



AUDIT COMMITTEE MEETING

AGENDA

13 DECEMBER 2022

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CITY OF GREATER GERALDTON

AUDIT COMMITTEE MEETING

TO BE HELD ON TUESDAY 13 DECEMBER 2022 AT 3.30pm
IN THE GEENOUGH ROOM – CIVIC CENTRE

A G E N D A

1 DECLARATION OF OPENING

2 ATTENDANCE

Present:

Officers:

By Invitation:

Apologies:

Leave of Absence:

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 19 April 2022 as attached be accepted as a true and correct record of proceedings.

AGENDA REFERENCE:	D-22-159874
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	01 December 2022
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x5) 4 x Confidential A. Exit Meeting Agenda (v2) B. Confidential – Management Letter C. Confidential – Audit Closing Report D. Confidential – Audit Planning Memorandum E. Confidential - Management Letter FY21-22 With Management Comments

EXECUTIVE SUMMARY:

The purpose of this report is to provide the Office of the Auditor General (OAG) and Audit Partner from RSM opportunity to present to the Audit Committee an overview of their findings following the 2021-22 financial audit.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Office of Auditor General overview of the audit finding for the year ended 30 June 2022 (as outlined in the Audit Closing Report); and
2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The annual financial report will be general purpose financial statements for the financial year ended 30 June 2022. The Auditor General is required by the Act to provide an opinion on the financial report and other legal and regulatory requirements in accordance with the *Local Government (Audit) Regulations 1996*. The objective of the Auditor General's audit is to obtain reasonable assurance about whether the City's financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report.

As outlined in the Audit Planning Memorandum (Attachment D), a final audit exit meeting is held to cover the presentation and discussion of the audit closing report, which outlines any significant audit related matters concerning the

financial report, management letters and improvement suggestions for future audits.

The audit committee is responsible for understanding the results of financial and performance audits conducted within the local government and overseeing whether recommendations are implemented by management. The committee's responsibilities include meeting with the OAG to discuss the results of the financial audit (audit exit meeting) and reviewing reports from the OAG including auditor's reports, closing reports and management letters.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Holding an Exit Meeting provides opportunity for the Audit Committee to undertake its functions including to discuss with the auditors their findings.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

Each year an audit entrance and exit meeting is held with OAG, the Audit Committee and the contract auditor.

Item AC112 – Exit Meeting – OAG & RSM presented to the Audit Committee on 06 December 2021.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

An audit committee has the following functions —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and

(ii) its functions relating to other audits and other matters related to financial management;

(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;

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

FINANCIAL AND RESOURCE IMPLICATIONS:

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

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The audit committee is part of the lines of defence which all work together to manage risks and ensure that controls are implemented and effective.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered.



Exit Meeting Agenda

FINANCIAL ATTEST AUDIT OF CITY OF GREATER GERALDTON FOR THE YEAR ENDED 30 JUNE 2022

ATTENDEES:

City of Greater Geraldton:

Audit Committee Members

Mayor S Van Styn
Deputy Mayor Cr J Clune
Cr N Colliver
Cr M Reymond

Attendees

Ross Mckim, Chief Executive Officer
Paul Radalj, Director Corporate Services
Renee Doughty, Chief Financial Officer
Temba Machukera, Financial Accountant
Katrina Wheeler, Minute Secretary

Auditors

Mark Ambrose Senior Director, Office of the Auditor General:

Amit Kabra Director, RSM Australia Pty Ltd

AJ Neo Principal, RSM Australia Pty Ltd

Meeting Date & Time: Tuesday, 13 December 2022, 3:30 PM

Location: Teleconference

Agenda

- 1 Introduction**
- 2 Matters arising from the audit**
 - 2.1 Financial statements - refer to Audit Closing Report
 - 2.2 Controls and legal compliance issues - refer to Audit Closing Report
 - 2.3 Fair Value of Infrastructure Assets - Frequency of Valuations
- 3 Actions for next year audit**
- 4 General and closing comments**

AC122	2021-22 ANNUAL FINANCIAL REPORT
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AGENDA REFERENCE:	D-22-159879
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	01 December 2022
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes (x3), 1 X Confidential
	A. 2021-22 Annual Financial Report
	B. Auditors Report 2021-22
	C. Confidential – Management Letter

EXECUTIVE SUMMARY:

The purpose of this report is for the Audit Committee to consider and accept the 2021-22 Annual Financial Report and Auditor's Report.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2022;
2. RECEIVE the Audit Report for the financial year ended 30 June 2022;
3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2022;
4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2022;
5. NOTE the findings identified during the Audit and REQUEST they be listed for review until completed.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The audit was conducted by RSM on behalf of the Office of the Auditor General (OAG). The final audit site visit was conducted from 3-7 October 2022. At the conclusion of the audit, the following reports are issued:

- Independent Auditor's Report
- Management Letter – Final Audit Results

The Report and Management Letter are attached along with the Audited Financial Statements for 2021-22 for the information of the Audit Committee.

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

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

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

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

The Audit Committee received the 20-21 Financial Report on 6 December 2021, AC114.

COMMUNITY/COUNCILLOR CONSULTATION:

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

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

An audit committee has the following functions —

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

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

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

Management have provided responses to each of the findings.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City Officers.



City of Greater Geraldton

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2022



City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2022

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for City of Greater Geraldton.
 - (ii) All figures presented in these financial statements are presented in Australian Currency.
 - (iii) These financial statements were authorised for issue by the Council on dd/mm/yy. Council has the power to amend and reissue the financial statements.
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City of Greater Geraldton

General Purpose Financial Statements for the year ended 30 June 2022

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The attached financial report of the City of Greater Geraldton for the financial year ended to June 2022 is based on proper accounts and records to present fairly the financial position of the City of Greater Geraldton at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the _____ day of _____ 2022

Ross McKim

CHIEF EXECUTIVE OFFICER

City of Greater Geraldton

Statement of Comprehensive Income (by Nature or Type)
for the year ended 30 June 2022

\$	Notes	2022 Actual	2022 Budget	2021 Actual
Revenue				
Rates	24(a)	47,900,551	48,210,890	45,601,602
Operating Grants, Subsidies & Contributions	30	13,372,243	8,514,902	8,276,880
Fees & Charges	29	23,217,306	21,826,986	19,996,821
Interest Earnings	2(a)	849,658	801,407	558,364
Other Revenue		384,517	372,065	526,382
		<u>85,724,275</u>	<u>79,726,250</u>	<u>74,960,049</u>
Expenses				
Employee Costs	33	(28,913,674)	(28,831,476)	(26,309,285)
Materials & Contracts		(20,472,535)	(21,698,995)	(17,902,814)
Utilities		(2,941,667)	(2,877,046)	(2,805,178)
Depreciation & Amortisation	2(a)	(25,087,132)	(24,878,798)	(24,546,232)
Interest Expenses	2(a)	(954,428)	(989,517)	(1,142,275)
Insurance		(835,631)	(838,154)	(728,971)
Other Expenditure		(2,943,078)	(2,663,930)	(2,402,964)
		<u>(82,148,145)</u>	<u>(82,777,916)</u>	<u>(75,837,719)</u>
Operating Result from Continuing Operations ⁽¹⁾		<u>3,576,130</u>	<u>(3,051,666)</u>	<u>(877,670)</u>
Non-Operating Grants, Subsidies & Contributions	30	7,652,178	9,155,251	5,157,970
Fair Value Adjustments to financial assets at fair value through profit and loss	2(a)	17,986	-	11,636
Profit on Asset Disposals	22	144,590	53,019	1,417,094
Loss on Asset Disposal	22	(2,841,041)	(26,240)	(566,513)
		<u>4,973,713</u>	<u>9,182,030</u>	<u>6,020,187</u>
Net Result - Surplus (Deficit)		<u>8,549,843</u>	<u>6,130,364</u>	<u>5,142,517</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	15	(126,476)	-	(24,495,144)
Total Other Comprehensive Income		<u>(126,476)</u>	<u>-</u>	<u>(24,495,144)</u>
Total Comprehensive Income		<u>8,423,368</u>	<u>6,130,364</u>	<u>(19,352,627)</u>

⁽¹⁾ Allowing for or not factoring in the prepayment of Financial Assistance Grants for 2022-23 \$4,965,608 (75% of 22/23) (2021-22: \$3,147,761), Council Operating Result from Continuing Operations would amount to a deficit of \$1,389,478 (2021-22: \$4,025,431).

City of Greater Geraldton

Statement of Financial Position

as at 30 June 2022

\$	Notes	2022 Actual	2021 Actual
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	14,199,011	31,396,433
Financial Assets	4	38,533,261	18,976,378
Trade and Other Receivables	5	6,866,965	7,317,159
Inventories	6	407,180	363,811
Contract Assets	9	307,298	53,865
Non-current assets classified as "held for sale"	38	7,446,159	-
Total Current Assets		67,759,874	58,107,646
Non-Current Assets			
Financial Assets	4	6,592,457	651,812
Trade and Other Receivables	5	611,641	576,695
Property, Plant and Equipment	7	164,969,696	175,227,205
Infrastructure	8	684,793,868	683,173,375
Right of Use Assets	10	96,929	139,969
Intangible Assets	40	159,460	159,460
Total Non-Current Assets		857,224,051	859,928,516
TOTAL ASSETS		924,983,925	918,036,162
LIABILITIES			
Current Liabilities			
Trade and Other Payables	11	14,937,585	14,109,816
Contract Liabilities	9	1,808,316	1,147,327
Lease Liability	10	45,124	42,444
Borrowings	12	4,275,466	4,600,668
Provisions	13	5,583,469	4,940,468
Total Current Liabilities		26,649,960	24,840,723
Non-Current Liabilities			
Lease Liability	10	56,259	101,384
Borrowings	12	20,160,636	23,864,366
Provisions	13	10,010,894	9,546,880
Total Non-Current Liabilities		30,227,789	33,512,630
TOTAL LIABILITIES		56,877,749	58,353,353
Net Assets		868,106,176	859,682,809
EQUITY			
Retained Surplus		346,569,022	344,453,382
Reserves - Cash/Investment Backed	14	39,276,435	32,842,232
Reserves - Asset Revaluation	15	482,260,719	482,387,195
Total Equity		868,106,176	859,682,809

City of Greater Geraldton

Statement of Changes in Equity
for the year ended 30 June 2022

\$	Notes	Retained Surplus	Reserves Cash / Investment Backed	Asset Revaluation Reserve	Total Equity
Balance as at 1 July 2020		350,384,141	23,008,956	506,882,339	880,275,436
Correction of Errors	-	1,240,000	-	-	- 1,240,000
Restated Balance		349,144,141	23,008,956	506,882,339	879,035,436
Net Result		5,142,517	-	-	5,142,517
Total OCI / Asset Revaluation	15	-	-	(24,495,144)	(24,495,144)
Reserve Transfers	14	(9,833,276)	9,833,276	-	-
Balance as at 30 June 2021		344,453,382	32,842,232	482,387,195	859,682,809
Correction of Errors		-	-	-	-
Restated Balance		344,453,382	32,842,232	482,387,195	859,682,809
Net Result		8,549,843	-	-	8,549,843
Total OCI / Asset Revaluation	15	-	-	(126,476)	(126,476)
Reserve Transfers	14	(6,434,203)	6,434,203	-	-
Balance as at 30 June 2022		346,569,022	39,276,435	482,260,719	868,106,176

City of Greater Geraldton

Statement of Cash Flows

for the year ended 30 June 2022

\$	Notes	2022 Actual	2022 Budget	2021 Actual
Cash Flows from Operating Activities				
Receipts:				
Rates		48,567,485	47,936,279	45,526,468
Operating Grants, Subsidies and Contributions		13,779,799	8,826,655	8,625,497
Fees and Charges		22,762,631	21,826,986	19,722,501
Interest Earnings		750,381	797,917	614,388
Other Revenue		384,517	1,467,726	1,248,821
		<u>86,244,813</u>	<u>80,855,563</u>	<u>75,737,675</u>
Payments:				
Employee Costs		(28,087,343)	(28,813,641)	(26,280,007)
Materials and Contracts		(19,513,780)	(18,259,136)	(13,480,082)
Utilities		(2,941,667)	(2,877,046)	(2,805,178)
Insurance		(835,631)	(838,154)	(728,971)
Interest		(976,654)	(1,015,818)	(1,166,588)
Goods and Services Tax		(75,380)	-	(5,473)
Other Expenditure		(2,943,080)	(2,663,930)	(2,612,571)
		<u>(55,373,535)</u>	<u>(54,467,725)</u>	<u>(47,078,870)</u>
Net Cash provided (or used in) Operating Activities	16(b)	<u>30,871,278</u>	<u>26,387,838</u>	<u>28,658,806</u>
Cash Flows from Investing Activities				
Receipts:				
Non-Operating Grants, Subsidies and Contributions	30	7,652,178	9,155,251	5,157,970
Proceeds from Sale of Assets	22	2,388,646	449,500	1,968,589
Proceeds from Self Supporting Loans	4	91,626	119,510	68,497
Proceeds from Investments	4	-	800,000	-
Payments:				
Payments for Intangible Assets	40	-	-	(55,317)
Payments for Purchase of Property, Plant & Equipment	21	(4,597,594)	(7,001,130)	(2,634,312)
Payments for Construction of Infrastructure	21	(23,943,094)	(33,645,153)	(15,170,061)
Advances to Community Groups	23	(600,000)	(1,150,000)	(200,000)
Unexpended Non-Operating Grants	2(d)	(17,920)	-	(50,031)
Payments for Purchase of Investments	4	(24,971,167)	-	(16,547,015)
Net Cash provided (or used in) Investing Activities		<u>(43,997,325)</u>	<u>(31,272,022)</u>	<u>(27,461,680)</u>
Cash Flows from Financing Activities				
Receipts:				
Proceeds from New Loans	23(b)	600,000	1,150,000	200,000
Payments:				
Repayment of Debentures	23(a)	(4,628,932)	(4,656,816)	(4,814,016)
Repayment of Finance Leases		(42,443)	(42,444)	(49,637)
Net Cash provided (or used in) Financing Activities		<u>(4,071,374)</u>	<u>(3,549,260)</u>	<u>(4,663,653)</u>
Net Increase/(Decrease) in Cash & Cash Equivalents		(17,197,422)	(8,433,444)	(3,466,527)
Cash at the beginning of the year	3	31,396,433	27,598,264	34,862,959
Cash & Cash Equivalents - End of the Year	16(a)	<u>14,199,011</u>	<u>19,164,820</u>	<u>31,396,433</u>

City of Greater Geraldton

Rate Setting Statement (by Nature) for the year ended 30 June 2022

\$	Notes	2022 Actual	2022 Budget	2021 Actual
Revenue				
Operating Grants, Subsidies & Contributions		13,372,243	8,514,902	8,276,880
Fees & Charges		23,217,306	21,826,986	19,996,821
Interest Earnings		849,658	801,407	558,364
Profit on Disposal of Assets		144,590	53,019	1,417,094
Other Revenue		384,517	372,065	526,382
		<u>37,968,314</u>	<u>31,568,379</u>	<u>30,775,541</u>
Expenses				
Employee Costs		(28,913,674)	(28,831,476)	(26,309,285)
Materials & Contracts		(20,472,535)	(21,698,995)	(17,902,814)
Utilities		(2,941,667)	(2,877,046)	(2,805,178)
Depreciation & Amortisation		(25,087,132)	(24,878,798)	(24,546,232)
Interest Expenses		(954,428)	(989,517)	(1,142,275)
Insurance		(835,631)	(838,154)	(728,971)
Loss on Disposal of Assets		(2,841,041)	(26,240)	(566,513)
Other Expenditure		(2,943,078)	(2,663,930)	(2,402,964)
		<u>(84,989,186)</u>	<u>(82,804,156)</u>	<u>(76,404,232)</u>
		<u>(47,020,872)</u>	<u>(51,235,777)</u>	<u>(45,628,691)</u>
Net Result Excluding Rates				
Adjustment for Cash Budget Requirements:				
Non-Cash Expenditure & Revenue				
(Profit)/Loss on Asset Disposal	22	2,696,451	(26,779)	(850,581)
Movement in Non-Current Deferred Pensioner Rates		34,946	(22,155)	(41,651)
Movement in Non-Current Employee Benefit Provisions		(60,106)	-	70,828
Depreciation & Amortisation on Assets	2(a)	25,087,132	24,878,798	24,546,232
Other Non-Cash (Revenue)/Expenditure		18,865	-	35,790
Fair Value Adjustments to financial assets at fair value		(17,986)	-	(11,636)
		<u>27,759,302</u>	<u>24,829,864</u>	<u>23,748,982</u>
Capital Expenditure				
Purchase Land and Buildings	21	(2,481,699)	(2,275,000)	(1,447,136)
Purchase Plant and Equipment	21	(1,121,224)	(3,046,130)	(818,253)
Purchase Furniture and Equipment	21	(943,151)	(1,680,000)	(368,922)
Purchase of Other PP&E	21	(51,520)	-	-
Infrastructure Assets	21	(23,943,094)	(33,645,153)	(15,170,061)
Advances to Community Groups		(600,000)	(1,150,000)	(200,000)
Repayment of Debentures	23(a)	(4,628,932)	(4,656,816)	(4,814,016)
Intangible Assets		-	-	(55,316)
Finance Lease Payments		(42,443)	(42,444)	(49,636)
		<u>(33,812,062)</u>	<u>(46,495,543)</u>	<u>(22,923,340)</u>

City of Greater Geraldton

Rate Setting Statement (by Nature) (continued)
for the year ended 30 June 2022

\$	Notes	2022 Actual	2022 Budget	2021 Actual
Capital Revenue				
Proceeds from Disposal of Assets	22	2,388,646	449,500	1,968,592
Proceeds from New Debentures	23(b)	600,000	1,150,000	200,000
Self-Supporting Loan Principal Income	23(a)	91,626	119,510	68,497
Non-Operating Grants, Subsidies and Contributions	30	7,652,178	9,155,251	5,157,970
Net Capital Revenue		<u>10,732,450</u>	<u>10,874,261</u>	<u>7,395,059</u>
Transfers				
Transfers to Reserves (Restricted Assets)	14	(12,637,989)	9,321,626	(13,956,067)
Transfers from Reserves (Restricted Assets)	14	6,203,783	507,193	4,122,791
Net Transfers		<u>(6,434,206)</u>	<u>9,828,819</u>	<u>(9,833,276)</u>
Surplus/(Deficit) July 1 B/Fwd	24(b)	4,895,997	3,411,132	6,535,662
Surplus/(Deficit) June 30 C/Fwd	24(b)	4,021,159	(576,354)	4,896,000
Amount Raised from Rates	24(a)	<u>(47,900,551)</u>	<u>(48,210,890)</u>	<u>(45,601,602)</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

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City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

Local Government Act 1995 requirements

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

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

(b) Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires

management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

(c) The Local Government Reporting Entity

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

(d) New and revised Accounting Standards adopted during the year

The City adopted all standards which became mandatorily effective for annual reporting periods beginning on 1 July 2021.

(e) Standards issued by the AASB not yet effective

The AASB has issued Australian Accounting Standards and Interpretations which are not effective at 30 June 2022, these standards have not been adopted by Council and will be included in the financial statements on their effective date. Where the standard is expected to have a significant impact for Council then further information has been provided in this note.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these statements that could be applicable to Councils.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 1. Summary of Significant Accounting Policies (continued)

Effective for NFP annual reporting periods beginning on or after 1 January 2022

- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10 and AASB 2017-5)*

Effective for NFP annual reporting periods beginning on or after 1 January 2023

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current and associated standards (amended by AASB 2020-6)*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates (amended by AASB 2021-6)*

Effective for NFP annual reporting periods beginning on or after 1 January 2025

- *AASB 2014-10 Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (amended by AASB 2015-10, AASB 2017-5 and AASB 2021-7)*

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses

\$	Notes	2022 Actual	2022 Budget	2021 Actual
(a) Net Result				
The Result includes:				
(i) Charging as an Expense:				
Significant Expense/Revenue				
The significant expense/revenue relates to the reduction in the fair value of the Council's investments	4	(17,986)	-	(11,636)
Auditors Remuneration				
- Audit		53,500	56,000	41,585
- Other Services		15,883	10,000	-
Bad & Doubtful Debts				
Rates	27(b)	66,039	42,000	54,026
General Debtors	27(b)	3,765	50,000	53,161
Depreciation & Amortisation				
<i>Property, Plant & Equipment</i>				
- Buildings	7(b)	2,151,408	2,138,297	2,010,723
- Furniture and Equipment		462,613	428,409	434,616
- Plant and Equipment		1,103,069	1,414,702	1,427,818
<i>Infrastructure</i>				
- Roads	8(b)	16,744,311	16,486,702	16,416,416
- Recreation		2,025,363	1,856,580	2,002,822
- Car Parks		497,851	485,534	494,094
- Meru Landfill		913,489	899,186	572,915
- Airport		1,127,270	1,107,994	1,110,618
- Effluent Scheme		18,718	18,354	18,382
<i>Right of Use Assets</i>				
- Library RFID Self loan station	10	-	-	14,788
- Printers		43,040	43,040	43,040
		25,087,132	24,878,798	24,546,232
Interest Expenses (Finance Costs)				
Debentures	23(a)	946,668	981,651	1,131,442
Leases		7,760	7,866	10,833
		954,428	989,517	1,142,275
(ii) Crediting as Revenue:				
Interest Earnings				
Investments - Reserve Funds		226,939	150,000	151,393
Investments - Other Funds		209,245	189,407	274,168
Other Interest Revenue	28	413,474	462,000	132,803
		849,658	801,407	558,364

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(b). Statement of Objectives, Reporting Programs and Nature or Type

City of Greater Geraldton is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

REPORTING PROGRAM DESCRIPTIONS

Council operations that are disclosed encompass the following service orientated activities/programs:

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, general purpose government grants, and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

Objective: To provide services to achieve community and environmental health.

Activities: Maternal and infant health facilities, meat inspection services, inspection of food outlets, noise control and pest control services.

EDUCATION AND WELFARE

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

Activities: Pre-school and other education services, child minding facilities, playgroups and senior citizens centres.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(b). Statement of Objectives, Reporting Programs and Nature or Type (continued)

HOUSING

Objective: To provide and maintain staff housing and elderly residents' housing.

Activities: Provision and maintenance of staff housing and elderly residents' housing.

COMMUNITY AMENITIES

Objective: To provide services required by the community.

Activities: 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, cemeteries and public conveniences.

RECREATION AND CULTURE

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

Activities: Operations of the aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

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

Activities: Construction (if not capitalised) and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Aerodromes and water transport facilities, cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective: To help promote the City and its economic wellbeing.

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

OTHER PROPERTY & SERVICES

Objective: To monitor and control council's overheads operating accounts. Maintain Council's owned and leased land and buildings.

Activities: Private works operation, plant repair and operation costs and engineering operation costs. Operations and maintenance of the City's land and buildings.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications

City of Greater Geraldton is required by the Australian Accounting Standards to disclose revenue and expenditure according to its nature or type classification. The following nature or type descriptions are also required by State Government regulations.

REVENUE

Rates

All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and waste and sewerage rates.

Operating Grants, Subsidies and Contributions

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

Non-Operating Grants, Subsidies and Contributions

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

Profit on Asset Disposal

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

Service Charges

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations identifies the charges which can be raised. These are television and radio rebroadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

Interest Earnings

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

Other Revenue

Other revenue, which cannot be classified under the above headings, includes transfers from Trust to Municipal accounts and internal transfers, dividends, discounts, rebates, etc.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(c) Nature or Type Classifications (continued)

EXPENDITURE

Employee Costs

All costs associated with the employment of persons such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefits tax etc.

Material and Contracts

All expenditure on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

Utilities (Gas, Electricity, Water, etc.)

Expenditures made to respective agencies for the provision of power, gas or water. Excludes expenditure incurred for the re-instatement of road works on behalf of these agencies.

Depreciation & Amortisation on Non-Current Assets

Depreciation and amortisation expense raised on all classes of assets.

Loss on Asset Disposal

Loss on the disposal of fixed assets.

Interest Expenses

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and re-financing expenses.

Insurance

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

Other Expenditure

Statutory fees, taxes, provision of bad debts, internal transfers, member's fees. Donations and subsidies made to community groups.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-20	Received ² 2021	Expended ³ 2021	Closing Balance ¹ 30-Jun-21	Received ² 2022	Expended ³ 2022	Closing Balance 30-Jun-22
\$							
(d). Conditions Over Grants, Subsidies & Contributions							
Grant/Subsidy/Contribution							
Airport Projects	766,541	57,470	(39,370)	784,641	109,729	(94,864)	799,506
Airport Security Screening & Baggage Handling	20,900	-	-	20,900			20,900
Art Contribution from ALDI	27,273	-	-	27,273			27,273
Art Gallery- Donation to Lindsay Collection	12,901	-	-	12,901			12,901
Art Gallery- Community Cultural Development	3,454	-	-	3,454			3,454
Art Gallery Park Design	-	29,607	-	29,607			29,607
Building Works	55,000	98,885	(25,429)	128,456		(19,505)	108,951
Beach Emergency Number (BEN) Signs	-	30,000	-	30,000			30,000
BFS Water Tanks	-	27,340	-	27,340		(27,340)	-
Big Sky Readers & Writers Festival 2021	-	24,950	-	24,950	18,545	(24,950)	18,545
Bridgid Road New AccessBridges, Floodways & Major Culverts Renewals	-	-	-	-	588,000		588,000
Buildings New	-	-	-	-	485,000		485,000
Building Renewals	-	-	-	-	671,436		671,436
Bush Fire Brigade 2021-22 Operating Grant	-	24,952	(24,952)	-	4,759		4,759
Carparks New	-	-	-	-	25,000		25,000
Carpark Works	464,996	44,553	(18,297)	491,252		(57,372)	433,880
Cathedral / Sanford Intersection - Federal Black Spot	451,468	-	(426,468)	25,000		(25,000)	-
Carpark No 5 Sanford Street	-	8,000	-	8,000		(8,000)	-
Cape Burney Roof Raising - City Component	-	20,000	-	20,000			20,000
Chapman Road CBD Activation Pilot	-	15,580	(13,701)	1,879		(1,879)	-
Chapman River Estuary Reserve Action Plan	-	-	-	-	13,680		13,680
City Precinct New	-	-	-	-	36,850		36,850
City Precinct Renewals	-	-	-	-	14,326		14,326

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-20	Received ² 2021	Expended ³ 2021	Closing Balance ¹ 30-Jun-21	Received ² 2022	Expended ³ 2022	Closing Balance 30-Jun-22
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Community Grants Round 21	8,871	-	(3,910)	4,961		(4,961)	-
Community Grants Round 22	5,098	-	-	5,098		(5,098)	-
Community Grants Round 24	-	7,832	-	7,832		(4,360)	3,472
Community Project Support Program 2020-21	-	13,000	-	13,000		(13,000)	-
Corporate Wi-Fi Upgrade	-	212,227	-	212,227			212,227
Cruise Destination Welcome Initiative	20,000	-	(20,000)	-			-
COVID-19 Community Relief and Recovery Fund	-	15,806	(352)	15,454		(15,454)	-
Community Grants Round 25	-	-	-	-	5,005		5,005
Community Grants Round 26	-	-	-	-	3,897		3,897
Cycle Path on Brand Highway (Tarcoola Beach - Cape Burney)	-	-	-	-	80,000		80,000
Develop Local History Education Pack	-	4,380	(3,652)	728		(728)	-
Drummond Cove Groyne Construction and Sand Nourishment	-	406,402	(219,850)	186,552		(186,552)	-
Dual Use Pathways- Bikewest (Champion Bay)	7,000	-	-	7,000			7,000
Eastern Breakwater	130,000	-	-	130,000			130,000
Environmental Projects - Signage	50,000	-	-	50,000			50,000
Every Club	-	4,200	(4,200)	-			-
GABA Car Park	-	18,000	(2,000)	16,000		(16,000)	-
Geraldton Intensive Youth Support Program	43,461	15,536	(30,274)	28,723		(28,723)	-
Gallery Activator Salary Funds - There Were Moments of Transformation	-	6,094	(6,094)	-			-
Geraldton Little Athletics Centre Inc - CSRFF	-	11,668	-	11,668		(11,668)	-
Goulds Road - 2020/21 Regional Project Grant	-	90,877	(90,877)	-			-
Geraldton Youth Skateboarding Exhibition	-	-	-	-	10,000		10,000
Geraldton Theatre Production	49,542	30,458	(3,434)	76,566		(64,448)	12,118
Geraldton Cycling Network: Glenfield Beach Drive	-	-	-	-	55,000		55,000

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-20	Received ² 2021	Expended ³ 2021	Closing Balance ¹ 30-Jun-21	Received ² 2022	Expended ³ 2022	Closing Balance 30-Jun-22
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Federation Park Upgrade & Improvements	2,727	-	(2,727)	-			-
HMAS Memorial	9,204	-	-	9,204			9,204
HMAS Sydney II 80th Memorial Service	-	71,000	-	71,000		(71,000)	-
Infrastructure New	-	-	-	-	185,000		185,000
John Willcock Link - Main Roads	6,253	-	(6,253)	-			-
Land Developments	291,816	-	(57,331)	234,484			234,484
Hotspot	-	10,000	-	10,000			10,000
ICT - Infrastructure Assets	-	99,832	-	99,832		(99,832)	-
Infrastructure Renewals	-	-	-	-	118,750		118,750
Local Roads and Community Infrastructure (LRCI) Program - Phase 1	-	250,411	(143,406)	107,006		(107,006)	-
Local Roads and Community Infrastructure (LRCI) Program - Phase 2	-	944,319	-	944,319		(944,319)	-
Local Government Community Grants - City of Greater Geraldton	-	-	-	-	146,038		146,038
Local Roads and Community Infrastructure (LRCI) Program - Phase 3	-	-	-	-	1,150,464		1,150,464
Mayoral Discretionary Fund	-	8,250	(750)	7,500	10,000	(7,500)	10,000
Menshed Community Grants Round 13 and 14 for new building	41,897	-	-	41,897			41,897
Meru Waste Disposal Composting Facility	-	268,200	(100,000)	168,200		(168,200)	-
Meru Landfill	145,000	-	-	145,000			145,000
Meru Waste Transfer Station	2,099,194	-	-	2,099,194			2,099,194
Metocean Data Collection Sunset Beach	14,996	-	(12,519)	2,478		(2,478)	-
Midwest Online Events Calendar & Travel Guide	6,960	-	(2,280)	4,680		(4,680)	-
Mullewa Building - Insurance Payment	450,000	-	-	450,000			450,000
Mullewa Youth Service	-	1,612	(1,612)	-			-
Mullewa Cemetery	-	19,000	(14,975)	4,025			4,025
Mullewa Gym for the Local Football Club and Community	-	5,658	-	5,658		(5,658)	-
Mullewa Sewerage Pumping Mains	100,000	-	-	100,000			100,000
Mullewa Sewer System - Brookfield Rail	49,450	-	-	49,450			49,450

