



CITY OF VINCENT

MINUTES

Audit and Risk Committee

7 November 2024

Table of Contents

1	Introduction and Welcome	3
2	Apologies / Members on Approved Leave of Absence	3
3	Declarations of Interest	3
4	Confirmation of Minutes	4
5	Business Arising	6
5.1	Audited Financial Statements and Management letters for year ended 30 June 2024	6
5.2	Internal Audit Program - Priority Audits for the Remainder of Year 3 Audits.....	73
5.3	Fraud Risk Register and Draft Integrity Framework	86
5.4	Review of the City's Corporate Risk Register	150
5.5	Audit and Risk Committee Meeting Dates 2025	177
5.6	Audit Committee - Forward Agenda 2024	179
5.7	Review of the City's Audit Log	181
6	General Business	182
7	Next Meeting	182
8	Closure	182

**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 NOVEMBER 2024 AT 4.15PM**

PRESENT:	Mr George Araj	Independent External Member (Chair)
	Mr Conley Manifis	Independent External Member (electronically)
	Mr Baptiste Isambert	Independent External Member
IN ATTENDANCE:	Cr Ron Alexander	North Ward
	Cr Alex Castle	North Ward
	David MacLennan	Chief Executive Officer
	Rhys Taylor	A/Executive Director Community & Business Services
	Joslin Colli	Chief Audit Executive
	Peter Ferguson	Executive Manager Information and Communication Technology
	Emma Simmons	Coordinator Corporate Strategy & Governance
	Punitha Perumal	Office of the Auditor General (Item 5.1 only)
	David Kilgren	Office of the Auditor General (Item 5.1 only)
	Paul Tilbrook	Office of the Auditor General (Item 5.1 only)
	Wendy Barnard	Mayor and Council Support

1 INTRODUCTION AND WELCOME

The Presiding Member, George Araj, declared the meeting open at 4.21pm 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”.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Mayor Alison Xamon was an apology for this meeting.
Cr Jonathon Hallett was an apology for this meeting.

3 DECLARATIONS OF INTEREST

Conley Manifis declared an impartiality interest. The extent of his interest is that his company is contracted by the Office of the Auditor General to complete external audits.

Baptiste Isambert declared an impartiality interest. The extent of his interest is that he was a contractor with the Office of the Auditor General in the past.

4 CONFIRMATION OF MINUTES**COMMITTEE DECISION**

Moved: Mr Manifis, **Seconded:** Cr Castle

That the minutes of the Audit and Risk Committee held on 27 June 2024 be confirmed.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

NOTE: For the convenience of the meeting the Chairperson brought forward Item 5.1 for discussion and welcomed the representatives from the Office of the Auditor General.

Punitha Perumal, David Kilgren and Paul Tilbrook from the Office of the Auditor General presented the Audit Exit Brief as included in Attachment 3 and outlined matters arising from the audit of the Annual Financial Statements to 30 June 2024.

Following this presentation the Chairperson requested a closed door discussion between Committee Members and the OAG representatives requiring all other parties to leave the meeting.

At 4.39pm all non committee members left the meeting.

At 4.51pm the OAG representatives left the meeting and did not return.

At 4.51pm the non committee members returned to the meeting.

5 BUSINESS ARISING

5.1 AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2024

- Attachments:
1. Audit Management Letter - Financial Audit - Confidential
 2. Audit Management Letter - Information System - Confidential
 3. Annual Financial Audit - Exit brief - Confidential
 4. Financial Statements as at 30 June 2024 [↓](#) 
 5. DRAFT opinion - 30 June 2024 [↓](#) 

RECOMMENDATION:

That the Audit and Risk Committee:

1. RECEIVES the Auditor's management letters (Financial Audit and Information System Audit) and exit brief, prepared for the year ended 30 June 2024 at Attachments 1, 2 and 3; and
2. RECEIVES the Audited Annual Financial Statements for the year ended 30 June 2024 at Attachment 4;
3. RECEIVES the Audit Opinion (unsigned) for the year ended 30 June 2024 at Attachment 5; and
4. RECOMMENDS to Council the adoption of the Audited Annual Financial Statements for the year ended 30 June 2024.

COMMITTEE DECISION ITEM 5.1

Moved: Mr Manifis, Seconded: Mr Isambert

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

NOTE: At the meeting the OAG requested a change to Note 22 in the Annual Financial Statements, to change the reclassification between current and non-current liabilities, in line with the Mindarie Regional Council audited financial statements.

NOTE: Leave Management Plan to be submitted to next Audit and Risk Committee (ARC), either as part of the Risk Register or as a separate item.

NOTE: Leederville car park update to be provided to next ARC meeting.

City of Vincent

GENERAL PURPOSE FINANCIAL REPORT for the year ended 30 June 2024



City of Vincent

Financial Report 2024

General Purpose Financial Report
for the year ended 30 June 2024

Contents	Page
Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Notes to the Financial Report	9
Independent Auditor's Report	61

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 Report 2024

General Purpose Financial Report
for the year ended 30 June 2024

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 2024 and the financial position as at 30 June 2024.

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

Signed on the dd day of MMMM yyyy

Chief Executive Officer**David MacLennan**

City of Vincent

Financial Report 2024

Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	27,2a	42,303,270	42,302,811	40,162,113
Grants, subsidies and contributions	2a	1,892,616	1,498,420	2,084,168
Fees and charges	2a	24,465,289	22,143,204	23,293,766
Interest revenue	2a	2,739,828	1,103,000	1,683,841
Other revenue	2a	1,585,336	1,385,434	1,505,709
		<u>72,986,339</u>	<u>68,432,869</u>	<u>68,729,597</u>
Expenses				
Employee costs	2b	30,716,334	31,198,096	28,271,968
Materials and contracts		23,055,423	23,046,382	21,363,272
Utility charges		2,031,663	1,860,315	1,884,194
Depreciation	10a	13,630,524	12,607,088	11,912,706
Finance costs	2b	536,983	495,449	545,351
Insurance		701,026	804,195	673,452
Other expenditure		1,291,171	752,098	1,435,609
		<u>71,963,124</u>	<u>70,763,623</u>	<u>66,086,552</u>
		<u>1,023,215</u>	<u>(2,330,754)</u>	<u>2,643,045</u>
Capital grants, subsidies and contributions	2a	3,370,570	3,703,747	1,724,603
Profit on asset disposals		334,433	704,109	188,773
Loss on asset disposals		(227,574)	(47,335)	(744,436)
Share of net profit of associates accounted for using the equity method	22	699,586	—	519,536
Revaluation of infrastructure	9a	—	—	(4,389,396)
Profit/(Loss) from sale of Catalina Regional Council Land		3,292,208	1,666,666	978,043
Change in Equity Local Govt House Trust		841	—	1,843
Profit/(Loss) from sale of shares		—	—	2,750
		<u>7,470,064</u>	<u>6,027,187</u>	<u>(1,718,284)</u>
Net result for the period	26a	<u>8,493,279</u>	<u>3,696,433</u>	<u>924,761</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	84,901	—	11,856,050
Total other comprehensive income for the period	17	<u>84,901</u>	<u>—</u>	<u>11,856,050</u>
Total comprehensive income for the period		<u>8,578,180</u>	<u>3,696,433</u>	<u>12,780,811</u>

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

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

City of Vincent

Financial Report 2024

Statement of Financial Position
as at 30 June 2024

	Note	2024 Actual \$	2023 Actual \$
Assets			
Current assets			
Cash and cash equivalents	3	6,209,612	7,790,270
Trade and other receivables	5	5,248,716	5,122,151
Other financial assets	4a	30,300,000	24,680,000
Inventories	6	1,106,193	1,331,138
Other assets	7a	1,774,051	1,389,404
Assets classified as held for sale	7b	—	843,000
Total current assets		44,638,572	41,155,963
Non-current assets			
Trade and other receivables	5	259,398	203,085
Other financial assets	4b	41,585	40,745
Inventories	6	15,398	41,986
Investment in associate	22	16,862,523	14,962,895
Property, plant and equipment	8	251,075,213	251,184,398
Infrastructure	9	149,258,994	147,996,166
Right of use assets	11a	702,317	—
Intangible assets	12	145	127,197
Other assets	7a	726,798	889,298
Total non-current assets		418,942,371	415,445,770
Total assets	26b	463,580,943	456,601,733
Liabilities			
Current liabilities			
Trade and other payables	13	7,604,532	6,921,787
Other liabilities	14	1,356,688	1,669,040
Lease liabilities	11b	264,318	—
Borrowings	15	1,498,010	1,585,417
Employee related provisions	16	5,700,443	5,525,851
Total current liabilities		16,423,991	15,702,095
Non-current liabilities			
Lease liabilities	11	424,601	—
Borrowings	15	8,676,198	11,475,705
Employee related provisions	16	592,170	538,130
Total non-current liabilities		9,692,969	12,013,835
Total liabilities		26,116,960	27,715,930
Net assets		437,463,983	428,885,803
Equity			
Retained surplus		113,742,048	110,933,953
Reserve accounts	30	22,878,829	17,193,645
Revaluation surplus	17	300,843,106	300,758,205
Total equity		437,463,983	428,885,803

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

City of Vincent

Financial Report 2024

Statement of Changes in Equity
for the year ended 30 June 2024

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
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		—	—	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
Balance as at 1 July 2023		110,933,953	17,193,645	300,758,205	428,885,803
Comprehensive income for the period					
Net result for the period		8,493,279	—	—	8,493,279
Increase/(decrease) in asset revaluation surplus		—	—	84,901	84,901
Total comprehensive income for the period		8,493,279	—	84,901	8,578,180
Transfers from reserve accounts	30	4,522,306	(4,522,306)	—	—
Transfers to reserve accounts	30	(10,207,490)	10,207,490	—	—
Balance as at 30 June 2024		113,742,048	22,878,829	300,843,106	437,463,983

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

City of Vincent

Financial Report 2024

Statement of Cash Flows
for the year ended 30 June 2024

		Actual 2024 \$	Budget 2024 \$	Actual 2023 \$
	Note			
Cash flows from operating activities				
Receipts				
Rates		41,991,871	42,234,899	40,230,993
Grants, subsidies and contributions		1,892,616	1,687,143	2,084,168
Fees and charges		24,583,619	22,143,204	23,186,841
Interest revenue		2,739,828	1,103,000	1,683,841
Goods and services tax received		4,499,207	–	2,941,746
Other revenue		1,406,384	1,385,434	1,448,570
Total receipts		77,113,525	68,553,680	71,576,159
Payments				
Employee costs		(30,487,702)	(30,898,096)	(28,198,023)
Materials and contracts		(22,619,346)	(22,643,453)	(21,722,945)
Utility charges		(2,031,663)	(1,860,315)	(1,884,194)
Finance costs		(536,983)	(495,449)	(545,351)
Insurance paid		(701,026)	(804,195)	(673,452)
Goods and services tax paid		(4,238,613)	–	(3,498,049)
Other expenditure		(1,291,171)	(752,098)	(1,435,609)
Total payments		(61,906,504)	(57,453,606)	(57,957,623)
Net cash provided by operating activities	18b	15,207,021	11,100,074	13,618,536
Cash flows from investing activities				
Payments for financial assets at amortised cost		(5,619,999)	–	(6,180,000)
Payments for purchase of property, plant & equipment	8a	(7,036,008)	(9,085,484)	(4,986,406)
Payments for construction of infrastructure	9a	(7,715,630)	(9,946,016)	(4,916,576)
Payments for intangible assets	12	–	(100,000)	–
Capital grants, subsidies and contributions		2,939,888	3,703,747	1,473,209
Proceeds from sale of property, plant & equipment		1,157,453	1,713,000	283,215
Distributions from investments in associates		2,500,000	1,666,666	1,666,668
Proceeds from the sale of shares		–	–	13,750
Net cash (used in) investing activities		(13,774,296)	(12,048,087)	(12,646,140)
Cash flows from financing activities				
Repayment of borrowings	29a	(2,886,914)	(1,585,417)	(1,501,876)
Payments for principal portion of lease liabilities	29d	(126,469)	(95,000)	(93,992)
Proceeds from new borrowings	29a	–	–	827,879
Net cash (used in) financing activities		(3,013,383)	(1,680,417)	(767,989)
Net increase /(decrease) in cash held		(1,580,658)	(2,628,430)	204,407
Cash at beginning of year		7,790,270	10,182,250	7,585,863
Cash and cash equivalents at the end of the year	18a	6,209,612	7,553,820	7,790,270

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

City of Vincent

Financial Report 2024

Statement of Financial Activity
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	27	42,303,270	42,302,811	40,162,113
Grants, subsidies and contributions		1,892,616	1,498,420	2,084,168
Fees and charges		24,465,289	22,143,204	23,293,766
Interest revenue		2,739,828	1,103,000	1,683,841
Other revenue		4,878,385	1,385,434	2,485,595
Profit on asset disposals		334,433	704,109	188,773
Share of net profit of associates accounted for using the equity method	22	699,586	1,666,666	519,536
		77,313,407	70,803,644	70,417,792
Expenditure from operating activities				
Employee costs		30,716,334	31,198,096	28,271,968
Materials and contracts		23,055,423	23,046,382	21,363,272
Utility charges		2,031,663	1,860,315	1,884,194
Depreciation		13,630,524	12,607,088	11,912,706
Finance costs		536,983	495,449	545,351
Insurance		701,026	804,195	673,452
Other expenditure		1,291,171	752,098	1,435,609
Loss on asset disposals		227,574	47,335	744,436
Loss on revaluation of non-current assets		—	—	4,389,396
		72,190,698	70,810,958	71,220,384
Non-cash amounts excluded from operating activities	28	9,513,359	10,283,648	15,174,423
Amount attributable to operating activities		14,636,068	10,276,334	14,371,831
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,939,888	3,703,747	1,473,209
Proceeds from disposal of assets		1,157,453	1,713,000	283,215
Distributions from investments in associates	22	2,500,000	1,666,666	1,666,668
Proceeds from sale of shares		—	—	13,750
		6,597,341	7,083,413	3,436,842
Outflows from investing activities				
Purchase of property, plant and equipment	8a	(7,036,008)	(9,185,484)	(4,986,406)
Purchase and construction of infrastructure	9a	(7,715,630)	(9,946,016)	(4,916,576)
Right of use assets received - non cash	11a	(815,388)	—	—
		(15,567,026)	(19,131,500)	(9,902,982)
Non-cash amounts excluded from investing activities	28	1,246,070	—	425,955
Amount attributable to investing activities		(7,723,615)	(12,048,087)	(6,040,185)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	29a	—	—	827,879
Transfers from reserve accounts	30	4,522,306	5,934,019	2,139,142
Proceeds from new leases - non cash	29d	815,388	—	—
		5,337,694	5,934,019	2,967,021
Outflows from financing activities				
Repayment of borrowings	29a	(2,886,914)	(1,585,417)	(1,501,876)
Payments for principal portion of lease liabilities	29d	(126,469)	(95,000)	(93,992)
Transfers to reserve accounts	30	(10,207,490)	(6,535,355)	(7,631,326)
		(13,220,873)	(8,215,772)	(9,227,194)
Non-cash amounts excluded from financing activities		(815,388)	—	—
Amount attributable to financing activities		(8,698,567)	(2,281,753)	(6,260,173)

Page 7 of 61

City of Vincent

Financial Report 2024

Statement of Financial Activity
for the year ended 30 June 2024

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28	8,748,419	4,098,614	6,676,946
Amount attributable to operating activities		14,636,068	10,276,334	14,371,831
Amount attributable to investing activities		(7,723,615)	(12,048,087)	(6,040,185)
Amount attributable to financing activities		(8,698,567)	(2,281,752)	(6,260,173)
Surplus/(deficit) after imposition of general rates	28	6,962,305	45,109	8,748,419

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

City of Vincent

Financial Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

Index of Notes to the Financial Report

Note 1	Basis of preparation	10
Note 2	Revenue and expenses	11
Note 3	Cash and cash equivalents	15
Note 4	Other financial assets	16
Note 5	Trade and other receivables	17
Note 6	Inventories	18
Note 7	Other assets	19
Note 8	Property, plant and equipment	20
Note 9	Infrastructure	22
Note 10	Fixed assets	24
Note 11	Leases	26
Note 12	Intangible assets	28
Note 13	Trade and other payables	29
Note 14	Other liabilities	30
Note 15	Borrowings	31
Note 16	Employee related provisions	31
Note 17	Revaluation surplus	33
Note 18	Notes to the statement of cash flows	34
Note 19	Contingent liabilities	36
Note 20	Capital commitments	37
Note 21	Related party transactions	38
Note 22	Investment in associates	40
Note 23	Financial risk management	43
Note 24	Events occurring after the end of the reporting period	46
Note 25	Other Material Accounting Policies	47
Note 26	Function and activity	49

Information required by legislation

Note 27	Rating information	52
Note 28	Determination of surplus or deficit	53
Note 29	Borrowing and lease liabilities	55
Note 30	Reserve accounts	58
Note 31	Trust funds	60

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 1. Basis of preparation

The financial report of the City of Vincent which is a Class 2 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations

Local Government Act 1995 requirements

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

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:

- Property, plant and equipment - note 8
- Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Assets held for sale - note 7
- Impairment losses of non-financial assets - note 8 and 9
- Estimated useful life of intangible assets - note 12
- Measurement of employee benefits - note 16

Fair value hierarchy information can be found in note 25.

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.

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.

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

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 2021-7c 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

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards -Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

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

- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

These amendments may result in additional disclosures in the case of applicable finance arrangements.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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

continued on next page ...

Page 11 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

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
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	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:

continued on next page ...

Page 12 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Nature	Contracts with customers Actual	Capital grant/ contributions Actual	Statutory Requirements Actual	Other Actual	Total Actual
For the year ended 30 June 2024					
Rates	–	–	42,303,270	–	42,303,270
Grants, subsidies and contributions	–	–	–	1,892,616	1,892,616
Fees and charges	10,645,757	–	12,179,763	1,639,769	24,465,289
Interest revenue	–	–	466,269	2,273,559	2,739,828
Other revenue	–	–	385,270	1,200,066	1,585,336
Capital grants, subsidies and contributions	–	3,370,570	–	–	3,370,570
Total	10,645,757	3,370,570	55,334,572	7,006,010	76,356,909

For the year ended 30 June 2023					
Rates	–	–	40,162,113	–	40,162,113
Grants, subsidies and contributions	–	–	–	2,084,168	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	9,924,150	1,546,965	52,668,866	6,314,219	70,454,200

	2024 Actual \$	2024 Budget \$	2023 Actual \$
--	----------------------	----------------------	----------------------

Interest revenue

Rate instalment interest	215,075	220,000	207,925
Pensioner Deferred Interest	4,470	3,000	5,335
Rates penalty interest	246,724	130,000	146,175
Interest on reserve funds	887,673	350,000	497,011
Other interest earnings	1,385,886	400,000	827,395
Total interest earnings	2,739,828	1,103,000	1,683,841

Other revenue

Other revenue			
Reimbursements and recoveries	1,500,605	1,295,324	1,212,290
Other revenue	84,731	90,110	293,419
Total other revenue	1,585,336	1,385,434	1,505,709

continued on next page ...

Page 13 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 2. Revenue and expenses (continued)

(b) Expenses

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Auditors remuneration				
- Audit of the annual financial report		104,600	90,000	95,090
- Other services – grant acquittals		8,500	10,000	12,710
Total Auditors remuneration		113,100	100,000	107,800
Employee costs				
Employee benefit costs		29,977,124	30,412,365	27,701,923
Other employee costs		739,210	785,731	570,045
Total employee costs		30,716,334	31,198,096	28,271,968
Finance costs				
Borrowings	29a	522,264	493,949	544,704
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	29d	14,719	1,500	647
Total		536,983	495,449	545,351

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 3. Cash and cash equivalents

	Note	2024 Actual \$	2023 Actual \$
Cash at bank and on hand		6,209,612	6,790,270
Term Deposits		–	1,000,000
Total cash and cash equivalents	18a	6,209,612	7,790,270
Held as			
- Unrestricted cash and cash equivalents		774,095	6,540,000
- Restricted cash and cash equivalents	18a	5,435,517	1,250,270
Total		6,209,612	7,790,270

MATERIAL 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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 4. Other financial assets

	Note	2024 Actual \$	2023 Actual \$
(a) Current assets			
Financial assets at amortised cost		30,300,000	24,680,000
Total current financial assets		30,300,000	24,680,000
Financial assets at amortised cost			
Term deposits		30,300,000	24,680,000
		30,300,000	24,680,000
Held as			
- Unrestricted other financial assets at amortised cost		11,500,000	9,500,000
- Restricted other financial assets at amortised cost	18a	18,800,000	15,180,000
Total		30,300,000	24,680,000

(b) Non current assets

Financial assets at fair value through profit or loss		41,585	40,745
Total non-current financial assets		41,585	40,745
Financial assets at fair value through profit or loss			
Investment in Local Government House Trust - opening balance		40,744	38,902
Movement attributable to fair value increment		841	1,843
Investment in Local Government House Trust - closing balance		41,585	40,745

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.

MATERIAL 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 elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

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

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 5. Trade and other receivables

	Note	2024 Actual \$	2023 Actual \$
Current			
Rates outstanding		1,345,454	1,158,205
Sundry debtors		964,500	771,063
GST receivable		574,438	835,032
Receivables for employee related provisions	16	312,429	191,032
Allowance for impairment of receivables		(218,356)	(207,793)
Infringement Debtor		2,920,197	2,975,780
Infringement Debtor impairment allowance		(649,946)	(601,168)
		5,248,716	5,122,151
Non-current			
Rates outstanding - pensioners		208,654	131,383
Receivables for employee related provisions	16	50,744	71,702
		259,398	203,085

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.

MATERIAL ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade and other receivables

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

Other Receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 6. Inventories

	2024 Actual \$	2023 Actual \$
Current		
Depot	116,874	119,643
Beatty Park Leisure Centre	142,147	67,978
Catalina Park - Developed land and land under construction ^(*)	847,172	1,143,517
Total current inventories	1,106,193	1,331,138
Non-current		
Catalina Park - Land held for development ^(*)	15,398	41,986
Total non-current inventories	15,398	41,986

MATERIAL 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 (Catalina Park Land - Developed land and land under construction) based on its equity in Catalina Park Regional Council prospectively as at 30 June 2024.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 7. Other assets

	2024 Actual \$	2023 Actual \$
7a Other assets		
Other assets - current		
Deposits and Prepayments	637,751	632,217
Lease Incentives	162,500	162,500
Accrued income	973,800	594,687
Total other assets - current	1,774,051	1,389,404
Other assets - non-current		
Lease Incentives	726,798	889,298
Total other assets - non-current	726,798	889,298

7b Non-current assets held for sale

Non-current assets held for sale - current		
Opening Balance	843,000	–
Assets reclassified as held for sale - Land	–	843,000
Less asset sold	(843,000)	–
Total Non-current assets held for sale - current	–	843,000

Land classified as held for sale

In the prior year Council elected to dispose of vacant land on on 25 Sydney Street, North Perth. The property was sold on 25 July 2023.

