



Standing Committee (Audit and Risk)

Minutes

Monday 27 November 2023

BELMONT
CITY OF OPPORTUNITY



CITY OF BELMONT

Standing Committee (Audit and Risk)

Minutes

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Minutes of the Standing Committee (Audit and Risk) held in the Rivervale Room, City of Belmont Civic Centre, 215 Wright Street, Cloverdale on Monday 27 November 2023 commencing at 6.30pm.

Minutes

Present

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

In attendance

Mr J Christie	Chief Executive Officer
Mr S Downing	Director Corporate and Governance
Mr B Godfrey	Senior Internal Auditor
Ms S Jessop	Manager Finance
Mr M Smith	Manager Information Technology
Ms A Bird	Manager Governance, Strategy and Risk
Mr G Dally	Coordinator Business Planning, Improvement and Risk
Ms M Phillips	Governance Officer

Guests

Mr K Neoh (arr 6.41pm, dep 7.21pm)	Engagement Leader, Financial Audit, OAG
Ms I Yap (arr 6.41pm, dep 7.21pm)	Audit Manager, Financial Audit, OAG
Mr F Bakhsh (arr 6.41pm, dep 7.21pm)	Principle Auditor, Information Systems Audit, OAG
Mr G Wahid (arr 6.41pm, dep 7.21pm)	Auditor, Information Systems Audit, OAG

I Official Opening

6.30pm The Director Corporate and Governance welcomed all those in attendance and declared the meeting open.

The Director Corporate and Governance 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 (absent)	East Ward
Cr J Davis (leave of absence)	South Ward
Cr N Carter (apology)	South Ward (proxy member)

3 Election of Presiding Member

3.1 Election of Presiding Member

The Director Corporate and Governance advised that two written nominations for the Audit and Risk Presiding Member had been received, these being for Cr Kulczycki and Cr Sekulla. The Director Corporate and Governance called for further nominations for the Presiding Member.

No further nominations were received.

Cr Sekulla withdrew his nomination.

The Director Corporate and Governance closed nominations.

The Director Corporate and Governance declared the successful candidate as Cr Kulczycki, who was duly elected as Presiding Member of Audit and Risk.

4 Election of Deputy Presiding Member

4.1 Election of Deputy Presiding Member

The Director Corporate and Governance advised that one written nomination for the Audit and Risk Deputy Presiding Member had been received, that being for Cr Sekulla and called for further nominations for the Deputy Presiding Member.

No further nominations were received. The Director Corporate and Governance closed nominations.

The Director Corporate and Governance declared the successful candidate as Cr Sekulla, who was duly elected as Deputy Presiding Member of Audit and Risk.

5 Declarations of interest that might cause a conflict

5.1 Financial interests

Nil.

5.2 Disclosure of interest that may affect impartiality

Nil.

6 Announcements by the Presiding Member (without discussion)

6.1 Announcements

Nil.

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

Nil.

7 Confirmation of Minutes

7.1 Standing Committee (Audit and Risk) Meeting held 24 July 2023

Officer Recommendation

Rossi moved, Sekulla seconded

That the Minutes of the Standing Committee (Audit and Risk) Meeting held on 24 July 2023 be confirmed as a true and accurate record.

Carried Unanimously 4 votes to 0

For: Kulczycki, Rossi, Sekulla and Ms Zulsdorf

Against: Nil

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

Nil.

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

Nil.

10 Questions by members without notice

Nil.

11 Business adjourned from a previous meeting

Nil.

12 Information items

12.1 Insurance Portfolio 2023-2024/Risk and Business Continuity Update

An update will be provided on insurance renewals, claims history, risk management and business continuity practices.

Questions were asked and responded to as follows:

- The Manager Work Health and Safety has brought in new practices that align with obligations under the WHS Act 2020 and have some crossover with the workers compensation space.
- The LGIS mutual indemnity scheme provides stability in pricing and cover. Changes in workers compensation methodology have resulted in a reduction in premium.
- Property values are the outcomes of independent valuations. Depreciation values will not have a large impact on insurance premiums.
- There is history of some Local Governments seeking commercial insurance options outside of the scheme to reduce costs. The issues were that the extent of the cover did not meet the standards under the *Local Government Act 1995* and the claims experience was not good. The City of Nedlands was provided as an example of a council that had left the scheme and returned. There is an element of control over human behaviour that could potentially reduce insurance claims and therefore premiums.
- The Office of the Auditor General (OAG) reviews the Fraud Management Plans of local governments. The OAG are advocating local governments to use the tools they have created that are aligned with AS 8001-2008 Fraud and Corruption Control. The practices the City have in place meet the requirements although moving forward the OAG may prefer to see the City use the tools developed by the OAG.

Attachment details

Attachment No and title
Nil

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

An Audit Log (refer Confidential Attachment 12.2.1) 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. Questions from Committee Members are welcome.

A question was asked and responded to as follows:

- The City can look at conducting an audit of residential bins similar to the audit of the commercial bins.
- The City can look at more regular checks on management of waste disposal vouchers.

Attachment details

Attachment No and title	
1.	CONFIDENTIAL - Audit Log - Office of the Auditor General and other Audits [12.2.1 - 11 pages]

13 Items requiring recommendation to Council

13.1 2023 - 2024 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 12.5 OCM 28 February 2023
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

Council role

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

Purpose of report

To submit the 2023 - 2024 Consolidated Assurance Map to the Standing Committee (Audit and Risk) for endorsement and recommendation to Council. Refer Attachment 13.1.1.

Summary and key issues

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

The Institute of Internal Auditors defines 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

Rossi moved, Zulsdorf seconded

The Standing Committee (Audit and Risk) recommends the 2023 - 2024 Consolidated Assurance Map at Attachment 13.1.1, be received by Council.

Carried Unanimously 4 votes to 0

For: Kulczycki, Rossi, Sekulla and Ms Zulsdorf
Against: Nil

Location

Not applicable.

Consultation

Assurance providers have advised timing of assurance activities.

Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

Goal 5: Responsible Belmont

Strategy: 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community

Strategy: 5.6 Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations

Policy implications

There are no policy implications associated with this report.

Statutory environment

Section 7.2 of the *Local Government Act 1995* 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 subregulation (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 5(2) of the *Local Government (Financial Management) Regulations 1996* states the following:

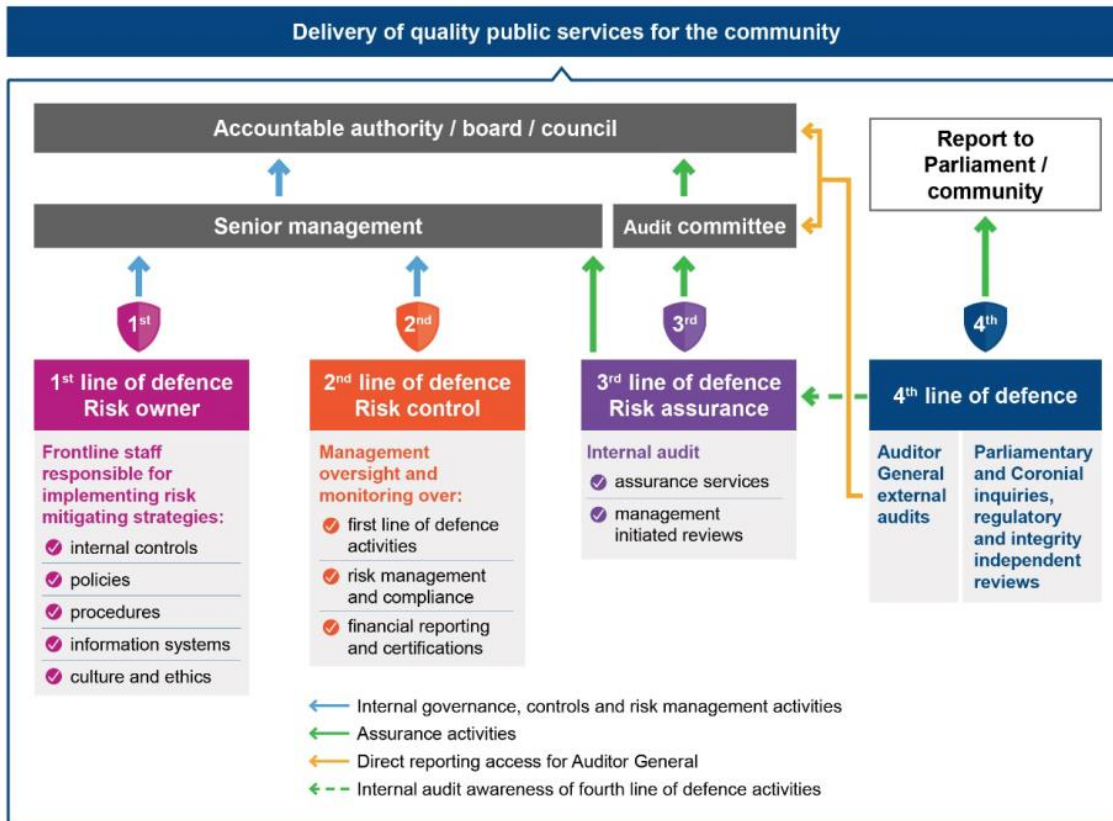
- (2) The CEO is to —
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness 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 2023 - 2024 Consolidated Assurance Map (at Attachment 13.1.1) provides an overview of the audits and reviews planned for financial year 2023 - 2024 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 2023 - 2024 Consolidated Assurance Map gives Council oversight of scope and focus of assurance activities for financial year 2023 - 2024.

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 Cultural 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.	2023-2024 Consolidated Assurance Map SCAR [13.1.1 - 1 page]

City of Belmont
2023 - 2024 - Consolidated Assurance Map

	2023 - 2024 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												
Public Relations and Stakeholder Engagement							CAR	CAR			MSCA	
Finance				OAG			CAR	CAR	IA - (RFC)	OAG	MSCA	IA (CNCA)
Governance, Strategy and Risk							CAR	CAR		IA - (GC)	MSCA	
Information Technology		OAG				IA (OAG)	CAR	CAR			MSCA	
Development & Communities												
Economic and Community Development							CAR	CAR			MSCA	
Library, Culture and Place							CAR	CAR			MSCA	
Planning Services							CAR	CAR			MSCA	
Safer Communities		IA - (CSSR)	IA - (CEH)				CAR	CAR			MSCA	
Executive Services												
People and Culture					IA - (PSR)		CAR	CAR			MSCA	
Work Health and Safety							CAR	CAR			MSCA	
Infrastructure Services												
City Facilities and Property				IA - (BAM)			CAR	CAR			MSCA	
City Projects							CAR	CAR			MSCA	
Design, Assets and Development							CAR	CAR			MSCA	
Parks, Leisure and Environment	IA (WHS)						CAR	CAR	IA (PAM)		MSCA	IA (CCA)
Works					IA (RFDM)	IA - (RFDC)	CAR	CAR			MSCA	

Legend

1st line of defence - Risk and Control Owner	
MGT	Line Staff and Management
2nd line of defence	
CAR	Statutory Compliance Audit Return
BMS	Business Management System Review
SP	System Procedures
3rd line of defence	
IA	Internal Audit
4th line of defence	
OAG	Office of the Auditor General (OAG) - Financial Audit
MSCA	Systems Certification - ISO Quality, OHS, Environment

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

Note 2. Management System Certification Audits (MSCA) are external certifications for compliance with ISO quality, OHS and environment management systems and the May 2024 audits are re-certification audits.

13.2 Internal Audit Plan 2023 / 2024 - 2025 / 2026

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 eg 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 2023 / 2024 - 2025 / 2026” to the Standing Committee (Audit and Risk) for review and recommendation to Council. Refer Attachment 13.2.1.

Summary and 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 13.2.1, records:

- Audits planned and completed this financial year (2023 / 2024) to date.
- Audits planned for the future financial years 2024 / 2025 – 2025 / 2026.

For historical information the plan also records 2022 / 2023 audits planned and completed.

Officer Recommendation

Rossi moved, Zulsdorf seconded

The Standing Committee (Audit and Risk) recommends the draft three year forward “Internal Audit Plan 2023 / 2024 - 2025 / 2026”, at Attachment 13.2.1, be received by Council for endorsement.

Carried Unanimously 4 votes to 0

For: Kulczycki, Rossi, Sekulla and Ms Zulsdorf

Against: Nil

Location

Not applicable.

Consultation

The development of the “Internal Audit Plan 2023 / 2024 – 2025 / 2026” 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 2020 – 2040 Strategic Community Plan:

Goal 5: Responsible Belmont

Strategy: 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Local Government Act 1995

7.1A Audit Committee

(1) A local Government is to establish an audit committee of three 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 function conferred on the audit committee by these 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 for the three year forward period 2022 / 2023 – 2024 / 2025 was submitted to the committee in August 2022.

This is the second internal audit plan submitted to the committee and covers the three year forward period 2023 / 2024 – 2025 / 2026.

There was slippage against the 2022 / 2023 plan. 16 audits were planned and 11 audits were completed. The plan at Attachment 13.2.1 records the audits not completed and rolled over to future years.

The slippage was caused by a number of reasons including:

- Some audits taking longer to complete than planned.
- Auditors productive time was less than planned.
- City staff turnover and related staff unavailability to assist with audits.

The approach of auditing higher risk audits more regularly than lower risk audits is maintained.

The internal audit activity has been promoting the three lines of defence model. The three lines of defence model is described as:

First Line of Defence – Management

The first line of defence is the responsibility of business and process owners. It is the responsibility of management to maintain effective internal controls, assess the control measures in place and mitigate risks.

Second Line of Defence – Risk Management and Compliance

The second line of defence supports management to ensure risk and control measures are effectively monitored and managed. The City has established various risk management and compliance functions to assist business and process owners to ensure the first line of defence is effective and is reviewed on a regular basis.

Third Line of Defence - Internal Audit

The third line of defence, provides assurance to senior management that the first and second lines of defence are in place, have been implemented and are effective. The internal audit function is responsible for ensuring independence and objectivity when assessing the effectiveness of the controls. The Internal Audit function has reporting independence to the Chief Executive Officer (CEO), the Standing Committee (Audit and Risk) and Council.

External Auditors

External Auditors, such as the Office of the Auditor General (OAG) are often referred as a fourth line of defence. External Auditors are responsible for expressing their opinion on financial statements, focus audits, and the effectiveness of related controls. External Auditors provide a level of assurance to the CEO, the Standing Committee (Audit and Risk) and Council in relation to the effectiveness of controls and legislative compliance.

A robust three or four lines of defence capability is believed to support a sound governance, risk and control environment.

Internal Audit Plan - Methodology

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

- Corporate Business Plan review.
- Organisation charts review.
- Operating and capital budgets review.
- Previous OAG reports review.
- 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) Supplemental 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 2023 / 2024 – 2025 / 2026 provides a base line for the two internal audit staff to review the city’s activities using a risk based approach.

The key objectives of internal audits are to:

- understand best practices, actual practices and promote improvements where possible.
- confirm compliance with existing procedures.
- Promote the improvement of the first line of defence (who are the risk and control owners) to improve risks and controls.
- Promote second line of defence (e.g. corporate functions) to provide contemporary risk control frameworks and assurance oversight.

Internal audit coverage will also assist the city maintain its ISO quality, OHS and environment certifications.