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-20	Received ² 2021	Expended ³ 2021	Closing Balance ¹ 30-Jun-21	Received ² 2022	Expended ³ 2022	Closing Balance 30-Jun-22
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Mullewa Sewerage System	-	19,100	-	19,100		(19,100)	-
NWCH Path	50,932	-	-	50,932			50,932
Olive Street POS	450,103	-	(203,401)	246,702		(215,631)	31,071
Parks & Gardens	-	1,188,850	(314,320)	874,530	31,050	(793,365)	112,215
Park Upgrade Program	85,000	-	-	85,000			85,000
Pathway Works	63,510	667,330	(160,458)	570,382		(467,347)	103,035
Pass Street Pedestrian Crossing	-	132,481	-	132,481			132,481
Public Open Space - Sunset Beach Estate	45,093	-	-	45,093			45,093
Purchase & Installation of New Body Scanning Equipment	255,000	-	(235,657)	19,343		(19,343)	-
QPT Regional Performing Arts - Lotterywest	26,500	-	(15,741)	10,759		(10,759)	-
Railway Street Safe Active Street	53,439	549,432	-	602,871		(602,871)	-
Renewal of Parking Meters	-	18,174	-	18,174			18,174
Retention Amounts (EVO, Convic and Mitchell & Brown, WACB & RDH)	65,958	-	-	65,958			65,958
Road Renewals	2,648	-	-	2,648			2,648
RoadWise - Strengthening Communities	4,452	-	-	4,452			4,452
Revolvle Skate Series	-	-	-	-	2,620		2,620
Skate Today	-	-	-	-	2,950		2,950
Standpipe Renewals	-	-	-	-	11,110		11,110
Runway 08/26 Surface Renewal	-	48,926	(32,203)	16,723		(16,723)	-
Seniors User-Friendly Business Program	3,256	-	(3,256)	-			-
Streets, Roads, Bridges & Depots	-	663,261	(342,701)	320,560		(320,560)	-
South Tomi Project	8,000	-	-	8,000			8,000
Streets, Roads & Depots Renewals	-	-	-	-	56,273		56,273
Streets, Roads & Depots New	-	-	-	-	205,000		205,000
Stuart Road (No 24) Cash inlieu Contribution Revegetation	1,941	-	-	1,941			1,941
Sunset Beach	37,600	-	-	37,600			37,600

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

	Opening Balance ¹ 1-Jul-20	Received ² 2021	Expended ³ 2021	Closing Balance ¹ 30-Jun-21	Received ² 2022	Expended ³ 2022	Closing Balance 30-Jun-22
\$							
(d). Conditions Over Grants, Subsidies & Contributions (continued)							
Grant/Subsidy/Contribution (continued)							
Swimming Areas & Beaches	-	1,136,753	(286,913)	849,840		(849,840)	-
Verita Road Bridge	201,816	-	-	201,816			201,816
Swimming Areas & Beaches Renewals	-	-	-	-	116,433		116,433
Spalding Regional Renewal Project	-	-	-	-	313,966		313,966
Tomorrow Starts Today	-	-	-	-	13,708		13,708
Underground Drainage	-	148,808	-	148,808		(142,727)	6,081
Underground Drainage Renewals	-	-	-	-	79,500		79,500
Walkaway Public Hall	-	76,529	-	76,529			76,529
Wildcats NBL Preseason Game and Community Festival	-	-	-	-	25,000		25,000
Wind on Water (WoW) Fest 2020	-	2,500	-	2,500		(2,500)	-
Wonthella Bushland Reserve	-	-	-	-	10,000	-	10,000
Total Unexpended Capital Works and Grants	6,699,619	7,548,243	(2,879,732)	11,368,131	4,589,090	(5,481,341)	10,485,879
Beresford Foreshore Coastal Protection and Enhancement ^(b)	3,070,598	3,494	(53,525)	3,020,567	2,080	(20,000)	3,002,647
Total Unspent Grants, Subsidies & Contributions (WATC)	3,070,598	3,494	(53,525)	3,020,567	2,080	(20,000)	3,002,647

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(d). Conditions Over Grants, Subsidies & Contributions (continued)

Grant/Subsidy/Contribution (continued)

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income under AASB 1058

Assets arising from grants in the scope of AASB 1058 is recognised at the assets fair value when the asset is received. Councils considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

Where assets are donated or purchased for significantly below fair value, the revenue is recognised when the asset is acquired and controlled by the Council.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 2. Operating Revenues and Expenses (continued)

\$

(d). Conditions Over Grants, Subsidies & Contributions (continued)

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous period.
- (2) - New grants/contributions which were recognised as revenue during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenue in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.
- (4) - Grants received but not expected to be fully expended in the next financial year.
- (5) - Funding is provided under a Royalties for Region - Financial Assistance Agreement between the Department of Regional Development and the City of Greater Geraldton. The full amount of the Funding provided under this Agreement is required to be invested by the City of Greater Geraldton with the Western Australian Treasury Corporation (WATC) until expended as per agreed and approved budget. Under the conditions of the agreement the City has opened a separate Overnight Cash Deposit Facility (OCDF) that gives the City access to the funds at call. The Department of Regional Development is joint signatory to the WATC ODCF account related to the funding and all withdrawals/drawdowns will require the approved signatures of both the Department and the City before WATC will release the funds. Interest received on the ODCF is recognised as liability and added to the Unexpended Non-Operating Grants account to be utilised for the Project in accordance with the Financial Assistance Agreement.
- (6) - Economic Dependency
A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed within the Statement of Comprehensive Income.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 3. Cash and Cash Equivalents

\$	Notes	2022 Actual	2021 Actual
Cash - Unrestricted		2,770,274	8,880,651
Cash - Restricted*		11,428,737	22,515,782
Total Cash and Cash Equivalents	16(a)	14,199,011	31,396,433
<i>* Note 4 includes Reserve investments of \$30,850,344 Total restricted cash is \$42,279,082</i>			
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Parking Land Reserve	14	551,759	551,759
Unexpended Capital Works & Restricted Grant Reserve	14	10,485,880	11,368,128
Employee Entitlements Reserve	14	3,100,000	3,100,000
Major Initiatives Reserve	14	8,191,405	5,281,655
Asset Renewal Reserve	14	14,721,910	11,144,354
Point Moore Reserve	14	148,318	110,318
Money In Lieu of Public Open Space	14	2,077,163	1,286,015
Total Reserves		39,276,435	32,842,229
Unspent Grants	2(d)	3,002,647	3,020,567
Total Unspent Grants and Loans		3,002,647	3,020,567
Total Restricted Cash		42,279,082	35,862,796

SIGNIFICANT ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments. The carrying value of cash at bank and short term deposits with original maturities of less than three months approximates their fair value.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 4. Financial Assets

\$	Notes	2022 Actual	2021 Actual
Current			
Financial assets (debt securities) at amortised cost		38,521,715	18,910,378
Financial assets previously classified as loans and receivables		11,546	66,000
Total Current Financial Assets		38,533,261	18,976,378
Financial assets (debt securities) at amortised cost			
Long term deposits with original maturities greater than 3 month		38,400,345	18,847,015
Self Supporting Loans		121,370	63,363
		38,521,715	18,910,378
Financial assets previously classified as loans and receivables			
Mortgage backed securities		11,546	66,000
		11,546	66,000
Non-Current			
Financial assets at fair value through profit and loss		350,117	332,131
Financial assets (debt securities) at amortised cost		6,220,048	319,681
Financial assets previously classified as loans and receivables		22,292	-
Total Non-Current Financial Assets		6,592,457	651,812
Financial assets at fair value through profit and loss			
Local Government House Trust		350,117	332,131
		350,117	332,131
Financial assets (debt securities) at amortised cost			
Self Supporting Loans		770,048	319,681
Other long term financial assets		5,450,000	-
		6,220,048	319,681
Financial assets previously classified as loans and receivables			
Mortgage backed securities		22,292	-
		22,292	-
Movements in Financial Assets at Fair Value through Profit and Loss			
At beginning of the year		332,131	320,495
Additions		17,986	11,636
At end of the year		350,117	332,131

SIGNIFICANT ACCOUNTING POLICY**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.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 4. Financial Assets (continued)

\$

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

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

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Note 5. Trade & Other Receivables

\$	Notes	2022 Actual	2021 Actual
Current			
Rates		4,156,686	4,858,566
Sundry Debtors		1,655,981	1,201,306
GST Net Position		393,204	317,825
Interest		-	-
Accrued Income		167,942	68,665
Prepayments		638,667	1,015,566
Less: provision for uncollectability	36(b)	(145,515)	(144,769)
Total Current Trade & Other Receivables		6,866,965	7,317,159
Non-Current			
Rates Outstanding - Pensioners		611,641	576,695
Total Non-Current Trade & Other Receivables		611,641	576,695

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 5. Trade & Other Receivables (continued)

\$

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

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

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 38.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore 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.

COVID 19 Response

In its response to COVID-19, the City offered rent relief to some tenants who were badly affected by the pandemic. The rent relief was in line with the Commercial Tenancies (COVID-19 Response) Act 2020 WA. The relief was in two parts, a portion of the rentals was to be waived and another portion was to be deferred, all based on the reduction of revenue of at least 30% over the previous year.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 6. Inventories

\$	Notes	2022 Actual	2021 Actual
Current			
Fuel and Materials		363,623	327,924
Resalable Merchandise		43,557	35,887
Total Current Inventories		<u>407,180</u>	<u>363,811</u>

SIGNIFICANT ACCOUNTING POLICIES

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the established selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land Held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale. 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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 7a. Property, Plant and Equipment

\$	Notes	2022 Actual	2021 Actual
Land - Fair Value		49,899,133	59,750,238
Land - Cost (Additions at fair value)		296,867	124,762
		<u>50,196,000</u>	<u>59,875,000</u>
Buildings - Fair Value		103,142,374	102,910,478
Buildings - Cost (Additions at fair value)		2,184,832	1,322,374
Less Accumulated Depreciation		(2,139,625)	-
Less Accumulated Impairment		(100,251)	(152,853)
		<u>103,087,330</u>	<u>104,079,999</u>
Furniture and Equipment - Fair Value		2,008,725	1,722,657
Furniture and Equipment - Cost (Additions at fair value)		943,150	368,922
Less Accumulated Depreciation		(1,070,376)	(690,617)
		<u>1,881,499</u>	<u>1,400,962</u>
Plant and Equipment - Fair Value		16,392,891	15,635,324
Plant and Equipment - Cost (Additions at fair value)		1,121,224	818,253
Less Accumulated Depreciation		(8,467,714)	(7,395,942)
		<u>9,046,401</u>	<u>9,057,635</u>
Artwork - Fair Value		706,946	813,609
Artwork - Cost (Additions at fair value)		51,520	-
		<u>758,466</u>	<u>813,609</u>
Total Property, Plant & Equipment	7(b)	<u><u>164,969,696</u></u>	<u><u>175,227,205</u></u>

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 7b. Property, Plant and Equipment (continued)

Movements in Carrying Amounts

		Land	Buildings	Furniture and Equipment	Plant and Equipment	Artwork	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Balance as at 1 July 2021		59,875,000	104,079,999	1,400,962	9,057,635	813,609	175,227,205
Additions							
- Renewal	21	-	1,734,024	848,731	986,712	51,520	3,620,987
- New	21	296,867	450,808	94,420	134,512		976,607
Disposals	22	(2,529,708)	(911,402)	(82,853)	(60,686)	(106,663)	(3,691,312)
Revaluation - (Decrements)	15		(126,476)				(126,476)
Depreciation	2(a)	-	(2,151,408)	(462,613)	(1,103,070)	-	(3,717,091)
Depreciation on Disposal			11,785	82,852	31,298		125,935
Reclassifications between Asset Classes		(7,446,159)					(7,446,159)
Property, Plant & Equipment at 30 June 2022		50,196,000	103,087,330	1,881,499	9,046,401	758,466	164,969,696
Balance as at 1 July 2020		85,652,675	106,831,222	1,466,656	9,812,366	813,609	204,576,528
Additions							
- Renewal	21		805,159	358,634	530,163	-	1,693,956
- New	21	124,762	517,215	10,288	288,090	-	940,355
Disposals	22	(1,794,005)	(520,762)	-	(316,682)	-	(2,631,449)
Revaluation - (Decrements)	15	(24,108,432)	(233,860)	-	-	-	(24,342,292)
Impairment - (Decrements)		-	(152,853)	-	-	-	(152,853)
Depreciation	2(a)	-	(2,010,723)	(434,616)	(1,427,818)	-	(3,873,157)
Depreciation on Disposal		-	35,923	-	171,516	-	207,439
Reclassifications between Asset Classes		-	(1,191,322)	-	-	-	(1,191,322)
Property, Plant & Equipment at 30 June 2021		59,875,000	104,079,999	1,400,962	9,057,635	813,609	175,227,205

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8a. Infrastructure

\$	Notes	2022 Actual	2021 Actual
Roads - Fair Value		627,146,015	615,513,357
Roads - Cost (Additions at fair value)		14,286,303	11,632,657
Less Accumulated Depreciation		<u>(64,983,000)</u>	<u>(48,238,689)</u>
		576,449,318	578,907,325
Recreation - Fair Value		54,939,512	53,505,852
Recreation - Cost (Additions at fair value)		8,995,472	3,118,695
Less Accumulated Depreciation		<u>(7,352,655)</u>	<u>(5,492,607)</u>
		56,582,329	51,131,940
Car Parks - Fair Value		11,956,699	11,832,571
Car Parks - Cost (Additions at fair value)		108,524	124,127
Less Accumulated Depreciation		<u>(1,907,693)</u>	<u>(1,409,841)</u>
		10,157,530	10,546,857
Meru Landfill - Fair Value		19,604,223	18,982,142
Meru Landfill - Cost (Additions at fair value)		373,918	97,960
Less Accumulated Depreciation		<u>(3,011,182)</u>	<u>(2,097,692)</u>
		16,966,959	16,982,410
Airport - Fair Value		26,171,522	25,985,800
Airport - Cost (Additions at fair value)		174,557	185,722
Less Accumulated Depreciation		<u>(2,237,888)</u>	<u>(1,110,617)</u>
		24,108,191	25,060,905
Effluent Scheme - Fair Value		597,294	586,394
Effluent Scheme - Cost (Additions)		4,321	10,900
Less Accumulated Amortisation		<u>(72,074)</u>	<u>(53,356)</u>
		529,541	543,938
Total Infrastructure	8(b)	<u><u>684,793,868</u></u>	<u><u>683,173,375</u></u>

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 8b. Infrastructure (continued)

Movements in Carrying Amounts

		Roads	Recreation	Car Parks	Meru Landfill	Airport	Effluent Scheme	Total
\$	Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Balance as at 1 July 2021		578,907,325	51,131,940	10,546,857	16,982,410	25,060,905	543,938	683,173,375
Additions								
- Renewal	21	11,336,172	7,176,986	3,900	85,000	157,431	4,321	18,763,810
- New	21	2,950,132	1,818,485	104,624	288,918	17,125		5,179,284
Disposals	22		(1,685,034)	-	-	-	-	(1,685,034)
Depreciation (Expense)	2(a)	(16,744,311)	(2,025,363)	(497,851)	(913,489)	(1,127,270)	(18,718)	(21,327,002)
Depreciation on Disposal		-	165,315	-	-	-	-	165,315
Reclassifications between Asset Classes		-	-	-	-	-	-	-
Other Movements		-	-	-	524,120	-	-	524,120
Infrastructure at 30 June 2022		576,449,318	56,582,329	10,157,530	16,966,959	24,108,191	529,541	684,793,868
Balance as at 1 July 2020		583,691,084	48,870,556	10,871,013	17,392,905	25,985,800	551,420	687,362,777
Additions								
- Renewal	21	7,085,463	2,538,567	113,383	19,745	164,893	10,900	9,932,951
- New	21	4,547,194	580,128	10,744	78,215	20,829	-	5,237,110
Depreciation (Expense)	2(a)	(16,416,416)	(2,002,822)	(494,094)	(572,915)	(1,110,618)	(18,382)	(20,615,246)
Depreciation on Disposal		-	-	-	-	-	-	-
Reclassifications between Asset Classes		-	1,145,511	45,811	-	-	-	1,191,322
Other Movements		-	-	-	64,460	-	-	64,460
Infrastructure at 30 June 2021		578,907,325	51,131,940	10,546,857	16,982,410	25,060,905	543,938	683,173,375

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8c. Fixed Assets

\$

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration 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 initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, 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 anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value. Increases in the carrying amount arising on revaluation of assets 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

In accordance with the then Local Government (Financial Management) Regulation 16(a)(ii), the City was previously required to include as an asset (by 30 June 2013), vested Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance. Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land.

Land under roads prior to 1 July 2019

In Western Australia, most land under roads is Crown Land, the responsibility for managing which, is vested in the local government. Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the then Local Government (Financial Management) Regulation 16(a)(i) which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8c. Fixed Assets (continued)

\$

SIGNIFICANT ACCOUNTING POLICIES (continued)

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then Local Government (Financial Management) Regulation 16(a)(i) prohibited local governments from recognising such land as an asset. Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the Local Government (Financial Management) Regulations 1996, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position. The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation 17A(2)(iv) is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 10 that details the significant accounting policies applying to leases (including right of use assets).

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

All Land and Art purchases are capitalised. The remaining asset classes will be capitalised if the cost exceeds the following thresholds:

Buildings	\$5,000
Plant, Equipment & Tools	\$5,000
Furniture & Equipment	\$5,000
Computer & Electronic Equipment	\$5,000

Individual items of a similar nature purchased in bulk having an aggregate value of \$ 5,000 or more are capitalised as a fixed asset at the aggregate cost regardless of the individual price of the item.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 8c. Fixed Assets (continued)

\$

SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Major depreciation periods are:

Buildings - non-specialised	8 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	5 to 20 years
Infrastructure - Roads	15 to 40 years
Infrastructure - Recreation	20 to 100 years
Infrastructure - Car Parks	20 to 100 years
Infrastructure - Meru Landfill	8 to 75 years
Infrastructure - Airport	10 to 100 years
Infrastructure - Effluent Scheme	10 to 40 years
Infrastructure - Footpaths	15 to 50 years
Infrastructure - Drainage	15 to 80 years
Right of use - Furniture and Equipment	2 to 5 years

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 9. Contract Balances

\$	Notes	2022 Actual	2021 Actual
SIGNIFICANT ACCOUNTING POLICIES			
Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.			
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.			
When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.			
(a) Contract Assets			
Contract Assets		307,298	53,865
Total Contract Assets		<u>307,298</u>	<u>53,865</u>
Classified as:			
Current contract assets		307,298	53,865
Total contract assets		<u>307,298</u>	<u>53,865</u>
Contracts with customers		307,298	53,865
(b) Contract Liabilities			
Funds received upfront to construct Council controlled assets		-	792,293
Deposits received in advance of services provided		1,808,316	355,034
Total Contract Liabilities		<u>1,808,316</u>	<u>1,147,327</u>
Classified as:			
Current contract liabilities		1,808,316	1,147,327
Total contract liabilities		<u>1,808,316</u>	<u>1,147,327</u>
(c) Significant changes in contract balances			
The contract assets and liabilities arose on adoption of AASB 15 and AASB 1058. Previously the revenue was recognised on receipt and therefore there was no effect on the statement of financial position.			

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 10. Leases

\$

Council as a lessee

SIGNIFICANT ACCOUNTING POLICIES

Council has leases in place over Library RFID Self Loan station and Printers. Council has applied the exception to lease accounting for leases of low-value assets and short-term leases.

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

Terms and conditions of leases

Library RFID Self loan station

The lease relates to the RFID Self Loan Station at the City Library. The term of the lease is 5 years. The lease ends on the 24th of December 2020. The lease has fixed annual repayments of \$20,752. At the end of lease the City can either terminate the lease or continue with the lease.

Printers

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 10. Leases (continued)

	Library RFID Self loan station \$	Printers \$	Total \$
Right of use assets			
2022			
Opening balance	-	139,969	139,969
Depreciation charge	-	43,040	43,040
Balance at 30 June 2022	-	96,929	96,929
2021			
Opening balance	14,788	183,009	197,797
Depreciation charge	14,788	43,040	57,828
Balance at 30 June 2021	-	139,969	139,969

Lease liabilities

	2022 Actual	2021 Actual
Classified as:		
Current lease liability	45,124	42,444
Non-current lease liability	56,259	101,384
Total lease liabilities	101,383	143,828

The table below shows the maturity analysis of the lease liabilities based on contractual cashflows and therefore the amounts will not be the same as the recognised lease liability in the statement of financial position.

	< 1 year \$	1 to 5 years \$	> 5 years \$	Total \$	Total per statement of financial position \$
2022					
Printers	50,093	58,442	-	108,535	101,383
	<u>50,093</u>	<u>58,442</u>	<u>-</u>	<u>108,535</u>	<u>101,383</u>
2021					
Printers	50,093	108,535	-	158,628	143,828
	<u>50,093</u>	<u>108,535</u>	<u>-</u>	<u>158,628</u>	<u>143,828</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 10. Leases (continued)

\$	2022 Actual	2021 Actual
Amounts included in the statement of comprehensive income related to leases		
The following amounts have been recognised in the statement of comprehensive income for leases where Council is the lessee.		
Expenses		
Depreciation of right-of-use assets	43,040	57,828
Interest expense on lease liabilities	7,650	10,833
Net expense relating to leases	<u>50,690</u>	<u>68,661</u>

Amounts included in the statement of cash flows related to leases

The following amounts have been recognised in the statement of cash flows for leases where Council is the lessee.

Cash flows from operating activities

Payments for interest on lease liabilities	7,650	10,833
Total cash inflows/(outflows) from operating activities	<u>7,650</u>	<u>10,833</u>
Total cash inflows/(outflows) for leases	<u>7,650</u>	<u>10,833</u>

Note 11. Trade and Other Payables

\$	2022 Actual	2021 Actual
Current		
Sundry Creditors	10,878,313	10,253,834
Accrued Interest on Debentures	113,660	135,886
Accrued Salaries and Wages	942,965	699,529
Unexpended Non-Operating Grants (WATC)	3,002,647	3,020,567
Total Current Trade and Other Payables	<u>14,937,585</u>	<u>14,109,816</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 12. Borrowings

\$	Notes	2022 Actual	2021 Actual
Current			
Secured by Floating Charge - Debentures	23(a)	4,275,466	4,600,668
Total Current Borrowings		<u>4,275,466</u>	<u>4,600,668</u>
Non-Current			
Secured by Floating Charge - Debentures	23(a)	20,160,636	23,864,366
Total Non-Current Borrowings		<u>20,160,636</u>	<u>23,864,366</u>

Additional detail on borrowings is provided in Note 23.

SIGNIFICANT ACCOUNTING POLICIES

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid for the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date. 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.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 13. Provisions

\$	2022 Actual	2021 Actual
Current		
Annual Leave	2,077,822	2,091,348
Long Service Leave	2,752,516	2,479,633
Sick Leave	341,219	368,688
Accrued RDO's	35,711	799
Pandemic Leave	376,201	-
Total Current Provisions	<u>5,583,469</u>	<u>4,940,468</u>
Non-Current		
Long Service Leave	331,526	391,632
Provision for Infrastructure Meru - Rehabilitation	9,679,368	9,155,248
Total Non-Current Provisions	<u>10,010,894</u>	<u>9,546,880</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee Benefits

The provision for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employee's services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 14. Reserves - Cash/Investment Backed

\$	2022 Actual	2022 Budget	2021 Actual
(a). Parking Land Reserve			
Opening Balance	551,759	551,759	551,759
Amount Set Aside / Transfer to Reserve	-	-	-
	<u>551,759</u>	<u>551,759</u>	<u>551,759</u>
(b). Unexpended Capital Works & Restricted Grant Reserve			
Opening Balance	11,368,128	5,259,299	6,699,618
Amount Set Aside / Transfer to Reserve	4,599,091	(2,757,626)	7,532,052
Amount Used / Transfer from Reserve	(5,481,339)		(2,863,541)
	<u>10,485,880</u>	<u>2,501,673</u>	<u>11,368,128</u>
(c). Employee Entitlements Reserve			
Opening Balance	3,100,000	3,100,000	3,100,000
Amount Set Aside / Transfer to Reserve	-	(500,000)	-
Amount Used / Transfer from Reserve	-		-
	<u>3,100,000</u>	<u>2,600,000</u>	<u>3,100,000</u>
(d). Major Initiatives Reserve			
Opening Balance	5,281,655	1,856,655	1,781,655
Amount Set Aside / Transfer to Reserve	2,909,750	750,000	3,500,000
Amount Used / Transfer from Reserve	-	(507,193)	-
	<u>8,191,405</u>	<u>2,099,462</u>	<u>5,281,655</u>
(e). Asset Renewal Reserve			
Opening Balance	11,144,354	9,390,575	10,803,604
Amount Set Aside / Transfer to Reserve	4,300,000	(6,598,000)	1,600,000
Amount Used / Transfer from Reserve	(722,444)		(1,259,250)
	<u>14,721,910</u>	<u>2,792,575</u>	<u>11,144,354</u>
(f). Point Moore Reserve			
Opening Balance	110,318	106,318	72,318
Amount Set Aside / Transfer to Reserve	38,000	34,000	38,000
	<u>148,318</u>	<u>140,318</u>	<u>110,318</u>
(g). Money In Lieu of Public Open Space			
Opening Balance	1,286,015	1,286,015	-
Amount Set Aside / Transfer to Reserve	791,148	(250,000)	1,286,015
	<u>2,077,163</u>	<u>1,036,015</u>	<u>1,286,015</u>
Total Reserves	<u><u>39,276,435</u></u>	<u><u>11,721,802</u></u>	<u><u>32,842,232</u></u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 14. Reserves - Cash/Investment Backed (continued)

\$	2022 Actual	2022 Budget	2021 Actual
Summary of Reserve Transfers			
Transfers to Reserves			
Parking Land Reserve	-	-	-
Unexpended Capital Works & Restricted Grant Reserve	4,599,091	(2,757,626)	7,532,052
Employee Entitlements Reserve	-	(500,000)	-
Major Initiatives Reserve	2,909,750	750,000	3,500,000
Asset Renewal Reserve	4,300,000	(6,598,000)	1,600,000
Point Moore Reserve	38,000	34,000	38,000
Money In Lieu of Public Open Space	791,148	(250,000)	1,286,015
Total Transfers to Reserves	12,637,989	(9,321,626)	13,956,067
Transfers from Reserves			
Unexpended Capital Works & Restricted Grant Reserve	(5,481,339)	-	(2,863,541)
Employee Entitlements Reserve	-	-	-
Major Initiatives Reserve	-	(507,193)	-
Asset Renewal Reserve	(722,444)	-	(1,259,250)
Total Transfers from Reserves	(6,203,783)	(507,193)	(4,122,791)
Total Net Transfer to/(from) Reserves	6,434,206	(9,828,819)	9,833,276

All of the cash backed reserves are supported by money held in financial institutions and match the amounts shown as restricted cash in Note 3 and 4 to this financial report.

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

Parking Land Reserve

The purpose of this reserve is to build up funds that can then be used for the acquisition of land for car parking and provision of parking bays within the City.

Unexpended Capital Works & Restricted Grant Reserve

The purpose of this reserve is to restrict grant funds received that were unspent in the financial year including any tied contribution from the City plus any unexpended capital works to be carried over to the next financial

Employee Entitlements Reserve

The purpose of this reserve is for the funding of payments not predicted or provided for in Council's municipal budget. It is also intended to fund large payments to staff that may occur in any year, principally being long service leave payments but shall include provision for voluntary redundancy payments, accrued non-current annual leave and sick leave entitlements as provided for under the City's Enterprise Agreement.

Major Initiatives Reserve

The purpose of this reserve is to provide funding tied to prioritised capital works program and major projects/initiatives. Funds to be mainly derived from net proceeds on land sales.

Money In Lieu of Public Open Space

The purpose of this reserve is to set aside funds received from developers in lieu of land. The funds can be used to purchase land for parks, recreation grounds or open spaces generally.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 14. Reserves - Cash/Investment Backed (continued)

\$

Asset Renewal Reserve

The purpose of this reserve is to fund infrastructure renewal. Any funds that are unspent from the annual asset renewal program are to be disbursed into this reserve for future renewal programs, unbudgeted emergent and/or emergency renewal works.

Point Moore Reserve

The purpose of this reserve is to build funds from the annual demolition levy applied and to be paid by the Lessee per clause 4.2 of Point Moore Beach Cottages Leases in removal of all improvements and in remediation of sites.

