



Standing Committee (Audit and Risk)

Minutes

Monday 25 November 2024



**City of
Belmont**

CITY OF BELMONT

Standing Committee (Audit and Risk)

Minutes

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Confidential Tabled Attachments Index

Confidential Attachment 10.2.1 – Item 10.2 refers

**Councillors are reminded to retain their
confidential papers for discussion with the minutes.**

Minutes of the Standing Committee (Audit and Risk) held in the Rivervale Room, City of Belmont Civic Centre, 215 Wright Street, Cloverdale on Monday 25 November 2024 commencing at 6:30pm.

Minutes

Present

Cr C Kulczycki (Presiding Member)	West Ward
Cr G Sekulla (Deputy Presiding Member)	Central Ward
Mayor R Rossi JP (Ex Officio)	Mayor
Cr J Davis	South Ward
Ms S Zulsdorf	Independent Member

In attendance

Mr J Christie	Chief Executive Officer
Mr S Downing	Director Corporate and Governance
Mr J Rechner	Senior Internal Auditor
Ms S Jessop (dep. 7:17pm)	Manager Finance
Ms D Dabala	Manager Governance and Legal
Mr M Smith	Manager Information Technology
Mr G Dally (dep. 6:59pm)	Coordinator Business Planning, Improvement & Risk
Ms M Chambers	Senior Governance Officer
Mr R Steiner (dep. 6:59pm)	Risk & Strategy Systems Officer
Ms S Bell	Governance Officer

Guests

Mr M Ambrose (arr. 7:00pm, dep. 7:17pm)	Office of the Auditor General, Senior Director
Mr K Aslam (arr. 7:00pm, dep. 7:17pm)	Office of the Auditor General, Senior Director
Ms M Lai (arr. 7:00pm, dep. 7:17pm)	Office of the Auditor General, Audit Manager
Mr G Wahid (arr. 7:00pm, dep. 7:17pm)	Office of the Auditor General, Auditor

Observers

Cr D Sessions (Via MS Teams)	West Ward
Cr J Harris	Central Ward

1 Official Opening

6:30pm The Presiding Member welcomed all those in attendance and declared the meeting open.

The Presiding Member read aloud the Acknowledgement of Country.

Acknowledgement of Country

Before I begin, I would like to acknowledge the Whadjuk Noongar people as the Traditional Owners of this land and pay my respects to Elders past, present and emerging.

I further acknowledge their cultural heritage, beliefs, connection and relationship with this land which continues today.

2 Apologies and leave of absence

Cr B Ryan (apology)

East Ward

3 Declarations of interest that might cause a conflict

3.1 Financial interests

Nil.

3.2 Disclosure of interest that may affect impartiality

Nil.

4 Announcements by the Presiding Member (without discussion)

4.1 Announcements

Nil.

4.2 Declarations by Members who have not given due consideration to all matters contained in the business papers presently before the meeting

Nil.

5 Confirmation of Minutes

5.1 Standing Committee (Audit and Risk) Meeting held 29 July 2024

Officer Recommendation

Ms Zulsdorf moved, Sekulla seconded

That the Minutes of the Standing Committee (Audit and Risk) Meeting held on 29 July 2024 be confirmed as a true and accurate record.

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

6 Questions by Members on which due notice has been given (without discussion)

Nil.

7 New business of an urgent nature approved by the person presiding or by decision

Nil.

8 Questions by members without notice

Nil.

9 Business adjourned from a previous meeting

Nil.

10 Information items

10.1 Audit Log - Office of the Auditor General and Other Audits

An Audit Log (refer Confidential Attachment 10.1.1) has been developed to capture and report on progress of all recommended actions from previous audit reports as requested by the Standing Committee (Audit and Risk).

The Audit Log will be included for information on all Standing Committee (Audit and Risk) Agendas.

Attachment details

Attachment No and title
1. CONFIDENTIAL - Audit Log - Office of the Auditor General and other Audits (Confidential Matter in accordance with the Local Government Act 1995 (WA) Section 5.23(2)(f)(ii)) [10.1.1 - 12 pages]

10.2 Insurance Portfolio 2024-25 / Risk and Business Continuity Update

An update was provided on insurance renewals, claims history, risk management and business continuity practices. (refer Confidential Tabled Attachment 10.2.1)

Committee Notes

A series of questions were asked and responded to as follows:

- Workers compensation claims are coordinated by Work Health & Safety (WHS) and People and Culture. The City typically receives 3 to 7 claims on any given year. These claims include incidents such as falls, and back and knee injuries.
- WHS are proactive in organising training on manual lifting and hazards in the workplace to minimise accidents and are mindful of the ageing workforce.
- The strategic risks listed on slide 13 (refer Confidential Tabled Attachment 10.2.1) may affect the whole organisation and are common across Local Governments.
- The approach to risks and concerns regarding accidents with staff vehicles has changed, where the focus is now on staff related considerations, such as scheduling of use as opposed to the design of vehicles. Assessments done this year on this matter have been much more comprehensive, with recommendations that are more relevant and include follow up with repeat offenders.
- The cost of insurance paid by the City can be varied by changing deductables (excess), level of cover or policy provider. It is noted, however, that some Local Governments that moved away from the LGIS scheme seeking cheaper insurance experienced cost escalation in subsequent years, limited policy cover and poor claims experience. These local governments have subsequently returned to the LGIS scheme.
- The LGIS scheme, of which the City is currently a member, also provides a range of services outside of insurance cover which are well utilised by the City. These include risk and WHS advice, health and wellbeing services, and comparative data on risk and claims experience.

6:59pm The Coordinator Business Planning, Improvement and Risk, and Risk and Strategy Systems Officer departed the meeting and did not return.

11 Items requiring recommendation to Council

Note: The Presiding Member brought forward Item 11.5 – 2023-24 OAG Annual Financial and IS Audit due to external consultants being in attendance.

11.1 2024-25 Consolidated Assurance Map

Voting Requirement	:	Simple Majority
Subject Index	:	19/003 Audit and Risk Committee
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	Item 12.4 OCM 12 December 2023
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

Council role

Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Purpose of report

To submit the 2024–25 Consolidated Assurance Map to the Standing Committee (Audit and Risk) for endorsement and recommendation to Council. Refer Attachment 11.1.1.

Summary and key issues

A consolidated assurance map is submitted to the committee and Council annually.

The Institute of Internal Auditors defined an assurance map as “a high level document that identifies the holistic risk coverage across the organisation by a range of assurance providers. It helps to identify gaps and duplication of assurance coverage.”

Officer Recommendation

Davis moved, Ms Zulsdorf seconded

That the Standing Committee (Audit and Risk) recommends the 2024–25 Consolidated Assurance Map at Attachment 11.1.1, be received by Council.

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

Committee Notes

A series of questions were asked and responded to as follows:

- The City is on track to meeting the 2024-25 work plan. Audit planning has commenced on audits scheduled for January and February 2025 to compensate for periods of staff leave.
- There may be some delays in January in terms of audit reporting, however this can be coordinated with management to catch-up in March - April 2025. If one or two audits cannot be completed in 2024-25, they may be rolled over to the next financial year.

Location

Not applicable.

Consultation

Assurance providers have advised timing of assurance activities.

Strategic Community Plan implications

In accordance with the 2024–2034 Strategic Community Plan:

Key Performance Area: Performance

Outcome: 10. Effective leadership, governance and financial management.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Section 7.2 of the *Local Government Act 1995 (WA)* requires annual financial audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that a compliance audit for the period 1 January to 31 December is completed each year in a form approved by the Minister.

Regulation 17 of the *Local Government (Audit) Regulations 1996* states the following:

17. CEO to review certain systems and procedures.
 - (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
 - (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of these matters is to be the subject of a review not less than once in every 3 financial years.
 - (3) The CEO is to report to the audit committee the results of that review.

Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* states the following:

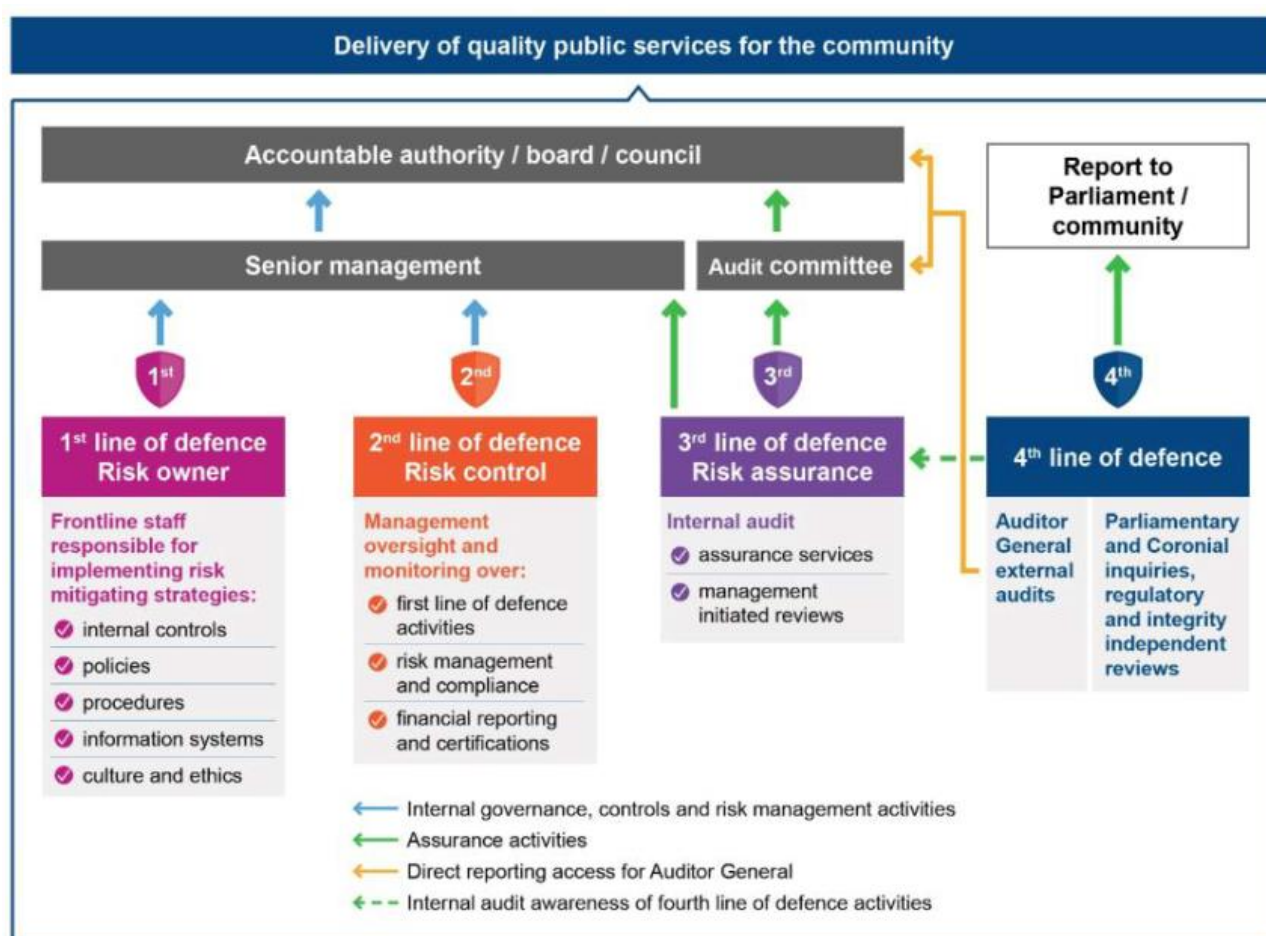
- (2) The CEO is to:
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

In addition, under the International Standard ISO 9001:2015, Quality Management Systems, the City is required to conduct an annual program of internal and external audits to maintain certification of ISO Standards.

Background

The 2024–25 Consolidated Assurance Map (refer Attachment 11.1.1) provides an overview of the audits and reviews planned for financial year 2024-25 and is presented to the Standing Committee (Audit and Risk) for endorsement and recommendation to Council.

Referencing in the Consolidated Assurance Map reflects the WA Public Sector Audit Committees – Better Practice Guide, issued by the Office of the Auditor General (25 June 2020) “Lines of Defence Model” as shown in Figure 1 below.



Source: OAG

Report

The 2024–25 Consolidated Assurance Map gives Council oversight of the scope and focus of assurance activities for financial year 2024–25.

Assurance drivers are requirements for:

- Internal control and legislative compliance.

- Statutory external audit requirements.
- External certifications of Quality, Environmental and Occupational Health & Safety management systems.
- The need to support the City's chosen governance approach.
- The requirement to provide a comprehensive solution that can be undertaken with existing resources.

There are a number of focus audits that any area of the City could be subject to each year. These could be conducted as internal audits or reviews, operational comparison reports, or by external third parties, the Department of Local Government, Sport and Culture Industries, the Corruption and Crime Commission, Public Sector Commission or the Western Australian Office of the Auditor General. As these audits are carried out as required, they are not identified on the Consolidated Assurance Map.

Financial implications

There are no financial implications evident at this time.

Environmental implications

There are no environmental implications associated with this report.

Social implications

There are no social implications associated with this report.

Attachment details

Attachment No and title
1. 2024-2025 Consolidated Assurance Map [11.1.1 - 1 page]

City of Belmont
2024- 2025 - Consolidated Assurance Map

	2024 - 2025 FINANCIAL YEAR											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Organisational Reviews												
Line Staff and Management	MGT											
BMS Review	BMS											
System Procedures	SP											
Corporate & Governance							CAR	CAR			ISO	
Public Relations and Stakeholder Engagement							CAR	CAR			ISO	
Finance		IA (RFC)		OAG	REV		CAR	CAR	IA (PEC)	OAG	ISO	
Governance, Strategy and Risk					REV	IA (BCF)	CAR	IA (BPI)	CAR		ISO	
Information Technology		OAG					CAR	CAR	IA (OFU)		ISO	
Development & Communities							CAR	CAR			ISO	
Economic and Community Development							CAR	CAR			ISO	
Library, Culture and Place							CAR	CAR			ISO	
Planning Services							CAR	IA (DAP)	CAR		ISO	
Safer Communities		IA (BPA)					CAR	CAR			ISO	
Executive Services							CAR	CAR			ISO	
People and Culture							CAR	CAR			ISO	IA (HRM)
Work Health and Safety							CAR	CAR		IA (WLC)	ISO	
Infrastructure Services							CAR	CAR			ISO	
City Facilities and Property							CAR	CAR	IA (CCA)		ISO	
City Projects							CAR	CAR			ISO	IA (CCA)
Design, Assets and Development			IA (DAE)				CAR	CAR			ISO	
Parks, Leisure and Environment				IA (L&W)			CAR	CAR	IA (WTM)		ISO	
Works					IA (WSM)		CAR	CAR			ISO	

Legend		IA Reference	Audit Name
1st line of defence - Risk and Control Owner		RFC	Revenue & Funding Cycle
MGT	Line Staff and Management	BPA	Building Permit Approvals
2nd line of defence		DAE	Development Applications Engineering
CAR	Statutory Compliance Audit Return	L&W	Leisure & Wellbeing (Oasis Contract Audit)
BMS	Business Management System Review	WSM	Waste Management
SP	System Procedures	BCF	Risk Management, Business Continuity, Fraud
3rd line of defence		BPI	Business Planning & Improvement
IA	Internal Audit	DAP	Development Applications / Projects
4th line of defence		OFU	OAG Follow up
REV	Statutory Reviews - Regulation 5 & Regulation 17	CCA	Construction Contract Audit
OAG	Office of the Auditor General (OAG) - Financial Audit	PEC	Procurement & Expenditure Cycle
ISO	ISO Quality, OH&S & Environmental Standards Audit	WTM	Water Management
		WLC	WHS Legislation Compliance
		HRM	Human Resource Planning & Management

Note 1. OAG Operational Comparison audits are not identified on the Assurance Map as they are carried out by OAG as determined.

Note 2. OAG Interim Audit in April 2025 is to be confirmed .

11.2 Internal Audit Plan 2024-25 - 2026-27

Voting Requirement	: Simple Majority
Subject Index	: 19/003 Audit and Risk Committee
Location/Property Index	: N/A
Application Index	: N/A
Disclosure of any Interest	: Nil
Previous Items	: Item 12.5 OCM 12 December 2023
Applicant	: N/A
Owner	: N/A
Responsible Division	: Executive Services

Council role

Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Purpose of report

To submit the draft three year forward "Internal Audit Plan 2024-25 – 2026-27" to the Standing Committee (Audit and Risk) for review and recommendation to Council. Refer Attachment 11.2.1.

Summary of key issues

The "Terms of Reference – Internal Audit" requires the internal audit activity present "annual and longer term risk based internal audit plans" to the committee for review prior to recommendation to Council.

The plan at Attachment 11.2.1, records:

- Audits planned and completed this financial year (2024-25) to date.
- Audits planned for the future financial years 2025-26 – 2026-27.

For historical information the plan also records 2022-23 and 2023-24 audits planned and completed.

Officer Recommendation

Ms Zulsdorf moved, Davis seconded

The Standing Committee (Audit and Risk) recommends the draft three year forward "Internal Audit Plan 2024-25 – 2026-27", as Attachment 11.2.1, be received by Council for endorsement.

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

Location

Not applicable.

Consultation

The development of the "Internal Audit Plan 2024-25 – 2026-27 was reviewed by:

- All department managers
- All division directors
- The CEO
- Executive Leadership Team

Comments provided have been considered and incorporated in the draft plan.

Strategic Community Plan implications

In accordance with the 2024-2034 Strategic Community Plan:

Key Performance Area: Performance

Outcome: 10. Effective leadership, governance and financial management.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Local Government Act 1995 (WA)

7.1A Audit Committee

- (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.

Local Government (Audit) Regulations 1996

16. Functions of audit committee

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 functions conferred on the audit committee by those regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p.2386-7.]

Background

The City of Belmont's internal audit activity commenced in June 2021 and the first internal audit plan was endorsed by the committee in August 2022.

This is the third internal audit plan submitted to the committee and covers the three year forward period 2024-2027.

Internal Audit Plan - Methodology

The draft internal audit plan was developed using the following steps:

- Strategic Community Plan review.
- Status of the 2023-24 internal audit plan.
- Meeting with City department managers to identify their operations, key objectives, key risks, new developments and related City strategies.
- Meeting with Division Directors and the CEO to identify need for additional audits.

The Institute of Internal Auditors (IIA) Supplementary Guidance paper "Developing a Risk Based Internal Audit Plan" was also used as a reference to develop the draft plan.

When each audit is commenced a detailed engagement plan is completed and discussed with management to ensure areas of current risk are identified.

Report

The attached three year forward Internal Audit Plan 2024-25 – 2026-27 provides an outline for the two internal audit staff to review the city's activities using a risk-based approach.

Financial implications

There are no financial implications evident at this time.

Environmental implications

There are no environmental implications associated with this report.

Social implications

There are no social implications associated with this report.