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 2023 24 to 2025 26 Drafted 20 October 2023 SCAR [13.2.1 - 2 pages]

INTERNAL AUDIT PLAN 2023 - 2024 TO 2025 - 2026 (FINANCIAL YEARS)														
C of B PLANS		AUDIT UNIVERSE				AUDIT TYPE			AUDIT NAME	CONSEQUENCE	INTERNAL AUDIT COVERAGE			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
CORPORATE BUSINESS PLAN (CBP) PRIMARY GOALS	RELATED CBP STRATEGIES	ORGANISATION CHART STRUCTURE LEVEL 1	ORGANISATION CHART STRUCTURE LEVEL 2	INTERNAL AUDIT COVERAGE	BAU = BUSINESS AS USUAL				RISK LEVELS	2022 - 2023 LAST YEAR	2023 - 2024 CURRENT YR	2024 - 2025 FUTURE YR	2025 - 2026 FUTURE YR	
								(note: column 8 shows audit priority for 2023 - 2024 audits)						
											TIME RECORDED IN WEEKS			
DEVELOPMENT AND COMMUNITIES														
RESPONSIBLE BELMONT	STRATEGY 5.7, 5.1	PLANNING SERVICES		YES	BAU AUDIT	1		Development Applications / Projects	Major	4		4		
RESPONSIBLE BELMONT	STRATEGY 5.7	SAFER COMMUNITIES	BUILDING SURVEYING	YES	BAU AUDIT	2		Building License Approvals	Major	4		4		
LIVEABLE BELMONT	STRATEGY 1.2		ENVIRONMENTAL HEALTH	YES	BAU AUDIT	3	4	Community Environmental Health Surveillance and Ranger Activities	Major	4	4		4	
LIVEABLE BELMONT	STRATEGY 1.2		COMMUNITY SAFETY	YES	BAU AUDIT	4	3		Major	4	4		4	
LIVEABLE BELMONT	STRATEGY 1.4	ECONOMIC & COMMUNITY DEV	ECONOMIC DEVELOPMENT	YES	BAU AUDIT	5		Economic Development Programs	Moderate				4	
LIVEABLE BELMONT	STRATEGY 1.5, 1.3		COMMUNITY DEVELOPMENT	YES	BAU AUDIT	6		Community Development Programs	Moderate				4	
LIVEABLE BELMONT	STRATEGY 1.1		CULTURAL ENGAGEMENT	YES	BAU AUDIT	7		Community & Cultural Engagement Programs	Moderate				4	
LIVEABLE BELMONT	STRATEGY 1.1, 1.2	LIBRARY, CULTURE AND PLACE	LIBRARY AND MUSEUM HUB	YES	BAU AUDIT	8		Belmont Hub Library and Museum Services	Moderate				4	
CREATIVE BELMONT	STRATEGY 4.1		ARTS AND PLACE	YES	BAU AUDIT	9		Art and Place Promotion	Moderate				4	
INFRASTRUCTURE SERVICES														
RESPONSIBLE BELMONT	STRATEGY 5.2	DESIGN, ASSETS & DEVELOPMENT	ASSET MANAGEMENT	YES	BAU AUDIT	10		Drains - Asset Management	Moderate				4	
RESPONSIBLE BELMONT	STRATEGY 5.2		ASSET MANAGEMENT	YES	BAU AUDIT	11		Roads - Asset Management	Moderate				4	
RESPONSIBLE BELMONT	STRATEGY 5.2		DESIGN	YES	BAU AUDIT	12		Development Applications	Moderate			4		
CONNECTED BELMONT	STRATEGIES 2.1 - 2.4		DESIGN	YES	BAU AUDIT	13		Sustainable Transport	Moderate			4		
RESPONSIBLE BELMONT	STRATEGY 5.2	CITY PROJECTS		YES	PROJECT AUDIT	14		Construction Contract Audit	Major	4		4		
				YES	PROJECT AUDIT	15		Construction Contract Audit	Major	4			4	
RESPONSIBLE BELMONT	STRATEGY 5.2	CITY FACILITIES AND PROPERTY	BUILDING & FACILITIES OPERATIONS	YES	BAU AUDIT	16	5	Buildings - Asset Management	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		BUILDING & FACILITIES OPERATIONS	YES	PROJECT AUDIT	17		Construction Contract Audit	Major	4		4		
RESPONSIBLE BELMONT	STRATEGY 5.2	WORKS	WORKS	YES	BAU AUDIT	18	9	Roads, Footpaths & Drains Maintenance	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		WORKS	YES	BAU AUDIT	19	10	Roads, Footpaths & Drains Construction	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		FLEET AND PLANT	YES	BAU AUDIT	20		Fleet and Plant Maintenance	Minor				4	
NATURAL BELMONT	STRATEGY 3.3, 3.5		WASTE MANAGEMENT	YES	BAU AUDIT	21		Waste Management	Major	4		4		
NATURAL BELMONT	STRATEGY 3.4	PARKS LEISURE AND ENVIRON.	PARKS	YES	BAU AUDIT	22	11	Parks - Asset Management & Maintenance	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		PARKS	YES	BAU AUDIT	23	2	Parks - WHS	Major	4	4		4	
NATURAL BELMONT	STRATEGY 3.5		ENVIRONMENT	YES	BAU AUDIT	24		Water Management	Moderate			4		
NATURAL BELMONT	STRATEGY 3.2		ENVIRONMENT	YES	PROJECT AUDIT	25	8	Construction Contract Audit	Major		4		4	
LIVEABLE BELMONT	STRATEGY 1.2		COMMUNITY WELLBEING	YES	BAU AUDIT	26		Leisure and Wellbeing - Oasis Contract Audit	Moderate			4		
RESPONSIBLE BELMONT	STRATEGY 5.2	EXECUTIVE SERVICES	INTERNAL AUDIT	YES	BAU AUDIT	27	13	Internal Audit Quality Assurances	Major	2	2	2	2	
RESPONSIBLE BELMONT	STRATEGY 5.2		INTERNAL AUDIT	YES	BAU AUDIT	28	1	Strategic Audit Plan	Major		4	2	2	
RESPONSIBLE BELMONT	STRATEGY 5.2		PEOPLE AND CULTURE	YES	BAU AUDIT	29		Human Resource Planning and Management	Moderate			4		
RESPONSIBLE BELMONT	STRATEGY 5.2		PEOPLE AND CULTURE	YES	BAU AUDIT	30	12	Payroll System Reliability	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		WORK HEALTH & SAFETY	YES	BAU AUDIT	31		WHS legislation Compliance	Major	4		4		
CORPORATE AND GOVERNANCE														
RESPONSIBLE BELMONT	STRATEGY 5.2	INFORMATION TECHNOLOGY	BUSINESS APPLICATIONS	YES	BAU AUDIT	32	14	OAG Follow up	Major	4	4	2	2	
RESPONSIBLE BELMONT	STRATEGY 5.2		BUSINESS APPLICATIONS	YES	BAU AUDIT	33		Applications and General controls	Major				4	
RESPONSIBLE BELMONT	STRATEGY 5.2		BUSINESS APPLICATIONS	YES	BAU AUDIT	34		Cybersecurity and Disaster Recovery	Major				4	
RESPONSIBLE BELMONT	STRATEGY 5.2		BUSINESS APPLICATIONS	YES	PROJECT AUDIT	35	15	Performance Indicators Development	Major	4		4		
RESPONSIBLE BELMONT	STRATEGY 5.2	FINANCE	REVENUE	YES	BAU AUDIT	36	6	Revenue & Funding cycle	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		PROCUREMENT	YES	BAU AUDIT	37		Procurement & Expenditure cycle	Major	4		4		
RESPONSIBLE BELMONT	STRATEGY 5.2		ASSETS	YES	BAU AUDIT	38	7	Current & Non Current Assets	Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		LIABILITIES	YES	BAU AUDIT	39		Current and Non Current Liabilities	Moderate			4		
RESPONSIBLE BELMONT	STRATEGY 5.2		REPORTING	NO (OAG)	BAU AUDIT	40		Statutory Financial Reporting	Moderate					
RESPONSIBLE BELMONT	STRATEGY 5.5	PUBLIC RELATIONS & STAKE	MARKETING	YES	BAU AUDIT	41		Marketing & Communications	Moderate				4	
RESPONSIBLE BELMONT	STRATEGY 5.2	GOVERNANCE, STRAT & RISK	BUSINESS CONTINUITY AND RISK	YES	BAU AUDIT	42		Risk Management, Business Continuity, Fraud Governance and Compliance	Major	4		4		
RESPONSIBLE BELMONT	STRATEGY 5.2		GOVERNANCE AND COMPLIANCE	YES	BAU AUDIT	43	16		Moderate		4			
RESPONSIBLE BELMONT	STRATEGY 5.2		BUSINESS PLANNING & IMPROVE	YES	BAU AUDIT	44		Business Planning and Improvement	Major	4		4		
										TOTAL ANNUAL WORK WEEKS				
										62				
										58				
										70				
										70				
										AUDITS COMPLETED ON TIME				
										AUDITS NOT COMPLETED ON TIME / ROLLED OVER.				

INTERNAL AUDIT PLAN 2023 - 2024 TO 2025 - 2026 (FINANCIAL YEARS)													
1	AUDIT NAME	2	DEPARTMENT BACKGROUND	3	RISK	4	AUDIT OBJECTIVES	5		6			
								RELATED STRATEGY	CONSEQUENCE RISK LEVELS	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.	5.1, 5.7	Major	Minor	Moderate	Moderate				
2	Building License Approvals	Manages approval of Building Licences and issue of Occupancy Certificates	Completed building not compliant	Check correct approval of building licenses and occupancy certificates	5.7	Major	Minor	Minor	Moderate	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	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.	1.2	Major	Minor	Minor	Moderate	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.	1.4	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.	1.3,1.5	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.	1.1	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.	1.1, 1.2	Moderate	Minor	Moderate	Moderate				
9	Art and Place Promotion Programs	Actively engages with community to promote art and "Creative Belmont"	Placemaking not maximised	Programs are performance measured and actively managed as necessary.	4.1	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	5.2	Moderate	Moderate	Moderate	Moderate				
11	Roads - Asset Management	Manages roads, paths asset management plans including design and maintenance	Roads, paths fail	Check asset management plans including design, maintenance timely and effective	5.2	Moderate	Moderate	Moderate	Moderate				
12	Development Applications	Reviews development plans e.g traffic / pedestrian traffic managed.	Non Compliance / rework	Check development plans are correctly reviewed	5.2	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.	2.1, 2.4	Moderate	Moderate	Moderate	Moderate				
14	Construction Contract Audit	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	5.2	Major	Moderate	Moderate	Moderate				
15	Construction Contract Audit	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	5.2	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	5.2	Moderate	Moderate	Moderate	Moderate				
17	Construction Contract Audit	Manages major upgrades to C of B facilities and property	Project fails	Check tender, time, cost, quality, environment, OHS, variations are managed	5.2	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	5.2	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	5.2	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	5.2	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	3.3, 3.5	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	3.4	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	5.2	Major	Major	Major	Major				
24	Water Management	Manages water usage	Excess water usage or pollution	Check environmental conditions are met	3.5	Moderate	Moderate	Moderate	Moderate				
25	Construction Contract Audit	Manages Parks projects	Project fails to meet all expectations	Check tender, time, cost, quality, environment, OHS, variations are managed	3.2	Major	Moderate	Moderate	Moderate				
26	Leisure and Wellbeing	Manages community leisure facilities	Leisure facilities not fully operational	Check maintenance plans are timely and effective. Check Blufit - Oasis contract	1.2	Moderate	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	5.2	Major	Moderate	Moderate	Moderate				
28	Strategic Audit Plan	Manages internal audit function.	3rd Line of assurance not effective	Plan Audits	5.2	Major	Moderate	Moderate	Moderate				
29	Human Resource Planning and 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.	5.2	Moderate	Moderate	Moderate	Moderate				
30	Payroll System Reliability	Manages payroll	Unauthorised input, processing delays	Check payroll input authorised and control reports independently approved.	5.2	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.	5.2	Major	Major	Major	Major				
CORPORATE AND GOVERNANCE													
32	OAG Follow up	Manages IT Applications and Servers	Business Applications not Available	Check outstanding OAG recommendations are implemented	5.2	Moderate	Moderate	Moderate	Major				
33	Applications and General controls	Manages IT Applications and Servers	Business Applications not Available	Check Applications and General controls meet standards	5.2	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	5.2	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.	5.2	Major	Moderate	Moderate	Major				
36	Revenue & Funding cycle	Manages revenue and grants collection	Revenue collections not maximised.	Check revenue sources identified, invoiced and collected	5.2	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.	5.2	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.	5.2	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	5.2	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.	5.2	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.	5.5	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	5.2	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.	5.2	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.	5.2	Major	Major	Moderate	Moderate				
								RMSS Consequence Categories					
								Catastrophic					
								Major					
								Moderate					
								Minor					
								Insignificant					
COMMENTS ON INTERNAL AUDIT PLANS													
1. The internal audit plan page 1, column 9, identifies audits that may be completed to assist the C of B meet strategies and achieve objectives.													
2. The internal audit plan page 1 columns 11- 14 sets out potential audit coverage for each audit based on 2-3 staff. The amount of audit coverage over the four years is fully variable in response to resources 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.													

13.3 Internal Audit Report

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 eg 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 Council approved 2022 / 2023 internal audit plan.

Summary and key issues

Findings for the four completed audits are detailed below.

Development and Communities Division – Community Safety, Surveillance and Ranger Activities (report issued 27 September 2023)

Findings:

- Timelines had not been established to obtain approvals for the draft Community Safety Strategy for the period 2024 – 2029.
- The division will need to monitor a contract awarded to Wilson Security in June 2023 for provision of Community Security Watch Services, to ensure contract obligations are identified and met.
- The division had not recently checked that risk register controls were operating.

Development and Communities Division – Development Applications (report issued 20 September 2023)

Findings:

- The form used to approve development applications internally by City of Belmont positions under delegated authority (Delegation register 9.2.1) could list checks completed to support approvals.

Infrastructure Services Division – Waste Management (report issued 7 August 2023)

Findings:

- A new contract for the City's waste collection and disposal services including FOGO implementation will need to be awarded in a timely manner to allow for continuation of services after 01/11/23.
- The division will need to monitor the above new contract to ensure contract obligations are identified and met.
- The division needs to improve controls for issuing waste disposal vouchers to eligible city residents.

Corporate and Governance Division – Risk Management – (report issued 3 August 2023)

Findings:

- The City has not obtained formal approvals for risk appetite or risk tolerances
- Risk registers do not identify controls as being preventive, detective or corrective in nature to allow an informed opinion on control effectiveness.
- Risk Registers do not plan / record timing of control checks to be performed by first and second lines of defence.
- Risk registers do not reference approvals given for risk tolerances falling outside approved limits e.g. high residual risks on risk registers.
- Risk registers are not cross referenced to the Fraud Control Plan.

Officer Recommendation

Zulsdorf moved, Rossi seconded

That the Standing Committee (Audit and Risk) accepts the four internal audit reports from the Senior Internal Auditor (Attachments 13.3.1, 13.3.2, 13.3.3, and 11.3.4) and recommends that Council:

1. Receives the report (Attachment 13.3.1) titled Internal Audit – Community Safety, Surveillance and Ranger Activities.
2. Receives the report (Attachment 13.3.2) titled Internal Audit – Development Applications.
3. Receives the report (Attachment 13.3.3) titled Internal Audit – Waste Management.
4. Receives the report (Attachment 13.3.4) titled Internal Audit – Risk Management.
5. Notes the City of Belmont management comments in Attachments 13.3.1, 13.3.2, 13.3.3, and 13.3.4 and actions to be undertaken in response to the internal audit recommendations.

Carried Unanimously 4 votes to 0

For: Kulczycki, Rossi, Sekulla and Ms Zulsdorf

Against: Nil

Location

Not applicable.

Consultation

All internal audit reports were reviewed by relevant staff, managers, directors, and the CEO before being issued for action.

This ensures collective agreement on findings, recommendations, and management actions.

Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

Goal 5: Responsible Belmont

Strategy: 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

Policy implications

There are no policy implications associated with this report.

Statutory environment

Local Government Act 1995

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 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

5(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 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 be issued to the CEO and Council via the Standing Committee (Audit and Risk) as directed.

Report

Development and Communities Division – Community Safety, Surveillance and Ranger Activities (report issued 27 September 2023)

The audit objectives were to ensure:

- The Community Safety Strategy 2018 - 2021 key objective “maximising the built in safety in the City” was met through effective use of Surveillance CCTV and Belmont Community Watch vehicles.
- Rangers’ activities were effective.

The conclusion is safety and rangers’ activities were effectively managed.

Findings / Management Responses:

- Timelines had not been established to obtain approvals for the draft Community Safety Strategy for the period 2024 – 2029.

Management has agreed to set milestones / timelines for the approval process.

- The division will need to monitor a contract awarded to Wilson Security in June 2023 for provision of Community Security Watch Services, to ensure contract obligations are identified and met.

Management agreed to include contract obligations in risks registers for risk assessment and management of controls.

- The division had not recently checked that risk register controls were operating.

Management has agreed to ensure all required internal controls are in place and effective in mitigating extreme or high inherent risks activities to acceptable levels.

Development and Communities Division – Development Applications (report issued 20 September 2023)

The audit objectives were to ensure development applications were assessed and approved in compliance with legislation and internal procedures.

The conclusion is development applications were assessed and approved in compliance with legislation and internal procedures.

Findings / Management Responses:

- The form used to approve development applications internally by City of Belmont positions under delegated authority (Delegation register 9.2.1) could list checks completed to support approvals.
Management has agreed to update the form to included checks undertaken to support approvals.
- The same form needs to include a template of information contained in the manual form “Record of Exercise of Delegated Authority”.

Management has agreed to update the form to include a template of information contained in the manual form “Record of Exercise of Delegated Authority”.

- The same form also needs to include a new section to evidence when the Manager Planning Services conducts a “test” check” on the supporting information and approval / non approval decisions made.
Management has agreed to update the form to include a new section to record evidence of quality checks on decisions made.

Infrastructure Services Division – Waste Management (report issued 7 August 2023)

The audit objectives were to ensure legal compliance, effective waste contract management and residents’ satisfaction with services.

The conclusion is waste management was effectively managed.

Findings / Management Responses:

- A new contract for the City’s waste collection and disposal services including FOGO implementation will need to be implemented in a timely manner to allow for continuation of services after 01/11/23.