Note 15. Reserves - Asset Revaluation

\$

	Notes	2022 Actual	2021 Actual
Asset revaluation reserves have arisen on revaluation of the following classes of assets:			
(a). Land			
Opening Balance		22,371,179	46,479,611
Revaluation Decrement	7(b)	-	(24,108,432)
		22,371,179	22,371,179
(b). Buildings			
Opening Balance		48,313,732	48,700,445
Impairment Adjustment	7(b)	-	(152,853)
Revaluation Decrement	7(b)	(126,476)	(233,860)
		48,187,257	48,313,732
(c). Plant and Equipment			
Opening Balance		1,601,370	1,601,370
		1,601,370	1,601,370
(d). Artwork			
Opening Balance		100,239	100,239
		100,239	100,239
(e). Roads			
Opening Balance		397,344,499	397,344,499
		397,344,499	397,344,499
(f). Car Parks			
Opening Balance		10,899,811	10,899,811
		10,899,811	10,899,811

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 15. Reserves - Asset Revaluation (continued)

\$	Notes	2022 Actual	2021 Actual
(g). Meru Landfill			
Opening Balance		1,458,254	1,458,254
		1,458,254	1,458,254
(h). Effluent Scheme			
Opening Balance		298,110	298,110
		298,110	298,110
Total Asset Revaluation Reserves		482,260,719	482,387,195

Note 16. Notes to the Statement of Cash flows

\$	Notes	2022 Actual	2022 Budget	2021 Actual
(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:				
Cash and Cash Equivalents	3	14,199,011	19,164,820	31,396,433

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 16. Notes to the Statement of Cash flows (continued)

\$	Notes	2022 Actual	2022 Budget	2021 Actual
(b). Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		8,549,843	6,130,364	5,142,517
Depreciation		25,087,132	24,878,798	24,546,232
Write Down (Up) in Fair Value of Investments		(17,986)		(11,636)
(Profit)/Loss on Sale of Assets		2,696,451	(26,779)	(850,581)
Other Non Cash Movements		(506,203)		1,225,575
Decrease/(Increase) in Receivables		414,502	733,541	337,898
Increase/(Decrease) in Provision for Doubtful Debts		746		35,605
Decrease/(Increase) in Inventories		(43,369)	(55,126)	142,577
Decrease/(Increase) in Other Current Assets		(253,433)		(33,381)
Increase/(Decrease) in Payables & Accruals		849,995	3,570,538	4,277,801
Increase/(Decrease) in Accrued Interest Payable		(22,226)		(24,314)
Increase/(Decrease) in Other Current Liabilities		660,989	311,753	(858,003)
Increase/(Decrease) in Employee Leave Entitlements		199,251		(69,024)
Increase/(Decrease) in Other Provisions		907,764		(44,490)
Grants/Contributions for the Development of Assets		(7,652,178)	(9,155,251)	(5,157,970)
Net Cash from Operating Activities		30,871,278	26,387,838	28,658,806

(c). Undrawn Borrowing Facilities Credit Standby Arrangements

Group Credit Facility	-	-	6,000,000
Bank Overdraft Limit	-	-	750,000
Credit Card Limit	115,000	-	115,000
Credit Card Balance at Balance Date		-	(665)
Total Amount of Credit Unused		115,000	6,864,335

Security

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

Loan Facilities

Loan Facilities - Current	12	4,275,467	4,600,668
Loan Facilities - Non-Current	12	20,160,635	23,864,366
Total Facilities in Use at Balance Date		24,436,102	28,465,034

Note 17. Contingent Liabilities

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

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

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 18. Capital and Leasing Commitments

\$	2022 Actual	2021 Actual
(b). Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	2,082,941	1,481,517
- plant & equipment purchases	518,562	-
Total Capital Expenditure Commitments	<u>2,601,503</u>	<u>1,481,517</u>
Payable:		
- not later than one year	2,601,503	1,481,517
Total Capital Expenditure Commitments	<u>2,601,503</u>	<u>1,481,517</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of property, plant and equipment where the Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Note 19. Subsidiaries, Joint Arrangements & Associates

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 20. Trust Funds

	Balance	Amounts	Amounts	Balance
\$	1-Jul-21	Received	Paid / Transfere	30-Jun-22
Unclaimed Monies	7,386	50	-	7,436
Mid West Industry Road Safety Alliance	41,699	-	(7,638)	34,061
Revegetation Contributions	105,667	28,755	-	134,422
	154,751	28,805	(7,638)	175,919

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 21. Acquisition of Assets

\$		2022 Actual	2022 Budget
By Class			
<i>Property, Plant & Equipment</i>			
	7(b)		
- Land		296,867	-
- Buildings		2,184,832	2,275,000
- Furniture and Equipment		943,151	1,680,000
- Plant and Equipment		1,121,224	3,046,130
- Artwork		51,520	-
<i>Infrastructure</i>			
	8(b)		
- Roads		14,286,304	16,714,213
- Recreation		8,995,471	10,648,343
- Car Parks		108,524	851,000
- Meru Landfill		373,918	5,218,000
- Airport		174,556	213,597
- Effluent Scheme		4,321	-
		<u>28,540,688</u>	<u>40,646,283</u>

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 22. Disposal of Assets

\$	Notes	Net Book Value		Sale Price		Profit/(Loss)	
		Actual	Budget	Actual	Budget	Actual	Budget
The following assets were disposed of during the year.							
By Asset Class							
<i>Property, Plant & Equipment</i> 7(b)							
Land		2,529,708		1,997,568		(532,141)	-
Buildings		899,618		351,000		(548,618)	-
Plant and Equipment		29,388	422,721	40,078	449,500	10,689	26,779
Artwork		106,663	-	-	-	(106,663)	-
<i>Infrastructure</i> 8(b)							
Recreation		1,519,719	-	0	-	(1,519,718)	-
Total		5,085,096	422,721	2,388,646	449,500	(2,696,451)	26,779

\$	2022	2022	2021
	Actual	Budget	Actual
Summary			
Profit on Asset Disposals	144,590	53,019	1,417,094
Loss on Asset Disposals	(2,841,041)	(26,240)	(566,513)
Net Profit/(Loss) on Disposal of Assets	(2,696,451)	26,779	850,581

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 23. Information on Borrowings

\$	Borrowing Institution	Interest Rate %	Principal 1-Jul-21	New Loans		Principal Repayments		Principal 30-Jun-22		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Governance											
- 262 Office Redevelopment	WATC	3.89%	204,063	-	-	114,912	114,912	89,151	89,151	5,170	6,275
- Budgeted New Loan	WATC		-	-	-	-	-	-	-	-	-
Law, Order, Public Safety											
-276 Animal Pound Facility	WATC	1.99%	1,383,742	-	-	265,898	265,898	1,117,844	1,117,844	25,357	26,220
Community Amenities											
- 278 Meru Resource Recovery	WATC	2.24%	5,721,885	-	-	660,730	660,730	5,061,155	5,061,155	122,078	124,491
Recreation & Culture											
- 96 Geraldton Yacht Club SSL *	WATC	3.16%	183,044	-	-	23,755	23,755	159,289	159,289	5,508	5,598
- 268 Foreshore Stabilisation &	WATC	3.09%	524,523	-	-	125,162	125,162	399,361	399,361	14,639	15,248
- 264 Aquarena Upgrade	WATC	4.36%	692,874	-	-	221,071	221,071	471,803	471,803	25,850	27,826
- 271 QPT Air-Conditioning Replacement	WATC	2.92%	1,742,562	-	-	328,605	328,605	1,413,958	1,413,957	46,797	48,501
- 263 Recreation Ground Grandstand	WATC	4.36%	433,046	-	-	138,169	138,169	294,877	294,877	16,157	17,391
- 279 Wonthella Bowling club *	WATC	0.49%	200,000	-	-	39,608	39,608	160,392	160,392	842	934
- 272 MUF, Youth Precinct, Beach Access Ramp	WATC	3.21%	2,912,692	-	-	251,330	251,330	2,661,362	2,661,362	90,064	91,497
- 259 Verita Road	WATC	4.72%	278,291	-	-	278,291	278,291	-	-	5,778	6,568
- 281 Geraldton Hockey Association *	WATC	1.25%	-	600,000	600,000	28,263	29,294	571,737	570,706	6,004	1,500
- 277 Beresford Foreshore	WATC	2.24%	1,512,212	-	-	174,622	174,622	1,337,591	1,337,590	32,263	32,901
- 280 Geraldton Amateur Basketball Association *	WATC	0.50%	-	-	550,000	-	26,853	-	523,147	-	1,375
- 260 Aquarena Renewal Stage 1	WATC	3.89%	530,563	-	-	298,771	298,771	231,792	231,792	13,442	16,316
Transport											
- 269 Airport Projects	WATC	3.09%	1,320,050	-	-	314,992	314,992	1,005,058	1,005,058	36,841	38,375
- 261 Airport Paid Parking Facilities	WATC	3.89%	306,094	-	-	172,368	172,368	133,726	133,726	7,755	9,413
- 258 Airport Buffer Land	WATC	4.72%	80,395	-	-	80,395	80,395	-	-	1,669	1,897
- 273 Verita Road Stage 1	WATC	2.45%	454,967	-	-	224,714	224,714	230,254	230,253	9,300	9,779
- 275 Airport Runway Overlay	WATC	2.82%	6,924,556	-	-	300,035	300,035	6,624,521	6,624,521	191,793	192,956

(continued on next page)

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 23. Information on Borrowings (continued)

\$	Borrowing Institution	Interest Rate %	Principal 1-Jul-20	New Loans		Principal Repayments		Principal 30-Jun-21		Interest Repayments	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
(a). Debenture Repayments (continued)											
Other Property & Services											
- 265 Old Works Depot	WATC	4.36%	346,437	-	-	110,536	110,536	235,901	235,901	12,925	13,913
- 274 Olive Street Development	WATC	3.13%	2,356,207	-	-	362,853	362,853	1,993,354	1,993,354	69,543	70,932
- 266 Old Railway Building	WATC	4.36%	356,830	-	-	113,852	113,852	242,978	242,978	13,313	14,330
- WATC Loan Guarantee Fee			-	-	-	-	-	-	-	193,580	207,415
			28,465,034	600,000	1,150,000	4,628,932	4,656,816	24,436,102	24,958,218	946,668	981,651

Funding of Borrowings

All loan repayments were funded by general purpose income.

1 Self-Supporting Loan

* Those loans denoted with "***" are subject of a repayment agreement that secured the reimbursement from a community organisation of all costs associated with the loan.

2 WATC = WA Treasury Corporation

Security

The general funds of the Borrower as defined in section 6.21 (4) of the Local Government Act 1995 are charged in favour of Treasury Corporation to secure all principal interest and other amounts payable by the Borrower from time to time.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 23. Information on Borrowings (continued)

\$	Amount Borrowed		Institution	Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual	Budget						Actual	Budget	
(b). New Debentures										
Geraldton Hockey Association	600,000	600,000	WATC		10	8,024	1.25%	(600,000)	(600,000)	-
New Loan	-	550,000	WATC		10	14,552	0.50%	-	(550,000)	-
	<u>600,000</u>	<u>1,150,000</u>				<u>22,576</u>		<u>(600,000)</u>	<u>(1,150,000)</u>	<u>-</u>

(c). Overdraft

The City of Greater Geraldton has no overdraft facility.

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 24(a). Rating Information (2021/22 Financial Year)

													2020/21
\$	Notes	Rate in \$	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Total Rates Revenue
Rate Type													
Differential General Rate													
CGG Residential		0.151100	15,690	205,032,482	30,986,150	95,340	5,189	31,086,679	30,986,149	382,500	10,000	31,378,649	30,424,673
CGG Non Residential		0.125100	1,206	87,907,633	10,995,926	28,607	10,803	11,035,336	10,995,926	67,500		11,063,426	10,959,792
CGG UV		0.007700	690	368,719,261	2,822,177	11,251	936	2,834,364	2,822,177			2,822,177	2,835,547
Sub-Total			17,586	661,659,376	44,804,253	135,198	16,928	44,956,379	44,804,252	450,000	10,000	45,264,252	44,220,012
Minimum Rates													
		Minimum											
CGG Residential		1,027	2,245	7,646,077	2,305,615	-	-	2,305,615	2,305,615			2,305,615	2248260
CGG Non Residential		1,027	342	1,387,588	351,234	-	-	351,234	351,234			351,234	247450
CGG UV		1,027	384	29,785,828	394,368	-	-	394,368	394,368			394,368	297950
Sub-Total			2,971	38,819,493	3,051,217	-	-	3,051,217	3,051,217	-	-	3,051,217	2,793,660
								48,007,596				48,315,469	47,013,672
Discounts/Concessions	27(a)							(107,045)				(104,579)	(1,412,070)
Totals								47,900,551				48,210,890	45,601,602

Rates and annual charges are recognised as revenue when the council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 24(b). Surplus/(Deficit) B/Fwd and C/Fwd

\$	Notes	2022 Carried Fwd Actual	2021 Brought Fwd Actual
Current Assets			
Cash - Unrestricted	3	2,770,274	8,880,651
Cash - Restricted Reserves	3	39,276,435	32,842,229
Cash - Restricted Unspent Grants	2(d)	3,002,647	3,020,567
Investments	4	13,132,916	5,563,363
Rates - Current	5	4,156,686	4,858,566
Sundry Debtors	5	1,510,466	1,056,537
GST Receivable	5	393,204	317,825
Other Receivables	5	806,609	1,084,231
Contract Assets	9	307,298	53,865
- Fuel and Materials	6	363,623	327,924
- Other	6	43,557	35,887
		65,763,715	58,041,645
Current Liabilities			
Sundry Creditors	11	10,878,313	10,253,834
Accrued Interest on Debentures	11	113,660	135,886
Accrued Salaries and Wages	11	942,965	699,529
Other Current Trade and Other Payables	11	3,002,647	3,020,567
Contract Liabilities	9	1,808,316	1,147,327
Lease Liability	10	45,124	42,444
Current Employee Benefits Provision	13	4,830,338	4,570,980
Other Current Provisions	13	753,131	369,487
Current Loan Liability	12	4,275,466	4,600,668
		26,649,960	24,840,723
		39,113,755	33,200,922
Net Current Assets			
Less:			
Reserves - Restricted Cash	3	(39,276,436)	(32,842,230)
Self Supporting Loan Principal Repayments		(91,626)	(63,363)
Add Back:			
Current Loan Liability	12	4,275,466	4,600,668
Surplus/(Deficit)		4,021,159	4,895,997

(1) Restricted Grants & Contributions that are not expected to be spent in the next 12 months.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 25. Specified Area Rate (2021/22 Financial Year)

The City of Greater Geraldton does not have any Specified Area Rates.

Note 26. Service Charges (2021/22 Financial Year)

The City of Greater Geraldton does not have any Service Charges.

Note 27. Discounts, Incentives, Concessions & Write-offs (2021/22 Financial Year)

\$	Total Cost / Value	Budget Cost / Value
(a) Discounts/Concessions		
General Rates	107,045	104,579
	<u>107,045</u>	<u>104,579</u>

Concessions/Incentives/Waivers

Council provides an 80% concessional arrangement to Murchison Region Aboriginal Corporate on the land primarily being used for charitable purposes.

Council offers no incentives for the early payment of rates.

Council does not offer any standard waivers or write-offs of rates and Charges or other debts of ratepayers, unless specifically approved by Council. Council does offer 'Incentives' under its City Centre Revitalisation Program to encourage development within the City Centre. The form of 'Incentives' which are assessed and approved by Council on an individual basis can be in the form of concessions or waiving of rates for a set period of times.

Individuals may approach Council for an extension of time to pay-off their debt. Council waives penalty interest and the administration fee for eligible ratepayers approved for a financial hardship payment plan under an existing operation policy.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 27. Discounts, Incentives, Concessions & Write-offs (2021/22 Financial Year)

\$	Notes	Total Cost / Value	Budget Cost / Value
(b). Write-Offs			
Rate Assessment	2(a)	66,039	42,000
General Debtors	2(a)	<u>3,765</u>	<u>50,000</u>
		<u>69,804</u>	<u>92,000</u>

Note 28. Interest Charges and Instalments (2021/22 Financial Year)

\$	Interest Rate %	Admin. Charge	Actual Revenue	Budgeted Revenue
Interest on Unpaid Rates	6.00%	-	315,998	350,000
Interest on Instalments Plan	3.00%	79,989	90,689	100,000
Pensioner Deferred Interest	2.15%	-	<u>6,787</u>	<u>12,000</u>
			<u>413,474</u>	<u>462,000</u>

Council offers three (3) payment options by which ratepayers can make their payments.

Option 1: To pay their rates in full by the 35th day after the rates notice has been issued

Option 2: To pay their rates in two (2) equal instalments

Option 3: To pay their rates in four (4) equal instalments

For ratepayers electing to pay their rates by 2 or 4 instalments, a charge of \$7.00 per instalment is charged. For ratepayers making an arrangement with Council to pay their rates in more than 4 instalments, a one off charge of \$42.00 is charged. **Instalment Charges and interest on instalments were not applied in 2021/22.**

The total amount of revenue from the imposition of interest and instalments charges is \$413,474 (2020-21: \$132,803).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 29. Fees & Charges

\$	2022 Actual	2022 Budget	2021 Actual
Governance	13,068	10,200	10,282
General Purpose Funding	314,647	315,000	137,336
Law, Order, Public Safety	415,472	328,000	352,753
Health	87,361	28,000	16,250
Education and Welfare	48,744	20,000	18,360
Community Amenities	14,839,743	13,121,291	13,432,244
Recreation and Culture	1,683,887	1,757,845	1,086,957
Transport	4,084,458	4,445,150	3,098,674
Economic Services	646,186	851,000	699,514
Other Property and Services	1,083,740	950,500	1,144,451
	<u>23,217,306</u>	<u>21,826,986</u>	<u>19,996,821</u>

Revenue arising from fees and charges is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

Revenue from infringements is recognised on issue of infringement notice after applying the expected credit loss model relating to impairment of receivables for initial recognition of statutory receivables.

Note 30. Grants, Subsidies & Contributions

\$	2022 Actual	2021 Actual
Operating Grants, Subsidies and Contributions	13,372,243	8,276,880
Non-Operating Grants, Subsidies and Contributions	7,652,178	5,157,970
	<u>21,024,421</u>	<u>13,434,850</u>

Included within the Operating Grants, Subsidies and Contributions total of \$21,024,421 is \$419,264 in reimbursements and recoveries.

Note 31. Employee Numbers

\$	2022 Actual	2021 Actual	2020 Actual
The number of full-time equivalent employees at balance date	269	260	274

At 30 June 2022 the City's approved organisational structure: 295 FTE (2021: 284 FTE).

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 32. Councillor Remuneration

\$	2022 Actual	2022 Budget	2021 Actual
The following fees, expenses and allowances were paid to council members and the mayor.			
Shane Van Styn			
Mayor's annual allowance	78,000	78,000	72,336
Meeting attendance fees	39,000	39,000	33,216
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	1,100	2,000	-
Conference Expenses	449	4,000	655
	122,049	126,500	109,707
Tarleah Thomas			
Deputy Mayor's annual allowance	5,714	5,714	18,084
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	5,508	5,000	13,851
Conference Expenses	1,912	2,000	737
	43,634	43,214	61,888
Natasha Colliver			
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	100	-
Conference Expenses	-	2,000	-
	30,500	32,600	29,216
David Joseph Caudwell			
Meeting attendance fees	7,911	7,911	25,716
Annual allowance for ICT	1,026	1,026	3,500
Travel and accommodation expenses	-	29	-
Conference Expenses	-	580	-
	8,937	9,546	29,216
Jennifer Critch			
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	-	4,800	-
Conference Expenses	1,791	2,000	-
	32,291	37,300	29,216

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 32. Councillor Remuneration (continued)

\$	2022 Actual	2022 Budget	2021 Actual
Jerry Clune			
Deputy Mayor's annual allowance	13,786	13,786	-
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses		4,800	-
Conference Expenses	-	2,000	-
	<u>44,286</u>	<u>51,086</u>	<u>29,216</u>
Kim Parker			
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses		100	-
Training			780
Conference Expenses	-	2,000	-
	<u>30,500</u>	<u>32,600</u>	<u>29,996</u>
Peter Fiorenza			
Meeting attendance fees	12,194	27,000	25,716
Annual allowance for ICT	1,581	3,500	3,500
Travel and accommodation expenses		100	-
Training			585
Conference Expenses	-	2,000	-
	<u>13,775</u>	<u>32,600</u>	<u>29,801</u>
Robert Hall			
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses		100	-
Training			780
Conference Expenses	1,791	2,000	-
	<u>32,291</u>	<u>32,600</u>	<u>29,996</u>
Sally Jo-Anne Elphick			
Meeting attendance fees	7,911	7,911	25,716
Annual allowance for ICT	1,026	1,026	3,500
Travel and accommodation expenses		29	-
Conference Expenses	-	580	-
	<u>8,937</u>	<u>9,546</u>	<u>29,216</u>
Simon Keemink			
Meeting attendance fees	27,000	27,000	25,716
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses		100	-
Conference Expenses	-	2,000	-
	<u>30,500</u>	<u>32,600</u>	<u>29,216</u>

City of Greater Geraldton

Notes to the Financial Statements
for the year ended 30 June 2022

Note 32. Councillor Remuneration (continued)

\$	2022 Actual	2022 Budget	2021 Actual
Stephen Douglas			
Meeting attendance fees	7,911	7,911	25,716
Annual allowance for ICT	1,026	1,026	3,500
Travel and accommodation expenses		29	144
Conference Expenses		580	-
	<u>8,937</u>	<u>9,546</u>	<u>29,360</u>
Victor Tanti			
Meeting attendance fees	27,000	27,000	24,360
Annual allowance for ICT	3,500	3,500	3,500
Travel and accommodation expenses	644	100	-
Training	2,205		-
Conference Expenses	-	2,000	-
	<u>33,349</u>	<u>32,600</u>	<u>27,860</u>
Michael Reymond			
Meeting attendance fees	19,089	19,090	-
Annual allowance for ICT	2,474	2,474	-
Travel and accommodation expenses	-	71	-
Training	13,829	-	-
Conference Expenses	-	1,420	-
	<u>35,392</u>	<u>23,055</u>	<u>-</u>
Steve Cooper			
Meeting attendance fees	19,089	19,089	-
Annual allowance for ICT	2,474	2,474	-
Travel and accommodation expenses	150	71	-
Training	1,563	-	-
Conference Expenses	-	1,420	-
	<u>23,275</u>	<u>23,054</u>	<u>-</u>
Michael Librizzi			
Meeting attendance fees	19,089	19,089	-
Annual allowance for ICT	2,474	2,474	-
Travel and accommodation expenses	718	71	-
Training	3,914	-	-
Conference Expenses	-	1,420	-
	<u>26,196</u>	<u>23,054</u>	<u>-</u>
Members Meeting Fees	348,194	363,001	340,452
Mayor's Allowance	78,000	78,000	72,336
Deputy Mayor's Allowance	19,500	19,500	18,084
Members IT and Telephone Allowance	43,581	45,500	45,500
Travelling Expenses	8,120	17,500	13,995
Conference Expenses	5,944	28,000	1,392
Councillor Training	21,511	-	2,145
	<u>524,850</u>	<u>551,501</u>	<u>493,904</u>

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 33. Employee Costs

\$	2022 Actual	2022 Budget	2021 Actual
Wages and Salaries	19,254,156	24,372,178	17,716,239
Employee Leave Entitlements	5,402,114	109,260	4,716,466
Superannuation	3,554,711	3,460,339	3,192,261
Workers' Compensation Insurance	316,054	491,000	345,023
Protective Clothing & Uniforms	75,769	61,465	83,852
Recruitment Costs	77,254	60,000	42,135
Training Costs (other than Salaries & Wages)	148,955	197,234	138,126
Other	84,661	80,000	75,183
	<u>28,913,674</u>	<u>28,831,476</u>	<u>26,309,285</u>

Note 34. Major Land Transactions

There were no Major Land Transactions during 2021/22.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 35. Trading and Major Trading Undertakings

\$

Airport

The Geraldton Airport is owned freehold and run as a business unit by the City of Greater Geraldton, generating an operating income of approximately \$5.1M in 2021-22 (2020-21: \$3.1M).

Operating surpluses from airport operations are utilised to maintain and improve existing airport infrastructure, and provide for development of future infrastructure. During 2021-22, capital outlays on Airport Infrastructure (including buildings) amounted to \$675k (2020-21: \$512k).

The City of Greater Geraldton endeavours to operate the aerodrome in an environmentally sensitive manner in accordance with aviation best practice, in compliance with Federal statutory requirements for aviation operations, airports, and transport security.

The airport is planned and managed to provide a satisfactory return on investment to the ratepayers of the City of Greater Geraldton, while having regard to the airport as a key regional transport infrastructure asset.

Geraldton Airport is serviced by QantasLink, providing Regular Public Transport (RPT) services on the Geraldton-Perth route.

Two aircraft maintenance and service businesses are well established in a hangar leased from the City. Shine Aviation and Geraldton Air Charter provide General Aviation services based at the airport, servicing the Abrolhos Islands, FIFO mining workforce logistics, tourist flights and general charter operations.

	2022 Actual	2021 Actual
Income Statement		
Operating Income	5,125,077	3,129,034
Operating Expenditure	(2,953,616)	(2,753,634)
Depreciation Expense	(1,538,718)	(1,465,764)
Operating Result	632,743	(1,090,364)
Capital Income	88,264	309,521
Capital Expenditure	(675,446)	(512,187)
Operating Result	(587,182)	(202,666)
Total Net Trading Undertaking	45,561	(1,293,030)
Current Assets		
Receivables	565,230	195,954
Total Current Assets	565,230	195,954
Non-Current Assets		
Land	5,114,874	5,110,000
Buildings	18,406,981	18,723,565
Furniture & Equipment	72,419	15,882
Plant & Equipment	453,945	291,920
Airport Infrastructure	24,108,192	25,060,905
Total Non-Current Assets	48,156,411	49,202,272
Total Assets	48,721,641	49,398,226
Current Liabilities		
Creditors & Provisions	(221,477)	(316,325)
Borrowings	(767,083)	(867,790)
Total Current Liabilities	(988,560)	(1,184,115)
Non-Current Liabilities		
Borrowings	(6,996,222)	(7,763,305)
Total Non-Current Liabilities	(6,996,222)	(7,763,305)
Total Liabilities	(7,984,782)	(8,947,420)
Net Assets	40,736,859	40,450,806

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 35. Trading and Major Trading Undertakings (continued)

\$

Meru Landfill Facility

The Meru Landfill Facility is run as a business unit of the City of Greater Geraldton and generated operating income of approximately \$7M in 2021-22 (2020-21: \$5.9M). During 2021-22, capital outlays on Meru Infrastructure amounted to around \$374k (2020-21: \$114k)

This facility was established to provide a regional approach to Waste Management here in the Midwest. Originally managed by the Geraldton Greenough Regional Council (GGRC), this Regional Council was dissolved following the first amalgamation between the City of Geraldton and the Shire of Greenough. The main purpose of establishing a Regional Council was to have a planned and co-ordinated regional approach to the collection, removal, processing, treatment, recycling and disposal of waste in the mid-west region, enabling sharing of benefits of scale where possible. This will continue to be the purpose of this trading undertaking as a function of the City of Greater Geraldton.

The vision of City of Greater Geraldton is to lead the community to an improved level of sustainability - to encourage waste avoidance, maximise the recovery of materials and provide efficient, yet cost effective waste management and resource recovery services to the region. These objectives are achievable by actively engaging the community in sustainable waste practices, by supporting and promoting waste minimisation principles and implementing the objectives of the various strategic documents.

Income Statement

	2022 Actual	2021 Actual
Operating Income	7,031,336	5,892,385
Operating Expenditure	(2,828,782)	(3,569,269)
Depreciation Expense	(942,764)	(586,155)
Operating Result	3,259,790	1,736,961
Capital Income	168,200	7,800
Capital Expenditure	(373,919)	(114,235)
Operating Result	(205,719)	(106,435)
Total Net Trading Undertaking	3,054,071	1,630,526
Current Assets		
Receivables	516,939	448,197
Total Current Assets	516,939	448,197
Non-Current Assets		
Land	2,445,000	2,445,000
Buildings	1,088,448	1,096,149
Furniture & Equipment	-	-
Plant & Equipment	204,622	216,199
Meru Landfill Infrastructure	16,966,959	16,917,950
Total Non-Current Assets	20,705,029	20,675,298
Total Assets	21,221,968	21,123,495
Current Liabilities		
Creditors & Provisions	(562,800)	(321,010)
Borrowings	(675,613)	(660,730)
Total Current Liabilities	(1,238,413)	(981,740)
Non-Current Liabilities		
Provisions	(9,679,368)	(9,155,248)
Borrowings	(4,385,542)	(5,061,155)
Total Non-Current Liabilities	(14,064,910)	(14,216,403)
Total Liabilities	(15,303,323)	(15,198,143)
Net Assets	5,918,645	5,925,352

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 36. Financial Risk Management

\$

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council 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 Council's Finance Section under policies approved by the Council.

The City held the following financial instruments at balance date.

	Notes	Carrying Value		Fair Value	
		2022	2021	2022	2021
Financial Assets					
Cash and Cash Equivalents	3	14,199,011	31,396,433	14,199,011	31,396,433
Receivables (Current & Non-Current)	5	7,478,606	7,893,854	7,478,606	7,893,854
		<u>21,677,617</u>	<u>39,290,287</u>	<u>21,677,617</u>	<u>39,290,287</u>
Financial Liabilities					
Payables (Current & Non-Current)	11	14,937,585	14,109,816	14,937,585	14,109,816
Borrowings (Current & Non-Current)	12	24,436,102	28,465,034	24,436,102	28,465,034
		<u>39,373,687</u>	<u>42,574,850</u>	<u>39,373,687</u>	<u>42,574,850</u>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates market value.
- **Borrowings & Held to Maturity Investments** - estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - based on quoted market prices at the reporting date or independent valuation.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 36. Financial Risk Management (continued)

\$

(a). Cash & Cash Equivalents and Financial Assets

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance Section manages the cash and investments portfolio.

Council has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is tabled before Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the Local Government (*Financial Management*) Regulations 1996.

	30-Jun-22	30-Jun-21
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments		
Equity	141,990	313,964
Statement of Comprehensive Income	141,990	313,964

Notes:

- Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)
- Maximum impact.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 36. Financial Risk Management (continued)

\$

(b). Receivables

Council's major receivables comprise **(i)** Rates & Annual charges and **(ii)** User Charges & Fees.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

Council makes suitable provision for doubtful receivables as required. Included in the impairment value of \$145,515 is a provision of \$96,372 for Virgin Australia Airlines which is currently in administration, Pindan Group \$36,845 also in administration.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	30-Jun-22	30-Jun-21
	%	%
Percentage of Rates and Annual Charges		
Current	95.69%	94.11%
Overdue	4.31%	5.89%
Percentage of Other Receivables		
Current	79.88%	80.28%
Overdue	20.12%	19.72%

The Council does not require collateral in respect of trade and other receivables. The Council does not have trade receivables for which no loss allowance is recognised because of collateral.

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

The Council uses a probability percentage based on actual credit loss experienced over the last five years to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 36. Financial Risk Management (continued)

\$

The following table provides information about the exposure to credit risk and expected losses for trade receivables from individual customers as at 30 June 2022:

	2022 Closing balance 30/06/2021 \$	2022 Historical probability of default %	2022 Lifetime expected credit loss \$
Not Past Due	1,325,341	0.7412%	9,823
Past Due 31-60 Days	78,362	0.7412%	581
Past Due 61-90 Days	25,607	0.7412%	190
More than 90 Days	229,872	0.7412%	1,704
Total	1,659,182		12,298

	2021 Closing balance 30/06/2020 \$	2021 Historical probability of default %	2021 Lifetime expected credit loss \$
Not Past Due	965,440	0.9607%	9,275
Past Due 31-60 Days	54,925	0.9607%	528
Past Due 61-90 Days	22,108	0.9607%	212
More than 90 Days	160,016	0.9607%	1,537
Total	1,202,489		11,552

Ageing of past due receivables and the amount of any impairment is disclosed in the following table:

	2022 \$	2021 \$
Fully Performing	1,325,341	965,440
Past due:		
- 31 to 60 days overdue	78,362	54,925
- 61 to 90 days overdue	25,607	22,108
- Greater than 90 days overdue	229,872	160,016
- Impaired	(145,515)	(114,769)
Total	1,513,667	1,087,720

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 36. Financial Risk Management (continued)

\$

(c). Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council 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 in extenuating circumstances.

The contractual undiscounted cash outflows (i.e.. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying Values
2022					
Payables	14,937,585			14,937,585	14,937,585
Borrowings	4,275,467	13,356,034	6,804,601	24,436,102	24,436,102
	19,213,052	13,356,034	6,804,601	39,373,687	39,373,687
2021					
Payables	14,109,816	-	-	14,109,816	14,109,816
Borrowings	4,600,668	15,635,643	8,228,723	28,465,034	28,465,034
	18,710,484	15,635,643	8,228,723	42,574,850	42,574,850

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. Council officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30-Jun-22		30-Jun-21	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	2.76%	24,436,102	2.86%	28,465,034
		<u>24,436,102</u>		<u>28,465,034</u>

Notes:

1. The interest rate risk applicable to Variable Rate Bank Loan is not considered significant.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements

\$

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, Property,
- Investment Property
- Financial Assets & Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Following a change to Local Government (Financial Management) Regulation 17A plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values:

	Date of latest Valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
2022					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"		-	-	350,117	350,117
- "Loans and Receivables"		-	-	44,775,600	44,775,600
Receivables		-	-	7,478,606	7,478,606
Total Financial Assets		-	-	52,604,323	52,604,323
Financial Liabilities					
Payables		-	-	14,937,585	14,937,585
Loans / Advances		-	-	24,436,102	24,436,102
Total Financial Liabilities		-	-	39,373,687	39,373,687
Property, Plant & Equipment					
- Land		-	50,196,000	-	50,196,000
- Buildings		-	-	103,087,330	103,087,330
- Furniture & Equipment		-	-	1,881,499	1,881,499
- Plant & Equipment		-	9,046,401	-	9,046,401
- Artwork		-	758,466	-	758,466
Total Property, Plant & Equipment		-	60,000,867	104,968,829	164,969,696

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(1) The following table presents all assets and liabilities that have been measured & recognised at fair values: (continued)

	Date	Fair Value Measurement using:			Total
		Level 1	Level 2	Level 3	
2022		Quoted	Significant	Significant	
	of latest	prices in	observable	unobservable	
	Valuation	active mkts	inputs	inputs	
Infrastructure					
- Roads	30/06/18	-	-	576,449,318	576,449,318
- Recreation	30/06/18	-	-	56,582,329	56,582,329
- Car Parks	30/06/18	-	-	10,157,530	10,157,530
- Meru Landfill	30/06/18	-	-	16,966,959	16,966,959
- Airport	30/06/18	-	-	24,108,191	24,108,191
- Effluent Scheme	30/06/18	-	-	529,541	529,541
Total Infrastructure		-	-	684,793,868	684,793,868
2021					
Financial Assets					
Investments					
- "Designated At Fair Value on Initial Recognition"	31/12/21	-	-	332,131	332,131
- "Loans and Receivables"	30/06/21	-	-	19,230,059	19,230,059
Receivables	30/06/21	-	-	7,893,854	7,893,854
Total Financial Assets		-	-	27,456,044	27,456,044
Financial Liabilities					
Payables	30/06/21	-	-	14,109,816	14,109,816
Loans / Advances	30/06/21	-	-	28,465,034	28,465,034
Total Financial Liabilities		-	-	42,574,850	42,574,850
Property, Plant & Equipment					
- Land	30/06/21	-	59,875,000	-	59,875,000
- Buildings	30/06/21	-	-	104,079,999	104,079,999
- Furniture & Equipment	30/06/19	-	-	1,400,962	1,400,962
- Plant & Equipment	30/06/16	-	9,057,635	-	9,057,635
- Artwork	30/06/19	-	813,609	-	813,609
Total Property, Plant & Equipment		-	69,746,245	105,480,961	175,227,206
Infrastructure					
- Roads	30/06/18	-	-	578,907,325	578,907,325
- Recreation	30/06/18	-	-	51,131,940	51,131,940
- Car Parks	30/06/18	-	-	10,546,857	10,546,857
- Meru Landfill	30/06/18	-	-	16,982,410	16,982,410
- Airport	30/06/20	-	-	25,060,905	25,060,905
- Effluent Scheme	30/06/18	-	-	543,938	543,938
Total Infrastructure		-	-	683,173,375	683,173,375

(2) Transfers between Level 1 & Level 2 Fair Value Hierarchies

During the year, there were no transfers between Level 1 and Level 2 Fair Value hierarchies for recurring fair value measurements.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e.. Level 1 inputs) Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Property, Plant & Equipment

LAND AND BUILDINGS

APV valuers & Asset Management completed a valuation of the Land & Buildings with the effective date of valuation 30th of June 2021.