Attachment details

Attachment No and title
1. Internal Audit Plan 2024-25 - 2026-27 [11.2.1 - 2 pages]

INTERNAL AUDIT PLAN 2024/25 - 2026/27														
STRATEGIC COMMUNITY PLAN 2024-2034		AUDIT UNIVERSE		AUDIT COVERAGE	AUDIT TYPE	AUDIT NAME	RISK LEVEL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5		
KEY PERFORMANCE AREA	OBJECTIVES	ORGANISATION CHART STRUCTURE LEVEL 1	ORGANISATION CHART STRUCTURE LEVEL 2					2022 - 2023	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027		
PAST YR									PAST YR	CURRENT	FUTURE YR	FUTURE YR		
DEVELOPMENT & COMMUNITIES														
PLACE	OBJECTIVE 6.1	PLANNING SERVICES		✓	Operational	1 Development Applications / Projects	Major	✓		4		4		
PLACE	OBJECTIVE 6.1	SAFER COMMUNITIES	BUILDING SURVEYING	✓	Operational	2 Building Permit Approvals	Major	✓		4		4		
PEOPLE	OBJECTIVE 1.2 & 3.1		ENVIRONMENTAL HEALTH	✓	Operational	3 Community Environmental Health	Major		✓			4		
PEOPLE	OBJECTIVE 1.1 & 1.2		COMMUNITY SAFETY	✓	Operational	4 Surveillance and Ranger Activities	Major		✓		4			
PROSPERITY	OBJECTIVE 9.1 - 9.4	ECONOMIC & COMMUNITY DEV	ECONOMIC DEVELOPMENT	✓	Operational	5 Economic Development Programs	Moderate				4			
PEOPLE	OBJECTIVE 1.2 & 3.1 - 3.5		COMMUNITY DEVELOPMENT	✓	Operational	6 Community Development Programs	Moderate				4			
PEOPLE	OBJECTIVE 2.1 & 2.2, 3.3 & 3.4		CULTURAL ENGAGEMENT	✓	Operational	7 Community & Cultural Engagement Programs	Moderate				4			
PEOPLE	OBJECTIVE 2.1	LIBRARY,CULTURE AND PLACE	LIBRARY AND MUSEUM HUB	✓	Operational	8 Belmont Hub Library and Museum Services	Moderate					4		
PEOPLE & PROSPERITY	OBJECTIVE 2.2, 2.3 & 9.4		ARTS AND PLACE	✓	Operational	9 Art and Place	Moderate					4		
						DEVELOPMENT & COMMUNITIES - TOTAL WEEKS				8	16	20		
INFRASTRUCTURE SERVICES														
PERFORMANCE	OBJECTIVE 10.2	DESIGN, ASSETS & DEVELOPMENT	ASSET MANAGEMENT	✓	Operational	10 Drains - Asset Management	Moderate				4			
PERFORMANCE	OBJECTIVE 10.2		ASSET MANAGEMENT	✓	Operational	11 Roads - Asset Management	Moderate				4			
PLACE	OBJECTIVE 6.1		DEVELOPMENT	✓	Operational	12 Development Applications Engineering	Moderate			4				
PLACE	OBJECTIVE 8.1 & 8.2		DESIGN	✓	Operational	13 Sustainable Transport	Moderate				4			
PLACE	OBJECTIVE 7.2	CITY PROJECTS		✓	Project	14 Construction Contract (Ornamental & Foreshore)	Major	✓		4				
PLACE	OBJECTIVE 7.2			✓	Project	15 Construction Contract (Wilson Park & BKB)	Major				4			
PERFORMANCE	OBJECTIVE 10.2	CITY FACILITIES AND PROPERTY	BUILDING & FACILITIES OPERATIONS	✓	Operational	16 Buildings - Asset Management	Moderate		✓			4		
PERFORMANCE	OBJECTIVE 10.2		BUILDING & FACILITIES OPERATIONS	✓	Project	17 Construction Contract (TBA)	Major	✓		4				
PLACE	OBJECTIVE 8.1 & 8.2	WORKS	WORKS	✓	Operational	18 Roads, Footpaths & Drains Maintenance	Moderate		✓			4		
PLACE	OBJECTIVE 8.1 & 8.2		WORKS	✓	Operational	19 Roads, Footpaths & Drains Construction	Moderate		✓			4		
PLANET & PERFORMANCE	OBJECTIVE 5.1 & 10.2		FLEET AND PLANT	✓	Operational	20 Fleet and Plant Maintenance	Minor				4			
PLANET	OBJECTIVE 5.1		WASTE MANAGEMENT	✓	Operational	21 Waste Management	Major	✓		4		4		
PLANET & PERFORMANCE	OBJECTIVE 4.1 - 4.3 & 10.1 - 10.4	PARKS LEISURE AND ENVIRON	PARKS	✓	Operational	22 Parks - Asset Management & Maintenance	Moderate		✓			4		
PERFORMANCE	OBJECTIVE 10.1		PARKS	✓	Operational	23 Parks - WHS	Major		✓			4		
PLANET & PERFORMANCE	OBJECTIVE 5.1, 10.2 & 10.4		ENVIRONMENT	✓	Operational	24 Water Management	Moderate			4				
PEOPLE	OBJECTIVE 1.2, 1.3 & 3.1 - 3.4		COMMUNITY WELLBEING	✓	Operational	25 Leisure and Wellbeing - Oasis Contract Audit	Moderate			4				
						26 Construction Contract (TBA)	Major				4			
						INFRASTRUCTURE SERVICES - TOTAL WEEKS				24	24	24		
EXECUTIVE SERVICES														
PERFORMANCE	OBJECTIVE 10.1		INTERNAL AUDIT	✓	Strategic	27 Internal Audit Quality Assurances	Major	✓		✓	2	2	4	
PERFORMANCE	OBJECTIVE 10.1		INTERNAL AUDIT	✓	Strategic	28 Strategic Audit Plan	Major		✓		2	2	2	
PERFORMANCE	OBJECTIVE 10.1	PEOPLE AND CULTURE	HUMAN RESOURCES	✓	Operational	29 Human Resource Planning and Management	Moderate			4				
PERFORMANCE	OBJECTIVE 10.1		PAYROLL	✓	Operational	30 Payroll System Reliability	Moderate				4			
PERFORMANCE	OBJECTIVE 10.1	WORK HEALTH & SAFETY		✓	Operational	31 WHS legislation Compliance	Major	✓		4		4		
						EXECUTIVE SERVICES - TOTAL WEEKS				12	8	10		
CORPORATE AND GOVERNANCE														
PERFORMANCE	OBJECTIVE 10.2 & 10.3	INFORMATION TECHNOLOGY	BUSINESS APPLICATIONS	✓	Operational	32 OAG Follow up	Major	✓	✓	2	2	2		
PERFORMANCE	OBJECTIVE 10.2 & 10.3		BUSINESS APPLICATIONS	✓	Operational	33 Applications and General controls	Major				4			
PERFORMANCE	OBJECTIVE 10.2 & 10.3		BUSINESS APPLICATIONS	✓	Operational	34 Cybersecurity and Disaster Recovery	Major				4			
PERFORMANCE	OBJECTIVE 10.2 & 10.3		BUSINESS APPLICATIONS	✓	Project	35 Performance Indicators Development	Major				4			
PERFORMANCE	OBJECTIVE 10.2	FINANCE	REVENUE	✓	Financial	36 Revenue & Funding cycle	Moderate			4				
PERFORMANCE	OBJECTIVE 10.2		PROCUREMENT	✓	Operational & Financial	37 Procurement & Expenditure cycle	Major	✓		4				
PERFORMANCE	OBJECTIVE 10.2		ASSETS	✓	Financial	38 Current & Non Current Assets	Moderate					4		
PERFORMANCE	OBJECTIVE 10.2		LIABILITIES	✓	Financial	39 Current and Non Current Liabilities	Moderate					4		
PERFORMANCE	OBJECTIVE 10.2		REPORTING	(OAG)	Financial	40 Statutory Financial Reporting	Moderate							
PERFORMANCE	OBJECTIVE 11.1 & 11.2	PUBLIC RELATIONS & STAKE.	MARKETING	✓	Operational	41 Marketing & Communications	Moderate				4			
PERFORMANCE	OBJECTIVE 10.1	GOVERNANCE, STRAT & RISK	BUSINESS CONTINUITY AND RISK	✓	Operational	42 Risk Management, Business Continuity, Fraud	Major	✓		4		4		
PERFORMANCE	OBJECTIVE 10.2		GOVERNANCE AND COMPLIANCE	✓	Operational	43 Governance and Compliance	Moderate		✓			4		
PERFORMANCE	OBJECTIVE 10.3		BUSINESS PLANNING & IMPROVE	✓	Operational	44 Business Planning and Improvement	Major			4				
						CORPORATE & GOVERNANCE - TOTAL WEEKS				18	18	18		
						TOTAL ANNUAL WORK WEEKS		62	58	62	66	72		

INTERNAL AUDIT PLAN 2024-2025 TO 2026 - 2027 (FINANCIAL YEARS)									
AUDIT NAME		DEPARTMENT BACKGROUND	RISK	AUDIT OBJECTIVES	RELATED	CONSEQUENCE RISK LEVELS			
1	2		3	4	5	6			
					SCP 2024-2034 OBJECTIVES	STRATEGIC IMPACT	OPERATIONAL IMPACT	COMPLIANCE IMPACT	FINANCIAL IMPACT
DEVELOPMENT AND COMMUNITIES									
1	Development Applications / Projects	Manages DA's, Projects Planning, non compliant "R" codes. Checks compliance generally.	Planning approvals process incorrect .	Check DA 's / Projects legal compliance, non compliant R code plans approved.	6.1	Major	Minor	Moderate	Moderate
2	Building Permit Approvals	Manages approval of Building Licences and issue of Occupancy Certificates	Completed building not compliant	Check correct approval of building licenses and occupancy certificates	6.1	Major	Minor	Minor	Moderate
3	Community Environmental Health	Manages environment risks e.g. noise, vermin, dust, food in the community	Environment hazards	Check environment plans and controls are timely and effective.	1.2 & 3.1	Major	Minor	Moderate	Moderate
4	Surveillance and Ranger Activities	Manages community vehicle patrols, CCTV monitoring, emergency management	Injury to public	Check vehicle patrols and ranger plans and controls are timely and effective.	1.1 & 1.2	Major	Minor	Minor	Moderate
5	Economic Development Programs	Actively engages with the business community to promote business retention, growth	Business performance is poor.	Programs are performance measured and actively managed as necessary.	9.1 - 9.4	Moderate	Minor	Moderate	Moderate
6	Community Development Programs	Actively engages with community to promote "Liveable Belmont"	Community groups not supported.	Programs are performance measured and actively managed as necessary.	1.2 & 3.1 - 3.5	Moderate	Minor	Moderate	Moderate
7	Community & Cultural Engage Progs	Actively engages with community to promote "Liveable Belmont"	Community groups not supported.	Programs are performance measured and actively managed as necessary.	2.1 & 2.2, 3.3 & 3.4	Moderate	Minor	Moderate	Moderate
8	Belmont Hub Library and Museum Services	Manages Belmont Hub to deliver services that meet community needs. NFP leases.	Facilities underutilised	Programs are performance measured and actively managed as necessary.	2.1	Moderate	Minor	Moderate	Moderate
9	Art and Place	Actively engages with community to promote art and "Creative Belmont"	Placemaking not maximised	Programs are performance measured and actively managed as necessary.	2.2, 2.3 & 9.4	Moderate	Minor	Moderate	Moderate
INFRASTRUCTURE SERVICES									
10	Drains - Asset Management	Manages drains asset management plans including maintenance	Drains fail.	Check asset management plans including maintenance are timely and effective	10.2	Moderate	Moderate	Moderate	Moderate
11	Roads - Asset Management	Manages roads, paths asset management plans including design and maintenance	Roads, paths fail	Check asset managment plans including design, maintenance timely and effective	10.2	Moderate	Moderate	Moderate	Moderate
12	Development Applications Engineering	Reviews development plans e.g traffic / pedestrian traffic managed.	Non Compliance / rework	Check development plans are correctly reviewed	6.1	Moderate	Moderate	Moderate	Moderate
13	Sustainable Transport	Support Sustainable Transport by promoting walking, cycling, public transport, to reduce cars	Program not effective	Programs are performance measured and actively managed as necessary.	8.1 & 8.2	Moderate	Moderate	Moderate	Moderate
14	Construction Contract (Ornamental & Foreshore)	Manages one off, high value, complex high risk projects	Project fails to meet all expectations	Check tender, time, cost, quality, environment, OHS, variations are managed	7.2	Major	Moderate	Moderate	Moderate
15	Construction Contract (Wilson Park & BKB)	Manages one off, high value, complex high risk projects	Project fails to meet all expectations	Check tender, time, cost, quality, environment, OHS, variations are managed	7.2	Major	Moderate	Moderate	Moderate
16	Buildings - Asset Management	Manages Buildings asset management plans including maintenance and leasing	Buildings not fully operational	Check asset management plans including maintenance are timely and effective	10.2	Moderate	Moderate	Moderate	Moderate
17	Construction Contract (TBA)	Manages major upgrades to C of B facilities and property	Project fails	Check tender, time, cost, quality, environment, OHS, variations are managed	10.2	Major	Moderate	Moderate	Moderate
18	Roads, Footpaths & Drains Maintenance	Develops budgets and maintains roads, footpaths, and drains owned by the C of B	Roads etc not fully operational	Check maintenance plans are timely and effective	8.1 & 8.2	Moderate	Moderate	Moderate	Moderate
19	Roads, Footpaths & Drains Construction	Develops budgets and constructs new roads, footpaths, drains. Traffic Management.	Project fails to meet all expectations	Check tender, time, cost, quality, environment, OHS, variations are managed	8.1 & 8.2	Moderate	Moderate	Moderate	Moderate
20	Fleet and Plant Maintenance	Manages C of B fleet and plant maintenance	Plant and equipment fails	Check maintenance plans are timely and effective	5.1 & 10.2	Minor	Minor	Minor	Minor
21	Waste Management	Manages C of B contract with SUEZ for waste disposal	Environmental non compliance	Check contract and environmental conditions are met	5.1	Major	Moderate	Moderate	Moderate
22	Parks - Asset Management & Maintenance	Manages Parks asset management plans including maintenance, irrigation	Parks etc. not fully operational	Check asset management plans including maintenance are timely and effective	4.1 - 4.3 & 10.1 - 10.4	Moderate	Moderate	Moderate	Moderate
23	Parks - WHS	Manages Parks asset management plans including maintenance	Park employees or public injured	Check compliance with OHS Act, Regulations, Policy	10.1	Major	Major	Major	Major
24	Water Management	Manages water usage	Excess water useage or pollution.	Check environmetal conditions are met	5.1, 10.2 & 10.4	Moderate	Moderate	Moderate	Moderate
25	Leisure and Wellbeing - Oasis Contract	Manages community leisure facilities	Leisure facilities not fully operational	Check maintenance plans are timely and effective. Check Blufit - Oasis contract	1.2, 1.3 & 3.1 - 3.4	Moderate	Moderate	Moderate	Moderate
26	Construction Contract (TBA)	Manages one off, high value, complex high risk projects	Project fails to meet all expectations	Check tender, time, cost, quality, environment, OHS, variations are managed	7.2	Major	Moderate	Moderate	Moderate
EXECUTIVE SERVICES									
27	Internal Audit Quality Assurances	Manages internal audit function.	3rd Line of assurance not effective	Check internal audit reports results of Quality Assurance annually and 5 yearly	10.1	Major	Moderate	Moderate	Moderate
28	Strategic Audit Plan	Manages internal audit function.	3rd Line of assurance not effective	Plan Audits	10.1	Major	Moderate	Moderate	Moderate
29	Human Resource Planning & Management	Manages H R. Partners business, drives ethics, culture and talent management.	Strategic plans not effectively resourced	Check Strategic plans inform resource planning, ethics, culture and talent managment.	10.1	Moderate	Moderate	Moderate	Moderate
30	Payroll System Reliability	Manages payroll	Unauthorised input, processing delays	Check payroll input authorised and control reports independently approved.	10.1	Minor	Minor	Minor	Moderate
31	WHS legislation Compliance	Manages OHS.	Non compliance with act, injuries	Check adequacy of policies and compliance monitoring across all City functions.	10.1	Major	Major	Major	Major
CORPORATE GOVERNANCE									
32	OAG Follow up	Manages IT Applications and Servers	Business Applications not Available	Check outstanding OAG recommendations are implemented	10.2 & 10.3	Moderate	Moderate	Moderate	Major
33	Applications and General controls	Manages IT Applications and Servers	Business Applications not Available	Check Applications and General controls meet statndards	10.2 & 10.3	Moderate	Moderate	Moderate	Major
34	Cybersecurity and Disaster Recovery	Manages IT Applications and Servers	Business Applications not Available	Check Cybersecurity and Disaster Recovery controls meet standards	10.2 & 10.3	Moderate	Moderate	Moderate	Major
35	Performance Indicators Development	Manages management reporting	Management reporting not reliable	Management reporting timely, reliable, effective & supports Reg 5 & 17 attestations.	10.2 & 10.3	Major	Moderate	Moderate	Major
36	Revenue & Funding cycle	Manages revenue and grants collection	Revenue collections not maximised.	Check revenue sources identified, invoiced and collected	10.2	Moderate	Moderate	Moderate	Moderate
37	Procurement & Expenditure cycle	Manages procurement procedures and resulting payments.	Expenditures not authorised	Check adequate segregation of duties and delegations of authorities.	10.2	Major	Moderate	Moderate	Major
38	Current & Non Current Assets	Manages financial records and reconciliations. Check Bank Reconciliation	Assets lost	Check financial records are reliable, reconciled to data and physical assets.	10.2	Moderate	Moderate	Moderate	Moderate
39	Current and Non Current Liabilities	Manages financial records and reconciliations	Liabilities not managed	Check financial records are reliable, reconciled to data and discharged on time	10.2	Moderate	Moderate	Moderate	Moderate
40	Statutory Reporting	Manages statutory reporting	Statutory reporting not reliable.	Statutory reporting reviewed by the OAG, not reviewed by internal audit.	10.2	Moderate	Moderate	Moderate	Moderate
41	Marketing & Communications	Manages promotion of "City of Opportunity" branding to all stakeholders	City branding not optimised	Programs are performance measured and actively managed as necessary.	11.1 & 11.2	Moderate	Moderate	Moderate	Moderate
42	Risk Management, Business Continuity, Fraud	Manages risk identification & mitigation, business continuity, Fraud policy	Business interruption	Check business risks including fraud are managed within risk appetite and tolerances	10.1	Major	Major	Major	Major
43	Governance and Compliance	Manages administrative and legal support to council.	Council not effective	Check administration & compliance objectives e.g. Compliance Return met.	10.2	Moderate	Moderate	Moderate	Moderate
44	Business Planning and Improvement	Manages Strategic Community Plan (SCP) & Corporate Business Plan performance	SCP outcomes not met on time.	Programs are performance measured and actively managed as necessary.	10.3	Major	Major	Moderate	Moderate
					RMSS Consequence Categories				
					Catastrophic				
					Major				
					Moderate				
					Minor				
					Insignificant				
COMMENTS ON INTERNAL AUDIT PLANS									
1. The internal audit plan page 1, identifies audits that may be completed to assist the C of B meet strategies and achieve objectives.									
2. The internal audit plan page 1, sets out potential audit coverage for each audit based on 2-3 staff. The amount of audit coverage over the three years is fully variable in response to resouces allocated to internal audit.									
3. The compliance driver for the plan is the "Terms of Reference for Internal Audit" which requires the internal audit activity to develop risk based plans for CEO, Audit and Risk Committee and Council approval.									
4. The Institute of Internal Auditors Supplemental Guidance paper "Developing a Risk Based Internal Audit Plan" was used as a primary reference to develop this plan.									

11.3 Internal Audit Report 2024

Voting Requirement	:	Simple Majority
Subject Index	:	19/006
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	N/A
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

Council role

Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Purpose of report

To submit four completed internal audit reports to the Standing Committee (Audit and Risk). These audits have been completed in accordance with the internal audit plan.