MATERIAL 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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 8. Property, plant and equipment

(a) Movements in balances

		Assets not subject to operating lease		Subject to operating lease -	Total Property			Plant and equipment			
		Land	Buildings non-specialised	Buildings non-specialised	Land	Buildings non-specialised	Work in progress	Total Property	Furniture and equipment	Plant and equipment	Total property, plant and equipment
				Actual	Actual	Actual					
	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022		137,470,415	42,534,938	32,032,039	137,470,415	74,566,977	4,801,000	216,838,392	371,644	3,615,199	220,825,235
Additions		—	1,501,374	415,405	—	1,916,779	1,358,738	3,275,517	969,805	741,080	4,986,402
Disposals		—	—	(419,018)	—	(419,018)	—	(419,018)	(4,261)	(252,773)	(676,052)
Revaluation increments / (decrements)	17	11,494,800	12,400,367	8,946,064	11,494,800	21,346,431	—	32,841,231	—	—	32,841,231
Assets classified as held for sale		(843,000)	—	—	(843,000)	—	—	(843,000)	—	—	(843,000)
Depreciation	10a	—	(2,450,613)	(1,877,775)	—	(4,328,388)	—	(4,328,388)	(281,961)	(998,343)	(5,608,692)
Transfers		—	3,765,217	59,618	—	3,824,835	(4,522,537)	(697,702)	325,071	6,050	(366,581)
Other Movements		—	—	—	—	—	—	—	25,855	—	25,855
Balance at 30 June 2023		148,122,215	57,751,283	39,156,333	148,122,215	96,907,616	1,637,201	246,667,032	1,406,153	3,111,213	251,184,398
Comprises:											
Gross balance amount at 30 June 2023		148,122,215	121,866,752	90,937,436	148,122,215	212,804,188	1,637,201	362,563,604	4,877,919	10,193,747	377,635,270
Accumulated depreciation at 30 June 2023		—	(64,115,469)	(51,781,103)	—	(115,896,572)	—	(115,896,572)	(3,471,766)	(7,082,534)	(126,450,872)
Balance at 30 June 2023		148,122,215	57,751,283	39,156,333	148,122,215	96,907,616	1,637,201	246,667,032	1,406,153	3,111,213	251,184,398
Balance at 1 July 2023		148,122,215	57,751,283	39,156,333	148,122,215	96,907,616	1,637,201	246,667,032	1,406,153	3,111,213	251,184,398
Additions		—	2,157,849	387,588	—	2,545,437	2,297,411	4,842,848	54,178	2,138,982	7,036,008
Disposals		—	—	—	—	—	—	—	—	(40,825)	(40,825)
Depreciation	10a	—	(3,349,338)	(2,480,611)	—	(5,829,949)	—	(5,829,949)	(317,551)	(956,866)	(7,104,366)
Transfers		—	812,492	34,002	—	846,494	(877,906)	(31,412)	—	31,410	(2)
Balance at 30 June 2024		148,122,215	57,372,286	37,097,312	148,122,215	94,469,598	3,056,706	245,648,519	1,142,780	4,283,914	251,075,213
Comprises:											
Gross balance amount at 30 June 2024		148,122,215	124,837,095	91,359,026	148,122,215	216,196,121	3,056,706	367,375,042	4,932,097	11,391,070	383,698,209
Accumulated depreciation at 30 June 2024		—	(67,464,809)	(54,261,714)	—	(121,726,523)	—	(121,726,523)	(3,789,317)	(7,107,156)	(132,622,996)
Balance at 30 June 2024		148,122,215	57,372,286	37,097,312	148,122,215	94,469,598	3,056,706	245,648,519	1,142,780	4,283,914	251,075,213

continued on next page ...

Page 20 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 8. Property, plant and equipment (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 9. Infrastructure

(a) Movements in balances

		Infrastructure roads	Infrastructure footpaths	Infrastructure Rights of Way Actual	Infrastructure drainage	Infrastructure Park Development Actual	Infrastructure Car Park Development Actual	Other Infrastructure Assets	Infrastructure Work in Progress	Total infrastructure
	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$
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)
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:										
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
Balance as at 1 July 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
Additions		3,353,235	131,884	274,018	—	473,285	46,440	1,169,604	2,267,164	7,715,630
(Disposals)		—	—	—	—	—	—	(166,769)	—	(166,769)
Depreciation	10a	(3,025,778)	(910,599)	(231,001)	(177,103)	(939,645)	(216,750)	(785,157)	—	(6,286,033)
Transfers		235,458	64,619	42,343	—	728,931	50,525	245,715	(1,367,591)	—
Balance at 30 June 2024		73,691,075	28,367,442	5,157,657	8,921,740	10,999,547	4,934,232	13,786,510	3,400,791	149,258,994
Comprises:										
Gross balance amount at 30 June 2024		123,502,582	48,026,930	9,681,619	17,713,863	19,537,352	7,793,195	20,521,288	3,400,791	250,177,620
Accumulated depreciation at 30 June 2024		(49,811,507)	(19,659,488)	(4,523,962)	(8,792,123)	(8,537,805)	(2,858,963)	(6,734,778)	—	(100,918,626)
Balance at 30 June 2024		73,691,075	28,367,442	5,157,657	8,921,740	10,999,547	4,934,232	13,786,510	3,400,791	149,258,994

continued on next page ...

Page 22 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 9. Infrastructure (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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 35 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 60 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 - 40 years
Parks other infrastructure	3 to 80 years
Right of use Asset (plant and equipment)	3 years
Intangible	3 - 5 years

	2024 Actual \$	2023 Actual \$
--	----------------------	----------------------

(b) Fully depreciated assets in use

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

Buildings	592,000	842,600
Furniture and equipment	3,232,652	3,147,074
Plant and equipment	2,968,619	3,188,520
Other property, plant and equipment	345,270	345,270
Infrastructure - Park Development	1,141,286	1,718,500
Infrastructure - Car Park Development	–	559,927
Other Infrastructure Assets	–	744,610
	<u>8,279,827</u>	<u>10,546,501</u>

continued on next page ...

Page 24 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 10. Fixed assets (continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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.

Individual assets that are land, buildings and infrastructure 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 reportable value.

Measurement after recognition

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)*.

Reportable Value

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.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government

controls and measured at reportable value, are only required to be revalued 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 land vested in the City.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the City to revalue earlier if it chooses to do so.

For land, buildings 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.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the City is not required to comply with *AASB136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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 \$
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		—	—
Gross balance amount at 30 June 2023		382,528	382,528
Accumulated depreciation at 30 June 2023		(382,528)	(382,528)
Balance at 30 June 2023		—	—
2024			
Additions		815,388	815,388
Depreciation	10a	(113,071)	(113,071)
Balance at 30 June 2024		702,317	702,317
Gross balance amount at 30 June 2024		815,388	815,388
Accumulated depreciation at 30 June 2024		(113,071)	(113,071)
Balance at 30 June 2024		702,317	702,317

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	2024 Actual \$	2023 Actual \$
Depreciation on right-of-use assets	10a	(113,071)	(113,393)
Finance charge on lease liabilities	29d	(14,719)	(647)
Short-term lease payments recognised as expense		(126,469)	(93,993)
Total amount recognised in the statement of comprehensive income		(254,259)	(208,033)
Total cash outflow from leases		(141,188)	(94,640)

(b) Lease liabilities

Current		264,318	—
Non-current		424,601	—
Total lease liabilities	29d	688,919	—

The City has two leases relating to plant and equipment (Parking Meters and Laptops). The lease term for both 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.

continued on next page ...

Page 26 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

Note 11. Leases (continued)

MATERIAL ACCOUNTING POLICIES**Leases**

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

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

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

Details of individual 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.

	2024 Actual	2023 Actual
	\$	\$

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	1,192,478	992,184
1 to 2 years	1,062,532	1,007,866
2 to 3 years	1,014,208	894,866
3 to 4 years	881,938	863,011
4 to 5 years	667,258	792,891
> 5 years	774,839	1,467,226
	5,593,253	6,018,044

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.

MATERIAL 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 Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 12. Intangible assets

Intangible assets are as follows:

	2024 Actual \$	2023 Actual \$
Software		
Non-current		
Computer software development	612,094	612,094
Less: Accumulated amortisation	(611,949)	(484,897)
Total software – net book value	145	127,197
Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July	127,197	47,370
Recognition of computer software	–	206,789
Amortisation	(127,052)	(126,962)
Balance at 30 June	145	127,197
TOTAL INTANGIBLE ASSETS	145	127,197

Amortisation

The estimated useful life of intangible assets is 5 years for the current and prior years.

MATERIAL 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.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 13. Trade and other payables

	2024 Actual \$	2023 Actual \$
Current		
Sundry creditors	170,815	114,850
Prepaid rates	481,702	528,581
Contribution Liabilities - Bonds	1,877,948	1,724,336
Accrued Expenses	5,074,067	4,554,020
Total current trade and other payables	7,604,532	6,921,787

MATERIAL 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 Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

Note 14. Other liabilities

	2024 Actual \$	2023 Actual \$
(a) Other liabilities		
Current		
Contract liabilities from contracts with customers - Other	682,729	564,399
Capital grant liabilities from transfers for recognisable non financial assets	673,959	1,104,641
	<u>1,356,688</u>	<u>1,669,040</u>
Reconciliation of changes in contract liabilities		
Opening balance	564,399	671,324
Additions	682,729	564,399
Revenue from contracts with customers included as a contract liability at the start of the period	(564,399)	(671,324)
	<u>682,729</u>	<u>564,399</u>
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	1,104,641	1,356,035
Additions	605,166	669,715
Revenue from capital grant/contributions held as a liability at the start of the period	(1,035,848)	(921,109)
	<u>673,959</u>	<u>1,104,641</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	673,959	1,104,641
	<u>673,959</u>	<u>1,104,641</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.

MATERIAL 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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 15. Borrowings

Note	2024			2023		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Debentures	1,498,010	8,676,198	10,174,208	1,585,417	11,475,705	13,061,122
Total secured borrowings	29a 1,498,010	8,676,198	10,174,208	1,585,417	11,475,705	13,061,122

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 2024 and 2023 years.

MATERIAL 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

	2024 Actual \$	2023 Actual \$
(a) Employee related provisions		
Current provisions		
Employee benefit provisions		
Annual leave	3,242,410	2,974,049
Long service leave	2,458,033	2,551,802
	<u>5,700,443</u>	<u>5,525,851</u>
Total current employee related provisions	<u>5,700,443</u>	<u>5,525,851</u>
Non-current provisions		
Annual leave	—	—
Long service leave	592,170	538,130
	<u>592,170</u>	<u>538,130</u>
Total non-current employee related provisions	<u>592,170</u>	<u>538,130</u>
Total employee related provisions	<u>6,292,613</u>	<u>6,063,981</u>

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.

continued on next page ...

Page 31 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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	2024 \$	2023 \$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		1,345,424	1,212,796
More than 12 months from reporting date		4,947,189	4,851,185
		6,292,613	6,063,981
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	(363,173)	(262,734)

MATERIAL 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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 17. Revaluation surplus

	2024 Opening Balance \$	2024 Revaluation Increment \$	2024 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2024 Closing Balance \$	2023 Opening Balance \$	2023 Revaluation Increment \$	2023 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2023 Closing Balance \$
Revaluation surplus - Land	146,085,829	—	—	—	146,085,829	134,591,029	11,494,800	—	11,494,800	146,085,829
Revaluation surplus - Buildings - non-specialised	52,971,319	—	—	—	52,971,319	40,570,952	12,400,367	—	12,400,367	52,971,319
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 - Investment in Mindarie Regional Council	4,502,463	84,901	—	84,901	4,587,364	3,647,158	855,305	—	855,305	4,502,463
Revaluation surplus - Investment in Catalina Regional Council ^(*)	1,662,415	—	—	—	1,662,415	1,662,944	—	(529)	(529)	1,662,415
Revaluation surplus - Assets subject to operating lease - Buildings non-specialised	8,946,064	—	—	—	8,946,064	—	8,946,064	—	8,946,064	8,946,064
Revaluation surplus - Infrastructure - roads	47,800,541	—	—	—	47,800,541	81,580,765	—	(33,780,224)	(33,780,224)	47,800,541
Revaluation surplus - Infrastructure - footpaths	22,547,750	—	—	—	22,547,750	12,870,701	9,677,049	—	9,677,049	22,547,750
Revaluation surplus - Infrastructure - drainage	—	—	—	—	—	3,073,843	—	(3,073,843)	(3,073,843)	—
Revaluation surplus - Infrastructure - other	8,038,872	—	—	—	8,038,872	2,607,101	5,431,771	—	5,431,771	8,038,872
Infrastructure - Rights of Way	2,319,448	—	—	—	2,319,448	5,142,685	—	(2,823,237)	(2,823,237)	2,319,448
Infrastructure - Park Development	612,276	—	—	—	612,276	—	612,276	—	612,276	612,276
Infrastructure - Car Park Development	2,116,251	—	—	—	2,116,251	—	2,116,251	—	2,116,251	2,116,251
	300,758,205	84,901	—	84,901	300,843,106	288,902,155	51,533,883	(39,677,833)	11,856,050	300,758,205

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

City of Vincent

Financial Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

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	2024 Actual \$	2024 Budget \$	2023 Actual \$
Cash and cash equivalents	3	<u>6,209,612</u>	<u>7,553,820</u>	<u>7,790,270</u>
Restrictions				
The following classes of financial 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	5,435,517	1,700,000	1,250,270
- Financial assets at amortised cost	4	18,800,000	17,839,833	15,180,000
		<u>24,235,517</u>	<u>19,539,833</u>	<u>16,430,270</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	30	22,878,829	17,839,833	17,193,645
Contract liabilities from contracts with customers	14	682,729	—	564,399
Capital grant liabilities from transfers for recognisable non financial assets	14	673,959	1,700,000	1,104,641
Total restricted financial assets		<u>24,235,517</u>	<u>19,539,833</u>	<u>18,862,685</u>

continued on next page ...

Page 34 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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

	2024 Actual \$	2024 Budget \$	2023 Actual \$
(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities			
Net result	8,493,279	3,696,433	924,761
Non-cash items:			
Depreciation/amortisation	13,630,524	12,607,088	11,912,706
(Profit)/loss on sale of asset	(106,859)	(656,774)	555,663
Share of profits of associates	(699,586)	–	(519,536)
Loss on revaluation of fixed assets	–	–	4,389,396
Profit/(Loss) from sale of Catalina Regional Council Land *	(3,292,208)	(1,666,666)	(978,043)
Change in Equity Local Govt House Trust	(841)	–	(1,843)
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	(182,878)	(179,189)	(578,449)
(Increase)/decrease in inventories	(71,400)	(143,190)	12,407
(Increase)/decrease in other assets	(222,147)	(25,935)	(241,079)
Increase/(decrease) in trade and other payables	682,745	572,054	(271,674)
Increase/(decrease) in employee related provisions	228,632	300,000	73,945
Increase/(decrease) in other liabilities	(312,352)	300,000	(358,319)
Capital grants, subsidies and contributions	(2,939,888)	(3,703,747)	(1,473,209)
Net cash provided by/(used in) operating activities	15,207,021	11,100,074	13,618,536

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

	2024 Actual \$	2023 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	1,498,010	1,585,417
Loan facilities - non-current	8,676,198	11,475,705
Total facilities in use at balance date	10,174,208	13,061,122

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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 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 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 October 2023 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 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.

The MRC Contaminated Site Approved Auditor recommended that MRC should continue to provide the auditor with updated information as it becomes available (ie at least a 6 monthly update following sampling and annual reporting, plus immediate notification if things change). Communication received on 3 May 2024 stated "as there has been no change in the risk profile and nothing to indicate that restrictions should change, a MAR should be submitted in 2025 following 2 years of monitoring".

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 20. Capital commitments

	2024 Actual \$	2023 Actual \$
Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	3,520,938	1,697,460
- plant & equipment purchases	1,924,683	3,343,010
Total capital expenditure commitments	5,445,621	5,040,470
Payable:		
- not later than one year	5,445,621	5,040,470
Total capital expenditure commitments	5,445,621	5,040,470

The capital expenditure projects outstanding at the end of the current reporting period represent heavy fleet replacement program, construction of Litis Stadium, tennis centre: multisport courts under the Robertson Park Development Plan and other various projects.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 21. Related party transactions

		2024 Actual \$	2024 Budget \$	2023 Actual \$
	Note			
(a) Council Member Remuneration				
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
Child care expenses		–	2,000	386
Other expenses		25	495	14
Mayor's annual allowance		65,738	65,915	64,938
Deputy Mayor's annual allowance		16,869	16,500	16,234
Meeting attendance fees		224,843	225,770	222,416
Annual allowance for ICT expenses		22,500	22,500	22,500
Travel and accommodation expenses		59	495	280
Total	21b	330,034	333,675	326,768

		2024 Actual \$	2023 Actual \$
	Note		

(b) Key management personnel**Key Management Personnel (KMP) Compensation**

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

Short-term employee benefits		917,234	850,999
Post-employment benefits		89,585	75,926
Employee - other long-term benefits		1,025	46,713
Council member costs	21a	330,034	326,768
Total		1,337,878	1,300,406

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.

continued on next page ...

Page 38 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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.

	2024 Actual \$	2023 Actual \$
In addition to KMP compensation above the following transactions occurred with related parties:		
Sale of goods and services	87,060	74,859
Purchase of goods and services	650,181	634,566
	<u>737,241</u>	<u>709,425</u>
Investments in associates:		
Distributions received from investments in associates	2,500,000	1,666,668
	<u>2,500,000</u>	<u>1,666,668</u>
Amounts payable to related parties:		
Trade and other payables	197,710	207,295

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 Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

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	2024 \$	2023 \$
Mindarie Regional Council	8.33	11,719,214	11,059,568
Catalina Regional Council*	8.33	5,143,309	3,903,327
		<u>16,862,523</u>	<u>14,962,895</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.

	2024 Actual \$	2023 Actual \$
Summarised statement of financial position		
Other current assets	79,426,688	64,273,412
Total current assets	<u>79,426,688</u>	<u>64,273,412</u>
Non-current assets	<u>103,118,451</u>	<u>100,324,693</u>
Total non-current assets	<u>103,118,451</u>	<u>100,324,693</u>
Other current liabilities	16,570,400	13,956,659
Total current liabilities	<u>16,570,400</u>	<u>13,956,659</u>
Non-current liabilities	<u>25,344,186</u>	<u>17,926,636</u>
Total non-current liabilities	<u>25,344,186</u>	<u>17,926,636</u>
Net assets	<u>140,630,553</u>	<u>132,714,810</u>
Reconciliation to carrying amounts		
Opening net assets 1 July	132,714,810	116,021,130
Changes in members contributions	—	—
Profit/(Loss) for the period	6,896,935	6,430,026
Other comprehensive income	1,018,808	10,263,654
Closing net assets 1 July	<u>140,630,553</u>	<u>132,714,810</u>
Carrying amount at 1 July	11,059,568	9,668,427
Net Share of Interests in Mindarie Regional Council	574,745	535,836
Changes on Revaluation of Non-Current Assets	84,901	855,305
Carrying amount at 30 June (Based on audited Financials)	<u>11,719,214</u>	<u>11,059,568</u>
Net Share of Interests in Mindarie Regional Council	574,745	535,836
Total	<u>574,745</u>	<u>535,836</u>

continued on next page ...

Page 40 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report

for the year ended 30 June 2024

Note 22. Investment in associates (continued)

Catalina 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) which changed to Catalina Regional Council (CRC) from 1 August 2023. The CRC (formerly 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 CRC 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 CRC joint venture is represented by the following breakdown of the joint venture's financial position (1/12 share).

	2024 Actual \$	2023 Actual \$
Summarised statement of financial position		
Other current assets	58,594,820	44,873,314
Total current assets	58,594,820	44,873,314
Non-current assets	3,841,864	2,640,157
Total non-current assets	3,841,864	2,640,157
Other current liabilities	628,116	559,922
Total current liabilities	628,116	559,922
Non-current liabilities	88,862	113,627
Total non-current liabilities	88,862	113,627
Net assets	61,719,706	46,839,922
Reconciliation to carrying amounts		
Opening net assets 1 July	46,839,922	54,515,893
Profit/(loss) for the period	2,556,064	1,001,970
Other comprehensive income	—	(6,353)
Changes in members contribution	12,323,720	(8,671,588)
Share of associates net profit	—	—
Closing net assets 1 July	61,719,706	46,839,922
Carrying Amount at 1 July	3,903,327	4,542,990
Proceeds from Sale of Land	6,474,450	3,170,688
Land Development Expenses	(3,182,242)	(2,192,645)
Proceeds Distribution	(2,500,000)	(1,666,668)
Net Share of Interests in Catalina Regional Council - Retained surplus	213,005	83,498
Net Share of Interests in Catalina Regional Council - Members Equity	234,769	(34,007)
Net Share of Interests in Catalina Regional Council - Revaluation Surplus	—	(529)
Carrying amount at 30 June (Based on audited Financials)	5,143,309	3,903,327
Net Share of Interest in Catalina Regional Council - Retained Surplus	213,005	83,498
Net Share of Interests in Catalina Regional Council - Members Equity	234,769	(34,007)
Net Share of Interests in Catalina Regional Council - Revaluation Surplus	—	(529)
Net Share of Catalina Land in Catalina Regional Council **	(322,933)	(65,790)
Total	124,841	(16,828)

(*) *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 Catalina Regional Council as at 30 June 2024.

continued on next page ...

Page 41 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 22. Investment in associates (continued)

MATERIAL 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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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 \$
2024					
Cash and cash equivalents	4.80%	6,209,612	—	6,205,162	4,450
Financial assets at amortised cost - term deposits	5.24%	30,300,000	30,300,000	—	—
2023					
Cash and cash equivalents	4.17%	7,790,270	1,000,000	6,785,820	4,450
Financial assets at amortised cost - term deposits	4.77%	24,680,000	24,680,000	—	—

Sensitivity

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

	2024 \$	2023 \$
Impact of a 1% movement in interest rates on profit or loss and equity *	62,052	67,858

(*) Holding all other variables constant

continued on next page ...

Page 43 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 23. Financial risk management (continued)

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 2023 or 1 July 2024 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 2024 and 30 June 2023 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 2024					
Trade receivables					
Expected credit loss	0.22%	1.19%	70.23%	54.60%	
Gross carrying amount	495,170	73,855	2,809	392,666	964,500
Loss allowance	1,096	876	1,973	214,412	218,357
Other receivables					
Expected credit loss	10.00%	10.00%	10.00%	24.69%	
Gross carrying amount	267,150	137,882	78,909	2,436,256	2,920,197
Loss allowance	26,715	13,788	7,891	601,551	649,945
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

continued on next page ...

Page 44 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 23. Financial risk management (continued)

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

	Trade receivables		Other receivables	
	2024	2023	2024	2023
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
Opening loss allowance as at 1 July	207,794	218,023	601,167	456,872
Increase in loss allowance recognised in profit or loss during the year	10,563	(10,229)	150,587	314,415
Receivables written off during the year as uncollectible	—	—	(101,809)	(170,120)
Closing loss allowance at 30 June	218,357	207,794	649,945	601,167

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
	\$	\$	\$	\$	\$
2024					
Trade and other payables	7,163,252	—	—	7,163,252	7,604,532
Borrowings	1,783,624	7,589,980	1,868,077	11,241,681	10,174,208
Lease liabilities	291,164	441,140	—	732,304	688,919
	9,238,040	8,031,120	1,868,077	19,137,237	18,467,659
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	19,982,909

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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

Non-adjusting events after the reporting period.**Sale of Land**

The City signed sale and development agreements in January 2024 for sale of land parcels in relation to the Leederville carpark redevelopment. All the land parcels are expected to be under City's ownership for at least 12 months subsequent to year end.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 25. Other Material 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 report 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.

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 City 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 Fair Value Measurement 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 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 City can access at the measurement date.

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The 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.

continued on next page ...

Page 47 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 25. Other Material Accounting Policies (continued)

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 assets 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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.

continued on next page ...