APV has undertaken the financial reporting valuation for City of Greater Geraldton in accordance with the Australian Accounting Standards. The valuation reporting has involved the confirmation of completeness of asset registers, physical inspection of the assets and capturing data such as the asset age, type, condition and then compiling information and assessing the value of the assets. Further to this, APV has provided the Insurance Value where requested. Throughout this process, APV ensured quality management procedures were implemented to achieve the most accurate asset valuation reporting.

Comparison to Previous Valuation

The following table provides a summary of changes between the values reported in the previous financial statements and this valuation:

- Australian Accounting Standards Board has clarified the requirements for the definition of Residual Value. This in turn has had implications for the determination of depreciation expense.
- As the AASB's May 2015 decision has now removed the perceived link between valuation and depreciation expense APV took the opportunity to simplify the depreciation by adopting a straight-line approach. This has led to a number of asset written down values (Fair Value) decreasing.
- It has been determined that except in rare circumstances, the Residual Value is nil for all asset components. This has led to an increase in the overall depreciation expense.
- In accordance with the AASB decision components are now split into long life and short life apportionments and depreciated separately.
- The Useful Life of the long life portion if the components are now split into long life and short life account the normal range of time between major renewals.

The valuation and associated depreciation expense calculations have been prepared in accordance accounting standards at Fair Value. Fair Value is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date"

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Property, Plant & Equipment (continued)

Depending upon the nature of the specific asset the valuation approach may have included the of a singular or multiple techniques:

- 1) The Market Approach has been applied where there is a principal market which provides evidence of the Fair Value of the asset.
- 2) The Income Approach has been applied for assets where the income generating capability of the asset provides the best estimate of the asset's Fair Value.
- 3) The Cost Approach is used for assets which are not commonly traded. Typically these include that public and not-for-profit sectors entities use to provide to the public for no or minimal charge.
- 4) In rare circumstances the valuation may also include a combination of approaches.

The levels of the valuation hierarchy are defined in relation to the inputs used to determine the The valuation hierarchy is determined by the lowest level of input used (except where the impact of lowest level is deemed to be insignificant). The inputs are defined as:

- A) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the entity can access at the measurement date;
- B) Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- C) Level 3 inputs are unobservable inputs for the asset or liability.

PLANT & EQUIPMENT

A fair value valuation of Plant and Equipment was completed 30/06/2016 by the City's fleet manager. All of the valuations were made on the basis of open market values of similar assets (based on figures supplied by auction groups, council sales records, vehicle valuation guides and the IPWEA Plant and Vehicle Management Manual) adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

FURNITURE & EQUIPMENT

Management conducted a valuation of furniture and equipment effective 30/06/2019 actualising the asset register and aligning the asset class with the capitalisation thresholds outlined in the Significant Accounting Policies. Using level 3 valuation inputs ensured no material variance in existing balance sheet values for this asset class was observed with the carrying amount of each asset fairly stated at reporting date.

ARTWORK

A valuation of Artwork was conducted by Banziger Hulme Fine Art Consultants P/L 28th May 2019. David Hulme is an approved valuer for the Australian Government's Cultural Gifts Program. The valuation of the collection is based on market value with market value defined as "what a willing buyer would pay a willing seller in an arm's length transaction after proper marketing" of similar assets adjusted for condition and for condition and comparability (Level 2 inputs in the fair value hierarchy).

All property, plant and equipment classes are carried at fair value and subject to revaluation every 5 years as well as an annual assessment as to whether there is an indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure

AIRPORT

Griffin Valuation Advisory completed a valuation of Infrastructure assets with the effective date of valuation 30th of June 2020.

Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

MERU LANDFILL

AVP Valuers & Asset Management completed a valuation of Infrastructure assets with the effective date of 30th of June 2018.

Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Landfill

Landfill comprises both the cells and capping and is classified as a land improvement which is recorded separate to the land. The underlying land is valued independently of the land improvements. The valuation has been determined using the cost approach. This included disaggregating the overall land improvements into a range of different components based on each component providing a different purpose and as a result exhibiting a different useful life. Day to day operating costs (such as minor maintenance and monitoring) has been excluded from the valuation. To provide consistency, any associated day to day revenues have also been excluded from the valuation.

Observable inputs to the valuation included the dimensions and design of the assets, the average unit rate for similar construction based on recent projects undertaken by the entity and the amount of remaining volume in each cell. Unobservable inputs included estimates of the estimated remaining life of the site. This has been based on council's statutory requirement to continue monitoring the site post complete consumption of the landfill. All calculations assume a zero residual value and a constant pattern of consumption.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values (continued)

Infrastructure (continued)

MERU LANDFILL (continued)

Landfill (continued)

- Cost to prepare site - based on current costs and depreciate to nil over remaining life of site. These costs were negligible and therefore have not been included as a separate component
- Cost to prepare each cell - based on current cost and depreciated to nil as cell is filled.
- Cost to prepare leachate and overflow ponds - based on current cost and depreciated to nil over period till statutory monitoring is no longer required

Council established a rehabilitation provision for estimated future capping expenditure that is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income within the amortisation charge. The discounted present value of the future capping expenditure is capitalised as part of the Landfill asset (2020-2021: \$9,155,248) and is amortised on a straight-line basis.

At each reporting date the restoration and rehabilitation liability is re-measured to account for any new disturbance, updated cost estimates, inflation, changes to the estimated reserves and lives of operations, new regulatory requirements, environmental policies and revised discount rates. Changes to the restoration and rehabilitation liability are added to or deducted from the related rehabilitation asset and amortised accordingly.

OTHER INFRASTRUCTURE

Roads (Drainage, Bridges, Roundabouts, Medians and Islands, Street lighting, Bus Shelters, Footpaths)

Assets revalued and reviewed by Management with data sourced from the My Data database, Intramaps, CadCorp and extensive field audits conducted by the Asset Management Team and the ARRB (Australian Road Research Board).

Car Parks

Assets revalued and reviewed by Management with data sourced from MyData and condition assessments undertaken by ARRB on sealed carparks.

A reasonably flat rate asset condition distribution has been applied with an average RUL (Remaining Useful Life) of 60% of Design Life being applied across the portfolio.

Recreation (Parks)

Recreation (Parks) assets was revalued and reviewed by Management through its myData register 30/06/2018. MyData is based on asset lifecycle costing with automated valuations complying with Australian Accounting Standards.

Valuation is based on a combination of age and condition of the asset. Certain valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy) and certain valuations were made having regard for current replacement cost and residual values (cost based approach, which are Level 3 inputs in the fair value hierarchy). Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs. These Level 3 inputs are based on the assumptions with regard 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.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 37. Fair Value Measurements (continued)

\$

(4). Fair value measurements using significant unobservable inputs (Level 3)

a. The following tables present the changes in Level 3 Fair Value Asset Classes.

	Land	Buildings	Furniture & Equipment	Roads	Total
Opening Balance - 1/7/20	-	106,831,222	1,466,656	583,691,084	691,988,960
Purchases (GBV)	-	1,322,374	368,922	11,632,657	13,323,953
Disposals (WDV)	-	(520,762)	(96,677)	-	(617,439)
Depreciation & Impairment	-	(1,974,800)	(337,939)	(16,416,416)	(18,729,155)
Transfer between Asset Classes	-	(1,191,322)	-	-	(1,191,322)
Revaluation - (Decrements)	-	(233,860)	-	-	(233,860)
Impairment - (Decrements)	-	(152,853)	-	-	(152,853)
Closing Balance - 30/6/21	-	104,079,999	1,400,962	578,907,325	684,388,284
Purchases (GBV)	-	2,184,833	943,149	14,286,304	17,414,286
Disposals (WDV)	-	(899,618)	-	-	(899,618)
Depreciation & Impairment	-	(2,151,409)	(462,612)	(16,744,311)	(19,358,332)
Revaluation - (Decrements)	-	(126,476)	-	-	(126,476)
Closing Balance - 30/6/22	-	103,087,329	1,881,499	576,449,318	681,418,144

	Recreation	Car Parks	Meru Landfill	Airport	Total
Opening Balance - 1/7/20	48,870,556	10,871,013	17,392,905	25,985,800	103,120,272
Purchases (GBV)	3,118,695	124,127	97,960	185,722	3,526,504
Depreciation & Impairment	(2,002,822)	(494,094)	(572,915)	(1,110,618)	(4,180,449)
Reclassifications between Asset Classes	1,145,511	45,811	-	-	1,191,322
Other movement (Revaluation)	-	-	64,460	-	64,460
Closing Balance - 30/6/21	51,131,940	10,546,857	16,982,410	25,060,904	103,722,109
Purchases (GBV)	8,995,470	108,525	373,919	174,557	9,652,471
Disposals (WDV)	(1,519,718)	-	-	-	(1,519,718)
Depreciation & Impairment	(2,025,363)	(497,852)	(913,490)	(1,127,270)	(4,563,975)
Other movement (Revaluation)	-	-	524,120	-	524,120
Closing Balance - 30/6/22	56,582,329	10,157,530	16,966,959	24,108,192	107,815,007

(5). Highest and best use

All of Council's non financial assets are considered to being utilised for their highest and best use.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 38. "Held for Sale" Non Current Assets & Disposal Groups

\$	2022 Current	2022 Non Current	2021 Current	2021 Non Current
Non-Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	7,446,159	-	-	-
Total Non Current Assets "Held for Sale"	7,446,159	-	-	-
Total Non-Current Assets Classified as "Held for Sale"				
	7,446,159	-	-	-

Note 39. Investment Properties

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

Note 40. Intangible Assets

	2022 Carrying Amount	2021 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	159,460	104,143
Net Book Value - Opening Balance	159,460	104,143
Movements for the year		
- Purchases	-	55,316
Closing Values:		
Gross Book Value (30/6)	159,460	159,460
Total Intangible Assets - Net Book Value ¹	159,460	159,460
¹: The Net Book Value of Intangible Assets represent:		
- Laneway Easement	159,460	159,460
	159,460	159,460

Council will not amortise the Laneway Easement as it has an indefinite useful life.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 41. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 42. Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2022) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is dd/mm/yy.

Events that occur after the Reporting Period represent one of two types:

(i) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2022.

(ii) Events that provide evidence of conditions that arose after the Reporting Period

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2022 and which are only indicative of conditions that arose after 30 June 2022.

Council is unaware of any material or significant "non-adjusting events" that should be disclosed.

Note 43. Transactions with Related Parties

(a) Subsidiaries (ie. Entities and Operations controlled by Council)

Council has no interest in any Subsidiaries.

(b) Associates

Council has no interest in any Associates.

(c) Key Management Personnel

Transactions with Key Management Personnel

Key management personnel include the Mayor, Councillors, Chief Executive and other members of the senior management team.

Related parties include Council's key management personnel (KMP), their close family members, and any entities that they or any of their close family members control or jointly control.

City of Greater Geraldton

Notes to the Financial Statements

for the year ended 30 June 2022

Note 43. Transactions with Related Parties (continued)

\$	2022	2021
(c) Key Management Personnel (continued)		
The compensation paid to Key Management Personnel comprises:		
Short-Term Employee Benefits	1,834,194	1,678,550
Post-Employment Benefits	147,954	136,840
Long-Term Benefits	28,914	27,860
Total	<u>2,011,062</u>	<u>1,843,250</u>

Short Term Employee Benefits

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

Post-Employment Benefits

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

Other Long-Term Benefits

These amounts represent long service benefits accruing during the year.

Termination Benefits

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

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

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

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.

The following transactions occurred with related parties

\$	2022	2021
Sale of goods and services	6,374	18,997
Purchase of Goods and Services	33,055	13,980
Amounts outstanding from related parties - Trade & other receivables	1,964	5,703
Amounts outstanding to related parties - Trade & other payables	633	2,049

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 44. Initial Application of Australian Accounting Standards

\$

New Accounting Standard

Nil

Note 45. New Accounting Standards and Interpretations

No impact of new standards.

City of Greater Geraldton

Notes to the Financial Statements for the year ended 30 June 2022

Note 46. Council Information & Contact Details

Principal Place of Business:

63 Cathedral Avenue
Geraldton WA 6530

Contact Details

Mailing Address:

PO Box 101
Geraldton WA 6531

Opening Hours:

Monday - Friday
8.30am to 5.00pm

Telephone: 08 9956 6600

Facsimile: 08 9956 6674

Internet: www.cgg.wa.gov.au

Email: council@cgg.wa.gov.au

Officers

CHIEF EXECUTIVE OFFICER

Ross McKim

Elected Members

MAYOR

Shane Van Styn

AUDITORS

Office of the Auditor General
7th Floor, Albert Facey House
469 Wellington Street, Perth

COUNCILLORS

Cr Jerry Clune
Cr Steve Cooper
Cr Natasha Colliver
Cr Michael Reymond
Cr Victor Tanti
Cr Simon Keemink
Cr Tarleah Thomas
Cr Jennifer Critch
Cr Michael Librizzi
Cr Robert Hall
Cr Kim (Butch) Parker

Other Information

ABN: 55 907 677 173

City of Greater Geraldton

General Purpose Financial Statements
for the year ended 30 June 2022

Auditor's Report

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City of Greater Geraldton

General Purpose Financial Statements
for the year ended 30 June 2022

Auditor's Report

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**RSM Australia Pty Ltd**

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www.rsm.com.au

INDEPENDENT CONTRACT AUDITOR'S REPORT To the Auditor General in relation to City of Greater Geraldton

Report on the financial report

Opinions

We have audited the annual financial report of City of Greater Geraldton (**City**), which comprises the Statement of Financial Position as at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial report of the City is:

- (i) based on proper accounts and records; and
- (ii) presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 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

We conducted our audit in accordance with the Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our 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 2022, but not the financial report and our auditor's report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. We did not receive the other information prior to the date of this auditor's report.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

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

The Chief Executive Officer (**CEO**) is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that 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 and 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 responsibility for the audit of the financial report

The objectives of our 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 our 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.

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

Auditor's independence and quality control relating to the report on the financial report

We are independent of the City in accordance with the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (**Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, RSM maintains a comprehensive system of quality control 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 annual financial report of the City for the year ended 30 June 2022 included 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 described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

AMIT KABRA
Director
RSM AUSTRALIA PTY LTD

Perth, Western Australia
5 December 2022

AC123 EXTERNAL AUDIT OF WORK HEALTH & SAFETY SYSTEMS

AGENDA REFERENCE:	D-22-146407
AUTHOR:	Brodie Pearce, Manager Corporate Compliance and Safety
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	9 November 2022 Day
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (x1) Confidential LGIS Worksafe Plan Tier 3 Safety Audit

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the external audit conducted by the Local Government Insurance Scheme (LGIS) of its work health and safety management systems.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the LGIS Worksafe Plan Tier 3 Safety Audit; and
2. REQUIRE an update on the status of the City of Greater Geraldton 2023-2024 Work Health & Safety Strategy at the next Audit committee.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In September 2022 LGIS attended the City to undertake an external audit of the City's work health and safety (WHS) management systems. On 7 November 2022 LGIS submitted the audit report to the City.

This audit made use of the Department of Mines, Industry Regulation and Safety's (DMIRS) Worksafe Plan audit toolkit (WHS Audit). The WHS Audit assesses the following five elements that demonstrate an organisation's effective management of WHS, these are.

1. Management commitment;
2. Planning;
3. Consultation and reporting;
4. Hazard management; and
5. Training and supervision.

LGIS in completing the WHS Audit attended the City office over a 4-day period and;

- conducted a desktop review of WHS documentation and systems;
- interviewed the City's WHS team;
- interviewed members of the executive management team;
- interviewed managers, safety representatives and employees;

- attended sites to interview works crews; and
- attended City facilities to assess WHS implementation.

The attached WHS Audit report as presented by LGIS summarised the City's WHS management findings as per the following table.

Category	Member Score	Available Score	Section Achievement
Management Commitment	26	32	81%
Planning	22	36	61%
Consultation and Reporting	20	28	71%
Hazard Management	17	28	61%
Training and Supervision	15	28	54%
Overall Score	100	152	66%

In response to the WHS Audit, the City in consultation with LGIS is implementing an action plan that shall prioritise rectifying all audit categories with a score of less than satisfactory.

At the time of this report, the Executive Management Team in conjunction with the City Safety Committee is drafting this action plan. When the planning is completed it shall be incorporated into the 2023 -2024 WHS strategy guiding the City's WHS systems for the next 12 – 24 months.

The planning process for the 2023-2024 WHS strategy has established the requirement that all items flagged in the WHS Audit are to achieve a score of not less than satisfactory by December 2023 (or earlier if reasonably practicable).

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The implementation of the 2023-2024 WHS Strategy, supports the safety and wellbeing of volunteers and the community accessing or being involved in Council activities.

Economy:

There are no adverse economic impacts arising from the implementation of the WHS Audit and the proposed 2023-2024 WHS Strategy. The cost of compliance with WHS, however is noted as having an effect on the City, local businesses and community associations. This is due to the requirement for all parties to have documented an effective administration process relating to proactively managing safety management.

Environment:

There are no adverse environmental impacts.

Leadership:

The City's establishment of a compliant WHS Management System, supported by the WHS Audit and the development of the 2023-2024 WHS Strategy, demonstrates the City's ongoing leadership in ensuring effective management and government of the City's WHS systems.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

The Audit Committee previously considered WHS as follows

- AC091 Work Health & Safety Bill update – 3 March 2020
- AC108 Work Health & Safety update – 28 September 2021
- AC116 Internal audit safety management systems improvement action plan update – 22 February 2022

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Work Health & Safety Act 2020

Work Health & Safety Regulations 2022

Operational Policy OP041 Occupational Health & Safety

City of Greater Geraldton Safety Management Plan

City of Greater Geraldton Safety Management System

FINANCIAL AND RESOURCE IMPLICATIONS:

The implementation and ongoing management of the WHS obligations require the application of resources to meet compliance obligations.

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

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

The 2023-2024 WHS Strategy shall be a primary risk mitigation management plan supporting the City's management of WHS risks into the future.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

AC124 RISK MANAGEMENT UPDATE

AGENDA REFERENCE:	D-22-146449
AUTHOR:	B Pearce, Manager Corporate Compliance and Safety
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	7 November 2022
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (x6) A. Strategic Risk Register Extract - 2022 B. DRAFT - Council Policy - 4.24 Risk Appetite & Tolerance Version 3 C. DRAFT - Council Policy - 4.7 Risk Management Version 4 D. DRAFT - Council Policy - 4.25 Business Continuity Management Version 3 E. DRAFT - Risk Management Framework -Version 5

EXECUTIVE SUMMARY:

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

EXECUTIVE RECOMMENDATION:

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

1. NOTE the status of the City of Geraldton Geraldton's risk management profile.
2. NOTE the review of the City's Risk Management Framework & Policies
3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with the Risk Management Framework, the City is required to report on the effectiveness of the management of risk. This report provides an update on the status of either strategic or high risks. Moderate or low risks of an operational nature are not included in this report.

Strategic risk:

At the time of this report, there are nine strategic risks identified to the City of Greater Geraldton's operations. These are:

1. Major Emergency event (Natural or Human-caused)
2. Work Health & Safety injury or harm
3. Reduction or Loss of External Funding

4. Impact on operations due to shortage of resources e.g. Fuel, Gas, Electricity, Contractors, Utilities (Water etc.)
5. Forced Organisational change
6. Climate Change impacts
7. Organisational Culture – *Draft risk identified for consideration.*
8. Regional Population & Economic Decline
9. Technology advances more rapidly than council is able to adapt

Attached to this report is an extract of the strategic risk register detailing the management of these risks.

High or Extreme Risks:

The City across its operations currently has identified 14 strategic or enterprises risks with a rating of high. These risks are as follows:

1. Walkaway Nangetty Bridge 3014 at risk of failure
2. Major Aerodrome Emergency Incident
3. Infrastructure Failure Event
4. Theft/Holdup of City Employees Transporting/handling Cash
5. Major Security Incident/Event at City facilities or sites
6. Emergency Evacuation of City Facility
7. Major Disruption/Cancellation of City Event
8. Potential Health/Disease Impacts to Mullewa Residents due to Waste Water / Effluent Treatment Systems
9. Harm to minor under City guardianship for youth outreach program
10. Injury or Illness to Community Member(s)
11. Cyber or Information Security Incident
12. Major Medical Emergency at City Facility or Site
13. Major Emergency event (Natural or Human-cause)
14. Work Health & Safety injury or harm

The City currently has identified 11 Major Projects (MP.) high risks. These risks are as follows:

15. MP. Aquarena 50m Pool - Injury to a community member(s) or worker(s)
 16. MP. Aquarena 50m Pool Upgrade Tender Exceed budget
 17. MP. LRCIP 3 Culverts Injury to a community member(s) or worker(s)
 18. MP. 3 Road Renewal Program Injury to a community member(s) or worker(s)
 19. MP. Meru Inability to resource project: Contractors, Materials, Consultants
 20. MP. Goulds Road SLK 1.01 to SLK 1.31 Injury to a community Member(s) or worker(s)
 21. MP. Flores Road SLK 0.80 to SLK 1.30 Injury to a community member(s) or worker(s)
 22. MP. Nangetty Walkaway Road Inability to Resource Project - Contractors, Materials, Consultants
 23. MP. Nangetty Walkaway Road SLK 9.95 to SLK 11.10 Injury to a community member(s) or worker(s)
-

24.MP. Chapman Valley Rd SLK 3.60 to 3.70 + Culverts Injury to a community member(s) or worker(s)

25.MP. Renewals - Footpaths Injury to a community member(s) or worker(s)

As detailed in the Audit Committee in report Risk Management Profile (item AC120 - 19 April 2022), the City has had documented improvements in its management of risk.

The actions to further improve the City's risk culture are to be considered as part of the risk review workshops commencing in the first quarter of 2023.

Risk Management Framework & Policy Suite:

Council Policy - 4.7 Risk Management, Council Policy - 4.24 Risk Appetite & Tolerance, Council Policy - 4.25 Business Continuity Management, and the supporting Risk Management Framework are long-standing policies that were last presented to Council on 24 November 2020, Item No. CCS548.

These policies are now due for their biennial review, as defined within the Council Policy Manual. A review was undertaken which confirmed the efficacy of these documents.

No comparison tables are completed for this document review as the only amendments are updating officer titles, document formatting and updating when required Australian Standard References, as follows.

Superseded	Updated
AS/NZS 5050:2010 Business continuity – Managing disruption-related	AS/NZS 5050 (Int): 2020 Managing disruption-related risk
AS/NZS 31000:2009 Risk Management – Guidelines	AS/NZS 31000:2018 Risk Management – Guidelines
Manager Corporate Services	Manager Corporate Compliance & Safety

Following this Audit Committee meeting, the risk management policy suite shall be presented to the Council for endorsement.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

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

Economy:

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

Environment:

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

Leadership:

The risk management policy suite establishes the Council's standards for ensuring the effective management of City activities. This risk update demonstrates the implementation of these policies.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

- AC039 – Status of City Risk Management Activities – 6 October 2015
- AC044 – Status of Risk Management & Compliance Activities - 3 October 2016
- AC084 – Risk Management Profile – 2 December 2019
- AC120 – Risk Management Profile – 19 April 2022

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and policy implications as follows:

- *Local Government (Audit) Regulations 1996, Regulation 17*
- Department of Local Government, Sports and Cultural Industries Integrated Planning Guideline
- City of Greater Geraldton Risk Management Framework
- Council Policy CP4.7 Risk Management
- Council Policy CP4.24 Risk Appetite and Tolerance

FINANCIAL AND RESOURCE IMPLICATIONS:

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

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

The purpose of this report is wholly associated with current risk management practices in the City. For this reason when the risk review workshops commencing in 2023 shall prioritise all risks with:

- *a rating exceeding moderate;*

- *a control effectiveness level of less than moderate; and*
- *the areas of improvement identified in the maturity audit.*

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

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

Filter: Portfolio(s): ST. Strategic Risk

RESIDUAL
25.2
HIGH

INHERENT
31.5

R00263

ST. STRATEGIC RISK, ASSETS - ENVIRONMENTAL MANAGEMENT, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, OPERATIONS - BUSINESS / COMMUNITY DISRUPTION / EMERGENCY EVENT , REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Major Emergency event (Natural or Human caused)

CAUSE -

Severe weather such as Cyclone, Flooding, Earthquake
Major Port or Rail incident
Major Industrial Accident
Major Traffic Accident
Bushfire
Pandemic (COVID 19)

CONSEQUENCE -

Death/Injury to persons
Partial or Total suspension of City operations
Financial Impact due service interruption
Regulatory Investigation and prosecutions
Reputation damage due to failure to respond to emergency event

OWNER Ross McKim
CREATED 3/10/2017 10:27:34 AM

LIKELIHOOD Unlikely
CONSEQUENCE Catastrophic
CONTROL EFFECTIVENESS PARTIALLY Effective

ACTION MC00378

Maintenance Operations Specific -

Document an "All Hazard response Plan" that will include how to,

- Activate/call out the team required to respond to the event
 - Confirms the functions under the plan (SWMS)
 - Confirm response and resource requirements
- ACTION MC01803

Local Emergency Management Arrangements (Added Trim number to document)
Verify LEMA supporting resources and contacts is up to date

ACTION MC01804

undertaking workshop with Chapman Valley, Northampton and State Departments on the 6 December 2017 to review assorted LEMC's to assess and move towards a Batavia LEMC that responses across the 3 LG districts

ACTION MC01806

City taking part in national disaster resilience program - Chapman and Greenough River Flood study

ACTION MC01808

Review, develop and update LEMC to reflect emergency management requirements for Abrolhos Islands

ACTION MC01809

Develop and implement Bushfire Brigade Operating Procedure manual (which includes response procedures and minimum training requirements for brigade members)

Added Trim reference eg folder or record number to manual

SIGNOFF(S): Kerry Smith
DUE DATE: 01 Dec 2022
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Wayne Ellis
DUE DATE: 22 Feb 2023
FREQUENCY: 22nd day of every 6 months

SIGNOFF(S): Wayne Ellis
DUE DATE:
FREQUENCY: Once

SIGNOFF(S): Wayne Ellis
DUE DATE:
FREQUENCY: Once

NON-COMPLIANT
SIGNOFF(S): Wayne Ellis
DUE DATE: 01 Dec 2022
FREQUENCY: 31st day of every month

SIGNOFF(S): Wayne Ellis
DUE DATE: 01 Mar 2024
FREQUENCY: 1st day of every 25 months

<p>ACTION MC01810</p> <p>Dedicated Bushfire Response Resources;</p> <p>Dedicated City Incident Management team for major events (provide trim details of Delegation and roles)</p> <p>13 Bushfire brigades, which includes 12 vehicles with 262 brigade volunteer (provide trim refer)</p> <p>Brigades are strategically located to enable response within 20 minutes, (provide trim refer to map showing locations)</p> <p>Water Storage tanks as per map(provide trim refer)</p>	<p>SIGNOFF(S): Wayne Ellis</p> <p>DUE DATE: 25 Aug 2023</p> <p>FREQUENCY: 25th day of every 12 months</p>
<p>ACTION MC01811</p> <p>Review and update current Bushfire brigade Local Law</p>	<p>SIGNOFF(S): Wayne Ellis</p> <p>DUE DATE:</p> <p>FREQUENCY: Once</p>
<p>ACTION MC01812</p> <p>Document Process or Procedure for following;</p> <p>Major Event that exceeds City capacity (As per Section 13 of Bushfire Act) is handed over to State Government to then manage and response to the event</p>	<p>NON-COMPLIANT</p> <p>SIGNOFF(S): Wayne Ellis</p> <p>DUE DATE: 01 Dec 2022</p> <p>FREQUENCY: 1st day of every 12 months</p>
<p>ACTION MC01813</p> <p>Request and Issue Community Service Announcement (CSA) - Issue Community Service Announcement</p> <p>Treatment process directs how the City issues community service announcements i.e. inform the community of events.</p>	<p>SIGNOFF(S): Tully Gray</p> <p>DUE DATE: 01 Dec 2022</p> <p>FREQUENCY: 1st day of every 12 months</p>
<p>ACTION MC01814</p> <p>Bushfire Firebreak Standards and compliance program in place , add trim reference</p>	<p>SIGNOFF(S): Wayne Ellis</p> <p>DUE DATE: 05 Oct 2023</p> <p>FREQUENCY: 5th day of every 12 months</p>
<p>ACTION MC02308</p> <p>BCM scenarios for facilities</p> <p>To be developed</p>	<p>OVERDUE</p> <p>SIGNOFF(S): Brodie Pearce</p> <p>DUE DATE: 30 Oct 2022</p> <p>FREQUENCY: 30th day of every month</p>

ACTION MC02329

D-18-058266 RM/4/0006EMT. Business Continuity Management - Executive Management Team - Event Response Plan

SEE RM/4/0006 trim folder for full BCM plans

SIGNOFF(S):

Paul Radalj
Phil Melling
Ross McKim
Chris Lee
Fiona Norling
Brodie Pearce

DUE DATE:

12 Nov 2022

FREQUENCY:

12th day of every 12 months

RESIDUAL

22.1

HIGH

INHERENT

31.5

R01507

ST. STRATEGIC RISK, PEOPLE - WORK, HEALTH, SAFETY & SECURITY MANAGEMENT PRACTICES

Work Health & Safety injury or Harm

CAUSE -

Severe weather event

Fire

Industrial Accident

Traffic Accident

Ineffective emergency management

Antisocial, violent behaviour or armed holdup

bomb threat, terrorism etc.

CONSEQUENCE -

Death/Injury to persons

Financial Impact due service interruption

Regulatory Investigation and prosecutions

Reputation damage due to failure to manage emergency event

OWNER Ross McKim

CREATED 9/30/2021 3:03:30 PM

LIKELIHOOD Unlikely

CONSEQUENCE Catastrophic

CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC02562

Implementation of the City of Greater Geraldton Safety Management systems as follows

- City of Greater Geraldton Operational Policy 041 Work Health & Safety

- City of Greater Geraldton HS-MAN-001 Contractor Work Health & Safety Manual

- City of Greater Geraldton HS-PLN- 039-Safety Management Plan

Refer to the WHS Hub on the Intranet for the completed systems

ACTION MC02563

Audit of WHS management systems

- Annual Internal Audit by WHS team

- Bi annual external Audit by LGIS

ACTION MC02564

Documented WHS register within Promapp for EMT and managers requiring demonstration of WHS implementation as per the City's Safety Management Plan for guidance on WHS requirements and the PRO 37 - Safety Accountabilities and Responsibilities Procedure

ACTION MC02565

Implementation of WHS management functions as follows

- Facility and work crew inspection schedule

- WHS register within Promapp for EMT and managers

- Monthly reporting of WHS to EMT

- Bi-monthly Safety committee meetings

SIGNOFF(S):

Brodie Pearce

DUE DATE:

30 Nov 2022

FREQUENCY:

30th day of every 12 months

SIGNOFF(S):

Brodie Pearce

DUE DATE:

01 Sep 2023

FREQUENCY:

30th day of every 12 months

SIGNOFF(S):

Ross McKim

DUE DATE:

31 Jan 2023

FREQUENCY:

30th day of every 12 months

SIGNOFF(S):

Ross McKim

DUE DATE:

31 Jan 2023

FREQUENCY:

30th day of every 12 months

RESIDUAL
13.7
MODERATE

INHERENT
19.5

R01359

ST. STRATEGIC RISK, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, OPERATIONS - BUSINESS / COMMUNITY DISRUPTION / EMERGENCY EVENT , REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Impact on operations due to shortage of resources eg Fuel, Gas, Electricity, Contractors, Utilities (Water etc.)