Summary and key issues

Findings for the completed audits are detailed below.

Corporate and Governance Division – Governance and Compliance (report issued 12 August 2024)

Findings:

- The City's management of Exercise of Delegated Authority (DA) heavily relies on manual coordination, input, and recording, leading to duplicated efforts in data handling. Therefore, management should consider the costs/benefits of implementing a software system as an option to facilitate the City's Exercise of DA process to improve efficiency.
- Procedure SP08 – Documented Information states that process owners must conduct a three-yearly review of all relevant Business Management System documents. Therefore, management should periodically review BelNet documents to maintain accuracy and completeness.

Infrastructure Services Division – Parks Asset Management & Maintenance (report issued 16 August 2024)

Findings:

- The Groundwater Usage Management (GUM) process map did not fully align with existing internal controls. Therefore, management should review and update the GUM process map, redeploy, and monitor the work process to ensure compliance.
- The Urban Forest Team planted 4,600 trees for FY 2023-24 and plans to plant 3,000 trees in FY 2024-25. Additionally, multiple streetscape enhancement projects have approximately 18,000 plants scheduled for installation. Therefore, management should undertake a review of new projects' requirements for FY 2024-25 and 2025-26 to ensure adequate resources for watering, weeding, fertilisation, mulching, pruning, pest management, and monitoring.
- There were numerous service requests generated from the Pathway system that had no progress notes to indicate if action had been taken and/or feedback provided to the customer. Therefore, management should periodically review the Pathway System to ensure progress notes and request status are updated accordingly and timely.

Development and Communities Division – Building Permit Approvals (report issued 26 September 2024)

Findings:

- There is a backlog of swimming pool/spa safety barrier inspections. As at 31 July 2024, audit noted 287 safety barriers have not been inspected within the required 4-year cycle and 34 new swimming pools still awaiting initial compliance inspection. This backlog is assessed as high risk and must be addressed as soon as practically possible.
- The processing times report for October 2023 indicated an application fee that required a refund (No 364/2023), but it is still yet to be processed. Management should process this refund and recommence review of processing time reports to ensure all required refunds are identified and processed on a timely basis.
- The Pathway system is linked to the public register of permits and records, and demolition permit checklist. Both register and checklist were not 100% accurate at time of audit. Therefore, updates are required to Pathway system functionality.

Corporate and Governance Division – Revenue and Funding Cycle (report issued 18 October 2024)

Findings:

- The Pathway system administrator audit logs are not independently reviewed, therefore there is risk of unauthorised activity remaining undetected. It is recommended that the Pathway audit logs be expanded to include system administrator activity and be independently reviewed by officer(s) that do not have system administrator access.
- Fine write offs are not authorised as per delegation register. It is recommended that fine write offs be authorised by Director Development and Communities who has delegated authority.
- Controls need to be improved around manual receipting when Pathway is occasionally off-line or when parking infringements are immediately presented for payment prior to Pathway being updated. If a cash payment is made during this time, there is the risk of Pathway not being updated, the cash received not being banked and the City not being alerted until sometime after the invoice/infringement due date. It is recommended that a manual receipt register be independently maintained to ensure all receipted into Pathway prior to end-of-day close.
- Venue hire work instructions and process map require updating to reduce the risk of procedural non-compliance.

Officer Recommendation

Ms Zulsdorf moved, Davis seconded

That the Standing Committee (Audit and Risk) accepts the four internal audit reports from the Senior Internal Auditor (Confidential Attachments 11.3.1, 11.3.2, 11.3.3, and 11.3.4) and recommends that Council:

1. Receives the report (Confidential Attachment 11.3.1) titled Internal Audit Report 2023-24 - Governance and Compliance.
2. Receives the report (Confidential Attachment 11.3.2) titled Internal Audit Report 2023-24 - Park Asset Management and Maintenance.
3. Receives the report (Confidential Attachment 11.3.3) titled Internal Audit Report 2024-25 - Building Permit Approvals.
4. Receives the report (Confidential Attachment 11.3.4) titled Internal Audit Report 2024-25 – Revenue and Finding Cycle.
5. Notes the City of Belmont management comments in Confidential Attachments 11.3.1, 11.3.2, 11.3.3 and 11.3.4 and actions to be undertaken in response to the internal audit recommendations.

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

Committee Notes

A series of questions were asked and responded to as follows:

- No significant errors in delegations were identified from this audit.
- Page 22 (see Confidential Attachment 11.3.2) refers to a recommendation for the Ground Usage Management process map to be updated as this did not fully align with existing internal controls.
- The internal audits take updates from the operating risk registers and incorporate these into the audit planning and fieldwork. There is also a further assessment undertaken, independent of the operating risk register, to ensure there is not a total reliance on this data.
- There was some staff turnover 18 months ago which affected resourcing for swimming pool and spa barrier compliance inspections. There has been an amendment release by the Department of Energy, Mines, Industry Regulation and Safety as of June 2024 which permits the use of contractors as an authorised person to carry out these inspections. The City has since engaged a contractor to perform inspections on these barriers and the City anticipate clearing the backlog by January 2025.
- Any write offs for parking infringements sits under the Director Development and Communities.

Location

Not applicable.

Consultation

All draft Internal Audit Reports were reviewed by relevant staff, Managers, Directors and the CEO before being issued for action.

Strategic Community Plan implications

In accordance with the 2024–2034 Strategic Community Plan:

Key Performance Area: Performance

Outcome: 10. Effective leadership, governance and financial management.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Local Government Act 1995 (WA)

7.1A. Audit committee

- (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.

Local Government (Audit) Regulations 1996 (WA)

16. Functions of audit committee

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.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted: Gazette 8 Feb 2013 p. 868;

amended: Gazette 26 Jun 2018 p. 2387.]

Local Government (Financial Management) Regulations 1996 (WA)

(2) CEO's duties as to financial management

- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

Background

The internal audit function operates in accordance with Council approved Terms of reference (TOR) and Council approved annual internal audit plans.

The TOR requires the Senior Internal Auditor to be functionally accountable to the CEO and Council via the Standing Committee (Audit and Risk).

The TOR also requires final engagement audit reports to be issued to the CEO and Council via the Standing Committee (Audit and Risk).

Report

Corporate and Governance Division – Governance and Compliance (report issued 12 August 2024)

The audit objective was to determine accuracy and completeness of the Compliance Audit Return 2023 by independently cross referencing to supporting evidence.

Scope of the audit included:

- The following *Local Government (Audit) Regulations 1996*:
 - r.14 - Compliance audits by local governments.
 - r.15 - Certified copy of compliance audit return and other documents to be given to Departmental CEO.
 - r.16 - Functions of audit committee.
- The following internal policies, strategies, plans, and procedures:
 - CP36 – Compliance Management Policy.
 - CP63 – Execution of Documents Policy.
 - Strategic Community Plan 2024-2034.
 - Compliance Management Strategy.

- Corporate Business Plan 2024-2028.
 - Compliance Management Plan.
 - System Procedure 08 – Documented Information
 - System Procedure 13 – Legal and Compliance Requirements (Under review).
 - Process maps, work instructions and forms.
- High level review of the three lines of defence model being:
 - First line – staff and area management.
 - Second line - corporate oversight functions e.g., compliance, procurement, risk, Work Health and Safety.
 - Third line - internal audit.

Findings and Management Responses

- The City's management of Exercise of Delegated Authority (DA) heavily relies on manual coordination, input, and recording, leading to duplicated efforts in data handling.

Management has agreed to consider the costs/benefits of implementing a software system as an option to facilitate the City's Exercise of DA process to improve efficiency.

- Procedure SP08 – Documented Information states that process owners must conduct a three-yearly review of all relevant Business Management System documents.

Management has agreed to periodically review BelNet documents to maintain accuracy and completeness.

Infrastructure Services Division – Parks Asset Management & Maintenance (report issued 16 August 2024)

The audit objective was to determine if appropriate controls are in place to effectively facilitate:

- asset management planning.
- preventive maintenance.
- construction projects and tender processes.
- adherence to project timelines.
- quality control.
- environmental considerations.
- work health and safety (WHS) compliance, and
- contract management.

Scope of the audit included:

- The following focus areas:
 - effective application of SP23 - Contract Management.
 - adequacy of maintenance and asset management policy, processes, and procedures.
 - effective inclusion of contract obligations in risk registers.
- High level review of:
 - Three lines of defence model being:
 - first line – staff and area management.
 - second line - corporate oversight functions e.g., compliance, procurement, risk, Work, Health and Safety.
 - third line - internal audit.
 - The following Acts of Parliament:
 - *Local Government Act 2007.*
 - *Work Health & Safety Act 2020 & (General) Regulations 2022.*
 - *Environmental Protection Act 1986.*
 - *Bush Fire Act 1954.*
 - *Rights in Water and Irrigation Regulations 2000.*
 - *Rights in Water and Irrigation Act 1914.*
 - The following internal policies, strategies, plans, programs, and procedures:
 - CP01 - Asset Management Policy.
 - CP03 - Streetscape Policy.
 - CP47 - Dangerous Trees Policy.
 - CP48 - Urban Forest Policy.
 - Public Open Space Strategy.
 - Urban Forest Strategy.
 - Streetscape Enhancement Strategy.
 - Strategic Community Plan
 - Corporate Business Plan.
 - Asset Management Plan (Public Open Space & Irrigation).
 - Annual Maintenance Plan, related parks programs, progress against programs and performance reporting.
 - Procedures: System Procedure 23 – Contract Management.
 - Process maps and work instructions.
- The following samples:
 - Tenders: Three tender awards and nine related invoice payments checked over the period March - October 2023.

- Quotations: Three quotation awards and six related invoice payments checked over the period August 2023 – February 2024.

Findings and Management Responses

- The Groundwater Usage Management (GUM) process map did not fully align with existing internal controls.

Management has agreed to review and update the GUM process map, redeploy, and monitor the work process to ensure compliance.

- The Urban Forest Team planted 4,600 trees for FY 2023-24 and plans to plant 3,000 trees in FY 2024-25. Additionally, multiple streetscape enhancement projects have approximately 18,000 plants scheduled for installation.

Management has agreed to undertake a review of new projects' requirements for FY 2024-25 and 2025-26 to ensure adequate resources for watering, weeding, fertilisation, mulching, pruning, pest management, and monitoring.

- There was numerous service requests generated from the Pathway system that had no progress notes to indicate if action had been taken and/or feedback provided to the customer.

Management has agreed to periodically review the Pathway System to ensure progress notes and request status are updated accordingly and timely.

Development and Communities Division – Building Permit Approvals (report issued 26 September 2024)

The audit objectives were:

- To determine if internal controls are in place to ensure:
 - Building permit applications are assessed in line with legislative requirements.
 - Appropriate building permit data is reported to DEMIRS.
 - Private swimming pool/spa safety barriers are inspected in line with compliance requirements.
- To determine if internal controls are in place to mitigate the inherent risks identified from the engagement risk assessment.

Scope of the audit included:

- High-level review of compliance with key sections of the *Building Act 2011*, *Building Regulations 2012*, and *Building Code of Australia (BCA)* applicable to:
 - Issuing of building permits.
 - Submission of building permit data reports to DEMIRS.
 - Planning and management of periodic inspection programs for private swimming pool/spa safety barriers.
- The following strategies, plans, procedures and Office of the Auditor General (OAG) report:
 - Strategic Community Plan 2024-2034.
 - Corporate Business Plan 2024-2028.
 - Safer Communities Operational Plan 2020-2023 (currently under review).
 - Process maps, work instructions and forms.
 - OAG Report 28: June 2018-19 – Local Government Building Approvals.
- High level review of the three lines of defence model being:
 - First line – staff and area management.
 - Second line - corporate oversight functions e.g., compliance, procurement, risk, Work Health and Safety.
 - Third line - internal audit.

Findings and Management Responses

- There is a backlog of swimming pool/spa safety barrier inspections. As at 31 July 2024, audit noted 287 safety barriers have not been inspected within the required 4-year cycle and 34 new swimming pools still awaiting initial compliance inspection.

This backlog was due to the Building Compliance Officer position being vacant from February 2023 to August 2023.

Building Regulations were amended in June 2024 to permit the appointment of external contractors to complete pool barrier inspections. The City obtained independent legal advice in July 2024 to confirm this. Prior to this amendment, the legislation was not clear on the use of external contractors which placed limitations on the options available to the City to clear the backlog.

An external contractor has now been engaged and it is forecast that the backlog would be cleared by February 2025.

The Building Compliance Officer position became vacant again in November 2024 and the recruitment process has commenced to fill the fulltime position.

- The processing times report for October 2023 indicated an application fee that required a refund (No 364/2023), but it is still yet to be processed.

Management agreed to process this refund and recommence review of processing time reports to ensure all required refunds are identified and processed on a timely basis.

- The Pathway system is linked to the public register of permits and records, and demolition permit checklist. Both register and checklist were not 100% accurate at time of audit.

Management agreed to make updates to Pathway system functionality.

Corporate and Governance Division – Revenue and Funding Cycle (report issued 18 October 2024)

The audit objective was to determine if appropriate controls are in place to:

- Ensure rate notice calculations are accurate and complete.
- Ensure fees and charges are accurate and complete.
- Prevent and/or detect misappropriation of revenue.
- Prevent and/or detect unauthorised discounts, concessions and write offs.
- Ensure overdue debts are promptly followed up and recovered where possible.

Scope covered the following revenue sources for the 2023-24 financial year:

- Rates.
- Ranger infringements.
- Venue hire.

Findings and Management Responses

- The Pathway system administrator audit logs are not independently reviewed, therefore there is risk of unauthorised activity remaining undetected.

Management agreed that the Pathway audit logs be expanded to include system administrator activity and be independently reviewed by officer(s) that do not have system administrator access.

- Fine write offs are not authorised as per delegation register.

Management agreed that fine write offs be authorised by Director Development and Communities who has delegated authority.

- Controls need to be improved around manual receipting when Pathway is occasionally off-line or when parking infringements are immediately presented for payment prior to Pathway being updated. If a cash payment is made during this time, there is the risk of Pathway not being updated, the cash received not being banked and the city not being alerted until sometime after the invoice/infringement due date.

Management agreed that a manual receipt register be independently maintained to ensure all receipted into Pathway prior to end-of-day close.

- Venue hire work instructions and process map require updating to reduce the risk of procedural non-compliance.

Management agreed to update the work instructions and process map.

Financial implications

There are no financial implications evident at this time.

Environmental implications

There are no environmental implications associated with this report.

Social implications

There are no social implications associated with this report.

Attachment details

Attachment No and title

1. CONFIDENTIAL - Internal Audit Report 2023-24 - Governance and Compliance (Confidential matter in accordance with Local Government Act 1995 (WA) Section 5.23(2)(h)) [**11.3.1** - 5 pages]
2. CONFIDENTIAL - Internal Audit Report 2023-24 - Parks Asset Management and Maintenance (Confidential matter in accordance with Local Government Act 1995 (WA) Section 5.23(2)(h)) [**11.3.2** - 7 pages]
3. CONFIDENTIAL - Internal Audit Report 2024-25 - Building Permit Approvals (Confidential matter in accordance with Local Government Act 1995 (WA) Section 5.23(2)(h)) [**11.3.3** - 6 pages]
4. CONFIDENTIAL - Internal Audit Report 2024-25 - Revenue and Funding Cycle (Confidential matter in accordance with Local Government Act 1995 (WA) Section 5.23(2)(h)) [**11.3.4** - 7 pages]

11.4 Internal Audit Terms of Reference

Voting Requirement	:	Simple Majority
Subject Index	:	19/006 - Executive Internal Audit
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil.
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

Council role

Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Purpose of report

The Global Internal Audit Standards (GIAS) Standard 6.2 requires the Internal Audit Charter (also known as Internal Audit Terms of Reference) to include the following:

- Purpose of internal auditing.
- Commitment to the GIAS.
- Position and reporting relationships.

The Internal Audit Terms of Reference have been updated to now meet these requirements. These have been approved by the CEO and the Executive Leadership Team and are also attached for noting (Attachment 11.4.1).

Summary and key issues

The Internal Audit Terms of Reference have been updated to outline the purpose of internal audit, key mandates, the internal audit function, and position and reporting relationships as required by the GIAS.

Officer Recommendation

Sekulla moved, Ms Zulsdorf seconded

That the Standing Committee (Audit and Risk) recommend that Council endorse the Internal Audit Terms of Reference (refer Attachment 11.4.1).

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

Location

Not applicable.

Consultation

The Senior Internal Auditor consulted with the CEO in the revision of the Internal Audit Terms of Reference. GIAS Standard 6.2 requires the Senior Internal Auditor to discuss the proposed charter (terms of reference) with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

Strategic Community Plan implications

In accordance with the 2024–2034 Strategic Community Plan:

Key Performance Area: Performance

Outcome: 10. Effective leadership, governance and financial management.

Policy implications

There are no policy implications associated with this report.

Statutory environment

There are no specific statutory requirements in respect to this matter.

Background

The Internal Audit Terms of Reference was first drafted in December 2021 to comply with the Institute of Internal Auditors International Professional Practices Framework. This Framework included the International Standards for the Professional Practice of Internal Auditing. The GIAS that takes effect 9 January 2025 is a replacement of these International Standards.

Report

The Internal Audit Terms of Reference outlines the purpose of internal audit, key mandates, strategy for the internal audit function, and position and reporting relationships that the GIAS require.

Financial implications

There are no financial implications associated with this report.

Environmental implications

There are no environmental implications associated with this report.

Social implications

There are no social implications associated with this report.

Attachment details

Attachment No and title
1. Internal Audit Terms of Reference [11.4.1 - 4 pages]



Terms of Reference – Internal Audit

Introduction

The Senior Internal Auditor maintains an internal audit function that is aligned to:

- Global Internal Audit Standards (Standards).
- Terms of Reference Internal Audit (i.e. Internal Audit Charter).
- Terms of Reference Standing Committee (Audit and Risk) (i.e. Committee Audit Charter).

Internal audit function procedures are documented in the Internal Audit Manual.

Purpose of Internal Audit

To strengthen the City's ability to create, protect, and sustain value by providing the Chief Executive Officer (CEO), Executive Leadership Team (ELT) and Standing Committee (Audit and Risk) (SCAR) with independent, risk-based, and objective assurance, advice, insight, and foresight.

This purpose is to enhance the City's:

- Successful achievement of its objectives.
- Compliance with legislative requirements.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Key references:

- Strategic Community Plan 2024 – 2034.
- Corporate Business Plan.
- Risk Management Framework.
- Internal Audit Manual.

Global Internal Audit Standards

The City is committed towards maintaining full compliance with the Institute of Internal Auditors (IIA) Standards towards guiding the City's professional practice of internal auditing and serving as a basis for evaluating and elevating the quality of the internal audit function.

The Standards consist of 5 Domains that are each supported by Principles and Standards. A summary of these Domains, Principles and Standards and how they are applied is referenced in the City's internal audit manual.

Mandate

The internal audit function is mandated by:

- The Standards.
- The Government of Western Australia, Department of Treasury, Treasurer's Instructions, Part XII, Internal Audit.
- Australian Standard ISO 31000 Risk Management.

Strategy for the Internal Audit Function

Vision

To support, develop, promote and execute the City's internal audit function.

Strategic Objective

To provide strong assurance that the City's roles, responsibilities, and operations are efficient, effective, compliant and in line with the City's Strategic Community Plan and Corporate Business Plan.