Page 49 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 26. Function and activity (continued)

(a) Income and expenses

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Income excluding grants, subsidies and contributions			
Governance	94,445	92,400	72,254
General purpose funding	45,408,922	43,688,811	42,211,378
Law, order, public safety	204,088	304,839	216,536
Health	128,056	418,889	315,457
Education and welfare	174,056	146,668	139,315
Community amenities	843,660	680,989	1,086,526
Recreation and culture	12,080,562	11,144,021	11,251,668
Transport	11,357,288	10,047,064	10,720,944
Economic services	301,289	307,877	252,078
Other property and services	4,828,424	2,473,666	2,070,218
	75,420,790	69,305,224	68,336,374
Grants, subsidies and contributions			
General purpose funding	1,358,050	1,200,000	1,725,330
Law, order, public safety	49,952	13,807	1,188
Health	51,863	51,863	232
Education and welfare	8,500	–	84,442
Community amenities	135,053	45,000	111,457
Recreation and culture	2,154,385	2,188,327	1,459,480
Transport	1,468,113	1,653,170	411,881
Economic services	2,750	–	2,426
Other property and services	34,521	50,000	12,335
	5,263,187	5,202,167	3,808,771
Total income	80,683,977	74,507,391	72,145,145
Expenses			
Governance	(3,706,031)	(3,794,209)	(3,146,495)
General purpose funding	(890,594)	(730,770)	(1,167,962)
Law, order, public safety	(5,478,146)	(5,416,694)	(5,073,393)
Health	(1,756,869)	(1,839,241)	(1,952,231)
Education and welfare	(572,710)	(475,291)	(443,452)
Community amenities	(16,661,107)	(18,049,931)	(15,786,443)
Recreation and culture	(30,229,592)	(27,693,176)	(26,778,769)
Transport	(10,003,350)	(10,006,708)	(14,173,791)
Economic services	(733,678)	(880,452)	(702,639)
Other property and services	(2,158,621)	(1,924,486)	(1,995,209)
	(72,190,698)	(70,810,958)	(71,220,384)
Net result for the period	8,493,279	3,696,433	924,761

continued on next page ...

Page 50 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 26. Function and activity (continued)

(b) Total assets

	2024 Actual \$	2023 Actual \$
General purpose funding	57,168,499	50,096,160
Law, order, public safety	8,048,509	7,695,440
Health	5,034,495	4,651,176
Education and welfare	24,301,895	22,787,876
Community amenities	6,311,843	5,212,514
Recreation and culture	174,758,371	150,708,687
Transport	166,849,773	192,321,373
Other property and services	21,107,558	23,128,507
Total assets	463,580,943	456,601,733

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 27. Rating information

Rate type	Basis of valuation	Rate in \$	Number of properties	2023/24 Actual Rate revenue \$	2023/24 Actual Interim rates \$	2023/24 Actual Back rates \$	2023/24 Actual Total revenue \$	2023/24 Budget rate revenue \$	2023/24 Budget interim rate \$	2023/24 Budget total revenue \$	2022/23 Actual Total revenue \$
General Rates											
Rate Description											
Residential	Gross rental valuation	0.07525	11,189	22,719,760	354,366	19,620	23,093,746	22,703,146	180,000	22,883,146	21,556,499
Other	Gross rental valuation	0.07090	1,639	9,835,183	39,535	(1,017)	9,873,701	9,852,488	60,000	9,912,488	9,485,262
Vacant Commercial	Gross rental valuation	0.13669	39	346,206	(26,381)	(4,126)	315,699	349,452	50,000	399,452	340,361
Vacant Residential	Gross rental valuation	0.07822	192	388,284	(356)	4,840	392,768	395,546	20,000	415,546	381,659
Total general rates			13,059	33,289,433	367,164	19,317	33,675,914	33,300,632	310,000	33,610,632	31,763,781
Minimum payment											
Residential	Gross rental valuation	1,395.41	5,974	8,336,179	(17,039)	(106)	8,319,034	8,333,389	60,000	8,393,389	8,084,660
Other	Gross rental valuation	1,346.72	137	184,501	8,080	—	192,581	184,501	20,000	204,501	208,774
Vacant Commercial	Gross rental valuation	1,705.07	—	—	—	—	—	—	—	—	—
Vacant Residential	Gross rental valuation	1,233.10	191	235,522	(650)	495	235,367	234,289	10,000	244,289	224,805
Total minimum payments			6,302	8,756,202	(9,609)	389	8,746,982	8,752,179	90,000	8,842,179	8,518,239
Total general rates and minimum payments			19,361	42,045,635	357,555	19,706	42,422,896	42,052,811	400,000	42,452,811	40,282,020
							<u>42,422,896</u>			<u>42,452,811</u>	<u>40,282,020</u>
Discounts											
Rates Waived							(119,626)			(150,000)	(119,907)
Total rates							<u>42,303,270</u>			<u>42,302,811</u>	<u>40,162,113</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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 28. Determination of surplus or deficit

	Note	30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 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		(334,433)	(704,109)	(188,773)
Less: Share of net profit of associates accounted for using the equity method		(699,586)	—	(519,536)
Add: Loss on disposal of assets		227,574	47,335	744,436
Less: Profit from sale of Catalina Regional Council Land		(3,292,208)	(1,666,666)	(978,043)
Add: Loss on revaluation of fixed assets	9a	—	—	4,389,396
Add: Depreciation	10a	13,630,524	12,607,088	11,912,706
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		(841)	—	(1,843)
Pensioner deferred rates		(77,271)	—	14,015
Employee benefit provisions		74,998	—	39,391
Inventory		(15,398)	—	—
Infringement debtor provision		—	—	(237,326)
Non-cash amounts excluded from operating activities		9,513,359	10,283,648	15,174,423
(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		430,682	—	251,394
Right of use assets received - non cash	11a	815,388	—	—
Movement in Work-In Progress		—	—	174,561
Non-cash amounts excluded from investing activities		1,246,070	—	425,955
(c) Non-cash amounts excluded from financing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to financing activities				
Non cash proceeds from new leases	29d	(815,388)	—	—
Non-cash amounts excluded from financing activities		(815,388)	—	—

continued on next page ...

Page 53 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 28. Determination of surplus or deficit (continued)

	Note	30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 Carried Forward
(d) 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	(22,878,829)	(17,839,833)	(17,193,645)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	1,498,007	1,640,314	1,585,417
- Current portion of lease liabilities	11	264,318	95,000	–
Less: Land held for resale		(862,570)	(1,457,174)	(1,986,519)
Add: Other assets Non-current		726,798	1,332,220	889,298
Total adjustments to net current assets		(21,252,276)	(16,229,473)	(16,705,449)
Net current assets used in the Statement of Financial Activity				
Total current assets		44,638,572	34,465,404	41,155,963
Less: Total current liabilities		(16,423,991)	(18,190,822)	(15,702,095)
Less: Total adjustments to net current assets		(21,252,276)	(16,229,473)	(16,705,449)
Surplus or deficit after imposition of general rates		6,962,305	45,109	8,748,419

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 29. Borrowing and lease liabilities

(a) Borrowings liabilities

Purpose	Note	Principal at 1 July 2022	New loans During 2022-23	Principal repayments During 2022-23	Actual Principal at 30 June 2023	Principal repayments During 2023-24	Actual Principal at 30 June 2024	Principal at 1 July 2023	Budget Principal repayments	Principal at 30 June 2024
Strength Equipment- BPLC		–	389,169	(45,078)	344,091	(93,109)	250,982	344,090	(93,107)	250,983
Underground Car Park Loftus Rec		44,483	–	(44,483)	–	–	–	–	–	–
Resource Recovery Facility		6,748,886	–	(674,912)	6,073,974	(683,016)	5,390,958	6,073,974	(683,016)	5,390,958
Beatty Park Redevelopment		5,028,913	–	(410,152)	4,618,761	(1,734,741)	2,884,020	4,618,762	(433,245)	4,185,517
Cardio Equipment- BPLC		–	438,710	(32,273)	406,437	(66,730)	339,707	406,437	(66,730)	339,707
Loftus Centre Redevelopment		1,149,551	–	(197,889)	951,662	(210,827)	740,835	951,660	(210,827)	740,833
246 Vincent Street DLGSC building		763,287	–	(97,089)	666,198	(98,492)	567,706	666,198	(98,492)	567,706
Total		13,735,120	827,879	(1,501,876)	13,061,123	(2,886,915)	10,174,208	13,061,121	(1,585,417)	11,475,704
Total Borrowings	15	13,735,120	827,879	(1,501,876)	13,061,123	(2,886,915)	10,174,208	13,061,121	(1,585,417)	11,475,704

Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
Strength Equipment- BPLC	12	WATC*	4.33%	Recreation and culture	10/08/26	(14,308)	(15,894)	(16,624)
Loftus Centre Redevelopment	5	WATC*	6.35%	Recreation and culture	01/08/27	(60,116)	(61,232)	(74,333)
246 Vincent Street DLGSC building	2B	WATC*	1.44%	Recreation and culture	03/12/29	(13,580)	(13,692)	(15,652)
Cardio Equipment- BPLC	13	WATC*	4.48%	Recreation and culture	08/08/28	(18,840)	(20,011)	(19,673)
Underground Car Park Loftus Rec	6B	WATC*	3.85%	Recreation and culture	01/08/22	–	–	(184)
Beatty Park Redevelopment	10	WATC*	5.49%	Recreation and culture	05/01/32	(307,757)	(272,665)	(297,830)
Resource Recovery Facility	14	WATC*	1.26%	Community amenities	25/08/31	(107,663)	(110,455)	(120,408)
Total						(522,264)	(493,949)	(544,704)
Total Finance Cost Payments						(522,264)	(493,949)	(544,704)

* WA Treasury Corporation

continued on next page ...

Page 55 of 61

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 29. Borrowing and lease liabilities (continued)

(b) New Borrowings

The Council does not have any new borrowing for FY2023/24.

(c) Unspent Borrowings

The Council does not have any unspent borrowings for FY2023/24.

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 29. Borrowing and lease liabilities (continued)

(d) Lease liabilities

				Actual				Budget				
		Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024
Purpose	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EMV kits for Parking ticket machines		70,601	23,392	(93,992)	—	184,606	(58,448)	126,158	95,000	—	(95,000)	—
HP Laptops		—	—	—	—	630,782	(68,021)	562,761	—	—	—	—
Total lease liabilities	11b	70,601	23,392	(93,992)	—	815,388	(126,469)	688,919	95,000	—	(95,000)	—

Purpose	Lease number	Institution	Lease interest rate	Function and activity	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023	Lease term
						\$	\$	\$	
EMV kits for Parking ticket machines	E3R0164125	Maia Financial	5.20%	Law, order, public safety	01/04/2026	(7,752)	(1,500)	(647)	36 months
HP Laptops	5678123292AUSS1	HP Financial Services (Australia)	4.80%	Governance	01/03/2027	(6,967)	—	—	36 months
Total Finance Cost Payments						(14,719)	(1,500)	(647)	

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 30. Reserve accounts

	2024 Opening Balance Actual \$	2024 Transfer to Actual \$	2024 Transfer (from) Actual \$	2024 Closing Balance Actual \$	2024 Opening Balance Budget \$	2024 Transfer to Budget \$	2024 Transfer (from) Budget \$	2024 Closing Balance Budget \$	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$
Restricted by council												
Asset Sustainability Reserve	7,263,819	5,863,829	(3,720,737)	9,406,911	7,368,624	3,476,814	(4,472,502)	6,372,936	5,283,932	3,313,117	(1,333,230)	7,263,819
Beatty Park Leisure Centre Reserve	311,189	11,335	(49,062)	273,462	308,340	4,521	(85,000)	227,861	102,898	208,291	–	311,189
Cash in Lieu Parking Reserve	1,297,503	45,257	(328,222)	1,014,538	1,200,761	24,638	(778,500)	446,899	1,457,574	50,597	(210,668)	1,297,503
Hyde Park Lake Reserve	167,069	8,423	–	175,492	165,950	3,359	–	169,309	163,644	3,425	–	167,069
Land and Building Acquisition Reserve	307,816	15,623	–	323,439	307,816	6,231	–	314,047	301,642	6,174	–	307,816
Leederville Oval Reserve	71,705	35,639	–	107,344	71,705	1,452	–	73,157	96,153	1,352	(25,800)	71,705
Loftus Community Centre Reserve	142,550	7,163	–	149,713	141,125	2,857	–	143,982	37,660	104,890	–	142,550
Loftus Recreation Centre Reserve	274,392	83,909	(73,186)	285,115	232,511	71,055	–	303,566	219,341	70,981	(15,930)	274,392
246 Vincent Street Building Reserve	205,855	10,783	–	216,638	212,455	4,301	–	216,756	219,307	148	(13,600)	205,855
Parking Facility and Equipment Reserve	109,375	5,551	–	114,926	109,375	2,214	–	111,589	107,182	2,193	–	109,375
Percent for Art Reserve	284,947	87,891	(68,968)	303,870	268,948	950	(222,000)	47,898	332,907	40	(48,000)	284,947
Plant and Equipment Reserve	131	7	–	138	131	3	–	134	131	–	–	131
POS reserve - General	581,457	853,494	(25,000)	1,409,951	652,650	828,438	(47,841)	1,433,247	653,071	118,386	(190,000)	581,457
POS reserve - Haynes Street	87,328	41,967	(28,955)	100,340	88,049	41,095	(100,000)	29,144	195,760	41,568	(150,000)	87,328
State Gymnastics Centre Reserve	131,853	20,225	–	152,078	129,617	15,790	–	145,407	131,596	15,257	(15,000)	131,853
Strategic Waste Management Reserve	30,089	241,383	–	271,472	30,089	235,398	–	265,487	29,148	941	–	30,089
Catalina Land Sales Reserve	3,271,415	2,750,719	–	6,022,134	3,273,250	1,766,665	–	5,039,915	1,930,361	1,341,054	–	3,271,415
Underground Power Reserve	2,426,976	124,292	–	2,551,268	2,448,925	49,574	–	2,498,499	215,555	2,348,335	(136,914)	2,426,976
Waste Management Plant and Equipment Reserve	228,176	–	(228,176)	–	228,176	–	(228,176)	–	223,599	4,577	–	228,176
	17,193,645	10,207,490	(4,522,306)	22,878,829	17,238,497	6,535,355	(5,934,019)	17,839,833	11,701,461	7,631,326	(2,139,142)	17,193,645

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

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

City of Vincent

Financial Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

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	For the purpose of replacing plant and equipment associated with the City's waste operations and investigation/implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park).
Catalina Land Sales Reserve	For future significant/major capital works, underground power projects, 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.
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 Report 2024

Notes to the Financial Report
for the year ended 30 June 2024

Note 31. Trust funds

	1 July 2023 \$	Amounts received \$	Amounts paid \$	30 June 2024 \$
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	3,862,103	193,472	—	4,055,575
	<u>3,862,103</u>	<u>193,472</u>	<u>—</u>	<u>4,055,575</u>

City of Vincent

Financial Report 2024

General Purpose Financial Report
for the year ended 30 June 2024

Independent Auditor's Report

Insert Independent Auditor's Report here

INDEPENDENT AUDITOR'S REPORT

2024

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 2024, 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 material 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 2024 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, 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 2024, 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

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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, the Regulations and 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 2024 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 November 2024

5.2 INTERNAL AUDIT PROGRAM - PRIORITY AUDITS FOR THE REMAINDER OF YEAR 3 AUDITS

- Attachments:
1. Internal Audit Program 2022/23 – 2024/25 (clean) [↓](#) 
 2. Internal Audit Program 2022/23 – 2024/25 (with tracked changes) [↓](#) 

RECOMMENDATION:

That the Audit and Risk Committee recommends to Council that it APPROVES the updated Internal Audit Program 2022/23 – 2024/25 at Attachment 1.

COMMITTEE DECISION ITEM 5.2

Moved: Mr Manifis, **Seconded:** Cr Alexander

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All
Legislation / local law requirements	Regulation 17 <i>Local Government (Audit) Regulations 1996</i> . Regulation 5 of the <i>Local Government (Financial Management) Regulations 1996</i>
Relevant delegations	Nil.
Related policy procedures and documents	Risk Management Policy and Procedure Corporate Risk Register

PURPOSE

To set out the City of Vincent's internal audit program for the next three years, commencing in 2022/23.

The internal audit program takes a risk-based approach. It is aimed at addressing the City's key high risks, which relate to non-compliance and fraud, corruption and misconduct (see below). The purpose of this internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these two high risks.

BACKGROUND

The internal audit program has been developed based on the following:

- City's key strategic risks as set out in the Corporate Risk Register
- Results and recommendations of the regulation 5 and regulation 17 audits completed by Stantons International in November 2020
- Office of the Auditor General's Financial and Information Systems Audit for 2019/20

The City's Corporate Risk register includes the following two high risks:

- Non-compliance with the City's legislative and governance obligations under the *Local Government Act 1995*; and
- Failure to ensure robust corporate governance, including preventing occurrences of fraud, corruption and misconduct.

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



The actions identified in response to these risks are:

- Develop and implement an internal audit program to monitor compliance and performance.
- Undertake independent audits of high risk areas, including payments made and services delivered pursuant to high value / high risk contracts.
- Conduct regular internal audits on fraud and corruption.
- Conduct regular audits against findings by integrity bodies like CCC, PSC and OAG (for example, OAG performance audits).

The internal audit program includes the audit item (with the associated risks listed based on the critical success factor risk identification), the risk causes, the inherent risk rating, the risk categories and the associated audit actions required. The audit items have been prioritised based on the high risk areas and when an audit was last undertaken.

There are six internal audits proposed for each year.

IMPLEMENTATION OF PROGRAM AND REPORTING

The City will engage a suitable qualified auditor to undertake the audits set out in this program independently. The auditor will be appointed for a one year term, with two one year extensions, subject to the satisfactory completion of all the audits listed for the first year.

The audit plans for each specific audit will be prepared by the appointed internal auditor (party independent of the City) in consultation with the Executive Manager Corporate Strategy and Governance and the Audit Committee.

The appointed auditor will liaise only with the Executive Manager Corporate Strategy and Governance and the Audit Committee Chair, if required.

The outcomes of each audit will be reported to the City's Executive Management Committee and the Audit Committee.

Actions identified as a result of the audits will be added to the City's Audit Log and monitored until complete. It is intended that the findings of the audits will lead to improvements to the effectiveness of risk management, internal controls, legislative compliance and governance processes.

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment - March 2021
YEAR 1 – 2022/23				
Beatty Park Infrastructure Renewals Project - project control oversight and management of variances	Project management has highlighted the importance of project control oversight, management of variances and the need for more rigor in change requests.	Please provide	Review of governance, expenditure and project management processes.	Council resolution 14/12/2021
Tender contracts/contractors – risk of failure to detect and prevent overcharging, fraud and corruption	Lack of oversight/review of expenditure on high value maintenance contractors/contracts	Medium risk – reputation, compliance and finance	Review and assessment of items charged/invoiced to the City by contractors where that contractor was procured via a tender process. To include one or more of the City's general maintenance contractor/contracts.	Identified by Council as an area of risk, requires separate review
Fleet, assets and CCTV management – risk of misuse of fleet and resources, including ICT assets and buildings	Lack of verification and controls	High risk – property, reputation, financial, safety	Review relevant strategies, policies and processes – Asset Strategy and CCTV Policy	Not previously reviewed independently. Ageing assets pose significant risk to City. High risks relating to ICT systems.
HR policies and procedures , including payroll – risk of failure to maintain staff health and wellbeing, and act in compliance with legislation and good governance (moved from Year 2)	Outdated policies and processes	Low risk – reputation, compliance, financial	Review policies and procedures and communication to staff. Review payroll practices / compliance testing.	Policies updated in 2018 and in need of review.



INTERNAL AUDIT PROGRAM 2022/23 – 2024/25

YEAR 2 – 2023/24

Regulation 5 Review - Review of the appropriateness and effectiveness of the financial management systems and procedures in accordance with Regulation 5 of the *Local Government (Financial Management) Regulations 1996*

Regulation 17 Review - Review the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control, and legislative compliance in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Scope to include but no limited to:

Gifts and COI;
Detection and reporting of fraud and corruption, PID disclosures, whistleblowing, and cyber security.
Risk management;
Documentation of processes; and
Legislative compliance and Council processes



INTERNAL AUDIT PROGRAM 2022/23 – 2024/25

Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment
YEAR 3 – 2024/25				
Swimming pool inspection process - risk of non-compliance with legislative requirements and damage to public health	Documentation of processes. Clarity of delegations.	Medium risk – reputation, compliance, financial, public safety	Random review of approval assessment process, including online processes and disclosure of COI.	Not previously reviewed independently.
Planning, Development, Processes & Controls Risk of non-compliance with legislative, regulatory and/or procedural requirements	Risk that employees or Council Members responsible for planning and development approvals may inadvertently or deliberately engage in non-compliant practices, including potential corruption, such as accepting bribes or kickbacks from developers.	High risk - significant financial, reputational, and compliance implications	Assessment and review of planning, development processes (including COI management processes) to ensure functionality in preventing non-compliance and/or potential misappropriation.	Not previously reviewed independently.
Asset Management and Sustainability Strategy Implementation Risk of ineffective AMSS implementation, potentially resulting in suboptimal resource allocation and inadequate infrastructure planning	Risk of failure to implement the Asset Management and Sustainability Strategy (AMSS) effectively, potentially leading to suboptimal resource allocation and inadequate infrastructure planning.	High risk - reputation, compliance, financial	Review of AMSS implementation, focusing on the development and review of asset management plans, the use of RAMM as a single source of truth for asset information, and prioritisation within the 10-year capital works program.	This audit will support Administration by providing insights into the progress and effectiveness of the AMSS, highlighting opportunities for improvement in managing asset conditions and achieving long-term financial sustainability. Aligns with strategic objectives for sustainable asset management and financial planning.



INTERNAL AUDIT PROGRAM 2022/23 – 2024/25

Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment
YEAR 3 – 2024/25				
Voter Roll Manipulation Risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements.	Risk that voter rolls are manipulated to favour certain candidates or outcomes, undermining the integrity of local elections and public trust in the electoral process	High risk - reputation, compliance, financial	(Limited Scope Audit) Testing of City-controlled processes related to the owners and occupiers roll	Original comment – March 2021 Identified as risk area in City of Perth Inquiry. Random compliance testing will be conducted by Rates Team prior to 2021 election. Updated comment / recommendation The electoral roll is created 45 days prior to a local government election. the WAEC compiles the electoral roll. This involves gathering and verifying enrolment data from various sources, including: • The State electoral roll maintained by the WAEC. • The City's owners and occupiers roll, which includes non-resident owners and occupiers of rateable property within the local government area. The final electoral roll is prepared and certified by the Electoral Commissioner however the City's role in managing the owners and occupiers roll presents a risk.

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



Responsible directorate	Office of the CEO.
Responsible team	Corporate Strategy and Governance.
Responsible officer	Executive Manager, Corporate Strategy and Governance.
Affected teams	All
Legislation / local law requirements	Regulation 17 <i>Local Government (Audit) Regulations 1996</i> . Regulation 5 of the <i>Local Government (Financial Management) Regulations 1996</i>
Relevant delegations	Nil.
Related policy procedures and documents	Risk Management Policy and Procedure Corporate Risk Register

PURPOSE

To set out the City of Vincent's internal audit program for the next three years, commencing in 2022/23.

The internal audit program takes a risk-based approach. It is aimed at addressing the City's key high risks, which relate to non-compliance and fraud, corruption and misconduct (see below). The purpose of this internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these two high risks.

