June 2023 \$	Actual for year ending 30 June 2022 \$	Lease term
Purpose EMV kits for Parking ticket machines	E6N0162814	Maia Financial	1.60%	Law, order, public safety	03/04/23	(647)	(378)	(1,801)	36 months
Total Finance Cost Payments						(647)	(378)	(1,801)	

City of Vincent

Financial Statements 2023

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

Note 30. 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 \$
Restricted by council												
Asset Sustainability Reserve	5,283,932	3,313,117	(1,333,230)	7,263,819	5,572,478	2,238,552	(3,041,900)	4,769,130	5,749,402	1,650,742	(2,116,212)	5,283,932
Beatty Park Leisure Centre Reserve	102,898	208,291	-	311,189	102,681	201,648	(100,000)	204,329	102,096	802	-	102,898
Cash in Lieu Parking Reserve	1,457,574	50,597	(210,668)	1,297,503	1,429,508	4,359	(893,500)	540,367	1,611,564	12,113	(166,103)	1,457,574
Hyde Park Lake Reserve	163,644	3,425	-	167,069	166,906	1,357	-	168,263	160,649	2,995	-	163,644
Land and Building Acquisition Reserve	301,642	6,174	-	307,816	301,005	2,448	-	303,453	300,049	1,593	-	301,642
Leederville Oval Reserve	96,153	1,352	(25,800)	71,705	95,952	536	(30,000)	66,488	94,885	1,268	-	96,153
Loftus Community Centre Reserve	37,660	104,890	-	142,550	37,581	101,119	-	138,700	37,219	441	-	37,660
Loftus Recreation Centre Reserve	219,341	70,981	(15,930)	274,392	221,069	61,879	(50,000)	232,948	220,496	61,920	(63,075)	219,341
246 Vincent Street Building Reserve	219,307	148	(13,600)	205,855	227,895	59	(220,675)	7,279	311,925	1,532	(94,150)	219,307
Parking Facility and Equipment Reserve	107,182	2,193	-	109,375	106,956	870	-	107,826	106,521	661	-	107,182
Percent for Art Reserve	332,907	40	(48,000)	284,947	335,655	16	(333,700)	1,971	401,577	2,130	(70,800)	332,907
Plant and Equipment Reserve	131	-	-	131	83	-	(83)	-	22,680	118	(22,667)	131
POS reserve - General	653,071	118,386	(190,000)	581,457	653,071	911,084	(190,000)	1,374,155	-	653,071	-	653,071
POS reserve - Haynes Street	195,760	41,568	(150,000)	87,328	196,927	39,699	(150,000)	86,626	159,265	36,495	-	195,760
State Gymnastics Centre Reserve	131,596	15,257	(15,000)	131,853	130,952	13,040	(15,000)	128,992	119,423	12,173	-	131,596
Strategic Waste Management Reserve	29,148	941	-	30,089	45,899	373	-	46,272	1,006,113	5,347	(982,312)	29,148
Tamala Park Land Sales Reserve	1,930,361	1,341,054	-	3,271,415	1,929,100	1,275,852	-	3,204,952	1,093,870	836,491	-	1,930,361
Underground Power Reserve	215,555	2,348,335	(136,914)	2,426,976	215,105	791,376	(216,000)	790,481	211,870	3,685	-	215,555
Waste Management Plant and Equipment Reserve	223,599	4,577	-	228,176	223,128	1,814	-	224,942	221,856	1,743	-	223,599
	11,701,461	7,631,326	(2,139,142)	17,193,645	11,991,951	5,646,081	(5,240,858)	12,397,174	11,931,460	3,285,320	(3,515,319)	11,701,461

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

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Financial Statements 2023

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

Note 30. Reserve accounts (continued)

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

Name of Reserve	Purpose of the reserve
Beatty Park Leisure Centre Reserve	For the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures and fittings.
Cash in Lieu Parking Reserve	This reserve is established from payment of cash-in-lieu of car parking from development applicants and is to be used for providing and/or upgrading existing and proposed Transport infrastructure as defined in the City's Parking and Access Policy 7.7.1.
Hyde Park Lake Reserve	For works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.
Land and Building Acquisition Reserve	To ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.
Leederville Oval Reserve	For the works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings and associated land.
Loftus Community Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
Loftus Recreation Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
246 Vincent Street Building Reserve	For major building upgrade, maintenance, repairs, renovation and replacement of floorcovering, fixtures and fittings associated with the new Office Building and Land.
Parking Facility and Equipment Reserve	This reserve is for the purchase and replacement of parking ticket machines, provision and improvement of parking information systems, security lighting, improved pathways and associated infrastructure to access parking areas and associated works.
Percent for Art Reserve	This reserve is funded from payment of public art contributions from development applicants and is to be used for the acquisition and provision of Public Art and associated infrastructure.
Plant and Equipment Reserve	For the purchase of replacement plant and equipment associated with City's works.
POS reserve - General	For the future development of public open space in the City.
POS reserve - Haynes Street	For the future development of POS at Haynes Street.
State Gymnastics Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.
Strategic Waste Management Reserve	Investigation and implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park).
Tamala Park Land Sales Reserve	For future significant/major capital works, infrastructure, project or debt reduction programme for the benefit of the City.
Underground Power Reserve	For the purpose of funding the City's contribution to approved underground power projects.
Waste Management Plant and Equipment Reserve	For the purpose of replacing plant and equipment associated with the City's waste management, minimisation and recycling operations.
Asset Sustainability Reserve	For assisting Council in funding its long term asset management objectives and provide a means to spread the cost of intergenerational assets over multiple years.

City of Vincent

Financial Statements 2023

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

Note 31. Trust funds

	1 July 2022			30 June 2023
	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:				
Leederville Gardens Inc. Trust *	3,733,236	128,867	-	3,862,103
-	<u>3,733,236</u>	<u>128,867</u>	<u>-</u>	<u>3,862,103</u>

(*) The opening balance has been reduced by \$201,395 as a result of an investigation performed on the funds held in trust.

City of Vincent

Financial Statements 2023

General Purpose Financial Statements
for the year ended 30 June 2023

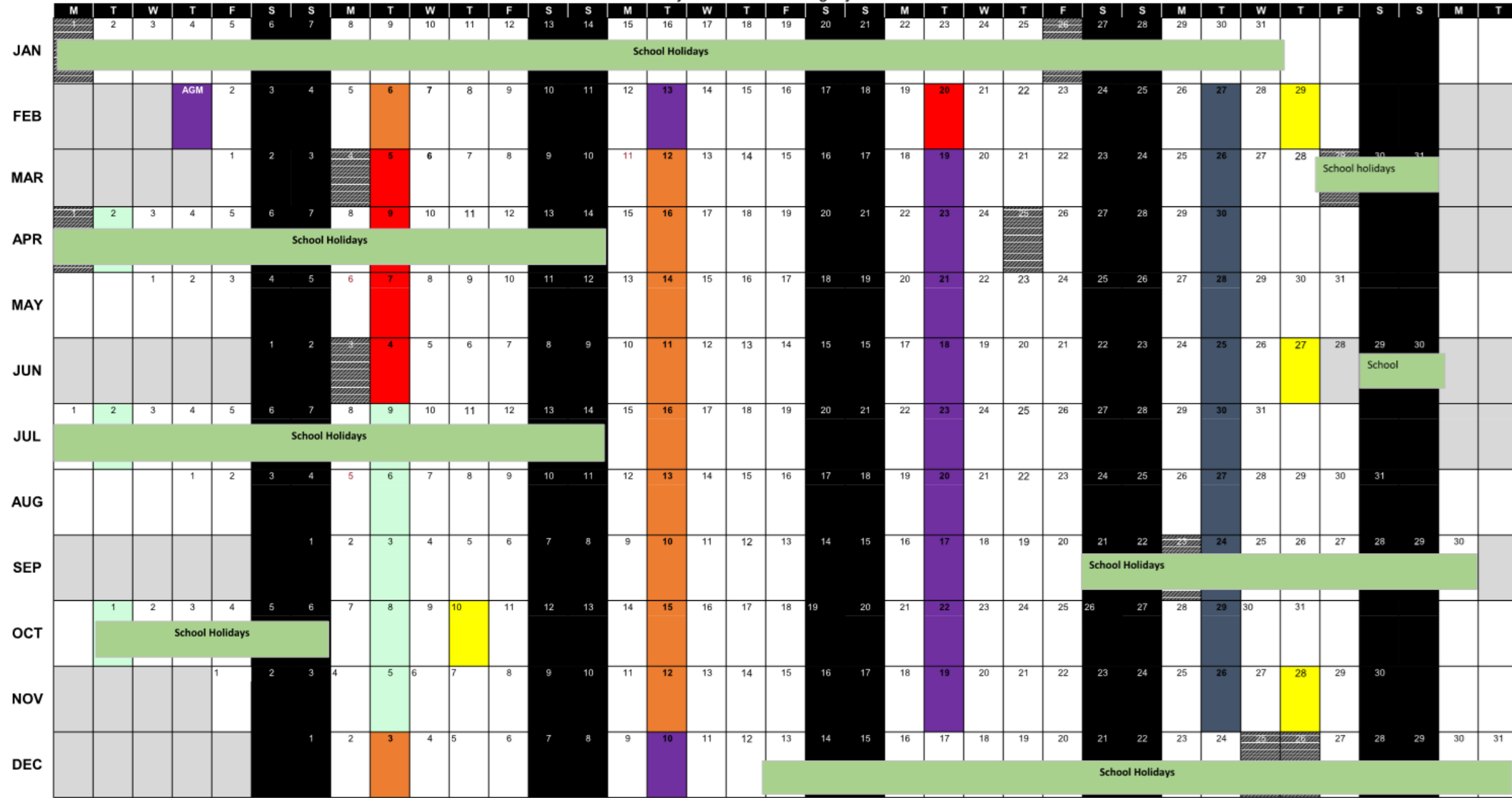
Insert Independent Auditor's Report here

6.2 AUDIT COMMITTEE MEETING DATES 2024**Attachments: 1. Proposed Audit Committee Dates 2024****RECOMMENDATION:****That the Audit Committee ADOPTS the meeting schedule for 2024 as follows:**

Date	Time
Thursday 29 February 2024	4.00pm
Thursday 27 June 2024	4.00pm
Thursday 10 October 2024	4.00pm
Thursday 28 November 2024	4.00pm

COMMITTEE DECISION ITEM 6.2**Moved: Mayor Xamon, Seconded: Cr Castle****That the recommendation be adopted.****.CARRIED (6-0)****For:** Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon**Against:** Nil**(Mr Manifis was an apology for the Meeting.)**

City of Vincent Meeting Cycle 2024



6.3 AUDIT COMMITTEE - FORWARD AGENDA 2023**Attachments: 1. Audit Committee Forward Agenda 2023****RECOMMENDATION:**

That the Audit Committee recommends to Council that it **NOTES** the Audit Committee Forward Agenda at Attachment 1.

COMMITTEE DECISION ITEM 6.3**Moved: Cr Hallett, Seconded: Cr Alexander****That the recommendation be adopted.****CARRIED (6-0)****For:** Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon**Against:** Nil**(Mr Manifis was an apology for the Meeting.)**

NOTE: The Committee requested that ICT present on the progress of actions to mitigate OAG findings and to also prepare the City for self assessment, in 2024, against the Australian Signals Directorate's Essential Eight controls.

Audit Committee Forward Agenda 2023

Standing Items	February (no meeting scheduled)	2 March 2023
<ul style="list-style-type: none"> Review and update of Audit Committee Forward Agenda 2023 Review status of pending action items from the last meeting Review audit log - internal & external audit recommendations Review of the internal audit activities, progress against plan, and internal audit reports issued during the period Review of the City's Corporate Risk Register Review the status of any fraud investigation reports Briefing by CAE on performance audits or OAG reports carried out for the state government or other LGAs along with any action plans put in place by the City 		<ul style="list-style-type: none"> Consideration of Audit Committee Forward Agenda 2023 Local Government Statutory Compliance Audit Return 2022 – Annual Review Refresher by CAE on Local Government Act 1995 and key legislation impacting the City. Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) <p>Note: Reports and recommendations to 14 March 2023 OMC</p>
April (no meeting scheduled)	4 May 2023	29 June 2023
	<ul style="list-style-type: none"> Training and professional development session determined by Committee Chair Review the Audit Committee Terms of Reference Review and recommend to the Council any changes to the proposed annual Internal Audit Plan (6 months prior to the initial review). Meet privately with the external auditor (OAG) without management present to discuss any matters deemed appropriate Entry Meeting - OAG <p>Note: Reports and recommendations to 20 June 2023 OMC</p>	<ul style="list-style-type: none"> Fraud and Corruption Plan – Annual Review Review the Audit Committee Terms of Reference Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. Meet privately with the internal audit service provider every six months. <p>Note: Reports and recommendations to 25 July 2023 OMC</p>
July (no meeting scheduled)	10 August 2023	September (no meeting scheduled)
	<ul style="list-style-type: none"> Recommend to the Council the proposed annual Internal Audit Plan along with aspects of coordination with the external auditor's plan and those of other assurance providers. Evaluate the performance of the internal audit service provider and CAE Review and recommend changes (if any) to the internal audit charter. Review of business risk reports issued by management including corresponding action plans Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) <p>Note: Reports and recommendations to 19 September 2023 OMC</p>	
5 October 2023	30 November 2023	(no meeting scheduled) 7 December 2023
<ul style="list-style-type: none"> Annual financial report for year end 30 June 2023 – draft annual financials Briefing by CFO of significant accounting policies and significant judgements made in preparing the financial statements. Review the OAG's audit plan including view of significant accounts and fraud risk. Annual acknowledgement of the City's Code of conduct, evaluation of member independence & committee performance. Commence EOI for external Committee Members. Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities <p>Note: Reports and recommendations to 21 November 2023</p>	<ul style="list-style-type: none"> Exit Meeting – OAG Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. Meet privately with the internal audit service provider every six months. Review the Audit Committee Terms of Reference Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) Review risk management processes and activities (including Risk Mgmt. Policy and Appetite Statements) <p>Note: Reports and recommendations to 12 December 2023</p>	<ul style="list-style-type: none"> Exit Meeting - OAG Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. Meet privately with the internal audit service provider every six months. Review the Audit Committee Terms of Reference Briefing by CEO on the City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.) Review risk management processes and activities (including Risk Mgmt. Policy and Risk Appetite and Tolerance Statements) <p>Note: Reports and recommendations to 12 December 2023</p>

CATEGORIES:

1. Committee Operations
2. Financial Reporting & External Audit (OAG)
3. Internal Audit Activities
4. Risk Management & Internal Control
5. Ethics and Compliance
6. Other Matters

D23/2825

6.4 REVIEW OF RISK APPETITE AND TOLERANCE STATEMENTS AND ALIGNMENT OF CORPORATE RISKS

- Attachments:**
1. Corporate Risk Register 2023
 2. Risk Management Procedure
 3. Risk Appetite and Tolerance Statements (tracked changes)
 4. Risk Appetite and Tolerance Statements (updated)
 5. Risk Rating Alignment to Appetite and Tolerance

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. RECEIVES the City's Corporate Risk Register at Attachment 1; and
2. APPROVES:
 - 2.1 the risk management actions for the high and extreme risks;
 - 2.2 alignment of Corporate Risks to the risk appetite and tolerance ratings; and
 - 2.3 the updated Risk Appetite and Tolerance Statements at Attachment 4

COMMITTEE DECISION ITEM 6.4

Moved: Mayor Xamon, Seconded: Mr Isambert

That the recommendation be adopted.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

(Cr Wallace was absent from the Council Chamber and did not vote.)