Supporting Initiatives

- Experienced and qualified Senior Internal Auditor.
- Quality assurance and improvement program.
- Strong governance reporting and accountability.
- Risk based strategic audit plan that is periodically recalibrated to align with the City's risk register and assurance map.

Key deliverables

- Strategic (risk based) internal audit plan.
- Assurance map.

Position and Reporting Relationships

The Senior Internal Auditor is responsible for the internal audit function, reports directly to the CEO and has a reporting line to SCAR.

ELT and SCAR are responsible for approving:

- the Internal Audit and SCAR Terms of Reference (Charters).
- Annual updates to the three-year internal audit plan.

ELT and SCAR is responsible for noting:

- internal audit reports.
- updates to the audit log.
- Chief Audit Executive's (CAE) progress against the audit plan.

- external assessment reports.

All documents 'approved' or 'noted' by ELT and SCAR are then 'noted' by Council.

Authority

The internal audit activity is authorised to access City of Belmont records, personnel and physical properties and employees should provide assistance as reasonably requested.

Responsibilities

The internal audit activity will adopt all Standards and key standards are listed below.

1. Standard 7.1 requires the internal audit activity to be independent.

Note - To promote independence the Senior Internal Auditor, referred to in the Standards as CAE, has dual reporting relationships and is functionally accountable to the CEO and Council via SCAR.

2. Standard 8.1 requires the CAE to provide ELT and SCAR with the information needed to conduct its oversight responsibilities.
3. Standard 8.3 requires the CAE to develop, implement and maintain a quality assurance and improvement program that includes both internal and external assessments.
4. Standard 9.1 requires the CAE to develop an effective internal audit strategy and plan. This requires understanding the City's governance, risk management and control processes.
5. Standard 9.2 requires the CAE to develop and implement a strategy for the internal audit function.
6. Standard 12.1 requires the CAE to develop and conduct internal assessments of the internal audit function's compliance with the Global Internal Audit Standards.
7. Standard 12.2 requires the CAE to develop objectives to evaluate the internal audit functions performance.

Approved by
Chief Executive Officer
Date 25/10/24

Endorsed by
Executive Leadership Team (ELT)
Date: DD/MM/YY

Endorsed by
Standing Committee (Audit and Risk) Minute Item XX.
Date

Endorsed by
Council – Ordinary Council Meeting – Minute Item XX.
Date

REVIEW HISTORY

Description of Change	Date Revised	Date Approved by CEO	Next Review Due
Document creation	24/11/2021	24/11/2021	14/12/2022
Document review			

ECM Folder 32/034
Doc Set ID 5206663

7:00pm Mr M Ambrose, Mr K Aslam, Ms M Lai and Mr G Walid joined the meeting.

11.5 2023-24 OAG Annual Financial and IS Audit

Voting Requirement	:	Simple Majority
Subject Index	:	19/001 - Report of Council Audit
Location/Property Index	:	Not applicable
Application Index	:	Not applicable
Disclosure of any Interest	:	Nil
Previous Items	:	Not applicable
Applicant	:	Not applicable
Owner	:	Not applicable
Responsible Division	:	Corporate and Governance

Council role

Legislative	Includes adopting local laws, local planning schemes and policies.
--------------------	--

Purpose of report

To provide the Standing Committee (Audit and Risk) (the Committee) with details of the outcomes of the 30 June 2024 Financial Audit including the Information Systems (IS) Audit, present the audited Annual Financial Statements, IS Audit Management Letter, Management Representation Letter and Exit Closing Report for the year ended 30 June 2024.

Summary and key issues

The *Local Government Act 1995 (WA)* (the Act) and *Local Government (Financial Management) Regulations 1996 (WA)* (the Regulations) require the preparation and audit of a Local Government's Annual Financial Statements. Since 2019 the Office of the Auditor General (OAG) has incorporated an Information Systems Audit as a component of the Financial Audit to ensure the City has appropriate IT controls and systems in place.

Subsequent to the finalisation of the audit, the Annual Financial Statements are incorporated in the City's Annual Report each year.

Officer Recommendation

Ms Zulsdorf moved, Rossi seconded

That the Standing Committee (Audit and Risk) recommend that Council:

1. Accepts the Annual Financial Statements for the period ending 30 June 2024 at Attachment 11.4.1.
2. Accepts the Auditor's Exit Briefing Report, prepared for the year ended 30 June 2024 at Attachment 11.4.3.
3. Accepts the Auditor's Management Letter (Information Systems Audit) for the year ended 30 June 2024 at Confidential Attachment 11.4.5; and
4. Approves the Chief Executive Officer to sign the Annual Financial Report for the period ending 30 June 2024 and Management Representation Letter at Attachments 11.4.1 and 11.4.4.

Carried Unanimously 5 votes to 0

For: Davis, Kulczycki, Ms Zulsdorf, Rossi and Sekulla

Against: Nil

Committee Notes

A series of questions were asked and responded to as follows:

- The Office of the Auditor General (OAG) creates Annual Reports which provides a list of Local Governments who are performing best practice for financial reports and controls.
- After the OAG completes an audit, they infill a best practice form in which they assess data such as adjustments made to financials, availability of staff, etc. The City of Belmont's score is five this year, as compared to three last year, which reflects a good improvement in performance.
- Swipe card access to the primary server room was reviewed, and two swipe cards which were not assigned to specific individuals were deactivated as part of the review.

7:17pm Mr M Ambrose, Mr K Aslam, Ms M Lai, Mr G Walid and Manager Finance departed the meeting and did not return.

Location

Not applicable.

Consultation

There has been no specific consultation undertaken in respect to this matter.

Strategic Community Plan implications

In accordance with the 2024–2034 Strategic Community Plan:

Key Performance Area: Performance

Outcome: 10. Effective leadership, governance and financial management.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Sections 6.4 and 7.9 of the Act requires the annual financial reporting and audit process as follows:

6.4 Financial Report

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

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.

Section 7.12A of the Act provides further detail with respect to audits including that the auditor must meet with the local government at least once every financial year, and that the local government is to report to the Minister addressing any findings identified as significant by the auditor.

The Regulations prescribe the following relating to the audit procedures:

9. Performance of audit

- (1) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the *Australian Securities and Investments Commission Act 2001 (Commonwealth)* section 227A.
- (2) An auditor must carry out the work necessary to form an opinion whether the annual financial report —
 - (a) is based on proper accounts and records; and
 - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —
 - (i) the Act; and
 - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

Regulation 10 of the Regulations prescribes the following:

10. Report by auditor

An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.

- (1) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
- (2) The report must include a report on the conduct of the audit.

- (3) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

Background

The OAG has performed its financial audit for the City of Belmont, commencing with the City's IS audit. This preliminary audit determines the extent of testing that will be performed during the financial audit. The findings from the IS audit are included within the Report section below.

In accordance with the Terms of Reference of the Committee, the Committee must review the Audited Annual Financial Statements and audit findings (Attachment 11.4.1 and Attachment 11.4.3). Approval is also sought for the Committee to endorse the Annual Financial Statements together with the representation letter. The audited financial statements, a key component of the City's Annual Report, are scheduled to be presented at the Annual General Meeting of Electors on 3 February 2025.

In addition, a copy of the Audited Annual Financial Statements is also required to be submitted to the Director General of the Department of Local Government, Sport and Cultural Industries (the Department) within 30 days of receipt of the Auditor's Report.

Report

Section 6.4 of the Act requires the Annual financial statements for the year ended 30 June 2024 to be prepared and presented to the auditor by 30 September 2024. Accordingly, the City submitted the completed 2023-24 Draft Annual Financial Statement to OAG for review on 27 September 2024.

In accordance with Section 7.9 of the Act, the OAG is required to submit a report of the City's Audited Annual Financial Statement by 30 December 2024. The City received the Exit Closing report on 20 November 2024.

The City will again be presented with an unqualified audit opinion which is to be signed by the auditors following the Annual Financial Statements being accepted by the Committee.

Representatives from the OAG will attend the Committee Meeting to present the Audited Financial Statements, management letter (Attachments 13.4.1 and 13.4.5) and Exit Interview Briefing Report (Attachment 13.4.3). An agenda for this presentation is included at Attachment 13.4.2. Some of the highlights of the report include:

Financial audit findings

After performing a thorough review of the City's financial statements, the OAG did not identify any new audit findings during the final audit. In addition, the two moderate findings from the previous audit have been resolved.

Withdrawal from EMRC

The City withdrew from the Eastern Metropolitan Regional Council (EMRC) with effect from 1 July 2021. Per the EMRC Establishment Agreement, the distribution of an amount equal to the proceeds and any surplus funds which would have been payable if the EMRC was wound up was due following end of the second financial year after the withdrawal of a member (1 July 2023).

The receivable amount included in the Statement of Financial Position is based on the City's share of the EMRC calculated on the net book value of EMRC assets as of 30 June 2021, as opposed to the wind-up basis per the EMRC Establishment agreement. The OAG have accepted that the inclusion of this valuation as a current receivable in this manner is appropriate as this is based on the City's best estimate available.

Information systems audit findings

The City's 2024 OAG Information Systems (IS) Audit ended on 19 November 2024, with the final audit management letter being formally accepted by both parties on this date.

The outcome of the 2024 IS audit reflects a significant improvement in the information security posture of the City, which is a result of positive collaboration between the City and the OAG, and the high volume of work completed by the City within the nine months following the previous 2023 IS audit.

Some key points to highlight are below:

1. The City had a single significant finding from 2023 IS audit relating to Network Security. This finding was fully resolved and the City has no further significant findings in the 2024 IS audit.
2. A total of eight findings (1 significant, 6 moderate, 1 minor) were fully resolved from 2023 IS audit:
 - i. Network Security (significant)
 - ii. Network access management (moderate)
 - iii. Vulnerability management (moderate)
 - iv. Pathway application management (moderate)
 - v. Password controls for key IT systems (moderate)
 - vi. Backup management (moderate)

- vii. HR application management (moderate)
 - viii. Cloud vendor assessment (minor)
3. Three findings were downgraded in risk rating from moderate to minor
- i. Rates system payment gateway
 - ii. Remote access management
 - iii. Pathway application management (reraised as minor)
4. A total of six new findings were identified in 2024 IS audit
- i. Network access management (reraised as moderate)
 - ii. Network segregation (moderate)
 - iii. Finance application management (moderate)
 - iv. Vulnerability management (reraised as moderate)
 - v. Review of master file changes (moderate)
 - vi. Pathway application management (reraised as minor)

It should be noted that reraised findings can either reflect that the finding was fully resolved in the prior year and further improvements have been highlighted, or that the City has increased maturity in this area and the scope of audit is broadened as a result.

The City's information security improvements are reflected in the Information Systems Maturity Model. Three focus areas were maintained at level 3 (Manage IT Risk, Manage Change, Manage Continuity) and two further focus areas have progressed to level 3 (Human Resource Security, Manage IT Operations).

As per previous year, the City accepts new recommendations as opportunities to continually improve and strengthen our overall security posture.

Financial implications

The preparation, audit and distribution of the Annual Financial Statements are a statutory obligation. Audit fees are determined by the OAG on a cost recovery basis.

Environmental implications

There are no environmental implications associated with this report.

Social implications

There are no social implications associated with this report.

Attachment details

Attachment No and title

1. Annual Financial Statements 2023-24 [**11.5.1** - 64 pages]
2. City of Belmont - 30 June 2024 - Exit Meeting Agenda [**11.5.2** - 1 page]
3. OAG Exit Interview Briefing Report [**11.5.3** - 10 pages]
4. City of Belmont 30 June 2024 Management Representation Letter [**11.5.4** - 5 pages]
5. CONFIDENTIAL - City of Belmont IS GCC Audit Management Letter (Confidential matter in accordance with Local Government Act 1995 (WA) Section 5.23(2)(f)(ii)) [**11.5.5** - 20 pages]



Financial Report

For the year ended 30 June 2024



City of Belmont

City of Belmont Financial Report 2023-24

Financial Report
for the year ended 30 June 2024

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Content Overview

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

Belmont - The City of Opportunity

Our Vision is to be home to a diverse and harmonious community, thriving from the opportunities of our unique, riverside City.

Principal place of business:
215 Wright Street
Cloverdale WA 6105

City of Belmont

City of Belmont Financial Report 2023-24

Financial Report
for the year ended 30 June 2024

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The accompanying financial report of the City of Belmont has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

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

Signed on the 25 day of November 2024

Chief Executive Officer

John Christie

City of Belmont

City of Belmont Financial Report 2023-24

Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Revenue				
Rates	28,2a	56,821,093	56,523,628	53,168,844
Grants, subsidies and contributions	2a	2,687,747	1,352,213	3,228,805
Fees and charges	2a	10,603,344	9,431,466	9,298,507
Interest revenue	2a	5,498,868	3,212,602	3,108,718
Other revenue	2a	1,637,147	652,442	1,364,996
		77,248,199	71,172,351	70,169,870
Expenses				
Employee costs	2b	(26,371,607)	(27,827,054)	(23,126,544)
Materials and contracts		(33,568,344)	(31,435,088)	(27,231,232)
Utility charges		(2,329,974)	(1,734,423)	(1,530,315)
Depreciation	10	(12,953,278)	(11,400,000)	(11,423,543)
Finance costs	2b	(531,283)	(544,195)	(528,441)
Insurance		(722,861)	(853,263)	(811,990)
Other expenditure	2b	(1,622,528)	(1,387,515)	(1,702,211)
		(78,099,875)	(75,181,538)	(66,354,276)
		(851,676)	(4,009,187)	3,815,594
Capital grants, subsidies and contributions	2a	2,379,832	2,152,794	2,571,078
Profit on asset disposals		27,368	145,298	28,535
Loss on asset disposals		(744,290)	-	(2,149,490)
Fair value adjustments to financial assets at fair value through profit or loss	4b	4,203	-	9,215
		1,667,113	2,298,092	459,338
Net result for the period	27b	815,437	(1,711,095)	4,274,932
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	-	-	46,497,340
Total other comprehensive income for the period		-	-	46,497,340
Total comprehensive income for the period		815,437	(1,711,095)	50,772,272

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

City of Belmont

City of Belmont Financial Report 2023-24

Statement of Financial Position
as at 30 June 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	3	23,433,621	12,671,468
Trade and other receivables	5	24,999,919	24,316,200
Other financial assets	4a	53,024,893	33,253,360
Inventories	6	262,339	246,770
Contract assets		37,717	–
Other assets	7	3,483,614	2,533,328
Total current assets		105,242,103	73,021,126
Non-current assets			
Trade and other receivables	5	515,831	457,172
Other financial assets	4b	3,486,733	31,226,126
Property, plant and equipment	8	342,414,320	343,924,427
Infrastructure	9	291,434,830	291,318,360
Right of use assets	11a	158,975	275,307
Intangible assets	12	236,828	145,828
Total non-current assets		638,247,517	667,347,220
Total assets		743,489,620	740,368,346
Current liabilities			
Trade and other payables	13	7,630,356	5,743,434
Other liabilities	14	1,835,550	1,400,503
Lease liabilities	11b	105,428	118,561
Borrowings	15	641,884	618,111
Employee related provisions	16	4,987,946	4,428,402
Total current liabilities		15,201,164	12,309,011
Non-current liabilities			
Other liabilities	14	151,558	165,134
Lease liabilities	11b	57,042	162,469
Borrowings	15	10,976,367	11,618,252
Employee related provisions	16	541,262	366,690
Total non-current liabilities		11,726,229	12,312,545
Total liabilities		26,927,393	24,621,556
Net assets		716,562,227	715,746,790
Equity			
Retained surplus		195,472,405	202,240,918
Reserve accounts	31	69,265,327	61,681,377
Revaluation surplus	17	451,824,495	451,824,495
Total equity		716,562,227	715,746,790

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

City of Belmont

City of Belmont Financial Report 2023-24

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

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2022		205,424,749	54,222,614	405,327,155	664,974,518
Comprehensive income for the period					
Net result for the period		4,274,932	-	-	4,274,932
Other comprehensive income for the period					
Increase/(decrease) in asset revaluation surplus		-	-	46,497,340	46,497,340
Other comprehensive income for the period		-	-	46,497,340	46,497,340
Total comprehensive income for the period		4,274,932	-	46,497,340	50,772,272
Transfers from reserve accounts	31	2,918,262	(2,918,262)	-	-
Transfers to reserve accounts	31	(10,377,025)	10,377,025	-	-
Balance as at 30 June 2023		202,240,918	61,681,377	451,824,495	715,746,790
Balance as at 1 July 2023		202,240,918	61,681,377	451,824,495	715,746,790
Comprehensive income for the period					
Net result for the period		815,437	-	-	815,437
Other comprehensive income for the period					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		815,437	-	-	815,437
Transfers from reserve accounts	31	5,874,818	(5,874,818)	-	-
Transfers to reserve accounts	31	(13,458,768)	13,458,768	-	-
Balance as at 30 June 2024		195,472,405	69,265,327	451,824,495	716,562,227

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

City of Belmont

City of Belmont Financial Report 2023-24

Statement of Cash Flows
for the year ended 30 June 2024

	Note	Actual 2024 \$	Actual 2023 \$
Cash flows from operating activities			
Rates		56,784,697	53,069,237
Grants, subsidies and contributions		2,674,717	2,374,596
Fees and charges		10,536,127	9,298,507
Interest revenue		5,498,868	3,108,718
Goods and services tax received		4,270,594	3,488,170
Other revenue		1,677,024	1,596,152
		<u>81,442,027</u>	<u>72,935,380</u>
Employee costs		(25,663,318)	(23,160,779)
Materials and contracts		(32,815,633)	(29,006,171)
Utility charges		(2,329,974)	(1,530,315)
Finance costs		(531,283)	(528,441)
Insurance paid		(722,861)	(811,990)
Goods and services tax paid		(4,514,849)	(3,555,392)
Other expenditure		(1,688,278)	(1,623,711)
		<u>(68,266,196)</u>	<u>(60,216,799)</u>
Net cash provided by operating activities	18b	13,175,831	12,718,581
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		(4,038,462)	(2,108,638)
Payments for construction of infrastructure		(8,743,245)	(7,899,265)
Payments for intangible assets	12	(166,533)	(39,000)
Capital grants, subsidies and contributions		2,602,175	2,289,330
Proceeds from financial assets at amortised cost		7,972,063	(3,206,206)
Proceeds from sale of property, plant & equipment		696,997	850,259
Net cash (used in) investing activities		<u>(1,677,005)</u>	<u>(10,113,520)</u>
Cash flows from financing activities			
Repayment of borrowings	30a	(618,112)	(595,215)
Payments for principal portion of lease liabilities	30c	(118,561)	(116,118)
Net cash (used in) financing activities		<u>(736,673)</u>	<u>(711,333)</u>
Net increase /(decrease) in cash held		10,762,153	1,893,728
Cash at beginning of year		12,671,468	10,777,740
Cash and cash equivalents at the end of the year	18a	<u>23,433,621</u>	<u>12,671,468</u>

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

City of Belmont

City of Belmont Financial Report 2023-24

Statement of Financial Activity
for the year ended 30 June 2024

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	28	42,251,503	42,188,900	39,946,826
Rates excluding general rates	28	14,569,590	14,334,728	13,222,018
Grants, subsidies and contributions		2,687,747	1,352,213	3,228,805
Fees and charges		10,603,344	9,431,466	9,298,507
Interest revenue		5,498,868	3,212,602	3,108,718
Other revenue		1,637,147	652,442	1,364,996
Profit on asset disposals		27,368	145,298	28,535
Fair value adjustments to financial assets at fair value through profit or loss	4b	4,203	-	9,215
		77,279,770	71,317,649	70,207,620
Expenditure from operating activities				
Employee costs		(26,371,607)	(27,827,054)	(23,126,544)
Materials and contracts		(33,568,344)	(31,345,088)	(27,231,232)
Utility charges		(2,329,974)	(1,734,423)	(1,530,315)
Depreciation		(12,953,278)	(11,400,000)	(11,423,543)
Finance costs		(531,283)	(544,195)	(528,441)
Insurance		(722,861)	(853,263)	(811,990)
Other expenditure		(1,622,528)	(1,387,515)	(1,702,211)
Loss on asset disposals		(744,290)	-	(2,149,490)
		(78,844,165)	(75,091,538)	(68,503,766)
Non-cash amounts excluded from operating activities	29	13,599,408	11,319,524	12,820,728
Amount attributable to operating activities		12,035,013	7,545,635	14,524,582
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,379,832	2,152,794	2,571,078
Proceeds from disposal of assets		696,997	1,083,340	850,259
		3,076,829	3,236,134	3,421,337
Outflows from investing activities				
Purchase of property, plant and equipment		(4,038,462)	(4,270,740)	(1,495,112)
Purchase and construction of infrastructure		(8,743,245)	(9,482,917)	(8,651,885)
Payments for intangible assets	12	(166,533)	-	(39,000)
		(12,948,240)	(13,753,657)	(10,185,997)
Non-cash amounts excluded from investing activities	29	-	-	139,096
Amount attributable to investing activities		(9,871,411)	(10,517,523)	(6,625,564)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	31	5,874,818	3,644,575	2,918,262
		5,874,818	3,644,575	2,918,262
Outflows from financing activities				
Repayment of borrowings	30a	(618,112)	(618,110)	(595,215)
Payments for principal portion of lease liabilities	30c	(118,561)	(67,308)	(116,118)
Transfers to reserve accounts	31	(13,458,768)	(6,956,761)	(10,377,025)
		(14,195,441)	(7,642,179)	(11,088,358)
Amount attributable to financing activities		(8,320,623)	(3,997,604)	(8,170,096)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	29	11,952,642	7,559,492	12,223,720
Amount attributable to operating activities		12,035,013	7,455,635	14,524,582
Amount attributable to investing activities		(9,871,411)	(10,517,523)	(6,625,564)
Amount attributable to financing activities		(8,320,623)	(3,997,604)	(8,170,096)
Surplus/(deficit) after imposition of general rates	29	5,795,621	500,000	11,952,642

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

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City of Belmont Financial Report 2023-24

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

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

Note 1. BASIS OF PREPARATION

The financial report of the City of Belmont, a Class 1 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

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

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

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

Critical accounting estimates and judgements

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report. The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and

liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
 - Expected credit losses on financial assets - note 5
 - Impairment losses of non-financial assets - note 8 and 9
 - Estimated useful life of intangible assets - note 10
 - Measurement of employee benefits - note 16

Fair value hierarchy information can be found in note 26.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 of the financial report.