Management agreed to award the contract in a timely manner.

- The division will need to monitor this new contract to ensure contract obligations are identified and met.

Management agreed to include contract obligations in risks registers and comply with recently issued System Procedure SP 23 “Contract Management” and SP 24 “Management of Contract Variations” as appropriate.

- The division needs to improve controls for issuing waste disposal vouchers to eligible city residents.

Management agreed to independently check management of waste disposal vouchers quarterly.

Corporate and Governance Division – Risk Management – (report issued 3 August 2023)

The audit objectives were to identify the maturity of the risk management framework and opportunities for further development.

The conclusion is the existing risk management framework adds value to operations but there is an opportunity to progress the maturity of the framework to drive the City's second line of defence function more effectively.

Findings / Management Responses:

- The City has not obtained formal approvals for risk appetite or risk tolerances.

Management agreed to obtain Council approvals for risk appetite and risk tolerances.

- Risk registers do not identify controls as being preventive, detective or corrective in nature to allow an informed opinion on control effectiveness.

Management agreed to expand risk registers to identify the types of controls.

- Risk Registers do not plan / record timing of control checks to be performed by first and second lines of defence.

Management agreed risk registers will record checks to be performed by first and second lines of defence.

- Risk registers do not reference approvals given for risk tolerances falling outside approved limits e.g. high residual risks on risk registers.

Management agreed risk registers will reference approvals for risk tolerances (i.e. residual risk ratings) operating outside predefined limits.

- Risk registers are not cross referenced to the Fraud Control Plan.

Management agreed to cross reference risk register risks to the Fraud Control Plan.

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 Report CS Surveillance Ranger Activities SCAR [13.3.1 - 6 pages]
2.	Internal Audit Report Development Applications SCAR [13.3.2 - 5 pages]
3.	Internal Audit Report Waste Management SCAR [13.3.3 - 6 pages]
4.	Internal Audit Report Risk Management SCAR [13.3.4 - 7 pages]

CITY OF BELMONT

27/09/2023

Internal Audit Report – Community Safety, Surveillance & Ranger Activities

Internal Audit Team

Darrel Teoh – Internal Auditor.

Management Team

Kevin Davidson – Manager Safer Communities.

Bruce Mentz – Coordinator Community Safety.

Kylie Smyth – Senior Ranger.

Hamed Abo El Atta - Community Safety & Crime Prevention Officer.

Shane Blanchard - Community Safety & Crime Prevention Officer.

Audit Date

Audit Entry Meeting - 18/07/2023 with Manager Safer Communities, Coordinator Community Safety, Senior Ranger, Community Safety & Crime Prevention Officers, and Internal Auditor.

Audit Exit Meeting – 04/09/2023 with Director Development & Communities, Manager Safer Communities, Coordinator Community Safety, Community Safety & Crime Prevention Officers, Community Safety & Emergency Management Officer, Senior Internal Auditor, and Internal Auditor.

Audit Objectives

The audit objectives were as follows:

- To ensure the Community Safety Strategy 2018 – 2021 key objective “Maximising the built in safety of the City” was met through the effective use of Surveillance CCTV and Belmont Community Watch vehicles.
- To verify the achievement of targets for Rangers' activities as outlined in section 4.2 of the "Safer Communities Operational Plan 2020 – 2023."

Audit Risk

- The key audit risk was the Community Safety Strategy 2018 – 2021 key objective “Maximising the built in safety of the City” through the effective use of Surveillance CCTV and Belmont Community Watch vehicles was not met.

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Audit Scope

Department: Safer Communities Department.

Section: Community Safety.

Processes: CCTV Footage Management, Belmont Community Watch contract management, and Rangers' activities.

Audit Materiality

The 2023 - 2024 budget was approved at OCM 27 June 2023 and the budget preamble mentioned the City plans to spend \$300,000 on new equipment (CCTV) and \$100,000 on ongoing maintenance and upgrades to the existing CCTV network.

A new fleet of seven (7) vehicles is on order for Rangers of which four (4) have been supplied.

The detailed 2023 - 2024 budget recorded:

- Rangers net expenditure / net capital expenditure \$1,244,706.
- Belmont Community Watch net expenditure / net capital expenditure \$1,594,058. (Includes security contract \$1,541,548).
- Community Safety & Crime Prevention net expenditure / net capital expenditure \$1,244,484.

Link to Strategic Objectives

Strategic Community Plan 2020-2040:

- Goal 1: Liveable Belmont
Strategy 1.2: Plan and deliver vibrant, attractive, safe, and economically sustainable activity centres.

Corporate Business Plan 2023 - 2027:

- Review and implement Safer Communities Operational Plan 2020 - 2023.
- Review and implement Community Safety Strategy 2018 - 2021.

Background

Community Safety is an essential function that aims to enhance the safety and security of the local community and visitors to the City. This function involves a range of activities and strategies to prevent and address various safety concerns and risks which typically include but not limited to:

- Crime Prevention: Work to prevent crime through various initiatives such as community policing, community watch programs, and public awareness campaigns. Community Safety collaborates with WA Police to develop strategies that target specific crime hotspots and address the root causes of criminal behaviour.
- Community Engagement: Engaging with the community is a key function of Community Safety. The City facilitates dialogue between residents, businesses, community organisations, and public to identify safety concerns and develop solutions collaboratively.

These involve community meetings, workshops, surveys, and other forms of public participation.

- **Data Analysis and Research:** Effective community safety strategies are data driven. The City collects and analyses statistics on CCTV, security appraisals, graffiti etc. to identify trends, patterns, and areas of concern. This information helps in allocating resources and designing targeted interventions.
- **Collaboration with External Stakeholders:** The City collaborates with various external stakeholders, including WA Police, schools, government agencies, and businesses. These partnerships enhance the effectiveness of community safety initiatives by pooling resources and expertise.
- **Public Awareness Campaigns:** The City runs public awareness campaigns to educate residents about safety issues and prevention methods. These campaigns help empower the community to take proactive steps to enhance their own safety and security.
- **Enforcement of Regulations:** Rangers are responsible for local laws and regulations related to cat and dog control, parking enforcement, and bush fire hazard management. Ranger functions encompass a diverse range of tasks, including issuing infringements and overseeing compliance in cases of various violations such as littering, illegal dumping, unauthorised parking, and issues concerning cats and dogs.

Good Practices Observed

- The City's Community Safety Section has well documented procedures and processes for managing core work activities. Coordinator Community Safety has developed a draft five-year Community Safety Strategy for implementation in 2024.
- Community Safety & Crime Prevention officers and Rangers responded promptly to service requests and demonstrated a strong commitment to customer satisfaction. They have good understanding of the needs and expectations of the City's community and key stakeholders.
- The Senior Ranger's proactive collaboration with IT Department has enhanced operational efficiency through the utilisation of Pathway Request System, enabling monitoring and generation of reports related to cat and dog control measures.

Conclusion

Audit testing confirmed:

- Actions supporting the strategic objective "Maximising the Built-in Safety of the City" were implemented by the Community Safety & Crime Prevention section.
- Targets outlined in section 4.2 of the "Safer Communities Operational Plan 2020 – 2023" have been consistently achieved by the Rangers.

The Coordinator Community Safety conducts regular performance reviews for the contract Tender 08/2021 - Provision of Community Security Watch Services by Wilson Security.

As a general comment, the Community Safety activities undertaken by the City's internal staff tend to be measured by actual activity levels rather than setting a target and measuring actual performance against that target.

The City is progressing the development of performance indicators for reporting purposes using Microsoft Power BI program.

Observations

1. Lines of Defence Model – First Line

The first line of defence comprises Manager Safer Communities, Coordinator Community Safety, and Senior Ranger. Coordinator Community Safety is responsible for the City's Community Safety & Crime Prevention and Rangers functions and reports to Manager Safer Communities. Recommendation # 2 below relates to improving first line of defence controls.

2. Lines of Defence Model – Second Line

The second line of defence is usually sourced from corporate support functions, e.g. the Corporate and Governance or Executive Services Divisions e.g. procurement, finance, compliance, risk management, WHS or environment functions to provide oversight.

The contract award process for the new Tender 02/2023 – Provision of Community Security Watch Services to Wilson Security was coordinated by Procurement & Contracts function. Risk Management, WHS and Environment functions reviewed and approved the risk assessment during the pre-tender stage.

3. Lines of Defence Model – Third Line

This audit conducted by Executive Services Division's Internal Audit function represents the third line of defence which independently confirms governance, risk management and control effectiveness, and recommends improvements.

In theory most oversight resources are at the first line, reduced resources are at the second line and minimal resources are at the third line.

Audit Recommendations

1. Community Safety Strategy 2024 - 2029

- The Coordinator Community Safety has developed a draft Community Safety Strategy for the period 2024 to 2029. This strategy will be presented to the City's management for approval before it is submitted to the Council for endorsement. The anticipated implementation of this strategy is set to commence in the year 2024.
- The risk is delay in the implementation of the Strategy to achieve its planned objectives.
- The recommendation is to establish a timeline for the approval process to ensure implementation of the Community Safety Strategy 2024 – 2029, starting in 2024.

The Coordinator Community Safety to note that the City is in the process of developing Service Plans through the Governance, Strategy and Risk department, while also collaborating with the Information Technology department to formulate performance indicators for reporting purposes. The outcomes of these initiatives will have an impact on the future strategic and operational planning of the City.

Consequence Risk Level: Moderate

Directors Advice: Agreed / Not Agreed

Responsible Officer: Manager Safer Communities

Completion Date: 31/12/2023

2. Contractual Obligations

- Tender no.02/2023 – Provision of Community Security Watch Services was awarded to Wilson Security in June 2023 for a period of three years commencing 1 September 2023.
- The risk is contractual obligations including performance criteria and key performance indicators are not monitored and/or fulfilled.
- The recommendation is contractual obligations to be included in risk registers, risks assessed for review and monitoring of controls and operation of performance indicators over the contract period. The Coordinator Business Planning, Improvement and Risk is available for consultation with use of risk registers.

Consequence Risk Level: Moderate

Directors Advice: Agreed / Not Agreed

Responsible Officer: Manager Safer Communities

Completion Date: 30/11/2023

3. Risk Management – Ranger Activities

- The RMSS Risk Register identified several internal controls to mitigate the extreme inherent risks activities performed by Rangers.
- The risk is Rangers may be operating outside predefined risk levels if the required internal controls are not in place e.g., having a two-way communication equipment while working alone attending to Bush Fire Hazard Control and Dog Offence / Dog Barking Nuisance complaints.
- The recommendation is Risk Owner to ensure all required internal controls are in place and effective in mitigating extreme or high inherent risks activities to acceptable levels. The Coordinator Business Planning, Improvement and Risk is available for consultation on risk mitigation.

Consequence Risk Level: Moderate

Directors Advice: Agreed / Not Agreed

Responsible Officer: Manager Safer Communities

Completion Date: 31/01/2024

Signed Darrel Teoh,
Internal Auditor

27 September 2023

CITY OF BELMONT

20/09/2023

Internal Audit Report – Development Applications

Internal Audit Team

Brent Godfrey – Senior Internal Auditor.

Management Team

Wilmot Loh - Manager Planning Services.

Alex Bott – Coordinator Planning.

Audit Date

Audit Entry Meeting - 6/04/2023 with Manager Planning Services and 12/04/2023 Director Development and Communities.

Audit Exit Meeting – 11/8/2023 with Acting Director Development and Communities Division (Wilmot Loh) and Coordinator Planning.

Audit Objectives

To confirm development applications were assessed and approved in compliance with legislation and internal procedures.

Audit Risks

Development applications were not assessed and approved in compliance with legislation and internal procedures resulting in developments that do not meet state or city requirements.

Audit Scope

Department: Planning Services.

Section: Planning.

- Area of focus was on development applications for grouped dwelling developments approved internally by City of Belmont positions under delegated authority (Delegation Register 9.2.1.).

Link to Strategic Objectives

- **Strategic Community Plan 2020-2040:**
Goal No.5: Responsible Belmont.

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- Strategy 5.1: Support collaboration and partnerships to deliver key outcomes for our City.
- Strategy 5.7: Engage in strategic planning and implement innovative solutions to manage growth in our City.

Currently the City of Belmont considers and approves development applications in accordance with Schedule 2, Part 9, Clause 68(2) of the *Planning and Development (Local Planning Schemes) Regulations 2015*.

The process for considering and approving development applications is mapped in the city's "Pathway" application. Planning officers log on to Pathway and complete pre-formatted documents which are automatically saved to ECM (the city's record management system) on completion.

Therefore, Pathway promotes a consistent approach for processing development applications.

When development applications are received they may be processed internally via the following control points, depending on complexity:

- Development Control Group (Internal CoB officers, including Planning, Environmental Health and Design & Assets).
- Design Review Panel (panel including external subject experts reporting to CoB).
- Where delegation is not exercised, determination by CoB Council.

The City recorded 258 development applications lodged 9 months to 31 March 2023.

The state government announced planning reforms in February 2023. The intention is to introduce lower thresholds so applicants for all developments over \$2 million in value can choose either the state government's Development Assessment Panel (DAP) pathway or seek approval through their local government.

The A/Manager Planning Services advised this may not impact the City's workloads because:

- Applicants may continue to seek approval through the City.
- DAP fees exceed Local Government fees.
- If applicants elect to use the DAP pathway the City is still required to assess the proposal and prepare a Responsible Authority Report for the DAP.

Conclusion

In terms of the audit objectives the conclusion is development applications are assessed and approved in compliance with legislation and internal procedures.

Implementation of Audit Recommendation # 2 regarding use of information contained in the manual form "Record of Exercise of Delegated Authority" will assist evidencing compliance.

Good Practices Observed

The use of Pathway to map process for considering and approving development applications with automatic saving to ECM is seen as a significant initiative to promote process controls.

The City has also developed a comprehensive Work Instruction titled "Manage Development Applications: New and/or Amendments/Extensions of Time", which includes a large number of Pathway screen shots to guide planning officers through the approval process.

Observations

1. Lines of Defence Model – First Line

The first line of defence is staff and managers who are the risk and control owners. Audit Recommendation # 1 in this report below relates to improving first line of defence checks.

2. Lines of Defence Model – Second Line

The second line of defence could include the City's risk function, given this function has oversight of risk registers and importantly key mitigating controls. The City's risk function is aware of this requirement and has a 12 month vision to commence checking key controls across the CoB.

3. Lines of Defence Model – Third Line

This audit conducted by the Internal Audit section represents the third line of defence.

Audit Recommendations

1. Development Control Group (DCG) Form / Decision Record – Potential New Information Fields.

The Development Control Group DCG Form / Decision Record (Pathway) used to record development application decisions approved / not approved could include additional information to support decisions e.g.

- Declaration of conflict of interest field to be included for "Delegated Officer".

- Listing of control points checked by Delegated Officer. E.g.,
 - Work Instruction titled “Manage Development Applications: New and/or Amendments/Extensions of Time”, **Key Step**, page 10/242, Delegated Officer to check Form 1 Application, Assessment Plans, Assessment Sheet, DCG Notes/ Delegated Authority Form, DRP input, Council Minutes, draft decision letter, and final decision plans.
 - Work Instruction titled “Manage Development Applications: New and/or Amendments/Extensions of Time”, **Key Step**, page 7/242, Delegated Officer to check if site inspection needs to be conducted.
 - Delegated Officer to check all other Declarations of Interest on form have been completed.
- Decision to refer development application to Council and reasons by Delegated Officer.

Consequence Risk Level: Moderate. (Senior Internal Auditor's opinion only)

Directors Advice: Agreed / Not Agreed

Responsible Officer: Coordinator Planning.

Completion Date: 31/10/2023

2. Development Control Group (DCG) Form / Decision Record – Section Delegated Officer

- The Development Control Group DCG Form / Decision Record (Pathway) – section titled “Delegated Officer” used to record development application decisions approved / not approved does not mirror the manual form “Record of Exercise of Delegated Authority” which is used for manual system approvals and reflects compliance requirements with Local Government (Administration) Regulations 1996 s 19.
- The risk is non-compliance with Local Government (Administration) Regulations 1996 s 19. E.g. s 19 (c) which requires identification of persons directly affected by decision.
- The recommendation is to delete the section titled “Delegated Officer” and replace it with a template of information contained in the manual form “Record of Exercise of Delegated Authority”.
- Also Delegated Officer to sign using digital signature.

Consequence Risk Level: Moderate.

Directors Advice: Agreed / Not Agreed

Responsible Officer: Coordinator Planning.

Completion Date: 31/10/2023

3. Development Control Group (DCG) Form / Decision Record – Quality Control

- The Development Control Group DCG Form / Decision Record (Pathway) does not have a section to evidence when the Manager Planning Services conducts a “test” quality check on the supporting information and the decision.
- The risk is “test” quality checks are not evidenced.
- New section to be created on form for Manager Planning Services to sign to evidence “test” checks.