NOTE: Business continuity plan testing is to be scheduled.



Corporate Risk Register

Risk Identification										Assessment of Potential Risk				Assessment of Peak Risk								
ID	Risk Category	Risk Description	Comment	Existing Controls	Consequence Rating	Likelihood Rating	Overall Rating	Impact on Financial Health	Impact on Service Delivery	Control Rating	Risk Management Action (RMA)	RMA due date	Risk Owner	Consequence Rating (EMA)	Likelihood Rating (EMA)	Overall Rating (EMA)	Residual Risk (EMA)	Residual Risk (EMA)	Residual Risk (EMA)	Associated Controls	Last Updated	Action Owner
<p>Contracting Table</p> <p>IC Fully Effective Controls are adequate, appropriate and fully effective. Overall control environment provides reasonable assurance that the risk is being managed. Control objectives are being met and no improvement is currently being identified.</p> <p>A Inadequate A few specific controls are ineffective or missing. The overall control environment is adequate, appropriate and effective. Certain controls that require improvement to ensure that the overall control environment is effective.</p> <p>I Inadequate Numerous specific controls are ineffective or missing. Overall control environment is not adequate or effective and fails to provide reasonable assurance that risks are being managed and control objectives are being met. The control environment needs improvement.</p> <p>Risk Management Policy</p>																						
E01	Finance, Procurement & Contract	Supplier Contract Management There is a risk that inappropriate contract management in respect to selection and management of contracts with suppliers may result in the City incurring not being satisfied at the contract terms not being that resulting in financial losses to the City.	Contract selection controls are strong. Contract management controls need further work.	1. Contract management framework 2. Contract register recording all contracts over \$10k 3. Standard Cost varied templates tailored to a sign off in place, use M&A control templates 4. Regular training in contract management provided to all staff 5. Contract management controls to be audited through audits 6. Contract management support and guidance provided by experienced procurement and contracts team.	3	2	Medium	Low appetite	substantial of appetite and/or tolerance	A	Develop an audit process to monitor the use and effectiveness of the contract management framework control templates. Audit contracts to ensure compliance with the contract management framework - ongoing	30/06/2023	Contract report to Audit Committee	3	2	Medium	Low appetite	substantial of appetite and/or tolerance	Risk level is accepted	Monitoring of contracts register and procurement process compliance ongoing	10/10/2023	Chief Financial Officer
E02	Finance, Procurement & Contract	Major project management Large number of projects and ineffective management of projects resulting in financial losses and potentially poor project outcomes for the City.	New project management framework and project collaboration in place, but in early stages of adoption.	1. Continue implementation of framework - Ongoing 2. Staff training on framework or project management - Ongoing 3. Ensure clarity regarding and accountability to staff - Ongoing 4. Ongoing introduction of existing projects. Monitor on monthly by Control 5. Continue to monitor and report on projects that are off-track and over budget - Ongoing	2	3	Medium	Low appetite	substantial of appetite and/or tolerance	A		Ongoing	Control report to Audit Committee	2	3	Medium	Low appetite	substantial of appetite and/or tolerance	Risk level is accepted	Regular reports to Control and Audit	10/10/2023	Chief Financial Officer
E03	Finance, Procurement & Contract	Financial stability, sustainability & reporting Four long term financial and management reporting requirements to be met and the City's financial sustainability and result in audited measures to quote the City effectively.	The City has improved its financial and management reporting. There is a better understanding of funded and unfunded projects - management review generation are in place or planned on up to four long term financial plan (LTFP) risk build. Financial report are done. Invest key long term operational and capital requirements	1. Annual update of LTFP and result the key long term activities of the City - Ongoing 2. Annual budget aligned with LTFP - Ongoing 3. LTFP incorporates DUGSG recommended financial review - Ongoing 4. Financial sustainability assessed as part of the development of the City strategic plan and budget - Ongoing	2	2	Medium	Low appetite	within appetite and/or tolerance	A		Ongoing	Control report to Audit Committee	2	2	Medium	Low appetite	within appetite and/or tolerance	Risk level is accepted	Regular reports to Control and Audit	10/10/2023	Chief Financial Officer
E04*	Finance, Procurement & Contract	Procurement There is a risk that non-compliance with procurement processes could lead to inappropriate use of City funds and an increased risk of the City not obtaining value for money.	Procurement guidance documents are in place. Internal suitability of low value purchases is in place and purchase orders are in place. Procurement and Contract Team regularly undertake \$500k+ value work.	1. Procurement Policy 2. Procurement Framework 3. Mandatory training 4. Procurement Terms of Reference 5. Procurement support and guidance provided by experienced procurement and audit teams	3	3	Medium	Low appetite	substantial of appetite and/or tolerance	A	Develop and implement an audit process to monitor compliance with procurement processes and framework requirements including testing the required approval of purchases, testing on approved and non order before engaging a supplier	Step 03	Control report to Audit Committee	3	3	Medium	Low appetite	substantial of appetite and/or tolerance	Monitoring of procurement through an internal audit program. Procurement and Contract Team are reporting to EMC and Audit Committee	10/10/2023	Chief Financial Officer	
E05	Asset, sustainability and environmental management	Asset, sustainability and environmental management Inadequate asset management including environmental, technical, financial, sustainability and compliance risks to the City's assets. Assets are not managed properly, and result in poor asset management outcomes. Financial loss and reputational damage.	Asset Management and Sustainability Strategy (AMSS) Asset Management Policy Asset Protection Guidelines (APG) Declared asset management outcomes to guide delivery of the AMSS. Asset Management Report	1. Review current Asset Management Policy to ensure it aligns with ISO 55001 2. Implement AMSS as the City's defined Asset Management System for financial, operational and public asset classes. 3. Develop a tripartite approach for data collection for all major asset classes 4. Develop a tripartite approach for data collection for all major asset classes 5. Develop a tripartite approach for data collection for all major asset classes	4	3	High	Low appetite	substantial of appetite and/or tolerance	I		1. Dec 2022 2. Dec 2024 3. June 2024 4. June 2025	Control report to Audit Committee	4	3	Medium	Low appetite	substantial of appetite and/or tolerance		10/10/2023	Manager City Buildings & Asset Management	
E06	Asset, sustainability and environmental management	Asset, sustainability and environmental management Inadequate framework to manage the risk in respect to asbestos on City owned or managed land, or land adjoining this, will leave the City vulnerable to legal and potentially an increased risk of financial loss and reputational damage.	LGA has prepared an asbestos register, and has developed an asbestos management framework in accordance with the legal advice received.	1. Review and implement the asbestos management framework, and ensure compliance with staff. 2. Develop a tripartite approach for data collection for all major asset classes 3. Develop a tripartite approach for data collection for all major asset classes	3	2	Medium	Low appetite	substantial of appetite and/or tolerance	I		Ongoing	GHG report to EMC	3	2	Medium	Low appetite	substantial of appetite and/or tolerance		10/10/2023	Manager City Buildings & Asset Management	

07	Asset, sustainability and environment management	<p>Public Liability Assets - Electrical Cost projections</p> <p>Emerging safety risk associated with Lanesville Court premises - buildings have electrical and plumbing issues and will require significant capital work in future to ensure they remain safe.</p>	This risk has significant financial implications.	Essential maintenance is carried out, budget permitting. Electrical substations have been upgraded and regular compliance audits conducted. Outstanding repair works to improve structural integrity. Working well but have been completed. Delivery of low cost replacement project in 2024/25.	3	3	Medium	Low tolerance	Unable to appetite and/or tolerance	A	<p>1. Develop an Asset Management Strategy to inform capital to be raised in advance / regulars required, and priorities for assets.</p> <p>2. Continue to monitor the condition of Lanesville Court assets.</p> <p>3. Develop a prioritised works program to inform capital and operational budgets.</p> <p>4. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.</p>	Ongoing	CEO report to EMC	3	2	Medium	Low tolerance	Unable to appetite and/or tolerance	YK000203	Manager City Buildings & Asset Management	
08	Asset, sustainability and environment management	<p>Public Liability Assets - Parks</p> <p>Emerging safety risk associated with Beatty Park playground as buildings have electrical and plumbing issues and will require significant capital work in future to ensure they remain safe.</p>	This risk has significant financial implications.	Essential maintenance is carried out, budget permitting. Money allocated in 2023/24 budget for safety works at Beatty Park Playground.	3	3	Medium	Low tolerance	Unable to appetite and/or tolerance	A	<p>1. Develop an Asset Management Strategy to inform capital to be raised in advance / regulars required, and priorities for assets.</p> <p>2. Develop a prioritised works program to inform capital and operational budgets.</p> <p>3. If capital work is not undertaken it may be necessary for buildings to be left vacant, which results in a loss of rental income.</p> <p>4. Continue to monitor the condition of Beatty Park.</p> <p>5. Beatty Park 2024 Option Project will identify future use and regulars required and costs.</p>	FY2023	CEO report to EMC	3	3	Medium	Low tolerance	Unable to appetite and/or tolerance	YK000203	Manager City Buildings & Asset Management	
09	Asset, sustainability and environment management	<p>Service Delivery - Disability Education and Rehabilitation Trusts - Bishops</p> <p>Failure to provide public health assessments relating to local buildings at Kingsley, local businesses, and call on safety to public buildings and largely houses.</p>	The risk may have reputational and public health implications.	Required business assessment responses received and reported. New and upgraded business applications processed and completed within adequate timelines. Revised management effective. Introduction of electronic assessment system. Improved outcomes and timing of breach process.	3	3	Medium	Low appetite	Unable to appetite and/or tolerance	S	Proposed tender for 20 party company to provide public health safety, public liability and trading trade risk assessments.	04/06/2023 January 2024	CEO report to EMC	2	2	Low appetite	Unable to appetite and/or tolerance	Risk level is accepted	YK000203	Manager Risk Operations & Wellbeing	
10	Asset, sustainability and environment management	<p>Management of Ground Mounted Power Plant - LUGGS</p> <p>Failure to adequately manage the community engagement and financial management of the ground mounted power plant.</p>	This risk has significant financial implications.	1. Underground Power Rooms closed. 2. Strong financial processes in place 3. Continued finance and communication to manage working closely with project manager. 4. Working Power plant management is well organised. 5. Project manager appointed and named project governance established. 6. Addressing to City project management methodology.	3	0	Medium	Low appetite	Unable to appetite and/or tolerance	A	<p>1. Develop and implement Financial Plan to include detailed financial modelling, identification of service charges, cash flow management, and strategic financial review.</p> <p>2. Develop and implement Community Engagement Plan.</p> <p>3. Monitor and manage project delivery.</p>	000	CEO report to EMC	3	3	Medium	High appetite	Unable to appetite and/or tolerance	Risk level is accepted	YK000203	Project Manager - Underground Power
11	CHSE, employment practices	<p>Safety and security practices for staff</p> <p>Staff working alone, after COVID-19, increasing building sites and/or private property, regular interaction with members of the community. Lack of comprehensive risk management in regard to safety conscious leads to a lack of understanding of the appropriate leading needs and potentially inadequate safety signage.</p>	Note that this risk depends on building public - which City can not control. So response is medium risk. The City engages lone working in lead to a	Staff training, better allocation emergency equipment, provision and safety audits. Police working other procedures. Safety audits for lone workers, visible location and well devices. GPS - monitoring enabled. Information and communication devices included both open where determined high risk. Regular reporting of incidents to foster safety awareness culture.	3	3	Medium	Low appetite	Unable to appetite and/or tolerance	A	<p>1. Review of safety management plan and systems.</p> <p>2. Identify high risk positions.</p> <p>3. Sign written risk.</p> <p>4. Make to CHSE Committee.</p> <p>5. Improve safety culture encourage employees to report issues and maintain safety risk system.</p>	1. July 2024 2. July 2023 3. September 2024 4. September 2024 5. December 2024	Covered report to Audit Committee	2	3	Medium	Low appetite	Unable to appetite and/or tolerance	06/11/2023	Executive Manager Human Resources	
12	Business service delivery	<p>Operate Services - Chief & Business Centre</p> <p>Management of Beatty Park LUGGS/CHSE.</p> <p>Building good follow leading to an unexpected view of not a whole of facility may lead to not meeting manufacturer expectations and experiencing financial losses.</p>	Asset audits, maintenance programs in place and reviewed regularly. Communication strategies for any situations.	Asset audits, maintenance programs in place and reviewed regularly. Communication strategies for any situations.	2	3	Medium	Low appetite	Unable to appetite and/or tolerance	A	<p>1. Commitments SOP for Beatty Park.</p> <p>2. Develop an asset plan and strategic risk short and long term horizons.</p> <p>3. Complete audit of assets.</p> <p>4. Create and implement a Plan for maintenance including leading of contracts and agreements and reviewing and per the procurement policy.</p>	1 Dec 2023 2. 2023 Q4 3. Complete 4. 2023 Q4	CEO report to EMC	2	3	Low appetite	Unable to appetite and/or tolerance	Risk level is accepted	06/11/2023	Manager Community Facilities	
13	Business service delivery	<p>Business Management (EM/CHSE)</p> <p>Review adequate coverage and City of Beatty Park and Beatty Park Council. Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council. Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council.</p>	Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council. Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council.	Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council. Local emergency management arrangements are in place with City of Beatty Park and Beatty Park Council.	2	3	Medium	Low tolerance	Unable to appetite and/or tolerance	A	<p>1. Provide additional training for relevant staff members and community agencies.</p> <p>2. Working closely with partnership of agencies with WCC, EMC, and DCP (LUGGS) to be completed during the 2023/24 period. A detailed incident response plan for 2024 June 2023 meeting. EM/CHSE and Beatty Park Recovery plans.</p> <p>4. Conduct a desktop exercises per year.</p>	1-3 July 2023 4 ongoing	CEO report to EMC	2	2	Low tolerance	Unable to appetite and/or tolerance	Risk level is accepted	31/01/2023	Manager Manager Services - Procurement & Strategy Officer	