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

- *AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

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

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

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

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

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

City of Belmont

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

Note 2. Revenue and expenses

(a) Revenue**Contracts with customers**

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/ refunds/ warranties	Timing of revenue recognition
Grants, subsidies or contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)**Revenue Recognition**

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

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2024					
Rates	-	-	56,821,093	-	56,821,093
Grants, subsidies and contributions	441,678	-	-	2,246,069	2,687,747
Fees and charges	1,762,985	-	8,565,263	275,096	10,603,344
Interest revenue	-	-	312,866	5,186,002	5,498,868
Other revenue	1,246,890	-	-	390,257	1,637,147
Capital grants, subsidies and contributions	-	2,379,832	-	-	2,379,832
Total	3,451,553	2,379,832	65,699,222	8,097,424	79,628,031

For the year ended 30 June 2023

Rates	-	-	53,168,844	-	53,168,844
Grants, subsidies and contributions	666,093	-	-	2,562,712	3,228,805
Fees and charges	1,591,176	-	7,497,359	209,972	9,298,507
Interest revenue	-	-	261,674	2,847,044	3,108,718
Other revenue	756,830	-	-	608,166	1,364,996
Capital grants, subsidies and contributions	-	2,571,078	-	-	2,571,078
Total	3,014,099	2,571,078	60,927,877	6,227,894	72,740,948

	2024 Actual \$	2023 Actual \$
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Assets and services acquired below fair value

Contributed assets	-	139,096
	-	139,096

Interest revenue

Interest on reserve account funds	2,881,939	1,472,387
Rate overdue interest	151,371	114,542
Rate instalment interest	150,765	140,345
Pensioner Deferred Interest	10,730	6,787
Other interest revenue	2,304,063	1,374,657
Total interest earnings	5,498,868	3,108,718

Fees and charges relating to rates receivable

Charges on instalment plan	108,760	108,040
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The 2024 original budget estimate in relation to charges on instalment plans was \$110,000.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 2. Revenue and expenses (continued)

(b) Expenses

	2024 Actual \$	2023 Actual \$
Materials and contracts		
Auditors remuneration		
- Audit of the annual financial report	74,847	69,850
- Other services	3,400	4,140
Total Auditors remuneration	78,247	73,990
Employee costs		
Employee benefit costs	25,784,084	22,654,342
Other employee costs	587,523	472,202
	26,371,607	23,126,544
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	531,283	520,951
	531,283	520,951
Other expenditure		
Impairment losses on trade receivables	(67,233)	78,500
Sundry expenses	1,689,761	1,623,711
	1,622,528	1,702,211

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 3. CASH AND CASH EQUIVALENTS

	Note	2024 \$	2023 \$
Cash at bank and on hand		10,980,523	5,546,464
Term deposits		12,453,098	7,125,004
Total cash and cash equivalents	18a	23,433,621	12,671,468
Held as			
- Unrestricted cash and cash equivalents		9,500,744	2,732,417
- Restricted cash and cash equivalents	18a	13,932,877	9,939,051
		23,433,621	12,671,468

MATERIAL ACCOUNTING POLICIES**Cash and cash equivalents**

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

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

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 4. OTHER FINANCIAL ASSETS

	Note	2024 \$	2023 \$
(a) Current assets			
Financial assets at amortised cost		53,024,893	33,253,360
		53,024,893	33,253,360
Other financial assets at amortised cost			
Term deposits		53,024,893	33,253,360
		53,024,893	33,253,360
Held as			
- Unrestricted other financial assets at amortised cost		-	12,000,000
- Restricted other financial assets at amortised cost	18a	53,024,893	21,253,360
		53,024,893	33,253,360
(b) Non current assets			
Financial assets at amortised cost	18a	3,278,806	31,022,402
Financial assets at fair value through profit or loss		207,927	203,724
		3,486,733	31,226,126
Financial assets at amortised cost			
Term deposits		3,278,806	31,022,402
		3,278,806	31,022,402
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		203,724	194,509
Movement attributable to fair value increment		4,203	9,215
Units in Local Government House Trust - closing balance		207,927	203,724

Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

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

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 26(i)) due to the observable market rates.

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

Financial assets at fair value through profit or loss

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

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 4. OTHER FINANCIAL ASSETS (continued)

- equity investments which the City has not elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 5. TRADE AND OTHER RECEIVABLES

	Note	2024 \$	2023 \$
Current			
Rates and statutory receivables		2,364,117	2,251,527
Trade receivables		604,927	422,154
GST receivable		795,659	551,405
Receivables for employee related provisions	16	245,966	241,995
Allowance for credit losses of trade receivables	24b	(11,267)	(78,500)
EMRC receivable *		21,000,517	20,927,619
		<u>24,999,919</u>	<u>24,316,200</u>

(*) The City was a participant in the Eastern Metropolitan Regional Council (EMRC) and had voting rights of 1/6th and the interest in the assets and liabilities of the EMRC (refer note 23a for further details).

Non-current

Rates and statutory receivables		384,022	359,969
Receivable for employee related provisions	16	131,809	97,203
		<u>515,831</u>	<u>457,172</u>

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is as follows:

	Note	30 June 2024 Actual \$	30 June 2023 Actual \$	1 July 2022 Actual \$
Trade and other receivables from contracts with customers		602,361	418,178	188,797
Contract assets		37,717	-	-
Allowance for credit losses of trade receivables	5	(11,267)	(78,500)	-
Total trade and other receivables from contracts with customers		<u>628,811</u>	<u>339,678</u>	<u>188,797</u>

MATERIAL ACCOUNTING POLICIES**Rates and statutory receivables**

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

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

Trade receivables

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

Other Receivables

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

Measurement

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 5. TRADE AND OTHER RECEIVABLES (continued)

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 6. INVENTORIES

	2024	2023
	\$	\$
Current		
Fuel and materials	262,339	246,770
Total current inventories	262,339	246,770
The following movements in inventories occurred during the year:		
Balance at beginning of year	246,770	231,185
Additions to inventory	15,569	15,585
Balance at end of year	262,339	246,770

MATERIAL ACCOUNTING POLICIES

General

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

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

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	590,562	401,535
Accrued income	2,893,046	2,131,793
	3,483,608	2,533,328

MATERIAL ACCOUNTING POLICIES

Other current assets

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

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

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

	Assets not subject to operating lease		Assets subject to operating lease		Total Property				Plant and equipment		Total property, plant and equipment
	Land	Buildings non specialised	Land	Buildings non specialised	Land	Buildings non specialised	Work in progress	Total Property	Furniture and equipment	Plant and equipment	plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	152,326,400	92,688,508	13,305,500	31,212,509	165,631,900	123,901,017	2,697,205	292,230,122	2,486,628	3,885,045	298,601,795
Additions *	-	47,625	-	-	-	47,625	327,459	375,084	480,024	640,004	1,495,112
Disposals	(1,877,040)	(52,277)	-	-	(1,877,040)	(52,277)	-	(1,929,317)	(49,131)	(240,144)	(2,218,592)
Revaluation increments/(decrements) transferred to revaluation surplus	46,675,600	2,861,376	2,632,500	(2,311,546)	49,308,100	549,830	-	49,857,930	-	-	49,857,930
Depreciation	-	(1,748,388)	-	(679,921)	-	(2,428,309)	-	(2,428,309)	(1,195,593)	(187,916)	(3,811,818)
Transfers	-	(1,395,695)	-	3,629,115	-	2,233,420	(2,697,205)	(463,785)	463,785	-	-
Balance at 30 June 2023	197,124,960	92,401,149	15,938,000	31,850,157	213,062,960	124,251,306	327,459	337,641,725	2,185,713	4,096,989	343,924,427
Comprises:											
Gross balance amount at 30 June 2023	197,124,960	133,943,762	15,938,000	48,033,447	213,062,960	181,977,209	327,459	395,367,628	11,042,654	7,470,356	413,880,638
Accumulated depreciation at 30 June 2023	-	(41,542,612)	-	(16,183,291)	-	(57,725,903)	-	(57,725,903)	(8,856,941)	(3,373,367)	(69,956,211)
Balance at 30 June 2023	197,124,960	92,401,150	15,938,000	31,850,156	213,062,960	124,251,306	327,459	337,641,725	2,185,713	4,096,989	343,924,427
Balance at 1 July 2023	197,124,960	92,401,149	15,938,000	31,850,156	213,062,960	124,251,305	327,459	337,641,724	2,185,713	4,096,989	343,924,426
Additions *	-	1,176,659	-	35,586	-	1,212,245	896,545	2,108,790	1,109,828	819,845	4,038,463
Disposals	(582,000)	-	-	-	(582,000)	-	-	(582,000)	(37,765)	(373,368)	(993,133)
Depreciation	-	(2,461,203)	-	(873,577)	-	(3,334,780)	-	(3,334,780)	(981,878)	839,222	(3,477,436)
Transfers	-	231,836	-	-	-	231,836	(327,459)	(95,623)	95,623	-	-
Balance at 30 June 2024	196,542,960	91,348,441	15,938,000	31,012,165	212,480,960	122,360,606	896,545	335,738,111	2,371,521	5,382,688	343,492,320
Comprises:											
Gross balance amount at 30 June 2024	196,542,960	135,352,254	15,938,000	48,069,033	212,480,960	183,421,287	896,545	396,798,792	12,009,317	7,649,482	416,457,591
Accumulated depreciation at 30 June 2024	-	(44,003,813)	-	(17,056,868)	-	(61,060,681)	-	(61,060,681)	(9,637,796)	(3,344,794)	(74,043,271)
Balance at 30 June 2024	196,542,960	91,348,441	15,938,000	31,012,165	212,480,960	122,360,606	896,545	335,738,111	2,371,521	4,304,688	342,414,320

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2023	-	-	-	-	-	-	-	-	-	139,096	139,096
During the year ended 30 June 2024	-	-	-	-	-	-	-	-	-	-	-

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

Note 8. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Land	2	Market approach using recent sales evidence of similar or reference assets	Independent Valuation	April 2023	Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes which are restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.
Buildings	3	Cost approach using current replacement cost	Independent Valuation	May 2023	This required estimating the replacement costs for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination.

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

Asset class	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(ii) Cost				
Furniture and equipment	Cost	Cost	N/A	Cost
Plant and equipment	Cost	Cost	N/A	Cost

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for the year ended 30 June 2024

Note 9. INFRASTRUCTURE

(a) Movements in balances

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

	Infrastructure						
	Roads	Footpath Network	Drainage Network	Reserve Improvements	Carparks	Work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2022	164,794,133	17,029,582	69,081,901	38,315,908	4,444,665	538,707	294,204,896
Additions	2,969,285	444,797	380,609	3,553,307	-	1,303,887	8,651,885
(Disposals)	-	-	-	(752,620)	-	-	(752,620)
Revaluation increments / (decrements) transferred to revaluation surplus	(27,718,107)	17,084,427	6,185,552	1,568,178	(480,640)	-	(3,360,590)
Depreciation	(4,295,807)	(571,041)	(1,012,934)	(1,392,551)	(152,878)	-	(7,425,211)
Transfers	135,507	-	-	403,199	-	(538,706)	-
Balance at 30 June 2023	135,885,011	33,987,765	74,635,128	41,695,421	3,811,147	1,303,888	291,318,360
Comprises:							
Gross balance amount at 30 June 2023	203,017,824	53,565,249	109,165,146	52,907,542	6,861,154	1,303,888	426,820,803
Accumulated depreciation at 30 June 2023	(67,132,813)	(19,577,484)	(34,530,018)	(11,212,121)	(3,050,007)	-	(135,502,443)
Balance at 30 June 2023	135,885,011	33,987,765	74,635,128	41,695,421	3,811,147	1,303,888	291,318,360
Balance as at 1 July 2023	135,885,010	33,987,765	74,635,128	41,695,407	3,811,147	1,303,888	291,318,345
Additions	3,903,202	230,200	432,257	1,781,396	-	2,396,192	8,743,247
(Disposals)	-	-	-	(420,786)	-	-	(420,786)
Depreciation	(3,984,856)	(1,141,404)	(1,178,996)	(1,781,336)	(119,384)	-	(8,205,976)
Transfers	83,022	-	1,428	1,219,439	-	(1,303,889)	-
Balance at 30 June 2024	135,886,378	33,076,561	73,889,817	42,494,120	3,691,763	2,396,191	291,434,830
Comprises:							
Gross balance amount at 30 June 2024	207,004,047	53,795,449	109,598,831	54,738,738	6,861,154	2,396,192	434,394,411
Accumulated depreciation at 30 June 2024	(71,117,669)	(20,718,888)	(35,709,014)	(12,244,619)	(3,169,391)	-	(142,959,581)
Balance at 30 June 2024	135,886,378	33,076,561	73,889,817	42,494,119	3,691,763	2,396,192	291,434,830

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

Note 9. INFRASTRUCTURE (continued)

(b) Carrying Amount Measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).
Infrastructure - Reserve Improvements	3	Cost approach using depreciated replacement cost	Independent Valuation	May 2023	Cost guides and recent City project costs have been utilised to determine the gross replacement cost to construct a modern equivalent asset (level 2), recommended useful lives are primarily informed by industry experience through reliable and trusted industry sources (Level 3).
Infrastructure - Reserve Improvements	3	Cost approach using depreciated replacement cost	Management Valuation	May 2023	Current replacement costs as included in current City contracts.
Infrastructure - Footpath Network	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).
Infrastructure - Drainage Network	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).
Infrastructure - Carparks	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

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

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

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

Note 10. FIXED ASSETS

Depreciation rates

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

Asset Class	Useful life
Buildings	25 - 80 years
Sub Structure	30 - 96 years
Envelope	25 - 80 years
Roof	20 - 64 years
Floor Coverings	20 - 40 years
Internal Fitout	30 - 48 years
Services - Mechanical	30 - 48 years
Services - Fire	30 - 48 years
Services - Electrical	30 - 64 years
Services - Hydraulic	32 - 64 years
Services - Other & Security & Transport	36 - 48 years
Furniture and equipment	3 - 20 years
Plant and equipment	3 - 15 years
Right-of-use assets - plant and equipment	2 - 5 years
Infrastructure - Roads	
Access Roads	
Surface	35 - 70 years
Subbase	70 years
Formation	Not depreciated
Distributor Roads	
Surface	25 - 70 years
Subbase	50 years
Formation	Not depreciated
Infrastructure - Reserve Improvements	5 - 80 years
Irrigation	5 - 30 years
Playgrounds	10 - 15 years
Park furniture	10 - 20 years
Other structures	20 - 80 years
Turf	Not depreciated
Infrastructure - Footpath Network	20 - 50 years
Asphalt	20 years
Paved	35 years
Concrete	50 years
Infrastructure - Drainage Network	
Pits	77 years
Pipes	100 years
Sumps	200 years
Infrastructure - Carparks	35 - 70 years
Intangible assets	3 years

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

Note 10. FIXED ASSETS (continued)

MATERIAL ACCOUNTING POLICIES**Initial recognition**

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

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

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

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

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

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

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

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

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

Impairment

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

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

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

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

Note 11. LEASES

(a) Right of use assets

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

	Plant & Equipment \$	Total \$
2023		
Balance at 1 July 2022	231,580	231,580
Additions	165,521	165,521
Depreciation	(121,794)	(121,794)
Balance at 30 June 2023	275,307	275,307
Gross balance amount at 30 June 2023	362,107	362,107
Accumulated depreciation at 30 June 2023	(86,800)	(86,800)
Balance at 30 June 2023	275,307	275,307
2024		
Balance at 1 July 2023	275,308	275,308
Depreciation	(116,333)	(116,333)
Balance at 30 June 2024	158,975	158,975
Gross balance amount at 30 June 2024	362,107	362,107
Accumulated depreciation at 30 June 2024	(203,133)	(203,133)
Balance at 30 June 2024	158,974	158,974

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

	Note	2024 Actual \$	2023 Actual \$
Depreciation on right-of-use assets		(116,333)	(121,794)
Finance charge on lease liabilities	30c	(9,284)	(6,038)
Total amount recognised in the statement of comprehensive income		(125,617)	(127,832)
Total cash outflow from leases		(118,562)	(122,156)

(b) Lease liabilities

Current		105,428	118,561
Non-current		57,042	162,469
	30c	162,470	281,030

The City has two leases relating to plant and equipment for terms of two and three years, both with fixed lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed. Refer to Note 30c for details of lease liabilities.

Secured liabilities and assets pledged as security

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

City of Belmont

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

Note 11. LEASES (continued)

MATERIAL ACCOUNTING POLICIES**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 30c.

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

	2024 Actual \$	2023 Actual \$
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(c) Lessor - Property, Plant and Equipment Subject to Lease

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

Less than 1 year	531,061	886,871
1 to 2 years	355,502	264,172
2 to 3 years	206,691	233,523
3 to 4 years	200,347	140,494
4 to 5 years	170,786	140,494
> 5 years	227,708	272,801
	1,692,095	1,938,355

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income	937,629	829,423
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The City leases property to tenants, with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

City of Belmont

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

Note 11. LEASES (continued)

Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

MATERIAL ACCOUNTING POLICIES

The City as Lessor

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

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

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

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

City of Belmont

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

Note 12. INTANGIBLE ASSETS

	2024 Actual \$	2023 Actual \$
Intangible assets		
Non-current		
Corporate website	473,929	307,396
Less: Accumulated amortisation	(237,101)	(161,568)
	<u>236,828</u>	<u>145,828</u>
Movements in balances during the financial year are shown as follows:		
Balance at 1 July	145,828	171,548
Recognition of computer software	166,533	39,000
Amortisation	(75,533)	(64,720)
Balance at 30 June	<u>236,828</u>	<u>145,828</u>
TOTAL INTANGIBLE ASSETS	236,828	145,828

Amortisation

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

MATERIAL ACCOUNTING POLICIES**Corporate Website**

Costs associated with planning, administration and other general overhead expenses are recognised as an expense when incurred. The application, graphical design and content development costs directly attributable to preparing the website to operate in the manner requested by management meets the recognition criteria in AASB 138.21 and AASB 138.57 and are recognised as intangible assets.

Similarly, the operating website costs are recognised as intangible assets when it meets the recognition criteria set out in AASB 138.18 where it is demonstrated that the intangible asset will generate probable future economic benefits when the asset is ready for use.

Computer software

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

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

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

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

Amortisation

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

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

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

City of Belmont

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

Note 13. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Sundry creditors	1,245,963	950,814
Accrued interest	73,375	77,279
Prepaid rates	1,111,695	1,011,448
Accrued payroll liabilities	625,423	595,031
Accrued expenses	4,573,900	3,108,862
Total current trade and other payables	<u>7,630,356</u>	<u>5,743,434</u>

MATERIAL ACCOUNTING POLICIES**Financial liabilities**

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

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

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

Trade and other payables

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

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

Prepaid rates

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

City of Belmont

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Notes to the Financial Statements
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Note 14. OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Contract liabilities	65,100	79,883
Capital grant/contributions liabilities	906,148	453,553
Bonds and deposits held	230,983	230,537
Emergency Services Levy	383,640	366,298
Payable to other Councils	221,387	258,309
Other Liabilities	28,292	11,923
	<u>1,835,550</u>	<u>1,400,503</u>
Non-current		
Emergency Services Levy (Deferred)	68,468	62,747
Payable to other Councils	83,090	102,387
	<u>151,558</u>	<u>165,134</u>

Reconciliation of changes in contract liabilities

Opening balance	79,883	35,775
Additions	65,100	79,883
Revenue from contracts with customers included as a contract liability at the start of the period	(79,883)	(35,775)
	<u>65,100</u>	<u>79,883</u>

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$65,100 (2023: \$114,423)

The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	453,553	596,205
Additions	676,066	343,518
Revenue from capital grant/contributions held as a liability at the start of the period	(223,471)	(486,170)
	<u>906,148</u>	<u>453,553</u>

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	906,148	453,553
	<u>906,148</u>	<u>453,553</u>

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

MATERIAL ACCOUNTING POLICIES**Contract Liabilities**

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

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

Capital grant/contribution liabilities

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

Note 14. OTHER LIABILITIES (continued)

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

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

Note 15. BORROWINGS

	Note	2024			2023		
		Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured							
Bank loans		641,884	10,976,367	11,618,251	618,111	11,618,252	12,236,363
Total secured borrowings	30a	641,884	10,976,367	11,618,251	618,111	11,618,252	12,236,363

Secured liabilities and assets pledged as security

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

Other loans relate to transferred receivables. Refer to Note 5.

City of Belmont has complied with the financial covenants of its borrowing facilities during the 2024 and 2023 years.

MATERIAL ACCOUNTING POLICIES**Borrowing costs**

The City has elected to recognise borrowings costs as an expense when incurred regardless of how the borrowings are applied.

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 24.

Details of individual borrowings required by regulations are provided at Note 30a.

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

Note 16. EMPLOYEE RELATED PROVISIONS

	2024 \$	2023 \$
Employee related provisions		
Current provisions		
Employee benefit provisions		
Annual leave	2,192,843	1,889,953
Long service leave	1,994,409	2,090,449
Other employee leave provision	170,678	170,589
	4,357,930	4,150,991
Other provisions		
Employment on-costs	630,016	277,411
	630,016	277,411
Total current employee related provisions	4,987,946	4,428,402
Non-current provisions		
Employee benefit provisions		
Long service leave	469,767	366,690
	469,767	366,690
Other provisions		
Employment on-costs	71,495	-
	71,495	-
Total non-current employee related provisions	541,262	366,690
Total employee related provisions	5,529,208	4,795,092

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

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

	Note	2024 \$	2023 \$
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		3,338,703	2,584,027
More than 12 months from reporting date		2,190,505	2,211,065
		5,529,208	4,795,092

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	(377,775)	(339,198)
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MATERIAL ACCOUNTING POLICIES**Employee benefits**

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

Short-term employee benefits

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

City of Belmont

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

Note 16. EMPLOYEE RELATED PROVISIONS (continued)

salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

Other long-term employee benefits

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

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

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

Note 17. REVALUATION SURPLUS

	2024		2024		2023		2023
	Opening Balance	Total Movement on Revaluation	Closing Balance		Opening Balance	Total Movement on Revaluation	Closing Balance
	\$	\$	\$		\$	\$	\$
Revaluation surplus - Land - freehold land	214,759,687	-	214,759,687		168,084,087	46,675,600	214,759,687
Revaluation surplus - Buildings	64,985,519	-	64,985,519		62,124,143	2,861,376	64,985,519
Revaluation surplus - Assets subject to operating lease - Land	2,632,500	-	2,632,500		-	2,632,500	2,632,500
Revaluation surplus - Assets subject to operating lease - Buildings non-specialised	(2,311,546)	-	(2,311,546)		-	(2,311,546)	(2,311,546)
Revaluation surplus - Infrastructure - roads	52,470,322	-	52,470,322		80,188,429	(27,718,107)	52,470,322
Revaluation surplus - Infrastructure - footpaths	29,715,529	-	29,715,529		12,631,102	17,084,427	29,715,529
Revaluation surplus - Infrastructure - drainage	61,308,956	-	61,308,956		55,123,404	6,185,552	61,308,956
Revaluation surplus - Infrastructure - Reserve Improvements	21,359,009	-	21,359,009		19,790,831	1,568,178	21,359,009
Revaluation surplus - Infrastructure - Carparks	2,703,591	-	2,703,591		3,184,231	(480,640)	2,703,591
	447,623,567	-	447,623,567		401,126,227	46,497,340	447,623,567
Revaluation surplus - Share from investments in associates	4,200,928	-	4,200,928		4,200,928	-	4,200,928
	451,824,495	-	451,824,495		405,327,155	46,497,340	451,824,495

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

Note 18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

	Note	2024 Actual \$	2023 Actual \$
Cash and cash equivalents	3	23,433,621	12,671,468
Restrictions			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	13,932,877	9,939,051
- Financial assets at amortised cost	4	56,303,699	52,275,762
		<u>70,236,576</u>	<u>62,214,813</u>
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	69,265,328	61,681,377
Contract liabilities	14	65,100	79,883
Capital grant liabilities	14	906,148	453,553
Total restricted financial assets		<u>70,236,576</u>	<u>62,214,813</u>

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

Net result	815,437	4,274,932
Non-cash items:		
Depreciation/amortisation	12,953,278	11,423,543
Adjustments to fair value of financial assets at fair value through profit or loss	(4,203)	(9,215)
(Profit)/loss on sale of asset	716,922	2,120,955
Movement in receivable from EMRC	(72,898)	(538,413)
Assets received for substantially less than fair value	-	(139,096)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(669,467)	(414,739)
(Increase)/decrease in inventories	(15,569)	(15,585)
(Increase)/decrease in other assets	(1,053,753)	(1,311,239)
(Increase)/decrease in contract assets	65,750	-
Increase/(decrease) in trade and other payables	1,890,826	(197,290)
Increase/(decrease) in contract liabilities	-	-
Increase/(decrease) in accrued interest payable	(3,904)	-
Increase/(decrease) in employee related provisions	734,116	(304,860)
Increase/(decrease) in other liabilities	421,471	118,918
Capital grants, subsidies and contributions	(2,602,175)	(2,289,330)
Net cash provided by/(used in) operating activities	<u>13,175,831</u>	<u>12,718,581</u>

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

Note 18. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

		2024 Actual \$	2023 Actual \$
(c) Undrawn borrowing facilities credit standby arrangements			
Credit standby arrangements			
Bank overdraft limit		200,000	200,000
Credit card limit		60,000	60,000
Credit card balance at balance date		(4,045)	(1,036)
Total amount of credit unused		255,955	258,964
	Note	2024 \$	2023 \$
Loan facilities			
Loan facilities - current	15	641,884	618,111
Loan facilities - non-current	15	10,976,367	11,618,252
Total facilities in use at balance date		11,618,251	12,236,363
Unused loan facilities at balance date		-	-

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

Note 19. CONTINGENT LIABILITIES

(a) Contaminated Sites

The City has one site with possible contamination at 5 Resolution Drive, Ascot and one classified as 'Contaminated – Restricted Use' at Peachey Park (400 Acton Ave and 50 Peachey Ave, Kewdale).

Regarding 5 Resolution Drive, until the City conducts an investigation to determine the presence and scope of contamination, assesses the risk, and agrees with the respective state government authorities on the need and criteria for remediation, the City is unable to estimate the potential costs associated with the remediation works.

Two lots within Peachey Park are classified as 'Contaminated – Restricted Use', as they are suitable for public open space and recreational use, but may not be suitable for a more sensitive land use.

(b) Springs Development Contribution Plan

In February 2017 the Springs Development Contribution Plan (DCP) was established which required landowners to make a financial contribution towards infrastructure when undertaking any subdivision or development within the area, with the funds collected by the City used to reimburse Development WA.

This future reimbursement by the City is a contingent liability of which the amount and timing of the development is uncertain. The previous DCP expired in February 2022 and the City sought an extension of the DCP through an amendment to Local Planning Scheme No. 15. This Amendment was approved by the Minister for Planning and notice of the approval was published in the 14 February 2023 Government Gazette. The Minister approved an extension of the Development Contribution Plan until 7 February 2027.

Note 20. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
(a) Capital expenditure commitments		
Contracted for:		
- capital expenditure projects	5,896,249	3,575,707
- plant & equipment purchases	784,612	590,533
Total capital expenditure commitments	6,680,861	4,166,240
Payable:		
- not later than one year	6,680,861	4,166,240
Total capital expenditure commitments	6,680,861	4,166,240

The capital expenditure projects outstanding at the end of the current reporting period represents various projects including foreshore project works, traffic management for various infrastructure projects and various replacements of fleet and plant assets for which delivery has been delayed.

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

Note 21. RELATED PARTY TRANSACTIONS

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
(a) Elected Member Remuneration				
Fees, expenses and allowances to be paid or reimbursed to elected council members.				
Mayor's annual allowance		93,125	93,380	91,997
Mayor's meeting attendance fees		49,301	49,435	48,704
Mayor's other expenses		4	–	–
Mayor's annual allowance for ICT expenses		3,500	3,500	3,500
		145,930	146,315	144,201
Deputy Mayor's annual allowance		23,281	23,345	23,000
Deputy Mayor's meeting attendance fees		32,960	32,960	32,470
Deputy Mayor's other expenses		654	–	16
Deputy Mayor's annual allowance for ICT expenses		3,500	3,500	3,500
		60,395	59,805	58,986
All other council member's meeting attendance fees		209,373	230,720	223,862
All other council member's expenses		235	–	118
All other council member's annual allowance for ICT expenses		22,243	24,500	24,131
All other council member's child care expenses		–	–	838
		231,851	255,220	248,949
	21b	438,176	461,340	452,136

	Note	2024 Actual \$	2023 Actual \$
(b) Key management personnel			
The total of compensation paid to KMP of the City during the year are as follows:			
Short-term employee benefits		1,083,275	1,145,545
Post-employment benefits		127,896	122,436
Employee - other long-term benefits		3,300	120,993
Employee - termination benefits		–	233,069
Council member costs	21a	438,176	452,136
Total		1,652,647	2,074,179

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Note 21. RELATED PARTY TRANSACTIONS (continued)

These amounts represent annual leave and long service leave entitlements 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 member costs

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

(c) Transactions with related parties

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

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

	2024 Actual \$	2023 Actual \$
In addition to KMP compensation above the following transactions occurred with related parties:		
Payments made to Faulkner Park Board of Management	243,405	144,913
Income from the Belmont Retirement Villages Board of Management	313,267	298,308
	556,672	443,221

Related parties**The City's main related parties are as follows:***i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21a and 21b.

ii. Other Related Parties

Short-term employee benefits related to an associate person of the CEO who was employed by the City under normal employment terms and conditions.

Outside of normal citizen type transactions with the City, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the City

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

The City of Belmont has two elected members and the CEO on the Board of the Belmont Retirement Villages Board of Management (BRVBM). As the City is represented by three of the seven Board members this would illustrate significant influence although it is not an investee/investor relationship and the City cannot benefit financially from this arrangement. The City makes a contribution to the ongoing management of the Board and receives a percentage of sales income from unit sales within the Faulkner Park Retirement Village that is placed into specific reserves.

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

Note 22. JOINT ARRANGEMENTS

Share of joint operations

The City has an agreement with the Housing Authority for the provision of aged accommodation. This arrangement has been determined to be a joint arrangement. The assets held under the agreement by both parties are land and 22 units located at Orana Aged Persons and land and 20 units located at Gabriel Gardens Retirement Village.

The ownership of the joint operation is defined in the agreement including the percentage of each party's proportionate interest in the assets of the joint operation. The total value of the City's share of jointly controlled assets at 30 June 2024 is \$2,215,986 (2023: \$2,254,476) being 30.63% share of Gabriel Gardens and 13.04% share of Orana Aged Persons. Surplus funds are returned to the City and transferred to the Homeswest and Aged Housing Reserves for future building maintenance and capital improvements of the City's aged housing centres.

	2024 Actual \$	2023 Actual \$
Statement of Financial Position		
Cash and cash equivalents	1,010,521	928,711
Land and buildings	3,169,800	3,169,800
Less: accumulated depreciation	(953,814)	(915,324)
Total assets	3,226,507	3,183,187
Reserve accounts	1,010,521	928,711
Total equity	1,010,521	928,711
Statement of Comprehensive Income		
Grants, subsidies and contributions	319,250	305,768
Interest revenue	9,794	4,590
Other revenue	1,164	286
Employee costs	(14,104)	(45,502)
Materials and contracts	(217,818)	(98,395)
Depreciation	(38,490)	(29,942)
Finance costs	(465)	(455)
Profit/(loss) for the period	59,331	136,350
Other comprehensive income		
Changes in asset revaluation surplus	–	848,712
Total comprehensive income for the period	59,331	985,062
Statement of Cash Flows		
Grants, subsidies and contributions	–	134,410
Net cash provided by (used in) operating activities	–	134,410

MATERIAL ACCOUNTING POLICIES**Joint operations**

A joint operation is a joint arrangement where the City has joint control with two or more parties to the joint arrangement. All parties to joint arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the City's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

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

Note 23. INVESTMENT IN ASSOCIATES

Investment in associates

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

(a) Share of investment in EMRC

The City was a participant in the Eastern Metropolitan Regional Council (EMRC), with voting rights and interest in assets and liabilities of the EMRC equal to 1/6th of the total. The City's interest in the EMRC was calculated to be 11.31% as at 30 June 2021, representing a share of net assets equal to \$21,000,517. On the 23 December 2020 the City issued its Notice of Withdrawal from the EMRC, effective from 1 July 2021, with the City's interest in the EMRC as at 30 June 2021 to be payable on 1 July 2023. This value was discounted and incorporated as a non current receivable from the EMRC for the year ended 30 June 2022.

For the year ended 30 June 2023, the City's equity entitlement remained subject to a valuation methodology and subsequent payment of the City's share of net assets. The amount of \$21,000,517 was therefore discounted to the present value as at 30 June 2023 and was reclassified from a non current to a current asset receivable.

As of October 2024, the City's equity entitlement remains subject to a valuation methodology and subsequent payment of the City's share of net assets on a wind-up basis per the EMRC establishment agreement. While a draft valuation has been prepared by the appointed financial advisory, it remains subject to review by both parties before finalisation. In the absence of the finalised valuation, the amount of \$21,000,517, being the City's share of EMRC's Net Book Value at the time of departure, has been used to calculate the receivable as at 30 June 2024, with the asset continuing to be classified as a current asset receivable (refer note 5).

MATERIAL ACCOUNTING POLICIES**Investments in associates**

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

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

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

Note 24. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk**Cash and cash equivalents**

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

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

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$	Variable interest rate \$	Non interest bearing \$
2024					
Cash and cash equivalents	4.37%	23,433,627	12,453,104	10,976,473	4,050
Financial assets at amortised cost - term deposits	5.04%	56,303,699	56,303,699	–	–
2023					
Cash and cash equivalents	4.38%	12,671,468	7,125,004	5,542,314	4,150
Financial assets at amortised cost - term deposits	4.33%	64,275,762	64,275,762	–	–

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

Note 24. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity

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

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity *	109,765	55,423

(*)Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 30a.

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

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

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and other receivables.

	Current	More than 30	More than 60	More than 90	Total
	\$	days past due	days past due	days past due	\$
30 June 2024					
Trade receivables					
Expected credit loss	0.00%	0.00%	0.00%	4.49%	
Gross carrying amount	203,659	114,943	35,407	250,918	604,927
Loss allowance	-	-	-	11,267	11,267

City of Belmont

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

Note 24. FINANCIAL RISK MANAGEMENT (continued)

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	377,775	–	–	–	377,775
Loss allowance	–	–	–	–	–
30 June 2023					
Trade receivables					
Expected credit loss	0.00%	0.00%	0.00%	27.03%	
Gross carrying amount	14,492	5,388	111,823	290,451	422,154
Loss allowance	–	–	–	78,500	78,500
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	339,198	–	–	–	339,198
Loss allowance	–	–	–	–	–

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

	Trade receivables		Other receivables		Contract Assets	
	2024 Actual \$	2023 Actual \$	2024 Actual \$	2023 Actual \$	2024 Actual \$	2023 Actual \$
Opening loss allowance as at 1 July	78,500	–	–	–	–	–
Increase in loss allowance recognised in profit or loss during the year	–	78,500	–	–	–	–
Receivables written off during the year as uncollectible	–	–	2,566	4,233	–	–
Unused amount reversed	(67,233)	–	(2,566)	(4,233)	–	–
Closing loss allowance at 30 June	11,267	78,500	–	–	–	–

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

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

Contract Assets

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

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

Note 24. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18c.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2024					
Trade and other payables	7,556,981	–	–	7,556,981	7,556,981
Borrowings	1,158,165	4,584,687	9,980,524	15,723,376	11,618,251
Other liabilities	480,662	87,585	–	568,247	563,752
Lease liabilities	114,763	61,623	–	176,386	162,470
	9,310,571	4,733,895	9,980,524	24,024,990	19,901,454
2023					
Trade and other payables	5,666,155	–	–	5,666,155	5,666,155
Borrowings	1,162,305	4,604,038	11,119,338	16,885,681	12,236,363
Other liabilities	500,769	106,994	–	607,763	603,156
Lease liabilities	59,135	324,972	7,901	392,008	281,030
	7,388,364	5,036,004	11,127,239	23,551,607	18,786,704

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

Note 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There has been no material post balance sheet event after 30 June 2024

City of Belmont

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

Note 26. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Note 26. OTHER MATERIAL ACCOUNTING POLICIES (continued)

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

In accordance with Australian Accounting Standards, the City's assets are assessed at each reporting date

to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

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

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

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

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City of Belmont Financial Report 2023-24

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

Note 27. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

**OBJECTIVE
GOVERNANCE**

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

DESCRIPTION

All costs associated with the elected members of Council, together with all costs associated with the general governance of the district. Includes all costs generated by the full allocation of administration costs in accordance with the principles of Activity Based Costing.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Includes the cost of collecting rates revenue and all general purpose funding e.g. Grants Commission funding.

LAW, ORDER, PUBLIC SAFETY

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

The control and prevention of fire. Administration of all matters relating to the control of animals, mainly dogs and all general law, order and public safety matters administered by City Rangers.

HEALTH

To provide an operational framework for environmental and community health.

The administration of maternal health and infant health through child health clinics. The administration of preventative services such as: immunisation, inspection of food premises and pest control.

EDUCATION AND WELFARE

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

The provision of children services, the care of the aged and disabled through aged and disabled services and senior citizen centres. The provision of some pre-school education facilities, but not the delivery of education.

HOUSING

To provide and maintain elderly residents housing.

The provision of aged housing facilities throughout the district.

COMMUNITY AMENITIES

To provide services required by the community.

Includes sanitation (household refuse); stormwater drainage; town and regional planning and development; the provision of rest rooms and protection of the environment.

RECREATION AND CULTURE

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

The provision of facilities and support of organisations concerned with leisure time activities and sport. The provision and maintenance of a public library. The provision of a cultural centre and a historical museum.

TRANSPORT

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

Construction and maintenance of streets, roads, footpaths, cycleways and Council Operations Centre. The control of street parking and the control of traffic management of local streets.

ECONOMIC SERVICES

To help promote the local government and its economic wellbeing.

The management of local tourism and area promotion. The provision of building approvals, control and any other economic services.

OTHER PROPERTY AND SERVICES

To monitor and control operating accounts.

Private works, public work overheads, plant operations. A summary of salaries and wages total costs and any other miscellaneous activities that cannot otherwise be classified in the above.

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

Note 27. FUNCTION AND ACTIVITY (continued)

(b) Income and expenses

	2024 Actual \$	2024 Budget \$	2023 Actual \$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions			
Governance	456,058	290,752	269,626
General purpose funding	64,275,145	60,924,676	58,114,002
Law, order, public safety	499,921	207,500	236,099
Health	270,201	196,250	92,627
Education and welfare	14,499	1,000	12,449
Housing	428,008	360,000	369,407
Community amenities	7,477,267	7,164,561	6,905,144
Recreation and culture	620,227	383,699	515,283
Transport	46,234	151,798	25,488
Economic services	389,679	263,000	358,288
Other property and services	114,783	22,200	80,402
	74,592,022	69,965,436	66,978,815
Grants, subsidies and contributions and capital grants, subsidies and contributions			
Governance	44,004	80,000	24,869
General purpose funding	1,045,953	310,000	1,415,239
Law, order, public safety	99,124	96,638	242,702
Health	60,574	90,000	51,330
Education and welfare	85,727	53,500	69,519
Housing	330,208	131,496	407,989
Community amenities	169,819	300,295	197,685
Recreation and culture	149,247	88,000	246,871
Transport	2,808,658	2,070,078	2,253,603
Economic services	19,067	250,000	162,544
Other property and services	255,197	35,000	727,532
	5,067,578	3,505,007	5,799,883
Total income	79,659,600	73,470,443	72,778,698
Expenses			
Governance	(9,515,690)	(11,005,485)	(8,975,745)
General purpose funding	(4,103,449)	(3,250,341)	(4,529,134)
Law, order, public safety	(4,241,143)	(4,389,744)	(3,785,886)
Health	(1,967,297)	(1,766,036)	(1,419,890)
Education and welfare	(2,339,878)	(2,991,320)	(2,727,907)
Housing	(1,117,053)	(581,651)	(800,391)
Community amenities	(12,938,325)	(12,780,552)	(8,992,894)
Recreation and culture	(20,691,382)	(18,808,646)	(17,876,318)
Transport	(14,024,543)	(12,645,648)	(12,150,224)
Economic services	(3,734,354)	(3,348,802)	(3,531,256)
Other property and services	(4,171,049)	(3,613,313)	(3,714,121)
Total expenses	(78,844,163)	(75,181,538)	(68,503,766)
Net result for the period	815,437	(1,711,095)	4,274,932

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

Note 27. FUNCTION AND ACTIVITY (continued)

(c) Total assets

	2024 Actual \$	2023 Actual \$
Governance	3,952,963	5,327,396
General purpose funding	207,879,033	205,685,371
Law, order, public safety	1,080,112	952,597
Health	3,138,575	2,521,446
Education and welfare	4,462,638	3,686,135
Housing	4,857,441	6,428,279
Community amenities	22,047,723	22,678,187
Recreation and culture	113,899,382	116,190,999
Transport	265,157,745	264,690,767
Economic services	24,971,017	21,384,260
Other property and services	12,097,745	13,935,610
Unallocated	79,945,246	76,887,299
	743,489,620	740,368,346

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

Note 28. RATING INFORMATION

Rate type	Basis of valuation	Rate in \$	Number of properties	2023/24 Actual Rateable value *	2023/24 Actual Rate revenue	2023/24 Interim rates	2023/24 Actual Total revenue	2023/24 Budget rate revenue	2023/24 Budget interim rate	2023/24 Budget total revenue	2022/23 Actual Total revenue
				\$	\$	\$	\$	\$	\$	\$	\$
General Rates											
Rate Description											
Residential rate	Gross rental valuation	0.061093	18,140	362,462,336	22,164,175	152,082	22,316,257	22,127,232	234,898	22,362,130	17,816,416
Commercial Rate	Gross rental valuation	0.073006	887	145,431,929	10,851,853	(93,703)	10,758,150	10,609,742	53,754	10,663,496	10,034,657
Industrial Rate	Gross rental valuation	0.074350	469	130,360,779	9,458,663	142,755	9,601,418	9,522,539	45	9,522,584	9,144,805
Total general rates			19,496	638,255,044	42,474,691	201,134	42,675,825	42,259,513	288,697	42,548,210	36,995,878
Minimum payment											
Residential rate	Gross rental valuation	850.00	1,622	18,711,558	1,378,700	-	1,378,700	1,362,550	-	1,362,550	4,613,505
Commercial Rate	Gross rental valuation	1,000.00	141	995,975	141,000	-	141,000	141,000	-	141,000	192,400
Industrial Rate	Gross rental valuation	1,020.00	13	146,155	13,260	-	13,260	7,140	-	7,140	9,540
Total minimum payments			1,776	19,853,688	1,532,960	-	1,532,960	1,510,690	-	1,510,690	4,815,445
Total general rates and minimum payments			21,272	658,108,732	44,007,651	201,134	44,208,785	43,770,203	288,697	44,058,900	41,811,323
Ex-gratia rates											
Airport Rates		0.07301	1	195,374,969	14,266,752	193,544	14,460,296	14,236,170	-	14,236,170	13,118,947
Other Rates in Lieu		-	-	-	109,294	-	109,294	98,558	-	98,558	103,071
Total amount raised from rates (excluding general rates)			1	195,374,969	14,376,046	193,544	14,569,590	14,334,728	-	14,334,728	13,222,018
							58,778,375			58,393,628	55,033,341
Discounts											
General rates							(1,957,282)			(1,870,000)	(1,864,497)
Total rates							56,821,093			56,523,628	53,168,844
Rate instalment interest							150,765			140,250	140,345
Rate overdue interest							151,371			120,000	114,542

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

(*) Rateable Value at time of raising of rate.

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

Note 29. DETERMINATION OF SURPLUS OR DEFICIT

		30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 Carried Forward
	Note			

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals		(27,368)	(145,298)	(28,535)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(4,203)	–	(9,215)
Add: Loss on disposal of assets		744,290	–	2,149,490
Add: Depreciation	10	12,953,278	11,400,000	11,423,543
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		24,053	–	19,557
Employee benefit provisions		(4,611)	64,822	(44,305)
Movement in current lease liability		(13,133)	–	(12,298)
Movement in receivable from EMRC		(72,898)	–	(538,413)
Asset additions at substantially less than fair value		–	–	(139,096)
Movement in non-current employee provisions		–	–	–
Non-cash amounts excluded from operating activities		13,599,408	11,319,524	12,820,728

(b) Non-cash amounts excluded from investing activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to investing activities

Property, plant and equipment received for substantially less than fair value	8a	–	–	139,096
Non-cash amounts excluded from investing activities		–	–	139,096

(c) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserve accounts	31	(69,265,327)	(44,568,885)	(61,681,377)
Add: Financial assets at amortised cost		3,278,806	–	31,022,402
Less: Current assets not expected to be received at end of year - EMRC receivable		(21,000,517)	–	(20,927,619)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	641,884	641,884	618,111

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City of Belmont Financial Report 2023-24

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

Note 29. DETERMINATION OF SURPLUS OR DEFICIT (continued)

	Note	30 June 2024 Carried Forward	Budget 30 June 2024 Carried Forward	30 June 2023 Carried Forward
- Current portion of lease liabilities	11	105,428	58,056	118,561
- Employee benefit provisions		1,994,408	3,527,499	2,090,449
Total adjustments to net current assets		(84,245,318)	(40,341,446)	(48,759,473)
Net current assets used in the Statement of Financial Activity				
Total current assets		105,242,103	52,695,950	73,021,126
Less: Total current liabilities		(15,201,164)	(11,854,504)	(12,309,011)
Less: Total adjustments to net current assets		(84,245,318)	(40,341,446)	(48,759,473)
Surplus or deficit after imposition of general rates		5,795,621	500,000	11,952,642

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 30. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2022	New loans During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	New loans During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Loans During 2023-24	Principal repayments	Principal at 30 June 2024
New Community Centre		12,831,578	–	(595,215)	12,236,363	–	(618,110)	11,618,253	12,236,362	–	(618,110)	11,618,252
Total		12,831,578	–	(595,215)	12,236,363	–	(618,110)	11,618,253	12,236,362	–	(618,110)	11,618,252
Total Borrowings	15	12,831,578	–	(595,215)	12,236,363	–	(618,110)	11,618,253	12,236,362	–	(618,110)	11,618,252

All loan payments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Loan number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2024	Budget for year ending 30 June 2024	Actual for year ending 30 June 2023
New Community Centre	183	WATC*	3.81%	31/05/2038	(540,567)	(544,195)	(514,913)
Total					(540,567)	(544,195)	(514,913)
Total Finance Cost Payments					(540,567)	(544,195)	(514,913)

*WA Treasury Corporation

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City of Belmont Financial Report 2023-24

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

Note 30. Borrowing and lease liabilities (continued)

(b) Unspent Borrowings

There were no unspent borrowings as at 30 June.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 30. Borrowing and lease liabilities (continued)

(c) Lease liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New leases During 2023-24	Principal repayments During 2023-24	Principal at 30 June 2024
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gym Equipment		5,294	–	(5,294)	–	–	–	–	–	–	–	–
Parking Sensors		36,129	160,798	(39,946)	156,981	–	(51,554)	105,427	–	–	–	–
Cardio Equipment		190,204	4,723	(70,878)	124,049	–	(67,007)	57,042	125,364	–	(67,308)	58,056
Total lease liabilities	11b	231,627	165,521	(116,118)	281,030	–	(118,561)	162,469	125,364	–	(67,308)	58,056

Lease Finance Cost Payments

Purpose	Lease number	Institution	Lease interest rate	Date final payment is due	Actual for year ending 30 June 2024 \$	Budget for year ending 30 June 2024 \$	Actual for year ending 30 June 2023 \$	Lease term
Cardio Equipment	E6TEC63884	MAIA	3.82%	25/05/2025	(3,571)	–	(6,038)	36 months
Parking Sensors	20200618	Database Consultants	4.50%	02/04/2028	(5,713)	–	–	60 months
Total Finance Cost Payments					(9,284)	–	(6,038)	

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

Note 31. RESERVE ACCOUNTS

	2024 Opening Balance Actual \$	2024 Transfer to Actual \$	2024 Transfer (from) Actual \$	2024 Closing Balance Actual \$	2024 Opening Balance Budget \$	2024 Transfer to Budget \$	2024 Transfer (from) Budget \$	2024 Closing Balance Budget \$	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$
Restricted by council												
(a) Administration Building Reserve	246,141	11,412	-	257,553	245,980	9,792	-	255,772	239,634	6,507	-	246,141
(b) Aged Accommodation - Homewest Reserve	928,711	81,810	-	1,010,521	908,719	45,593	-	954,312	885,276	43,435	-	928,711
(c) Aged Community Care Reserve	228,320	10,584	-	238,904	228,170	9,084	-	237,254	222,284	6,036	-	228,320
(d) Aged Persons Housing Reserve	712,757	32,899	(500,743)	244,913	849,246	39,003	(43,096)	845,153	827,337	22,466	(137,046)	712,757
(e) Aged Services Reserve	1,110,671	51,496	-	1,162,167	1,109,943	44,208	-	1,154,151	1,081,309	29,362	-	1,110,671
(f) Ascot Waters Marina Maintenance & Restoration Reserve	1,057,595	49,040	(575)	1,106,060	1,006,902	40,104	(50,000)	997,006	1,029,636	27,959	-	1,057,595
(g) Belmont District Band Reserve	48,983	2,272	-	51,255	48,952	1,944	-	50,896	47,688	1,295	-	48,983
(h) Belmont Oasis Refurbishment Reserve	4,317,188	200,175	-	4,517,363	4,314,360	171,828	-	4,486,188	4,203,056	114,132	-	4,317,188
(i) Belmont Trust Reserve	1,630,570	75,574	(24,886)	1,681,258	1,471,352	61,896	-	1,533,248	1,615,026	43,855	(28,311)	1,630,570
(j) Building Maintenance Reserve	5,103,194	236,912	(601,004)	4,739,102	6,279,107	212,820	(321,450)	6,170,477	4,704,009	399,185	-	5,103,194
(k) Capital Projects Reserve	-	6,057,504	(230,083)	5,827,421	-	3,775,211	-	3,775,211	-	-	-	-
(l) Car Parking Reserve	64,595	2,998	-	67,593	64,553	2,568	-	67,121	62,887	1,708	-	64,595
(m) Carry Forward Projects Reserve	-	1,744,079	-	1,744,079	-	-	-	-	-	-	-	-
(n) District Valuation Reserve	22,915	764	-	23,679	132,287	99,232	-	231,519	289,617	7,864	(274,566)	22,915
(o) Election Expenses Reserve	140,105	6,562	(138,170)	8,497	139,567	40,604	-	180,171	77,514	62,591	-	140,105
(p) Environment Reserve	1,513,904	70,902	(656,965)	927,841	1,513,342	42,660	(656,965)	899,037	834,284	679,620	-	1,513,904
(q) Faulkner Park Retirement Village Buy Back Reserve	2,454,348	113,800	-	2,568,148	2,452,738	120,692	-	2,573,430	2,389,463	64,885	-	2,454,348
(r) Faulkner Park Retirement Village Owners Maintenance Reserve	690,804	32,142	(197,839)	525,107	586,200	88,300	-	674,500	571,077	119,727	-	690,804
(s) History Reserve	173,429	8,039	-	181,468	173,315	5,952	-	179,267	168,844	4,585	-	173,429
(t) Information Technology Reserve	1,440,206	66,778	-	1,506,984	1,309,262	55,116	-	1,364,378	1,402,132	38,074	-	1,440,206
(u) Land Acquisition Reserve	10,224,436	814,746	-	11,039,182	10,020,640	381,168	(100,000)	10,301,808	9,352,961	871,475	-	10,224,436
(v) Long Service Leave - Salaries Reserve	1,897,920	678,237	(472,646)	2,103,511	1,453,419	82,308	(63,264)	1,472,463	1,901,632	440,892	(444,604)	1,897,920
(w) Long Service Leave - Wages Reserve	243,366	171,554	(54,256)	360,664	229,306	15,996	-	245,302	275,917	57,474	(90,025)	243,366
(x) Miscellaneous Entitlements Reserve	785,400	36,769	(30,771)	791,398	1,216,695	613,039	(20,000)	1,809,734	449,609	1,198,984	(863,193)	785,400
(y) Plant Replacement Reserve	1,646,845	202,255	(198,897)	1,650,203	1,284,971	23,760	(132,315)	1,176,416	1,419,598	227,753	(506)	1,646,845
(z) Property Development Reserve	15,367,065	2,205,948	-	17,573,013	15,888,740	616,236	-	16,504,976	11,757,970	4,577,642	(968,547)	15,367,065
(aa) Public Art Reserve	412,347	19,119	(14,000)	417,466	412,077	16,416	-	428,493	401,446	10,901	-	412,347
(ab) Ruth Faulkner Library Reserve	47,891	2,221	-	50,112	47,859	1,908	-	49,767	46,625	1,266	-	47,891
(ac) Streetscapes Reserve	513,107	23,791	-	536,898	512,770	20,424	-	533,194	499,542	13,565	-	513,107
(ad) Urban Forest Strategy Management Reserve	121,167	5,620	-	126,787	121,087	4,824	-	125,911	117,964	3,203	-	121,167
(ae) Waste Management Reserve	7,208,970	350,947	(2,751,621)	4,808,296	6,503,125	252,707	(2,257,485)	4,498,347	5,946,452	1,262,518	-	7,208,970
(af) Workers Compensation/Insurance Reserve	1,328,427	91,819	(2,362)	1,417,884	1,438,947	61,368	-	1,500,315	1,401,825	38,066	(111,464)	1,328,427
	61,681,377	13,458,768	(5,874,818)	69,265,327	61,963,631	6,956,761	(3,644,575)	65,275,817	54,222,614	10,377,025	(2,918,262)	61,681,377
	61,681,377	13,458,768	(5,874,818)	69,265,327	61,963,631	6,956,761	(3,644,575)	65,275,817	54,222,614	10,377,025	(2,918,262)	61,681,377

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

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

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 31. RESERVE ACCOUNTS (continued)

Name of reserve	Purpose of the reserve
(a) Administration Building Reserve	This reserve is used to fund the refurbishment of the City's administration building.
(b) Aged Accommodation - Homeswest Reserve	This reserve is used to provide for the long term maintenance of Gabriel Gardens and Orana aged housing units.
(c) Aged Community Care Reserve	This reserve is used to fund the provision of aged care community services within the City.
(d) Aged Persons Housing Reserve	This reserve is used to manage the surplus/deficit position and capital improvements of the City's aged housing centres.
(e) Aged Services Reserve	This reserve is used to fund the provision of aged services within the City.
(f) Ascot Waters Marina Maintenance & Restoration Reserve	This reserve is used to provide for the ongoing maintenance and future redevelopment needs of the marina at Ascot Waters.
(g) Belmont District Band Reserve	This reserve is used to provide funds for the replacement and acquisition of instruments for the Belmont District Band.
(h) Belmont Oasis Refurbishment Reserve	This reserve is used to fund the future refurbishment of the Belmont Oasis Leisure Centre.
(i) Belmont Trust Reserve	This reserve is used to fund costs in relation to the Belmont Trust land.
(j) Building Maintenance Reserve	This reserve is used to provide funds for the refurbishment and maintenance of the City's buildings.
(k) Capital Projects Reserve	This reserve is used to manage municipal funding for capital works projects to occur over multiple financial years.
(l) Car parking reserve	This reserve is used to fund any activities that create or enhance car parks and includes funds received as cash in lieu for this purpose.
(m) Carry Forward Projects Reserve	This reserve is used to manage municipal funding for incomplete projects carried forward to the following financial year.
(n) District Valuation Reserve	This reserve is used to spread the costs of the 3 yearly revaluation of properties for rating purposes.
(o) Election Expenses Reserve	This reserve is used to spread the biennial cost of postal voting for elections over two years.
(p) Environment Reserve	This reserve is used to fund environmental programs.
(q) Faulkner Park Retirement Village Buy Back Reserve	This reserve is used to fund the future buy-back of the Faulkner Park Retirement Village from existing residents.
(r) Faulkner Park Retirement Village Owners Maintenance Reserve	This reserve is used to provide for the future major maintenance and refurbishment requirements at the Faulkner Park Retirement Village.
(s) History Reserve	This reserve is used to provide for the future costs associated with the acquisition, recording, preservation and display of articles and information.
(t) Information Technology Reserve	This reserve is used for the replacement and enhancement of the City's core business hardware and software requirements.
(u) Land Acquisition Reserve	This reserve is used for the acquisition and/or redevelopment of land and buildings and receives the proceeds of any land or building sales.
(v) Long Service Leave Reserve - Salaries	This reserve is used to part fund the long service leave liability of the City's salaried staff.
(w) Long Service Leave Reserve - Wages	This reserve is used to part fund the long service leave liability of the City's waged staff.
(x) Miscellaneous Entitlements Reserve	This reserve is used to provide funding for unforeseen expenditures relating to staff and entitlements.
(y) Plant Replacement Reserve	This reserve is used to fund the shortfall between income generated through plant operation recoveries and replacement costs of the City's heavy plant.
(z) Property Development Reserve	This reserve is used to fund any property development within the City.
(aa) Public Art Reserve	This reserve is used to fund future acquisitions of public art for display in the City.
(ab) Ruth Faulkner Library Reserve	This reserve is used for capital improvements to the City's library.
(ac) Streetscapes Reserve	This reserve is used to fund shopping centre revitalisation and streetscape enhancements.
(ad) Urban Forest Strategy Management Reserve	This reserve is used to fund the management and retention of the urban forest.
(ae) Waste Management Reserve	This reserve is used to fund waste management initiatives and activities.
(af) Workers Compensation/Insurance Reserve	This reserve is used to fund self insurance expenses and major fluctuations in insurance premiums.