Consequence Risk Level: Moderate.

Directors Advice: Agreed / Not Agreed

Responsible Officer: Coordinator Planning.

Completion Date: 31/10/2023

Signed Brent Godfrey
Senior Internal Auditor
20 September 2023

CITY OF BELMONT

7/08/2023

Internal Audit 2022/23 – Waste Management

Internal Audit Team

Darrel Teoh – Internal Auditor.

Management Team

Steve Morrison – Manager Works.

Clinton Shepherd – Coordinator Waste Management.

Simone Howard – Admin Officer Infrastructure Services.

Audit Date

Audit Entry Meeting - 02/05/2023 with Manager Works, Coordinator Waste Management, Admin Officer Infrastructure Services, Senior Internal Auditor, and Internal Auditor.

Audit Exit Meeting – 12/07/2023 with Manager Works, Coordinator Waste Management, Admin Officer Infrastructure Services, Senior Internal Auditor, and Internal Auditor.

Audit Objectives

The audit objectives were to ensure following controls were in place to manage risk causes:

- Relevant legislation and regulations are identified and complied with.
- Residents are consulted for their feedback and expectations for effective refuse disposal.
- The Refuse Collection & Recycling Services contract is effectively managed.

Audit Risk

- Non-compliance with laws resulting in fines.
- Residents are not satisfied with the services, resulting in complaints.
- SUEZ (Veolia) contract not effectively managed. The consequences are contractor and City performance measures not met e.g. hazardous waste, oil or other materials not disposed of correctly resulting in the contamination of groundwater, stormwater, or soil.

Audit Scope

Department: Works Department.

Section: Waste Management.

Processes: Refuse collection and recycling services, compliance with legal, and contractual requirements.

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Audit Materiality

The Annual 2023 – 2024 Budget approved by Council at OCM 27 June 2023 forecast the following expenditures.

Sanitation operating expenditure including waste service costs for collection, processing, and disposal \$6,802,097 which is fully recovered from sanitation charges (income).

FOGO implementation expenditure \$2,396,180 funded by transfer of funds from the Waste Management Reserve \$2,257,485 and State Government grant (New Better Bins) \$138,695.

Link to Strategic Objectives

- **Strategic Community Plan 2020-2040:**

Goal No.1: Liveable Belmont.

Strategy 1.5 - Encourage and educate the community to embrace sustainable and healthy lifestyles.

Goal No.3: Natural Belmont

Strategy 3.3 - Keep our City clean.

Strategy 3.5 - Promote energy and water efficiency, renew able energy sources and reduce emissions and waste.

Goal No.5: Responsible Belmont

Strategy 5.2 - Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

Strategy: 5.3 - Invest in services and facilities for our growing community.

- **Corporate Business Plan 2023 - 2027:**

Projects / Initiatives: Waste Plan (Aligned with Strategy 3.3 and 3.5).

Background

The Waste Avoidance and Resource Recovery Act 2007 (WARR Act 2007) is the principal legislation for waste management in Western Australia. The primary purpose of the WARR Act 2007 is to contribute to sustainability, and the protection of human health and the environment in the State, with a focus on moving toward a waste-free society.

As required by the Act, the Waste Authority developed the WARR Strategy 2030 in October 2019 with the following set targets:

- All Perth and Peel LGA's will have a FOGO service by 2025.
- Material recovery rates of 65% by 2025.
- Material recovery rates of 70% by 2030.
- Recover energy only from Residual Waste.
- No more than 15% of Perth and Peel region's waste is disposed to landfill.

The WARR Strategy key objectives are the implementation of three bin FOGO service as a priority for the State Government and that Local Government entities are to prepare waste plans.

The intent of a Waste Plan is to provide a link between the targets and objectives of the WARR Strategy and local government waste management activities while monitoring progress on achievement towards the set targets for reduced waste and increased materials recovery.

The City's Waste Plan 2020, endorsed at the OCM on 24/11/20, states that a FOGO service will be implemented for single unit dwellings in the second half of 2022. Subsequently the Department of Water & Environmental Regulation (DWER) was notified that the expected implementation date for FOGO has changed to align with the City's new waste contract which commences in November 2023.

Good Practices Observed

- The waste management team is customer-oriented, work collaboratively with the contractor and DWER. They responded to customers' service requests and feedback in a timely manner.
- They possessed good knowledge of current work processes and understanding of the City's key stakeholders' needs and expectations.

Conclusion

The waste management function is obligated to adhere to several legislations, primarily the WARR Act 2007. Additionally, there are other pertinent laws and regulations including the WHS Act 2020, WHS Regulations 2022, LG Act 1995, Public Health Act 2016, Environmental Protection Act 1986, Road Traffic Act 2000, and local law.

The community expectation regarding waste management is high due to growing environmental awareness and concerns about sustainability. A qualitative analysis of feedback within the 2022 Catalyse Community Perception Survey revealed that many residents would like the City to implement a third bin for organics.

The City's current two waste management contracts will conclude on 31/10/2023 and the process of awarding a new single contract for continuation of the service is planned for August 2023. The City recently advertised Tender no.06/2023 on 01/07/23, inviting bids for Waste Management Services, as well as the provision and delivery of new municipal garbage bins specifically for FOGO implementation. The tender is scheduled to close on 27/07/2023, allowing interested parties to submit their proposals for consideration.

Observations

I. Process Improvement

Managing the City's waste services is a complex and administratively demanding process that demands extensive coordination and thorough documentation. Given the nature of this

undertaking, there are valuable opportunities to review the administrative process and establish comprehensive documentation for core service processes e.g., FOGO management.

2. Lines of Defence Model – First Line

The first line of defence comprises Manager Works, Coordinator Waste Management, and the Waste Services Contractor. Coordinator Waste Management is responsible for the City's waste collection and disposal services management and reports to Manager Works. The coordinator liaises with DWER on reporting of waste data requirements and ensures that contractor's invoices are checked and approved for payment.

3. Lines of Defence Model – Second Line

The second line of defence is usually sourced from corporate support functions, e.g. the Corporate and Governance or Executive Services Divisions e.g. procurement, finance, compliance, risk management, WHS or environment functions to provide oversight. The tender and contract award process for Tender no.06/2023 is coordinated by Procurement & Contracts function in the Finance Department. Risk Management, WHS and Environment functions reviewed and approved the risk assessment for collection, waste disposal and bin supply & delivery during the pre-tender stage.

4. Lines of Defence Model – Third Line

This audit conducted by Executive Services Division's Internal Audit function represents the third line of defence which independently confirms governance, risk management and control effectiveness, and recommends improvements.

In theory most oversight resources are at the first line, reduced resources are at the second line and minimal resources are at the third line.

Audit Recommendations

I. New Refuse Contract Commencement

- The current Tender no.14/018 – Refuse Collection & Recycling Services and Q11/2023 – Provision of Waste Management Facilities contracts end on 31/10/23. The City will award a single new contract for Waste Collection and Disposal including a third bin collection service for FOGO in August 2023 for continuation of service from 01/11/23.
- The risk is disruption of waste collection and disposal services if award of the new contract is delayed.
- The recommendation is to ensure award of the new contract in a timely manner for continuation of the City's waste collection and disposal services including FOGO implementation commencing 01/11/23.

Consequence Risk Level: Major (note: consequence risk levels are the auditor's opinion only)

Directors Advice: Agreed / Not-Agreed

Responsible Officer: Manager Works

Completion Date: 01/11/2023

2. Contractual Obligations

- Tender no.06/2023 – Waste Collection Services for the City's waste management services and supply and deliver new municipal garbage bins for FOGO implementation will be awarded in August 2023.
- The risk is contractual obligations including performance criteria and key performance indicators are not monitored and/or fulfilled.
- The recommendation is contractual obligations to be risk assessed for review and monitoring of controls and operation of performance indicators over the contract period.

Risk registers to be updated with above information and second line of defence position, Coordinator Business Planning, Improvement and Risk, be requested to provide input to updated registers.

Recently issued System Procedures SP 23, "Contract Management" and SP 24 "Management of Contract Variations" to be applied as appropriate.

Consequence Risk Level: Moderate

Directors Advice: Agreed / Not-Agreed

Responsible Officer: Manager Works

Completion Date: 29/03/2024

3. Management of Waste Disposal Vouchers

- A work instruction is in place for recording and issuance of waste disposal vouchers to eligible residents in the City of Belmont. It was observed that control of physical vouchers and the spreadsheet for recording could be improved by regular reconciliation and protection against unauthorised users respectively.
- The risk is loss of vouchers (valued at \$100.00 each) and data on the recording spreadsheet being uncontrolled and unaccountable, resulting in financial loss to the City.
- Review the current work instruction, reinforce / implement internal controls, and redeploy to all relevant staff managing the Waste Disposal Vouchers. Quarterly independent check to be conducted by Coordinator Waste Management.



Consequence Risk Level: Low
Directors Advice: Agreed / Not-Agreed
Responsible Officer: Manager Works
Completion Date: 30/11/2023

Signed Darrel Teoh,
Internal Auditor

7 August 2023

CITY OF BELMONT

2/08/2023

Internal Audit Report 2022/23 – Risk Management

Internal Audit Team

Brent Godfrey – Senior Internal Auditor.

Management Team

Anthea Bird - Manager Governance, Strategy and Risk.

Greg Dally – Coordinator Business Planning, Improvement and Risk.

Audit Date

Audit Entry Meeting - 15/09/2022 with Manager Governance, Strategy and Risk; Coordinator Business Planning, Improvement & Risk; and Senior Internal Auditor.

Audit Exit Meeting - 01/03/2023 with Manager Governance, Strategy and Risk; Coordinator Business Planning, Improvement & Risk; Senior Internal Auditor; and Internal Auditor.

The initial audit entry meeting on 15/9/2022 resulted in management requesting the audit be deferred because risk systems were being developed. The Senior Internal Auditor subsequently met with ELT which advised all audits are to be progressed as planned.

An email was sent to the management team on 6 October 2022 advising ELT's request and a copy of the internal audit plan was attached for comments. The email also advised the Senior Internal Auditor was commencing the desirable control model for the audit.

Audit Objectives

To identify maturity of the risk management framework and opportunity for further development.

Please Note: "Terms of Reference - Internal Audit " are on Belnet - Corporate Documents.

Audit Risks

The City of Belmont does not have an appropriate risk management framework to manage risks.

Audit Scope

Department: Governance, Strategy and Risk.

Section: Business Planning, Improvement and Risk.

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- Areas of focus include risk management, business planning, business continuity and fraud management.

Link to Strategic Objectives

- **Strategic Community Plan 2020-2040:**

Goal No.5: Responsible Belmont.

Strategy 5.2 - Manage the City's assets and financial resources in a responsible manner and provide the best possible services to the community.

- **Corporate Business Plan 2022 - 2026:**

Projects / Initiatives:

- Organisational Performance Measurement and Monitoring.
- Fraud Control Strategy and Policy.
- Integrated Planning and reporting.
- Strategic Community Plan.

Background

The current Local Government Act 1995 does not comprehensively address the subject of risk management. However the reform proposals for new act, available on the Department of Local Government, Sport and Cultural Industries web site has identified "that Audit Committees should be expanded to provide improved risk management."

Local Government (Audit) Regulations 1996 Regulation 17(1) require the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- Risk management.
- Internal control.
- Legislative compliance.

Local Government (Audit) Regulations 1996 Regulation 16 (c) requires the Audit Committee to review a report given to it by the CEO under regulation 17(3) and provide a copy to Council.

The Terms of Reference for the Standing Committee (Audit and Risk) provide for an oversight on risk management.

Two widely used reference documents on risk management are:

- AS / ISO 31000: 2018 – Risk Management – Guidelines.
- Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management / Internal Control.

AS / ISO 31000: 2018 defines risk as “effect of uncertainty on objectives”. Given AS / ISO 31000: 2018 is a guideline (not a requirement) organisations do not have their risk management systems assessed and certified as meeting that standard.

COSO makes a comment “the organisation needs to specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.”

COSO also makes a subtle distinction between strategic objectives and business objectives and says business objectives put strategy into place. COSO goes on to say business objectives can be three types:

- Operations.
- Reporting.
- Compliance.

Thus there is a suggestion that understanding business objectives is a pre-requisite to understanding risks.

Risk management policies at Cities of Melville and Kwinana make reference to the term “risk appetite” and have developed risk management framework documents.

The City of Melville requires the CEO to approve risk appetite and risk tolerances and the City of Kwinana requires their Council to approve both.

Kwinana’s “Risk Management Strategy” document is 40 pages long which reflects the growing complexity of risk management. At page 17 of the document it comments “Failure to incorporate risk management in the integrated planning process significantly reduces its effectiveness”.

The Australian Government has recently issued “Commonwealth Risk Management Policy”, 1 January 2023 and comments:

- Element 2. An Entity’s risk management framework should include a risk management policy and a risk appetite statement.
- Element 5. Entities should ensure that:
 - The controls in place are effective and proportionate to the level of risk to be managed.
 - That preventative, detective or corrective controls are in place.
 - Each control has a clearly designated owner who regularly reports on the implementation, testing, and effectiveness of the control.
- Element 9. An entity’s risk management approach must be regularly reviewed.

Conclusion

The City's existing risk management framework adds value to operations but there is an opportunity to progress the maturity of the framework to drive the City's second line of defence function more effectively.

Good Practices Observed

The City has developed the following documents:

- Risk Management Policy.
- System Procedure 10 - Organisational Risk.
- Risk Definition and Classification (BelNet Document).
- Risk Management Plan. (BelNet Document).
- Risk Management Framework – Process Map.
- RMSS User Guides.
- Business Continuity Policy.
- Business Continuity Plan.
- Fraud Control Plan.

A significant amount of effort has been input to the City's risk documentation and risk registers.

Observations

1. Regulation 17 Review

The Local Government (Audit) Regulations 1996 Regulation 17(1) review was completed by Paxon Business and Financial Services Pty Ltd, during May 2022 and recommendations from that review have been recorded in the Audit Log for closeout.

The Audit Log at 20 January 2023 records the following information will be included in the City's risk application, RMSS:

- Linking of strategic and operational risks.
- Inherent risk ratings.
- Control effectiveness ratings.

2. Development of Integrated Planning and Risk Management

The Coordinator Business Planning, Improvement & Risk has advised business as usual objectives will be identified in Service Level Plans and these objectives will be used to assist risk identification.

3. Fraud Control Plan

Governance, Strategy and Risk are currently assessing the recently released Auditor General's *Fraud Risk Management - Better Practice Guide* which references the recent AS 8001:2021 - *Fraud and corruption control* standard and will implement as appropriate for the City subject to available resources.

4. Lines of Defence Model – First Line

The first line of defence is staff and managers who are the risk and control owners.

5. Lines of Defence Model – Second Line

The second line of defence could include the City's risk function, given this function has oversight of risk registers and importantly key mitigating controls.

6. Lines of Defence Model – Third Line

This audit conducted by the Internal Audit section represents the third line of defence.

Audit Recommendations

1. Approvals for Risk Appetite and Risk Tolerances.

- The City has not obtained formal approvals for risk appetite or risk tolerances.
- The risk is the City may be taking unacceptable risks.
- The City to obtain Council approvals for risk appetite and risk tolerances.

Consequence Risk Level: Moderate (consequence risk levels are auditor's opinion only)

Directors Advice: Agreed / Not-Agreed

Responsible Officer: Coordinator Business Planning, Improvement and Risk

Completion Date: 30/6/2024

2. Control Effectiveness

- City of Belmont risk registers do not identify controls as being preventive, detective or corrective in nature to allow an informed opinion on control effectiveness.
- The risks are controls may not be effective.

- The recommendations are to expand risks registers to identify controls as being preventive, detective or corrective.

Consequence Risk Level: Moderate

Directors Advice: Agreed / ~~Not Agreed~~

Responsible Officer: Coordinator Business Planning, Improvement and Risk

Completion Date: 30/06/24

3. Managing the Lines of Defence Model.

- The City of Belmont Risk Registers do not plan/record timing of control checks to be performed by first and second lines of defence.
- The risk is controls may not be checked to confirm they are operating effectively. If controls are not effective then the residual risk ratings are not valid i.e. there is a reversion to inherent risk levels which are higher risk.
- The recommendation is for risk registers to plan/record and manage checks to be performed by first and second lines of defence.

Consequence Risk Level: Moderate

Directors Advice: Agreed / ~~Not Agreed~~ / **Responsible Officer:** Coordinator Business

Planning, Improvement and Risk

Completion Date: 30/6/2024

4. Managing Tolerance Levels

- City of Belmont risk registers do not reference approvals given for risk tolerances falling outside approved limits e.g. high residual risks on risk registers.
- The risk is the City may be operating outside predefined risk levels.
- The recommendation is to expand risk registers to reference approvals for risk tolerances (i.e. residual risk ratings) operating outside predefined limits.