BACKGROUND

The internal audit program has been developed based on the following:

- City's key strategic risks as set out in the Corporate Risk Register
- Results and recommendations of the regulation 5 and regulation 17 audits completed by Stantons International in November 2020
- Office of the Auditor General's Financial and Information Systems Audit for 2019/20

The City's Corporate Risk register includes the following two high risks:

- Non-compliance with the City's legislative and governance obligations under the *Local Government Act 1995*; and
- Failure to ensure robust corporate governance, including preventing occurrences of fraud, corruption and misconduct.

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



The actions identified in response to these risks are:

- Develop and implement an internal audit program to monitor compliance and performance.
- Undertake independent audits of high risk areas, including payments made and services delivered pursuant to high value / high risk contracts.
- Conduct regular internal audits on fraud and corruption.
- Conduct regular audits against findings by integrity bodies like CCC, PSC and OAG (for example, OAG performance audits).

The internal audit program includes the audit item (with the associated risks listed based on the critical success factor risk identification), the risk causes, the inherent risk rating, the risk categories and the associated audit actions required. The audit items have been prioritised based on the high risk areas and when an audit was last undertaken.

There are six internal audits proposed for each year.

IMPLEMENTATION OF PROGRAM AND REPORTING

The City will engage a suitable qualified auditor to undertake the audits set out in this program independently. The auditor will be appointed for a one year term, with two one year extensions, subject to the satisfactory completion of all the audits listed for the first year.

The audit plans for each specific audit will be prepared by the appointed internal auditor (party independent of the City) in consultation with the Executive Manager Corporate Strategy and Governance and the Audit Committee.

The appointed auditor will liaise only with the Executive Manager Corporate Strategy and Governance and the Audit Committee Chair, if required.

The outcomes of each audit will be reported to the City's Executive Management Committee and the Audit Committee.

Actions identified as a result of the audits will be added to the City's Audit Log and monitored until complete. It is intended that the findings of the audits will lead to improvements to the effectiveness of risk management, internal controls, legislative compliance and governance processes.

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment - March 2021
YEAR 1 – 2022/23				
Beatty Park Infrastructure Renewals Project - project control oversight and management of variances	Project management has highlighted the importance of project control oversight, management of variances and the need for more rigor in change requests.	Please provide	Review of governance, expenditure and project management processes.	Council resolution 14/12/2021
Tender contracts/contractors – risk of failure to detect and prevent overcharging, fraud and corruption	Lack of oversight/review of expenditure on high value maintenance contractors/contracts	Medium risk – reputation, compliance and finance	Review and assessment of items charged/invoiced to the City by contractors where that contractor was procured via a tender process. To include one or more of the City's general maintenance contractor/contracts.	Identified by Council as an area of risk, requires separate review
Fleet, assets and CCTV management – risk of misuse of fleet and resources, including ICT assets and buildings	Lack of verification and controls	High risk – property, reputation, financial, safety	Review relevant strategies, policies and processes – Asset Strategy and CCTV Policy	Not previously reviewed independently. Ageing assets pose significant risk to City. High risks relating to ICT systems.
HR policies and procedures , including payroll – risk of failure to maintain staff health and wellbeing, and act in compliance with legislation and good governance (moved from Year 2)	Outdated policies and processes	Low risk – reputation, compliance, financial	Review policies and procedures and communication to staff. Review payroll practices / compliance testing.	Policies updated in 2018 and in need of review.



INTERNAL AUDIT PROGRAM 2022/23 – 2024/25

YEAR 2 – 2023/24

Regulation 5 Review - Review of the appropriateness and effectiveness of the financial management systems and procedures in accordance with Regulation 5 of the *Local Government (Financial Management) Regulations 1996*

Regulation 17 Review - Review the appropriateness and effectiveness of the City's systems and procedures in relation to risk management, internal control, and legislative compliance in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Scope to include but no limited to:

Gifts and COI;
Detection and reporting of fraud and corruption, PID disclosures, whistleblowing, and cyber security.
Risk management;
Documentation of processes; and
Legislative compliance and Council processes

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



Audit Item	Risk causes identified	Risk rating (inherent)	Audit Focus Area	Admin comment
YEAR 3 – 2024/25				
Swimming pool inspection process - risk of non-compliance with legislative requirements and damage to public health	Documentation of processes. Clarity of delegations.	Medium risk – reputation, compliance, financial, public safety	Random review of approval assessment process, including online processes and disclosure of COI.	Not previously reviewed independently.
Planning, Development, Processes & Controls Risk of non-compliance with legislative, regulatory and/or procedural requirements	Risk that employees or Council Members responsible for planning and development approvals may inadvertently or deliberately engage in non-compliant practices, including potential corruption, such as accepting bribes or kickbacks from developers.	High risk - significant financial, reputational, and compliance implications	Assessment and review of planning, development processes (including COI management processes) to ensure functionality in preventing non-compliance and/or potential misappropriation.	Not previously reviewed independently.
Asset Management and Sustainability Strategy Implementation Risk of ineffective AMSS implementation, potentially resulting in suboptimal resource allocation and inadequate infrastructure planning	Risk of failure to implement the Asset Management and Sustainability Strategy (AMSS) effectively, potentially leading to suboptimal resource allocation and inadequate infrastructure planning.	High risk - reputation, compliance, financial	Review of AMSS implementation, focusing on the development and review of asset management plans, the use of RAMM as a single source of truth for asset information, and prioritisation within the 10-year capital works program.	This audit will support Administration by providing insights into the progress and effectiveness of the AMSS, highlighting opportunities for improvement in managing asset conditions and achieving long-term financial sustainability. Aligns with strategic objectives for sustainable asset management and financial planning.
Voter Roll Manipulation Risk of failure to detect and prevent occurrences of fraud and corruption and non-compliance with good governance and legislative requirements.	Risk that voter rolls are manipulated to favour certain candidates or outcomes, undermining the integrity of local elections and public trust in the electoral process	High risk - reputation, compliance, financial	(Limited Scope Audit) Testing of City-controlled processes related to the owners and occupiers roll	Original comment – March 2021 Identified as risk area in City of Perth Inquiry. Random compliance testing will be conducted by Rates Team prior to 2021 election. Updated comment / recommendation

INTERNAL AUDIT PROGRAM 2022/23 – 2024/25



				The electoral roll is created 45 days prior to a local government election. the WAEC compiles the electoral roll. This involves gathering and verifying enrolment data from various sources, including: • The State electoral roll maintained by the WAEC. • The City's owners and occupiers roll, which includes non-resident owners and occupiers of rateable property within the local government area. The final electoral roll is prepared and certified by the Electoral Commissioner however the City's role in managing the owners and occupiers roll presents a risk.
--	--	--	--	--

5.3 FRAUD RISK REGISTER AND DRAFT INTEGRITY FRAMEWORK

- Attachments:
1. Fraud and Corruption Risk Register - Confidential
 2. Summary of Control Effectiveness and Control Review Schedule - Confidential
 3. Draft Integrity Framework 2024 - (tracked changes)  
 4. Draft Integrity Framework 2024 - (clean)  
 5. Fraud and Corruption Prevention Plan  

RECOMMENDATION:

That the Audit and Risk Committee recommends to Council that it APPROVES the:

1. Fraud and Corruption Risk Register at Attachment 1;
2. Control Review Schedule at Attachment 2; and
3. Draft Integrity Framework at Attachment 4 which is proposed to replace the Fraud and Corruption Prevention Plan at Attachment 5.

COMMITTEE DECISION ITEM 5.3

Moved: Mr Manifis, **Seconded:** Mr Isambert

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

NOTE: The Committee requested oversight of control reviews for the Fraud and Corruption Risks that are rated High or Extreme inherently. It was noted that these reviews would be reported to and approved by the Executive Management Committee.



Integrity Framework

2024

Acknowledgement *The City of Vincent acknowledges that its Integrity Framework is based upon the Public Sector Commission's Integrity Framework resources and thanks the Public Sector Commission for its guidance in development of this document.*

Contents

Contents	0
1. Introduction.....	1
1.1 Purpose of this Integrity Framework.....	1
1.2 Definition of Fraud	2
1.3 Definition of Corruption.....	2
2. Integrity Model.....	3
3. Plan & act to improve integrity.....	4
3.1 Roles and responsibilities.....	4
3.2 Legislation and regulations.....	7
3.3 Risk analysis and planning for integrity	8
3.4 Internal controls, audit and governance	<u>1240</u>
3.5 Fraud and corruption detection systems	<u>1642</u>
4. Model and embody a culture of integrity.....	<u>1944</u>
4.1 Values and standards.....	<u>1944</u>
5. Learn and develop integrity knowledge and skills	<u>1944</u>
5.1 Integrity education and capacity	<u>1944</u>
6. Be accountable for integrity	<u>2045</u>
6.1 Response to integrity breaches.....	<u>2045</u>
6.2 Self-analysis and review.....	<u>2045</u>
7. Oversight.....	<u>2045</u>

1. Introduction

The City has zero tolerance for corrupt conduct or fraudulent activities. The City is dedicated to fostering a culture of integrity and accountability and is committed to preventing, deterring, detecting and investigating fraudulent and corrupt behaviour in the delivery of City services.



The City's Integrity Framework (Framework) aligns with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics.

1.1 Purpose of this Integrity Framework

The City's Framework aligns with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics by bringing together the policies, procedures, tools and structures that shape the practices, management, and oversight of integrity at the City.

It serves as a comprehensive guide for Council Members, staff and our community providing:

- a clear framework for understanding and upholding integrity;
- a shared understanding of the City's commitment to ethical practices; and
- the tools and structures necessary for implementation and oversight with a consistent and ethical approach.

Draft Integrity Framework

1.2 Definition of Fraud

Fraud is defined by the Australian Standard AS 8001:2021 – Fraud & Corruption Control as:

Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.

1.3 Definition of Corruption

Corruption is defined by the Australian Standard AS 8001:2021 – Fraud & Corruption Control as:

Dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interest of the organisation and abuses their position of trust on order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

2. Integrity Model

The WA Public Sector Commission defines integrity as:

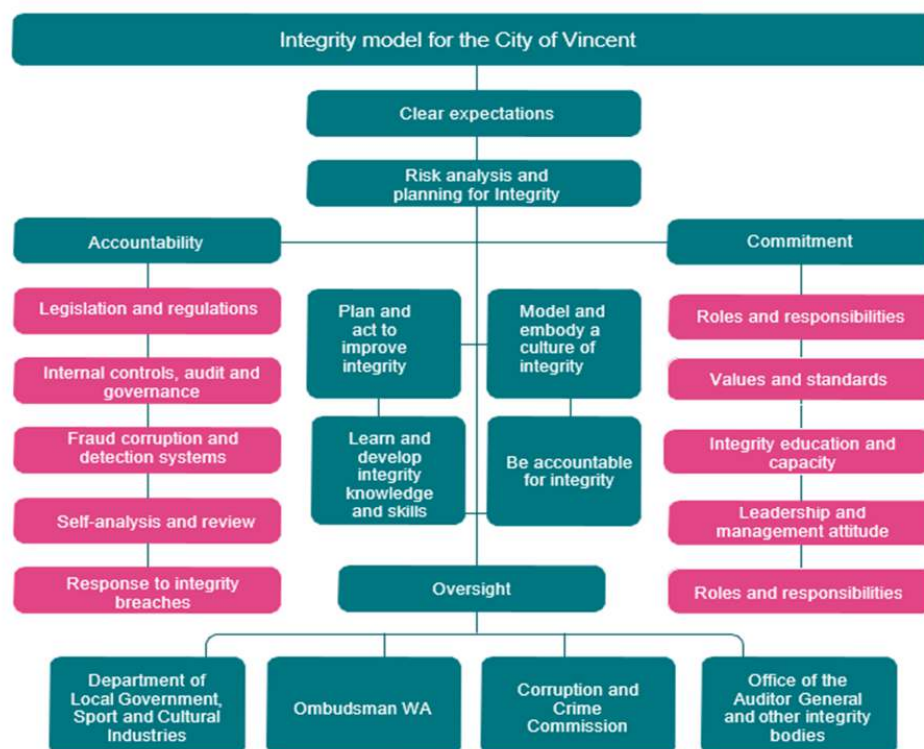
A non-negotiable to assure Western Australians that public authorities act in the interest of the community each and every day through the decisions we make and the actions we take.

Operating with integrity means using our powers responsibly for the purpose and in the manner for which they were intended. It means acting with honesty and transparency, making reasoned decisions without bias by following fair and objective processes.

It also means preventing and addressing improper conduct, disclosing facts without hiding or distorting them, and not allowing decisions or actions to be influenced by personal or private interests.

Earning and maintaining community trust is essential for us to deliver the services that families, individuals, businesses and industry need for them to prosper – and for the State to grow.

The City's Integrity Model reflects the integrity model in place for WA public authorities, and provides a visual structure to the City's integrated approach to the promotion of integrity:



Draft Integrity Framework

3. Plan & Act to Improve Integrity

The City's Integrity Framework includes areas with responsibilities for defining, supporting, controlling, and enforcing integrity across the organisation. These include core areas, such as the Council, Audit & Risk Committee and the Executive Management Committee or individuals responsible for implementing integrity policies and procedures.

3.1 Roles and responsibilities

Assigning clear responsibilities within the City's operations is necessary to ensure co-operation and to avoid overlaps and prevent fragmentation. Responsibilities include developing, implementing, monitoring, and evaluating integrity standards and tools, and are carried out by not only those areas within the organisation but outside the organisation.

The following table details the various bodies or positions within the City of Vincent that are key components of the City's integrity system:

Body or position	Integrity Role
Council	- Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. - Sets integrity expectations and embodies these through the City's: - Code of Conduct for Council Members, Committee Members and Candidates. - Risk Management Framework. - Governance Framework. - Council Policy - Set and endorse delegations for specific functions to the Chief Executive Officer and relevant officers. - Endorse the City's Annual Compliance Audit Return. - Adopt the Terms of Reference of the City's Audit and Risk Committee. - Appoint members to the Audit and Risk Committee. - Receive and approve recommendations from the City's Audit and Risk Committee.
Audit and Risk Committee	- Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. - Adhere to and demonstrate the highest level of commitment and conduct for integrity. - Review risk management frameworks and associated procedures for the effective identification and management of fraud risks. - Provide assurance that the City has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information. - Provide leadership in preventing fraud and corruption. <u>Monitor the implementation of recommended control improvements and ensure accountability for unresolved risks.</u>

Draft Integrity Framework

Body or position	Integrity Role
Council Members	• Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. • Adhere to and demonstrate the highest level of commitment and conduct for integrity. • Model a culture of integrity through the active demonstration of the City's values and by communicating the importance of meeting integrity standards. • Participate in the Council's decision-making processes in an impartial and unbiased manner. • Manage, declare and record gifts and conflicts of interest.
All Employees	• Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. • Adhere to and demonstrate the highest level of commitment and conduct for integrity. • Reflect the City's values and integrity standards. • Comply with policies, processes and systems developed for organisation integrity. • Apply appropriate practices for risk management, internal controls, and fraud and corruption prevention. • Report misconduct, corruption or fraud through established reporting mechanisms. • Participate in training and development opportunities to enhance integrity knowledge and capacity. • Manage, declare and record gifts and conflicts of interest.
Chief Executive Officer	• Apply the City's resources to fraud prevention and ensure the implementation of adequate controls for managing fraud and corruption risks within the City. • Drive a culture of integrity through the active demonstration of the City's values and by communicating the importance of meeting integrity standards. • Implement application of integrity policies and procedures for the City. • Report misconduct activities or suspected activities to external oversight bodies.
Executive Management Team	• Monitor and evaluate the effectiveness of this Framework. • Provide leadership, guidance, training and support to meet integrity standards. • Monitor and review the City's Corporate Risk register to identify fraud risk areas and the continued operation of controls. • Participate in integrity risk assessment reviews. • Report misconduct activities or suspected activities to external oversight bodies. • Ensure the protection of complainants who report fraudulent and corrupt activities.
All managers	• Promote integrity and prevent misconduct and corruption.

Draft Integrity Framework

Body or position	Integrity Role
	• Ensure internal controls, policies and procedures are operationalised. • Reduce organisation vulnerability to fraud and corruption by identifying new or emerging fraud risks and ensuring that they are reported, assessed and managed in accordance with the Risk Management Framework. • Model appropriate behaviours and standards. • Manage, respond to and report integrity breaches or issues as they arise. • <u>Conduct regular audits in high-risk areas such as procurement, payroll, and financial transactions.</u> • <u>Ensure discrepancy investigations in payroll data are promptly addressed.</u>
Executive Manager Corporate Strategy and Governance (Chief Audit Executive (CAE))	• Coordinate the biennial review of this Framework including maturity self-assessment and reporting. • Implement core integrity instruments, processes and systems around governance, codes of conduct, delegations of authority, accountability and ethical decision-making. • Maintain and report on legislative and regulatory compliance requirements. • Facilitate ethical training and awareness. • Maintain the City's Risk Management Framework including alignment assessment, review and reporting to reduce organisational vulnerability to fraud and corruption. • Maintain public registers. • Maintain the Delegations of Authority Manual.
Executive Manager Human Resources	• Develop, review, and implement ethically guided procedures and systems relating to human resource practices including: ○ recruitment and selection. ○ performance review. ○ workforce management. ○ induction and training. ○ complaints and grievances. • Ensure employee induction covers integrity expectations. • Facilitate ethical training and awareness. • Develop, review, and implement the Employee Code of Conduct, ensuring the highest level of commitment to integrity and ethical conduct. • Manage grievance and discipline processes.
Chief Financial Officer	• Develop, review, and implement procedures and systems relating to purchasing and procurement; tendering and contracts; and utilisation of the City's finances ensuring the highest level of commitment to integrity and ethical conduct. • Ensure compliance with legislative provisions, policies and procedures related to financial management and reporting, procurement, and financial audits. • Ensure due diligence when engaging contractors and suppliers to deal with integrity matters to ensure they have the necessary qualifications, skills and/or experience (e.g. through reference and qualification checks).

Draft Integrity Framework

Body or position	Integrity Role
	• <u>Conduct post-transaction reviews and validation procedures for creditor information to prevent invoice fraud.</u> • <u>Perform regular asset audits and implement access controls for high-value assets.</u>
Executive Manager Information and Communication Technology	• Develop, review, and implement procedures and systems relating to ICT use and security. • Manage appropriate security testing of ICT system and develop responses to identified security risks. • <u>Ensure employees are appropriately educated in ICT use and security practices.</u> • <u>Implement IT security controls, such as multi-factor authentication and restricting access to sensitive systems, to mitigate the risk of unauthorised access and fraud.</u>
Public Interest Disclosure Officers	• Investigate disclosures in accordance with the <i>Public Interest Disclosure Act 2003</i>.

3.2 Legislation and regulations

The Local Government Act 1995 (Act) requires local governments to develop and maintain adequate internal control systems.

In accordance with the Act, the CEO:

- a) In accordance with the *Local Government (Financial Management) Regulations 1996* r.5, advise Council at least once every 3 years in respect to –
 - efficient systems and procedures
 - ensure efficient use of resources
 - appropriateness and effectiveness of systems
- b) In accordance with the *Local Government (Audit) Regulations 1996* r.17, at least once every 3 years review –
 - risk management
 - internal controls, and
 - legislative compliance.

Local governments are also required to establish a Code of Conduct for employees, contractors and Council and establish an Audit & Risk Committee.

The *Public Interest Disclosure Act 2003* (PID Act) requires the local government to establish written procedures for handling of any protected disclosures.

The City also has obligations under State legislation to report matters related to integrity including, but not limited to:

- *Corruption, Crime and Misconduct Act 2003*.
- *Financial Management Act 2006*.
- *State Records Act 2000*.

3.3 Risk analysis and planning for integrity

The Corruption and Crime Commission have identified the following fraud and corruption risks in Local Government



Fraud & Corruption Risks In Local Government

FRAUD	CORRUPTION	OTHER
Procurement fraud Collusive tendering, favouritism in contract awards, inflated invoices/price gouging for goods and services	Bribery/Kickbacks Accepting payments/commissions/gifts or hospitality for preferential treatment: licensing, contracts, marketing opportunities	Data and Information Manipulation of data/statistics to secure funding, falsely claim achievements, obscure detriments
Payroll fraud Ghost employees, false overtime claims, unauthorised salary increases/payments	Conflict of Interest Using position to benefit themselves or family financially, owning businesses or partnering with private companies	Insider Trading Commercially sensitive or privileged information is used for benefit (e.g., shares)
Grant fraud Misuse of funds for personal gain	Extortion Demanding payments from businesses in exchange for permits, licences or favour	Misuse of Assets Using government owned assets for personal interests (e.g., work vehicles, equipment or technology)
Financial Fraud Embezzlement, false invoicing, skimming	Nepotism or Cronyism Hiring, promoting, rewarding individuals based on relationships not merit	

The City's Risk Management Framework (RMF) is essential in supporting the Integrity Framework by providing structured guidance on identifying, analysing, and managing fraud and corruption risks. The Fraud and Corruption Risk Register identifies key areas of vulnerability, prioritising these risks for targeted action.

The City's risk analysis approach aligns with the RMF, ensuring that medium, high, and extreme residual risks are managed in accordance with the City's broader risk management processes. Control measures are designed to mitigate specific risks as identified in the register, with inherent risks being assessed and managed based on their potential impact and likelihood.

Procurement fraud is a high-priority area, with strong controls in place to mitigate the risk of fraudulent activities in procurement processes. These controls include the enforcement of segregation of duties and multi-level approvals to ensure transparency and accountability. Regular auditing of procurement activities helps detect and prevent fraudulent behaviour, with additional reviews conducted when required.

Invoice fraud is addressed through strict validation procedures, ensuring that creditor information is accurately verified before payments are processed. These controls reduce the risk of fraudulent invoices being approved and processed.

Asset misappropriation is mitigated through robust asset management procedures. The City ensures that high-value assets are tracked, with restricted access granted only to authorised personnel. Regular asset audits are conducted to ensure assets are correctly accounted for and used appropriately.

Payroll fraud risks are controlled through comprehensive payroll verification processes, ensuring that timesheets are accurately reviewed and approved. Controls are in place to ensure that payroll systems are secure, and any discrepancies are promptly investigated.

Through the application of the RMF, the City ensures that identified fraud and corruption risks are continuously monitored and addressed. Control measures are regularly reviewed to ensure they remain effective in reducing residual risk, with high-priority risks receiving ongoing attention as part of the City's overall risk management approach.

Enhanced Procurement Controls:

- Regular audits in high-risk areas such as procurement ensure compliance with established procedures and detect any anomalies early.
- Segregation of duties in procurement processes prevents any single individual from having control over all aspects of a transaction.

Invoice Fraud Prevention:

- Strict validation procedures for creditor information ensure accuracy before processing payments. This includes cross-checking details with external databases where possible.
- Post-transaction reviews of financial transactions identify any discrepancies or unauthorised changes.

Asset Management:

- Regular asset audits ensure that all high-value assets are accounted for and used appropriately.

Draft Integrity Framework

- Access controls for high-value assets ensure that only authorised personnel can access them.

Payroll Verification:

- Comprehensive payroll verification processes ensure that all timesheets are accurately reviewed and approved. This includes cross-referencing timesheets with attendance records and other relevant data.
- Discrepancy investigations in payroll data promptly address any discrepancies found.

Continuous Improvement and Monitoring:

- Regular review of control measures ensures they are updated based on audit findings and risk assessments to remain effective in reducing residual risk.
- Enhanced IT security controls, such as multi-factor authentication and access restrictions, protect sensitive systems and data from unauthorised access and fraud.

The City has developed a comprehensive Risk Management Framework providing guidance to the organisation on risk identification, analysis, risk management procedure and responsibility.

Risk Appetite and Tolerance Statements

The City's Risk Appetite and Tolerance Statements (Statements) are crucial Risk Framework components that sit near the top of the Risk Management hierarchy.