10-14	Business services (telecom)	Cyber Security	This is tracking an existing risk in many jurisdictions	Outgoing improvements being made to system controls, information process processes, staff awareness and training. Staffs are being live trained all staff in May 2023. Penetration Test completed in May 2023 and to be an annual audit. Data loss protection in motion under the City's ongoing work with Office of Auditor General provides a comprehensive annual review and report of the City's cyber security controls.	2	4	Medium	within appetite	within appetite	A	1. Staff awareness training being introduced. 2. The City will introduce security training, data loss protection and also review its processes to mitigate the cyber and storage of personal information. Outgoing review and improvement, external penetration testing program will commence in 2023.	Ongoing	Council report to Audit Committee	2	3	Medium	within appetite	within appetite	risk level is accepted	10/11/2023	Executive Manager Information and Communications Technology
10-15	Business services (telecom)	COVID-19 pandemic	COVID risk management in case future city is struck by pandemic in 2030	Operation of BCP planning has been completed and risk reviews have been implemented. Business continuity planning and risk management controls for the delivery of each service are tracked and reviewed annually through the City's service delivery review program.	2	2	Low	within appetite	within appetite	A	1. Implement risk management controls for each service project program. 2. Continue risk management controls and update to emerging requirements.	Ongoing	Council report to Audit Committee	2	2	Low	within appetite	within appetite	risk level is accepted	10/10/2023	Manager Risk Operations & Delivery
10-16	Business services (telecom)	Business Continuity through Network Resilience	1. Failure to be competitive in the market to attract and retain outside and replacement workforce. 2. Skills shortage and foreign constraints. 3. Failure to support facility workloads and to support customer calls, timely and work load. 4. Failure to address performance of internet workloads.	1. Supportive team culture and culture. 2. Succession planning. 3. Provide working arrangements. 4. Investing in developing team members and training. 5. In-house day-to-day supervision. 6. Employee assistance program. 7. Service planning. 8. Maintaining awareness of current issues. 9. Seeking continuous improvement opportunities and operational efficiencies. 10. Monitoring workload trends and future settings.	2	3	Medium	low appetite	within appetite	B	1. Competitive remuneration and recruitment strategies to attract and retain skilled staff. 2. Continued resource allocation review. 3. Industry utilised service level conditions to attract a Business Continuity in place.	ORCA service level position identified by April 2024 through the Business Continuity Planning process.	CEO report to EMC	2	2	Low	within appetite	within appetite	risk level is accepted	09/11/2023	Executive Manager Human Resources
10-17	Governance, compliance and fraud	Corporate governance & legislative compliance	Resourcing required to implement actions identified by previous report IT review (governance) and compliance in separate governance, risk management and legislative compliance, including in relation to comply with legislative requirements and good decision making.	1. Governance team's coordinated review of risks to ensure legislative compliance and communication requirements are communicated to organization. 2. Findings and management actions arising from Risk & IT reviews are tracked and resolved in the City's Audit Log. The Audit Log is reported to Council monthly through the Audit Committee. 3. The City's Governance Framework defines systems, policies, processes and methodology for ensuring accountability, quality and compliance in the conduct of City business. The framework reviews the principles and key areas that guide Council in its decision-making and demonstrates to the community the business which the City seek to achieve its strategic priorities and outcomes for service delivery. 4. The City has developed a comprehensive Risk Management Framework providing guidance to the community on risk identification & control.	2	2	Medium	very low tolerance	within appetite	A	Deliver and implement internal audit plan. Review, update and implement the City's Corporate Compliance Calendar.	3 year contract to deliver the MP	CEO report to EMC	2	2	Very low	within appetite	within appetite	risk level is accepted	10/10/2023	Executive Manager Corporate Strategy & Governance
10-18	Governance, compliance and fraud	Fraud Risk Management	Initial consideration by City from internal reviews that risk of fraud is increased annually and reported to the Council through the Audit Committee. 1. Physical 2. Theft (primarily IT money) 3. Credit card use 4. Procurement (vendors)	Online security programs for Fraud Awareness and Accountability and a Fraud Decision making (AEDM) have been developed and implemented in accordance with the Fraud Management Plan. Fraud, integrity and AEDM are included in all indicators of risk have been responsive to, annual or three additional modules that are revised to,	2	3	Medium	no tolerance	within appetite	A	1. Testing for fraud will form part of the internal audit plan, and random checks will be undertaken by procurement. 2. Regular staff conversation sessions to be developed and available to staff as findings from integrity training are embedded. 3. Requirement to ensure City's existing internal controls related to operations of public sector fraud is underway. An annual external testing program is proposed for development. Examples of previous trials include desktop review of user records, periodic walk throughs and data analysis.	1 subject to MP schedule 2. ongoing	Council report to Audit Committee	2	1	No	within appetite	within appetite	risk level is accepted	10/10/2023	Executive Manager Corporate Strategy & Governance



RISK MANAGEMENT PROCEDURE

Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All Staff.
Legislation / local law requirements	Regulation 17 <i>Local Government (Audit) Regulations 1996</i> .
Relevant delegations	Nil.
Related policy procedures and documents	This document supports the Risk Management Policy by further defining the systems and processes in place to facilitate good practice risk management.

PURPOSE

To set out the framework within which the City of Vincent (**City**) will manage its strategic, operational and project risks.

BACKGROUND

The City has a [Risk Management Policy](#) (**Policy**) approved by Council (16 June 2020 Council Meeting). The Policy sets the tone for the City's risk management approach and establishes the risk management responsibilities of Council, the Audit Committee, City employees and contractors and other relevant parties as required.

This Procedure supports the Policy by defining the systems and processes in place to facilitate good practice risk management and the roles and responsibilities of City employees.

PROCEDURE

1. RISK MANAGEMENT APPROACH

The City's approach to risk management determines how the City will go about managing its risks.

The City's risk management approach aligns with the *AS31000:2018 Risk Management – Guidelines*.



RISK MANAGEMENT PROCEDURE

2. OTHER RISK DOCUMENTS

Corporate Risk Register

The Corporate Risk Register (**Register**) lists the City's 'whole of organisation' strategic, operational and project risks. The risks are assessed without controls (*i.e. inherently*), with controls (*i.e. residually*) and following the proposed risk management actions (*i.e. post-treatment*).

The Register is divided into a list of residually-rated medium, high and extreme risks (which require reporting to the Executive Management Committee, Audit Committee and Council) and residually-rated low and medium risks for each service area. Timeframes and ownership for the implementation of the risk management actions are included.

Risk Appetite and Tolerance Statements

'Risk Appetite' sets out the risk type and levels that the City is looking to pursue to meet and optimise opportunities. 'Risk Tolerance' reflects how much risk the City is able to accept in the pursuit of its strategic, operational and project objectives.

Strategy House Service Area Risk Matrix

Each of the City's service areas has a risk matrix which sets out its strategic (where relevant), operational and project risks which are specifically considered, where appropriate, within the context of the specific Strategy House.

A number of documents and guidelines are also relevant to the City's risk management. These include:

- **Business continuity plan (BCP)** – This document describes how the City will respond to and function in the event of a business interruption event. It is a 'mitigative' control as it seeks to reduce the consequences of risks eventuating.
- **ICT disaster recovery plans** – these plans assist the City to recover from Information and Communication Technology (**ICT**) interruption events, from a routine, operational incident through to a large-scale ICT event. The plans will ultimately align with the City's BCP and, again, are 'mitigative' controls in seeking to reduce the consequence of a risk eventuating.
- **Event risk management plans** – These are formal plans to mitigate any foreseeable risks that may arise from place activation, and planning and delivering events.
- **Procurement risk assessments** – A systematic, documented assessment of risks associated with all significant purchases, as set out in the Procurement Plan. Procurement risk assessments are required for procurement of greater than \$50,000, and the level of detail required for the risk assessment will vary depending on the significance of the purchase. Note that although the \$50,000 mandatory threshold has been set by the City, the contract value of a procurement does not define its



RISK MANAGEMENT PROCEDURE

risk to the City so there is discretion – which should be exercised – in contract values below this figure.

3. RISK CATEGORIES

Strategic Risks

Strategic risks relate to the uncertainty of the City achieving its long-term, strategic objectives. They are usually owned and managed by Council and/or the Executive Management Committee. Strategic level risks may include risks associated with achieving the objectives of the Strategic Community Plan, Corporate Business Plan and the Long-Term Financial Plan.

Operational Risks

Operational risks relate to the uncertainty associated with developing or delivering the City's services, functions and other activities. These risks typically have day to day impacts on the organisation or more widely. These risks are owned and managed by the person who has responsibility for the activity, service or function to the level of their delegated authority or capability.

Project Risks

Project risks typically sit underneath operational risks and will be managed in accordance with the City's Project Management Framework and depending on their progress.

4. RISK MANAGEMENT PROCESS

Step 1 - Establishing the scope, context and criteria

Prior to commencing risk management, the context for the activity is clearly specified. This includes defining:

- the purpose of the risk exercise and the expected outcomes;
- the scope, boundaries, assumptions and interrelationships;
- the environment, objective, strategy, activity, process, function, project, product, service or asset under consideration; and
- the risk assessment methodologies or approach.

Once this is determined, the essential personnel who need to be involved in the assessment are identified.

Step 2 - Risk Assessment

A. Risk Identification

The context defined in the previous step is used as the starting point for identifying risks. A practical and effective approach to risk identification is to consider what is critical to the successful achievement of the



RISK MANAGEMENT PROCEDURE

objectives related to that particular context, and what are the potential opportunities or 'roadblocks' arising from areas of uncertainty (e.g. *assumptions, limitations, external factors, etc*). Included in this consideration are any internal or external events or situations which may give rise to a risk, and also any risks identified through internal or third-party audits, assessments and reviews. Typically, risks are worded either with the use of '*critical success factors*' (**CSFs**) or through '*cause-event-consequence*' (**CEC**) statements:

- 1) **CSFs** - When considering an activity, consider what is critical that you get right about the activity (e.g. *with City reporting, it may be timeliness and accuracy*), and word the risk based on this critical activity (e.g. *failure to ensure timely and accurate City reporting*);
- 2) **CECs** - Consider the event that you are most concerned about (e.g. *timely reporting*), the principal potential cause (e.g. *Inadequate reporting systems*) and the principal potential consequence (e.g. *sub-optimal decision making*). These can then be constructed into a statement (e.g. *Inadequate systems cause untimely reporting leading to suboptimal decision making*).

Both ways of phrasing risks are acceptable to the City. Each risk requires a risk owner who is responsible for managing the risk and is accountable for determining if the risk level can be accepted, reviewing the risk, monitoring the controls and risk treatments. High and extreme risks require the risk management action to be approved by Council, via the Audit Committee.

B. Risk analysis and evaluation

For each risk, possible causes of the risk eventuating are identified. Each risk may have one or more causal factors which can either directly or indirectly contribute to it occurring. Identifying the range of causes assists in understanding the risk, identifying the most appropriate controls, evaluating the adequacy of existing controls and designing effective risk treatments. This step also considers the potential consequences of the risk, including knock-on or cascading effects.

Comparing the level of risk with the contents of the risk assessment criteria determines the acceptability of the risk. Risk analysis is undertaken with varying degrees of detail, depending on the risk, the purpose of the analysis, and the information, data and resources available. Analysis is qualitative, semi-quantitative or quantitative, or a combination of these, depending on the circumstances. Such techniques are comprehensively considered in 'ISO 31010: Risk Assessment Techniques', a companion to AS ISO 31000:2018. Risk analysis and evaluation involves identifying and evaluating any existing controls and analysing the risk in terms of consequences and likelihood, taking into account the effectiveness of the controls (i.e. '*Residual Risk*'). Understanding the following terms is key:



RISK MANAGEMENT PROCEDURE

- Controls - Controls are the measures that are currently in place (*i.e. at the time of the risk assessment*), that materially reduce the consequences and/or likelihood of the risk. Controls are tangible, auditable and documented. A 'Hierarchy of Control' is applied which ensures the most effective controls are considered first (*e.g. eliminate entirely, substitute it, isolate it and engineer it out prior to relying on administrative controls*). At the City, controls are considered to be either 'preventative' (*i.e. affecting likelihood*), 'mitigative' (*i.e. affecting consequence*) or both.
- Consequence - A risk that eventuates may impact the City to a greater or lesser extent across multiple areas. Consequences of the risk can be assessed across the relevant consequence categories, which are defined in the risk assessment criteria tables.
- Likelihood - This describes how likely it is that a risk will eventuate with the defined consequences. Likelihood can be assessed in terms of terms of probability or frequency, depending on what is most appropriate for the risk under consideration. When you are rating the likelihood of residual risk, ask "*How likely is it for this risk to occur, given the existing controls, to the level of consequence identified?*"
- Level of Risk - The Level of Risk (LoR), or Risk Rating, is calculated by multiplying the consequence and likelihood ratings. For any risk, there may be a number of different consequence/ likelihood scenarios. Within each category there may be multiple scenarios ranging from 'minor but likely' to 'catastrophic but rare'. The City expects the most realistic worst-case scenario to be rated. In some instances, it may be appropriate to rate the same consequence category more than once. Where there are multiple ratings for a risk, the highest combination of consequence/likelihood is taken as the LoR. The LoR is then compared to the defined risk criteria to assist the risk owner in determining whether a risk requires further treatment. The City captures three different 'Levels of Risk' – Inherent risk (*i.e. before controls are applied*), Residual risk (*i.e. after controls are applied*) and 'Post-treatment' (*i.e. a prospective level of risk considering further treatments*).

Step 3 - Risk Treatment

Once a risk has been analysed and evaluated, the risk owner makes an informed decision to do one of the following:

- Accept the risk – the opportunity outweighs the risk, the existing controls meet the criteria specified in the Risk Assessment Criteria and the risk is within the defined tolerance and appetite of the City;
- Avoid the risk – do not carry on with the activity that is associated with the risk;
- Treat the risk – reduce the consequence, likelihood or both and/or improve the controls rating by strengthening existing controls or developing new controls so that the risk can be accepted. The treatment selection and implementation will typically be based on financial, technical and operational



RISK MANAGEMENT PROCEDURE

- viability and alignment to the City's values and objectives. Note: It is expected that any risks associated with health and safety are managed to a level which the City considers to be "as low as reasonably practicable" (ALARP).

Risk-based decisions are made in line with the criteria outlined in the risk assessment criteria tables.

Communication and consultation with external and internal stakeholders/interested parties is an essential and valuable part of the risk management process at the City. A collaborative approach is preferred as it provides the opportunity for different perspectives and expertise. The City has an expectation this will occur throughout the steps 1 to 3 documented. Communication and consultation should include, amongst others, staff of the City, Councillors, contractors, rate payers and residents. Some of this consultation and communication will be formalised through workshops and training and some – for example with ratepayers and residents – may be less formal. Risk management training will be provided to staff, commencing at induction. In addition, regular risk management awareness information will be communicated via the Vintranet.

Monitoring and Review and Recording & Reporting are considered integral parts of the planning, management and oversight activities of the City to ensure contemporary, relevant and evidential risk management. The Corporate Risk Register is updated as risks are identified and is reported to the Executive Management Committee monthly, and to the Audit Committee quarterly or more frequently as required.

Ad-hoc review of risks may also occur where:

- There is a change to the risk environment, for example, changes to legislation or to the SCP or the CBP;
- An internal audit or other review highlights a new or changed risk;
- A material risk treatment is implemented or a key control is considered no longer effective or adequate;
- Major changes are made to the organisation including change of key personnel; or
- The complaints or learnings in relation to processes indicate a new or changed risk to the City.

5. RISK MANAGEMENT CULTURE

A risk aware culture is essential to good risk management. The Policy and this Procedure will be communicated across the organisation and embedded into practices and processes rather than be viewed or practiced as a separate activity.



RISK MANAGEMENT PROCEDURE

It's important that all staff support and encourage a positive risk management culture by:

- playing an active part, and not simply mandating production of reports;
- empowering employees to manage risks effectively;
- acknowledging, rewarding and publicising good risk management;
- having processes that promote learning from errors, rather than punishing;
- encouraging discussion and analysis of unexpected outcomes, both positive and negative; and
- not over-responding to problems by introducing restrictive, complicated or one-size-fits-all controls.

Council and the EMC have a key role in promoting risk by setting the tone from the top and in allocating sufficient resources for risk management activities.

6. RISK MANAGEMENT RESPONSIBILITIES

The City's Audit Committee is responsible for:

- Facilitating effective management of the City's risks through regular review and challenge of the City's Corporate Risk Register, and reporting the high and extreme risks to Council for approval of the proposed risk treatment.
- Considering the CEO's performance indicators in relation to the effectiveness of risk management and providing advice to Council on performance in this area.
- On an annual basis, providing a report to Council on the effectiveness of the City's risk management.

The Executive Management Committee is responsible for:

- On a monthly basis, reviewing and updating the Corporate Risk Register and confirming that risks are appropriately captured, rated and managed (or identifying exceptions where they exist).
- Presenting the Corporate Risk Register, including the proposed risk treatments for high and extreme risks, to the Audit Committee on a quarterly basis, or more frequently if required.
- Ensuring all staff are aware of their risk management responsibilities.

Each Executive Director is responsible for:

- Reviewing risks for their directorate to ensure risks are appropriately managed and included in the Corporate Risk Register as appropriate (medium, high and extreme risks to be included in Corporate Risk register).
- Approving the risk treatments for medium level risks.



RISK MANAGEMENT PROCEDURE

Each Manager is responsible for:

- Approving the risk treatment for low level risks.
- Providing updates on new and emerging risks (medium, high and extreme) and control effectiveness to the Governance team so they can be included in the Corporate Risk Register.
- Ensuring their Strategy House Risk Register is contemporary and comprehensive.
- Alerting the relevant Executive Director of changes to the risk environment including changes to control adequacy and effectiveness or increases or decreases to ratings of likelihood and consequence.

The Corporate Strategy and Governance team is responsible for:

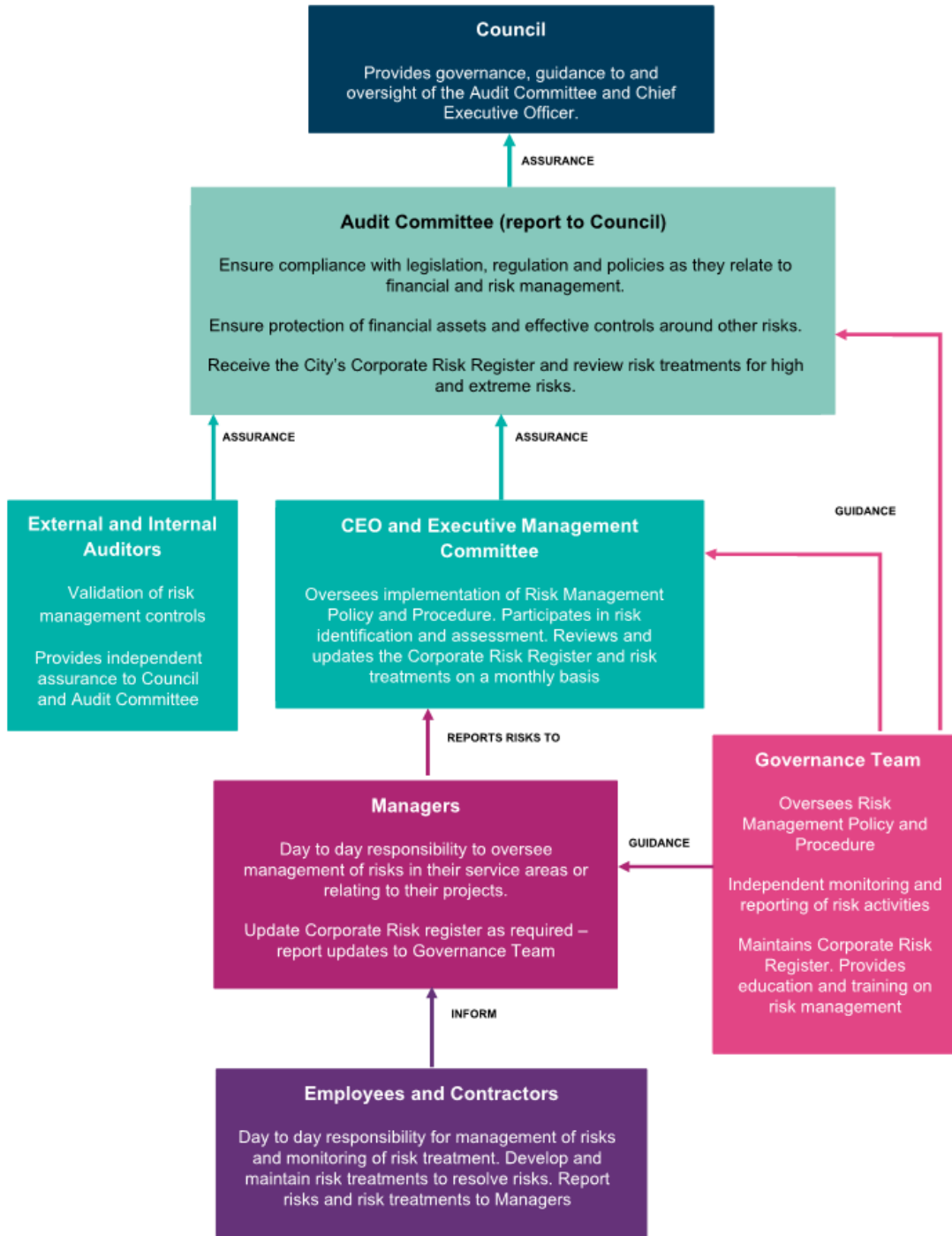
- Ensuring the City's Corporate Risk Register is reviewed monthly and presenting it to the Executive Management Committee.
- Presenting the Corporate Risk Register to the Audit Committee.
- Reviewing the Policy and Procedure annually to ensure they remain relevant and reflect the City's risk management approach.
- Organising annual training for all staff on risk management and communicating the Policy and Procedure to relevant staff.

A flow chart detailing responsibilities for risk management is attached at **Attachment 1**.



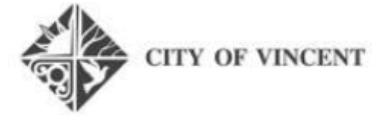
RISK MANAGEMENT PROCEDURE

ATTACHMENT 1 – RISK RESPONSIBILITY



OFFICE USE ONLY	
Approved by CEO and Noted by Audit Committee	DATE: 06/07/2021, REF# D21/116958
Reviewed / Amended	DATE: <APPROVAL DATE>, REF#: <TRIM REF>
Next Review Date	DATE: <REVIEW DATE>,

RISK APPETITE & TOLERANCE STATEMENTS



Introduction

Risk appetite refers to the amount and type of risk that the City is willing to accept or retain in order to achieve its objectives. Risk tolerance, on the other hand, is the specific threshold or level of risk that the City considers acceptable.

The following statements set boundaries for decision making, ensuring a balance between risk-taking and risk avoidance, and establishes the quantitative and qualitative criteria that determines, classifies, and manages the City's risks.

Overall City of Vincent risk appetite statement

The community want us to be a Council and an organisation that is clever, creative, and courageous - willing to push the operational boundaries and willing to think and act as an enabler.

We put this into practice in our everyday work and decision making by understanding and managing the risks in being clever and creative but still taking action to meet our strategic goals.

The City seeks to minimise its exposure to key risks relating to people, financial operational and regulatory and compliance responsibilities, while still taking action. We will ensure appropriate measures to mitigate our risks are in place.

Detailed Statement and Descriptors Summary (included in graphic)

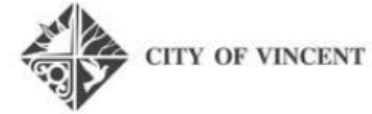
- a low appetite and/or low to no tolerance for risks that adversely impact the health, safety and wellbeing of staff and the community, administration of finances, assets and legislative compliance;
- a moderate appetite where benefits created by innovation or new initiatives outweigh the risk; and
- a higher risk appetite for decisions that promote ecologically sustainable development

Detailed Statements and Descriptors

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Financial Sustainability		
<i>Financially Volatile Decisions</i>	The City has a low appetite for risk in decision making that impacts financial volatility and sustainability	These are for those decisions not specifically considered below: Based on risk consequence criteria - Risk of loss in excess of \$100,000 (0.035% - 0.17% of operating budget)

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

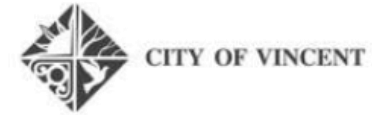
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Decisions causing Budget Deficiency</i>	The City has a low tolerance for decisions or actions that result in material deficiency in achievement of budgeted: <ul style="list-style-type: none"> - Surplus - Balance sheet ratios - Profit and loss ratios - Rate of return on investments 	Based on risk consequence criteria - Risk of loss or missing budget in excess of \$100,000 (0.035% - 0.17% of operating budget)
Financial Investment & Growth		
<i>Sustainable financial investments</i>	The City has a moderate risk appetite for investments; investments must support strategic initiatives and financial sustainability. Investments must be aligned with the values and principles of the City.	Investments need to be in line with the City's Corporate Business Plan and Strategic Community Plan.
<i>Forwards, hedges, and derivatives</i>	The City has no tolerance for investments in forwards, hedges, and derivatives.	Organisations often use financial instruments to manage the risk in commodity and foreign currency. These can be very risky if not appropriately utilised; and the City has chosen not to use these instruments.
<i>Debt for growth</i>	The City has a moderate appetite to take on risk to fund growth.	This ties into the investment appetite; however specifically considers the use of debt funding. Based on the consequence table, a moderate risk would be in the vicinity \$100,001 to \$250,000 (0.17% - 0.43% of operating budget).
<i>Specific ratios - No specific rating given as these are set parameters that the City has determined that it must operate within. Ratios (and thresholds) are determined by the State Government.</i>	<ul style="list-style-type: none"> • The City's debt to service ratio must always be above 5. • Total Liabilities are never to exceed Total Assets • Proposals supporting debt funding must be supported by a cash flow analysis that is financially sustainable 	The debt to service ratio measures the City's ability to pay its debt. It is calculated by the annual operating surplus (before depreciation and interest), divided by the debt service cost, and is currently 5.092. Financial sustainability for debt funding will need to consider: <ul style="list-style-type: none"> • Free cash flow for monthly, capital or balloon payments • Interest cover - refer above for the level of financial risk acceptable

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

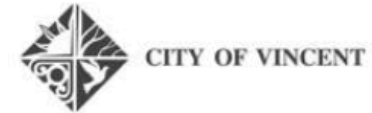
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		<ul style="list-style-type: none"> • Cost of not undertaking project - i.e., repairs and maintenance of the current solution • Future cost of new project once implemented - i.e., for a community centre, insurance, licences etc
Business collaboration		
<i>Commercially viable collaboration</i>	The City has a moderate risk appetite to being more commercially adept and to explore avenues to identify cost efficiency drivers, collaboration with business partners to deliver on objectives through commercially viable arrangements and partnerships.	Within the boundaries of the appetite stated above in respect to investments being within the City's Corporate plans and strategies, the City is willing to consider proposals to use partnerships and contracts to facilitate meeting the City's objectives, where consistent with legislative requirements (<i>Local Government Act 1995</i>). Suggestions would include using outside service providers to deliver current services provided by the City more efficiently, i.e., Waste Collection; or working collaboratively with an Arts organisation to set up a festival. Other projects may include working with developers.
<i>3rd party Partner (Contractor) failure</i>	The City has a low risk appetite for third party partner (contractors) failure.	The City utilises many outside organisations in delivering on its mandate. This low appetite means that even minor or insignificant breaches in contracts or delays in delivery of products and services will be taken seriously. Accordingly, third party risk must be considered before entering into any contract, including reputation of third party, financial viability, audit clauses etc.
Procurement		
<i>Procurement failure</i>	The City has a low risk appetite for procurement failures that lead to poor value for money or financial loss, poor quality of service; incorrect or substandard products or delayed delivery; wastage of funds or services.	This ties into the above point; and thereby requires appropriate procedures in the procurement process to ensure the required outcomes for the City and appropriate enquiry and planning prior to purchases. Note, appropriate delegations must exist to support this.
	The City has zero tolerance for procurement decisions that endanger our staff and community.	Procurement decision making must consider the risk of injury or harm to the staff & community of Vincent. An example of

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

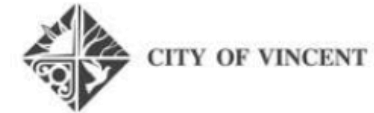
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		this would be allowing the Beatty Park pool to use unregulated or unauthorised chemicals.
Asset & Environment management & sustainability		
<i>Environmentally dangerous activity</i> <u>Sustainable future for our community</u>	<p>The City supports investments, activities and developments that result in a sustainable future for our community while meeting the current needs of our residents.</p> <p>It recognises that this may at times involve accepting some degree of risk and is comfortable with this, subject to always ensuring that potential benefits and risks are fully understood before planning is approved and that appropriate measures to mitigate risk are established.</p>	There is often a payoff. Proposals need to consider the risks and rewards based on the promises made to the community. This has been envisaged with the City’s Project Management Framework implementation and future actions.
<i>Ecologically sustainable decisions</i>	The City has a high risk appetite for ecologically sustainable decisions	Activities that favour environmentally conscious actions will more likely be approved than those that don’t. Furthermore, the City will act swiftly against actions that are detrimental to the environment.
<i>Resource wastage</i>	The City is committed to protecting and preserving the environment and has a low risk appetite for activities that would significantly degrade the environment and a high risk appetite for decisions that promote ecologically sustainable development. The City has a low risk appetite for irresponsible use of its resources.	
<i>Activities against ratepayer values & ethics</i>	The City has a very low risk appetite for investments and activities that do not align with the City’s values.	The City has set its vision, purpose and guiding values based on the interpretation of those of the community it serves. When entering into new projects, investments and proposals, these values must be considered as one of the key consideration sets.
<i>Activities, structures, projects that present health risk for the community</i>	The City has a low risk appetite for activities, structures and projects that threaten the health of its community.	The City is committed to ensuring the health and wellbeing of its residents, this must be considered within the activities, projects, and new builds it approves or invests in. Activities that do not align with this will only be approved in exceptional circumstances. An example might be the approval of a Neo-Nazi festival to occur within the City’s park space. A multi

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

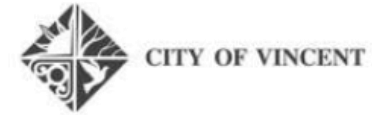
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		residential building with no nearby open space may be another example.
Values and Behaviours		
<i>Behaviour or conduct against City values</i>	The City is an equal opportunity employer that employs skilled and experienced employees in positions with clearly defined roles and responsibilities; it has a low risk appetite for actions and behaviours that threaten the people and organisational capacity.	This sets the City's view on the criticality of its employees and the City culture; accordingly, staff must be selected based on appropriate due diligence and fit for purpose considerations including against the City values. Behaviours and actions of current staff must be measured against their job performance criteria and against the values.
<i>Low individual and team performance</i>	The City places high importance on its values and a culture of integrity in conduct, performance excellence, innovation, equality and diversity, dignity and respect, collegiality, and cultural sensitivity. It has a low risk appetite for behaviour or conduct which does not meet these standards.	Refer above.
Human Resource	The City has a low risk appetite for human resource risk.	
<i>Lack of Staff feedback & development</i>	The City has a low risk appetite for risk in practices or behaviours that lead to staff not receiving feedback and development; resulting in low staff performance, moral and staff retention.	KPI's need to be developed that ensure that staff performance management is undertaken within certain timeframes and parameters – timely responses and feedback provided, and that retention ratios are considered and acted on were outside norms. Regular surveys will support understanding moral & engagement and to understand what can be done to improve areas.
<i>Behaviour reducing cultural diversity & awareness</i>	The City has a low risk appetite for practices and behaviours that result in a workforce that is not diverse and culturally aware, be this through recruitment or day to day workplace activities.	Activities and actions to involve and include staff from diverse backgrounds considering culture, age, gender, experience sets etc.
<i>Harm of staff, clients, partners, or visitors</i>	The City has a very low risk appetite for risk in practices or behaviours that lead to the harm of staff, clients, partners, or visitors in its premises or when undertaking work related activities (within its control and responsibility).	The City's continued focus on OH&S matters, staff and contractor induction support this appetite. All new activities and projects should further consider the impact on the City's community.

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

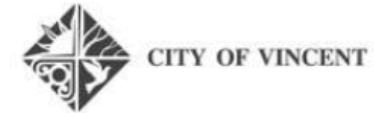
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Breach of code of conduct, ethics, and Law</i>	The City has no appetite for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct / serious misconduct.	The City's continued program to educate employees on Code of Conduct, accountability and ethical decision making, performance management and misconduct support this appetite.
Health and Safety		
<i>Inadequate & untimely reporting of breach & near-miss incidents</i>	The City has a low appetite for health and safety risk, and in particular a very low tolerance for inadequate or untimely remedy and reporting of breach incidents, or near misses.	The City's continued focus on OH&S matters, staff and contractor induction support this risk. level of appetite and tolerance
<i>Negligent & deliberate violations of health & safety requirements</i>	The City has no tolerance for negligent, deliberate, or purposeful violations of health and safety requirements.	
Business Service	The City acknowledges that in order to be innovative and nimble that some degree of risk taking is inevitable, however these risks must be considered in light of maintaining continuity of services to our stakeholders.	See below
<i>Disruption to the operation of the business</i>	The City has a very low tolerance for risks that may result in disruption to the operation of the business. Including loss of statutory services, operational continuity, loss, or lack of documentation of corporate knowledge. These risks will be mitigated and controlled to where the cost of control is equal to the marginal cost of the risk.	Interruption to services has been included in the Consequence criteria. A very low tolerance would be considered where <i>"Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day)."</i> So, where there is a disruption, for example the phone lines are down, then a solution needs to be found within one day. The cost of this control must also be considered in the action sought.
<i>Loss or lack of documentation of corporate knowledge</i>	The City has a very low risk tolerance for loss or lack of documentation of corporate knowledge.	In order for the City to continue to provide services to its stakeholders to the degree required, the City must continue to maintain adequate systems and processes that support maintenance of all corporate knowledge.
Governance	The City is committed to best practice governance and practices and behaviours that support ethical, consistent, and informed	

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

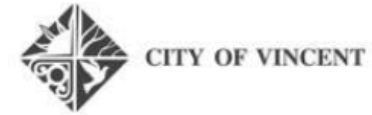
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	decision making, compliance with legislation, regulation and internal and external reporting requirements.	
<i>Breaches in regulations, professional standards, and ethics</i>	The City has a very low risk appetite for any breaches in regulations, professional standards, and ethics.	There is a low, but not zero appetite for breaches. An example would be the submission of a BAS late due to resource constraints within the City.
<i>Bribery or Fraud</i>	The City has no tolerance for bribery or fraud.	<u>The City's Code of Conduct, Fraud and Corruption Prevention Plan, and Accountable and Ethical Decision Making Program, detail behaviour standards and handling of unethical fraudulent, dishonest, illegal, or corrupt behaviour.</u> The City will investigate all allegations and take action to the full extent of its capacity.
<i>Less than better practice for Governance, Due diligence, Accountability and Sustainability</i>	The City has a low risk tolerance for less than better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	<u>The City's Governance Framework (Framework) supports this tolerance level by defining the systems, policies, processes, and a methodology for ensuring accountability and openness in the conduct of City business.</u> <u>The Framework describes the principles and key roles that guide Council in its decision-making and demonstrates to the community the processes which the City uses to achieve its strategic priorities and undertake its service delivery.</u>
<i>A breach in Delegated Authority</i>	The City has a very low risk tolerance for breach in delegated authority.	
<i>Poor Project or Change Management</i>	The City has low risk tolerance for incidents or impacts which are generated by poor project management or change management practices.	The risk consequence level will need to be considered.
Information & Systems management		
<i>Compromising information, its management, security, and storage</i>	The City has a very low appetite for the compromise of processes governing the integrity of, and access to, information; the use of information, its management, security, and storage.	The City wishes to keep the information it has custody of, safe, secure, and uncompromised. Accordingly, it requires

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

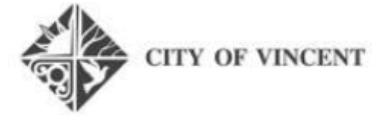
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		appropriate governance, a framework and processes in place for managing this risk.
<i>Information <u>security preservation</u> management and Security risk</i>	The City of Vincent has very low appetite for information management and security risk.	<u>Information security is the preservation of the confidentiality, integrity, and availability of information:</u> <ul style="list-style-type: none"> <u>Confidentiality - information is disclosed only to authorised entities.</u> <u>Integrity - information has been created, amended, or deleted only by authorised individuals.</u> <u>Availability - systems and information are accessible and useable by authorised entities when required.</u>
<i>Internal or External Threats to <u>personal</u> private information</i>	The City has no appetite for threats to <u>breaches of personal information.</u> private information arising from internal breaches or external malicious attacks.	<u>The City will:</u> <ul style="list-style-type: none"> <u>Only use personal information provided by an individual for the purposes for which it was collected and for any other authorised use.</u> <u>Only disclose personal information to third parties (including other authorities) where authorised.</u> <u>Take all necessary measures to prevent unauthorised access or disclosure of personal information.</u>
<i>Deliberate misuse of information</i>	The City has no appetite for the deliberate misuse of information.	<u>The City's Code of Conduct and IT Acceptable Use Procedure detail behaviour standards and breach handling.</u>
<i>Breaches of the Code of Conduct</i>	The City has no appetite for repeat breaches of the Code of Conduct.	
<i>Safe & approved Systems Development</i>	The City has a moderate risk appetite for systems development and changes where it is within the approved strategy, budget, and plans; and appropriate safeguards are installed.	Systems development always comes with an inherent risk factor, accordingly there must be an acknowledgement that for changes to occur some risk must be taken, however appropriate project plans and procedures should be in place to manage this risk.

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

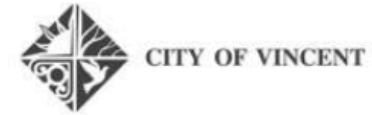
RISK APPETITE & TOLERANCE STATEMENTS



Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<u>Systems change and development</u>	<u>The City has a moderate risk appetite for systems change and development where it is within approved strategy, budget and security procedures.</u>	<u>Systems improvement through change and development comes with an inherent risk factor, accordingly there must be an acknowledgement that for changes to occur some risk must be taken, however appropriate controls and procedures should be in place to manage this risk.</u>
Community Services	The City seeks to create a connected community where the City's residents can interact with the built environment and nature to create a vibrant and inclusive place to live, work and play. The City recognises that its purpose is tied to the needs and expectations of its community and in particular the rate payers. In order to meet these needs a certain level of collaboration and co-operation with these stakeholders is beneficial and necessary.	
Community Engagement and Increased Participation	The City has a high appetite for risks that will drive strong community engagement and increased participation.	The City wishes to match its community desire for high levels of engagement, and this is acknowledged to come with more risk. An example is the BMX track, which was highly desired by the community, but has associated risks.
Constructive Community Consultation	The City has a high risk appetite to engage in community consultation to deliver on our strategic objectives. This collaboration cannot be to the detriment of ensuring an efficient and effective decision-making process in the spirit of sustainability and achievement of objectives. (See sustainability above)	This point was important in driving the high engagement and participation in delivery of the City's objectives. But this should not be used as a lever to hinder progress or unnecessarily delay decision making.
Activity risking long-term values or reputation of Council	The City has zero risk appetite in any activity that will put its long-term values or reputation at risk.	
Failure to meet customer commitments and/or provide appropriate advice and address regulatory concerns	The City has a very low risk appetite for operational risks arising from failure to meet customer commitments and/or appropriateness of advice.	The City must provide appropriate advice to stakeholders and meet its commitments. The City will promptly take action to address ratepayer/customer complaints and regulatory concerns.