Consequence Risk Level: Moderate

Directors Advice: Agreed / ~~Not Agreed~~

Responsible Officer: Coordinator Business Planning, Improvement and Risk

Completion Date: 30/6/2024

5. Referencing Risk Registers to Fraud Control Plan.

- The RMSS risk register is not cross referenced to the Fraud Control Plan.



- Risks identified in the RMSS Risk Register may not be addressed in the Fraud Control Plan.
- The recommendation is to consider risks in the RMSS risk register and reference them to the Fraud Control Plan as required.

Consequence Risk Level: Moderate

Directors Advice: Agreed / ~~Not Agreed~~

Responsible Officer: Coordinator Business Planning, Improvement and Risk

Completion Date: 30/6/2024

Signed Brent Godfrey,

Senior Internal Auditor

2 August 2023

13.4 2022-2023 Annual Audited Financial Statement

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 2023 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 2023.

Summary and key issues

The *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* 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.

6.41pm Mr Neoh, Ms Yap, Mr Bakhsh and Mr Wahid entered the meeting.

7.21pm Mr Neoh, Ms Yap, Mr Bakhsh and Mr Wahid departed the meeting and did not return.

Officer Recommendation

Rossi moved, Zulsdorf seconded

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

1. Accept the Annual Financial Statements for the period ending 30 June 2023 at Attachment 13.4.1.
2. Accept the Auditors Exit Closing Report, prepared for the year ended 30 June 2023 at Attachment 13.4.2.
3. Accept the Auditors Management Letter (Information Systems Audit) for the year ended 30 June 2023 at Confidential Attachment 13.4.4.
4. Endorse the City of Belmont Action Plan (Confidential Attachment 13.4.5 and Attachment 13.4.6) addressing the recommendations.
5. Directs the Chief Executive Officer to provide a copy of this report and the Action Plan (Confidential Attachment 13.4.5) addressing the significant finding to the Minister for Local Government in accordance with section 7.12A(4)(b) of the *Local Government Act 1995*; and
6. Approve the Chief Executive Officer to sign the Annual Financial Report for the period ending 30 June 2023 and Management Representation Letter at Attachments 13.4.1 and 13.4.3.

Carried Unanimously 4 votes to 0

For: Kulczycki, Rossi, Sekulla and Ms Zulsdorf

Against: Nil

Location

Not applicable.

Consultation

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

Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

Goal 5: Responsible Belmont

Strategy: 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community

Policy implications

There are no policy implications associated with this report.

Statutory environment

Sections 6.4 and 7.9 of the *Local Government Act 1995* 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 Local Government (Audit) Regulations 1996 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 *Local Government (Audit) Regulations 1996* 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 to follow.

In accordance with the Terms of Reference of the Committee, the Committee must review the Audited Annual Financial Statements and audit findings (Attachment 13.4.1 and Attachment 13.4.2). 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 5 February 2024.

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 *Local Government Act 1995* requires the Annual financial statements for the year ended 30 June 2023 to be prepared and presented to the auditor by 30 September 2023. Accordingly, the City submitted the completed 2022-2023 Draft Annual Financial Statement to OAG for review on 29 September 2023.

In accordance with Section 7.9 of the *Local Government Act 1995*, the OAG is required to submit a report of the City's Audited Annual Financial Statement by 30 December 2023. The City received the Exit Closing report on 22 November 2023.

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 13.4.3) and Exit meeting

closing report (Attachment 13.4.2). An agenda for this presentation is included at Attachment 13.4.7. Some of the highlights of the report include:

Valuation of assets

In accordance with regulation 17A *Local Government (Financial Management) Regulations 1996*, local governments are required to revalue non-financial assets whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount.

Following on from the 2021-2022 financial year audit, a commitment was made to revalue a number of asset classes in the 2022-2023 financial year. Accordingly, the Annual financial statements for the year ended 30 June 2023 include the valuation of the City's Land, Building and Infrastructure Assets.

Accounting treatment of EMRC investment

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. The City's interest in the EMRC was calculated by the EMRC as at 30 June 2021 was 11.31% representing its share of net assets. On the 23 December 2020 the City issued its Notice of withdrawal from the EMRC, effective from 1 July 2021.

At the date of this report, the City's interest in the EMRC, remains subject to a valuation methodology and subsequent payment of the City's share of net assets relating to its withdrawal from the EMRC effective from 1 July 2021 and payable on 1 July 2023.

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. 2 findings identified during the interim audit remain listed in the audit outcomes, however these findings have since been addressed.

Implementation of new accounting standards

The City has not implemented any new accounting standards during the preparation of the current financial statements.

Information systems audit findings

The City's 2023 OAG Information Systems (IS) Audit came to a close on 21 November 2023, with the final audit management letter being formally accepted by both parties on this date during an exit meeting debrief.

A single significant audit finding remains standing, which was a prior year finding from the 2022 IS Audit, relating to Network Security.

There were two recommendations made by the OAG in the 2022 IS Audit. Those being:

1. Segregation between critical systems and different end user groups

2. Appropriate controls to prevent and detect the use of unauthorised devices from all locations.

To address the first recommendation, the City implemented an internal firewall which resided between end user groups and the critical system group. The City identified which specific systems would be deemed as 'critical', and applied firewall 'access rules' which prevented end user groups from accessing these critical systems. The City determined this recommendation to have been actioned appropriately.

To address the second recommendation, the City implemented a network security system that detects and prevents unauthorised devices from accessing the corporate network. The City achieved 80% implementation of this system, however, was not able to fully complete the project prior to the audit conduct period due to contractor time constraints and delays due to fire damage to key network systems. The key network systems have now been replaced, and this system will be fully implemented in December 2023.

As stated in the Management Letter, the City accepts that there are further improvements that can be made in relation to network security. However, given the mitigations put in place following the 2022 audit, the City does not agree with the significant rating applied to this finding and believes it a moderate risk.

Further detail on this significant finding, in addition to any new lower risk findings (moderate or minor risk) can be found in the Auditors Management Letter (Confidential Attachment 13.4.4)

It should also be noted:

- there has been a change in auditor from previous years,
- new site locations were visited in this audit conduct which had not been visited previously, being the Public Library, Museum and Operations Centre.
- new systems have been audited which were not previously, such as the City's public website and councillor portal
- The City also became aware of a rating category being implemented by the OAG and their auditing to this rating category. The OAG would like all local governments to be rated 3 or higher on the ten item list. The City is rated 3 for three items and 2 for seven items.

The City accepts new recommendations as opportunities to continually improve and better our overall security posture.

Actions for next years IS audit

To address the standing significant finding, the following actions will be taken and completed by 30 April 2024:

1. Existing internal firewall access rules will be expanded to further segregate end user groups to key servers
2. Implementation of the network security system will be completed, with further investigation into enhancing security around publicly accessible ports.

Additionally, further details around these actions will be provided to the OAG for independent opinion and guidance, prior to implementation.

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.	City of Belmont 2022-2023 Annual Financial Statements [13.4.1 - 49 pages]
2.	Exit Meeting Closing Report - City of Belmont - 30 June 2023 [13.4.2 - 7 pages]
3.	Management Representation Letter [13.4.3 - 5 pages]
4.	CONFIDENTIAL - 2023 City of Belmont GCC IS Audit Management Letter [13.4.4 - 22 pages]
5.	CONFIDENTIAL - IS Action Plan (Confidential attachment in accordance with section 7.12A(4)(b) Local Government Act 1995) [13.4.5 - 1 page]
6.	IS Action Plan (Public) [13.4.6 - 1 page]
7.	Exit Meeting Agenda - City of Belmont - 30 June 2023 [13.4.7 - 1 page]

CITY OF BELMONT
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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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
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

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 2023 and the financial position as at 30 June 2023.

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

Signed on the 27th day of November 2023

Chief Executive Officer

John Christie

Chief Executive Officer

CITY OF BELMONT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),27	53,168,844	52,688,720	50,815,805
Grants, subsidies and contributions	2(a)	3,228,805	1,145,436	3,188,546
Fees and charges	2(a)	9,298,507	8,794,833	8,966,901
Interest revenue	2(a)	3,108,718	992,507	847,287
Other revenue	2(a)	1,364,996	621,641	746,910
		70,169,870	64,243,137	64,565,449
Expenses				
Employee costs	2(b)	(23,126,544)	(25,610,406)	(21,738,145)
Materials and contracts		(27,231,232)	(28,942,669)	(24,739,844)
Utility charges		(1,530,315)	(1,309,672)	(1,378,332)
Depreciation		(11,423,543)	(8,959,935)	(9,211,639)
Finance costs	2(b)	(528,441)	(571,292)	(639,089)
Insurance		(811,990)	(703,922)	(887,392)
Other expenditure	2(b)	(1,702,211)	(1,241,872)	(2,023,616)
		(66,354,276)	(67,339,768)	(60,618,057)
		3,815,594	(3,096,631)	3,947,392
Capital grants, subsidies and contributions	2	2,571,078	3,038,018	3,214,603
Profit on asset disposals		28,535	113,901	316,392
Loss on asset disposals		(2,149,490)	(3,548)	(132,271)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	9,215	0	9,992
		459,338	3,148,371	3,408,716
Net result for the period	26(b)	4,274,932	51,740	7,356,108
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	0	8,648,787
Total other comprehensive income for the period	17	46,497,340	0	8,648,787
Total comprehensive income for the period		50,772,272	51,740	16,004,895

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

**CITY OF BELMONT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	12,671,468	10,777,740
Trade and other receivables	5	24,316,200	2,950,289
Other financial assets	4(a)	33,253,360	45,853,256
Inventories	6	246,770	231,185
Other assets	7	2,533,328	1,222,089
TOTAL CURRENT ASSETS		73,021,126	61,034,559
NON-CURRENT ASSETS			
Trade and other receivables	5	457,172	20,869,931
Other financial assets	4(b)	31,226,126	15,410,808
Property, plant and equipment	8	343,924,427	298,601,795
Infrastructure	9	291,318,360	294,204,896
Right-of-use assets	11(a)	275,307	231,580
Intangible assets	12	145,828	171,548
TOTAL NON-CURRENT ASSETS		667,347,220	629,490,558
TOTAL ASSETS		740,368,346	690,525,117
CURRENT LIABILITIES			
Trade and other payables	13	5,743,434	5,940,721
Other liabilities	14	1,400,503	1,273,292
Lease liabilities	11(b)	118,561	106,263
Borrowings	15	618,111	595,217
Employee related provisions	16	4,428,402	4,734,207
TOTAL CURRENT LIABILITIES		12,309,011	12,649,700
NON-CURRENT LIABILITIES			
Other liabilities	14	165,134	173,427
Lease liabilities	11(b)	162,469	125,364
Borrowings	15	11,618,252	12,236,361
Employee related provisions	16	366,690	365,745
TOTAL NON-CURRENT LIABILITIES		12,312,545	12,900,897
TOTAL LIABILITIES		24,621,556	25,550,597
NET ASSETS		715,746,790	664,974,518
EQUITY			
Retained surplus		202,240,918	205,424,749
Reserve accounts	30	61,681,377	54,222,614
Revaluation surplus	17	451,824,495	405,327,155
TOTAL EQUITY		715,746,790	664,974,518

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

**CITY OF BELMONT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		201,599,814	50,691,441	396,678,368	648,969,623
Comprehensive income for the period					
Net result for the period		7,356,108	0	0	7,356,108
Other comprehensive income for the period	17	0	0	8,648,787	8,648,787
Total comprehensive income for the period		7,356,108	0	8,648,787	16,004,895
Transfers from reserve accounts	30	3,534,661	(3,534,661)	0	0
Transfers to reserve accounts	30	(7,065,834)	7,065,834	0	0
Balance as at 30 June 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	0	0	4,274,932
Other comprehensive income for the period	17	0	0	46,497,340	46,497,340
Total comprehensive income for the period		4,274,932	0	46,497,340	50,772,272
Transfers from reserve accounts	30	2,918,262	(2,918,262)	0	0
Transfers to reserve accounts	30	(10,377,025)	10,377,025	0	0
Balance as at 30 June 2023		202,240,918	61,681,377	451,824,495	715,746,790

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

**CITY OF BELMONT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE	2023 Actual	2022 Actual
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	53,069,237	50,554,553
Grants, subsidies and contributions	2,374,596	3,045,426
Fees and charges	9,298,507	8,966,901
Interest revenue	3,108,718	847,287
Goods and services tax received	3,488,170	3,369,136
Other revenue	1,596,152	746,910
	<u>72,935,380</u>	<u>67,530,213</u>
Payments		
Employee costs	(23,160,779)	(22,810,635)
Materials and contracts	(29,006,171)	(24,730,405)
Utility charges	(1,530,315)	(1,378,332)
Finance costs	(528,441)	(639,089)
Insurance paid	(811,990)	(887,392)
Goods and services tax paid	(3,555,392)	(3,267,381)
Other expenditure	(1,623,711)	(1,306,626)
	<u>(60,216,799)</u>	<u>(55,019,860)</u>
Net cash provided by (used in) operating activities	18(b) 12,718,581	12,510,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of property, plant & equipment	(2,108,638)	(4,398,449)
Payments for construction of infrastructure	9(a) (7,899,265)	(4,775,274)
Payments for intangible assets	12 (39,000)	0
Capital grants, subsidies and contributions	2,289,330	2,933,964
Proceeds for financial assets at amortised cost	(3,206,206)	(7,202,560)
Proceeds from sale of property, plant & equipment	850,259	905,234
Net cash provided by (used in) investing activities	<u>(10,113,520)</u>	<u>(12,537,085)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	29(a) (595,215)	(578,761)
Payments for principal portion of lease liabilities	29(b) (116,118)	(100,532)
Net cash provided by (used In) financing activities	<u>(711,333)</u>	<u>(679,293)</u>
Net increase (decrease) in cash held	1,893,728	(706,025)
Cash at beginning of year	10,777,740	11,483,765
Cash and cash equivalents at the end of the year	18(a) <u>12,671,468</u>	<u>10,777,740</u>

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

Attachment 13.4.1 City of Belmont 2022-2023 Annual Financial Statements

**CITY OF BELMONT
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	27	39,946,826	40,039,890	38,514,675
Rates excluding general rates	8	13,222,018	12,648,830	12,301,130
Grants, subsidies and contributions		3,228,805	1,145,436	3,188,546
Fees and charges		9,298,507	8,794,833	8,966,901
Interest revenue		3,108,718	992,507	847,287
Other revenue		1,364,996	621,641	746,910
Profit on asset disposals		28,535	113,901	316,392
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	9,215	0	9,992
		<u>70,207,620</u>	<u>64,357,038</u>	<u>64,891,833</u>
Expenditure from operating activities				
Employee costs		(23,126,544)	(25,610,406)	(21,738,145)
Materials and contracts		(27,231,232)	(28,942,669)	(24,739,844)
Utility charges		(1,530,315)	(1,309,672)	(1,378,332)
Depreciation		(11,423,543)	(8,959,935)	(9,211,639)
Finance costs		(528,441)	(571,292)	(639,089)
Insurance		(811,990)	(703,922)	(887,392)
Other expenditure		(1,702,211)	(1,241,872)	(2,023,616)
Loss on asset disposals		(2,149,490)	(3,548)	(132,271)
		<u>(68,503,766)</u>	<u>(67,343,316)</u>	<u>(60,750,328)</u>
Non-cash amounts excluded from operating activities	28(a)	12,820,728	8,192,882	9,049,635
Amount attributable to operating activities		<u>14,524,582</u>	<u>5,206,604</u>	<u>13,191,140</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,571,078	3,038,018	3,214,603
Proceeds from disposal of assets		850,259	792,940	905,234
		<u>3,421,337</u>	<u>3,830,958</u>	<u>4,119,837</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,495,112)	(4,331,321)	(4,398,449)
Purchase and construction of infrastructure	9(a)	(8,651,885)	(11,564,115)	(4,775,274)
Payments for intangible assets	12	(39,000)	0	0
		<u>(10,185,997)</u>	<u>(15,895,436)</u>	<u>(9,173,723)</u>
Non-cash amounts excluded from investing activities	28(b)	139,096	0	83,807
Amount attributable to investing activities		<u>(6,625,564)</u>	<u>(12,064,478)</u>	<u>(4,970,079)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	30	2,918,262	4,337,782	3,534,661
		<u>2,918,262</u>	<u>4,337,782</u>	<u>3,534,661</u>
Outflows from financing activities				
Repayment of borrowings	29(a)	(595,215)	(595,216)	(584,352)
Payments for principal portion of lease liabilities	29(b)	(116,118)	0	(100,532)
Transfers to reserve accounts	30	(10,377,025)	(1,361,206)	(7,065,834)
		<u>(11,088,358)</u>	<u>(1,956,422)</u>	<u>(7,750,718)</u>
Amount attributable to financing activities		<u>(8,170,096)</u>	<u>2,381,360</u>	<u>(4,216,057)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	28(c)	12,223,720	4,976,514	8,218,716
Amount attributable to operating activities		14,524,582	5,206,604	13,191,140
Amount attributable to investing activities		(6,625,564)	(12,064,478)	(4,970,079)
Amount attributable to financing activities		(8,170,096)	2,381,360	(4,216,057)
Surplus or deficit after imposition of general rates	28(c)	<u>11,952,642</u>	<u>500,000</u>	<u>12,223,720</u>

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

**CITY OF BELMONT
FOR THE YEAR ENDED 30 JUNE 2023
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**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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.

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant 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 - contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions for the construction of non-financial assets.	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Fees and charges - licences, registrations & approvals	Building, planning, development and animal management, having the same nature as a licence	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or application
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on equal annually fee	None	Output method based on provision of service
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Upon issue of invoice
Fees and charges - waste management	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on provision of service
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	When notice is paid
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refunded (less amendment fee) if event cancelled within 5 working days	At time of booking or collection of keys
Reinstatements and private works	Reinstatements and private works	Single point in time	Majority of payment in full in advance	Refunds when applicable	Output method based on provision of service or completion of works
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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:

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	53,168,844	0	53,168,844
Grants, subsidies and contributions	666,093	0	0	2,562,712	3,228,805
Fees and charges	1,591,176	0	7,497,359	209,972	9,298,507
Interest revenue	0	0	261,674	2,847,044	3,108,718
Other revenue	756,830	0	0	608,166	1,364,996
Capital grants, subsidies and contributions	0	2,571,078	0	0	2,571,078
Total	3,014,099	2,571,078	60,927,877	6,227,894	72,740,948

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	50,815,805	0	50,815,805
Grants, subsidies and contributions	811,123	0	0	2,377,423	3,188,546
Fees and charges	1,938,205	0	6,862,403	166,293	8,966,901
Interest revenue	0	0	247,035	600,252	847,287
Other revenue	567,542	0	0	179,368	746,910
Capital grants, subsidies and contributions	0	3,214,603	0	0	3,214,603
Total	3,316,870	3,214,603	57,925,243	3,323,336	67,780,052

Assets and services acquired below fair value

Contributed assets

	2023 Actual	2022 Actual
	\$	\$
Contributed assets	139,096	83,807
	139,096	83,807

Interest revenue

Interest on reserve account funds

Trade and other receivables overdue interest

Other interest revenue

Interest on reserve account funds	1,472,387	466,813
Trade and other receivables overdue interest	261,674	247,035
Other interest revenue	1,374,657	133,439
	3,108,718	847,287

The 2023 original budget estimate in relation to:

Trade and other receivables overdue interest of \$234,867

Fees and charges relating to rates receivable

Charges on instalment plan

Charges on instalment plan	108,040	111,600
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The 2023 original budget estimate in relation to:

Charges on instalment plan of \$115,078

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

- Other services

Audit of the Annual Financial Report	69,850	58,200
Other services	4,140	4,066
	73,990	62,266

Employee Costs

Employee benefit costs

Other employee costs

Employee benefit costs	22,654,342	20,983,489
Other employee costs	472,202	754,656
	23,126,544	21,738,145

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	520,951	639,089
	520,951	639,089

Impairment losses on trade receivables

Movement in receivable from EMRC

Sundry expenses

Impairment losses on trade receivables	78,500	0
Movement in receivable from EMRC	0	611,311
Sundry expenses	1,623,711	1,412,305
	1,702,211	2,023,616

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

	Note	2023 \$	2022 \$
Cash at bank and on hand		5,546,464	5,777,740
Term deposits		7,125,004	5,000,000
Total cash and cash equivalents	18(a)	12,671,468	10,777,740
Held as			
- Unrestricted cash and cash equivalents		3,265,853	7,324,681
- Restricted cash and cash equivalents	18(a)	9,405,615	3,453,059
		12,671,468	10,777,740

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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.

4. OTHER FINANCIAL ASSETS

(a) Current assets

	Note	2023 \$	2022 \$
Financial assets at amortised cost		33,253,360	45,853,256
		33,253,360	45,853,256
Other financial assets at amortised cost			
Term deposits		33,253,360	45,853,256
		33,253,360	45,853,256
Held as			
- Unrestricted other financial assets at amortised cost		12,000,000	10,300,000
- Restricted other financial assets at amortised cost	18(a)	21,253,360	35,553,256
		33,253,360	45,853,256

(b) Non-current assets

Financial assets at amortised cost		31,022,402	15,216,299
Financial assets at fair value through profit or loss		203,724	194,509
		31,226,126	15,410,808
Financial assets at amortised cost			
Term deposits		31,022,402	15,216,299
		31,022,402	15,216,299
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		194,509	184,517
Movement attributable to fair value increment		9,215	9,992
Units in Local Government House Trust - closing balance		203,724	194,509

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

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

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

Impairment and risk

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		2,251,527	2,083,361
Trade receivables		422,154	227,016
GST receivable		551,405	484,183
Receivables for employee related provisions	16	241,995	155,729
Allowance for credit losses of trade receivables	23(b)	(78,500)	0
EMRC receivable*		20,927,619	0
		24,316,200	2,950,289
Non-current			
Rates and statutory receivables		359,969	383,522
EMRC receivable*		0	20,389,206
Receivable for employee related provisions		97,203	97,203
		457,172	20,869,931

* EMRC Receivable

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 22(a) for further details).

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:

Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers	418,178	188,797	104,079
Allowance for credit losses of trade receivables	(78,500)	0	0
Total trade and other receivables from contracts with customers	339,678	188,797	104,079

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

Impairment and risk exposure

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel and materials	246,770	231,185
	246,770	231,185
The following movements in inventories occurred during the year:		
Balance at beginning of year	231,185	207,875
Additions to inventory	15,585	23,310
Balance at end of year	246,770	231,185

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Prepayments	401,535	262,441
Accrued income	2,131,793	959,648
	2,533,328	1,222,089

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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.

	Land \$	Buildings \$	Total land and buildings	Furniture and equipment \$	Plant and equipment \$	Work in Progress \$	Total property, plant and equipment \$
Balance at 1 July 2021	165,631,900	124,752,617	290,384,517	3,209,454	4,347,259	392,977	298,334,207
Additions*	0	1,105,933	1,105,933	380,450	298,668	2,697,205	4,482,256
Disposals	0	0	0	(75,619)	(597,984)	0	(673,603)
Depreciation	0	(2,277,252)	(2,277,252)	(1,100,915)	(162,898)	0	(3,541,065)
Transfers	0	319,719	319,719	73,258	0	(392,977)	0
Balance at 30 June 2022	165,631,900	123,901,017	289,532,917	2,486,628	3,885,045	2,697,205	298,601,795
Comprises:							
Gross balance amount at 30 June 2022	165,631,900	148,368,355	314,000,255	10,305,288	7,252,885	2,697,205	334,255,633
Accumulated depreciation at 30 June 2022	0	(24,467,338)	(24,467,338)	(7,818,660)	(3,367,840)	0	(35,653,838)
Balance at 30 June 2022	165,631,900	123,901,017	289,532,917	2,486,628	3,885,045	2,697,205	298,601,795
Additions*	0	47,625	47,625	480,024	640,004	327,459	1,495,112
Disposals	(1,877,040)	(52,277)	(1,929,317)	(49,131)	(240,144)	0	(2,218,592)
Revaluation increments / (decrements) transferred to revaluation surplus	49,308,100	549,830	49,857,930	0	0	0	49,857,930
Depreciation	0	(2,428,309)	(2,428,309)	(1,195,593)	(187,916)	0	(3,811,818)
Transfers	0	2,233,420	2,233,420	463,785	0	(2,697,205)	0
Balance at 30 June 2023	213,062,960	124,251,306	337,314,266	2,185,713	4,096,989	327,459	343,924,427
Comprises:							
Gross balance amount at 30 June 2023	213,062,960	181,977,208	395,040,168	11,042,654	7,470,356	327,459	413,880,637
Accumulated depreciation at 30 June 2023	0	(57,725,902)	(57,725,902)	(8,856,941)	(3,373,367)	0	(69,956,210)
Balance at 30 June 2023	213,062,960	124,251,306	337,314,266	2,185,713	4,096,989	327,459	343,924,427

* Asset additions received at substantially less than fair value:

During the year ended 30 June 2022	0	0	0	83,807	0	0	83,807
During the year ended 30 June 2023	0	0	0	0	139,096	0	139,096

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent 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.					
(ii) Cost					
Furniture and equipment		Cost	Cost	N/A	Cost
Plant and equipment		Cost	Cost	N/A	Cost

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Reserve Improvements	Infrastructure - Footpath Network	Infrastructure - Drainage Network	Infrastructure - Carparks	Work in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	155,105,926	38,972,190	17,328,754	69,798,160	4,213,070	926,562	286,344,662
Additions	3,271,285	513,505	231,946	227,924	0	530,614	4,775,274
(Disposals)	0	(47,510)	0	0	0	0	(47,510)
Revaluation increments / (decrements) transferred to revaluation surplus	8,334,400	0	0	0	314,387	0	8,648,787
Depreciation	(2,555,917)	(1,313,988)	(557,177)	(1,006,443)	(82,792)	0	(5,516,317)
Transfers	638,439	191,711	26,059	62,260	0	(918,469)	0
Balance at 30 June 2022	164,794,133	38,315,908	17,029,582	69,081,901	4,444,665	538,707	294,204,896
Comprises:							
Gross balance at 30 June 2022	189,066,599	49,311,404	26,831,138	93,442,853	6,734,734	538,707	365,925,435
Accumulated depreciation at 30 June 2022	(24,272,466)	(10,995,496)	(9,801,556)	(24,360,952)	(2,290,069)	0	(71,720,539)
Balance at 30 June 2022	164,794,133	38,315,908	17,029,582	69,081,901	4,444,665	538,707	294,204,896
Additions	2,969,285	3,553,307	444,797	380,609	0	1,303,887	8,651,885
(Disposals)	0	(752,620)	0	0	0	0	(752,620)
Revaluation increments / (decrements) transferred to revaluation surplus	(27,718,107)	1,568,178	17,084,427	6,185,552	(480,640)	0	(3,360,590)
Depreciation	(4,295,807)	(1,392,551)	(571,041)	(1,012,934)	(152,878)	0	(7,425,211)
Transfers	135,507	403,199	0	0	0	(538,706)	0
Balance at 30 June 2023	135,885,011	41,695,421	33,987,765	74,635,128	3,811,147	1,303,888	291,318,360
Comprises:							
Gross balance at 30 June 2023	203,017,824	52,907,542	53,565,249	109,165,146	6,861,154	1,303,888	426,820,803
Accumulated depreciation at 30 June 2023	(67,132,813)	(11,212,121)	(19,577,484)	(34,530,018)	(3,050,007)	0	(135,502,443)
Balance at 30 June 2023	135,885,011	41,695,421	33,987,765	74,635,128	3,811,147	1,303,888	291,318,360

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	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 current 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 to determine the fair value of infrastructure using level 3 inputs.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS**(a) Depreciation****Depreciation rates**

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

Asset Class	Useful life
Land - freehold land	Not depreciated
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	25 - 70 years
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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

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

Depreciation

The depreciable amount of all 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.

Amortisation

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

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

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

Impairment

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

Gains or losses on disposal

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES

(a) Right-of-Use Assets

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

	Note	Right-of-use assets - plant and equipment	Right-of-use assets Total
		\$	\$
Balance at 1 July 2021		105,683	105,683
Additions		226,475	226,475
Depreciation		(100,578)	(100,578)
Balance at 30 June 2022		231,580	231,580
Additions		165,521	165,521
Depreciation		(121,794)	(121,794)
Balance at 30 June 2023		275,307	275,307

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

		2023 Actual	2022 Actual
		\$	\$
Depreciation on right-of-use assets		(121,794)	(100,578)
Finance charge on lease liabilities	29(b)	(6,038)	(1,046)
Total amount recognised in the statement of comprehensive income		(127,832)	(101,624)
Total cash outflow from leases		(122,156)	(101,578)
(b) Lease Liabilities			
Current		118,561	106,263
Non-current	29(b)	162,469	125,364
		281,030	231,627

Secured liabilities and assets pledged as security

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be 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 29(b).

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 significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the 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.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES (Continued)

(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
1 to 2 years
2 to 3 years
3 to 4 years
4 to 5 years
> 5 years

	2023 Actual	2022 Actual
	\$	\$
	886,871	855,057
	264,172	244,599
	233,523	135,210
	140,494	129,022
	140,494	126,960
	272,801	304,701
	1,938,355	1,795,549
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	829,423	888,458

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. 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 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.

SIGNIFICANT ACCOUNTING POLICIES

The City as Lessor

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

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

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. INTANGIBLE ASSETS

	2023 Actual	2022 Actual
	\$	\$
Intangible assets		
Non-current		
Intangible assets - Corporate website	307,396	268,396
Less: Accumulated amortisation	(161,568)	(96,848)
	<u>145,828</u>	<u>171,548</u>
Movements in balances of computer software during the financial year are shown as follows:		
Balance at 1 July	171,548	225,227
Recognition of computer software	39,000	0
Amortisation	(64,720)	(53,679)
Balance at 30 June	<u>145,828</u>	<u>171,548</u>
TOTAL INTANGIBLE ASSETS	<u>145,828</u>	<u>171,548</u>

SIGNIFICANT ACCOUNTING POLICIES

Corporate Website

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Current		
Sundry creditors	950,814	1,014,564
Prepaid rates	1,011,448	966,439
Accrued payroll liabilities	595,031	389,212
Accrued Expenses	3,108,862	3,444,256
Accrued Interest	77,279	126,250
	5,743,434	5,940,721

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Contract liabilities	79,883	35,775
Capital grant/contributions liabilities	453,553	596,205
Bonds and deposits held	230,537	91,008
Emergency Services Levy	366,298	353,155
Other Liabilities	11,923	7,943
Payable to other Councils	258,309	189,206
	<u>1,400,503</u>	<u>1,273,292</u>
Non-current		
Emergency Services Levy (Deferred)	62,747	66,743
Payable to other Councils	102,387	106,684
	<u>165,134</u>	<u>173,427</u>
Reconciliation of changes in contract liabilities		
Opening balance	35,775	81,056
Additions	79,883	35,775
Revenue from contracts with customers included as a contract liability at the start of the period	(35,775)	(81,056)
	<u>79,883</u>	<u>35,775</u>
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	596,205	793,037
Additions	343,518	543,250
Revenue from capital grant/contributions held as a liability at the start of the period	(486,170)	(740,082)
	<u>453,553</u>	<u>596,205</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	453,553	596,205
	<u>453,553</u>	<u>596,205</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

15. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Bank overdrafts		0	0	0	0	0	0
Bank loans		618,111	11,618,252	12,236,363	595,217	12,236,361	12,831,578
Debentures		0	0	0	0	0	0
Other loans		0	0	0	0	0	0
Other borrowings [describe]		0	0	0	0	0	0
Total secured borrowings	29(a)	618,111	11,618,252	12,236,363	595,217	12,236,361	12,831,578

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured over general funds of the City of Belmont. Other loans relate to transferred receivables. Refer to Note 5.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

The City has elected to recognise borrowing 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 25(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	1,889,953	2,109,017
Long service leave	2,090,449	2,143,696
Other employee leave provisions	170,589	192,117
	<u>4,150,991</u>	<u>4,444,830</u>
Employee related other provisions		
Employment on-costs	277,411	289,377
	<u>277,411</u>	<u>289,377</u>
Total current employee related provisions	<u>4,428,402</u>	<u>4,734,207</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	366,690	365,745
	<u>366,690</u>	<u>365,745</u>
Total non-current employee related provisions	<u>366,690</u>	<u>365,745</u>
Total employee related provisions	<u>4,795,092</u>	<u>5,099,952</u>

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

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:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

Note	2023	2022
	\$	\$
	2,584,027	2,847,437
	2,211,065	2,252,515
	<u>4,795,092</u>	<u>5,099,952</u>
5	(339,198)	(252,932)

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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17. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	168,084,087	49,308,100	217,392,187	168,084,087	0	168,084,087
Revaluation surplus - Buildings	62,124,143	549,830	62,673,973	62,124,143	0	62,124,143
Revaluation surplus - Infrastructure - Roads	80,188,429	(27,718,107)	52,470,322	71,854,029	8,334,400	80,188,429
Revaluation surplus - Infrastructure - Reserve Improvements	19,790,831	1,568,178	21,359,009	19,790,831	0	19,790,831
Revaluation surplus - Infrastructure - Footpath Network	12,631,102	17,084,427	29,715,529	12,631,102	0	12,631,102
Revaluation surplus - Infrastructure - Drainage Network	55,123,404	6,185,552	61,308,956	55,123,404	0	55,123,404
Revaluation surplus - Infrastructure - Carparks	3,184,231	(480,640)	2,703,591	2,869,844	314,387	3,184,231
	401,126,227	46,497,340	447,623,567	392,477,440	8,648,787	401,126,227
Revaluation surplus - Share from investments in associates	4,200,928	0	4,200,928	4,200,928	0	4,200,928
	405,327,155	46,497,340	451,824,495	396,678,368	8,648,787	405,327,155

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	12,671,468	10,777,740

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	9,405,615	3,453,059
- Financial assets at amortised cost	4	52,275,762	50,769,555
		61,681,377	54,222,614

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

Restricted reserve accounts	30	61,681,377	54,222,614
Total restricted financial assets		61,681,377	54,222,614

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

Net result		4,274,932	7,356,108
Non-cash items:			
Adjustments to fair value of financial assets at fair		(9,215)	(9,992)
Depreciation/amortisation		11,423,543	9,211,639
(Profit)/loss on sale of asset		2,120,955	(184,121)
Movement in receivable from EMRC		(538,413)	611,310
Assets received for substantially less than fair value		(139,096)	(83,807)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(414,739)	(352,091)
(Increase)/decrease in other assets		(1,311,239)	225,421
(Increase)/decrease in inventories		(15,585)	(23,310)
Increase/(decrease) in trade and other payables		(197,290)	(63,516)
Increase/(decrease) in employee related provisions		(304,860)	(1,106,890)
Increase/(decrease) in other liabilities		118,918	(136,434)
Capital grants, subsidies and contributions		(2,289,330)	(2,933,964)
Net cash provided by/(used in) operating activities		12,718,581	12,510,353

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		200,000	200,000
Credit card limit		60,000	60,000
Credit card balance at balance date		(1,036)	(6,662)
Total amount of credit unused		258,964	253,338

Loan facilities

Loan facilities - current		618,111	721,468
Loan facilities - non-current		11,618,252	12,236,361
Total facilities in use at balance date		12,236,363	12,957,829

Unused loan facilities at balance date		0	0
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**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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.

20. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	3,575,707	3,192,734
- plant & equipment purchases	590,533	904,276
	4,166,240	4,097,010
Payable:		
- not later than one year	4,166,240	4,097,010

The capital expenditure projects outstanding at the end of the current reporting period represent various projects including CCTV installation at various locations, irrigation and park asset renewals, network hardware assets and various replacement of fleet and plant assets for which delivery has been delayed.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Mayor's annual allowance	91,997	91,997	86,253
Mayor's meeting attendance fees	48,704	48,704	47,516
Mayor's annual allowance for ICT expenses	3,500	3,667	3,500
	144,201	144,368	137,269
Deputy Mayor's annual allowance	23,000	23,000	22,499
Deputy Mayor's meeting attendance fees	32,470	32,470	31,678
Deputy Mayor's other expenses	16	0	0
Deputy Mayor's ICT expenses	3,500	3,667	3,500
	58,986	59,137	57,677
All other council member's meeting attendance fees	223,862	227,276	220,446
All other council member's child care expenses	838	0	174
All other council member's expenses	118	0	58
All other council member's annual allowance for ICT expenses	24,131	25,666	25,608
	248,949	252,942	246,286
21(b)	452,136	456,447	441,232

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	1,145,545	1,047,368
Post-employment benefits	122,436	117,349
Employee - other long-term benefits	120,993	75,969
Employee - termination benefits	233,069	210,420
Council member costs	452,136	441,232
21(a)	2,074,179	1,892,338

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 cost of the City's superannuation contributions made during the year.

Other long-term benefits

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

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.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Payments made to Faulkner Park Board of Management	144,913	151,487
Income received by the City from the Belmont Retirement Villages Board of Management	298,308	159,745

Related Parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

Short-term employee benefits related to an associate person of Key Management Personnel 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.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. 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.

As of October 2023, the City's equity entitlement remains subject to a valuation methodology and subsequent payment of the City's share of net assets. The amount of \$21,000,517 has therefore been discounted to the present value as at 30 June 2023 and reclassified from a non current to a current asset receivable (refer note 5).

(b) Other investments

The City also holds a minor interest in jointly controlled assets (land and buildings) with the Housing Authority for aged accommodation purposes. Included in Property, Plant and Equipment the total value of the City's share of jointly controlled assets at 30 June 2023 is \$2,254,476 (2022: \$2,093,142).

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	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. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2023					
Cash and cash equivalents	2.84%	12,671,468	7,125,004	5,542,314	4,150
Financial assets at amortised cost - term deposits	6.22%	64,275,762	64,275,762	0	0
2022					
Cash and cash equivalents	0.31%	10,777,740	5,000,000	5,773,498	4,242
Financial assets at amortised cost - term deposits	0.83%	61,069,555	61,069,555	0	0

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	55,423	57,735

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. FINANCIAL RISK MANAGEMENT (Continued)

(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 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Trade receivables					
Expected credit loss	0.00%	0.00%	0.00%	27.03%	
Gross carrying amount	14,492	5,388	111,823	290,451	422,154
Loss allowance	0	0	0	78,500	78,500
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	339,198	0	0	0	339,198
Loss allowance	0	0	0	0	0
30 June 2022					
Trade receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	199,303	7,022	9,717	10,974	227,016
Loss allowance	0	0	0	0	0
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	252,932	0	0	0	252,932
Loss allowance	0	0	0	0	0

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2023 Actual	2022 Actual
Opening loss allowance as at 1 July	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Increase in loss allowance recognised in profit or loss during the year	78,500	0	0	0	0	0
Receivables written off during the year as uncollectible	0	0	4,233	0	0	0
Unused amount reversed	0	0	(4,233)	0	0	0
Closing loss allowance at 30 June	78,500	0	0	0	0	0

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 other expenditure. 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.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. 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 18(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2023</u>					
Trade and other payables	5,666,155	0	0	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	0	607,763	603,156
Lease liabilities	59,135	324,972	7,901	392,008	281,030
	<u>7,388,364</u>	<u>5,036,004</u>	<u>11,127,239</u>	<u>23,551,607</u>	<u>18,786,704</u>
<u>2022</u>					
Trade and other payables	5,814,471	0	0	5,814,471	5,814,471
Borrowings	1,166,508	4,622,569	12,263,112	18,052,189	12,831,578
Other liabilities	288,157	112,104	0	400,261	394,841
Lease liabilities	113,272	134,865	0	248,137	231,627
	<u>7,382,408</u>	<u>4,869,538</u>	<u>12,263,112</u>	<u>24,515,058</u>	<u>19,272,517</u>

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There has been no material post balance sheet event after 30 June 2023

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial 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 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one 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, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

26. 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	Description
<p>Governance To provide a decision making process for the efficient allocation of scarce resources</p>	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.
<p>General purpose funding To collect revenue to allow for the provision of services</p>	Includes the cost of collecting rates revenue and all general purpose funding e.g. Grants Commission funding.
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	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.
<p>Health To provide an operational framework for environmental and community</p>	The administration of maternal and infant health through child health clinics. The administration of preventative services such as: immunisation, inspection of food premises and pest control.
<p>Education and welfare To provide services to disadvantages persons, the elderly, children and youth</p>	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.
<p>Housing To provide and maintain elderly residents housing</p>	The provision of aged housing facilities throughout the district.
<p>Community amenities To provide services required by the community</p>	Includes sanitation (household refuse); stormwater drainage; town and regional planning and development; the provision of rest rooms and protection of the environment.
<p>Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being of the community</p>	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.
<p>Transport To provide safe, effective and efficient transport services to the community</p>	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.
<p>Economic services To help promote the local government and its economic wellbeing</p>	The management of local tourism and area promotion. The provision of building approvals, control and any other economic services.
<p>Other property and services To monitor and control operating accounts</p>	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.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2023 Actual	2022 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	269,626	235,069
General purpose funding	58,114,002	52,880,245
Law, order and public safety	236,099	173,681
Health	92,627	102,885
Education and welfare	12,449	2,109
Housing	369,407	347,507
Community amenities	6,905,144	6,761,299
Recreation and culture	515,283	674,749
Transport	25,488	302,159
Economic services	358,288	85,937
Other property and services	80,402	137,647
	66,978,815	61,703,287
Income from grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	24,869	188,937
General purpose funding	1,415,239	1,199,086
Law, order and public safety	242,702	199,804
Health	51,330	62,427
Education and welfare	69,519	71,873
Housing	407,989	0
Community amenities	197,685	481,560
Recreation and culture	246,871	95,647
Transport	2,253,603	2,053,906
Economic services	162,544	1,993,756
Other property and services	727,532	56,153
	5,799,883	6,403,149
Total Income	72,778,698	68,106,436
Expenses		
Governance	(8,975,745)	(9,687,680)
General purpose funding	(4,529,134)	(3,442,697)
Law, order, public safety	(3,785,886)	(3,771,179)
Health	(1,419,890)	(1,299,181)
Education and welfare	(2,727,907)	(2,793,733)
Housing	(800,391)	(556,033)
Community amenities	(8,992,894)	(7,731,944)
Recreation and culture	(17,876,318)	(15,338,970)
Transport	(12,150,224)	(9,348,249)
Economic services	(3,531,256)	(3,404,422)
Other property and services	(3,714,121)	(3,376,240)
Total expenses	(68,503,766)	(60,750,328)
Net result for the period	4,274,932	7,356,108
(c) Total Assets		
Governance	5,327,396	4,766,870
General purpose funding	205,685,371	161,209,427
Law, order, public safety	952,597	669,644
Health	2,521,446	3,135,735
Education and welfare	3,686,135	4,363,155
Housing	6,428,279	5,112,820
Community amenities	22,678,187	21,565,087
Recreation and culture	116,190,999	112,600,384
Transport	264,690,767	270,419,240
Economic services	21,384,260	19,889,964
Other property and services	13,935,610	14,750,987
Unallocated	76,887,299	72,041,804
	740,368,346	690,525,117

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description		\$		\$	\$	\$	\$	\$	\$	\$	\$
Residential Rate	Gross rental valuation	0.069069	14,482	256,558,985	17,744,493	71,923	17,816,416	17,656,317	154,000	17,810,317	17,118,237
Commercial Rate	Gross rental valuation	0.072951	846	137,715,652	10,086,036	(51,379)	10,034,657	10,037,554	3,535	10,041,089	9,696,164
Industrial Rate	Gross rental valuation	0.073149	464	124,941,858	9,099,066	45,739	9,144,805	9,139,372	73,932	9,213,304	8,848,668
Total general rates			15,792	519,216,495	36,929,595	66,283	36,995,878	36,833,243	231,467	37,064,710	35,663,069
Minimum payment											
Minimum payment		\$									
Residential Rate	Gross rental valuation	885	5,213	59,230,233	4,613,505	0	4,613,505	4,623,240	0	4,623,240	4,454,550
Commercial Rate	Gross rental valuation	1,040	185	1,440,980	192,400	0	192,400	192,400	0	192,400	187,935
Industrial Rate	Gross rental valuation	1,060	9	89,679	9,540	0	9,540	9,540	0	9,540	9,225
Total minimum payments			5,407	60,760,892	4,815,445	0	4,815,445	4,825,180	0	4,825,180	4,651,710
Total general rates and minimum payments			21,199	579,977,387	41,745,040	66,283	41,811,323	41,658,423	231,467	41,889,890	40,314,779
Ex-gratia Rates											
Airport Rates		0.072951			12,940,805	178,142	13,118,947	12,563,830	0	12,563,830	12,205,012
Other Rates in Lieu					103,071	0	103,071	85,000	0	85,000	96,118
Total amount raised from rates (excluding general rates)			0	0	13,043,876	178,142	13,222,018	12,648,830	0	12,648,830	12,301,130
Discounts							(1,864,497)			(1,850,000)	(1,800,104)
Total Rates							53,168,844			52,688,720	50,815,805
Rate instalment interest							140,345			140,000	139,347
Rate overdue interest							114,542			91,367	107,688

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.

CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

28. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23 (30 June 2023)	2022/23 Budget (30 June 2023)	2021/22 (30 June 2022)
	Note	Carried Forward)	Carried Forward)	Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(28,535)	(113,901)	(316,392)
Less: Fair value adjustments to financial assets at fair value through profit or loss		(9,215)	0	(9,992)
Add: Loss on disposal of assets		2,149,490	3,548	132,271
Add: Depreciation	10(a)	11,423,543	8,959,935	9,211,639
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost				
Asset additions at substantially less than fair value:		(139,096)	0	(83,807)
Pensioner deferred rates		19,557	0	17,650
Employee benefit provisions		(44,305)	(656,700)	(478,972)
Movement in receivable from EMRC		(538,413)	0	611,311
Movement in current lease liability		(12,298)	0	(34,073)
Non-cash amounts excluded from operating activities		12,820,728	8,192,882	9,049,635
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Property, plant and equipment received for substantially less than fair value	8(a)	139,096	0	83,807
Non-cash amounts excluded from investing activities		139,096	0	83,807
(c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/ (deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(61,681,377)	(50,367,903)	(54,222,614)
Add: Financial assets at amortised cost		31,022,402	10,701,227	15,216,299
Less: Current assets not expected to be received at end of year				
- EMRC receivable	5	(20,927,619)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15	618,111	595,216	595,217
- Current portion of lease liabilities	11(b)	118,561	0	106,263
- Employee benefit provisions		2,090,449	2,212,503	2,143,696
Total adjustments to net current assets		(48,759,473)	(36,858,957)	(36,161,139)
Net current assets used in the Statement of Financial Activity				
Total current assets		73,021,126	61,069,130	61,034,559
Less: Total current liabilities		(12,309,011)	(8,532,433)	(12,649,700)
Less: Total adjustments to net current assets		(48,759,473)	(36,858,957)	(36,161,139)
Surplus or deficit after imposition of general rates		11,952,642	15,677,740	12,223,720

Attachment 13.4.1 City of Belmont 2022-2023 Annual Financial Statements

CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
New Community Centre		13,404,748	0	(573,170)	12,831,578	0	(595,215)	12,236,363	12,831,578	0	(595,216)	12,236,362
Total		13,404,748	0	(573,170)	12,831,578	0	(595,215)	12,236,363	12,831,578	0	(595,216)	12,236,362

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
New Community Centre		183	WATC*	3.81%	May 2038	(514,913)	(571,292)	(638,043)
Total						(514,913)	(571,292)	(638,043)
Total Finance Cost Payments						(514,913)	(571,292)	(638,043)

* WA Treasury Corporation

Attachment 13.4.1 City of Belmont 2022-2023 Annual Financial Statements

CITY OF BELMONT
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal			Principal				Principal			
		Principal at 1 July 2021	New Leases During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
Cardio Equipment		22,788	27,975	(50,763)	0	0	0	0	0	0	0	
Gym Equipment		17,039	0	(11,745)	5,294	0	(5,294)	0	0	0	0	
Parking Sensors		65,856	1,913	(31,640)	36,129	160,798	(39,946)	156,981	0	0	0	
Cardio Equipment		0	196,587	(6,384)	190,204	4,723	(70,878)	124,049	0	0	0	
Total Lease Liabilities	11(b)	105,683	226,475	(100,532)	231,627	165,521	(116,118)	281,030	0	0	0	

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
Cardio Equipment	1/2	De Lage Landen	0.43%	31/03/2022	\$ 0	\$ 0	\$ (50)	48 months	
Gym Equipment	3A/3B	De Lage Landen	0.43%	31/12/2022	0	0	(125)	36 months	
Parking Sensors	20200618	Database Consultants	0.35%	2/04/2023	0	0	(167)	24 months	
Cardio Equipment		E6TEC63884 MAIA	3.82%	25/05/2025	(6,038)	0	(704)	36 months	
Total Finance Cost Payments					(6,038)	0	(1,046)		

Attachment 13.4.1 City of Belmont 2022-2023 Annual Financial Statements

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

30. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Administration building Reserve	239,634	6,507	0	246,141	239,557	2,875	0	242,432	237,447	2,187	-	239,634
(b) Aged Accommodation - Homewest Reserve	885,276	43,435	0	928,711	903,390	40,808	0	944,198	862,342	22,934	-	885,276
(c) Aged Community Care Reserve	222,284	6,036	0	228,320	222,213	2,667	0	224,880	220,256	2,028	-	222,284
(d) Aged persons housing Reserve	827,337	22,466	(137,046)	712,757	783,661	9,404	(179,521)	613,544	960,586	8,846	(142,095)	827,337
(e) Aged Services Reserve	1,081,309	29,362	0	1,110,671	1,080,964	12,972	0	1,093,936	1,071,442	9,867	-	1,081,309
(f) Ascot Waters Marina Maintenance & Restoration Reserve	1,029,636	27,959	0	1,057,595	979,308	11,752	(50,000)	941,060	1,020,241	9,395	-	1,029,636
(g) Belmont District Band Reserve	47,688	1,295	0	48,983	47,673	572	0	48,245	47,253	435	-	47,688
(h) Belmont Oasis Refurbishment Reserve	4,203,056	114,132	0	4,317,188	4,201,716	50,421	0	4,252,137	4,164,704	38,352	-	4,203,056
(i) Belmont Trust Reserve	1,615,026	43,855	(28,311)	1,630,570	1,510,878	18,131	(186,443)	1,342,566	1,683,144	15,500	(83,618)	1,615,026
(j) Building maintenance Reserve	4,704,009	399,185	0	5,103,194	4,217,349	50,608	(100,000)	4,167,957	5,677,933	52,288	(1,026,212)	4,704,009
(k) Car Parking Reserve	62,887	1,708	0	64,595	62,867	754	0	63,621	62,313	574	-	62,887
(l) District valuation Reserve	289,617	7,864	(274,566)	22,915	264,549	88,175	(250,000)	102,724	212,659	76,958	-	289,617
(m) Election expenses Reserve	77,514	62,591	0	140,105	78,473	50,942	0	129,415	126,350	51,164	(100,000)	77,514
(n) Environment Reserve	834,284	679,620	0	1,513,904	1,048,656	12,584	0	1,061,240	102,743	731,541	-	834,284
(o) Faulkner Park Retirement Village Buy Back Reserve	2,389,463	64,885	0	2,454,348	2,444,463	49,178	0	2,493,641	2,367,659	21,804	-	2,389,463
(p) Faulkner Park Retirement Village Owners Maintenance Reserve	571,077	119,727	0	690,804	610,029	67,476	0	677,505	552,877	18,200	-	571,077
(q) History Reserve	168,844	4,585	0	173,429	144,790	1,737	0	146,527	167,303	1,541	-	168,844
(r) Information Technology Reserve	1,402,132	38,074	0	1,440,206	1,346,305	16,156	(130,000)	1,232,461	1,575,305	14,507	(187,680)	1,402,132
(s) Land acquisition Reserve	9,352,961	871,475	0	10,224,436	9,319,979	111,840	(130,000)	9,301,819	9,267,616	85,345	-	9,352,961
(t) Long Service Leave Reserve - Salaries	1,901,632	440,892	(444,604)	1,897,920	2,015,680	24,188	(240,060)	1,799,808	2,196,162	330,649	(625,179)	1,901,632
(u) Long Service Leave Reserve - Wages	275,917	57,474	(90,025)	243,366	394,266	4,731	(38,800)	360,197	409,278	3,769	(137,130)	275,917
(v) Miscellaneous Entitlements Reserve	449,609	1,198,984	(863,193)	785,400	480,046	5,761	0	485,807	175,837	751,619	(477,847)	449,609
(w) Plant replacement Reserve	1,419,598	227,753	(506)	1,646,845	791,032	9,492	(232,220)	568,304	820,895	598,703	-	1,419,598
(x) Property development Reserve	11,757,970	4,577,642	(968,547)	15,367,065	11,986,560	143,839	(968,547)	11,161,852	9,427,754	2,834,567	(504,351)	11,757,970
(y) Public Art Reserve	401,446	10,901	0	412,347	401,317	4,816	0	406,133	397,783	3,663	-	401,446
(z) Ruth Faulkner library Reserve	46,625	1,266	0	47,891	46,611	559	0	47,170	46,200	425	-	46,625
(aa) Streetscapes Reserve	499,542	13,565	0	513,107	499,383	5,993	0	505,376	494,984	4,558	-	499,542
(ab) Urban Forest Strategy Management Reserve	117,964	3,203	0	121,167	117,927	1,415	0	119,342	116,888	1,076	-	117,964
(ac) Waste Management Reserve	5,946,452	1,262,518	0	7,208,970	5,601,544	543,320	(1,832,191)	4,312,673	4,588,191	1,358,261	-	5,946,452
(ad) Workers Compensation/Insurance Reserve	1,401,825	38,066	(111,464)	1,328,427	1,503,293	18,040	0	1,521,333	1,637,296	15,078	(250,549)	1,401,825
	54,222,614	10,377,025	(2,918,262)	61,681,377	53,344,479	1,361,206	(4,337,782)	50,367,903	50,691,441	7,065,834	(3,534,661)	54,222,614
	54,222,614	10,377,025	(2,918,262)	61,681,377	53,344,479	1,361,206	(4,337,782)	50,367,903	50,691,441	7,065,834	(3,534,661)	54,222,614

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

Attachment 13.4.1 City of Belmont 2022-2023 Annual Financial Statements

CITY OF BELMONT NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

30. RESERVE ACCOUNTS (CONTINUED)

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Administration building Reserve	This reserve is used to fund the refurbishment of the City's administration building
(b) Aged Accommodation - Homewest 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) 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.
(l) District valuation Reserve	This reserve is used to spread the costs of the 3 yearly revaluation of properties for rating purposes.
(m) Election expenses Reserve	This reserve is used to spread the biennial cost of postal voting for elections over two years.
(n) Environment Reserve	This reserve is used to fund environmental programs.
(o) 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.
(p) 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.
(q) History Reserve	This reserve is used to provide for the future costs associated with the acquisition, recording, preservation and display of articles and information
(r) Information Technology Reserve	This reserve is used for the replacement and enhancement of the City's core business hardware and software requirements.
(s) 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.
(t) Long Service Leave Reserve - Salaries	This reserve is used to part fund the long service leave liability of the City's salaried staff.
(u) Long Service Leave Reserve - Wages	This reserve is used to part fund the long service leave liability of the City's waged staff.
(v) Miscellaneous Entitlements Reserve	This reserve is used to provide funding for unforeseen expenditures relating to staff and entitlements.
(w) Parks Development Reserve	This reserve is used to provide for future development of the City's Parks including playgrounds and irrigation.
(x) 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.
(y) Property development Reserve	This reserve is used to fund any property development within the City.
(z) Public Art Reserve	This reserve is used to fund future acquisitions of public art for display in the City.
(aa) Ruth Faulkner library Reserve	This reserve is used for capital improvements to the City's library.
(ab) Streetscapes Reserve	This reserve is used to fund shopping centre revitalisation and streetscape enhancements.
(ac) Urban Forest Strategy Management Reserve	This reserve is used to fund the management and retention of the urban forest.
(ad) Waste Management Reserve	This reserve is used to fund waste management initiatives and activities.
(ae) Workers Compensation/Insurance Reserve	This reserve is used to fund self insurance expenses and major fluctuations in insurance premiums.

**CITY OF BELMONT
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

31. TRUST FUNDS

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:

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
BCITF Levy	14,593	118,939	(130,178)	3,354
Building Services Levy	36,527	253,421	(236,851)	53,097
Cash in Lieu of Public Open Space	1,303,865	0	0	1,303,865
Development Assessment Panels	0	70,873	(70,873)	0
	<u>1,354,985</u>	<u>443,233</u>	<u>(437,902)</u>	<u>1,360,316</u>

Office of the Auditor General
Western Australia

Annual Financial Audit Exit Brief

City of Belmont

Year ended 30 June 2023

27 November 2023



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 2023. 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.

As required by the *Local Government Act 1995 Section 6.4(3)*, we note that your first set of financial statements was submitted on 29 September 2023. The audit ready version of your financial statements was provided on 12 October 2023 and is the date that will be included in the 2023 Local Government Annual Results Report to Parliament.

2. Audit coverage of key controls

As indicated in our Planning Summary presented at the entrance meeting, we tested the operating effectiveness of controls in detail within the following business cycles:

- Expenditure
- Property, plant and equipment
- General Ledger

The controls for other business cycles were also re-confirmed.

In addition, key areas of information systems controls were audited.

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.

Index of findings	Rating			Prior year finding
	Significant	Moderate	Minor	
Reporting and financial controls issues				
1. Review of monthly accounts payable reconciliation		✓		
2. Policies and procedures management		✓		
Information system control issues				
1. Network security	✓			✓
2. Data loss prevention		✓		✓
3. Password controls for key IT systems		✓		✓

4. Backup management		✓		
5. Server room management		✓		
6. Network access management		✓		
7. Remote access management		✓		
8. HR application management		✓		✓
9. Pathway application management		✓		
10. Web-application access control		✓		
11. Network controls		✓		
12. Asset management		✓		
13. Vulnerability management		✓		
14. Screening and induction		✓		
15. Logging and monitoring		✓		✓
16. Database security		✓		✓
17. Rates system payment gateway		✓		✓
18. Information classification			✓	
19. Cloud vendor assessment			✓	

The findings of the information system controls of your agency have been communicated to management.

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"> 1 moderate findings Information Systems audit: <ul style="list-style-type: none"> 1 Significant, 8 Moderate and 3 Minor findings 	<u>Financial audit:</u> 1 finding reported in the prior year was resolved and 2 new findings were identified in the current year. <u>Information systems audit:</u> 2 moderate and 3 minor findings reported in the prior year were resolved. 10 moderate and 2 minor new findings were identified in the current year.

Details of Risk / Issue	Audit Outcomes
<p>Significant accounting matter in FY2022-23: Payment for the City withdrawal from EMRC effective from 1 July 2021</p>	<p>The City has reclassified the EMRC receivable from Non-current to Current which is appropriate as payment is expected to be received by December 2023. We will reassess this matter in FY 2024.</p>
<p>Significant accounting matter in FY2022-23: Revaluations of property, plant and equipment (PPE) and infrastructure</p>	<p>We have confirmed the balances to independent valuation reports and assessed the reasonableness of assumptions used, valuation methods and completeness of the revalued assets. No material matters were identified.</p>
<p>Involvement of Information Systems audit</p>	<p>General computer controls audit has been performed by OAG Information System (IS) audit team. Results from the IS audit are included in Section 3 – Information System Control Issues and Section 5 – Information Systems – Maturity Model.</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>We reviewed the method and underlying data that management and, where applicable, third parties used when determining their critical accounting estimates. We are generally satisfied with the reasonableness of the assumptions used and the corroborating representations.</p>
<p>Key changes to accounting standards that impact your entity for the first time this year were presented at the audit entrance meeting.</p> <p>As advised by management at the audit entrance meeting, changes to the accounting standards are not expected to have a material impact. However, it was important to ensure that the City's 2023 financial statements complied with the amended standards.</p>	<p>Where applicable, we confirmed that management assessed and correctly applied the recognition and measurement requirements of the amended standards, along with the relevant disclosure requirements of each standard with no significant issues noted.</p>
<p>Important changes in management or the control environment</p> <ul style="list-style-type: none"> • Appointment of new Manager Finance and Director Corporate & Governance 	<p>Based on the results of the audit work performed, we did not identify control gaps.</p>

5. Information systems – maturity model

As part of our information systems audit, we also completed a Capability Maturity Assessment of your entity. 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 entity'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	Rating 2022
Manage IT Risk	3	3
Information Security Framework	2	3
Human Resource Security	2	2
Manage Access	2	2
Endpoint Security	2	2
Network Security	2	2
Physical Security	2	2
Manage Change	3	3
Manage IT Operations	2	2
Manage Continuity	3	3

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

6. Adjusted and unadjusted errors in the financial statements

The following errors and misstatements were identified in the financial statements during our audit.

Adjusted

Description	Account	Reported Balance	Actual Balance	Variance
Reclassification of movement in equity interest in EMRC	Other expenditure	1,163,798	1,702,211	538,413
	Other revenue	(826,583)	(1,364,996)	(538,413)
Derecognition of asset and liability for a project that was postponed to FY2024	Other liabilities	(1,500,503)	(1,400,503)	100,000
	Accounts receivable	557,172	457,172	(100,000)
Incorrect treatment of provision for doubtful debt adjustment	Other expenditure	1,702,211	1,859,211	157,000
	Trade and other receivables	457,172	300,172	(157,000)

Unadjusted

Description	Account	Reported Balance	Actual Balance	Variance
Accrued expense relating to the 2023 financial year was not recorded.	Accrued expenses	(3,108,862)	(3,184,267)	(75,405)
	Property, plant & equipment	343,924,427	343,999,832	75,405
Net profit recognition for Orana and Gabriel Gardens	Accrued income	2,131,793	1,987,445	(144,348)
	Accrued expenses	(3,108,862)	(2,964,514)	144,348

7. Variations to the indicative audit fee

The total audit cost exceeds the indicative audit fee. We are in the process of reviewing the work performed and will seek to recover any variations in audit cost resulting from additional work. Any fee increases will be communicated to management promptly.

8. Actions or issues for next year's audit

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

- Payment from EMRC yet to be received for the withdrawal in FY 2023.
- Status of waste to energy arrangement
- Assess progress of the information system audit findings being addressed as part of audit planning stage
- LG Alert issued in July 2023 requires land restrictions be considered in valuations

9. Updated audit process for next year's audit

Auditing and accounting standards are continuously updated with implementation guidance issued by the relevant regulatory bodies. As a result, audit methodologies need to be updated to ensure they comply with the required standards. Our Office has accordingly started a process to review our attest methodologies to ensure they remain fit for purpose and incorporate professional best practices.

As our audit approach is risk based, the approach is varied yearly dependent on specific facts and circumstances relevant to each year's audit, and this can result in different controls, financial statement line items and key performance indicators being audited yearly, as well as different audit procedures being performed. It may also result in an increase and/or variation in the questions that we ask your team and new requests for more information, including in an electronic format.

Once our reviewed methodology is transitioned and embedded, we expect that it will deliver efficiencies to our audit process. Costs associated with the transition and system and methodology upgrades have been factored into our long-term budget and separately funded by the State government.

Our Ref: MRL2023
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 2023

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 2023 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 2023 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.
- (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 of Belmont 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 of Belmont 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 of Belmont.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City of Belmont'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 of Belmont 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 of Belmont'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 the 30 June 2023.

8. Related parties

We have disclosed to your auditors the identity of the City of Belmont'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 of Belmont'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 of Belmont'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 of Belmont.

We confirm that we are not aware of any matters that may impact the carrying value of EMRC receivable of \$20,927,619 as at 30 June 2023.

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 of Belmont.

14. Accounting misstatements

The effects of uncorrected misstatements in the financial report are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of these uncorrected misstatements is listed below.

Disclosure	Reported balance	Actual balance	Variance
	\$	\$	\$
Accrued expenses	(3,108,862)	(3,184,267)	(75,405)
Property, plant & equipment	343,924,427	343,999,832	75,405
Accrued expenses relating to 2023 financial year was not recorded.			
Accrued income	2,131,793	1,987,445	(144,348)
Accrued expenses	(3,108,862)	(2,964,514)	144,383
Net profit for Orana and Gabriel Gardens should be recognition at the net level.			

15. 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 of Belmont’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 of Belmont’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.

16. 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.

Director Corporate & Governance

Name: Stuart Downing

Date

Chief Executive Officer

Name: John Christie

Date

CITY OF BELMONT

IS AUDIT ACTION PLAN

AUDIT DETAIL	ACTION	OWNER	EXPECTED COMPLETION
<p>TOPIC: Information Security</p> <p>To ensure security strategies and implemented technologies align with, and support business objectives. Senior executives should implement appropriate frameworks and management structures. Management should ensure good security practices and controls are implemented and continuously monitored.</p>	<p>1. Review OAG recommendations from 2023 IS Audit.</p> <p>2. Complete annual risk assessments to identify opportunities to further strengthen and manage information security general controls and practices</p> <p>3. Implement, or finalise the implementation of new systems and technologies to further strengthen the City's security posture.</p>	<p>Manager Information Technology</p>	<p>30/04/2024</p>
<p>TOPIC: IT Operations</p> <p>Local government entities should use good practice standards and frameworks as a reference to implement good controls for IT operations. Entities should have appropriate policies and procedures in place to manage incidents. IT risks, information security and business continuity. Additionally, entities should ensure IT strategic plans and objectives support their overall business strategies and objectives.</p>	<p>1. Update and inform relevant strategies, policies, procedures and plans</p> <p>2. Review and update processes to continuously monitor and improve information security, business continuity, IT risks, IT operations, change management and physical security of IT infrastructure and assets</p>	<p>Manager Information Technology</p>	<p>30/04/2024</p>



Exit Meeting

ANNUAL FINANCIAL AUDIT OF THE CITY OF BELMONT FOR THE YEAR ENDED 30 JUNE 2023

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
Anthea Bird	Manager Governance
Mathew Smith	Manager Information Technology
Brent Godfrey	Internal Auditor

Office of the Auditor General

Kien Neoh	Engagement Leader, Financial Audit
Iris Yap	Audit Manager, Financial Audit
Fareed Bakhsh	Principal Auditor, Information Systems Audit
Ghulam Wahid	Auditor, Information Systems Audit

Meeting Date & Time: 27 November 2023 at 6.30 p.m.

Agenda

1. Introduction
2. Matters Arising from the Audit
3. Actions for Next Year's Audit
4. General & Closing Comments