The Statements affirm that the City place 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.

The City has a **low risk appetite** for behaviour or conduct which does not meet these standards.

The City has **no appetite** for conduct that is unlawful, unethical, or otherwise breaches the Code of Conduct or reflects misconduct or serious misconduct.

The City has **no tolerance** for bribery or fraud.

Risk Management Policy

The City's Risk Management Policy sets the tone for the City's risk management approach and establishes the risk management responsibilities of Council, the Audit & Risk Committee, City employees, contractors and other relevant parties as required.

Risk Management Procedure

The City's Risk Management Procedure supports the Policy by defining the systems and processes in place to facilitate good practice risk management and further defines the roles and responsibilities of risk identification, analysis, evaluation, controls, and treatment.

Corporate Risk Register

The City's corporate risks are listed in the Corporate Risks Register (Register). Risks are listed across seven risk categories including governance, misconduct, and fraud. The Register includes risk assessment, existing controls, residual risk ratings, control ratings, risk management actions, forecast risk analysis (post treatment) and alignment to the City's Risk Appetite and Tolerance Statements.

Draft Integrity Framework

The Register is a working document used to monitor and track risk management activities and ensure that they align with the established Risk Framework.

Draft Integrity Framework

3.4 Internal controls, audit and governance

The City's internal controls are designed to prevent, detect, and respond to integrity breaches, including fraud and corruption. The internal control framework is supported by a robust audit and governance system, which ensures the continuous assessment and improvement of control measures across all operations.

The control review schedule has been developed to prioritise areas of highest vulnerability, using both the inherent risk rating (before controls) and the effectiveness of controls in reducing the current risk. This ensures that the highest-risk areas, such as procurement, payroll, and asset management, receive the most immediate attention.

Key components of the City's internal controls audit and governance include:

Control review schedule:

- Controls are reviewed on a rolling basis, with medium, high, and extreme inherent risk areas receiving more frequent reviews. The review schedule prioritises areas where control effectiveness may be lower or where the risk remains high despite existing controls.

Control effectiveness evaluation:

- The City assesses control effectiveness regularly, with ratings assigned to each control. Control ratings such as "fully effective," "adequate," and "inadequate" inform the frequency and depth of reviews, ensuring resources are focused on areas where control weaknesses have been identified.

Incorporation into audit programs:

- The City's internal audit program is risk-based and aimed at addressing the City's key high risks, which relate to non-compliance, fraud, corruption and misconduct. The purpose of the internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these risks.
- Audits are undertaken by an independent auditor and the outcome of each audit, along with proposed management actions, are presented to the Committee. Management actions are documented and tracked through the City's audit log which is presented to the Committee at each meeting.

Audit and Risk Committee oversight:

- The Committee regularly reviews the Corporate Risk Register and the outcomes of control audits, ensuring that the highest risks are being addressed in a timely manner. This includes monitoring the implementation of recommended control improvements and ensuring accountability for unresolved risks.

Continuous improvement:

- The City continually refines its control measures based on audit findings, feedback from risk owners, and changes in the external environment. This includes integrating new technologies, updating policies, and introducing more sophisticated control mechanisms where necessary.

By aligning control reviews with both inherent risk ratings and control effectiveness, the City ensures that areas of high vulnerability are subject to rigorous scrutiny and ongoing improvement. This proactive approach reduces residual risk and strengthens the City's ability to manage integrity risks effectively.

Draft Integrity Framework

The City undertakes activities and implements internal controls to minimise its integrity risks including the following:

Governance Framework

The City's Governance Framework highlights the City's commitment to providing good governance by defining systems, policies, processes and a methodology for ensuring accountability, probity 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.

It also details how the community is involved in the City's affairs and decision-making processes.

Policy Development and Review

The City's Policy Development & Review Policy (Policy) provides guidance on the development and review of the City's strategies, policies and action plans (policy documents) to achieve transparent and consistent decision making which aligns with the City's objectives, strategic priorities and legislative requirements.

The Policy and supporting Policy Document Register and Review Plan ensures that Policy Documents remain current by facilitating their systematic review.

Publication of Registers

In the interest of openness and transparency, the following registers are made available on the City's website:

- Register of Common Seal Usage
- Register of Complaints referred to under Section 5.121 of the *Local Government Act 1995*
- Contracts Register
- Council Member Contact with Developers Register
- Register of Freedom of Information (FOI) Requests
- Register of Gifts
- Council Member Sitting Fees, Allowances and Meeting Attendances
- Council Members Professional Development – Reporting Period – 2023/24
- Register of Interests Disclosed at Council Meetings
- Lease Register
- Tender Register
- Primary Returns Reporting
- Annual Returns Reporting
- Community Funding Grant Registers

Draft Integrity Framework

Financial and Procurement Controls

The following Financial Management and Procurement controls are in place:

- ~~Annual Budget including detailed estimates of revenue and expenditure for the upcoming financial year.~~
- ~~Regular reviews of budget performance against actual results are conducted to ensure financial targets are met.~~
- ~~Segregation of duties to ensure that payment authorisation, processing and review is conducted by independent staff members.~~
- ~~Independent maintenance of supplier masterfile.~~
- ~~Mandatory training by all employees with authority to raise requisitions or approve purchase orders.~~
- ~~Regular internal audits for both procurement and contract management to ensure compliance with procurement and contract management frameworks; threshold requirements; exemption requirements; split purchase orders; and targeted threshold audits.~~
- ~~Documented procedures and/or guidelines for grant acquittals, credit card acquittals, asset management, inventory and stock management, revenue recognition, accounts receivable, accounts payable, end of period roll over, bank reconciliations, trust and bonds, month end and year end processes, budget processes.~~
- ~~Comprehensive Purchasing policy and procurement framework ensure transparency, fairness, and value for money in the acquisition of goods and services.~~

Human Resource Management Controls

The following Human Resource Management Controls are in place;

- ~~Employment screening including national police clearance certificate and/or working with children checks for relevant positions.~~
- ~~Comprehensive induction process which includes training of accountable and ethical decision making.~~
- ~~Approval of secondary employment is required.~~
- ~~Probing for moral judgement capacities at interview by asking questions around ethical predicaments for positions of trust (i.e. Finance, HR, Customer Service, ICT, Public Health and Built Environment, Ranger Services, Coordinators, Management and Executives).~~
- ~~Reference checks of applicants and a level of questioning based on the skills, knowledge and experience required for the position.~~
- ~~Qualification checks and presentation of original documentation.~~
- ~~The City's annual performance review process is also a mechanism for employees and supervisors to reinforce integrity standards; raise any integrity issues; or identify any training and development needs.~~

Draft Integrity Framework

Information Management Controls

The following Information Management Controls are in place:

- The City's Recordkeeping Plan outlines the management of State records to fulfill obligations under the *State Records Act 2000*.
- The Code of Conduct for Council Members, Committee Members, and Candidates, as well as the Code of Conduct for Employees, includes provisions related to the use of information.
- Access to corporate records by employees and contractors is regulated according to designated access and security classifications set by the Coordinator of Information and the City's Policy and Procedure Manual.
- Public access to the City's records is in accordance with the *Freedom of Information Act 1992* or other applicable laws.
- Council Members and committee members access the City's records through the Chief Executive Officer, in compliance with Section 5.92 of the *Local Government Act 1995*.
- The use of online services by Council Members, employees, and contractors is governed by the IT Acceptable Use Procedure and Remote Access Policy, which provide guidelines for acceptable business and personal use.
- The City liaises with the Ombudsman WA regarding effective complaint handling, investigations, and record keeping.

Audit & Risk Committee

The City's Audit & Risk Committee (Committee) provides advice and assists the Council 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.

The Committee comprises of four Council Members and three external independent members and is led by an independent Chairperson to align with the better practice principles for public sector entities.

Internal Audit Program

The City has an internal audit program which is developed using a risk-based approach. It is aimed at addressing the City's key high risks, which relate to non-compliance and fraud, corruption and misconduct. The purpose of this internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these risks.

Audits are undertaken by an independent auditor and the outcome of each audit, along with proposed management actions, are presented to the Committee. Management actions are documented and tracked through the City's audit log which is presented to the Committee at each meeting.

3.5—Fraud and corruption detection systems

Detection Mechanisms:

- The City's Fraud and Corruption Risk Register and supporting RMF prioritise detection mechanisms for fraud and corruption. These systems are essential for identifying vulnerabilities, detecting anomalies, and preventing integrity breaches. The City's fraud detection approach incorporates both proactive and reactive systems, aligned with the findings in the Fraud and Corruption Risk Register.

Regular Audits and Control Testing:

- The City is committed to regular audits and control testing. High-priority areas such as procurement, payroll, and financial transactions are subject to frequent audits. Internal audit programs, conducted by independent auditors, evaluate the effectiveness of internal controls, risk management, and governance processes, while annual financial audits, performed by the Office of the Auditor General, ensure compliance with accounting standards and legislation.

Post-Transaction Reviews:

- Post-transaction reviews of key financial transactions are conducted to detect anomalies, missing or altered documentation, and unauthorised changes. These reviews are particularly relevant for procurement and accounts payable, where fraud risk is highest. This includes the review of management accounting reports to identify unusual patterns in financial transactions.

IT Security Controls:

- IT security controls, such as restricting access to sensitive systems and implementing multi-factor authentication, are recognised as essential components of fraud detection, particularly in managing supplier information and payroll data. These controls help mitigate the risk of unauthorised access and fraud.

Governance Detection Systems:

- The City also maintains robust governance detection systems to support its commitment to transparency and accountability. Conflicts of interest and gift declarations are published in publicly accessible registers, while Public Interest Disclosure Procedures (PID) Information Guidelines provide clear guidance to employees and members of the public on reporting suspicious or known illegal or unethical conduct. Anonymous reporting avenues are also available to enable confidential reporting.

Financial System Reviews:

- Financial systems undergo independent reviews to ensure their integrity. This includes the manual uploading of fees, charges, journal entries, and changes to employee payments. In addition, monthly reconciliations of financial modules to general ledger balances are performed to ensure accuracy, and the annual budget process, alongside the mid-year review, critically assesses forward budget projections to maintain financial integrity.

By aligning these detection systems with the risk levels identified in the Fraud and Corruption Risk Register, and ensuring a thorough governance framework, the City strengthens its ability to detect fraud early and take appropriate corrective action.

~~The City's Fraud and Corruption Prevention Policy sets out the City's approach to fraud and corruption prevention, detection, monitoring and reporting. The Policy documents the City's position of zero tolerance for fraud and corruption and reaffirms that the City will take all necessary steps to prevent fraud and corruption.~~

~~This Framework identifies the policies, procedures, tools, and structures that support the delivery of those Policy statements.~~

~~As part of the development of the internal audit plan the Audit & Risk Committee consider opportunities to undertake pro-active fraud and corruption detecting activities that might include—~~

- ~~(a) conducting unscheduled internal reviews and audits~~
- ~~(b) post-transactional reviews—a review of transactions after they have been processed, with the aim of identifying or uncovering—~~
 - ~~• documentation that may be missing, altered, missing or falsified,~~
 - ~~• authorisations that may have been omitted or altered, or~~
 - ~~• inadequate documentary support.~~
- ~~(c) Analysis of management accounting reports—using relatively straight forward techniques in analysing management accounting reports, trends can be examined and investigated which may be indicative of fraudulent or corrupt conduct.~~
- ~~(d) Financial Management and Risk Reviews will include a review of—~~
 - ~~• IT and information security~~
 - ~~• grants and other payments~~
 - ~~• tendering processes, purchasing and contract management~~
 - ~~• services provided to the community~~
 - ~~• revenue collection~~
 - ~~• use of credit cards~~
 - ~~• travel allowance and other allowances~~
 - ~~• salaries~~
 - ~~• money, property and other physical assets.~~
- ~~(e) internal audits.~~
- ~~(f) regular reports to management, the Audit Committee and Council regarding the position of risk management, internal controls and legislative compliance.~~

~~Financial management detection systems include:~~

- ~~• Internal audit programs, undertaken by an independent auditor, to evaluate the effectiveness of internal controls, risk management, and governance processes.~~
- ~~• Annual financial audits conducted by the Office of the Auditor General to ensure compliance with accounting standards and legislation.~~
- ~~• Independent review of manual uploads and financial management system (i.e. processing journals, uploading fees and charges, changes to employee payments).~~
- ~~• Monthly reconciliation of financial modules to general ledger balances to ensure the accuracy and completeness of financial records.~~
- ~~• Annual budget process and mid-year review to critically review and examine forward budget projections.~~

~~Governance detection systems includes:~~

- ~~• Review of conflicts of interest and gift declarations.~~

Draft Integrity Framework

- ~~Review of registers to ensure compliance with legislative/policy requirements.~~
- ~~Public Interest Disclosure Procedures (PID) Information Guidelines to guide employees, or members of the public, on reporting suspicious or known illegal or unethical conduct.~~
- ~~Anonymous reporting avenues are provided for reporting suspicious or known illegal or unethical conduct.~~

4. Model and embody a culture of integrity

The Strategic Community Plan is the Council's key strategic document. It describes the vision the City of Vincent will strive to achieve, where it will focus its efforts, and how it will measure progress.

4.1 Values and standards

- Insert City's Vision Quote

- Insert City's Values image

The values of engaging, accountability, and making a difference are deeply interconnected with organisation integrity. By actively listening, understanding, and communicating, the City demonstrates respect and transparency, which are vital for maintaining integrity.

Accountability ensures that actions are transparent and subject to scrutiny, building trust and showing ethical responsibility.

The [City of Vincent Code of Conduct](#) expresses the City's commitment to high standards of ethical and professional behavior and outlines the principles in which individual responsibilities are based.

The City provides a formal induction process for all new staff and contractors that includes a clear focus on integrity. Managers exercise and demonstrate high levels of integrity in the performance of their roles and functions and reinforce standards of ethical and professional behavior.

Values and standards are included through recruitment materials and on the City's website.

5. Learn and develop integrity knowledge and skills

5.1 Integrity education and capacity

The City will adopt a proactive approach to fraud prevention by embedding the following practices:

- Fraud awareness training: All staff, particularly those in procurement, finance, and asset management roles, will participate in regular fraud awareness training to understand the risks and their role in mitigating them.
- Regular communication on integrity: Senior management will communicate the importance of maintaining high integrity standards, with a focus on the high-risk areas identified in the Fraud Risk Register.

These initiatives will help to foster a culture of integrity across the organisation, ensuring staff are actively engaged in preventing fraud.

Draft Integrity Framework

The City will maintain a dedicated Fraud and Corruption internal webpage for employees that highlights the key integrity responsibilities of public sector employees and details reminder of:

- the City's position in relation to the acceptance of gifts and benefits;
- how to identify, disclose and manage conflicts of interest;
- appropriate use of public resources;
- appropriate management of corporate information;
- personal behaviour; and
- how to report suspected unethical, fraudulent, dishonest, illegal, or corrupt behaviour.

Key integrity responsibilities are also communicated by the CEO to all staff.

6. Be accountable for integrity

6.1 Response to integrity breaches

The City provides a dedicated [webpage](#) to assist our community, employees, contractors, and visitors in navigating the proper process for reporting integrity breaches and lodging complaints.

Where complaints against elected members, committee members or candidates are upheld they will be included in the City's Complaints Registers, available on the City's website. Complaints (upheld) and reporting to external oversight bodies will also be reported on in the City's Annual Report.

For certain types of conduct, the Chief Executive Officer has a statutory obligation to notify the Public Sector Commission and Department of Local Government, Sport and Cultural Industries (minor misconduct), Corruption and Crime Commission (serious misconduct) and Western Australia Police (criminal conduct).

6.2 Self-analysis and review

The City will review the framework on a biennial basis undertaking a maturity self-assessment in line with the [Public Sector Commission Integrity Framework Maturity Self-Assessment](#) to identify the strengths and weaknesses of its approach to integrity in relation to 4 levels of maturity – emerging, developing, embedded and excelling – and develop a plan to reach its desired levels.

7. Oversight

The Chief Executive Officer, with the support of the Executive Management Team, is responsible for oversight of the Integrity Framework.

In addition, the Audit and Risk Committee assists by providing independent oversight on the effectiveness of the City's risk management framework. As part of its oversight role the committee receives regular reporting on:

Draft Integrity Framework

- development of the internal audit program with considerations to undertake pro-active fraud and corruption detecting activities.
- internal audit reports and recommendations and management actions.

OFFICE USE ONLY

Draft Integrity Framework

Responsible Officer	Executive Manager Corporate Strategy and Governance
Initial Adoption	DD/MM/YYYY CM reference:D22/186318
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

Draft Integrity Framework



Integrity Framework

2024

Acknowledgement *The City of Vincent acknowledges that its Integrity Framework is based upon the Public Sector Commission's Integrity Framework resources and thanks the Public Sector Commission for its guidance in development of this document.*

Contents

Contents	0
1. Introduction.....	1
1.1 Purpose of this Integrity Framework.....	1
1.2 Definition of Fraud	2
1.3 Definition of Corruption.....	2
2. Integrity Model.....	3
3. Plan & act to improve integrity.....	4
3.1 Roles and responsibilities.....	4
3.2 Legislation and regulations.....	7
3.3 Risk analysis and planning for integrity	8
3.4 Internal controls, audit and governance	10
3.5 Fraud and corruption detection systems	11
4. Model and embody a culture of integrity.....	12
4.1 Values and standards.....	12
5. Learn and develop integrity knowledge and skills	13
5.1 Integrity education and capacity	13
6. Be accountable for integrity	13
6.1 Response to integrity breaches.....	13
6.2 Self-analysis and review.....	14
7. Oversight.....	14

1. Introduction

The City has zero tolerance for corrupt conduct or fraudulent activities. The City is dedicated to fostering a culture of integrity and accountability and is committed to preventing, deterring, detecting and investigating fraudulent and corrupt behaviour in the delivery of City services.



The City's Integrity Framework (Framework) aligns with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics.

1.1 Purpose of this Integrity Framework

The City's Framework aligns with the WA Public Sector Commission's mandate to promote and maintain integrity, conduct and ethics by bringing together the policies, procedures, tools and structures that shape the practices, management, and oversight of integrity at the City.

It serves as a comprehensive guide for Council Members, staff and our community providing:

- a clear framework for understanding and upholding integrity;
- a shared understanding of the City's commitment to ethical practices; and
- the tools and structures necessary for implementation and oversight with a consistent and ethical approach.

Draft Integrity Framework

1.2 Definition of Fraud

Fraud is defined by the Australian Standard AS 8001:2021 – Fraud & Corruption Control as:

Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of moneys or other property by persons internal and/or external to the organisation and/or where deception is used at the time, immediately before or immediately following the activity.

1.3 Definition of Corruption

Corruption is defined by the Australian Standard AS 8001:2021 – Fraud & Corruption Control as:

Dishonest activity in which a person associated with an organisation (e.g. director, executive, manager, employee or contractor) acts contrary to the interest of the organisation and abuses their position of trust on order to achieve personal advantage or advantage for another person or organisation. This can also involve corrupt conduct by the organisation, or a person purporting to act on behalf of and in the interest of the organisation, in order to secure some form of improper advantage for the organisation either directly or indirectly.

2. Integrity Model

The WA Public Sector Commission defines integrity as:

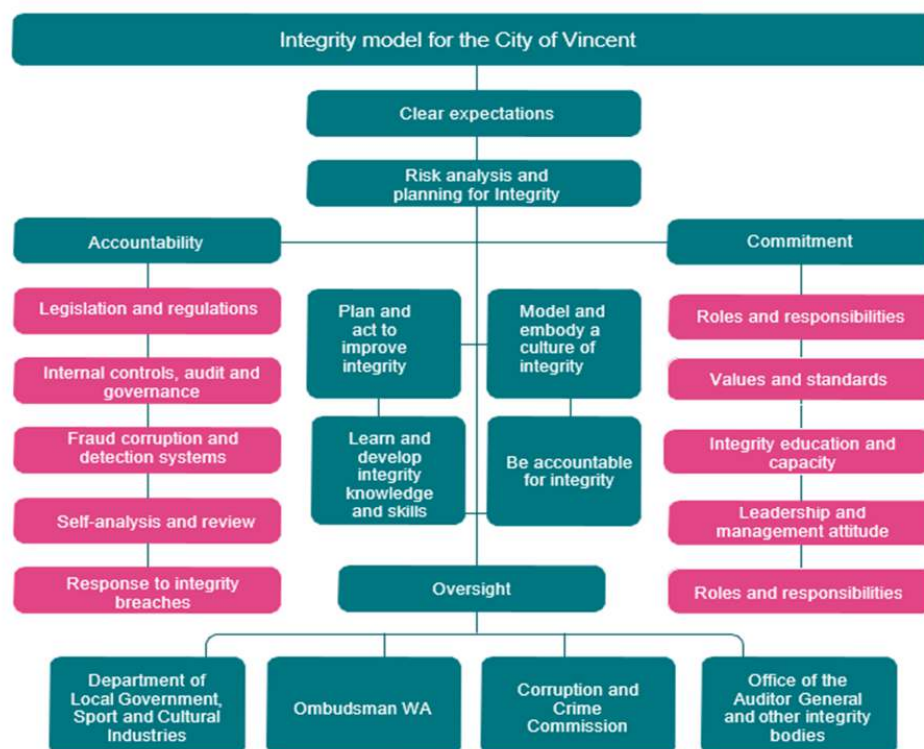
A non-negotiable to assure Western Australians that public authorities act in the interest of the community each and every day through the decisions we make and the actions we take.

Operating with integrity means using our powers responsibly for the purpose and in the manner for which they were intended. It means acting with honesty and transparency, making reasoned decisions without bias by following fair and objective processes.

It also means preventing and addressing improper conduct, disclosing facts without hiding or distorting them, and not allowing decisions or actions to be influenced by personal or private interests.

Earning and maintaining community trust is essential for us to deliver the services that families, individuals, businesses and industry need for them to prosper – and for the State to grow.

The City's Integrity Model reflects the integrity model in place for WA public authorities, and provides a visual structure to the City's integrated approach to the promotion of integrity:



Draft Integrity Framework

3. Plan & Act to Improve Integrity

The City's Integrity Framework includes areas with responsibilities for defining, supporting, controlling, and enforcing integrity across the organisation. These include core areas, such as the Council, Audit & Risk Committee and the Executive Management Committee or individuals responsible for implementing integrity policies and procedures.

3.1 Roles and responsibilities

Assigning clear responsibilities within the City's operations is necessary to ensure co-operation and to avoid overlaps and prevent fragmentation. Responsibilities include developing, implementing, monitoring, and evaluating integrity standards and tools, and are carried out by not only those areas within the organisation but outside the organisation.

The following table details the various bodies or positions within the City of Vincent that are key components of the City's integrity system:

Body or position	Integrity Role
Council	- Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. - Sets integrity expectations and embodies these through the City's: - Code of Conduct for Council Members, Committee Members and Candidates. - Risk Management Framework. - Governance Framework. - Council Policy - Set and endorse delegations for specific functions to the Chief Executive Officer and relevant officers. - Endorse the City's Annual Compliance Audit Return. - Adopt the Terms of Reference of the City's Audit and Risk Committee. - Appoint members to the Audit and Risk Committee. - Receive and approve recommendations from the City's Audit and Risk Committee.
Audit and Risk Committee	- Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. - Adhere to and demonstrate the highest level of commitment and conduct for integrity. - Review risk management frameworks and associated procedures for the effective identification and management of fraud risks. - Provide assurance that the City has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information. - Provide leadership in preventing fraud and corruption. - Monitor the implementation of recommended control improvements and ensure accountability for unresolved risks.