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

RISK APPETITE & TOLERANCE STATEMENTS

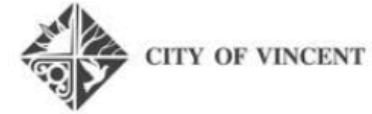


Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Negotiate with Regulators, State & Federal Government Agencies</i>	The City has a high risk appetite to consult and negotiate with regulators, State & Federal Government Agencies to achieve the City's objectives.	
<i>Leasing of Community Facilities</i>	The City has a moderate risk appetite for financial loss in respect to the use of the City's community facilities provided the use is: <ul style="list-style-type: none"> in the community interest satisfies a recognised community purpose	This is to ensure we are considering the needs of our community together with the financial impacts of decision making.
	<ul style="list-style-type: none"> 	

Strategic Risks & Categories
<p>Finance, procurement & contracts</p> <p>Risks relating to ensuring reliability and timeliness of financial and other information; as well as ensuring the financial sustainability and viability of the City. Risk of failures in the City's procurement and contract engagement and management processes resulting in business loss or disruption.</p>
<p>Asset Management & sustainability, environment management</p> <p>Risks associated with investing in, developing and maintaining the City's infrastructure to ensure reliability and to meet its Vision and strategy. Risk of the City's current activities compromising the ability for the future residents meeting their needs. This refers to social and environmental needs. Consideration of both physical and investment actions.</p>
<p>OH&S, employment practices</p> <p>Risks relating to strategies and systems to maintain a workforce and partnerships that are productive, safe, and diverse as well as an effective and accountable organisational environment. Risks include workforce capability and capaCity, including staff, volunteers, contractors, and subcontractors.</p>
<p>Business service disruption:</p> <p>Risks or events that could cause disruption to services or operations; and/or impair or enhance the delivery of the program or project on time and within budget, or the quality of its outcomes; events that could lead to damage to your reputation, assets or compromise the security of sensitive information.</p>

City of Vincent Risk Appetite and Tolerance Statements - D20/26234

RISK APPETITE & TOLERANCE STATEMENTS



<p>Governance, misconduct & fraud: Risks resulting in failure to meet regulatory, compliance and accountability requirements; inadequate or unclear definition of roles and responsibilities; lack of effective and transparent decision-making processes; inadequate control and procedural frameworks; the robustness of any third-party systems and processes.</p>
<p>Information & systems management: Risks that jeopardise information being authentic, appropriately classified, properly secured, and managed in accordance with legislative and operating requirements. Technology solutions must support strong internal control processes and the development of robust system and process solutions for the management and protection of information assets; and align technology, systems, processes and culture with business strategy and goals.</p>
<p>Community services: Risks or events that hinder the City's ability to meet the current and changing expectations of the ratepayers and community; including ratepayers'/customers' expectations of providing efficient, considerate, and cost-effective services; building positive and collaborative relationships and outcomes for the City.</p>



RISK APPETITE & TOLERANCE STATEMENTS

Legislation / local law requirements	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i> .
Relevant delegations	Nil.
Related policies, procedures and supporting documentation	Risk Management Policy – establishes the risk management responsibilities of Council and Administration and determines quantitative and qualitative assessment criteria. Risk Management Procedure – defines the systems and processes of the City's Risk Governance.

INTRODUCTION

Risk appetite refers to the amount and type of risk that the City is willing to accept or retain in order to achieve its objectives. Risk tolerance, on the other hand, is the specific threshold or level of risk that the City considers acceptable.

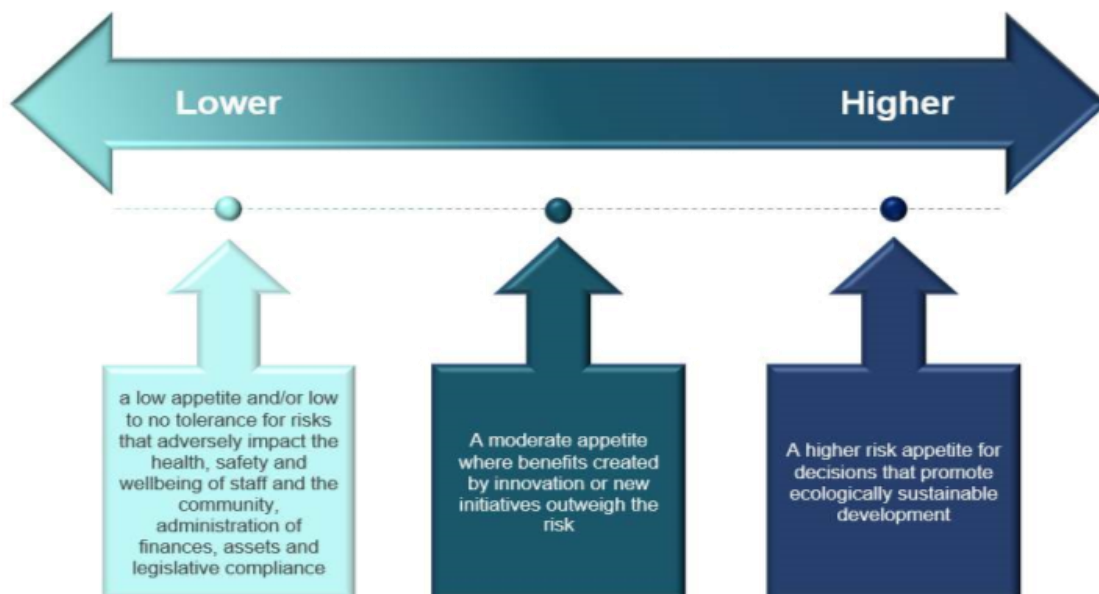
The following statements set boundaries for decision making, ensuring a balance between risk-taking and risk avoidance, and establishes the quantitative and qualitative criteria that determines, classifies, and manages the City's risks.

STATEMENT

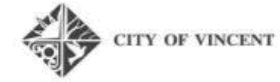
The community want us to be a Council and an organisation that is clever, creative, and courageous willing to push the operational boundaries and willing to think and act as an enabler.

We put this into practice in our everyday work and decision making by understanding and managing the risks in being clever and creative but still taking action to meet our strategic goals.

The City seeks to minimise its exposure to key risks relating to people, financial operational and regulatory and compliance responsibilities, while still taking action. We will ensure appropriate measures to mitigate our risks are in place.



City of Vincent Risk Appetite and Tolerance Statements - D23/205561

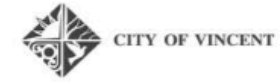


RISK APPETITE & TOLERANCE STATEMENTS

Detailed Statements and Descriptors

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
Financial Sustainability		
<i>Financially Volatile Decisions</i>	The City has a low appetite for risk in decision making that impacts financial volatility and sustainability	These are for those decisions not specifically considered below: Based on risk consequence criteria - Risk of loss more than \$100,000 (0.035% - 0.17% of operating budget)
<i>Decisions causing Budget Deficiency</i>	The City has a low tolerance for decisions or actions that result in material deficiency in achievement of budgeted: Surplus Balance sheet ratios Profit and loss ratios Rate of return on investments	Based on risk consequence criteria - Risk of loss or missing budget more than \$100,000 (0.035% - 0.17% of operating budget)
Financial Investment & Growth		
<i>Sustainable financial investments</i>	The City has a moderate risk appetite for investments; investments must support strategic initiatives and financial sustainability. Investments must be aligned with the values and principles of the City.	Investments need to be in line with the City's Corporate Business Plan and Strategic Community Plan.
<i>Forwards, hedges, and derivatives</i>	The City has no tolerance for investments in forwards, hedges, and derivatives.	Organisations often use financial instruments to manage the risk in commodity and foreign currency. These can be very risky if not appropriately utilised; and the City has chosen not to use these instruments.
<i>Debt for growth</i>	The City has a moderate appetite to take on risk to fund growth.	This ties into the investment appetite; however specifically considers the use of debt funding. Based on the consequence table, a moderate risk would be in

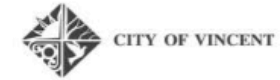
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<p><i>Specific ratios – No specific rating given as these are set parameters that the City has determined that it must operate within. Ratios (and thresholds) are determined by the State Government.</i></p>	<p>The City’s debt to service ratio must always be above 5. Total Liabilities are never to exceed Total Assets Proposals supporting debt funding must be supported by a cash flow analysis that is financially sustainable</p>	<p>the vicinity \$100,001 to \$250,000 (0.17% - 0.43% of operating budget). The debt to service ratio measures the City’s ability to pay its debt. It is calculated by the annual operating surplus (before depreciation and interest), divided by the debt service cost, and is currently 5.092. Financial sustainability for debt funding will need to consider: Free cash flow for monthly, capital or balloon payments Interest cover – refer above for the level of financial risk acceptable Cost of not undertaking project – i.e., repairs and maintenance of the current solution Future cost of new project once implemented – i.e., for a community centre, insurance, licences etc</p>
<p>Business collaboration</p>		
<p><i>Commercially viable collaboration</i></p>	<p>The City has a moderate risk appetite to being more commercially adept and to explore avenues to identify cost efficiency drivers, collaboration with business partners to deliver on objectives through commercially viable arrangements and partnerships.</p>	<p>Within the boundaries of the appetite stated above in respect to investments being within the City’s Corporate plans and strategies, the City is willing to consider proposals to use partnerships and contracts to facilitate meeting the City’s objectives, where consistent with legislative requirements (<i>Local Government Act 1995</i>). Suggestions would include using outside service providers to deliver current services provided by the City more efficiently, i.e., Waste Collection; or working collaboratively with an Arts organisation to set up a</p>

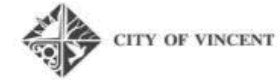
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		festival. Other projects may include working with developers.
<i>3rd party Partner (Contractor) failure</i>	The City has a low risk appetite for third party partner (contractors) failure.	The City utilises many outside organisations in delivering on its mandate. This low appetite means that even minor or insignificant breaches in contracts or delays in delivery of products and services will be taken seriously. Accordingly, third party risk must be considered before entering into any contract, including reputation of third party, financial viability, audit clauses etc.
Procurement		
<i>Procurement failure</i>	The City has a low risk appetite for procurement failures that lead to poor value for money or financial loss, poor quality of service; incorrect or substandard products or delayed delivery; wastage of funds or services.	This ties into the above point; and thereby requires appropriate procedures in the procurement process to ensure the required outcomes for the City and appropriate enquiry and planning prior to purchases. Note, appropriate delegations must exist to support this.
	The City has zero tolerance for procurement decisions that endanger our staff and community.	Procurement decision making must consider the risk of injury or harm to the staff & community of Vincent. An example of this would be allowing the Beatty Park pool to use unregulated or unauthorised chemicals.
Asset & Environment management & sustainability		
<i>Sustainable future for our community</i>	The City supports investments, activities and developments that result in a sustainable future for our community while meeting the current needs of our residents.	There is often a payoff. Proposals need to consider the risks and rewards based on the promises made to the community. This has been envisaged with the City's

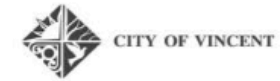
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	It recognises that this may at times involve accepting some degree of risk and is comfortable with this, subject to always ensuring that potential benefits and risks are fully understood before planning is approved and that appropriate measures to mitigate risk are established.	Project Management Framework implementation and future actions.
<i>Ecologically sustainable decisions</i>	The City has a high risk appetite for ecologically sustainable decisions and a high risk appetite for decisions that promote ecologically sustainable development.	Activities that favour environmentally conscious actions will more likely be approved than those that don't.
<i>Protecting and preserving the environment</i>	The City is committed to protecting and preserving the environment and has a low risk appetite for activities that would significantly degrade the environment	The City will act swiftly against actions that are detrimental to the environment.
<i>Resource wastage</i>	The City has a low risk appetite for irresponsible use of its resources.	
<i>Activities against ratepayer values & ethics</i>	The City has a very low risk appetite for investments and activities that do not align with the City's values.	The City has set its vision, purpose and guiding values based on the interpretation of those of the community it serves. When entering into new projects, investments and proposals, these values must be considered as one of the key consideration sets.
<i>Activities, structures, projects that present health risk for the community</i>	The City has a low risk appetite for activities, structures and projects that threaten the health of its community.	The City is committed to ensuring the health and wellbeing of its residents, this must be considered within the activities, projects, and new builds it approves or invests in. Activities that do not align with this will only be approved in exceptional circumstances. An example might be the approval of a Neo-Nazi festival to

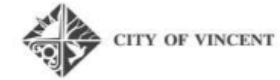
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		occur within the City’s park space. A multi residential building with no nearby open space may be another example.
Values and Behaviours		
<i>Behaviour or conduct against City values</i>	The City is an equal opportunity employer that employs skilled and experienced employees in positions with clearly defined roles and responsibilities; it has a low risk appetite for actions and behaviours that threaten the people and organisational capacity.	This sets the City’s view on the criticality of its employees and the City culture; accordingly, staff must be selected based on appropriate due diligence and fit for purpose considerations including against the City values. Behaviours and actions of current staff must be measured against their job performance criteria and against the values.
<i>Low individual and team performance</i>	The City places high importance on its values and a culture of integrity in conduct, performance excellence, innovation, equality and diversity, dignity and respect, collegiality, and cultural sensitivity. It has a low risk appetite for behaviour or conduct which does not meet these standards.	Refer above.
Human Resource		
<i>Behaviour reducing cultural diversity & awareness</i>	The City has a low risk appetite for practices and behaviours that result in a workforce that is not diverse and culturally aware, be this through recruitment or day to day workplace activities.	Activities and actions to involve and include staff from diverse backgrounds considering culture, age, gender, experience sets etc.
<i>Harm of staff, clients, partners, or visitors</i>	The City has a very low risk appetite for risk in practices or behaviours that lead to the harm of staff, clients, partners, or visitors in its premises or when undertaking work related activities (within its control and responsibility).	The City’s continued focus on OH&S matters, staff and contractor induction support this appetite. All new activities and projects should further consider the impact on the City’s community.

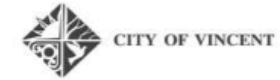
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Breach of code of conduct, ethics, and Law</i>	The City has no appetite for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct / serious misconduct.	The City's continued program to educate employees on Code of Conduct, accountability and ethical decision making, performance management and misconduct support this appetite.
Health and Safety		
<i>Inadequate & untimely reporting of breach & near-miss incidents</i>	The City has a low appetite for health and safety risk, and in particular a very low tolerance for inadequate or untimely remedy and reporting of breach incidents, or near misses.	The City's continued focus on OH&S matters, staff and contractor induction support this level of appetite and tolerance.
<i>Negligent & deliberate violations of health & safety requirements</i>	The City has no tolerance for negligent, deliberate, or purposeful violations of health and safety requirements.	
Business Service - The City acknowledges that in order to be innovative and nimble that some degree of risk taking is inevitable, however these risks must be considered in light of maintaining continuity of services to our stakeholders.		

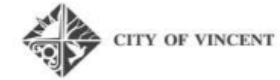
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Disruption to the operation of the business</i>	The City has a very low tolerance for risks that may result in disruption to the operation of the business. Including loss of statutory services, operational continuity, loss, or lack of documentation of corporate knowledge. These risks will be mitigated and controlled to where the cost of control is equal to the marginal cost of the risk.	Interruption to services has been included in the Consequence criteria. A very low tolerance would be considered where <i>“Failure of assets / disruption which results in inconvenience but no material service interruption (resolved within one day).”</i> So, where there is a disruption, for example the phone lines are down, then a solution needs to be found within one day. The cost of this control must also be considered in the action sought.
<i>Loss or lack of documentation of corporate knowledge</i>	The City has a very low risk tolerance for loss or lack of documentation of corporate knowledge.	In order for the City to continue to provide services to its stakeholders to the degree required, the City must continue to maintain adequate systems and processes that support maintenance of all corporate knowledge.
Governance - The City is committed to best practice governance and practices and behaviours that support ethical, consistent, and informed decision making, compliance with legislation, regulation, and internal and external reporting requirements.		
<i>Breaches in regulations, professional standards, and ethics</i>	The City has a very low risk appetite for any breaches in regulations, professional standards, and ethics.	There is a low, but not zero appetite for breaches. An example would be the submission of a BAS late due to resource constraints within the City. See specific examples below
<i>Bribery or Fraud</i>	The City has no tolerance for bribery or fraud.	The City’s Code of Conduct, Fraud and Corruption Prevention Plan, and Accountable and Ethical Decision Making Program, detail behaviour standards and handling of unethical fraudulent, dishonest, illegal, or corrupt behaviour. The City will investigate all allegations and take action to the full extent of its capacity.

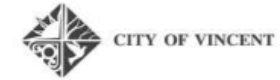
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
<i>Less than better practice for Governance, Due diligence, Accountability and Sustainability</i>	The City has a low risk tolerance for less than better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	The City's Governance Framework (Framework) supports this tolerance level by defining the systems, policies, processes, and a methodology for ensuring accountability and openness in the conduct of City business. The Framework describes the principles and key roles that guide Council in its decision-making and demonstrates to the community the processes which the City uses to achieve its strategic priorities and undertake its service delivery. The risk consequence level will need to be considered.
<i>A breach in Delegated Authority</i>	The City has a very low risk tolerance for breach in delegated authority.	
<i>Poor Project or Change Management</i>	The City has low risk tolerance for incidents or impacts which are generated by poor project management or change management practices.	
Information & Systems management		
<i>Information security preservation</i>	The City has a very low appetite for information security risk.	Information security is the preservation of the confidentiality, integrity, and availability of information: Confidentiality – information is disclosed only to authorised entities. Integrity – information has been created, amended, or deleted only by authorised individuals. Availability – systems and information are accessible and useable by authorised entities when required.
<i>Threats to personal information</i>	The City has no appetite for threats to breaches of personal information.	The City will: <ul style="list-style-type: none"> • Only use personal information provided by an individual for the purposes for which it was collected and for any other authorised use.

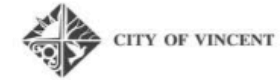
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		<ul style="list-style-type: none"> Only disclose personal information to third parties (including other authorities) where authorised. Take all necessary measures to prevent unauthorised access or disclosure of personal information.
<i>Deliberate misuse of information</i>	The City has no appetite for the deliberate misuse of information.	The City's Code of Conduct and IT Acceptable Use Procedure detail behaviour standards and breach handling.
<i>Systems change and development</i>	The City has a moderate risk appetite for systems change and development where it is within approved strategy, budget, and security procedures.	Systems improvement through change and development comes with an inherent risk factor, accordingly there must be an acknowledgement that for changes to occur some risk must be taken, however appropriate controls and procedures should be in place to manage this risk.
<p>Community Services The City seeks to create a connected community where the City's residents can interact with the built environment and nature to create a vibrant and inclusive place to live, work and play. The City recognises that its purpose is tied to the needs and expectations of its community and in particular the rate payers. In order to meet these needs a certain level of collaboration and co-operation with these stakeholders is beneficial and necessary.</p>		
<i>Community Engagement and Increased Participation</i>	The City has a high appetite for risks that will drive strong community engagement and increased participation.	The City wishes to match its community desire for high levels of engagement, and this is acknowledged to come with more risk. An example is the BMX track, which was highly desired by the community, but has associated risks.
<i>Constructive Community Consultation</i>	The City has a high risk appetite to engage in community consultation to deliver on our strategic objectives. This collaboration cannot be to the detriment of ensuring an efficient and effective decision-making process in the spirit	This point was important in driving the high engagement and participation in delivery of the City's objectives. But this should not be used as a lever to

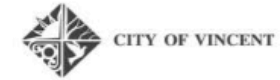
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
	of sustainability and achievement of objectives. (See sustainability above)	hinder progress or unnecessarily delay decision making.
<i>Activity risking long-term values or reputation of Council</i>	The City has zero risk appetite in any activity that will put its long-term values or reputation at risk.	
<i>Failure to meet customer commitments and/or provide appropriate advice and address regulatory concerns</i>	The City has a very low risk appetite for operational risks arising from failure to meet customer commitments and/or appropriateness of advice.	The City must provide appropriate advice to stakeholders and meet its commitments. The City will promptly take action to address ratepayer/customer complaints and regulatory concerns.
<i>Negotiate with Regulators, State & Federal Government Agencies</i>	The City has a high risk appetite to consult and negotiate with regulators, State & Federal Government Agencies to achieve the City’s objectives.	
<i>Leasing of Community Facilities</i>	The City has a moderate risk appetite for financial loss in respect to the use of the City’s community facilities provided the use is: <ul style="list-style-type: none"> • in the community interest; and • satisfies a recognised community purpose 	This is to ensure we are considering the needs of our community together with the financial impacts of decision making.

City of Vincent Risk Appetite and Tolerance Statements - D23/205561

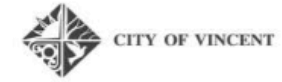


RISK APPETITE & TOLERANCE STATEMENTS

Strategic Risk Categories	
Finance, procurement & contracts	Risks relating to ensuring reliability and timeliness of financial and other information; as well as ensuring the financial sustainability and viability of the City. Risk of failures in the City's procurement and contract engagement and management processes resulting in business loss or disruption.
Asset Management & sustainability, environment management	Risks associated with investing in, developing and maintaining the City's infrastructure to ensure reliability and to meet its Vision and strategy. Risk of the City's current activities compromising the ability for the future residents meeting their needs. This refers to social and environmental needs. Consideration of both physical and investment actions.
OH&S, employment practices	Risks relating to strategies and systems to maintain a workforce and partnerships that are productive, safe, and diverse as well as an effective and accountable organisational environment. Risks include workforce capability and capacity, including staff, volunteers, contractors, and subcontractors.
Business service disruption:	Risks or events that could cause disruption to services or operations; and/or impair or enhance the delivery of the program or project on time and within budget, or the quality of its outcomes; events that could lead to damage to your reputation, assets or compromise the security of sensitive information.
Governance, misconduct & fraud:	Risks resulting in failure to meet regulatory, compliance and accountability requirements; inadequate or unclear definition of roles and responsibilities; lack of effective and transparent decision-making processes; inadequate control and procedural frameworks; the robustness of any third-party systems and processes.
Information & systems management:	Risks that jeopardise information being authentic, appropriately classified, properly secured, and managed in accordance with legislative and operating requirements. Technology solutions must support strong internal control processes and the development of robust system and process solutions for the management and protection of information assets; and align technology, systems, processes and culture with business strategy and goals.
Community services:	Risks or events that hinder the City's ability to meet the current and changing expectations of the ratepayers and community; including ratepayers'/customers' expectations of providing efficient, considerate, and cost-effective services; building positive and collaborative relationships and outcomes for the City.

City of Vincent Risk Appetite and Tolerance Statements - D23/205561

RISK APPETITE & TOLERANCE STATEMENTS

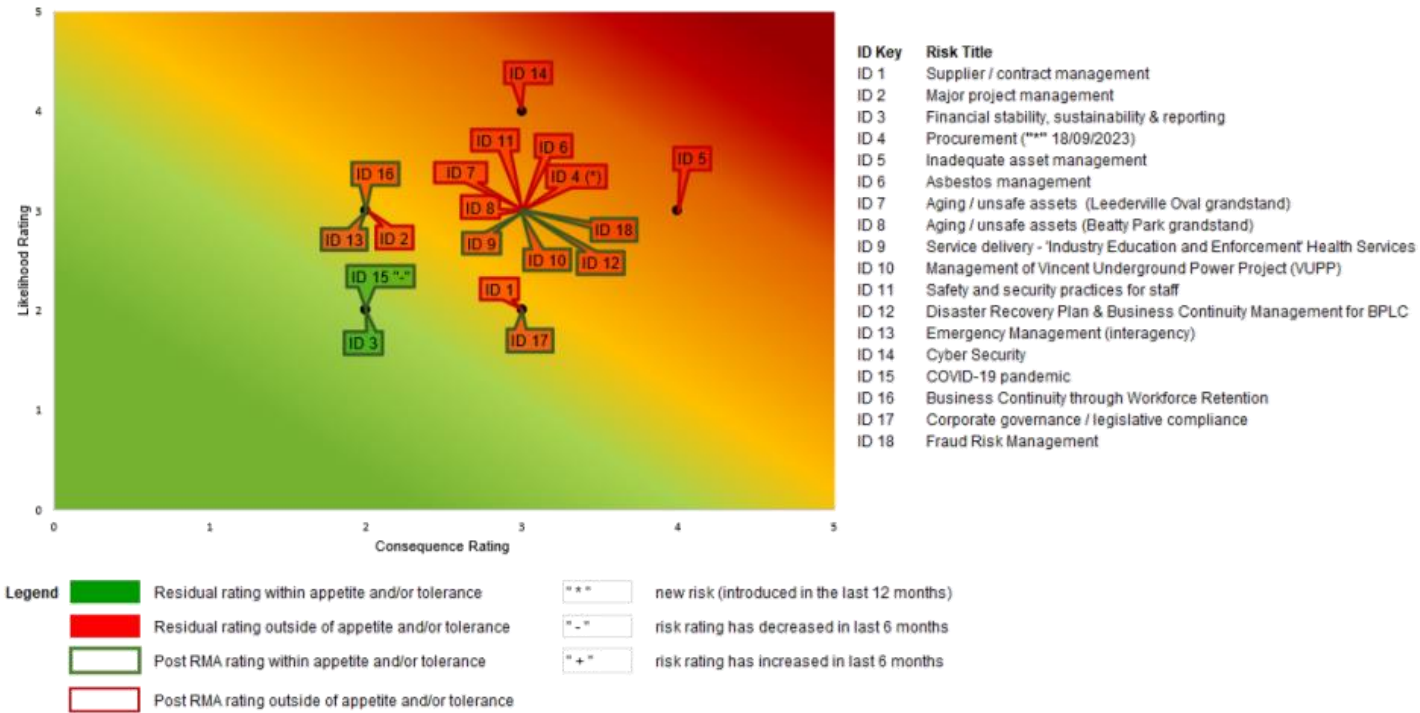


OFFICE USE ONLY	
Responsible Officer	Please use title only
Initial Council Adoption	DD/MM/YYYY
Previous Title	Applicable if the policy has been renamed
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

City of Vincent Risk Appetite and Tolerance Statements - D23/205561

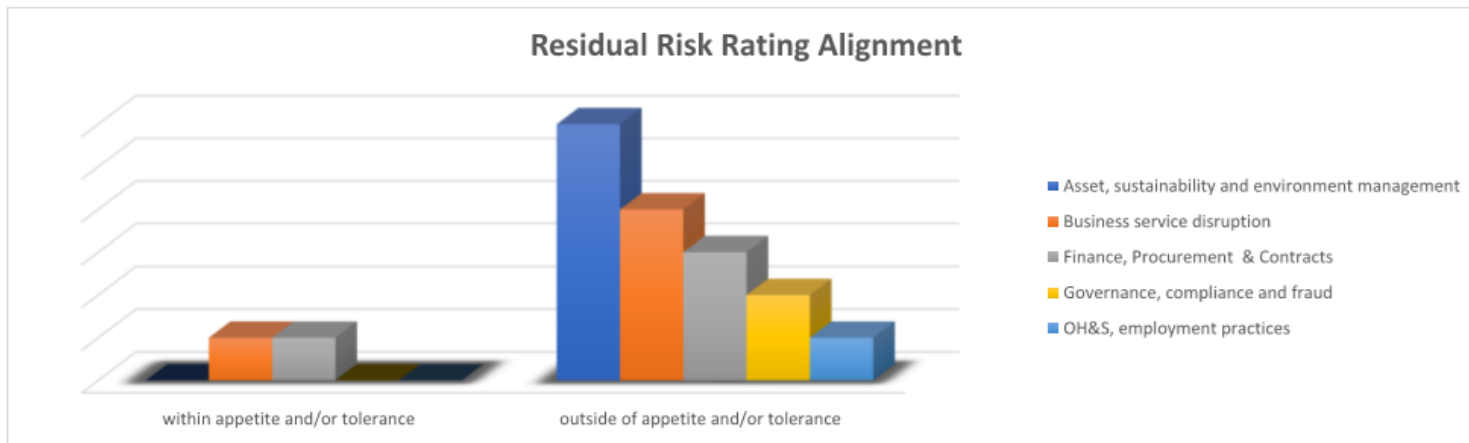
Corporate Risk Rating Alignment to Appetite and Tolerance

Corporate Risks Register - Heat Map - Residual Ratings



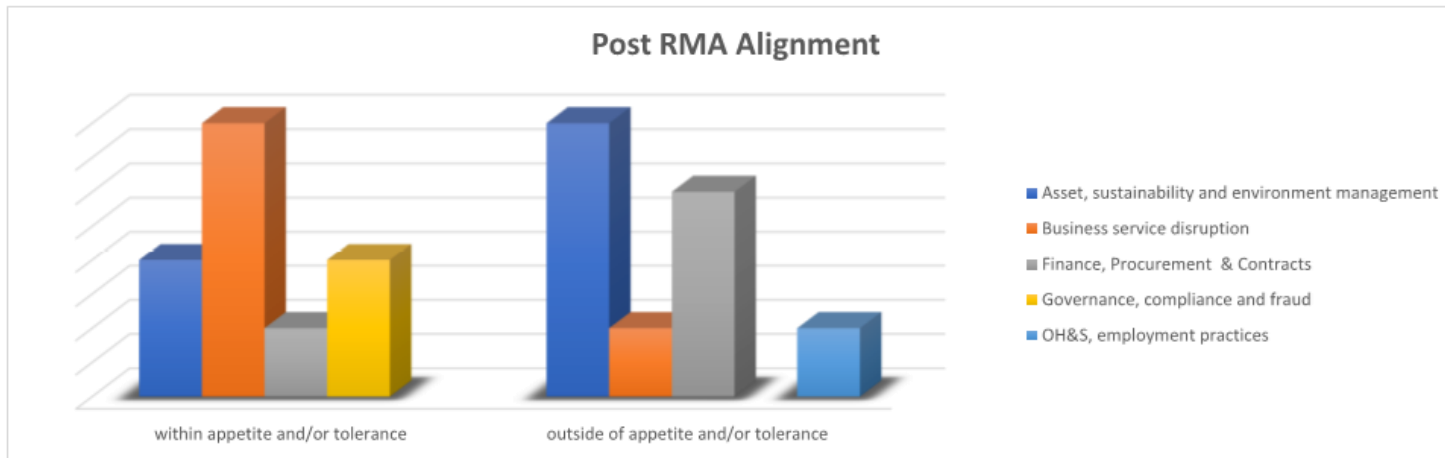
Residual rating alignment is detailed below:

Residual Rating Alignment	Asset, sustainability, and environment management	Business service disruption	Finance, Procurement & Contracts	Governance, compliance, and fraud	OH&S, employment practices	Grand Total
within appetite and/or tolerance	0	1	1	0	0	2
outside of appetite and/or tolerance	6	4	3	2	1	16



Post RMA alignment is detailed below:

Post RMA Alignment	Asset, sustainability, and environment management	Business service disruption	Finance, Procurement & Contracts	Governance, compliance, and fraud	OH&S, employment practices	Grand Total
within appetite and/or tolerance	2	4	1	2	0	9
outside of appetite and/or tolerance	4	1	3	0	1	9



6.6 REVIEW OF THE CITY'S AUDIT LOG

- Attachments:**
1. **Audit Log as at 10 October 2023 (from previous meeting)**
 2. **Internal Audit Log as at 10 October 2023 (from previous meeting) - Confidential**
 3. **Audit Log as at 23 November 2023**
 4. **Internal Audit Log as at 23 November 2023 - Confidential**

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. **NOTES** the status of the City's Audit Logs at Attachments 1 and 2; and
2. **APPROVES** proposed completion dates as specified at Attachments 1 and 2.