CAUSE -

Loss of industry
Historical reliance on agricultural, fishing and mining sectors
Lack of employment opportunities
Regional cost of living
Limited availability of tertiary education (uni's)
Reduced development of land and services
Contractor insolvency
Lack of Regional contractor capacity
Contractor relocation
Contract early termination
Cyclical nature of industry (infrequent major projects)

CONSEQUENCES -

Reduced services
Reduction in tourism
Reduced Rates Revenue
Financial capability impacted
Depopulation e.g. rural communities
Reputation Damage
Service disruption
Increased operational costs
Community outrage
Public Health impacted (waste services)
Workforce impacts
Increased litigation risk
Regulatory breach
Reduction in regional capability
Impact on regional workforce
Value of money (costs of accessing services)

OWNER Portfolio Managers: Executive Management Team, Manager Corporate Compliance and Safety

CREATED 6/19/2018 9:53:01 AM

LIKELIHOOD Unlikely

CONSEQUENCE Major

CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC01992

Contracts for power, gas, communications (tarif reviews every 2 years) exclude water sewage

SIGNOFF(S): Paul Radalj
DUE DATE: 04 Jun 2023
FREQUENCY: 4th day of every 12 months

ACTION MC01993

Ensure completion of Contractors performance audits (KPI assessments and inspections)

documents located following link;

RM/3/0014: RISK MANAGEMENT - DOCUMENT REGISTER - Annual Supply Contract KPI Checklists

ACTION MC01995

City of Greater Geraldton environment related response and management plans

SIGNOFF(S): Paul Radalj
DUE DATE: 04 Jun 2023
FREQUENCY: 4th day of every 12 months

Strategic Waste Management Plan - Revision 2012
Found at -
<https://www.cgg.wa.gov.au/documents/90/strategic-waste-management-plan-revision-2012>

Greater Geraldton Water Planning & Management Strategy
Found at -
<https://www.cgg.wa.gov.au/documents/504/greater-geraldton-water-planning-and-management-strategy>

Climate Change Adaption Action Plan - Document
Found at -
<https://www.cgg.wa.gov.au/documents/82/climate-change-adaption-action-plan-document>

Million trees program
Found at - <https://www.cgg.wa.gov.au/live/my-environment/million-trees-project.aspx>
ACTION MC02003

Develop a solar/energy efficiency plan

SIGNOFF(S): Chris Lee
DUE DATE: 05 Jul 2023
FREQUENCY: 5th day of every 12 months

SIGNOFF(S): Paul Radalj
DUE DATE: 05 Jul 2023
FREQUENCY: 5th day of every 12 months

ACTION MC02005

Annual review and research into alternative power supply & engery technology updates

full market review every 2 years,

SIGNOFF(S): Paul Radalj
DUE DATE: 04 Jul 2023
FREQUENCY: 4th day of every 12 months

<p>ACTION MC02006 Annual Review of Power consumption</p>	<p>SIGNOFF(S): Paul Radalj DUE DATE: 04 Jul 2023 FREQUENCY: 4th day of every 12 months</p>
<p>ACTION MC02021 Undertake procurement training for all staff involved in procurement functions as per Essential Training Guideline for Staff.</p>	<p>SIGNOFF(S): Carlene Bryant DUE DATE: 05 Jul 2023 FREQUENCY: 5th day of every 12 months</p>
<p>Document found at following link; https://intranet.cgg.wa.gov.au/CorporateandCommercialServices/TrainingAndDevelopment/Shared%20Documents/Staff%20Guide%20to%20Essential%20Workplace%20Training%20-%20June%202016.pdf</p>	<p>SIGNOFF(S): Carlene Bryant DUE DATE: 05 Jul 2023 FREQUENCY: 5th day of every 12 months</p>
<p>ACTION MC02022 Procurement Framework detailing Delegation, Policy, Process and Templates</p>	<p>SIGNOFF(S): Carlene Bryant DUE DATE: 05 Jul 2023 FREQUENCY: 5th day of every 12 months</p>
<p>Documented at following link; https://intranet.cgg.wa.gov.au/CorporateandCommercialServices/GovernanceandRisk/SitePages/Home.aspx</p>	<p>SIGNOFF(S): Paul Radalj DUE DATE: 04 Jul 2023 FREQUENCY: 4th day of every 12 months</p>
<p>ACTION MC02023 Ensure all critical services contractor undergo financial checks prior to contract award using illion services</p>	<p>SIGNOFF(S): Paul Radalj DUE DATE: 04 Jul 2023 FREQUENCY: 4th day of every 12 months</p>
<p>Document found at following link; http://laudine/hprmwebclientclassic/download?uri=1085102&t=record&lang=In_english&mbd=false</p>	<p>SIGNOFF(S): Brodie Pearce DUE DATE: 03 Jul 2023 FREQUENCY: 3rd day of every 12 months</p>
<p>ACTION MC02024 Council Procurement Policies (that support local business) 4.9 Procurement of Goods and Services 4.10 Procurement via Panels of Prequalified Suppliers 4.11 Regional Price Preference</p>	<p>SIGNOFF(S): Brodie Pearce DUE DATE: 03 Jul 2023 FREQUENCY: 3rd day of every 12 months</p>
<p>Documented at following link; https://www.cgg.wa.gov.au/your-council--council--key-council-documents--council-policies.aspx</p>	

ACTION MC02045

**Finalise Local Emergency Management Plan's
(which includes provisions for security of fuel
supply)**

OVERDUE

SIGNOFF(S):

Chris Lee

DUE DATE:

30 Aug 2022

FREQUENCY:

30th day of every 12 months

ACTION MC02046

Investigate options for fuel security plan

SIGNOFF(S):

Kelvin Sheilds

DUE DATE:

25 Feb 2023

FREQUENCY:

25th day of every 12 months

ACTION MC02047

**Investigation the development of transition
strategy for alternate fuel for fleet i.e. electric,
hydrogen etc.**

SIGNOFF(S):

Kerry Smith

DUE DATE:

25 May 2023

FREQUENCY:

25th day of every 12 months

ACTION MC02048

**Development of a micro power grid, corporate
energy plan, WALGA energy MOU**

SIGNOFF(S):

Paul Radalj

DUE DATE:

20 Feb 2023

FREQUENCY:

20th day of every 12 months

RESIDUAL
13.7
MODERATE

INHERENT
19.5

R01328

ST. STRATEGIC RISK, FINANCIAL IMPACT, OPERATIONS - FINANCIAL MANAGEMENT, REPUTATION, SERVICE INTERRUPTION

Reduction or Loss of External Funding

CAUSES -

Change of state and federal government
Loss of grant funding
Downturn in economy

CONSEQUENCES -

Reduction in services and renewal projects
Alternative funding via loans
Community frustration / City's reputation
Increase of rates

OWNER Portfolio Managers: Executive Management Team, Manager
Corporate Compliance and Safety

CREATED 11/16/2017 3:41:05 PM

LIKELIHOOD Unlikely

CONSEQUENCE Major

CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC00533

Youth Team Specific -

Conduct Review available donor grants 12 months prior to expire of grant funding for Department of Child Protection Family Services

ACTION MC00534

Youth Team Specific -

Conduct Review available donor grants 12 months prior to expire of grant funding for Department of Attorney General

ACTION MC00535

Youth Team Specific -

Conduct Review available donor grants 12 months prior to expire of grant funding for RIO Tinto Youth Vibrancy Project.

ACTION MC00765

Engineering Services Specific -
Traffic counter booking schedule on TRIM and inform technical services, located at D-20-076864
The look-forward booking schedule for traffic counters for annual activities (e.g. road grants) is linked in trim

ACTION MC02059

Engineering Services Specific -

Development and monitoring of a 12-24 month grant application plan including any internal reporting and approvals required (EMT/Council)

All records to be in Trim

ACTION MC02060

Treasury & Finance Specific -

Ensure that Long Term Financial Plan and annual budget identifies funding requirements. inclusive of alternative funding process if required.

See following link to current documents

<https://www.cgg.wa.gov.au/your-council/council/city-budget-2021-22.aspx>
ACTION MC02307

range and levels of services UPDATE

SIGNOFF(S): Jesse Steele

DUE DATE: 01 Sep 2023

FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Jesse Steele

DUE DATE: 01 Oct 2023

FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Jesse Steele

DUE DATE: 01 Aug 2023

FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Michael Dufour

DUE DATE: 02 Aug 2023

FREQUENCY: 2nd day of every 12 months

SIGNOFF(S): Michael Dufour

DUE DATE: 30 Apr 2023

FREQUENCY: The last Day of every 6 months

SIGNOFF(S): Renee Doughty

DUE DATE: 12 Dec 2022

FREQUENCY: 12th day of every 12 months

SIGNOFF(S): Renee Doughty

DUE DATE: 12 Feb 2023

FREQUENCY: 12th day of every 12 months

RESIDUAL
10.5
MODERATE

INHERENT
15.0

R01337

ST. STRATEGIC RISK, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, OPERATIONS - BUSINESS / COMMUNITY DISRUPTION / EMERGENCY EVENT , OPERATIONS - STATUTORY, REGULATORY OR OTHER COMPLIANCE OBLIGATIONS, REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Forced Organisational change

CAUSE -

State/Federal Government Agenda/Policy Changes
Legislation Changes
Council direction change
Amalgamation,
additional services or obligations etc

CONSEQUENCE -

Increased operational costs
Reduction in current services level to account for new obligations
Community reputation damage (services impacted, amalgamation etc.)
Inadequate finances/resources

OWNER Ross McKim
CREATED 11/17/2017 10:34:51 AM

LIKELIHOOD Almost Certain
CONSEQUENCE Moderate
CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC01994
Council memberships and partnerships

WALGA
LGIS
WARCA
LG Professionals
IPWEA
ACTION MC02014

Regular meetings with local members, ministers
heads of departments (when possible)

ACTION MC02015
Taking part in legislation review processes and
providing feedback on Government Reviews

ACTION MC02309
review range and levels of services updated IPF

SIGNOFF(S): Paul Radalj
DUE DATE: 04 Jun 2023
FREQUENCY: 4th day of every 12 months

SIGNOFF(S): Ross McKim
DUE DATE: 04 Jul 2023
FREQUENCY: 4th day of every 12 months

SIGNOFF(S): Paul Radalj
DUE DATE: 05 Jul 2023
FREQUENCY: 5th day of every 12 months

OVERDUE
SIGNOFF(S): Paul Radalj
DUE DATE: 30 Sep 2022
FREQUENCY: 30th day of every 12 months

RESIDUAL
8.4
MODERATE

INHERENT
12.0

R01357

ST. STRATEGIC RISK, ASSETS - ASSET MANAGEMENT PRACTICES, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, OPERATIONS - BUSINESS / COMMUNITY DISRUPTION / EMERGENCY EVENT , REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Climate Change impacts

CAUSE -

Human Activities e.g. greenhouse gas emissions etc.

CONSEQUENCE -

Environmental changes e.g. sea level rise, cyclonic weather patterns, erosion, heightened fire events etc.
Increased operational cost (maintenance, renewal, insurance etc.)
Stage withdrawal from coastline
Community outrage
CBD and coastal inundation
Community Safety e.g. major storm events etc.

OWNER Ross McKim
CREATED 6/19/2018 9:27:38 AM

LIKELIHOOD Likely
CONSEQUENCE Moderate
CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC01995
City of Greater Geraldton environment related
response and management plans

Strategic Waste Management Plan - Revision 2012
Found at -
<https://www.cgg.wa.gov.au/documents/90/strategic-waste-management-plan-revision-2012>

Greater Geraldton Water Planning & Management Strategy
Found at -
<https://www.cgg.wa.gov.au/documents/504/greater-geraldton-water-planning-and-management-strategy>

Climate Change Adaption Action Plan - Document
Found at -
<https://www.cgg.wa.gov.au/documents/82/climate-change-adaption-action-plan-document>

Million trees program
Found at - <https://www.cgg.wa.gov.au/live/my-environment/million-trees-project.aspx>

SIGNOFF(S): Chris Lee
DUE DATE: 05 Jul 2023
FREQUENCY: 5th day of every 12 months

ACTION MC01999	SIGNOFF(S):	Chris Lee
Coastal Hazard Risk Management & Adaptation Planning	DUE DATE:	05 Jul 2023
Documented plans at following link;	FREQUENCY:	5th day of every 12 months
https://www.cgg.wa.gov.au/live/my-environment/coastal-hazard-risk-management-and-adaptation-planning.aspx		
ACTION MC02000	SIGNOFF(S):	Chris Lee
Council Policy 3.1 Climate Change	DUE DATE:	05 Jul 2023
Document found at following link;	FREQUENCY:	5th day of every 12 months
https://www.cgg.wa.gov.au/Profiles/cgg/Assets/ClientData/Council_Policy/3_1_Climate_Change_Council_Policy.pdf		
ACTION MC02001	SIGNOFF(S):	Phil Melling
State Planning Policy 2.6 - Coastal Planning	DUE DATE:	05 Jul 2023
found at following link;	FREQUENCY:	5th day of every 12 months
https://www.dplh.wa.gov.au/spp2-6-coastal-planning		
ACTION MC02002	SIGNOFF(S):	Chris Lee
Local Emergency Management Arrangements (plans)	DUE DATE:	05 Jul 2023
Found at following trim folder locaiton;	FREQUENCY:	5th day of every 12 months
ES/8/0003 EMERGENCY SERVICES - PLANNING - Local Emergency Management Arrangements		
ACTION MC02003	SIGNOFF(S):	Paul Radalj
Develop a solar/energy efficiency plan	DUE DATE:	05 Jul 2023
	FREQUENCY:	5th day of every 12 months
ACTION MC02004	SIGNOFF(S):	Phil Melling
Town Planning Plans & Policies	DUE DATE:	05 Jul 2023
Documents found at following link;	FREQUENCY:	5th day of every 12 months
https://www.cgg.wa.gov.au/build/town-planning/town-planning-publications/policies.aspx		
ACTION MC02310	OVERDUE	
climate mitigation plan UPDATED link	SIGNOFF(S):	Ross McKim
	DUE DATE:	30 Sep 2022
	FREQUENCY:	30th day of every 12 months

RESIDUAL
7.2
LOW

INHERENT
9.0

R01506

ST. STRATEGIC RISK

Organisational Culture - DRAFT CAUSE

CONSEQUENCE

OWNER Ross McKim

CREATED 9/30/2021 2:58:54 PM

LIKELIHOOD Possible

CONSEQUENCE Moderate

CONTROL EFFECTIVENESS PARTIALLY Effective

RESIDUAL
6.3
LOW

INHERENT
9.0

R01360

Regional Population & Economic Decline

Risk details over page.

ACTION MC01996

Economic Development Council Policies

- 2.1 Investment
- 2.2 Establishing International Relations
- 2.3 Abrolhos Islands Tourism
- 2.4 Travellers Support Policy
- 2.5 Economic Development & Investment Attraction
- 2.6 Mine Resourcing

Found at following link;

<https://www.cgg.wa.gov.au/your-council--council--key-council-documents--council-policies.aspx>
ACTION MC02008

china connect economic development

link to following page;

<http://www.china-connect.com.au/>

ACTION MC02010

Local_Planning_Strategy

Document found at following link;

https://www.cgg.wa.gov.au/profiles/cgg/assets/clientsdata/document-centre/planning/strategic_document/local_planning_strategy.pdf

SIGNOFF(S):

Paul Radalj

DUE DATE:

05 Jun 2023

FREQUENCY:

5th day of every 12 months

SIGNOFF(S):

Trish Palmonari

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Phil Melling

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

ST. STRATEGIC RISK, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, OPERATIONS - BUSINESS / COMMUNITY DISRUPTION / EMERGENCY EVENT , REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Regional Population & Economic Decline

CAUSE -

Loss of industry
Historical reliance on agricultural, fishing and mining sectors
Lack of employment opportunities
Regional cost of living
Limited availability of tertiary education (uni's)
Reduced development of land and services
economic economy downtown
price of commodities +/-
climate change
state/federal funding or legislation changes
local industry downturn
inability to access loans for local projects

CONSEQUENCE -

Reduced services
Reduction in tourism
Reduced Rates Revenue
Financial capability impacted
Depopulation e.g. rural communities
Reputation Damage
depopulation
reduction of services
Council revenue decreases
inability to renew assets
cime increases
reputational damage
local businesses close

OWNER Paul Radalj

CREATED 6/19/2018 9:58:33 AM

LIKELIHOOD Possible

CONSEQUENCE Moderate

CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC02012

Community grant funding

Details at following link;

<https://www.cgg.wa.gov.au/live/my-community/community-grants.aspx>
ACTION MC02013

Provision of development subsidies to support/promote development

SIGNOFF(S):

Renee Doughty

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Phil Melling

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

ACTION MC02016

Ensure the implementation of Integrated planning as per Final - Integrated Planning and Reporting Schedule 2020-21 - Updated on 20 October 2021

SIGNOFF(S):

Paul Radalj

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

ACTION MC02025

CBD Revitalisation program

Documents found at following link;

<https://www.cgg.wa.gov.au/documents/86/geraldton-cbd-revitalisation-program>
ACTION MC02026

Geraldton Airport Master Plan 2012-2030

Document found at following link;

https://airport.cgg.wa.gov.au/Profiles/airport/Assets/ClientData/Useful_Links/Master_Plan/Geraldton_Airport_Master_Plan_2012-2030_Version_2_2_February_2016.pdf

SIGNOFF(S):

Chris Lee
Pieter Vorster

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Paul Radalj

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

ACTION MC02027

Documented Resources on Citys website promoting regional business

SIGNOFF(S):

**Trish Palmonari
Tully Gray**

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

Doing Business in Greater Geraldton

- Investing in Real Estate
- Everlasting Partnerships Program
- Film Friendly Geraldton
- Start or Grow Your Business
- Geraldton Airport
- Senior User-friendly Business

Growing Greater Geraldton

- Growing a Greater Geraldton - Growth Plan
- Investment Prospectus
- Geraldton City Centre Revitalisation Plan
- Innovation and Technology
- Sister Cities Program
- Translated Documents

Economic and Socio-economic Profiles

- Economic Sectors and Key Industries
- Employment in Greater Geraldton
- Economic Sectors
- Socio-Economic Profiles

Documents found at following link

**<https://www.cgg.wa.gov.au/> (refer to 'work" tab)
ACTION MC02049**

SIGNOFF(S):

Paul Radalj

DUE DATE:

20 Feb 2023

FREQUENCY:

20th day of every 12 months

ACTION MC02173

Review and update the Geraldton Jobs and Growth Plan

SIGNOFF(S):

Pieter Vorster

DUE DATE:

15 May 2024

FREQUENCY:

15th day of every 24 months

ACTION MC02419

Greater Geraldton tourism destination marketing strategy ADD TRIM N# and fix title

SIGNOFF(S):

Trish Palmonari

DUE DATE:

25 Dec 2022

FREQUENCY:

25th day of every 12 months

RESIDUAL
4.2
LOW

INHERENT
6.0

R01334

ST. STRATEGIC RISK, ASSETS - MANAGEMENT OF FACILITIES / VENUES / EVENTS, ENVIRONMENTAL , FINANCIAL IMPACT, LEGAL & COMPLIANCE, REPUTATION, SERVICE INTERRUPTION , WORK HEALTH & SAFETY

Technology advances more rapidly than council is able to adapt

CAUSE -

Technology advances beyond City ability to keep up with (i.e. ERP implementation)
Change in business practices
Culture and resistance to change
Councils Low Risk Tolerance
Misaligned Strategies
Vendor lock-in/Contract period too long
Proprietary lock-in/Lack of open standards in the technology in use
ICT staff Skills/Resource gaps

CONSEQUENCE -

Aged or obsolete technology not adequate for City needs
Inefficient operations & processes leading to increased costs
Decreased Cybersecurity posture
Outsourcing of ICT Projects creating further risk.
Missed opportunity to decrease costs
Missed opportunity to improve organisational performance

OWNER Portfolio Managers: Executive Management Team, Manager Corporate Compliance and Safety

CREATED 11/17/2017 10:32:48 AM

LIKELIHOOD Likely

CONSEQUENCE Minor

CONTROL EFFECTIVENESS MODERATELY Effective

ACTION MC00460

CYBERSECURITY

- Perform Annual independent security testing (Penetration and Vulnerability Assessment).
- Risk assess each reportable item and prioritise for action (as per process)

ACTION MC01997

Review and updates to ICT systems and software within budget allocation

ACTION MC02005

Annual review and research into alternative power supply & engery technology updates

full market review every 2 years,

ACTION MC02019

Monitor technology invention which may impact City operations

ACTION MC02345

INFORMATION COMMUNICATION AND TECHNOLOGY:

- Perform annual review of ICT Strategic Plan D-20 -028267

- Plan review to include section/update on Emergent Technologies.

ACTION MC02346

INFORMATION COMMUNICATION AND TECHNOLOGY:

- Submit annual ICT Capital Renewal (or NEW) Nomination form.

- Justifications to link to this risk where appropriate.

ACTION MC02374

Propose and Select Business Information System
- Propose BIS

Nomination form within the process addresses Strategic Alignment, Business Process, Open Standards, Skills Gaps, Project Resourcing and Opportunity & Risk.

SIGNOFF(S):

Paul Benson

Dennis Duff

DUE DATE:

01 Mar 2023

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Paul Radalj

DUE DATE:

04 Jun 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Paul Radalj

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Paul Radalj

DUE DATE:

04 Jul 2023

FREQUENCY:

4th day of every 12 months

SIGNOFF(S):

Dennis Duff

DUE DATE:

30 May 2023

FREQUENCY:

30th day of every 12 months

SIGNOFF(S):

Dennis Duff

DUE DATE:

30 Nov 2023

FREQUENCY:

30th day of every 12 months

SIGNOFF(S):

Dennis Duff

Ralf Ritzinger

DUE DATE:

30 Jun 2023

FREQUENCY:

30th day of every 12 months

City of Greater Geraldton

4.24 RISK APPETITE & TOLERANCE

SUSTAINABILITY THEME

Leadership

OBJECTIVES

To ensure that the City understands and manages risk within acceptable risk appetite and tolerance levels.

POLICY STATEMENT

The City's risk appetite & tolerance policy provides guidance on the City's willingness to assume, or be exposed to a level of risk in order to achieve its objectives. It is linked to the Corporate Business Plan and the Community Strategic Plan and informs the business planning process.

POLICY DETAILS

1. Establishing Risk Appetite and Tolerance

- 1.1. Risk is an inherent part of any organisation's business operations. The exposure to and tolerance to risk differs across the City's operations. The City recognises that its level of risk appetite and risk tolerance must be set at a level that encourages entrepreneurship and innovative organisational development. However, the City is also committed to building a sound foundation of quality control systems and a culture that identifies and manages risk associated with the level of risk appetite and tolerances set by the Council.
- 1.2. The City has defined its risk appetite through the development and endorsement of the City's risk assessment and acceptance criteria. The criteria are included within the risk management framework and procedures and are subject to ongoing review in conjunction with this policy.

2. Risk Appetite Criteria

- 2.1. As a public authority the City has a natural and in some cases statutory predisposition to a conservative appetite for risk. In particular the City has little or no appetite for risk which will;
 - 2.1.1. Have a significant negative impact on Council's long-term financial sustainability.
 - 2.1.2. Result in major breaches of legislative requirements and/or significant successful litigation against the City.
 - 2.1.3. Compromise the safety and welfare of staff, contractors and/or members of the community.
 - 2.1.4. Cause significant and irreparable damage to the environment.
 - 2.1.5. Result in major disruption to the delivery of key City services.
 - 2.1.6. Result in widespread and sustained damage to the City's reputation.
 - 2.1.7. Significantly impact on the City's ability to recruit and retain staff.

The City provides a large and diverse range of services to a rapidly growing population. In order to provide these services the City must accept some level of risk.

The City therefore has some appetite for risks that need to be taken in order to;

2.1.8. Improve efficiency, reduce costs and/or generate additional sources of income.

2.1.9. Maintain and where necessary improve levels of service to the community.

The level of risk that is acceptable will be assessed and determined on a case-by-case basis.

3. Risk Tolerance Criteria

- 3.1. Risk tolerance represents the practical application of the City's risk appetite and is typically aligned to categories of risk such as strategy, financial, service or reputation.
- 3.2. Risk tolerance is the boundaries or level of risk outside of which the City is not prepared to venture in the pursuit of its long term strategic objectives.
- 3.3. The City's risk management framework defines the required process that must be followed in establishing the levels of acceptable risks and the levels of authority associated with the risk.

4. Consideration of Complex Risk Exposures

- 4.1. Where the City is considering undertaking a new function, project or investment that has risk consequences or rewards with far-reaching impacts on the community or City operations, a comprehensive risk assessment must be undertaken in accordance with the Risk Management Framework.
- 4.2. In the case of specific high risk functions (such as financial investment), the City must establish specific risk management guidelines that details the acceptable level of risk.

KEY TERM DEFINITION

Risk Appetite The amount and type of risk that the City of Greater Geraldton is willing to pursue or retain.

Risk Tolerance Is defined, as the level of risk the City of Greater Geraldton is willing to accept after risk treatment in order to achieve its specific objectives.

Risk Management Is the systematic process that involves establishing the context of risk management, identifying risks, analysing risks, treating risk, periodic monitoring and communication.

ROLES AND RESPONSIBILITIES

The Chief Executive Officer (CEO) is responsible for the implementation of this policy, and for the allocation of roles, responsibilities and accountabilities.

The City of Greater Geraldton risk management framework outlines in detail all roles and responsibilities associated with managing risk within the City.

WORKPLACE INFORMATION

CP 4.7 Risk Management

CP 2.1 Investment

City of Greater Geraldton Risk Management Framework

Department of Local Government & Communities Integrated Planning Guidelines

AS/NZS 31000:2018 Risk Management – Guidelines

Local Government (AUDIT) Regulations 1996 REG 17

City of Greater Geraldton Corporate Business Plan

City of Greater Geraldton Strategic Community Plan

DRAFT

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Manager Corporate Compliance and Safety	Biennial	2024
Version	Decision Reference	Synopsis		
3	CSXXX XX/XX/XXXX	Policy Review		

City of Greater Geraldton

4.7 RISK MANAGEMENT

SUSTAINABILITY THEME

Leadership

OBJECTIVES

The purpose of this Policy is to state the City of Greater Geraldton's commitment to managing risk to its ongoing operations.

POLICY STATEMENT

This Policy applies to all City of Greater Geraldton operations.

POLICY DETAILS

1. The City recognises that risk is inherent in all of its operations and that effective management of risk is necessary in order to protect its people, assets, liabilities and community against potential losses and negative consequences.
2. The City will maintain the City of Greater Geraldton Risk Management Framework consistent with the guidelines and principles of risk management as set out in the Australian Risk Management Standard AS/NZS ISO31000.
3. The City will utilise the City of Greater Geraldton Risk Management Framework which details the process that the City will follow when undertaking risk management within the organisation.
4. The City will communicate with the Community about the City's approach to managing risk.
5. The City will integrate risk management into its corporate culture and its everyday business operations at the strategic, project, operational and emergency risk levels.
6. The City will develop and implement a Strategic and Operational Risk Management Plans to ensure the ongoing management of City risk exposures.

KEY TERM DEFINITION

Risk Management is the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, and analysing, evaluating, treating, monitoring and communicating risk.

ROLES AND RESPONSIBILITIES

The CEO is responsible for the implementation of this Policy.

The City of Greater Geraldton Risk Management Framework outlines in detail all roles and responsibilities associated with managing risk within the City.

WORKPLACE INFORMATION

City of Greater Geraldton Risk Management Framework

Department of Local Government & Communities Risk Management Resources

AS/NZS 31000:2018 Risk Management – Guidelines

DRAFT

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Manager Corporate Compliance and Safety	Biennial	2024
Version	Decision Reference	Synopsis		
4	CSXXX XX/XX/XXXX	Policy Review		

City of Greater Geraldton

4.25 BUSINESS CONTINUITY MANAGEMENT

SUSTAINABILITY THEME

Leadership

OBJECTIVES

The Business Continuity Management Policy has been developed in conjunction with the City's Risk Management Framework to assist the City prepare for major disruptive events to its operations.

POLICY STATEMENT

The policy defines the City's approach to business continuity management and the principles by which business continuity plans will be developed and maintained.

POLICY DETAILS

1. Business Continuity Planning

The objective of business continuity management is to minimise the impact of a disruptive event on critical operations and the delivery of services to the community by ensuring that the organisation develops an effective Business Continuity Framework and that relevant Business Continuity Plans are in place. Examples of disruptive events include: natural disasters; fire or flood damage to the City facilities; IT business systems failure; and telecommunications failure.

A key aim of the City's Business Continuity Management Framework is to:

- 1.1. Increase organisational resilience by undertaking specific actions to strengthen the City's adaptive capability for managing sudden and significant change;
- 1.2. Continue to deliver critical business functions and services in a disruptive event or disaster;
- 1.3. Effect recovery with as little down time and negative impact as possible; and
- 1.4. Recognise and act on improvement opportunities inherent in an improved understanding of the City's core business processes and objectives.

The City's Business Continuity Framework is made up of the following:

- 1.5. Business Continuity Management Policy - defines the City's approach to business continuity management and the principles by which business continuity plans will be developed and maintained within the organisation.
- 1.6. Business Continuity Plan - provides the required detail for the coordination and management of the organisation during a significant disruptive event, the process for relevant business continuity plan activation and deactivation, and detail regarding BCP training and exercise requirements to ensure preparedness for disruptive events.
- 1.7. Departmental Business Continuity Sub-Plans - considers the impact of disruptive events on critical operations and documents procedures to allow continuity of services in the event of significant disruption.

2. Approach to Business Continuity Management

Business Continuity Management at the City will align to the AS/NZS 5050 (Int):2020 Managing disruption-related risk Standard, which was developed to assist organisations maintain continuity of their operations through effective management of disruption-related risk. This will equip the organisation with the capacity to:

- 2.1. Stabilise any disruptive effects as soon as possible;
- 2.2. Safeguard the City's assets, including people, property and financial resources;
- 2.3. Continue and/or quickly resume those operations that are most critical to the City's objectives to ensure the delivery of essential services to the community;
- 2.4. Expedite a return to normal operations and recovery; and
- 2.5. Capitalise on any opportunities created by an event.

KEY TERM DEFINITION

N/A

ROLES AND RESPONSIBILITIES

The Executive Management Team are responsible for overseeing Business Continuity Management across the organisation.

The Corporate Compliance and Safety department is responsible for the coordination of business continuity management including the oversight of appropriate documentation, training, coordinating testing and monitoring of the Business Continuity Management Framework.

Managers are the Departmental Business Continuity Sub-Plans owners whom have responsibility for undertaking business impact analysis and ensuring that all critical functions under their responsibility have Business Continuity Plans established, maintained and reviewed. The Corporate Compliance and Safety team will assist with this process.