Draft Integrity Framework

Body or position	Integrity Role
Council Members	• Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. • Adhere to and demonstrate the highest level of commitment and conduct for integrity. • Model a culture of integrity through the active demonstration of the City's values and by communicating the importance of meeting integrity standards. • Participate in the Council's decision-making processes in an impartial and unbiased manner. • Manage, declare and record gifts and conflicts of interest.
All Employees	• Operate in accordance with the <i>Local Government Act 1995</i> and relevant legislation, including in relation to integrity and governance. • Adhere to and demonstrate the highest level of commitment and conduct for integrity. • Reflect the City's values and integrity standards. • Comply with policies, processes and systems developed for organisation integrity. • Apply appropriate practices for risk management, internal controls, and fraud and corruption prevention. • Report misconduct, corruption or fraud through established reporting mechanisms. • Participate in training and development opportunities to enhance integrity knowledge and capacity. • Manage, declare and record gifts and conflicts of interest.
Chief Executive Officer	• Apply the City's resources to fraud prevention and ensure the implementation of adequate controls for managing fraud and corruption risks within the City. • Drive a culture of integrity through the active demonstration of the City's values and by communicating the importance of meeting integrity standards. • Implement application of integrity policies and procedures for the City. • Report misconduct activities or suspected activities to external oversight bodies.
Executive Management Team	• Monitor and evaluate the effectiveness of this Framework. • Provide leadership, guidance, training and support to meet integrity standards. • Monitor and review the City's Corporate Risk register to identify fraud risk areas and the continued operation of controls. • Participate in integrity risk assessment reviews. • Report misconduct activities or suspected activities to external oversight bodies. • Ensure the protection of complainants who report fraudulent and corrupt activities.

Draft Integrity Framework

Body or position	Integrity Role
All managers	- Promote integrity and prevent misconduct and corruption. - Ensure internal controls, policies and procedures are operationalised. - Reduce organisation vulnerability to fraud and corruption by identifying new or emerging fraud risks and ensuring that they are reported, assessed and managed in accordance with the Risk Management Framework. - Model appropriate behaviours and standards. - Manage, respond to and report integrity breaches or issues as they arise. - Conduct regular audits in high-risk areas such as procurement, payroll, and financial transactions. - Ensure discrepancy investigations in payroll data are promptly addressed.
Executive Manager Corporate Strategy and Governance (Chief Audit Executive (CAE))	- Coordinate the biennial review of this Framework including maturity self-assessment and reporting. - Implement core integrity instruments, processes and systems around governance, codes of conduct, delegations of authority, accountability and ethical decision-making. - Maintain and report on legislative and regulatory compliance requirements. - Facilitate ethical training and awareness. - Maintain the City's Risk Management Framework including alignment assessment, review and reporting to reduce organisational vulnerability to fraud and corruption. - Maintain public registers. - Maintain the Delegations of Authority Manual.
Executive Manager Human Resources	- Develop, review, and implement ethically guided procedures and systems relating to human resource practices including: - recruitment and selection. - performance review. - workforce management. - induction and training. - complaints and grievances. - Ensure employee induction covers integrity expectations. - Facilitate ethical training and awareness. - Develop, review, and implement the Employee Code of Conduct, ensuring the highest level of commitment to integrity and ethical conduct. - Manage grievance and discipline processes.
Chief Financial Officer	- Develop, review, and implement procedures and systems relating to purchasing and procurement; tendering and contracts; and utilisation of the City's finances ensuring the highest level of commitment to integrity and ethical conduct. - Ensure compliance with legislative provisions, policies and procedures related to financial management and reporting, procurement, and financial audits. - Ensure due diligence when engaging contractors and suppliers to deal with integrity matters to ensure they have the necessary

Draft Integrity Framework

Body or position	Integrity Role
	qualifications, skills and/or experience (e.g. through reference and qualification checks). • Conduct post-transaction reviews and validation procedures for creditor information to prevent invoice fraud. • Perform regular asset audits and implement access controls for high-value assets.
Executive Manager Information and Communication Technology	• Develop, review, and implement procedures and systems relating to ICT use and security. • Manage appropriate security testing of ICT system and develop responses to identified security risks. • Ensure employees are appropriately educated in ICT use and security practices. • Implement IT security controls, such as multi-factor authentication and restricting access to sensitive systems, to mitigate the risk of unauthorised access and fraud.
Public Interest Disclosure Officers	• Investigate disclosures in accordance with the <i>Public Interest Disclosure Act 2003</i>.

3.2 Legislation and regulations

The Local Government Act 1995 (Act) requires local governments to develop and maintain adequate internal control systems.

In accordance with the Act, the CEO:

- a) In accordance with the *Local Government (Financial Management) Regulations 1996* r.5, advise Council at least once every 3 years in respect to –
 - efficient systems and procedures
 - ensure efficient use of resources
 - appropriateness and effectiveness of systems
- b) In accordance with the *Local Government (Audit) Regulations 1996* r.17, at least once every 3 years review –
 - risk management
 - internal controls, and
 - legislative compliance.

Local governments are also required to establish a Code of Conduct for employees, contractors and Council and establish an Audit & Risk Committee.

The *Public Interest Disclosure Act 2003* (PID Act) requires the local government to establish written procedures for handling of any protected disclosures.

The City also has obligations under State legislation to report matters related to integrity including, but not limited to:

- *Corruption, Crime and Misconduct Act 2003*.
- *Financial Management Act 2006*.
- *State Records Act 2000*.

Draft Integrity Framework

3.3 Risk analysis and planning for integrity

The Corruption and Crime Commission have identified the following fraud and corruption risks in Local Government



Fraud & Corruption Risks In Local Government

FRAUD	CORRUPTION	OTHER
Procurement fraud Collusive tendering, favouritism in contract awards, inflated invoices/price gouging for goods and services	Bribery/Kickbacks Accepting payments/commissions/gifts or hospitality for preferential treatment: licensing, contracts, marketing opportunities	Data and Information Manipulation of data/statistics to secure funding, falsely claim achievements, obscure detriments
Payroll fraud Ghost employees, false overtime claims, unauthorised salary increases/payments	Conflict of Interest Using position to benefit themselves or family financially, owning businesses or partnering with private companies	Insider Trading Commercially sensitive or privileged information is used for benefit (e.g., shares)
Grant fraud Misuse of funds for personal gain	Extortion Demanding payments from businesses in exchange for permits, licences or favour	Misuse of Assets Using government owned assets for personal interests (e.g., work vehicles, equipment or technology)
Financial Fraud Embezzlement, false invoicing, skimming	Nepotism or Cronyism Hiring, promoting, rewarding individuals based on relationships not merit	

Draft Integrity Framework

The City's Risk Management Framework (RMF) is essential in supporting the Integrity Framework by providing structured guidance on identifying, analysing, and managing fraud and corruption risks. The Fraud and Corruption Risk Register (Register) identifies key areas of vulnerability, prioritising these risks for targeted action.

Integrity risk analysis approach aligns with the RMF, ensuring that medium, high, and extreme residual risks are managed in accordance with the City's broader risk management processes. Control measures are designed to mitigate specific risks as identified in the register, with inherent risks being assessed and managed based on their potential impact and likelihood.

Procurement fraud is a high-priority area, with strong controls in place to mitigate the risk of fraudulent activities in procurement processes. These controls include the enforcement of segregation of duties and multi-level approvals to ensure transparency and accountability. Regular auditing of procurement activities helps detect and prevent fraudulent behaviour, with additional reviews conducted when required.

Invoice fraud is addressed through strict validation procedures, ensuring that creditor information is accurately verified before payments are processed. These controls reduce the risk of fraudulent invoices being approved and processed.

Asset misappropriation is mitigated through robust asset management procedures. The City ensures that high-value assets are tracked, with restricted access granted only to authorised personnel. Regular asset audits are conducted to ensure assets are correctly accounted for and used appropriately.

Payroll fraud risks are controlled through comprehensive payroll verification processes, ensuring that timesheets are accurately reviewed and approved. Controls are in place to ensure that payroll systems are secure, and any discrepancies are promptly investigated.

Through the application of the RMF, the City ensures that identified fraud and corruption risks are continuously monitored and addressed. Control measures are regularly reviewed to ensure they remain effective in reducing residual risk, with high-priority risks receiving ongoing attention as part of the City's overall risk management approach.

Enhanced Procurement Controls:

- Regular audits in high-risk areas such as procurement ensure compliance with established procedures and detect any anomalies early.
- Segregation of duties in procurement processes prevents any single individual from having control over all aspects of a transaction.

Invoice Fraud Prevention:

- Strict validation procedures for creditor information ensure accuracy before processing payments. This includes cross-checking details with external databases where possible.
- Post-transaction reviews of financial transactions identify any discrepancies or unauthorised changes.

Asset Management:

- Regular asset audits ensure that all high-value assets are accounted for and used appropriately.

Draft Integrity Framework

- Access controls for high-value assets ensure that only authorised personnel can access them.

Payroll Verification:

- Comprehensive payroll verification processes ensure that all timesheets are accurately reviewed and approved. This includes cross-referencing timesheets with attendance records and other relevant data.
- Discrepancy investigations in payroll data promptly address any discrepancies found.

Continuous Improvement and Monitoring:

- Regular review of control measures ensures they are updated based on audit findings and risk assessments to remain effective in reducing residual risk.
- Enhanced IT security controls, such as multi-factor authentication and access restrictions, protect sensitive systems and data from unauthorised access and fraud.

3.4 Internal controls, audit and governance

The City's internal controls are designed to prevent, detect, and respond to integrity breaches, including fraud and corruption. The internal control framework is supported by a robust audit and governance system, which ensures the continuous assessment and improvement of control measures across all operations.

The control review schedule has been developed to prioritise areas of highest vulnerability, using both the inherent risk rating (before controls) and the effectiveness of controls in reducing the current risk. This ensures that the highest-risk areas, such as procurement, payroll, and asset management, receive the most immediate attention.

Key components of the City's internal controls audit and governance include:

Control review schedule:

- Controls are reviewed on a rolling basis, with medium, high, and extreme inherent risk areas receiving more frequent reviews. The review schedule prioritises areas where control effectiveness may be lower or where the risk remains high despite existing controls.

Control effectiveness evaluation:

- The City assesses control effectiveness regularly, with ratings assigned to each control. Control ratings such as "fully effective," "adequate," and "inadequate" inform the frequency and depth of reviews, ensuring resources are focused on areas where control weaknesses have been identified.

Incorporation into audit programs:

- The City's internal audit program is risk-based and aimed at addressing the City's key high risks, which relate to non-compliance, fraud, corruption and misconduct. The purpose of the internal audit program is to test the effectiveness and adequacy of the City's controls, processes and practices aimed at managing these risks.
- Audits are undertaken by an independent auditor and the outcome of each audit, along with proposed management actions, are presented to the Committee. Management actions are documented and tracked through the City's audit log which is presented to the Committee at each meeting.

Audit and Risk Committee oversight:

Draft Integrity Framework

- The Committee regularly reviews the Corporate Risk Register and the outcomes of control audits, ensuring that the highest risks are being addressed in a timely manner. This includes monitoring the implementation of recommended control improvements and ensuring accountability for unresolved risks.

Continuous improvement:

- The City continually refines its control measures based on audit findings, feedback from risk owners, and changes in the external environment. This includes integrating new technologies, updating policies, and introducing more sophisticated control mechanisms where necessary.

By aligning control reviews with both inherent risk ratings and control effectiveness, the City ensures that areas of high vulnerability are subject to rigorous scrutiny and ongoing improvement. This proactive approach reduces residual risk and strengthens the City's ability to manage integrity risks effectively.

3.5 Fraud and corruption detection systems

Detection Mechanisms:

- The Register and supporting RMF prioritise detection mechanisms for fraud and corruption. These systems are essential for identifying vulnerabilities, detecting anomalies, and preventing integrity breaches. The City's fraud detection approach incorporates both proactive and reactive systems, aligned with the findings in the Register.

Regular Audits and Control Testing:

- The City is committed to regular audits and control testing. High-priority areas such as procurement, payroll, and financial transactions are subject to frequent audits. Internal audit programs, conducted by independent auditors, evaluate the effectiveness of internal controls, risk management, and governance processes, while annual financial audits, performed by the Office of the Auditor General, ensure compliance with accounting standards and legislation.

Post-Transaction Reviews:

- Post-transaction reviews of key financial transactions are conducted to detect anomalies, missing or altered documentation, and unauthorised changes. These reviews are particularly relevant for procurement and accounts payable, where fraud risk is highest. This includes the review of management accounting reports to identify unusual patterns in financial transactions.

IT Security Controls:

- IT security controls, such as restricting access to sensitive systems and implementing multi-factor authentication, are recognised as essential components of fraud detection, particularly in managing supplier information and payroll data. These controls help mitigate the risk of unauthorised access and fraud.

Governance Detection Systems:

- The City also maintains robust governance detection systems to support its commitment to transparency and accountability. Conflicts of interest and gift declarations are published in publicly accessible registers, while Public Interest Disclosure Procedures (PID) Information Guidelines provide clear guidance to

Draft Integrity Framework

employees and members of the public on reporting suspicious or known illegal or unethical conduct. Anonymous reporting avenues are also available to enable confidential reporting.

Financial System Reviews:

- Financial systems undergo independent reviews to ensure their integrity. This includes the manual uploading of fees, charges, journal entries, and changes to employee payments. In addition, monthly reconciliations of financial modules to general ledger balances are performed to ensure accuracy, and the annual budget process, alongside the mid-year review, critically assesses forward budget projections to maintain financial integrity.

By aligning these detection systems with the risk levels identified in Register, and ensuring a thorough governance framework, the City strengthens its ability to detect fraud early and take appropriate corrective action.

4. Model and embody a culture of integrity

The Strategic Community Plan is the Council's key strategic document. It describes the vision the City of Vincent will strive to achieve, where it will focus its efforts, and how it will measure progress.

4.1 Values and standards

- Insert City's Vision Quote

- Insert City's Values image

The values of engaging, accountability, and making a difference are deeply interconnected with organisation integrity. By actively listening, understanding, and communicating, the City demonstrates respect and transparency, which are vital for maintaining integrity.

Accountability ensures that actions are transparent and subject to scrutiny, building trust and showing ethical responsibility.

The [City of Vincent Code of Conduct](#) expresses the City's commitment to high standards of ethical and professional behavior and outlines the principles in which individual responsibilities are based.

The City provides a formal induction process for all new staff and contractors that includes a clear focus on integrity. Managers exercise and demonstrate high levels of integrity in the performance of their roles and functions and reinforce standards of ethical and professional behavior.

Values and standards are included through recruitment materials and on the City's website.

5. Learn and develop integrity knowledge and skills

5.1 Integrity education and capacity

The City will adopt a proactive approach to fraud prevention by embedding the following practices:

- Fraud awareness training: All staff, particularly those in procurement, finance, and asset management roles, will participate in regular fraud awareness training to understand the risks and their role in mitigating them.
- Regular communication on integrity: Senior management will communicate the importance of maintaining high integrity standards, with a focus on the high-risk areas identified in the Fraud Risk Register.

These initiatives will help to foster a culture of integrity across the organisation, ensuring staff are actively engaged in preventing fraud.

The City will maintain a dedicated Fraud and Corruption internal webpage for employees that highlights the key integrity responsibilities of public sector employees and details reminders of:

- the City's position in relation to the acceptance of gifts and benefits;
- how to identify, disclose and manage conflicts of interest;
- appropriate use of public resources;
- appropriate management of corporate information;
- personal behaviour; and
- how to report suspected unethical, fraudulent, dishonest, illegal, or corrupt behaviour.

Key integrity responsibilities are also communicated by the CEO to all staff.

6. Be accountable for integrity

6.1 Response to integrity breaches

The City provides a dedicated [webpage](#) to assist our community, employees, contractors, and visitors in navigating the proper process for reporting integrity breaches and lodging complaints.

Where complaints against elected members, committee members or candidates are upheld they will be included in the City's Complaints Registers, available on the City's website. Complaints (upheld) and reporting to external oversight bodies will also be reported on in the City's Annual Report.

For certain types of conduct, the Chief Executive Officer has a statutory obligation to notify the Public Sector Commission and Department of Local Government, Sport and Cultural

Industries (minor misconduct), Corruption and Crime Commission (serious misconduct) and Western Australia Police (criminal conduct).

6.2 Self-analysis and review

The City will review this Framework on a biennial basis undertaking a maturity self-assessment in line with the [Public Sector Commission Integrity Framework Maturity Self-Assessment](#) to identify the strengths and weaknesses of its approach to integrity in relation to 4 levels of maturity – emerging, developing, embedded and excelling – and develop a plan to reach its desired levels.

7. Oversight

The Chief Executive Officer, with the support of the Executive Management Team, is responsible for oversight of this Framework.

In addition, the Audit and Risk Committee assists by providing independent oversight on the effectiveness of the City's RMF. As part of its oversight role the committee receives regular reporting on:

- development of the internal audit program with considerations to undertake pro-active fraud and corruption detecting activities.
- internal audit reports and recommendations and management actions.

OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Initial Adoption	DD/MM/YYYY CM reference:
Reviewed / Amended	DD/MM/YYYY
Next Review Date	MM/YYYY

Draft Integrity Framework

Fraud and Corruption Prevention Plan



Contents

Executive Summary	3
Section 1 - Background.....	4
1.1 Purpose	4
1.2 Communication	4
1.3 Zero Tolerance to Fraud and Corruption	4
1.4 Definitions.....	5
1.5 Objective.....	7
1.6 Scope	7
Section 2 - Context.....	8
2.1 Corporate Framework	8
2.2 Legislative Framework	8
2.3 Australian Standards	10
2.4 Roles and Responsibilities	10
Section 3 - Planning and Resourcing.....	12
3.1 Program for fraud and corruption control planning and review	12
3.2 Fraud control responsibility and resources	13
3.3 External assistance	13
Section 4 - Prevention.....	14
4.1 Implementing and maintaining an integrity framework.....	14
4.2 Commitment to controlling the risk of fraud and corruption	14
4.3 Maintaining strong internal control systems and internal control culture	15
4.4 Fraud and corruption risk assessment.....	15
4.5 Communication and awareness of fraud and corruption	16
4.6 Employment screening.....	16
4.7 Dealing with annual leave and job rotation	17
4.8 Supplier vetting.....	17
Section 5 - Detection.....	18
5.1 Fraud and corruption detection program.....	18
5.2 External auditor's role in the detection of fraud.....	19
5.3 Mechanisms for reporting suspected fraud and corruption incidents	19
5.4 Whistle blowers	19
Section 6 - Response.....	20
6.1 Procedures of the investigation of detected or suspected incidents.....	20
6.2 Internal reporting	20
6.3 Disciplinary procedures	20

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



CITY OF VINCENT

6.4	External reporting	21
6.5	Civil proceeding to recover the proceeds of fraud and corruption	22
6.6	Internal control review following discovery of fraud	22
6.7	Maintaining and monitoring adequacy of insurance.....	22

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102583

2

Fraud and Corruption Prevention Plan



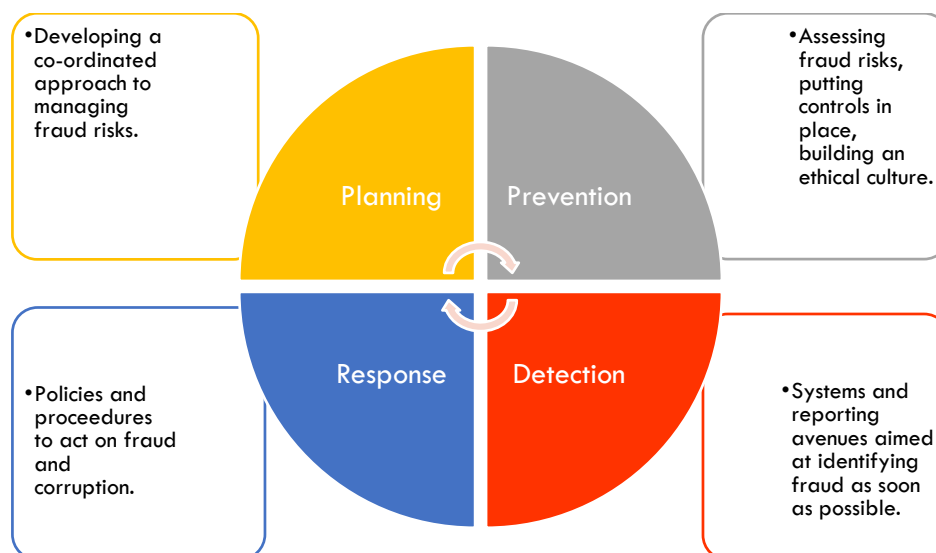
Executive Summary

The City of Vincent (**City**) is committed to the prevention, deterrence, monitoring, investigation and reporting of all forms of fraud and corruption. Fraud and corruption is damaging to an organisation as it may cause financial loss, loss of public confidence (either perceived or real), reputational damage and adverse publicity.

Local governments are the custodians of significant public funds and assets. Therefore it is important that the community has assurance that these are adequately protected from fraud and corruption.

Fraud and corruption prevention forms part of the City's Risk Management Framework. It is a risk that the City actively seeks to identify and limit its exposure to, by reducing the potential opportunity (risk likelihood) for fraud and corruption to occur.

The purpose of this Plan is to clearly document the City's approach to the prevention of fraud and corruption at both strategic and operational levels. It is to be read in conjunction with the City's [Risk Management Policy](#) and relevant legislation.



Adapted from Office of Auditor General for Western Australia, Report 5: 2019-20, *Fraud Prevention in Local Government*

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Section 1 - Background

1.1 Purpose

This Plan supports the City's Fraud and Corruption Prevention Policy to provide a structured framework and approach to fraud and corruption prevention, detection, monitoring and reporting.

This Plan aligns with the Australian Standards for Fraud and Corruption Control (AS8001-2008) and has been endorsed by the Executive Management Committee.

The Plan will be reviewed by the Audit Committee annually.

1.2 Communication

This Plan is communicated to all staff via annual training and is available on the City's internal Vintranet site. All new staff are also made aware of the Plan as part of their induction.

1.3 Zero Tolerance to Fraud and Corruption

The City has zero tolerance for corrupt conduct or fraudulent activities. The City is committed to preventing, deterring, detecting and investigating fraudulent and corrupt behaviour in the delivery of City services. Elected Members and Administration must not engage in practices that may constitute fraud or corruption.

The desired outcome of this commitment is the elimination of fraud and corruption throughout City operations both internally and externally. The City may prosecute people identified as committing fraud or undertaking corrupt behaviour. Employees may also face disciplinary action under the City's Code of Conduct, and restitution of money or property lost through fraudulent activity will be pursued through legislative means.

Fraudulent and corrupt activities may also be required to be referred to external agencies or may be referred at the discretion of the Council or CEO. These agencies include but are not limited to –

- WA Police
- Crime and Corruption Commission
- Public Sector Commission
- Local Government Standards Panel.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



1.4 Definitions

Fraud is defined by Australian Standard AS8001-2008 as –

Dishonest activity causing actual or potential financial loss to any person or entity including theft of monies or other property by employees or persons external to the entity and where deception is used at the time, immediately before or immediately following the activity.

Fraud can take many forms including –

- the misappropriation of assets;
- the manipulation of financial reporting (either internal or external to the organisation);
- corruption involving abuse of position for personal gain.

Corruption is defined by Australian Standard AS8001-2008 as –

Corruption is dishonest activity in which an employee or contractor of the entity acts contrary to the interests of the entity and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or organisation. The concept of 'corruption' can also involve corrupt conduct by the entity, or a person purporting to act on behalf of and in the interests of the entity, in order to secure some form of improper advantage for the entity.