COMMITTEE DECISION ITEM 6.6

Moved: Cr Hallett, Seconded: Cr Castle

That the recommendation be adopted.

CARRIED (6-0)

For: Cr Alexander, Cr Araj, Mr Isambert, Cr Castle, Cr Hallett and Mayor Xamon

Against: Nil

(Mr Manifis was an apology for the Meeting.)

AUDIT LOG



Contents

A:2020/12 (8) Manual Timesheet.....2

Office of the Auditor Financial Audit for 2021/224

EA: 2022/12 (1) Fair value of Infrastructure Assets – Frequency of Valuations.....4

EA: 2022/12 (20) Data Centre Management.....5

- Summary of open Confidential items (D21/61059)**
- EA: 2023/01 Procurement Process Compliance
 - EA: 2023/01 (1) Mandatory Procurement Training
 - EA: 2023/01 (3) Invoice Approval within Authority
 - EA: 2023/02 (1) User Access and Approval of Delegation
 - EA: 2023/02 (1) Purchasing Limits delegation
 - EA: 2023/02 (2) Purchasing Limits Register Review
 - EA: 2023/02 (3) Executive Approval of Limits
 - EA: 2023/02 (4) Purchasing delegation compared to finance system user access limits
 - EA: 2023/03 Procurement Monitoring
 - EA: 2023/03 (1) Purchase Order before Invoice report provided to Executive
 - EA: 2023/03 (2) Procurement Compliance KPI
 - EA: 2023/03 (3) Invoice splitting
 - EA: 2023/05 Contract Management Compliance
 - EA: 2023/05 (1) Contract Management System
 - EA: 2023/05 (2) Contract Management Compliance Audits
 - EA: 2023/06 (2) Document reviewal dates
 - EA: 2023/07 Project Board
 - EA: 2023/08 Project Management Framework Improvements
 - EA: 2023/08 (1) Project on a Page
 - EA: 2023/08 (2) Project Prioritisation Calculator
 - EA: 2023/08 (3) Change Requests
 - EA: 2023/08 (4) Programs Register

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>Stanton Reg 5 & 17 Review</p> <p>A:2020/12 (8) Manual Timesheet Stanton Reg 5 & 17 Review – Manual Timesheet</p> <p>Finding The City uses manual timesheets, predominately for those employees who work in the depot and recreational leisure centre.</p> <p>Recommendation The use of manual timesheets should be eliminated, it is worth noting that the City has already noted this as a finding within their own audit log.</p> <p>Recommendation</p> <p>Risk Rating (prior to controls) Moderate</p> <p>Risk Rating (with current controls) Minor</p> <p>Responsible Officer: Executive Manager Human Resources and Executive Manager Information and Communication Technology</p>	<p>Management Comment The City requires a robust online time-sheets system which is fit for purpose of a casual workforce (i.e. Beatty Park) that is flexible, easy to use and aligned to the relevant cost centres and employment.</p> <p>Administration has determined that Civica's online time-sheets module will be suitable for the City. The module however can only be implemented once work orders are activated as part of the Chart of Accounts project scheduled for completion in July 2021. Online time-sheets will have a mobile option as well. The scoping of this project will be requested to commence in March next year with implementation in December 2021.</p>	<p>December 2021</p>	<p>Partially completed: Beatty Park are now partially using mobile application for rostering and time-sheets. Further rollout subject to Beatty Park change management resourcing.</p> <p>In progress: for Depot staff with mobile application AND job costing requirements for time-sheets, two solutions are being reviewed:</p> <ol style="list-style-type: none"> 1. The City will help Civica test their new mobile time-sheets (currently in development) in early 2022. 2. A CRM-based approach where jobs are electronically work-flowed to staff who can then update and complete the job using a mobile application. <p>March 2022 No further progress. Resources have not been available to progress the Beatty Park roll-out; Civica have not completed their new mobile time-sheet. CRM project in early phases.</p> <p>May 2022 No update.</p> <p>July 2022 Ongoing HR team challenges have impacted attempts to resource this initiative. The HR/IT plan is now to:</p> <ol style="list-style-type: none"> 1. Prepare a change management plan in November & December 2. Implement in January & February 2023 	<p>March 2022</p> <p>Estimated August 2022</p> <p>February 2023</p>

AUDIT LOG



	<p>November 2022 In line with WA Government announcement (1st November 2022) that all WA Local Governments will transition to the State IR Legislation effective 1st January 2023, the City is now procuring a timesheet solution to meet legislative requirements. An electronic system will initially be rolled out to administrative staff, followed by transition of other teams using manual timesheets (Rangers, Depot field staff, Beatty Park). The City is aiming for go-live in January 2023.</p> <p>February 2023 Go-live delayed while extensive testing continues to ensure smooth rollout to staff and future application to field-based staff. Final technical changes being made for late February 2023 release.</p> <p>April 2023 Timesheet functionality considered too basic for effective go live. Additional Functionality requires Payroll integration Works to ensure workflow approvals, Flexi leave management and job costing Details for field staff. HR progressing This work.</p> <p>June 2023 – Payroll & Timesheet Project key dates established</p> <ul style="list-style-type: none"> • 9th October testing (2 pay cycles end-to-end) • 1st November “go / no go” meeting based on testing results • 6th November go live • 21st November – first pay-run • Timing risks: OAG finance/payroll audit; key payroll staff availability (eg: unexpected health issue) <p>August 2023 On track</p> <p>September 2023 On track</p> <p>October 2023 9th October testing date not hit. Project timeline under review, verbal update to be provided at October Audit Committee meeting.</p>	<p>January 2023</p> <p>February 2023</p> <p>August 2023</p> <p>November* 2023 - See October 2023 notes</p>
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AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
Office of the Auditor Financial Audit for 2021/22				
EA: 2022/12 (1) Fair value of Infrastructure Assets – Frequency of Valuations	Management Comment Management performed a high-level review of the infrastructure asset carrying values as at 30 June 2022 to assess if these values were materially correct.	June 2023		June 2023
Office of the Auditor Financial Audit for 2021/22				
<p>Finding The City has performed an assessment to determine whether its infrastructure assets represent fair value.</p> <p>Management performed a high-level desktop assessment of its infrastructure assets as a whole and not across each sub-category of the infrastructure asset class. This assessment relied on the City’s internal assessment by management of the current market conditions. This review indicated there were no significant movement or impact on its infrastructure assets relevant to 30 June 2022.</p>	<p>The City did not conduct an external valuation of these assets during 2021-22 as in line with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, the 5-year detailed external valuation of infrastructure assets has been budgeted and due to be conducted in 2022-23. After the detail valuation has been performed in 2022-23, the City will be able to conduct more robust internal assessments moving forward.</p>			July 2023
<p>Risk Rating Rating: Significant</p>	<p>Management notes the OAG’s recommendation but does not agree with the rating of this finding as if no internal assessment of carrying values were performed, the rating would still be the same.</p>			
<p>Implication Without a robust assessment of fair value of the City’s Infrastructure Assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).</p>				Completed
<p>Recommendation The City should consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Infrastructure Assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Movements. This process is to ensure that the LG Entity’s infrastructure assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.</p> <p>This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the LG entity may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.</p>				

AUDIT LOG



Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<p>EA: 2022/12 (20) Data Centre Management Office of the Auditor General Information Systems Audit for 2021/22</p> <p>Update 2022 The finding remains open as the City still does not have an adequate process to manage data centre access. Our testing identified:</p> <ul style="list-style-type: none"> • Third party/ Contractor access is not set to expire in line with their contract. • User access is not periodically reviewed to verify if their access is still appropriate • There was no humidity sensor in place to provide an early warning/detection if the room's humidity exceeds maximum/minimum levels. <p>We acknowledge that the City has enforced swipe card access and has recently implemented humidity controls as part of a broader data centre security upgrade that is in progress.</p> <p>Finding 2021 The finding remains open as the City does not have adequate policies or documented procedures defining responsibility for managing the primary data centre and access management processes.</p> <p>We found that the swipe card reader for primary data centre is not functional and there is no logbook to record access to the data centre.</p> <p>Additionally, we also found non-IT related hardware located in the data centre.</p> <p>Risk Rating Minor (2021: Minor)</p> <p>Implication Without adequate protection against various physical and environmental threats there is an increased risk of unauthorised access, damage, and theft to the City's IT systems. This may impact the confidentiality, integrity, and availability of the City's information.</p> <p>Recommendation The City should:</p> <ul style="list-style-type: none"> • develop appropriate data centre access management policies and procedures • perform regular access reviews and remove inappropriate users in a timely manner. Records of the reviews should be retained. • Appropriate environmental controls and alerts are in place. 	<p>Management Comment: The City accepts this finding.</p> <ul style="list-style-type: none"> • The City's current building security access system does not provide the functionality necessary to meet all recommendations. A new solution has been procured and is currently being implemented as a cross-team project with Rangers. 	<p>March 2023</p>	<p>In progress, however contractor-led project not expected to complete until May 2023</p> <p>April 2023</p> <ul style="list-style-type: none"> • Back on track. • Security model reviewed and approved with contractors. Cutover estimated late May or early June 2023. <p>June 2023</p> <ul style="list-style-type: none"> • City waiting on supplier to complete implementation (RFQ awarded in April 2022). <p>August 2023</p> <ul style="list-style-type: none"> • On track • Incremental cutover scheduled to begin 28/8/23 (meaning that card readers begin migrating to the new system floor by floor, building by building). <p>September 2023</p> <ul style="list-style-type: none"> • Deployment in-progress, to complete by end of September 2023 <p>October 2023</p> <ul style="list-style-type: none"> • Completed • Admin building Data Centre complete including: <ul style="list-style-type: none"> ○ Contractor access expiry ○ Reporting for periodic access review ○ Humidity sensor monitoring and alerts • Note: other sites (Library, Beatty Park, Depot) still in progress for building security system cutover 	<p>May 2023</p> <p>Estimated: August 2023</p> <p>Estimated: September 2023</p> <p>Completed: October 2023</p> <ul style="list-style-type: none"> - Noting that the building security project remains open to deliver other outcomes to the City (not related to this audit finding)

AUDIT LOG



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Summary of open Confidential items (D21/61059)

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AUDIT LOG



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7 GENERAL BUSINESS

7.1 Use of Assets

In response to a request in the 18 October 2023 meeting for the sample of the vehicle forms not completed to be followed up by HR, the following information is provided.

Vehicle Authorisation Forms

Samples

L Buonomo – Started 03/01/2002
A Bradshaw – Started 06/02/2012
S Taylor – Started 13/03/2017
M Stojanoski – Started 23/05/1995 (provided)
B Bevan – Started 19/03/2023 (provided)

The City has been able to find two out of the 5 vehicle authorisation forms. However, you will find above that many of the sampled employees have been at the City of 10 years or more. The City has substantially improved vehicle authorisation processes in the last four years.

Ghost Employees – Process for Eliminating the Risk

To eliminate the risk of 'ghost employees', the Payroll Services team have put in place the following:

1. Payroll Services team (2 payroll team) will both review pay processing against current employee listing to ensure those employed at that pay period are confirmed employees.
2. Both payroll team members (and HR Support Officer on an Adhoc basis) alternate responsibilities (posting journal, superannuation, updating pay codes/classifications) and portfolios.
3. Payroll Services team ensure new and terminated employees are updated each fortnight to ensure 'current' employee listing is up to date.
4. Payroll Services will investigate any 'employee' with low to no tax deductions through which can be identified in the Final Pay Edit Listing Report to check pays before posting.
5. Review any bank account changes against 'Change Bank Details Form' each fortnight to confirm change request by the employee.
6. Multiple employees (X 2 payroll members, Executive Manager HR, Chief Financial Officer and Financial Controller) all review and approve pays each fortnight.

Due to the new timesheeting system, all employees are required to complete a timesheet which is linked to pay. This would reduce the risk substantially for ghost employees to be paid.

8 NEXT MEETING

29 February 2024

9 CLOSURE

There being no further business the meeting closed at 5.32pm.

These Minutes were confirmed at the 29 February 2024] meeting of the Audit Committee as a true and accurate record of the Audit Committee meeting held on 7 December 2023

Signed: Mr George Araj

Dated