Each critical function within a Department will have an appointed Business Continuity Plan owner who has the responsibility for actioning continuity arrangements when a critical function is interrupted. The owner must also ensure that relevant employees are aware of and trained in the actioning of the plan.

WORKPLACE INFORMATION

CP 4.7 Risk Management

City of Greater Geraldton Risk Management Framework

City Business Continuity Plan

AS/NZS 31000:2018 Risk Management – Guidelines

AS/NZS 5050 (Int):2020 Managing disruption-related risk

POLICY ADMINISTRATION

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Manager Corporate Compliance and Safety	Biennial	2024
Version	Decision Reference	Synopsis		
3	CSXXX XX/XX/XXXX	Update of Australia Standard referencing		

DRAFT

2022 – 2024

Risk Management Framework



Introduction

This document provides an overview of the City of Greater Geraldton's (the 'City') Risk Management Framework (the 'Framework').

The City's Framework is a set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the City.

- The foundations are documented within the City's Risk Management Policy which articulates the outcome based objectives and management commitment to managing all risks responsibly across all areas of the City's operations.
- The organisational arrangements are:
 - Culture – Risk culture is the impact of organisational culture on risk management. It is not therefore separate to organisational culture, but reflects the influence of organisational culture on how risks are managed.
 - Risk Management Improvement Strategy – This sets out the plan and actions to enhance the effectiveness of the framework over the next 12 months. It includes the technical aspects of framework development and education activities to improve staff awareness.
 - Risk Appetite & Tolerance Policy – This sets out the amount and type of risk that the City is prepared to pursue, retain or take in order to meet objectives.
 - Operational Model – Detailed in this document, it describes relationships and accountabilities; including the relevant assessment criteria, reporting structure and framework review process.
 - Risk Management Procedures – The procedures, roles, responsibilities, timings, tools and templates to adequately perform risk management activities in accordance with the Policy.

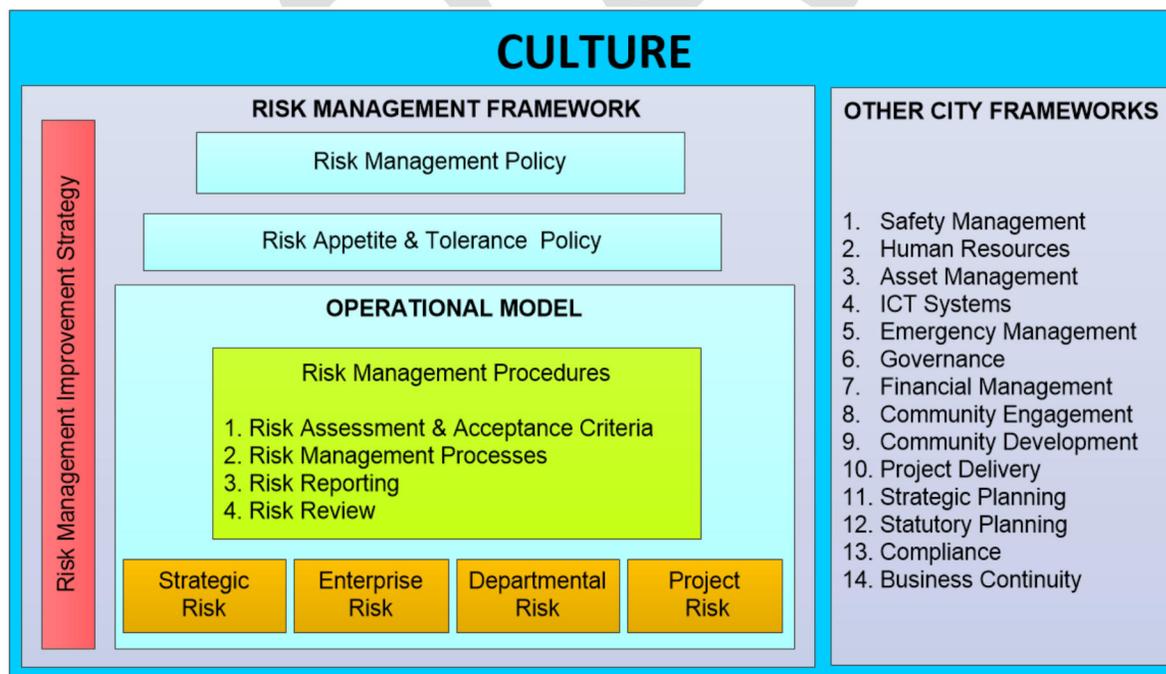


Figure 1: Diagram representing the City's Risk Management Framework and interaction with other frameworks

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the City along with existing time, resource and workload pressures.

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1. Risk Culture

Risk culture is the way the City's employees identify, understand, discuss and act on the risks confronted or taken.

There are both formal and informal elements that influence risk culture:

- Formal – Governance structures provide important frameworks through which appropriate behaviours can be encouraged and supported and poor behaviours can be identified and acted upon.
- Informal – Expectations and behavioural practices through demonstrated actions against the City's STARS values.

Council and the City's Executive Management Team (EMT) have a key role in promoting risk management as a vital business principle and in allocating sufficient resources for risk management activities. All employees, contractors, and volunteers also have a part to play in identifying risks and actively managing risks within their sphere and scope of work.

Risk management is a vital business management practice which is not an optional tack on. To ensure the process is managed, it must always be demonstrated through the integrated planning and reporting process and mandated in all operational functions and services.

The City's leaders will support and encourage a positive risk culture by:

- Empowering management and employees to manage risks effectively;
- Acknowledging, rewarding and promoting good risk management;
- Having processes that promote learning from errors, rather than punishing;
- Encouraging discussion and analysis of unexpected results, both positive and negative.

2. Risk Management Policy

The City is committed morally and financially to the concept and resourcing of risk management. The policy states the outcome based objectives and commitments to managing risks and contains the following components:

- Rationale for managing risks
- Linkage between the City's objectives and other related policies
- Accountabilities and responsibilities for managing risks
- Conflicts of interests
- Commitment to resourcing the risk management functions
- Performance measures
- Continual review and improvement of the policy

3. Risk Appetite & Tolerance Policy

The City's Risk Appetite & Tolerance Policy provides guidance to drive the City's approach to risk, ensuring alignment and consistency across all areas.

Guidance is provided through qualitative statements in specific areas of strategic, operational and project activities. All employees must make themselves aware of the City's risk appetite and tolerance in their areas of responsibilities so that they become familiar with the risks that can be pursued, accepted or avoided.

4. Risk Management Improvement Strategy

All effective frameworks have a requirement to continually improve; the Risk Management Framework is no different. The City strives for best practice in the management of risks and will document and manage the improvement strategy on an ongoing basis. There will be a minimum of two components to the strategy; technical development and employee awareness; both improving the maturity of risk management throughout the City.

5. Operational Model

The City has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles; responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the framework and risk appetite and tolerance, the Council, Audit Committee, Executive Management and the Community will have assurance that risks are managed effectively to support the delivery of the Community Strategic, Corporate Business and Operational Plans.

5.1 Three Lines of Defence

5.1.1 First Line of Defence

All operational areas of the City are considered ‘1st Line’. They are responsible for ensuring that risks (within their scope of operations) are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include;

- Establishing and implementing appropriate processes and controls for the management of risk (in line with the framework).
- Undertaking adequate analysis (data capture) to support the risk informed decision.
- Prepare risk acceptance proposals where necessary, based on level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

5.1.2 Second Line of Defence

The Manager of Corporate Services acts as the primary ‘2nd Line’. This position owns and manages the Framework. They draft and implement the Framework components and provide the necessary tools and training to support the 1st line process.

Maintaining oversight on the application of the Framework provides a transparent view and level of assurance to the 1st & 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the City’s risk reporting for the Executive Management Team, Risk Management Committee, Audit Committee and Council.

5.1.3 Third Line of Defence

Internal & External Audit are the third line of defence, providing independent assurance to the Council, Audit Committee and City Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

- **Internal Audit** – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of will be determined by the CEO with input from the Audit Committee.
- **External Audit** – Appointed by the Council on the recommendation of the Audit Committee to report independently to the Mayor and CEO on the annual financial statements, and the review of the effectiveness of operational controls required by Local Government Audit Regulation 17.

5.2 Review

This Framework is to be reviewed on a biennial basis in line with the Local Government Audit Regulations (regulation 17 – CEO to review certain systems and procedures). Specific requirements within the framework that require review are detailed in the Department of Local Governments Guideline number 9, Appendix 3. Local Government Components within the Framework will be subject to continual review / improvement as driven by the City’s operational requirements as follows:

1. Policy – biennial
2. Strategic management model (Community Strategic Plan) – biennial
3. Operational Model (Corporate Business Plan, Budget, Capital & Renewal Program) – annually
4. Risk Appetite & Tolerance Policy – biennial or when material changes occur that warrant a review.
5. Risk Management Process – annually or when material changes to operations occur or when process improvements are identified and approved.
6. Risk Reporting Process – annually or when material changes to operations occur or when process improvements are identified and approved.

5.3 Operating Relationships & Accountabilities

The following diagram depicts the current operating structure for risk management within the City.

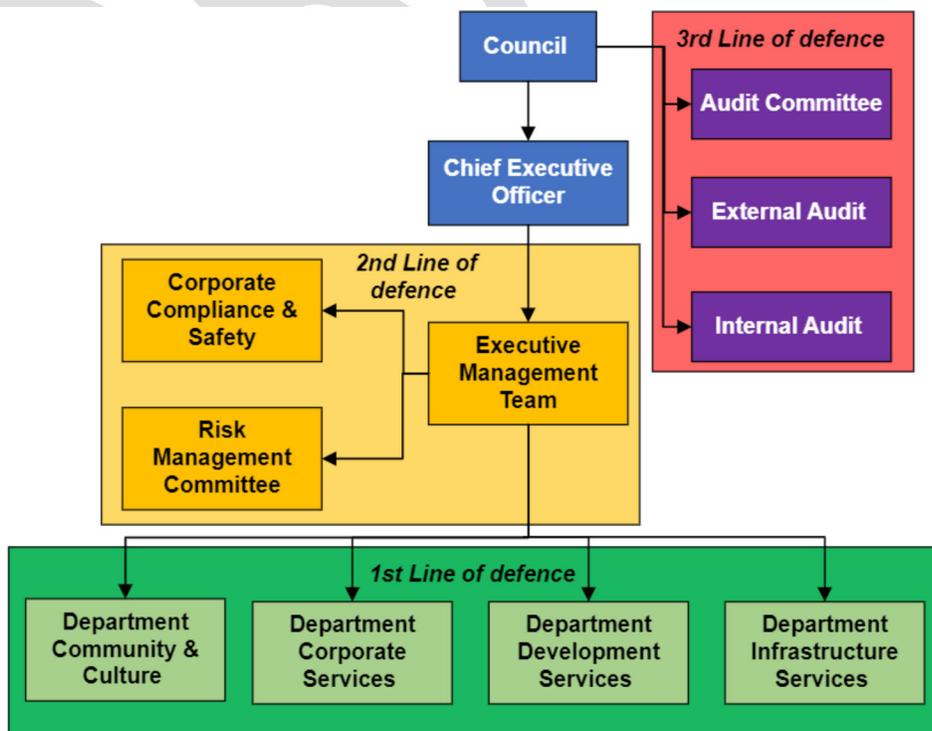


Figure 2: Diagram depicting the current operating structure for risk management within the City

5.4 Roles & Responsibilities

5.4.1 Council

- Adopt and review the City's Risk Management Framework, Risk Policy and Risk Appetite & Tolerance Policy.
- Establish and maintain an Audit Committee in terms of the Local Government Act.
- Ensure responsible and effective decision making through the delegated authority framework.
- Appoint / Engage External Auditors to report on financial statements annually.
- Be satisfied that risks are identified, managed & controlled appropriately to achieve Council's Strategic Objectives.
- Provide adequate budgetary provision for the financing of risk management including approved risk mitigation activities.

5.4.2 Audit Committee

- Monitor and review the appropriateness and effectiveness of the Risk Management Framework and improvement strategies.
- Monitor changes to City's risk profile and highlight material changes to Council.
- Support Council to drive effective corporate governance.

5.4.3 Chief Executive Officer (CEO)

- Own, promote and drive the effective implementation of the Risk Management Framework for all functions across City operations.
- Provide the Audit Committee and Council with regular reports on the risks being managed by the City.
- Review the appropriateness and effectiveness of the Risk Management Framework and provide a written report to the Audit Committee (at least biennially).
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks.
- Ensuring resources are appropriately allocated throughout the organisation to meet the City's risk management requirements.
- Ensure risk is considered in the decision making process.
- Liaise with Council in relation to risk acceptance requirements.

5.4.4 Executive Management Team (EMT)

- Support the CEO in promoting and driving the effective implementation of the Risk Management Framework for all functions across City operations.
- Act as the overarching 'Risk Committee' for the City:
- Drive appropriate activities through the Risk Management Committee (RMC).
- Monitor and review the regular risk reports and Framework implementation activities from the RMC.
- Ensure risk is considered in the decision making process.
- Ensure the appropriate delegation, risk appetite and tolerance and the broader risk acceptance criteria are implemented.
- Identify, manage and / or escalate strategic risks as appropriate.

5.4.5 Risk Management Committee (EMT with supporting officers as required)

- Facilitate the Risk Management Improvement Strategy.
- Champion risk management within individual Branches and Directorates.
- Support the Risk Management Reporting Process.

5.4.6 Directors

- Promote and drive the effective implementation of the Risk Management Framework for all Branches within their Directorates.
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks within their Directorate.
- Encourage cross – Directorate interactions in the management of the City's risks.
- Ensure resources are appropriately allocated throughout individual Directorates to manage operational (and where necessary strategic, enterprise and project) risks in line with the City's risk appetite.
- Ensure branches are regularly applying the Risk Management Process to record and manage specific risks.

5.4.7 Manager, Corporate Compliance & Safety

- Manage the Risk Management Framework and drive the 'Line 2' function of the Operational Model.
- Facilitate the support of other Branches in the management of 'Line 2' functions, examples include but are not limited to:
 - ICT – Disaster recovery management, systems and data access, use and employee profile management.
 - HR – Management of employee / contractors risk awareness training, safety and security practices and the support of performance management programs.
 - Treasury & Finance – Oversight of the delegations framework in respect of procurement activities.
- Ensure the 'risk' resources within Corporate Services are adequate to meet the requirements of the City's Risk Management Framework (Skills, knowledge and allocation)
- Provide support to all Branches within the City in the application of the Risk management Framework.
- Own, drive and promote the risk management framework delivery program for the City.
- Own, drive and promote the Business Continuity Management (BCM) program for the City.
- Escalate issues to EMT or the CEO where risks are not being effectively managed i.e. overdue, non-compliant or high and extreme emergent risk issues.

5.4.8 Managers

- Promote and drive the effective implementation of the Risk Management Framework for all areas under their control.
- Support the Risk Management Process by ensuring risks are identified, recorded and managed.
- Incorporate 'risk management' into team activities / meetings by openly discussing the following:
 - New or emerging risks.
 - Review existing risks.
 - Control adequacy.

- Outstanding issues and actions.
- Drive consistent embedding of a risk management culture by encouraging openness and honesty in the reporting and escalation of risks within their Departments.
- Ensure resources are appropriately allocated throughout Departments to manage operational (and where necessary strategic, enterprise and project) risks in line with the City's risk appetite and tolerance.
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.
- Ensure appropriate education and awareness initiatives are provided to all employees.

5.4.9 Project Managers

- Ensure risk management is applied to all projects in accordance with the Project Delivery Framework.
- Identify, record, report and manage risks throughout the lifecycle of the project.
- For projects classified as Major Projects ensure that all risks, treatments and actions are recorded through Promapp to assist in the risk reporting and governance frameworks.
- In conjunction with Corporate Services undertake risk assessments related to 3rd party liability risk and implement prioritised mitigation strategies.
- Ensure that when Contractor insurance is required for a project that the insurance is maintained for the life of the project.
- Undertake risk management plans for all proposed projects in consultation with the relevant stakeholders.
- Ensure design and construction includes agreed features to minimise future risk.
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.

5.4.10 Employees & Contractors

- Report to management on risks that exist within their area, without fear of recrimination.
- Adopt the City's principles of risk management and comply with all policies, procedures and practices relating to risk management.
- Perform duties in a manner that is within an acceptable level of risk to their health and safety, and that of other employees and the community.
- Comply with quality assurance procedures where applicable.
- Make risk control and prevention a priority when undertaking tasks.
- Report any hazard or incidents as detected to their Manager or the City Responsible Officer (for contractors).
- Ensure risk treatment and action plans are current, and ensure all Promapp sign offs include adequate evidence of compliance.

5.4.11 Promapp Risk Manager

- Administer the Promapp Risk Module
- Report risk matters to Manager Corporate Compliance & Safety
- Monitor and report on all risk and associated treatment status in Promapp

- Undertake quality assurance audits of all risk and treatments to ensure alignment to City Risk Management Framework.

6. Strategic Management Model

Risk management activities are a key part of all business processes. In particular, there is a strong relationship between the risk management process and the cycle of corporate and operational planning activities, as seen in figure 3 below. As the vision, strategy and business objectives are established for each City service unit, so too should related risks be identified and assessed.

When strategic and corporate plans and budgets are prepared; City service units should identify and assess risks to their objectives, leading to a ranking of risks, and finally, to the establishment of appropriate risk treatments and controls. However, it is important to remember that risk management is not a once a year process, risk management is embedded in everyday business management and planning.

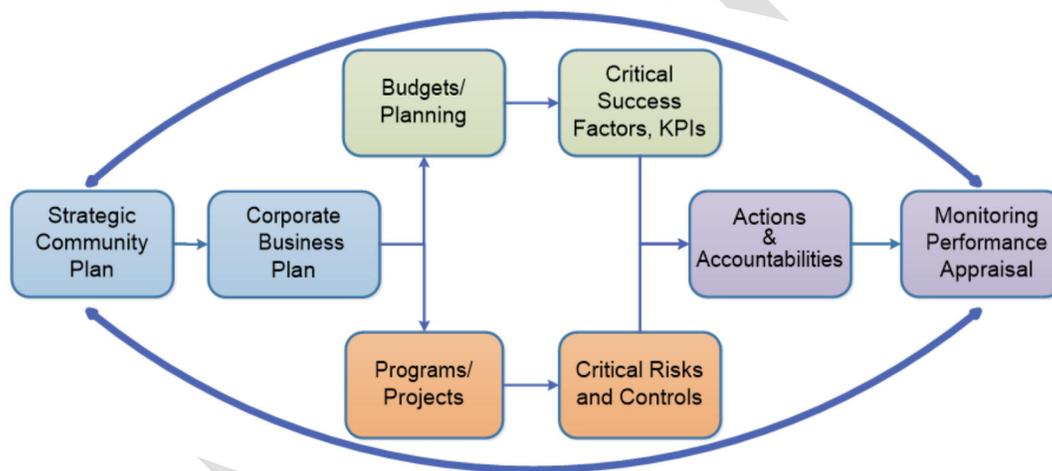


Figure 3 – City's strategic management processes which involves risk management at each step

To embed risk management as an integral part of the City's operations it is necessary to:

- ensure risk management processes are included in, and seen as integral to, the City's corporate business planning, budgeting and reporting processes;
- ensure risk management is integrated with other governance practices such as audit, legal and regulatory compliance, disaster management and business continuity;
- incorporate risk management into continuous improvement programs;
- tie risk management objectives to each relevant project, activity or work groups;
- include the outcome of risk management activities in reporting of programs, reviews and evaluation processes; and
- Incorporate risk management into performance appraisals of employees.

7. Risk Management Process

The City uses the Promapp Risk Module to store, document and report on the City's Risks and treatments.

The risk management process is standardised across all areas of the City. The following diagram outlines the process with the following commentary providing broad descriptions of each step. Specific expanded guidance are provided in the Risk Management Procedures document.

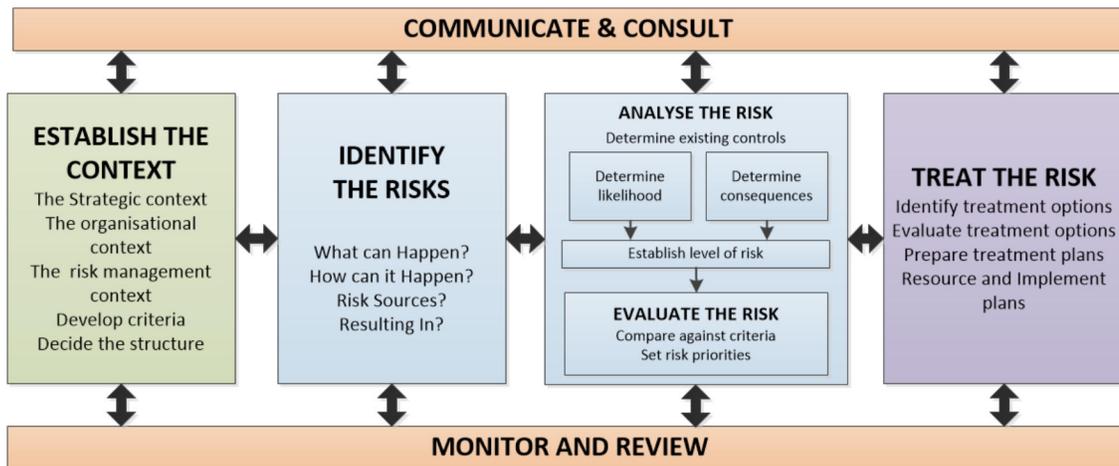


Figure 4: Diagram representing the Risk Management Process as per AS/NZS 31000:2018 Risk Management – Guidelines

7.1 Establishing the context

This defines the context of both internal and external parameters to be considered when managing risk. In this regard the City utilises a qualitative assessment, combining consequence and likelihood to determine risk levels from which high level management approaches are to be implemented.

The risk context is then categorised into four (4) main groups:

1. **Strategic Risks** – Associated with achieving the City’s long-term objectives. Strategic risks generally relate to external events beyond the City’s control to influence, for example legislation changes, loss of government funding and climate change etc. Strategic risks are identified and managed at EMT level.
2. **Enterprise Risks** – Operational, day to day activities, functions, infrastructure and services. Enterprise risks generally affect the whole of City operations and are within the City’s ability to influence and control. Enterprise risks are identified and managed at EMT and Manager level.
3. **Departmental Risks** - Operational, day to day activities, functions, infrastructure and services. Departmental risks are identified and managed at Manager level
4. **Project Risks** – Captures risks associated with potential impacts to operational activities and those associated with the delivery of the project itself. Project risks may include a mix of strategic (risks outside City control) and operational risks. Project Risks are identified and managed by the Project Leadership team and the appointed Project Manager.

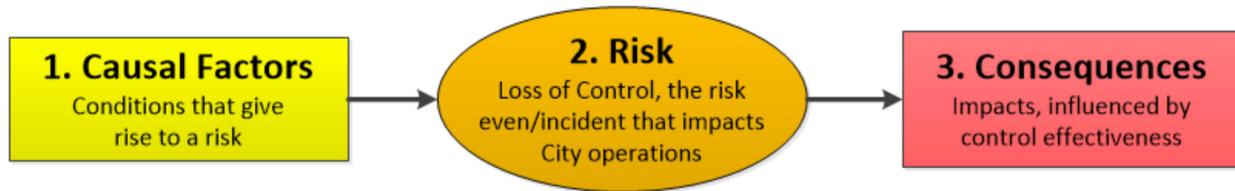
7.2 Risk Assessment

Risk assessment is three (3) step process of:

1. Risk Identification
2. Risk Analysis
3. Risk Evaluation

7.2.1 Risk Identification

This is the process for establishing, recognising and describing risks to the City. An event sequence is shown below:



It also includes the identification of the existing controls that are currently in place, mitigating the inherent risk from materialising.

7.2.2 Risk Analysis

This is the process of assessing the:

1. **Control effectiveness** – applying the City’s Control Rating Guide to the design and operating effectiveness of each control individually and jointly in mitigating the risk.
2. **Residual Risk** – after considering the controls overall effectiveness, determining the likely worst consequence and the likelihood applicable to that consequence using the City’s Risk Consequence and Likelihood tables. Then applying those ratings to the City’s Risk Matrix to determine the level of residual risk.
3. **Inherent Risk** – The same process as residual risk, however removing the effectiveness of controls from the equation. This step will highlight the mitigating value of existing controls.

7.2.3 Risk Evaluation

This step compares the level of residual risk to the City’s Risk Acceptance Criteria Table. It provides high level guidance on the approach to managing and / or escalating the risk.

7.3 Risk Treatment

There are generally two requirements following the evaluation of risks.

1. In all cases, regardless of the residual risk rating; controls that are rated ‘*Partially Effective* or *Not Effective*’ must have a treatment plan (action) to improve the control effectiveness to at least ‘*Moderately Effective*’.
2. If the residual risk rating is high or extreme, treatment plans must be implemented.

7.4 Communication and consultation

Effective communication and consultation are essential to ensure that those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment / action options are selected or the reasons to accept risks have changed.

7.5 Monitoring and review

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

7.6 Risk Reporting

All strategic, enterprise, operational and major project risks are maintained with ‘Promapp’. This allows the centralised reporting function to meet the City’s requirement to monitor and review risks by all levels of management, Audit Committee and Council.

Formal reporting is currently provided as follows:

- Monthly Risk Report to EMT
- Risk Report to Audit Committee whenever meeting held
- Risk Maturity Report at least annually
- Annual Risk Report to Council
- Biennial comprehensive Risk Report to Audit Committee
- Risk Escalation Reports

Workplace Information

- Council Policy - 4.24 Risk Appetite & Tolerance
- Council Policy - 4.7 Risk Management
- Risk Management Procedures
- Risk Management Improvement Strategy

DRAFT

Directorate		Officer	Review Cycle	Next Due
Corporate Services		Manager Corporate Compliance & Safety	Biennial	2024
Version	Decision Reference	Synopsis		
3.	CCS108	Risk Management Framework initial endorsement by Council, prior documents endorsed via Executive Management Team		
4.	CCS361	Scheduled review, document aligned with LGIS model		
5.	CSXXX Click or tap to enter a date.	Scheduled Review		

Appendix Risk Assessment & Acceptance Criteria

Consequence Table

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

Likelihood Table

DESCRIPTOR	DETAILED DESCRIPTION	OPERATIONAL FREQUENCY
ALMOST CERTAIN	The event is expected to occur in most circumstances	More than once per year <i>or</i> incident is clearly imminent
LIKELY	The event will probably occur in most circumstances	At least year once per year
POSSIBLE	The event should occur at some time	At least once in 3 years
UNLIKELY	The event could occur at some time	At least once in 10 years
RARE	The event may only occur in exceptional circumstances	Less than once in 15 years

Risk Matrix

Consequence \ Likelihood	INSIGNIFICANT	MINOR	MODERATE	MAJOR	CATASTROPHIC
ALMOST CERTAIN	LOW	LOW	MODERATE	EXTREME	EXTREME
LIKELY	LOW	LOW	MODERATE	HIGH	EXTREME
POSSIBLE	LOW	LOW	MODERATE	HIGH	HIGH
UNLIKELY	LOW	LOW	LOW	MODERATE	HIGH
RARE	LOW	LOW	LOW	MODERATE	HIGH

Control Rating Guide

RATING	DETAILED DESCRIPTION	OPERATIONAL APPLICATION
EFFECTIVE	No Control gaps. The control is influencing the risk level and only continued monitoring is needed	Control addresses risk, is officially documented, in operation and has been tested to confirm effectiveness
MODERATELY EFFECTIVE	Few control gaps. The control is influencing the risk level however, improvement is needed	Control addresses risk but documentation and/or operation of control could be improved
PARTIALLY EFFECTIVE	Some control gaps that result in the control having limited influence on risk level	Control addresses risk at least partly, but is not documented and/or operation of control needs to be improved
NOT EFFECTIVE	Significant control gaps that result in the control not influencing the risk level	At best, control addresses risk, but is not documented or in operation; at worst, control does not address risk and is neither documented nor in operation

Risk Acceptance Criteria

RISK RANK	DESCRIPTION	CRITERIA	RESPONSIBILITY
LOW	ACCEPTABLE	<p>No immediate concern</p> <p>Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring</p>	Operational Manager/s
MODERATE	MONITOR	<p>Periodic Monitoring</p> <p>Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring</p>	Operational Manager/s
HIGH	URGENT ATTENTION REQUIRED	<p>Regular / Frequent Monitoring</p> <p>Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring</p>	<p>All Directors</p> <p><i>SAFETY / HEALTH</i></p> <p><i>SERVICE INTERRUPTION</i></p> <p>Director CCS</p> <p><i>FINANCIAL, REPUTATIONAL,</i></p> <p><i>ENVIRONMENTAL & LEGAL / COMPLIANCE</i></p>
EXTREME	UNACCEPTABLE	<p>Actively Manage</p> <p>Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring</p>	CEO / Council

AC125	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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AGENDA REFERENCE:	D-22-142035
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	1 November 2022
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to seek Audit Committee endorsement of the Annual Report of Activities, for the period 1 July 2021 to 30 June 2022 for submission to Council.

EXECUTIVE RECOMMENDATION:

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

1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2021 to 30 June 2022
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2021 to 30 June 2022 to Council as the Audit Committee Annual Report of Activities.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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

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

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

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

Below is a summary of the activities of the Audit Committee for the period 1 July 2021 to 30 June 2022 for the purposes of providing the above-mentioned report to Council:

Audit Committee Meeting – 28 September 2021

Report Number	Title	Decision
AC103	Interim Audit Report 2020-21	1. Receive the Interim Audit Report for 2020-21; and 2. Endorse the Management Responses to those matters as contained within the report
AC104	Progress Report – Management Actions on Audits	1. Receive the Progress Report on management actions related to audits.

AC105	Strategic Internal Audit Plan 2021-2025	<ol style="list-style-type: none"> 1. Endorse the Strategic Internal Audit Plan for 2021-2025 as presented ; and 2. Request an update on progress at the next Audit Committee meeting.
AC106	Financial Management Systems Review 2021	<ol style="list-style-type: none"> 1. RECEIVE the Financial Management Systems Review 2021 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.
AC107	Cybersecurity and Information Security	<ol style="list-style-type: none"> 1. NOTE the actions completed and planned to uplift the City's Cybersecurity & Information Security posture and reduce IT risk. 2. NOTE the City of Greater Geraldton's establishment of a Cybersecurity function and development of a Cybersecurity framework.
AC108	Work Health and Safety Update	<ol style="list-style-type: none"> 1. ACKNOWLEDGE receipt of the Internal Audit Safety Management Systems report: 2. REQUIRE the status of the Internal Audit Safety Management Systems Improvement Action Plan to be provided to the Audit Committee.
AC109	Application of Council Policy 4.28 Managing Unreasonable Customer Conduct	<ol style="list-style-type: none"> 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct. 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.
AC110	Audit Regulation 17 Review 2021	<ol style="list-style-type: none"> 1. RECEIVE the Audit Regulation 17 Review 2021 2. ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.
AC111	Audit Committee Annual Report to Council	<ol style="list-style-type: none"> 1. ENDORSE the summary of the Audit Committee activities for the period 1 July 2020 to 30 June 2021. 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2020 to 30 June 2021 to Council as the Audit Committee annual report of activities.

Audit Committee Meeting – 6 December 2021

Report Number	Title	Decision
AC112	Exit Meeting OAG and RSM	<ol style="list-style-type: none"> 1. RECEIVE the Office of Auditor General overview of the audit finding for the year ended 30 June 2021 (as outlined in the Audit Closing Report); and

		2. PROVIDE FEEDBACK to the Office of Auditor General on the findings and any other matter related to the audit.
AC113	Review of The Audit Committee Terms of Reference	1. Endorse the Audit Committee Terms of Reference – 6 December 2021
AC114	2020-21 Annual Financial Report	<ol style="list-style-type: none"> 1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2021; 2. RECEIVE the Audit Report for the financial year ended 30 June 2021; 3. NOTE that the Auditor has provided an unqualified audit opinion for the Annual Financial Report year ended 30 June 2021; 4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2021; 5. NOTE the findings identified during the Audit and REQUEST they be listed for review until completed. <ol style="list-style-type: none"> a. Expand grant register to include all grant revenue including that recognised under AASB1058.

Audit Committee Meeting – 2 February 2022

Report Number	Title	Decision
AC115	Compliance Audit Return 2021	<ol style="list-style-type: none"> 1. REVIEW the results of the Compliance Audit Return 2021. 2. REPORT the results of the Audit Committee review of the Compliance Audit Return 2021, at the Ordinary Meeting of Council on 29 March 2022
AC116	Internal Audit Safety Management Systems Improvement Action Plan Update	1. NOTE the update on the Internal Audit Safety Management Systems Improvement Action Plan update
AC117	Report on Management Actions Annual Financial Report and Audit Reports	1. RECEIVE the progress Reports on the current status of management actions related to Internal Audits and the Annual Financial Report.
AC118	Fraud and Corruption Control Plan Audit 2021	<ol style="list-style-type: none"> 1. RECEIVE the Fraud and Corruption Control Plan Audit 2021 2. ENDORSE actions taken or proposed to be taken by the staff to resolve items identified in the report; and 3. REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.

Audit Committee Meeting – 19 April 2022

Report Number	Title	Decision
AC 119	Audit Entrance Meeting with OAG and RSM	1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2022.
AC120	Risk Management Profile	1. NOTE the status of the City of Geraldton Geraldton's risk management profile. 2. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the City's risk profile

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

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

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

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

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

The Audit Committee Annual Report of activities 2020-2021 was reviewed by the Audit Committee on 21 September 2021, Item Number AC111, and the Council on 26 October 2021, CCS641.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 section 7.1A

Local Government (Audit) Regulations regulation 16

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

Outcome 4.7	Council understands its roles and responsibilities and leads by example
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REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

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

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

AC126	PROGRESS REPORT ON MANAGEMENT ACTIONS FROM AUDIT REPORTS
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AGENDA REFERENCE:	D-22-157951
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	30 November 2022
FILE REFERENCE:	GO/11/0020-002
ATTACHMENTS:	Yes(x1) Progress Report – Financial Management Systems Review Report June 2021 and Audit Regulation 17 Review May 2021

EXECUTIVE SUMMARY:

The purpose of this report is to provide an updated report on internal audit management actions.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Progress Reports on the current status of management actions related to internal audits.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee at their meeting 10 September 2021 resolved to:

AC105

1. ***ENDORSE the Strategic Internal Audit Plan for 2021-2025 as presented; and***
2. ***REQUEST an update on progress at the next Audit Committee meeting.***

AC106

1. ***RECEIVE the Financial Management Systems Review 2021***
2. ***ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and***
3. ***REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.***

AC110

1. ***RECEIVE the Audit Regulation 17 Review 2021***
2. ***ENDORSE actions taken or proposed to be taken by staff to resolve items identified in the report; and***
3. ***REQUIRE progress updates on implementation of the proposed management actions at the next Audit Committee Meeting.***

The attached reports provides the Committee with an updated schedule. The report include management actions that remained active and/or were still to be completed.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

There are no adverse community impacts.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

Monitoring the actions resulting from various audits allows the Audit Committee to fulfil its governance and oversight responsibilities.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City.

The previous Financial Management Systems Review and Audit Regulation 17 Review was presented to the Audit Committee on 28 September 2021 – AC106 AC110.

The management actions and comments on the above internal audits were presented to the Audit Committee on 22 February 2022.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

Local Government (Audit) regulations 1996, section 17:

Local Government (Financial Management) regulations 1996, section 5:

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

Outcome 4.7	Council understands its roles and responsibilities and leads by example
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REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

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

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternatives have been considered.

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
2021 FINANCIAL MANAGEMENT SYSTEMS REVIEW						
7.2.1	<p>Fuel Usage analysis/Reconciliation. We noted there is no policy in place addressing usage of fuel cards. In addition, card holders are not required to sign a 'Terms of Use Agreement' to acknowledge usage terms and compliance with the City's stated policies. Our inquiries indicated fuel usage analysis by individual motor vehicle/plant item on a per vehicle/plant item basis (i.e. consumption per 100kms or plant hour v book consumption) is not Currently prepared on a periodic and /or rotational basis and subject to independent review. We Recommend The City document, approve, implement and monitor a policy or procedure addressing fuel</p>	<p>Management support the implementation of an operational policy for fuel card usage and a "Terms of Use Agreement" for users.</p>	<p>The fuel card usage terms of use was incorporated in the light Vehicle Use Policy (OP009) and all drivers will sign off as evidence that they have read and understood the policy. The revised policy was presented to EMT and approved in February 2022.</p>	<p>Temba Machukera/ Kelvin Sheilds</p>	<p>Completed</p>	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
	card usage terms and conditions; Fuel card holders sign an agreement with the City outlining their acknowledgement of acceptable use of the fuel card in accordance with the stated policy. This agreement should also outline procedures relating to when a cardholder is on extended leave of absence from the City;					
7.2.1	Fuel Usage analysis/Reconciliation. Our inquiries indicated fuel usage analysis by individual motor vehicle/plant item on a per vehicle/plant item basis (i.e. consumption per 100kms or plant hour v book consumption) is not currently prepared on a periodic and /or rotational basis and subject to independent review.	An investigation of the data that would enable an analysis of fuel consumption will be undertaken with the view to determining a process for such an analysis to be completed and the resources required to do so. Management acknowledge the comments about use of a GPS navigational system and advise that whilst many CGG vehicles have a GPS system the use of data is limited under an	We now have the capability of capturing and analysing to some extent fuel usage through the AMPOL Account transaction summary report. We are hoping to initiate a better system of reporting with new ERP once implemented. A Promapp procedure to reconcile Mullewa fuel stock is now in place. This further	Temba Machukera/ Kelvin Sheilds	Completed	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
	<p>Furthermore, our inquiries indicated that the City is not currently utilising a GPS navigational system to track motor vehicles, analyse mileage against fuel purchased, excessive travel (outside of Set perimeters), speeding etc.</p> <p>We recommend consideration be given to analysing fuel consumption per vehicle/plant item on a periodic basis, and the analysis be subject to an independent review;</p>	<p>agreement with a third party.</p>	<p>compliments the existing reconciliation process.</p> <p>GPS system currently under review.</p>			

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
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2021 REGULATION 17 REVIEW

2.2.1	<p>Lease management – lease register not up to date.</p> <ul style="list-style-type: none"> Lease agreements be reviewed to ensure the correct level of insurance coverage as determined by the City’s risk assessment is noted within each lease agreement. Once this review has occurred, we recommend those lessees who do not have the correct level of coverage be advised to rectify this in accordance with the lease agreement or another level as communicated by the City; The lease register be updated to include the level of insurance coverage required by the terms of the lease agreement and the 	<p>Resource limitations have impacted on the maintenance of the lease register. A review has been instigated and the register will be updated as outlined in the recommendation</p>	<p>Compliance is continually working with and providing oversight to ensure L & B team keeps this register up to date.</p>	<p>Laura MacLeod</p>	<p>Completed</p>	
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Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
	<p>actual insurance maintained by the lessee; and</p> <ul style="list-style-type: none"> The lease register be updated to reflect information provided by the lessee (for example, certificate of currency information). 					
2.2.2	<p>Emergency Risk Management.</p> <ul style="list-style-type: none"> Local Emergency Management Arrangements was approved on the 17 November 2016. This plan references the old AS/NZS 31000:2009 ISO Risk Management Standard as opposed to the new standard, AS/ISO 31000:2018; Local Emergency Management Recovery Plan 2016 was last reviewed in August 2016; and Mullewa Emergency Management Plan is dated October 2016 however, was provided in draft 	<p>Local Emergency Management Arrangements and Recovery Plan have been reviewed and drafts provided to Shires of Chapman Valley and Northampton for comment. It is expected that signing of the documents by each of the LG's will be complete by September 2021. Testing of the plans is scheduled to be conducted in early 2022 and findings from the tests recorded and actioned.</p>	<p>The Batavia Local Emergency Management Arrangements (BLEMA) and local Recovery Plan (LRP) have been</p> <ol style="list-style-type: none"> Signed off by the CEO's of Shire of Chapman Valley and the City of Greater Geraldton. Endorsed by Council (Shire of Chapman Valley 18 August 2022, City of Greater Geraldton 25 October 2022) <p>The BLEMA and LRP have been noted by the District Emergency Management Committee (DEMC).</p> <p>The BLEMA and LRP have forwarded to the State Emergency Management Committee (SEMC) for noting at their next meeting at which point the document will become live.</p>	Wayne Ellis/Mike DuFour	In progress	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
	<p>form (amendment record states "Review of Draft" on 3 November 2016).</p> <p>We recommend that all stated documents are updated to reflect the current status and signed as required once finalised. In addition, we recommend emergency risk management plans be tested and any action taken recorded</p>		Until that time the existing LEMA remains in place.			
2.2.3	<p>Policies and Procedures including Risk Management Register.</p> <p>A) Overdue Risks B) No policy or procedure C) Potential out of date documents</p> <ul style="list-style-type: none"> The City review the risk register and complete the required identified risk treatments in accordance with the specified dates; Policies be developed and implemented for those identified areas of risk highlighted in (B) 	<p>The overdue risk treatments have been reported to EMT and the risk treatment owners for action. The City has scheduled branch workshops to work through each branch's risks, compliance obligations and business continuity sub plans. This workshop will ensure all such obligations are current, with confirmed assigned action ownership and due dates. These workshops will be completed in the first quarter of 2021-22 and the results of which will be reported to EMT and the Audit Committee. Policies overdue for review are regularly reported to EMT and the policy owners for action</p>	<p>A schedule of the policies due for review is forwarded on a quarterly basis to staff responsible for their review. Policies reviews which are delayed are reported to the Executive Management Team on a monthly basis for Director information and follow up action.</p> <p>The overdue risk treatments are reported to EMT and the risk treatment owners for action on a monthly basis.</p> <p>Branch risk review sessions were completed in December 2021. The risk profile report is due for completion in the first quarter of 2022.</p>	Brodie Pearce/ Dennis Duff	In progress	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
	<p>above including:</p> <ul style="list-style-type: none"> - A back-up policy and procedure be developed, implemented and tested on a regular basis to ensure recoverability of information should the City experience significant interruption; and - Verification of qualifications and memberships be completed as part of the process for employment of IT staff; <ul style="list-style-type: none"> • The potentially out of date policies identified in (C) above, be reviewed and updated accordingly. 		<p>A review of backup processes has been completed and works awarded to implement the solution and document processes. ETA 15 March 2022.</p> <p>Risk policies and framework reviewed and to be presented at December Audit and subsequent Council meeting for endorsement.</p> <p>Risk review workshops are to be scheduled from the 1st quarter 2023.</p> <p>IT staff qualifications (certificates) sent to HR for recording to personnel files.</p> <p>The City's data backup infrastructure was reviewed and redesigned which resulted in reduced cost and an improved backup regime with encrypted data backups sent offsite to a Perth based hosting supplier. Developed and implemented were processes, procedures, and maintenance tasks for the effective monitoring and testing of data backups.</p>			

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
3.2.1	<p>Business Continuity Plan Testing.</p> <p>Our inquiries indicated testing of the Business Continuity Plan is overdue. We recommend the Business Continuity Plan be tested on a regular basis to ensure that in the event of a disaster, appropriate actions can be taken.</p>	<p>The City acknowledge that scheduled testing has been delayed in the last 12 months. This is due to two live BCM disruptions, which saw the activation of the BCM plans. The City's BCM testing program was impacted firstly by COVID 19, which in April/May 2020 saw the City's BCM plan activated. The City undertook a detailed lessons learnt post the COVID 19 initial state of emergency. This then required an update of BCM plans which was completed in November 2020. The City had intended to recommence the BCM testing program in the second quarter of 2021. This was deferred as a second BCM plan activation was required in response to Severe Tropical Cyclone Seroja in April 2021. The City again undertook a lessons learnt process following this major disruption event. The lessons learnt are being incorporated into City BCM sub plans. The City will have completed the BCM sub plan update process and schedule a test in December 2021/January 2022 as per prior testing schedule timing.</p>	<p>EMT from October – December 2021 reviewed the majority of branch BCM plans to ensure content.</p> <p>All branches in support of their BCM plan readiness, have commenced a working from home setup program. This will enable staff to transition to working from home quickly in the event of a COVID 19 lockdown.</p> <p>In January of 2022 all Branch BCM's commenced a further review to ensure critical functions could be maintained in the event likely disruption scenarios these being</p> <ol style="list-style-type: none"> 1) loss of staff, 2) closure or loss of building or equipment, 3) loss of suppliers, and 4) loss of ICT or power. <p>Specific consideration to ensuring readiness for COVID 19 likely appearance within the community was reviewed during January and February 2022.</p>	Brodie Pearce	Meeting Requirements	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
			<p>Emergency exercises completed at facilities. Further training of key staff completed and lessons learnt incorporated into City plans.</p> <p>BCM plans in maintenance phase as revisions required due to current recruitment process required by the creation of a 4th directorate e.g. Community Services.</p> <p>Scheduled exercises are proposed to commence early 2023.</p>			
3.2.2	<p>IT Security Log. Security logs are currently not maintained however our inquiries indicated the newly appointed Cyber Security Engineer staff member is in the process of implementing a procedure. We recommend security logs be retained and reviewed on a regular basis to ensure security breaches / errors are identified on a timely basis and addressed accordingly.</p>	<p>Security log management is being addressed in conjunction with planned Cybersecurity projects.</p>	<p>Relevant security logging has been implemented via endpoint detection and response (EDR) and extended detection and response (XDR) processes and incorporated into the City's managed detection and response (MDR) service for analysis and investigations.</p>	Dennis Duff	Completed	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
3.2.4	<p>Contractor Induction. Our inquiries indicate contractor inductions are undertaken, however contractor induction is not specifically referenced within the City Procurement Framework.</p> <p>We recommend the City include a mandatory requirement for all contractors to complete a level of induction based on the risks associated with the service or goods provided by the contractor.</p>	<p>It is correct that there is no specific process titled Induct Contractors; this is due to contractor induction requirements being addressed across diverse City processes, manuals, templates, training, and contract conditions. See summary below:</p> <ul style="list-style-type: none"> • Contract management process – Conduct a Supplier Contract Meeting (which links to the Kick off meeting agenda with details of induction requirements of contractors) • All City established Contracts irrespective of type (e.g. works, supplier, consultant) include conditions for contractors' inductions before commencing work or access to site • Manage access to CGG buildings (induction of contractors and visitors) • The contractor safety manual (details Contractor inductions, and site safety inductions) • Safety management plan (details inductions of staff and contractors) • City templates e.g. contract templates, safety templates <p>The City will commence a Contractor WHS information process i.e. prepare our contractors for WHS.</p>	<p>As per prior comments, contractor inductions are included in City systems.</p> <p>In addition to the above the City has rolled out Contractor WHS information and training sessions. With further improvements being developed to the contractor induction process.</p>	Brodie Pearce	Complete	

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
3.2.5	<p>IT Project Reviews As confirmed with the Manager ICT Services there is currently no formal post implementation review for major IT projects completed. We recommend formal performance project reviews be completed following implementation of major IT projects, and where appropriate for specific IT projects, reviews continue to be performed on a periodic basis.</p>	<p>We agree with the recommendation. A formal project review will be implemented as part of process Improvement activities.</p>	<p>Informal post project reviews have started to be documented and lessons learned incorporated on subsequent projects (i.e. proof of concepts and checklists). A Project Management process (including implementation reviews) is included in the new draft ICT Strategic Plan and once implemented, reviews will be formal.</p>	Dennis Duff	In progress	

AC127	IT AUDIT REPORTS – PROGRESS ON ACTIONS
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AGENDA REFERENCE:	D-22-156170
AUTHOR:	D Duff, Manager ICT Services
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	29 November 2022
FILE REFERENCE:	IT/11/0005
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on actions so far taken to mitigate cyber and IT risk as recommended in various audit reports.

Over the previous 14 months, since September 2021, twenty-two (22) audit recommendations have been actioned across five (5) audit reports with twenty (20) recommendations in progress to be actioned or simply noted.

The audit recommendations are from the following reports:

- **2018 Information Technology Internal Audit** to audit a large range of IT processes and controls to validate their effectiveness
- **2021 Information Technology Internal Audit**, requested by the City to audit a large range of IT processes and controls to validate their effectiveness.
- **2021 Office of the Auditor General (OAG) Performance Audit**, initiated by the Auditor General to audit the state of cybersecurity in local government, such as security controls and the capacity to respond cyber threats.
- **2022 Cybersecurity Internal Audit**, requested by the City to audit the state of cybersecurity in local government, such as security controls and the capacity to respond cyber threats
- **2022 Information Technology External Audit** to audit a large range of IT processes and controls to validate their effectiveness

EXECUTIVE RECOMMENDATION:

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

3. NOTE the audit recommendations actioned or in-progress to uplift the City's cybersecurity and information security posture and reduce IT risk.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

The City undergoes frequent Information Communication and Technology, Cybersecurity, and Financial System audits.

Below is a list of completed, in-progress and noted recommendations from the previous 5 audits.

Completed Audit Recommendations

Audit Finding x1 – Security Awareness Training

- **Recommendation** – The City should continue to inform its staff about cybersecurity risks through the training program to ensure individuals are aware of their personal responsibilities for cyber security.
- **Outcome – Completed September 2021** with the reintroduction of a security awareness program and mandatory induction training.

Audit Finding x2 – Continuity Planning

- **Recommendation** – The City should review their BCDR and undertake appropriate tests to verify its effectiveness
- **Outcome – Completed March 2022.** The ICT BCDR Plan was updated, and an annual test undertaken with actions recorded. In addition, an ICT Services business continuity sub-plan was developed as a business process.

Audit Finding x4 – Data Backup and Restoration

Audit Finding x1 – Data Encryption

- **Recommendations** – The City should develop and document backup management policies and procedures. Implement the use of encryption of sensitive data where considered appropriate.
- **Outcome – Completed June 2022.** The City's data backup infrastructure was reviewed and redesigned which resulted in reduced cost and an improved backup regime with encrypted data backups sent offsite to a Perth based hosting supplier. Developed and implemented were processes, procedures, and maintenance tasks for the effective monitoring and testing of data backups.

Audit Finding x4– Vulnerability Management

- **Recommendation** – The City should establish an effective vulnerability management process
- **Outcome – Completed September 2022.** As part of the City's information security management system (ISMS) a Vulnerability Management Standard and related Process were developed and linked to City's risk register. The standard refers to ASD Essential 8 for urgency and prioritisation evaluation which in turn informs Operational remediation task timeframes.

Audit Finding x2 – Security incident and event logging and management

- **Recommendation** – Security logs to be retained and reviewed on regular basis and addressed accordingly. Endorse a cybersecurity incident response plan (CIRP) and develop a cybersecurity incident register.
- **Outcome – Completed July 2022.** The CIRP was endorsed in March 2021 and therefore, a centralised incident register is now in use. Relevant security logging has been implemented via endpoint detection and response (EDR) and extended detection and response (XDR)

processes and incorporated into the City's managed detection and response (MDR) service for analysis and investigations.

Audit Finding x2 – IT Change Management

- **Recommendation** – The City should ensure that no changes are made to the financial application production environment without proper testing, review, and approval of application changes.
- **Outcome – Completed November 2022.** The IT change management guide was reviewed and updated to an IT Change Management Standard and a Process created to govern all IT changes, not just Synergy Soft. The Standard and Process ensures Support Vendors comply with the standard and that Internal Stakeholders are consulted throughout the process.

Audit Finding x1 – Physical Security Management

- **Recommendations** – Implement a formal process to review who has access to the IT communications room. Avoid or limit shared swipe access cards and non-IT staff access.
- **Outcome – Completed October 2022.** A maintenance tasks has been added to the ICT Service Desk to twice yearly review ICT Communications room card access. Shared access cards are for third party services (Emergency services, Fire, Police, Security, Maintenance). Non-IT staff access are for Fire Wardens and Executive Management. The recommendation is noted but to ensure efficient and timely response during an emergency, no changes will be implemented. *A compensating control is in place whereas no individual is given swipe card access to IT only areas without approval by Manager ICT Services.*

Audit Finding x1 – Password Management

- **Recommendation** – Ensure that a review period is defined for password policy to ensure password parameters remain in line with City's requirements.
- **Outcome – Completed October 2022.** A discrepancy was found between documented password policy and what was enforced. Documentation was updated to align.

Audit Finding x1 – IT Qualifications

- **Recommendation** – Verification of IT staff qualifications.
- **Outcome – Completed October 2022.** IT staff qualifications (certificates) sent to HR for recording to personnel files.

Audit Finding x2 – IT/Cyber Risk Register

- **Recommendation** – The City should ensure all relevant cybersecurity risks are identified, assessed, and recorded in the City's Risk Register.
- **Outcome – Completed October 2021.** IT/Cyber risks have been designed in the City's risk management system to aggregate risks into categories of overarching risks with actions/treatments designed to mitigate specific risks. For example, an overarching risk is 'Cyber and

Information Security Incident' which has multiple treatments, one being a process to 'Manage Known Technology Vulnerabilities and Weaknesses' which incorporates a risk register to document, analyse, evaluate, and monitor individual and specific risks.

Audit Finding x1 – Synergy Soft Account Management

- **Recommendation** – Review the current Synergy Soft user list and disable accounts belonging to terminated or dormant employees / contractors
- **Outcome – Completed September 2022.** Synergy soft users have been cleaned up as much as is possible within the system configurations available. However, these accounts present a low risk due to compensation administrative controls such as the account termination process.

Ongoing Audit Recommendations

Audit Finding x5 – IT and Cybersecurity Policies and Procedures

- **Recommendations** – Key areas of Cybersecurity were not sufficiently covered in existing policies. Recommend policies and procedures be developed and implemented for areas of IT and Cybersecurity risk. Review, approve and publish Policies / Procedures / Guidelines and Governance documents as required and ensure that these documents are appropriately governed
- **Actions – Ongoing.** In July 2022 council endorsed an Information Security Management System (ISMS) policy. The ISMS has begun development and incorporates Strategy, Policy, Standards and Processes for information security. A Third-Party Data Security Standard, Vulnerability Management Standard and Change Management Standard have been developed so far.

Audit Finding x3 – IT/Cyber Risk Management

- **Recommendation** – The City should ensure all relevant cyber security risks are identified, assessed, and recorded in the risk register. recommend a comprehensive risk identification, evaluation and mitigation process be undertaken to ensure all potential risks associated with Information technology, specifically Cyber Security are considered and documented. Define and implement a requirement and policy for periodic security testing, vulnerability assessments and processes to mitigate identified security weaknesses or improvements
- **Actions** - The 'Risk Assessment' process for 'Weaknesses' (non-software related vulnerabilities) is incomplete but in progress. An independent Security Assessment is scheduled for January 2023.

Audit Finding x2 – Account Management

- **Recommendation** - Develop, document, and implement appropriate account / generic / system review processes and requirements

- **Actions** – Effective identify and access management is the top Cybersecurity priority action and will be developed as part of the City's ISMS. Requires upskilling of ICT staff.

Audit Finding x1 – Data Encryption

- **Recommendation** - Suggest the City of Greater Geraldton implement the use of encryption of sensitive data where considered appropriate.
- **Actions** - The City's Datasets require data identification and classification prior to any further controls being applied to ensure controls applied are proportionate to the sensitivity and criticality of the data. This is planned as part of the City's cybersecurity uplift program and data governance objectives.
- Requires upskilling of ICT staff in data management and governance.

Audit Finding x2 – IT Testing Environment

- **Recommendation** - Ensure consistent use of a separate testing environment for application change tests
- **Actions** – Finding Noted. Current process of application 'snapshots' prior to updates is sufficient at this point.

Audit Finding x1 – IT Project Reviews

- **Recommendation** – A formal post implementation review for major IT projects completed.
- **Actions** – Informal post project reviews have started to be documented and lessons learned incorporated on subsequent projects (i.e. proof of concepts and checklists). A Project Management process (including implementation reviews) is included in the ICT Strategic Plan.

Audit Finding x1 – Software Register

- **Recommendation** - The software register be enhanced through the inclusion of details such as patch state, drivers, OS, and firmware
- **Action** - A project is underway to better manage devices which includes improvements to reporting of software/application/firmware versions and patching.

Audit Finding x1 – Security Awareness Training

- **Recommendation** - The City implement targeted and more frequent training to employees who may have a higher risk of being targets of Cyber Security incidents.
- **Action** - Targeted training is planned for year 2 of the security awareness program which begins in 2023

Audit Finding x1 – Reportable Breaches Registry

- **Recommendation** - In accordance with best practice, we recommend the City of Greater Geraldton develop and maintain a reportable breaches registry.
- **Action** – At this point in time, there are no legislative requirements for local governments to report any Cyber or Information Security

incidents. For cyber insurance purposes, a register for any cyber or information security breaches will be created and maintained.

Audit Finding x1 – Multifactor Authentication (MFA)

- **Recommendation** - As part of the City's Cyber Security Framework, we suggest consideration be given to the implementation of Multifactor Authentication protocols for all access to the City's IT Systems and sensitive data, both internal and external.
- **Action** - MFA is being rolled out in stages to ensure the fine line between security and convenience is managed yet still reduces risk to acceptable levels. Phase 2 – MFA for access to M365 environment scheduled for January 2023 implementation.

Audit Finding x1 – IT Key Performance Indicators

- **Recommendation** - recommend a formal set of KPI's be developed and implemented to measure the performance of the IT Department and to identify any inefficiencies. Examples of areas which KPI's may relate to include system downtimes, system operating speeds, available space and number of help desk issues logged etc.
- **Actions** - The IT team is a small team, and any underperformance of staff is easily recognised and actioned promptly.
 - The ICT Service Desk captures much performance data and reporting and forms part of the performance summary provided to the Executive Management Team monthly and to identify any repeated issues.
 - A network and system monitoring system is in development to capture and report on network and system performance.
 - KPI's may be addressed if required once formal reporting in these systems has been implemented and baselines available.

Audit Finding x1 – IT Satisfaction Surveys

- **Recommendation** - On a periodic basis, the IT department consider requesting a user satisfaction survey to gauge employee satisfaction with the IT support provided.
- **Action** - Noted for consideration. The ICT services branch are also standard users of information technology and encounter the same issues, restrictions and approval processes as non-IT staff.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

The establishment of a cybersecurity function and associated framework of systems, controls, policy, standards, and processes provides the community with assurance that their information is kept private and secure.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

The establishment of the cybersecurity function and development of the ISMS contributes to good governance of enterprise IT and ensures the City can improve its process efficacy to protect, detect, respond and recover from a security incident and continue business as usual.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

City officers last updated the Audit Committee in relation to information technology and cybersecurity audits in September 2021

COMMUNITY/COUNCILLOR CONSULTATION:

Councillors endorsed policy CP4.6 Information Security Management System in July 2022

LEGISLATIVE/POLICY IMPLICATIONS:

The remediation or mitigation of vulnerabilities, along with the implementation of security controls, addresses past audit and test findings, and highlights the City's commitment to cyber and information security continuous improvement.

FINANCIAL AND RESOURCE IMPLICATIONS:

The City operates its cybersecurity function with one Cybersecurity Engineer and some outsourced capability. Five percent of the ICT Services budget is allocated to security. With finite resources and budget, it is important that objectives are prioritised to ensure effective use these resources. Audits help identify these priorities.

INTEGRATED PLANNING LINKS:

Strategic Direction: Leadership	Aspiration: A strong local democracy with an engaged community, effective partnerships, visionary leadership and well informed decision-making.
Outcome 4.7	Council understands its roles and responsibilities and leads by example
Outcome 4.8	Deliver secured technology that supports sustainability, the environment, service delivery and the community
Outcome 4.9	Collaboration and strategic alliances with Local Government partners delivers results for common aspirations

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

Audit findings and recommendations, when addressed, assist in the reduction of IT/Cyber risk.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered. This report seeks to update the committee on the City's progress to better identify, protect, detect, respond, and recover from Cybersecurity incidents.

AC128	COUNCIL POLICY	4.28	MANAGING UNREASONABLE CUSTOMER CONDUCT
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AGENDA REFERENCE:	D-22-148300
AUTHOR:	N Hope, Manager Organisational Development
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	10 November 2022
FILE REFERENCE:	GO/19/0008
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

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

EXECUTIVE RECOMMENDATION:

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

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

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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

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

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

Council Policy *4.28 Managing Unreasonable Customer Conduct*, reporting requirements list that annually, at the first Audit Committee meeting held after

the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2021/22 financial year, the City of Greater Geraldton reports the following:

<i>The number of customers to whom this policy has been applied:</i>	<i>0</i>
<i>The nature of the unreasonable conduct:</i>	<i>n/a</i>
<i>The action taken or limits imposed:</i>	<i>n/a</i>
<i>The number of reviews undertaken and their outcomes:</i>	<i>n/a</i>

Although the City still experiences unreasonable conduct by customers with a noted escalating trend, the City so far, has not had to implement this policy due to security or police attendance (where serious enough) and the enforcement of orders placed on individuals by the courts prohibiting their attendance at the Council office.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

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

Economy:

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

Environment:

There are no adverse environmental impacts.

Leadership:

The Local Government Act requires that Councils establish good governance principles through the introduction of policies and guidelines.

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

Council review or amend Council Policies as and when required.

COMMUNITY/COUNCILLOR CONSULTATION:

On development of the Council Policy 4.28 *Managing Unreasonable Customer Conduct*, Councillors were consulted via briefing note on 23 July 2019.

LEGISLATIVE/POLICY IMPLICATIONS:

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

2.7. Role of council

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

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

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

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options were considered by City Officers.

5 FRAUD CONTROL – STANDING ITEM

AC129	FRAUD AND CORRUPTION CONTROL PLAN
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AGENDA REFERENCE:	D-22-157523
AUTHOR:	R Doughty, Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate Services
DATE OF REPORT:	30 November 2022
FILE REFERENCE:	GO/19/0020
ATTACHMENTS:	Yes (X 1)
	Fraud and Corruption Control Plan 2022

EXECUTIVE SUMMARY:

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

EXECUTIVE RECOMMENDATION:

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

1. ENDORSE the Fraud and Corruption Control Plan 2022

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In 2019 the City developed the Plan in accordance with *Australian Standard AS8001-2008 Fraud and Corruption Standards*. The Standard has since been updated and the Plan has been reviewed and updated as per the current *AS8001-2021*. In addition, the Plan's Audit requirements require a review of the Plan every two years. The Plan was reviewed in 2021 as part of the City's Strategic Internal Review Audit Plan, and as a result of that audit amendments have been incorporated to the Plan as part of the 2022 review.

The major amendments to the Plan of note are:

- updating of all Policy's and legislation references
- addition of 4.2.1 and 4.2.2 Information Security Management System and Recordkeeping respectively

This Fraud and Corruption Control Plan (the Plan) details the City's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan applies to:

- 1) all employees whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns; and

- 2) any external party involved in providing goods and services, with or without receipt of payment, to the City, such as contractors, consultants, outsourced service providers and suppliers.

COMMUNITY, ECONOMY, ENVIRONMENT AND LEADERSHIP ISSUES:

Community:

While there are no statutory/regulatory compliance issues associated with the development and implementation of a Fraud & Corruption Control Plan, the implementation of the Plan and its primary objectives are to protect public money, information and property and safeguard the integrity and reputation of the City of Greater Geraldton.

Economy:

There are no adverse economic impacts.

Environment:

There are no adverse environmental impacts.

Leadership:

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

Disclosure of Interest:

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

RELEVANT PRECEDENTS:

Audit Committee endorsed the Fraud and Corruption Control Plan 2019 AC087 on 2 December 2019.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges requires Council to examine its exposure to fraud biennially and shall develop a fraud control plan which will be implemented over the following two years.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

	leads by example
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REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

By not endorsing the Fraud and Corruption Control Plan 2022 would mean non-compliance to section 1.4 Development of Fraud Control Plan from Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges, and non-compliance with the FCCP Audit requirement of 'reviewing the Plan at least once every two years'. The Fraud and Corruption Control Plan puts in place the framework for prevention and detection to mitigate potential or actual fraudulent or corrupt conduct.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS:

No alternative options have been considered.



City of
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a vibrant future



FRAUD & CORRUPTION CONTROL PLAN

2022



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1. INTRODUCTION

The City of Greater Geraldton (the City) is committed to the highest possible standards of openness, probity and accountability in all its operations.

The City has zero tolerance to fraud, corruption or misconduct (fraud or corruption). Suspected fraud or corruption will be reported, investigated and resolved in accordance with internal policies and procedures and the Corruption, Crime and Misconduct Act 2003. All legal obligations to the principles of procedural fairness will be met.

All employees share in the collective responsibility to assess the risk of fraud and corruption in the activities undertaken in their department, identify and report suspected fraud or corruption, and behave ethically and promote a culture of integrity in the workplace.

This Fraud and Corruption Control Plan (the Plan) details the City's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan has been developed in line with Australian Standard AS8001-2021 Fraud and Corruption Control and forms an integral part of the City's Risk Management Framework.

This plan applies to:

- 1) all employees whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns; and
- 2) any external party involved in providing goods and services, with or without receipt of payment, to the City, such as contractors, consultants, outsourced service providers and suppliers.

Where a fraud and corruption process has not been defined, the City will draw on the AS8001 Fraud and Corruption Control Standard and the Office of Auditor General Fraud Prevention in Local Government report for guidance.

2. DEFINITIONS

2.1. Fraud

Fraud is defined by Australian Standard AS8001-2021 as:

“Dishonest activity causing actual or potential gain or loss to any person or organisation including theft of money 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”

Fraud includes any practice that involves deceit or other dishonest means by which a benefit is obtained from the government. The benefits may be obtained by:

- 1) *Internal fraud* – Fraud where at least one perpetrator is employed by or has a close association with the target organisation and has detailed internal knowledge of the organisation's operations, systems and procedures.
- 2) *External fraud* – Fraud where no perpetrator is employed by or has a close association with the target organization.

Fraud can take many forms, including (but not limited to):

- 3) theft or obtaining property, financial advantage or any other benefit by deception;
- 4) providing false or misleading information, or failing to provide information where there is an obligation to do so;
- 5) causing a loss, or avoiding or creating a liability by deception;
- 6) making, using or possessing forged or falsified documents;
- 7) unlawful use of computers, vehicles, telephones and other property or services; and
- 8) Manipulating expenses or salaries.

2.2. Corruption

Corruption is defined by Australian Standard AS8001-2021 as:

“Dishonest activity in which a person associated with an organisation acts contrary to the interest of the organisation and abuses their position of trust in order to achieve personal advantage or advantage for another person or organisation”.

Corruption is any conduct that is improper, immoral or fraudulent and may include (but not limited to):

- 1) conflict of interest;
- 2) dishonestly using influence;
- 3) blackmail;
- 4) failure to disclose gifts or hospitality;
- 5) acceptance of a bribe
- 6) nepotism;
- 7) misuse of internet or email; and
- 8) the unauthorised release of confidential, private information or intellectual property.

2.3. Misconduct

Serious misconduct as defined by the Corruption, Crime and Misconduct Act 2003 is when a public officer:

- 1) acts corruptly or corruptly fails to act in the course of their duties; or
- 2) corruptly takes advantage of their position for the benefit or detriment of any person; or
- 3) commits an offence which carries a penalty of two or more year’s imprisonment.

Minor misconduct as defined by section 4(d) of the Corruption, Crime and Misconduct Act 2003 occurs if a public officer engages in conduct that:

- 4) adversely affects, or could adversely affect, directly or indirectly, the honest or impartial performance of the functions of a public authority or public officer, whether or not the public officer was acting in their public officer capacity at the time of engaging in the conduct; or
- 5) constitutes or involves the performance of his or her functions in a manner that is not honest or impartial; or
- 6) constitutes or involves a breach of trust placed in the public officer because of his or her office or employment as a public officer; or
- 7) involves the misuse of information or material that the public officer has acquired in connection with his or her functions as a public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person.

3. PLANNING AND RESOURCING

3.1. Program for Planning and Review

The City organisational values and culture, governance and risk management framework and controls, work together to prevent, detect and respond to potential or actual fraudulent or corrupt conduct.

This Fraud and Corruption Control Plan details the City’s approach to fraud and corruption prevention, detection and response.

3.2. Resources and Responsibilities

3.2.1. Chief Executive Officer

The CEO has responsibility for the effective and economical use of the City’s resources and for determining appropriate controls in managing fraud and corruption risks in the City. This responsibility is appropriately delegated to the directors, managers and line managers.

Under the Corruption, Crime and Misconduct Act 2003, the CEO is required to notify the Public Sector Commission of suspected minor fraud or corruption, or the Corruption and Crime Commission (CCC) if serious

fraud or corruption is suspected.

3.2.2. Directors, Managers and Line Managers

Directors, managers and line managers are responsible for ensuring that the Plan is implemented within their business units, in particular, they must be:

- 1) providing leadership, guidance and support of employees in preventing fraud and corruption and modelling ethical behaviour;
- 2) setting/enforcing disciplinary standards;
- 3) identifying high fraud and corruption risk areas;
- 4) identifying specific sources of fraud or corruption risk;
- 5) participating in fraud and corruption risk assessment reviews;
- 6) implementing remedial action to address issues identified by the fraud and corruption risk assessment reviews;
- 7) assessing the cost/benefit of introducing anti-fraud and corruption procedures;
- 8) developing/modifying practices to reduce fraud and corruption risk;
- 9) monitoring the continued operation of controls to prevent fraud and corruption;
- 10) receiving reports of suspected fraud or corruption from employees and taking appropriate steps to address concerns reported;
- 11) reporting suspected fraud and corruption promptly and maintaining confidentiality; and
- 12) ensuring the protection of complainants who report fraudulent or corrupt activities.

3.2.3. Employees

All employees have a responsibility to contribute to preventing fraud and corruption by acting ethically; complying with controls, policies and procedures, and reporting suspected incidences of fraudulent or corrupt behaviour through the internal reporting framework (encouraged in the first instance).

The City will provide support and protection to any employee who reports incidences of fraud and corruption.

To be able to actively and positively contribute to fraud and corruption prevention, all employees should:

- 1) embrace an ethical work-place culture;
- 2) recognise the value and importance of personally contributing to fraud and corruption prevention;
- 3) develop an understanding of good work practices, systems and controls;
- 4) keep abreast of best practices for preventing fraud and corruption;
- 5) become aware of the different types of fraud and corruption that can occur in the workplace and how to detect them; and
- 6) report suspected incidences of fraudulent or corrupt conduct in accordance with policies and procedures.

3.2.4. Executive Sponsor for Fraud and Corruption Control

In recognising that fraud and corruption are significant business risks, the Director Corporate Services is the City's designated Executive Sponsor for the Plan.

The role of the Executive Sponsor is to champion fraud and corruption control within the City and to oversee the development and implementation of the Plans effective integration into the City's strategic and corporate planning and governance and operational systems.

3.2.5. Public Interest Disclosure officers

Public Interest Disclosure (PID) officers will investigate information disclosed, or cause that information to be investigated, and take action following the completion of the investigation in accordance with the relevant provisions of the Public Interest Disclosure Act 2003 (PID Act).

3.2.6. Internal Audit Investigator Role

Internal Audit employees are formally qualified in Government Investigation and Government Fraud Control and play a key role in investigating suspected fraud and corruption.

3.2.7. Human Resources

Human Resources plays a major role in both the management of the grievance and the discipline process. Its responsibilities also include the development of fraud and corruption awareness and education programs.

3.2.8. Audit Committee

The Audit Committee is responsible for ensuring regular Fraud & Corruption Control Plan Audit (FCC Audit) are undertaken.

The FCC Audit is designed to assist the City to monitor and review its misconduct resistance approach.

The purpose is to identify:

- 1) work areas where elements of the City misconduct resistance approach may need refreshing or improving; and
- 2) elements of the misconduct resistance approach that may need attention across the entire agency.

3.3. External Assistance

The Public Sector Commission and Corruption and Crime Commission work in collaboration with government agencies to educate, prevent, assess and investigate fraud and corruption in the public sector.

The OAG as the agency accountable for the audit oversight of the entire sector and provides recommendations to improve local government management practices.

The Western Australia Local Government Association provides support to local governments with a range of governance and probity advice services. WALGA provides comprehensive training support to both Councillors and local government employees.

Local Government Insurance Scheme (WA) provides insurance, risk and governance services to local governments.

4. FRAUD AND CORRUPTION PREVENTION

4.1. Integrity Framework

4.1.1. Code of Conduct

The Local Government Act 1995 section 5.103(1) directs that “every local government is to prepare or adopt a code of conduct to be observed by employees.” As such the City has implemented the Operational Policy 0054 Employee Code of Conduct which governs the required standard of behaviour for all City employees. Section 5.51A (1) directs that “The CEO must prepare and implement a code of conduct to be observed by employees of the local government”.

In addition, the Council Policy 4.2 Code of Conduct for Council Members, Committee Members and Candidates has also been implemented which takes account of their specific roles and requirements. This policy aligns with the *Local Government (Model of Conduct) Regulations 2021* schedule 1, which provide further specific obligations for councillors and committee members.

4.1.2. Policies and procedures

The City has a range of policies and procedures in place that governs and support the City's day-to-day operations and decision making. Fraud and corruption prevention and detection controls are embedded in various policies including (but not limited to):

- | | |
|---|---|
| 1) Council Policy 4.1 Elected Member Training and Travel | 21) Operational Policy OP037 Corporate Credit Cards |
| 2) Council Policy 4.2 Code of Conduct for Council Members, Committee Members and Candidates | 22) Operational Policy OP038 Disposal of Surplus Assets |
| 3) Council Policy 4.6 Information Security Management System | 23) Operational Policy OP039 Plant and Equipment Use |
| 4) Council Policy 4.7 Risk Management | 24) Operational Policy OP044 Negotiated Contract Remuneration |
| 5) Council Policy 4.9 Procurement of Goods and Services | 25) Operational Policy OP045 CCTV Surveillance System |
| 6) Council Policy 4.13 Recordkeeping | 26) Operational Policy OP047 Grievance Management and Investigation |
| 7) Council Policy 4.14 Payments to Employees in addition to Contract or Award | 27) Operational Policy OP049 Use of Global Positioning Systems (Use of GPS) |
| 8) Council Policy 4.21 Related Party Disclosures | 28) Operational Policy OP051 Make Payments from Municipal Fund or Trust Fund |
| 9) Council Policy 4.22 Fraud Control, Write off debts & Waive Fees and Charges | 29) Operational Policy OP052 Acceptable Use of Office Equipment, Electronic Communications and the Internet |
| 10) Operational Policy OP002 Disciplinary Policy | 30) Operational Policy OP053 Document Management Protocols |
| 11) Operational Policy OP006 Mobile Devices | 31) Operational Policy OP054 Employee Code of Conduct |
| 12) Operational Policy OP007 Employee Induction | 32) Operational Policy OP056 Volunteer Policy |
| 13) Operational Policy OP008 Learning and Development | 33) Delegation Register City of Greater Geraldton |
| 14) Operational Policy OP009 Light Vehicle Use | 34) Register of Authorisations |
| 15) Operational Policy OP011 Employee Travel and Accommodation | 35) Delegations Register Council to CEO |
| 16) Operational Policy OP012 Attraction Recruitment and Selection | 36) Financial Management Manual |
| 17) Operational Policy OP023 Petty Cash | 37) Confidentiality and Release of Official Information policy |
| 18) Operational Policy OP024 Freedom of Information | 38) Acceptable Use of ICT |
| 19) Operational Policy OP033 Communications and Media | 39) Code of Business Ethics |
| 20) Operational Policy OP034 Financial Authorisations | 40) Contractor Safety Handbook |

The City policies are available via the City's record management system Trim. The supporting processes and templates relating to the above documents are available via Promapp.

4.1.3. Legislation

Relevant legislation includes (but not limited to):

- 1) *Local Government Act 1995*
- 2) *Local Government (Financial Management) Regulations 1996*
- 3) *Local Government (Model Code of Conduct) Regulations 2021*
- 4) *Local Government (Administration) Regulations 1996*
- 5) *Local Government (Functions and General) Regulations 1996*
- 6) *Public Sector Management Act 1994*
- 7) *Corruption, Crime and Misconduct Act 2003*
- 8) *Criminal Code Act Compilation Act 1913*
- 9) *Public Interest Disclosure Act 2003*
- 10) *State Records Act 2000*
- 11) *Freedom of Information Act 1992*

4.2. Internal Control Systems

All business processes, especially those identified as having a higher risk of fraud and corruption (as defined under section 2 in this document), are subject to a rigorous system of internal controls that are documented, reviewed and updated regularly, and understood by relevant employees.

Strong internal controls are important in protecting against fraud and corruption. In many cases where fraud and corruption are detected, it is possible to identify a fundamental control weakness or failure that either allowed the incident to occur or failed to detect it quickly after it occurred.

Line managers are responsible for ensuring appropriate work systems, including internal controls, are established and maintained. Line managers are to request regular audit reviews which include compliance testing.

4.2.1. Information Security Management System (ISMS)

An ISMS composed of Policies, Strategy, Processes, Standards, Procedures and Plans is important for ensuring a holistic and repeatable business risk based approach to establish, implement, monitor, review, maintain and improve cyber and information security. A council endorsed policy for information security management guides the development of the City's ISMS. The ISMS is developed and implemented with guidance from standards and frameworks such as, but not limited to, ISO 27001, NIST 800-53, Australian Signals Directorate (ASD) information security manual (ISM) & Essential 8 (E8), and Cloud Security Alliance (CSA) Framework for Cloud Computing.

4.2.2. Recordkeeping

The State Records Act (2000) states that a recordkeeping plan in respect of a government organisation is a record setting out the matters about which records are to be created by the organisation and how the organisation is to keep its government records. A council endorsed Recordkeeping policy directs the development and maintenance of the Recordkeeping Plan approved by the State Records Office (SRO). The recordkeeping plan contains policies, procedures and systems to maintain accurate and complete records of business activity.

4.3. Risk Assessment

Each department area must systematically identify, assess and review fraud and corruption risks in line with the City's Risk Management Policy and Framework.

The most important outcome of the fraud and corruption risk assessment process is the development of a treatment plan that specifically addresses the risks identified. These measures should be monitored for effectiveness over time. The following are identified risks fraud and corruption risks that the City has identified and which teams are to use as a starting point for their risk assessment.

- 1) Fraudulent/corrupt behaviour by an employee involved in procurement.
- 2) Fraudulent/corrupt behaviour by an employee involved in issuing of approvals/ licenses/authorisations.
- 3) Fraudulent behaviour by an employee involved in financial transactions (including payroll).

- 4) Employee claims/receive benefits to which they are not entitled (includes leave, misuse of credit cards. etc.).
- 5) Contractor/provider paid for goods/services not received.

Refer to Annexure 2 for further guidance on fraud risks issues.

4.4. Training and Awareness

Mandatory training through the City's induction program and the Accountable and Ethical Decision-Making program (in ELMO) provides every employee with a general awareness of fraud and corruption and how to respond if this type of activity is detected or suspected.

The following training forms part of the City broader essential training for City employees, and details in part of whole elements of the City's fraud and corruption management controls.

4.4.1. Orientation Program Key Services Induction

- | | |
|---|---|
| 1) Stage 1 - Pre-employment Induction (online) | 6) Stage 3 - Key Services Induction - Treasury & Finance (face to face) |
| 2) Stage 2 - Local Induction (face to face) | 7) Stage 3 - Key Services Induction - Occupational Safety & Health (face to face) |
| 3) Stage 3 - Key Services Induction - Human Resources (face to face) | 8) Stage 3 - Key Services Induction - TRIM Training (face to face) |
| 4) Stage 3 - Key Services Induction - ICT Services (face to face) | 9) Stage 3 - Key Services Induction - Governance Induction |
| 5) Stage 3 - Key Services Induction - Introduction to Local Government (face to face) | |

4.4.2. Essential Workplace Training

- | | |
|---|--|
| 1) Accountable & Ethical Decision Making (online) | 5) CGG Security Awareness Training - Module 4 - Security Beyond email (online) |
| 2) CGG Security Awareness Training – Module 1 – Email Security (online) | 6) CGG Governance Fundamentals (online) |
| 3) CGG Security Awareness Training - Module 2 - Email Phishing (online) | 7) Part 1 - Introduction to Procurement (face to face) |
| 4) CGG Security Awareness Training - Module 3 - Mobile Device (online) | 8) Part 3 - Tender Management (face to face) |

4.4.3. Ethics and Conduct Training

- | | |
|--|---|
| 1) Conflict of Interest (online) | 5) Local Government Gift Declarations webinar (online) |
| 2) Employee Code of Conduct (online) | 6) Public Interest Disclosures (WA) (online) |
| 3) Fraud and Corruption Awareness (online) | 7) WALGA Decision Making in Practice - Delegations webinar (online) |
| 4) Freedom of Information (WA) (online) | 8) Business Ethics (online) |

4.4.4. Policy Acknowledgement

- | | |
|---|--|
| 1) Policy OP052 - Acceptable Use of Office Equipment, Electronic Communications and the Internet (online) | 7) Policy OP009 - Light Vehicle Use (online) |
| 2) Policy OP033 - Social Media and Online Communications (online) | 8) Policy OP051 - Make Payments from the Municipal Fund or Trust Fund (online) |
| 3) Policy OP041 – Workplace Health and Safety(online) | 9) Policy OP011 - Employee Travel and Accommodation (online) |
| 4) Policy OP006 - Mobile Devices (online) | 10) Policy OP054 - Employee Code of Conduct - Version 4 (online) |
| 5) Policy CP4.9 - Procurement of Goods and Services (online) | 11) Policy OP047 - Grievance Management & Investigation (online) |
| 6) Code of Business Ethics 2022 (online) | 12) Policy OP004 - Equal Employment Opportunity (online) |
| | 13) Policy OP043 - Fitness for Work (online) |

Further specialist training is provided to critical City employees that may have specific functions.

4.5. Employment Screening

A National Police Clearance is conducted for senior, management and finance advertised positions, as part of the recruitment process. Some identified positions also require certified evidence of permanent residency in Australia, evidence of qualifications, medical clearance and or psychological testing. Additional screening is performed via the Pre Employment Checklist for all employees.

Additionally, all City employees with an actual, perceived or potential conflict of interest must, in conjunction with their line manager, develop an action plan for the management of the conflict of interest.

4.6. Supplier and Customer Integrity

While fraud and corruption is often instigated by persons internal to an organisation, it is important to consider that the City may be susceptible to externally instigated fraud or corruption. The risk of fraud and corruption is reduced when the City knows who it is dealing with in all significant commercial transactions, so the credentials, financial health and integrity of new suppliers or customers is investigated as far as practical.

When procuring goods and/or services, employees are required to seek competitive quotes from potential suppliers. In addition to ensuring that the submitted offers meet the required specifications and represent value for money, the evaluation process is to include an assessment of the supplier and their disclosure requirements. This includes the identity of the supplier and verification of the company's ABN or ACN.

The rigour of these checks and assessments are to be commensurate with the value and/or risk presented by the procurement. When ordering from a WALGA preferred supplier panels, suppliers on the panel have already completed a stringent assessment process undertaken by WALGA.

Concerns regarding a supplier's identity or its representation are to be raised with Procurement & Risk.

5. FRAUD AND CORRUPTION DETECTION

5.1. Fraud and Corruption Detection Program

The City relies on a variety of strategies to minimise the opportunity for fraud and corruption or its non-detection, including (but not limited to):

- 1) Vigilance and awareness of all employees
- 2) Internal control systems
- 3) Operational risk management processes
- 4) Procedures for reporting fraud and corruption
- 5) Internal and external audit activities

5.2. Internal Audit

Internal Audit's audit activities play an important role in identifying weaknesses in the fraud and corruption control environment.

Where it applies to fraud and corruption control, the Professional Practices Framework of the Institute of Internal Auditors is also taken into consideration for individual audit engagements.

5.3. Role of External Auditors

Australian auditing standards provide for auditing procedures so that the audit will be more likely to detect a material misstatement in financial statements due to fraud or corruption (or error).

6. MECHANISMS FOR REPORTING

Employees of the City are required to report suspected fraud and corruption, including possible breaches or suspected breaches of the Code of Conduct and Discipline policy, or the Public Sector Code of Ethics.

Employees may report any suspected fraud and corruption internally via:

- 1) Line manager;
- 2) Human Resources;
- 3) PID Officers; or
- 4) Directors/CEO.

If the matter is serious and depending on the nature of the suspected fraud or corruption, the City is required to report to an appropriate external agency such as the CCC or the Police.

RESPONDING TO FRAUD AND CORRUPTION INCIDENTS

6.1. Investigation and Disciplinary Procedures

All reports of suspected fraud or corruption will be investigated and dealt with in line with the City's Disciplinary Policy and Procedures.

Appropriate action will be taken, which may include disciplinary action or referral to an external agency such as the PSC, CCC or the WA Police.

Confidentiality will be maintained throughout any investigative process.

6.2. Internal Control Review

In each instance where fraud or corruption is detected, the Executive Sponsor for Fraud and Corruption Control will require line management to reassess the adequacy of internal control systems, particularly those directly relating to the fraud or corruption incident, and recommend improvements if required.

6.3. Internal Reporting

The City will record and report to appropriate oversight bodies all incidences of fraud and corruption.

Annexure 1 – FRAUD & CORRUPTION CONTROL PLAN AUDIT

OBJECTIVE	PRINCIPLE	FRAUD & CORRUPTION CONTROL ELEMENT	CITY FINDINGS	EVIDENCE (record, links etc.)	OFFICER RESPONDING
Planning A developed and coordinated approach to managing fraud risks	Risks identified	1. Fraud risks across the City’s are assessed, documented, and controls are in place.			
	Documented Approach	2. Fraud and Corruption Control Plan is in place and reviewed at least once every two years.			
	Internal audit considers fraud risks	3. Audit committee engages with internal audit plan to ensure fraud risks are considered.			
		4. The Internal Audit Plan verifies the FCC Audit is conducted as part of the Regulation 17 audit review process			
Prevention Creating a fraud-resistant organisation	Policy framework	5. Integrity policies (such as Codes of Conduct and conflicts of interest) are appropriate, clearly written and available.			
		6. Formal delegations and segregation of duties are established for all financial, compliance or high-risk functions.			
		7. Line managers aware of their responsibilities regarding fraud control (as defined in FCC Plan 4.4).			
		8. Council and Employees are informed of all integrity policies and obligations upon commencement; with a yearly verification they understand and will abide by the policies (as defined in FCC Plan 4.1.2)			
		9. Gift and travel contribution processes are managed			
		10. Council interaction with employees is strictly managed by CEO and Directors			
		11. Fraud prevention and awareness training, newsletters and presentations are used to communicate the City’s integrity standards (as defined in FCC Plan 4.1.2)			

OBJECTIVE	PRINCIPLE	FRAUD & CORRUPTION CONTROL ELEMENT	CITY FINDINGS	EVIDENCE (record, links etc.)	OFFICER RESPONDING
		12. Annual Completion of FCC Audit.			
	Internal controls are in place	13. Specialist employees trained in audit and investigation.			
		14. Is there a process to receive, assess, investigate, prosecute, monitor and record allegations of fraud or corruption?			
		15. Does the City's have insurance cover that could respond to a fraud or corrupt act?			
		16. Business processes, especially those assessed as higher risk, have controls that are well documented, updated and understood by all employees.			
		17. Verifying the identity and credentials of all new employees and employees transferring to areas of higher risk, including:			
		i. verify necessary qualifications			
		ii. review of past work history and referee checks			
		iii. criminal background checks			
		iv. Confirm professional memberships are valid.			
		18. Supplier credentials are checked, particularly for high-risk or high value purchases, including:			
	i. Confirm ABN				
	ii. Confirm directors are not bankrupt or disqualified.				

OBJECTIVE	PRINCIPLE	FRAUD & CORRUPTION CONTROL ELEMENT	CITY FINDINGS	EVIDENCE (record, links etc.)	OFFICER RESPONDING
		iii. Complete D&B Comprehensive Business Finances Report (risk, finances, ASIC, ABN, adverse action, ownership, experience etc.). for all tendered contracts, or for high-risk contracts with new suppliers			
		iv. Verification of suppliers insurances & licenses relevant to contracts			
		v. Appointed Public Interest Disclosure Officer with associated processes and policies for PID issues.			
Detection Ready to detect fraud	Detection systems are in place	19. Implemented of Monitoring and review activities detection systems, to identify potential fraud as soon as possible.			
		i. Analysis of suspicious transactions, for example, duplicate payments or claims;			
		ii. Identification of unusual relationships, for example, employee bank account matches a supplier bank account;			
		iii. Verification of receipt of goods prior to payment of any invoice			
		iv. Verification of invoices against accepted contract price.			
		v. Assessing the effectiveness of internal controls, for example, password sharing, employees remaining on the payroll after termination/resignation;			
		vi. Identification for regular trends over a period of time, for example, supplier favouritism;			

OBJECTIVE	PRINCIPLE	FRAUD & CORRUPTION CONTROL ELEMENT	CITY FINDINGS	EVIDENCE (record, links etc.)	OFFICER RESPONDING
		vii. An ability to analyses large volumes of transactions over periods of time rather than relying on sampling techniques.			
		viii. Cross-reference supplier financial data with secondary employment and conflict of interest registers.			
		ix. Exception Reporting for unusual transactions and business processes			
		x. Supply expenditure reviews to ensure procurement compliance with CP4.9 and tender requirements			
		20. Multiple avenues are in place for staff, the public and suppliers to report concerns.			
		21. Reporting processes are well advertised and include anonymous options.			
		22. Internal Audit Reports with findings and recommendations to be submitted to EMT and Audit Committee.			
		23. Employee supervision processes			
		i. Secondary Employment			
		ii. Conflict of Interest Management			
		iii. Job rotation and leave practices to be undertaken for high-risk areas			
		iv. Use of City Resources			
		v. Access and use of City data			

OBJECTIVE	PRINCIPLE	FRAUD & CORRUPTION CONTROL ELEMENT	CITY FINDINGS	EVIDENCE (record, links etc.)	OFFICER RESPONDING
Response Ready to respond to potential fraud	All information is considered	24. Implement processes to record, analyses and escalate all incidents.			
		25. Is there an established reporting process to PSC, CCC or DLGCS where fraud/corrupt matters have occurred.			
		26. Processes are in place to review internal controls after incidents.			
		27. Annual reporting of FFC matter to EMT and Audit committee.			

Annexure 2 – FRAUD & CORRUPTION CONTROL PLAN RISK GUIDANCE

Types of City services susceptible to fraud risk

TYPE OF FRAUD	EXAMPLES OF RELATED RISKS
Rate revenue fraud — Fraudulent manipulation of rates to receive a self-benefit.	<ul style="list-style-type: none"> • Incorrectly claiming discounts (such as pensioner discounts) to benefit employees, friends, family and colleagues. • Making changes to rates details to benefit employees, friends, family and colleagues.
Development applications and rezoning — Frauds relating to development applications and rezoning of land for commercial and residential purposes.	<ul style="list-style-type: none"> • Misuse of commercially sensitive information; • Providing kickbacks to Councillors or City staff for favourable decisions; • Undeclared conflicts of interest involving Councillors and/or City staff
Service delivery fraud — Frauds relating to the use of City-provided services to which the citizen would not normally be entitled.	<ul style="list-style-type: none"> • Selling a resident's parking permit to a non-resident; • Oversupplying goods or services to benefit third parties; • Undersupplying to 'skim' goods or services (or time that would normally be devoted to the service).
Compensation fraud — Frauds relating to falsely claiming City responsibility for incidents and accidents and attempting to falsely claim compensation.	<ul style="list-style-type: none"> • Falsely claiming pedestrian accidents on footpaths or Council premises; • Falsely claiming road quality-related accidents; • Falsely claiming stormwater or drainage-related accidents.
Grants fraud — Frauds relating to grant funds not being used for the intended service delivery objective.	<ul style="list-style-type: none"> • Overpaying of grants, duplicating payments of grants or having grants claimed multiple times; • Redirecting grant funds to personal accounts; • Poor record-keeping for grants, resulting in misstatement.

Particular functions and activities undertaken can be inherently risky. For example, procurement fraud is a significant risk in the local government context because of the high volume of services City's procure from businesses in their local communities and the possibility that City employees can be linked through either personal or professional relationship to those businesses.

Types of City functions susceptible to fraud risk

TYPE OF FRAUD	EXAMPLES OF RELATED RISKS
Procurement fraud — Frauds relating to the process of acquisition of goods, services and project delivery from third parties.	<ul style="list-style-type: none"> • Unauthorised use of corporate credit or fuel cards; • Paying claims for goods or services that were not delivered; • Receiving of kickbacks or being involved in bribery, corruption or coercion related to
Travel and allowances fraud — Frauds relating to falsely claiming reimbursement of costs or allowances for which there is no entitlement.	<ul style="list-style-type: none"> • Making claims for journeys not made or overstating the distance; • Reimbursing expenses not related to City business
Payroll and salary fraud — Frauds relating to claiming pay that doesn't match work performed or conditions of employment.	<ul style="list-style-type: none"> • Creating 'ghost' employees to receive additional pay; • Falsely claiming overtime payments
Employment fraud — Fraud relating to applicants falsely claiming qualifications and skills above their ability.	<ul style="list-style-type: none"> • Misrepresenting skills, capabilities or qualifications to obtain employment; • Forgery of reference documentation.
Asset fraud — Using Council assets for other than official purposes or gaining other personal benefits.	<ul style="list-style-type: none"> • Manipulation of asset value or fraudulent asset divestment process for personal gain; • Stealing assets; • Using Council assets without authorisation.
Exploiting council information — Using confidential or commercially sensitive information for personal gain.	<ul style="list-style-type: none"> • Falsifying official records; • Providing confidential and sensitive information to others for personal gain; • Using confidential and sensitive information for personal benefit.

Early warning signs for staff and/or workplaces at risk of fraud

EARLY WARNING SIGNS: PEOPLE	EARLY WARNING SIGNS: AREAS OR ACTIVITIES
Unwillingness to share duties; refusal to take leave.	Financial information reported is inconsistent with key performance indicators.
Refusal to implement internal controls.	Abnormally high and increasing costs in a specific cost centre function.
The replacement of existing suppliers upon appointment to a position or unusually close association with a vendor or customer.	Dubious record keeping.
A lifestyle above apparent financial means; the provision of gifts to other staff members.	High overheads.
Failure to keep records and provide receipts.	Bank reconciliations not up to date.
Chronic shortage of cash or seeking salary advances.	Inadequate segregation of duties.
Past legal problems (including minor previous thefts).	Reconciliations not performed on a regular basis.
Addiction problems (substance or gambling).	Small cash discrepancies over a period of time.

6 GENERAL BUSINESS

7 MEETING CLOSURE