Corrupt conduct tends to show a deliberate intent for an improper purpose and motivation and may involve misconduct such as: the deliberate failure to perform the functions of office properly; the exercise of a power or duty for an improper purpose; or dishonesty. Some examples of corrupt or criminal conduct which could be serious misconduct include –

- abuse of public office;
- blackmail;
- bribery, including bribery in relation to an election;
- deliberately releasing confidential information;
- extortion;
- obtaining or offering a secret commission;
- fraud or stealing;
- forgery;
- perverting the course of justice;
- an offence relating to an electoral donation;
- falsification of records.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

5

Fraud and Corruption Prevention Plan



ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE
022/102583

Fraud and Corruption Prevention Plan



1.5 Objective

The City is committed to meeting its legislative obligations under the *Local Government Act 1995* including *ensuring that resources are maintained in a responsible and accountable manner*.

The City's commitment to fraud control will be met by ensuring an environment in which fraudulent or corrupt conduct is discouraged, and conflicts of interest are avoided.

This commitment is reflected in the City's [Governance Framework](#), which has the following five principles:

1. Culture and Vision
2. Roles and Responsibilities
3. Decision Making and Management
4. Commitment to Sustainability
5. Accountability

1.6 Scope

This Plan applies to all Elected Members, employees, contractors and volunteers.

Elected Members must also adhere to the standards mandated by the *Local Government Act 1995*.

Further guidance on the City's responsibilities are detailed in the:

- Department of Local Government, Sport and Cultural Industries, *Fraud & Corruption Control Framework*, July 2015
- Office of Auditor General for Western Australia –
 - Report 24: 2018-2019, *Verifying Employee Identity and Credentials*
 - Report 5: 2019-2020, *Fraud Prevention in Local Government*
- Australian Standard AS 8001-2008

Fraud and Corruption Prevention Plan



Section 2 - Context

2.1 Corporate Framework

This Plan supports the objectives in the City's Strategic Community Plan and Corporate Business Plan, both of which directly inform the City's budgets, strategies, policies and service delivery.

2.2 Legislative Framework

The *Local Government Act 1995 (LG Act)* requires local governments to develop and maintain adequate internal control systems. Local governments are also required to establish a Code of Conduct for employees, contractors and Council and have an Audit Committee.

The *Public Interest Disclosure Act 2003 (PID Act)* requires the local government to establish written procedures for handling of any protected disclosures.

The diagram below shows the interdependency of this Plan with complimentary programs and processes.



ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Local Government (Financial Management) Regulations 1996, Regulation 5

- (1) *Efficient systems and procedures are to be established by the CEO of a local government –*
- (a) for the proper collection of all money owing to the local government; and*
 - (b) for the safe custody and security of all money collected or held by the local government; and*
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
 - (d) to ensure proper accounting for municipal or trust –*
 - (i) revenue received or receivable; and*
 - (ii) expenses paid or payable; and*
 - (iii) assets and liabilities; and*
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
 - (f) for the maintenance of payroll, stock control and costing records; and*
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *The CEO is to –*
- (a) ensure that the resources of the local government are effectively and efficiently managed; and*
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

9

Fraud and Corruption Prevention Plan



Local Government (Audit) Regulations 1996 Regulation 17 (1):

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 3 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

2.3 Australian Standards

Although not obligatory, Australian Standard for Fraud and Corruption Control (AS8001-2008) provide important guidance.

2.4 Roles and Responsibilities

Audit Committee

In relation to fraud control, the Audit Committee's responsibilities include –

- reviewing risk management frameworks and associated procedures for the effective identification and management of fraud risks;
- providing assurance that the City has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information; and
- providing leadership in preventing fraud and corruption.

Chief Executive Officer (CEO)

The CEO applies the City's resources to fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the City.

The CEO, under the *Corruption, Crime and Misconduct Act 2003* must notify the Corruption and Crime Commission or the Public Sector Commission if misconduct is suspected.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Executive Management Committee (EMC)

The Executive Management Committee is responsible for implementing this Plan. In particular, the EMC must –

- provide leadership, guidance, training and support to employees in preventing fraud and corruption;
- identify high fraud risk areas;
- participate in fraud and corruption risk assessment reviews;
- monitor the continued operation of controls;
- report suspected fraud and corruption promptly, maintaining confidentiality; and
- ensure the protection of complainants who report fraudulent and corrupt activities.

Chief Audit Executive (CAE)

The CAE (Executive Manager Corporate Strategy and Governance) is responsible for –

- coordinating the fraud and corruption risk assessment process;
- developing and maintaining this Plan, in consultation with key stakeholders;
- communicating the existence and importance of the Plan to all staff; and
- delivering and/or coordinating fraud and corruption training.

Executive Manager HR

The Executive Manager Human Resources is responsible for managing the grievance and discipline process.

Public Interest Disclosure (PID) Officer

The City's PID Officers (Executive Manager Corporate Strategy and Governance and Executive Manager Human Resources) investigate disclosures in accordance with the *Public Interest Disclosure Act 2003*.

All Employees

All employees have a responsibility to contribute to preventing fraud and corruption by following the Code of Conduct, complying with controls, policies and processes; resisting opportunities to engage in fraudulent or corrupt behaviour; and reporting suspected fraudulent or corrupt incidents or behaviour.

Fraud and Corruption Prevention Plan



Section 3 - Planning and Resourcing

Australian Standard 8001/2008 list the following for consideration in planning and resourcing –

- control planning,
- review of control plans,
- control resourcing,
- internal audit activity.

3.1 Program for fraud and corruption control planning and review

The LG Act requires that all local governments establish an Audit Committee. An Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The Recommendation on p.7 of the WA Office of Auditor General's Report, Fraud Prevention in Local Government notes –

In line with better practice, all entities should ensure they implement a coordinated approach to manage their fraud risks. Entities should –

1. *assess fraud risks across their business*
 2. *develop a Fraud and Corruption Control Plan and review it at least once every 2 years*
 3. *develop and implement a periodic fraud awareness training program for all staff*
 4. *ensure that all conflicts of interest are recorded, assessed and appropriate management plans are in place*
 5. *have policies and procedures in place to verify the identity and integrity of employees and suppliers*
 6. *document clear internal processes and systems to report any potential fraud, that include anonymous reporting*
 7. *collect and analyse information received about potential fraud to identify any trends or emerging issues.*
-

This Plan is designed to achieve compliance with each of these recommendations.

The Plan operates in association with existing programs and initiatives throughout the City and forms an integral part of the overall risk management framework.

This Plan will be reviewed annually by the CAE with oversight from the Executive Management Committee. In reviewing the Plan the CAE shall give regard to the following –

- significant changes in business conditions
- strategies arising out of recently detected fraud or corruption control incidents
- results of fraud and corruption risk assessments completed
- changes in fraud and corruption control practices locally and internationally

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



- resourcing requirements
- any identified changing nature of fraud and corruption within the sector.

The Plan will be presented to Audit Committee annually.

3.2 *Fraud control responsibility and resources*

The responsibility for implementation of this Plan is with the CAE. The CAE will report yearly to the Executive Management Committee, on the progress of delivery on the outcomes from this Plan.

The City is committed to allocating the required resources across the organisation to ensure appropriate controls in regards to fraud and corruption. In particular resources will be made available to –

- implement the Plan
- undertake fraud and corruption risk assessments
- deliver organisational training and awareness
- review incidents reports
- undertake investigations.

3.3 *External assistance*

Where required, external assistance will be engaged to support the delivery of any aspect of this Plan, including the delivery of training.

Fraud and Corruption Prevention Plan



Section 4 - Prevention

Australian Standard 8001/2008 list the following for consideration in planning and resourcing –

- implementing and maintaining an integrity framework
- senior management commitment
- line management accountability
- internal control
- assessing fraud and corruption risk
- communication and awareness
- employment screening
- supplier and customer vetting
- controlling the risk of corruption.

4.1 *Implementing and maintaining an integrity framework*

The City's Code of Conduct specifies the expected behaviour of employees and contractors, which includes reporting and preventing any fraud or corruption.

Recruitment materials will include information on values and conduct expectations

The City will provide a formal induction process for all new staff and contractors that includes a clear focus on integrity.

Managers will exercise and demonstrate high levels of integrity in the performance of their roles and functions and will remind employees of the importance of complying with the City's Code of Conduct.

Annual performance reviews will include a requirement for employees to review the City's Code of Conduct each year and to complete the online training programs for both Fraud Awareness and Accountable and Ethical Decision-making (AEDM).

4.2 *Commitment to controlling the risk of fraud and corruption*

Managers will not be complacent and will treat fraud and corruption risks as a serious threat to the City.

The Executive Management Committee and Audit Committee will regularly be briefed on the following:

- information on the program and robustness of the internal control environment in regards to preventing and detecting fraud
- the types of fraud and corruption common with the sector
- incidence of fraud and corruption generally in Australia
- information on the types of fraud and corruption that have been detected at the local government over the previous five years
- information of new or emerging trends in this area.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



4.3 Maintaining strong internal control systems and internal control culture

The City has an existing culture of continuous improvement. The implementation of effective systems of internal control is an integral part of this program, particularly for activities assessed as having a high predisposition to the risk of fraud and corruption.

Well planned and documented internal controls will be a major defence for avoiding fraud and corruption. When undertaking projects or reviewing existing practices into the future consideration will be given to appropriate fraud and corruption controls in the development of outcomes.

Internal controls will be:

- Appropriately documented
- Accessible
- Reviewed and amended regularly
- Communicated effectively to all relevant employees
- Subject to review of adherence.

4.4 Fraud and corruption risk assessment

Risk assessments will be undertaken for all identified fraud and corruption risks in accordance with the City's Risk Management Policy.

As a minimum the following risks will be assessed –

- theft of cash
- theft/misuse of assets
- misuse of confidential corporate information
- conflict of Interest
- accounts payable
- payroll practices
- procurement
- IT and information security
- recruitment
- misuse of credit cards.

Additional risks will be identified through normal business unit operations and through the regular review of the risk register.

Fraud and Corruption Prevention Plan



4.5 Communication and awareness of fraud and corruption

It is important that fraud and corruption is identified and reported at an early stage and that employees have understanding and confidence in the system.

Employees will be provided with the following –

- a dedicated page will be maintained on the City's Vintranet in regard to fraud and corruption, this will include links to all relevant documents in particular the process for reporting allegations and Public Interest Disclosures;
- fraud & corruption awareness training and AEDM training will be conducted annually, and learnings measured through staff assessment surveys;
- regular news feeds to remind staff of key integrity responsibilities including the process for reporting any instances of misconduct; and
- staff assessment surveys to measure staff confidence and attitudes about integrity, including confidence in speaking up about misconduct and integrity matters and identifying steps to address any findings

Our community will be provided with the integrity controls that have been implemented throughout the year. This will be published in each Annual Report.

4.6 Employment screening

Prior to appointment the following screening shall be undertaken with the express consent of the individual concerned, irrespective of whether they are internal or external applicants –

- verification of identity requiring at least two forms of identity (passport, birth certificate, drivers licence, rate certificate, at least one must include photo identification)
- Police criminal history check – relevant positions
- Working with Children check – relevant positions
- reference checks with two most recent employers
- consideration of any gaps on employment history and the reasons for the gaps
- verification of formal qualifications claimed – where relevant or required for position
- if necessary, residency or visa status.

The Recommendation on p.10 of the WA Office of Auditor General's Report, *Verifying Employee Identity and Credentials* notes –

Public sector entities should –

1. *have approved policies and procedures for verifying employee identity and credentials which cover –*
 - *using a 100-point identity check*
 - *criminal background checks, based on the risks associated with the position*
 - *periodic monitoring of existing employees*
2. *assess the positions which may require a criminal background or working with children check and ensure that these requirements are clearly documented in position description forms*

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



3. *for high risk positions, or positions where there is an ongoing requirement to hold a licence or professional qualification, obtain regular declarations from employees that there is no significant change in their circumstances*
4. *ensure that sufficient documentary evidence is obtained prior to appointment which supports an employee's –*
 - *identification and right to work in Australia*
 - *professional qualifications and memberships*
 - *criminal background or capacity to work with children (where necessary)*
5. *perform appropriate referee checks for all potential employees and ensure that all employees' reference checks are retained in their employee or recruitment file*
6. *develop a procedure for monitoring the expiry dates of licences, certificates or working with children checks so that they can be followed up with the employee close to expiry date*
7. *perform periodic criminal background checks for positions which require it.*

4.7 Dealing with annual leave and job rotation

Directorates will consider job rotation for positions where there are multiple officers undertaking the same or similar functions and the position is deemed a high risk from a fraud or corruption perspective, local law enforcement, parking enforcement, planning officers, contract management, for example.

Excess annual leave will be monitored on a quarterly basis and reported to the Executive Management Committee.

4.8 Supplier vetting

The City will continue to undertake supplier vetting for new and ongoing suppliers in accordance with existing practices.

To avoid scams and incorrect payments, all suppliers are to have banking details verified upon initial entry of their details to the IT system and then periodically.

In accordance with the Procurement Policy, new suppliers with prospective business in excess of \$150,000, the minimum checks will include –

- search of Australian Securities & Investment Commission Company Register,
- Australian Business Register ABN verification,
- currency of insurances.

For new contracts exceeding, or potential to exceed \$500,000, the following additional checks should be considered –

- corporate scorecard check which looks at Bankruptcy search,
- assessment of credit rating,
- search of legal proceedings pending or judgements pending.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Section 5 - Detection

Australian Standard 8001/2008 list the following for consideration in planning and resourcing –

- implementing a fraud and corruption detection program
- role of external auditor in detection of fraud
- avenues for reporting suspected incidents
- whistle-blower protection program.

5.1 Fraud and corruption detection program

As part of the development of the annual internal audit program the Audit Committee will consider opportunities to undertake pro-active fraud and corruption detecting activities that might include –

- (a) conducting unscheduled internal reviews and audits
- (b) post-transactional reviews – a review of transactions after they have been processed, with the aim of identifying or uncovering –
 - documentation that may be missing, altered, missing or falsified,
 - authorisations that may have been omitted or altered, or
 - inadequate documentary support.
- (c) Analysis of management accounting reports – using relatively straight forward techniques in analysing management accounting reports, trends can be examined and investigated which may be indicative of fraudulent or corrupt conduct.
- (d) Financial Management and Risk Reviews will include a review of –
 - IT and information security
 - grants and other payments
 - tendering processes, purchasing and contract management
 - services provided to the community
 - revenue collection
 - use of credit cards
 - travel allowance and other allowances
 - salaries
 - money, property and other physical assets.
- (e) internal audits.
- (f) annual reports to management, the Audit Committee and Council regarding the position of risk management, internal controls and legislative compliance.

In accordance with the LG Act, the CEO is required to –

- a) in accordance with the *Local Government (Financial Management) Regulations 1996* r.5, advise Council at least once every 3 years in respect to –
 - efficient systems and procedures
 - ensure efficient use of resources
 - appropriateness and effectiveness of systems

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



b) in accordance with the *Local Government (Audit) Regulations 1996* r.17, at least once every 3 years review –

- risk management
- internal controls, and
- legislative compliance.

5.2 External auditor's role in the detection of fraud

Consistent with recent changes to international and Australian auditing standards, the auditor's accountability for the detection of fraud will form part of any audit. These provisions will increase the likelihood of detecting material mis-statements or errors in the City's financial statements.

5.3 Mechanisms for reporting suspected fraud and corruption incidents

The City's Public Interest Disclosure Procedures (PID) [Information Guidelines](#) set out how employees can report suspicious or known illegal or unethical conduct.

Reports can be made anonymously. Anonymous reports will be examined and investigated on the available evidence.

All employees have the right to make a disclosure in accordance with the PID Act. This is encouraged where any person wishes to access the protections afforded by the PID Act.

5.4 Whistle blowers

Whistle-blowers, whether internal or external, may be an important component in the detection and exposure of fraud or corrupt behaviour.

They will be protected to the extent permitted by law. Protection may include but is not limited to –

- ensuring the person's safety
- protecting their confidentiality
- arranging any necessary physical or mental support
- referral to an external agency having greater resources for investigation.

A whistle-blower who has been involved in the reported misconduct may be provided with immunity or due consideration from City initiated disciplinary proceedings by agreement, however, the City has no power to provide immunity from criminal prosecution.

Where victimisation or reprisals are reported, a record of the report and the action taken must be placed on the file relating to the public interest disclosure. Steps taken to prevent acts of victimisation or reprisal should be recorded in a manner that they will be accessible for reference, should legal action be taken against the City.

However, vexatious or malicious complaint will not be tolerated, and an appropriate response may be made against the complainant.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Section 6 - Response

Australian Standard 8001/2008 list the following for consideration in planning and resourcing –

- policies and procedures
- investigations
- internal reporting and escalation
- disciplinary procedures
- external reporting
- civil action for recovery of loss
- review of internal controls
- insurance.

6.1 *Procedures of the investigation of detected or suspected incidents*

The City's Public Interest Disclosure Information Guidelines set out –

- appropriate measures for the comprehensive investigation of such matters based on the principles of independence, objectivity and fair due process (rules of natural justice)
- systems for internal reporting of all detected incidents
- process for reporting the matters of suspected fraud and corruption to appropriate external enforcement agencies.

The Guidelines will be reviewed regularly to ensure that it continues to meet these objectives.

6.2 *Internal reporting*

The CAE is to ensure that all incidents reported and investigated are documented and registered on the appropriate confidential file.

The documentation placed on the file must include the following minimum information –

- date and time of report
- date and time the incident was detected
- how the incident came to the attention of management
- the nature of the incident
- value of loss (if any) to the entity
- action taken following discovery of the incident.

6.3 *Disciplinary procedures*

The City's disciplinary guidelines and procedures outline the potential disciplinary outcomes that apply in regards to the application of this Plan.

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



6.4 External reporting

The City's Public Interest Disclosure Information Guidelines provide direction to reporting any suspected fraudulent or corrupt conduct to any external enforcement agencies including –

- Department of Local Government, Sport and Cultural Industries;
- Public Sector Commission;
- Police; or
- Crime & Corruption Commission.

Employees may report any reasonable suspicion of minor misconduct involving a public officer to the Public Sector Commission (**PSC**), in accordance with the *Corruption, Crime and Misconduct Act 2003*.

Employees should consider what behaviours and circumstances constitute minor misconduct and whether the person/s involved is a public officer.

There is a good chance that if the public officer/s involved could be the subject of a disciplinary investigation at the City, then it might be minor misconduct. If you suspect the behaviour is minor misconduct employees can report it to the PSC or the CAE.

Department of Local Government Sport and Cultural Industries

Gordon Stephenson House, 140 William Street, Perth WA 6000

GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700

Fax: (08) 6552 1555

Free call (Country only): 1800 620 511

Email: info@dlgc.wa.gov.au

Website: www.dlgc.wa.gov.au

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

Public Sector Commission

Two office locations:

- Dumas House, 2 Havelock St, West Perth WA 6005
- Hale House, 1 Parliament Place, West Perth WA 6005

Locked Bag 3002, West Perth WA 6872

Phone: (08) 6552 8500

Fax: (08) 6552 8501

Email: admin@psc.wa.gov.au

Website: <https://publicsector.wa.gov.au>

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102563

Fraud and Corruption Prevention Plan



Corruption and Crime Commission

Level 5, 45 Francis Street, Northbridge WA 6003
 PO Box 330, Northbridge Post Shop WA 6865
 Phone: (08) 9215 4888
 Fax: (08) 9215 4884
 Toll-free: 1800 809 000
 Email: info@ccc.wa.gov.au
 Website: <https://www.ccc.wa.gov.au/>

Hearing impairment: If you are deaf, or have a hearing impairment or speech impairment, contact us through the National Relay Service:

TTY users phone 1800 555 677 then ask for 1800 809 000
 Speak and Listen users phone 1800 555 727 then ask for 1800 809 000.

6.5 Civil proceeding to recover the proceeds of fraud and corruption

The City may seek recovery of any losses due to fraud or corruption where there is clear evidence of fraud and corruption and where the likely benefits of such recovery will exceed the funds and resources required to be invested in the recovery action.

6.6 Internal control review following discovery of fraud

Where fraud or corruption is detected the relevant Executive Manager will be responsible to assess the adequacy of the relevant internal control environment and provide a report to the Executive Management Committee on the improvements identified.

6.7 Maintaining and monitoring adequacy of insurance

The City will maintain a fidelity guarantee insurance policy that insures the risk of loss arising from internal fraudulent conduct. The level of the policy and other policies relevant to fraudulent or improper conduct will be reviewed annually by the Executive Management Committee.

OFFICE USE ONLY	
Approved by EMC	Date: 17/12/2021, Ref# D20/244570
Reviewed / Amended	EMC - Date: 18/11/2021, Ref#: D21/213617 Presented to Audit Committee: 15/02/2022, Ref# D22/24825 Presented to Audit Committee: 29/06/2023, Ref# D23/56408
Next review	Date 29/06/2024

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102583

22

Fraud and Corruption Prevention Plan



CITY OF VINCENT

ENGAGING | ACCOUNTABLE | MAKING A DIFFERENCE

022/102583

5.4 REVIEW OF THE CITY'S CORPORATE RISK REGISTER

- Attachments:
1. Corporate Risk Register - Confidential
 2. Risk Management Procedure [↓](#) 
 3. Risk Appetite and Tolerance Statements [↓](#) 
 4. Risk Rating Alignment to Appetite and Tolerance [↓](#) 

RECOMMENDATION:

That the Audit and Risk Committee recommends to Council that it:

1. **RECEIVES** the City's Corporate Risk Register at Attachment 1; and
2. **APPROVES** the risk management actions for the high and extreme risks; and
3. **NOTES** alignment of Corporate Risks to risk appetite and tolerance ratings

COMMITTEE DECISION ITEM 5.4

Moved: Mr Manifis, **Seconded:** Mr Isambert

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

NOTE: The Committee requested an assessment of the aggregated risks that may arise for the City due to increased Polyphagous Shot-Hole Borer (PSHB) infestations. The focus is on potential consequences such as reduced tree canopy and the City's adopted tree canopy targets, safety hazards from falling limbs and long-term financial impacts.