City of Belmont

City of Belmont Financial Report 2023-24

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

Note 32. TRUST FUNDS

	1-Jul-2023	Amounts received	Amounts paid	30 June 2024
	\$	\$	\$	\$
Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:				
BCITF Levy	3,354	15,379	(16,298)	2,435
Cash-in-lieu of public open space	1,303,865	–	–	1,303,865
Building Services Levy	53,097	312,214	(308,609)	56,702
Development Asset Panels	–	73,739	(73,228)	511
	<u>1,360,316</u>	<u>401,332</u>	<u>(398,135)</u>	<u>1,363,513</u>

City of Belmont

City of Belmont Financial Report 2023-24

Financial Report
for the year ended 30 June 2024

Independent Auditor's Report

Insert Independent Auditor's Report here



Exit Meeting

ANNUAL FINANCIAL AUDIT OF THE CITY OF BELMONT FOR THE YEAR ENDED 30 JUNE 2024

ATTENDEES:

City of Belmont

Robert Rossi	Committee member
George Sekulla	Committee member
Jenny Davis	Committee member
Christopher Kulczycki	Committee member
Shona Zulsdorf	Independent Committee member
Bernie Ryan	Committee member
John Christie	Chief Executive Officer
Stuart Downing	Director Corporate and Governance
Sarah Jessop	Manager Finance
Donna Dabala	Manager Governance and Legal
Mathew Smith	Manager Information Technology
Jacob Rechner	Senior Internal Auditor
Greg Dally	Coordinator Business Planning, Improvement & Risk
Mikayla Chambers	Senior Governance Officer
Sophie Bell	Governance Officer

Office of the Auditor General

Mark Ambrose	Senior Director, Financial Audit
Kamran Aslam	Senior Director, Information Systems Audit
Michelle Lai	Audit Manager, Financial Audit
Ghulam Wahid	Auditor, Information Systems Audit

Interview Date & Time:

Monday, 25 November 2024 at 6.30pm

Location:

City of Belmont

Agenda

1. Introduction
2. Outcome of the financial and information systems audit
3. Actions for next year's audit
4. General & closing comments

**Office of the Auditor General
Western Australia**

Annual Financial Audit Exit Brief

City of Belmont

Year ended 30 June 2024

25 November 2024



1. Introduction

Our audit was designed to enable the Auditor General to provide an opinion on the financial statements for your City for the year ended 30 June 2024.

The audit is substantially complete, at the time of writing, the following is pending receipt:

- signed management representation letter
- signed annual financial report

Subject to the above, we intend to recommend to the Auditor General to issue an unqualified audit opinion.

The purpose of this brief is to advise management of the results of our audit and provide the opportunity to discuss the key issues prior to the issuing of the audit opinion.

2. Audit coverage of key controls

As indicated in our Planning Summary presented at the entrance meeting, we have obtained an understanding of your control environment and assessed the design and implementation of key controls within material business cycles.

3. Issues identified during the audit

The following is a summary of the key issues identified during the audit. Detailed audit findings and recommendations for improvement have been discussed with your management.

[Information systems management letter](#)

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Network access management			✓		
2. Network segregation			✓		
3. Data loss prevention			✓		✓
4. Finance application management			✓		
5. Vulnerability management			✓		
6. Server room management			✓		✓
7. Asset management			✓		✓
8. Logging and monitoring			✓		✓
9. Screening and induction			✓		✓
10. Database security			✓		✓

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
11.Web-application access control			✓		✓
12.Cloud vendor assessment			✓		✓
13. Review of master file changes			✓		
14.Rates system payment gateway				✓	✓
15.Remote access management				✓	✓
16.Pathway application management				✓	
17.Information classification				✓	✓

We may also provide the parliamentary Standing Committee on Estimates and Financial Operations and/or the Public Accounts Committee with copies of the management letters issued for any or all audits during the year.

4. Audit outcomes relating to risks identified during our audit planning

During the planning phase of the audit we identified the following issues and key areas of audit risk. The audit outcomes for these matters are listed below:

Details of risk / issue	Audit outcomes
Audit findings reported in the previous audit Financial audit <ul style="list-style-type: none"> • 2 moderate findings Information systems audit <ul style="list-style-type: none"> • 1 significant finding (related to network security first raised in 2020-21). • 16 moderate findings • 2 minor findings 	<p>Refer to Section 3 above for prior year management letter issues that have been re-raised.</p> <p><u>Financial audit</u></p> <p>We are satisfied that the two moderate findings from the previous audit have been resolved.</p> <p><u>Information system audit – prior year findings</u></p> <p>1 significant, 6 moderate and 1 minor rated findings reported in the prior year were resolved. 2 moderate rated findings have been re-raised as low risk rated findings. 1 minor risk rated finding has been re-raised.</p> <p>The significant finding resolved covered two aspects:</p> <ul style="list-style-type: none"> • Unauthorised device connectivity. The City has implemented controls to block unauthorised devices since last year. This issue has been cleared. • Network segregation. The City has made progress in its network segregation controls. Work for network segregation is ongoing. Therefore, we have raised a new finding to focus on the improvements required for this area (Refer to IS management letter finding no. 2 in Section 3 above). <p><u>Information system audit – new findings</u></p> <p>5 moderate and 1 minor risk rated new findings were identified in the current year.</p> <p>Refer to IS management letter findings in Section 3 above.</p>
Key changes to accounting standards that impact your entity for the first time this year. Refer to Appendix A for details.	<p>We reviewed management's assessment of the impact of the changes to the accounting standards.</p> <p>We confirmed that, where applicable, the City has correctly applied the new standards, and that the financial statements comply with the requirements of the standards.</p>

Details of risk / issue	Audit outcomes
<p>Payment of \$21 million for the City of Belmont's withdrawal from Eastern Metropolitan Regional Council (EMRC) effective from 1 July 2021:</p> <ul style="list-style-type: none"> The City has reclassified the EMRC receivable from Non-current to Current in 2022-23 which was appropriate as payment was expected to be received by December 2023. Subsequent payment to be verified in 2023-24; if any. 	<p>The City withdrew from EMRC with effect 1 July 2021. Per the EMRC Establishment Agreement:</p> <ul style="list-style-type: none"> Payout was due following end of the second financial year after the withdrawal of a member (1 July 2023) EMRC shall distribute to the withdrawn participant "an amount equal to the proceeds and any surplus funds which would have been payable if the EMRC was wound up". <p>The \$21 million is based on the City's share of EMRC (11%) on the net book value of EMRC assets as of 30 June 2021, as opposed to the wind-up basis as per the establishment agreement. This is because the valuation of the EMRC receivable on a wind-up basis being performed by Deloitte is not yet finalised.</p> <p>For 2023-24, we've accepted</p> <ul style="list-style-type: none"> the valuation of the receivable on the net book value basis, as this is based on the City's best estimate available. <p>EMRC receivable is appropriately classified as current asset, as the payment is expected to be received within the year ended 30 June 2025.</p>
<p>Presumed fraud risk on procurement</p> <p>Under the OAG new audit methodology, the procurement process and potential misappropriation of assets related to this process is an area where there is a presumed risk of fraud.</p> <p>This is mainly due to the inherently large and complex procurement processes across public sector agencies.</p>	<p>We have deferred the auditing of risk of procurement fraud as a fraud risk.</p> <p>We have updated our understanding of the procurement process and controls in place.</p> <p>We performed relevant substantive procedures around general expenditure and corporate card spending.</p> <p>Based on the work performed, we are satisfied that expenditure has been correctly recognised during the year in accordance with your entity's accounting policy and Australian Accounting Standards.</p>
<p>Auditing standards require us to consider two fraud risks for all entities:</p> <ul style="list-style-type: none"> Management override of controls Revenue recognition risk 	<p>Management override of controls</p> <p>Based on the work performed, we are satisfied that there are adequate internal controls in place surrounding journal entries. Furthermore, journals processed during the year which we examined were supported by appropriate documentation.</p>

Details of risk / issue	Audit outcomes
	<p>Revenue recognition</p> <p>We have updated our understanding of the key revenue streams, the revenue accounting policies as well as the systems, processes and controls in place. Given the effectiveness of existing revenue controls, the absences of any management incentives to artificially inflate or misrepresent revenue, the risk of revenue fraud has been deemed to be sufficiently mitigated with the presumption risk of revenue fraud rebutted.</p> <p>We performed relevant substantive procedures for each revenue stream.</p> <p>Based on the work performed, we are satisfied that revenue has been correctly recognised during the year in accordance with your entity's accounting policy and the Australian Accounting Standards.</p>
<p>Accounting estimates</p> <p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> • Provision for annual and long service leave • Fair value of assets* • Impairment of assets • Reasonableness of useful lives for PPE • Expected credit loss assessment <p>* Under Regulation 17A of the Local Government (Financial Management) Regulations 1996, local governments are required to revalue their land, buildings and infrastructure assets every 5 years from the asset's last valuation date.</p> <ul style="list-style-type: none"> • As all land, building and infrastructure assets classes were last revalued in 2022-23, no revaluations are required in the current financial year. 	<p>We reviewed the methods and underlying data that management and where applicable third parties used when determining critical accounting estimates. We are satisfied with the reasonableness of the assumptions, methodologies used and the corroborating representations to be made by management as appropriate.</p>
<p>New financial management systems that impact for the first time this year</p>	<p>We confirmed that there were no new financial management systems that impacted the audit this year.</p> <p>However, the FinanceOne system was transitioned from on premise to cloud from February 2024. Below is the summary of the</p>

Details of risk / issue	Audit outcomes
	<p>testing performed and the outcomes of the testing:</p> <ul style="list-style-type: none"> • The process of the data being transferred to cloud. We are satisfied with the internal process of assessment and review of data prior to and after transition to cloud. • The database server which was on premise prior to transition to cloud. One moderate rated finding was raising on this (Refer to IS management letter finding no. 10 in Section 3 above). • Cloud environment access controls for the development, test, and production environment. One moderate rated finding was raising on this (Refer to IS management letter finding no. 4 in Section 3 above). • The City's internal controls to assess cloud vendor environment. One moderate rated finding was raising on this (Refer to IS management letter finding no. 12 in Section 3 above). • The process that involves transfer of data from internal systems to cloud environment. One moderate rated finding was raising on this (Refer to IS management letter finding no. 12 in Section 3 above).
<p>Important changes in management or the control environment</p> <ul style="list-style-type: none"> • New appointments: <ul style="list-style-type: none"> ○ Director Development & Communities ○ Director Infrastructure Services ○ Manager Governance & Legal 	<p>We did not identify any controls gaps following changes to roles, delegations or other key controls.</p>
<p>Involvement of Information Systems audit</p>	<p>General computer controls audit has been performed by the OAG Information Systems audit team. Results from the IS audit are included in Section 3 – Information systems management letter and Section 5.</p>

5. Information systems – maturity model

As part of our information systems audit, we also completed a Capability Maturity Assessment of your Agency. A capability maturity model is a way of assessing how well developed and capable the established IT controls are and how well developed or capable they should be. A rating scale was used to evaluate your agency's capability and maturity levels in each of the audit focus areas. The scale ranges from 0 (non-existent) to 5 (optimized). The results agreed with your IT management are as follows:

Focus Area	Rating 2023-24	Rating 2022-23
Manage IT Risk	3	3
Information Security Framework	2	2
Human Resource Security ^(a)	3	2
Manage Access	2	2
Endpoint Security	2	2
Network Security	2	2
Physical Security	2	2
Manage Change	3	3
Manage IT Operations ^(b)	3	2
Manage Continuity	3	3

(a) The improvement in rating is due to appropriate controls practised for staff during on-boarding and off-boarding. Improvement is required for contractors and agency workers.

(b) The increase in rating is due to the City's improvement of its IT day-to-day operations; one aspect requiring further improvement is the asset management practises.

The results of our work will be included in a report to Parliament, which will include findings about all examined agencies so that you can benchmark your IT capability for these focus areas against other agencies.

6. Unadjusted errors in the financial statements

There are no unadjusted errors in the financial statements.

7. Adjusted errors in the financial statements

The following errors and misstatements were identified in the financial statements during our audit however the required adjustments have been made by management:

Account	Corrected balance (\$)	Presented balance (\$)	Variance (\$)
Employee costs	26,371,607	25,893,456	478,151
Employee related provisions (Current liabilities)	(4,987,946)	(4,509,795)	(478,151)
Adjustment on the understatement of annual leave and accrued rostered day off provision			
Fees and charges	(10,603,344)	(10,867,455)	264,111
Grants, subsidies and contributions	(2,687,747)	(2,046,896)	(640,851)
Materials and contracts	33,568,344	33,251,211	317,133
Other expenditure	1,622,528	1,562,921	59,607
Incorrect recognition of revenue and expenses from joint arrangement with the Housing Authority for the provision of aged accommodations for Orana Aged Persons and Gabriel Gardens Retirement Village.			

8. Variations to the indicative audit fee

The current proposed audit fee exceeds the indicative audit fee due to additional work performed on:

- the transition of FinanceOne from on premise to cloud; and
- amendments to the financial statements.

9. Actions or issues for next year's audit

Matters identified at this time that might impact next year's audit include:

- Valuation/payment of the EMRC receivable.
- Addressing of the information system audit findings.

Appendix A – Key Changes to Accounting Standards

Key changes to accounting standards that impact your entity for the first time this year.

- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

This Standard amends:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; and
- AASB Practice Statement 2 *Making Materiality Judgements*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- **AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards**

This Standard has been issued to help entities provide accounting policy disclosures that are more useful to the users of their financial statements, [AASB 2021-6](#) makes amendments to certain Australian Accounting Standards, such as AASB 1060 on simplified disclosures to align Tier 2 reporting with Tier 1 requirements.

The amendments made by this Standard are consistent with amendments made by AASB 2021-22 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*.

- **AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

This Standard clarifies the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences.

In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time.

AASB 2021-5 clarifies that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.



Our Ref: xxxx
Your Ref: 7891-002

Ms Caroline Spencer
Auditor General
Office of the Auditor General
7th Floor, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Ms Spencer

**REPRESENTATION LETTER IN RESPECT OF THE CITY OF BELMONT'S
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024.**

This representation letter is provided in connection with your audit of the City of Belmont's annual financial report for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2024 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. General

- (a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has not been restated.

belmont@belmont.wa.gov.au
belmont.wa.gov.au
(08) 9477 7222

National Relay Service
TTY 1800 555 677
Voice 1800 555 727

Street Address
215 Wright Street, Cloverdale
Western Australia 6105

Postal Address
Locked Bag 379, Cloverdale
Western Australia 6985

- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with:
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - (ii) Additional information that your auditors have requested for the purpose of the audit.
 - (iii) Unrestricted access to staff and councillors of the City from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the City involving:
 - (i) management
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statementshave occurred to the knowledge of management of the City.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. Fair value measurements and disclosures

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each revalued physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions and data used by management in determining fair values are appropriate and have been consistently applied.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. Going concern

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. Contingent liabilities

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. Commitments for capital expenditure

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital expenditure contracts carrying over at year end.

6. Contaminated sites

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the City that is known to be, or is suspected of being, contaminated. All provisions or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. Related entities

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to you if any of the City's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2024.

8. Related parties

We have disclosed to your auditors the identity of the City's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the City's key management personnel and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. Key management personnel compensation

We confirm the City's key management personnel have not received any other remuneration, consideration or in-kind benefit (except amounts being reimbursements for out-of-pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

10. Subsequent events

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the City.

11. Internal control

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

12. Insurance

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. Risk management

We confirm that we have established and maintained a risk management framework that is appropriate to the City.

14. Eastern Metropolitan Regional Council (EMRC) receivable

We confirm that:

- The EMRC receivable amount included in the Statement of Financial Position is based on the City's share of the EMRC calculated on the net book value of EMRC assets as of 30 June 2021, as opposed to the wind-up basis per the EMRC Establishment agreement.
- The valuation of the EMRC receivable calculated on a wind-up basis in accordance with the EMRC establishment being undertaken by Deloitte is not finalised and remains subject to review by EMRC and the City prior to finalisation.
- The EMRC receivable amount is appropriately classified as a current asset, as the payment is expected to be received within the year ended 30 June 2025.

15. Accounting misstatements

There are no uncorrected misstatements in the financial report.

16. Electronic presentation of the audited annual financial report and auditor's report

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the City's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- (c) We have clearly differentiated between audited and unaudited information in the construction of City's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

17. Other (unaudited) information in the annual report

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.

Stuart Downing
Director Corporate and Governance

John Christie
Chief Executive Officer

12 Next Meeting

The next meeting of the Standing Committee (Audit and Risk) will be advised.

13 Closure

There being no further business, the Presiding Member thanked everyone for their attendance and closed the meeting at 7:37pm.