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' (**CECs**) 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 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:

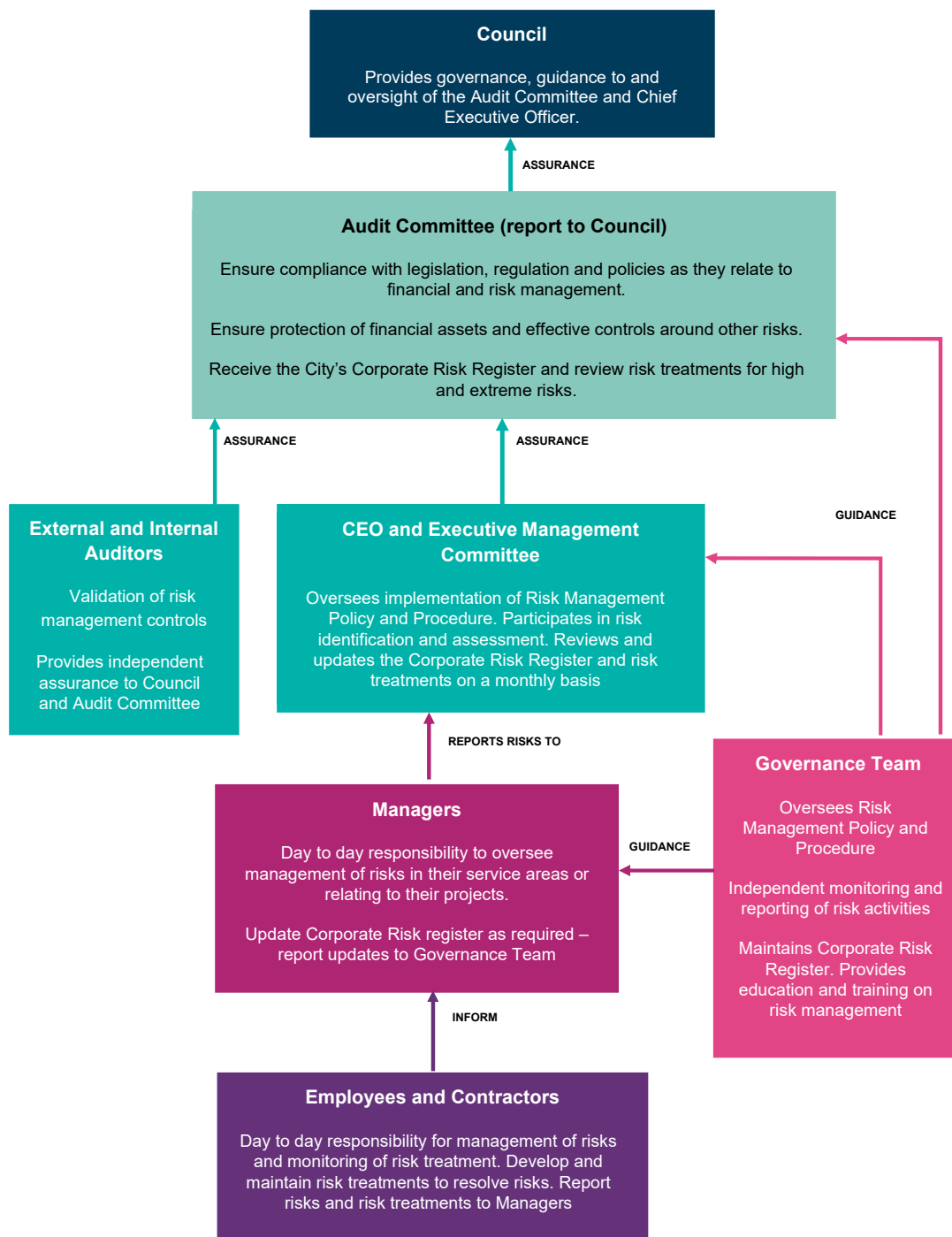
- Ensuring the City's Corporate Risk Register is reviewed monthly and presenting it to the Executive Management Committee.
- Presenting the Corporate Risk Register to the Audit Committee.
- Reviewing the Policy and Procedure annually to ensure they remain relevant and reflect the City's risk management 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>,



CITY OF VINCENT

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.

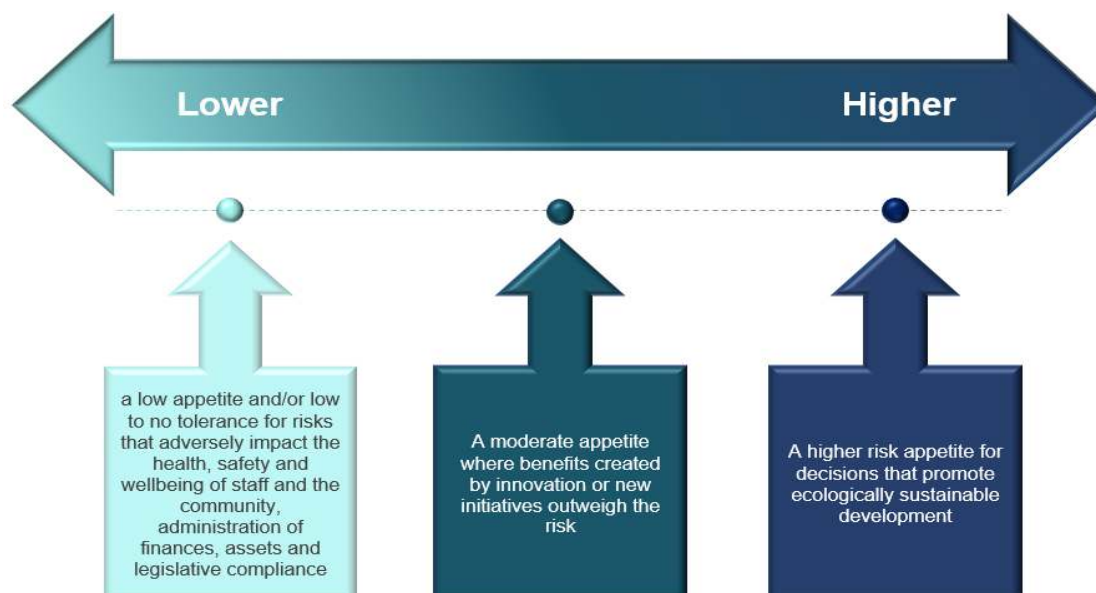
The following statements set boundaries for decision making, ensuring a balance between risk-taking and risk avoidance, and establishes the quantitative and qualitative criteria that determines, classifies, and manages the City's risks.

STATEMENT

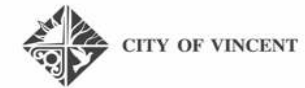
The community want us to be a Council and an organisation that is clever, creative, and courageous willing to push the operational boundaries and willing to think and act as an enabler.

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.



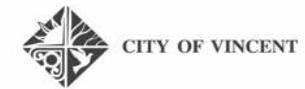
City of Vincent Risk Appetite and Tolerance Statements - D23/205561



RISK APPETITE & TOLERANCE STATEMENTS

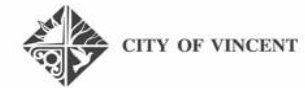
Detailed Statements and Descriptors

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



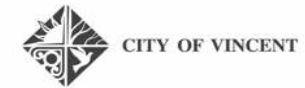
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		the vicinity \$100,001 to \$250,000 (0.17% - 0.43% of operating budget).
<i>Specific ratios –</i> <i>No specific rating given as these are set parameters that the City has determined that it must operate within.</i> <i>Ratios (and thresholds) are determined by the State Government.</i>	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: 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
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



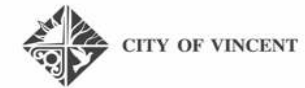
RISK APPETITE & TOLERANCE STATEMENTS

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



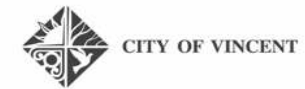
RISK APPETITE & TOLERANCE STATEMENTS

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



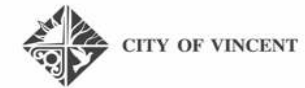
RISK APPETITE & TOLERANCE STATEMENTS

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.



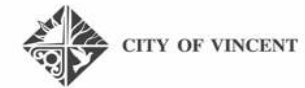
RISK APPETITE & TOLERANCE STATEMENTS

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.		



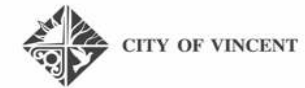
RISK APPETITE & TOLERANCE STATEMENTS

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.



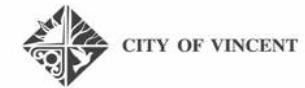
RISK APPETITE & TOLERANCE STATEMENTS

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.
<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>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: Only use personal information provided by an individual for the purposes for which it was collected and for any other authorised use.



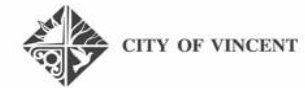
RISK APPETITE & TOLERANCE STATEMENTS

Risk Category	Risk Appetite / Tolerance Statement	Descriptor /clarification
		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.
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.		
<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



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: • 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.



RISK APPETITE & TOLERANCE STATEMENTS

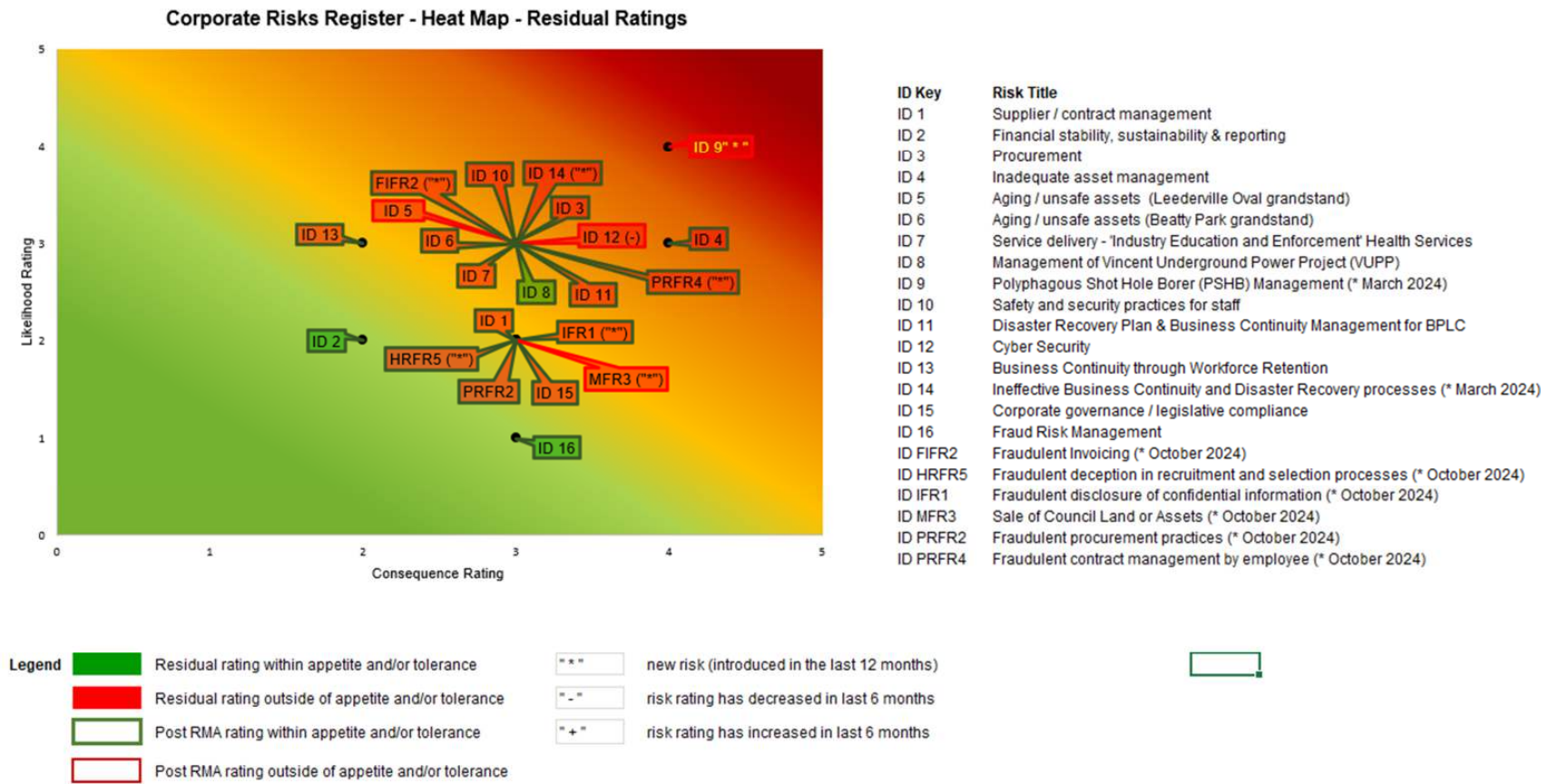
Strategic Risk Categories	
Finance, procurement & contracts	Risks relating to ensuring reliability and timeliness of financial and other information; as well as ensuring the financial sustainability and viability of the City. Risk of failures in the City's procurement and contract engagement and management 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.

RISK APPETITE & TOLERANCE STATEMENTS



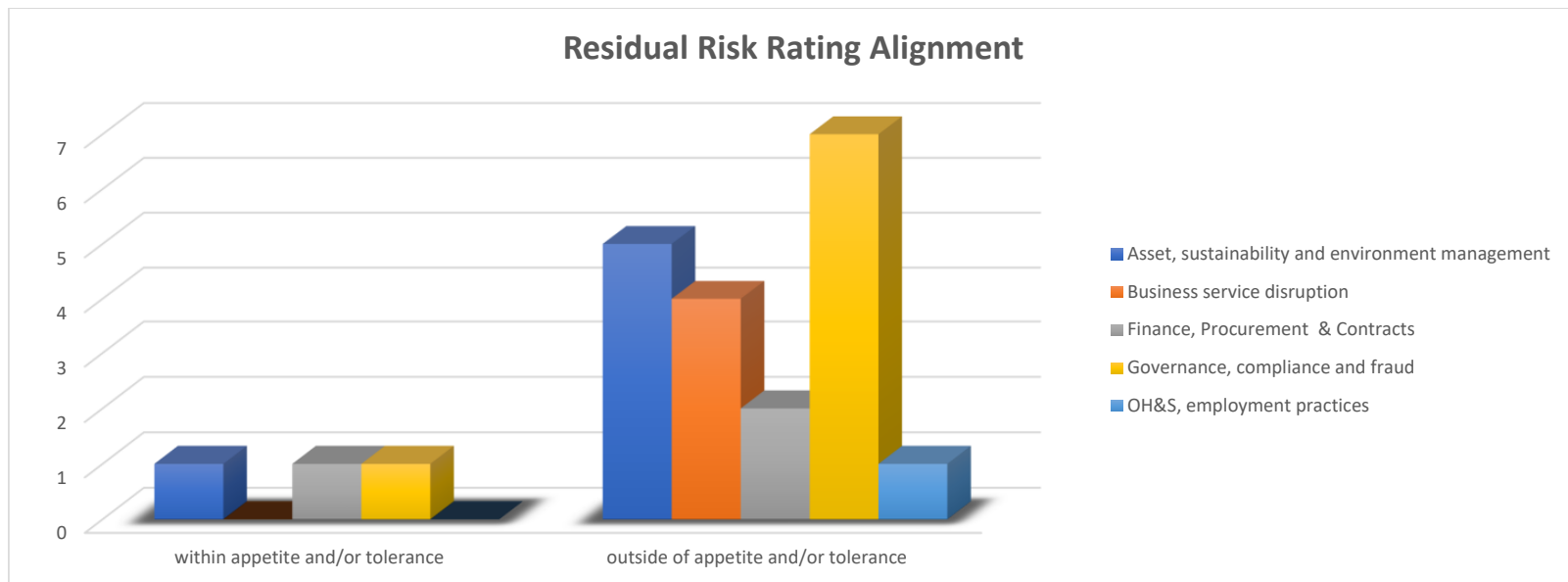
OFFICE USE ONLY	
Responsible Officer	Executive Manager Corporate Strategy and Governance
Initial Council Adoption	17/03/2020
Previous Title	N/A
Reviewed / Amended	12/12/2023 OMC Item 12.4
Next Review Date	12/2025 In accordance with clause 4 of the Risk Management Policy, Statements are to be review within three months of each ordinary local government election.

Corporate Risk Rating Alignment to Appetite and Tolerance



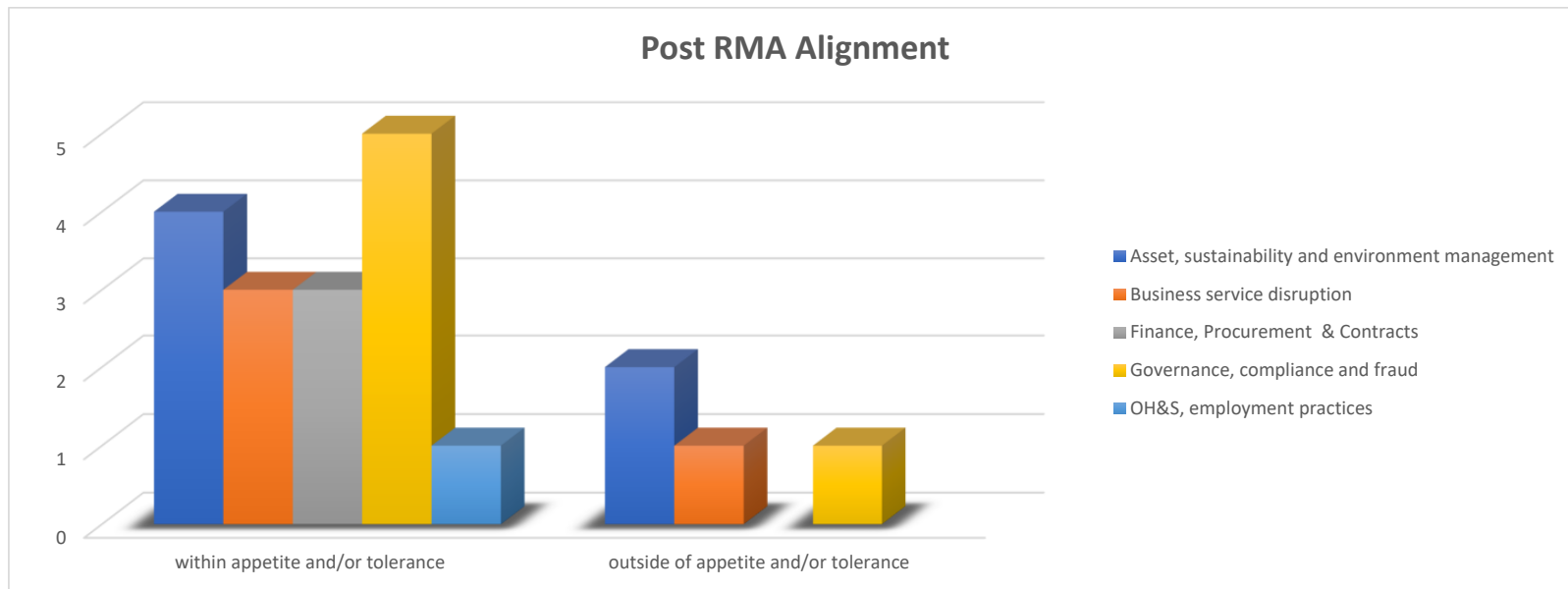
Residual rating alignment is detailed below:

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	1	0	1	1	0	3
outside of appetite and/or tolerance	5	4	2	7	1	19
	6	4	3	8	1	22



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	4	3	3	7	1	18
outside of appetite and/or tolerance	2	1	0	1	0	4
	6	4	3	8	1	22



5.5 AUDIT AND RISK COMMITTEE MEETING DATES 2025

Attachments: 1. Proposed Audit Committee Dates 2025  

RECOMMENDATION:

That the Audit and Risk Committee ADOPTS the meeting schedule for 2025 as follows:

Date	Time
Thursday 27 February 2025	4.00pm
Thursday 26 June 2025	4.00pm
Thursday 4 September 2025	4.00pm
Thursday 13 November 2025	4.00pm

Moved: Cr Castle, Seconded: Mr Isambert

That the recommendation be adopted.

AMENDMENT

Moved: Mr Manifis, Seconded: Cr Castle

That the recommendation be amended as follows:

That the Audit and Risk Committee SUPPORTS the Audit and Risk Committee meetings being rescheduled to Wednesday for 2025, and Administration to circulate dates for confirmation.

AMENDMENT CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

COMMITTEE DECISION ITEM 5.5

That the Audit and Risk Committee SUPPORTS the Audit and Risk Committee meetings being moved to Wednesday for 2025, and Administration to circulate dates for confirmation.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

City of Vincent Meeting Cycle 2025

	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T									
JAN			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	S	S	M	T		
			School Holidays																																				
FEB						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28						
			School Holidays																																				
MAR						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
APR		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30								
			School Holidays																																				
MAY				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31					
JUN						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				
JUL		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31							
			School Holidays																																				
AUG					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31				
SEP	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30									
			1	2	3	4	5	6	7	8	9	10	11	12	13		15	16	17	18	19	20	SCM	22	23	24	25	26	27	28	29	30	31						
OCT			School Holidays																						new council induction														
NOV						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30				
DEC	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31								
			School Holidays																																				

Budget W/Shop

Workshop

Briefing

OMC

Audit Committee

School Holidays

Council Capacity Building

Public Holiday

5.6 AUDIT COMMITTEE - FORWARD AGENDA 2024

Attachments: 1. Audit Committee Forward Agenda 2024 [↓](#) 

RECOMMENDATION:

That the Audit and Risk Committee recommends to Council that it NOTES the 2024 Audit and Risk Committee Forward Agenda at Attachment 1.

COMMITTEE DECISION ITEM 5.6

Moved: Mr Manifis, **Seconded:** Cr Alexander

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

NOTE: The Chair advised that before February the ARC self assessment needs to be collated, this will inform the 2025 forward agenda. The Committee also requested that any OAG reports not yet submitted be included in the 2025 forward agenda, as well as the Public Sector Commissioner's Maturity Assessment of Integrity.

Audit Committee Forward Agenda 2024

Standing Items	29 February 2024	March (no meeting scheduled)
- Review and update of Audit Committee Forward Agenda 2024 - 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	- Consideration of Audit Committee Forward Agenda 2024 - Training and professional development session determined by Committee Chair. - 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.) - Regulation 17 review report and recommendations. (Year 2 Internal Audit Plan) - Local Government Statutory Compliance Audit Return 2023 – Annual Review - Refresher by CAE on Local Government Act 1995 and key legislation impacting the City Note: Reports and recommendations to 19 March 2024 OMC	
April (no meeting scheduled)	May (no meeting scheduled)	27 June 2024
		- Meet privately with the external auditor (OAG) without management present to discuss any matters deemed appropriate - Entry Meeting – OAG - Review and recommend to Council the proposed annual Internal Audit Plan for Year 3. - Meet privately (without management present) with the CAE to discuss any matters deemed appropriate. - 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 and recommend to Council the approval of proposed Integrity Framework Note: Reports and recommendations 23 July 2024 OMC
July (no meeting scheduled)	August (no meeting scheduled)	19 September 2024 (meeting brought forward from October 2024)
		- Annual acknowledgement of the City's Code of conduct, evaluation of member independence & committee performance. - Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities Note: Reports and recommendations to 22 October 2024 OMC
10 October 2024	28 November 2024 7 November 2024	December (no meeting scheduled)
Annual acknowledgement of the City's Code of conduct, evaluation of member independence & committee performance. Review of business risk reports issued by management including corresponding action plans Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities Note: Reports and recommendations to 19 November 2024 OMC	- Exit Meeting – OAG - Annual financial report for year end 30 June 2024 - 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. - 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) - Review and recommend to Council the approval of proposed Integrity Framework (carried over from 27 June meeting) - Review and recommend to Council the proposed annual Internal Audit Plan for Year 3. (carried over from 27 June meeting) Note: Reports and recommendations to 10 December 2024 OMC	

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

5.7 REVIEW OF THE CITY'S AUDIT LOG

Attachments: 1. Audit Log - Confidential

RECOMMENDATION:

That the Audit and Risk Committee recommends to Council that it:

1. NOTES the status of the City's Audit Log at Attachment 1;
2. APPROVES closure of action items noted within this report and at Attachment 1.

COMMITTEE DECISION ITEM 5.7

Moved: Mr Manifis, **Seconded:** Cr Alexander

That the recommendation be adopted.

CARRIED (5-0)

For: Mr Araj, Mr Manifis, Mr Isambert, Cr Alexander and Cr Castle

Against: Nil

(Cr Hallett was an apology for the Meeting.)

(Mayor Xamon was an apology for the Meeting.)

6 GENERAL BUSINESS

Nil

7 NEXT MEETING

26 February 2025

8 CLOSURE

There being no further business the meeting closed at 5.34pm.

These Minutes were confirmed at the 26 February 2025 meeting of the Audit Committee as a true and accurate record of the Audit Committee meeting held on 7 November 2024

Signed: Mr George Araj

Dated: