



Agenda

Audit and Risk Management Committee

Wednesday 19 October 2022 5.30pm

**Agenda – Audit and Risk Management Committee
19 October 2022**



Notice of an Audit and Risk Management Committee meeting

Elected Members

An Audit and Risk Management Committee meeting of the City of Fremantle will be held on **Wednesday 19 October 2022** in the Wetj Seminar Room at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 5.30 pm.

A handwritten signature in black ink, appearing to be "Graham Tattersall".

Graham Tattersall
A/Chief Executive Officer

14 October 2022



Table of Contents

1.	Official opening, welcome and acknowledgement.....	3
2.	Attendance, apologies and leave of absence	3
3.	Disclosures of interest by members	3
4.	Deputations	3
4.1	Special deputations.....	3
4.2	Presentations	3
5.	Confirmation of minutes	3
6.	Elected member communication	3
7.	Reports and recommendations	4
7.1	Governance and Compliance	4
	ARMC2210-1 PURCHASING POLICY EXEMPTIONS JULY TO AUGUST 2022 ..	4
	ARMC2210-2 TENDERS AWARDED UNDER DELEGATION JULY TO AUGUST 2022	7
	ARMC2210-3 INFORMATION REPORT – OCTOBER 2022	9
7.2	Finance.....	14
	ARMC2210-4 OAG AUDIT ACTIONS UPDATE – OCTOBER 2022.....	14
	ARMC2210-5 GRANTS AND SPONSORSHIP FY 2021/2022 - INFORMATION REPORT	18
	ARMC2210-6 OVERDUE DEBTORS REPORT AS AT 31 AUGUST 2022	24
7.3	Health, Safety and Environment	33
	ARMC2210-7 CITY OF FREMANTLE LOCAL EMERGENCY MANAGEMENT COMMITTEE INFORMATION REPORT	33
7.4	Legal, Reputation and Brand	34
	ARMC2210-8 EMERGING ISSUES REPORT – OCTOBER 2022.....	34
8.	Motions of which previous notice has been given	36
9.	Urgent business	36
10.	Late items	36
11.	Confidential business	36
12.	Closure	36



1. Official opening, welcome and acknowledgement

Ngala kaaditj Whadjuk moort keyen kaadak nidja Walyalup boodja wer djinang Whadjuk kaaditjin wer nyiting boola yeye.

We acknowledge the Whadjuk people as the traditional owners of the greater Fremantle/Walyalup area and we recognise that their cultural and heritage beliefs are still important today.

2. Attendance, apologies and leave of absence

Mayor Hannah Fitzhardinge is an apology.

3. Disclosures of interest by members

Elected members must disclose any interests that may affect their decision-making. They may do this in a written notice given to the CEO; or at the meeting.

4. Deputations

4.1 Special deputations

A special deputation may be made to the meeting in accordance with the City of Fremantle Meeting Procedures Policy 2018.

There are no special deputation requests.

4.2 Presentations

Elected members and members of the public may make presentations to the meeting in accordance with the City of Fremantle Meeting Procedures Policy.

5. Confirmation of minutes

OFFICER'S RECOMMENDATION

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 17 August 2022.

6. Elected member communication

Elected members may ask questions or make personal explanations on matters not included on the agenda.



7. Reports and recommendations

7.1 Governance and Compliance

ARMC2210-1 PURCHASING POLICY EXEMPTIONS JULY TO AUGUST 2022

Meeting date:	19 October 2022
Responsible officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	1. Purchasing Policy Exemption Detail – July to August 2022
Additional information:	Nil

SUMMARY

The purpose of this report is to inform Council of purchases made by the City that were exempted from the requirements of the Purchasing Policy, during the period July to August 2022.

This report recommends that Council receive the Purchasing Policy Exemptions report for July to August 2022.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted a new Purchasing Policy. The Purchasing Policy outlines the requirements and decision making process for each Policy threshold. The Policy also contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and other Policy exemptions.

Under this policy all exemptions applied by the City are to be reported to the Audit and Risk Management Committee.

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

Nil.



OFFICER COMMENT

July 2022

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$209,266.50 for the month of July 2022.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	Nil
Original Equipment Manufacturer (OEM) Exemption	\$156,320.00
Specialist Consultancy	\$27,946.50
Sole Source of Supply Exemption	\$25,000.00
Total	\$209,266.50

Details regarding individual exemptions can be found in Attachment 1.

August 2022

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$141,880.00 for the month of August 2022.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$14,500.00
Original Equipment Manufacturer (OEM) Exemption	\$15,000.00
Specialist Consultancy	\$15,000.00
Subscription (excluding software)	\$60,500.00
Sole Source of Supply Exemption	\$36,880.00
Total	\$141,880.00

Details regarding individual exemptions can be found in Attachment 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



OFFICER'S RECOMMENDATION

Council receive the information report on Purchasing Policy exemptions for July to August 2022.

**Agenda – Audit and Risk Management Committee
19 October 2022**



**ARMC2210-2 TENDERS AWARDED UNDER DELEGATION JULY TO
AUGUST 2022**

Meeting date: 19 October 2022
Responsible officer: Manager Financial Services
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and Committees during the period July to August 2022.

This report recommends that Council receive the report on tenders awarded under delegation between July to August 2022.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 25 May 2022:

Delegated Authority	Amount of Delegation
Finance, Policy Operations and Legislation Committee (FPOL)	\$500,000+ (if within budget)
CEO	Up to \$500,000
Directors	Up to \$500,000

Items identified under 'Officer Comment' of this report detail tenders awarded under delegation.

FINANCIAL IMPLICATIONS

All tenders were awarded within the 2022-23 budget approved at Council on 30 July 2022.

LEGAL IMPLICATIONS

All tenders awarded met the requirements of Regulations 11A – 24AJ of the *Local Government (Functions and General) Regulations 1996* and S3.57 of the *Local Government Act 1995*.

Under delegation 2.11 Expressions of interest and tenders, of the City's Register of Delegated Authority 2022-23, the Chief Executive Officer is required to report the use of this delegation to the Audit and Risk Management Committee.

**Agenda – Audit and Risk Management Committee
19 October 2022**



CONSULTATION

Nil.

OFFICER COMMENT

Below is a list of tenders awarded under delegation between July 2022 and August 2022.

July 2022

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
FCC592/22 - Provision of Turf Laying Services	FPOL	GTF Pty Ltd T/A Greenacres Turf Group	5 years	\$625,756
FCC603/22 - Storage and Transport of COF Art Collection	Director	IAS Fine Art Logistics Pty Ltd	5 years	\$375,732
FCC605/22 - Provision of Tree Maintenance Services	FPOL	Category 1 – Pilack Pty Ltd as Trustee for The Hall Discretionary Trading Trust trading as Dependable Tree Services Category 2 - Trees of Eden Pty Ltd	5 years	\$2,839,500

August 2022

Nil.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the information report on tenders awarded under delegation for July to August 2022.



ARMC2210-3 INFORMATION REPORT – OCTOBER 2022

STATUS REPORT OF COUNCIL MOTIONS – 1 JUNE 2022 TO 30 SEPTEMBER 2022

Responsible officer:	Manager Governance
Attachments:	1. Status Report of Council motions – 1 June 2022 to 30 September 2022
Additional information:	Nil

Best practice principles support the recording and reporting of actions taken on Council decisions to ensure they are implemented, and that the actions are completed in a timely manner.

Where possible, Council decisions are actioned as soon as practicable after a Council meeting; however, there are projects or circumstances that mean some decisions take longer to implement than others. The City keeps a register of all final decisions made at Council and Committee meetings.

The City's motions register does not capture ongoing progress of projects and related activities, only how the initial decision has been, or will be, actioned. For instance, the register will record the adoption of a plan and the actions needed to disseminate and publish that plan, however the register will not include how the actions included in the plan are implemented, only that the plan was adopted appropriately.

The attached register excerpt provides the status of the actions taken by responsible officers in response to all final decisions of council. It has been organised into separate parts for ease of understanding and reference, as attached:

Part 1. Motions incomplete and ongoing in reporting period

The motions included in this section are those decisions that have not yet been fully actioned. Progress comments or explanations are provided.

Part 2. Development Application motions completed in reporting period

The motions included in this section are those decisions about Development Applications (DA's) that have been completed. They have been grouped for ease of reference only.

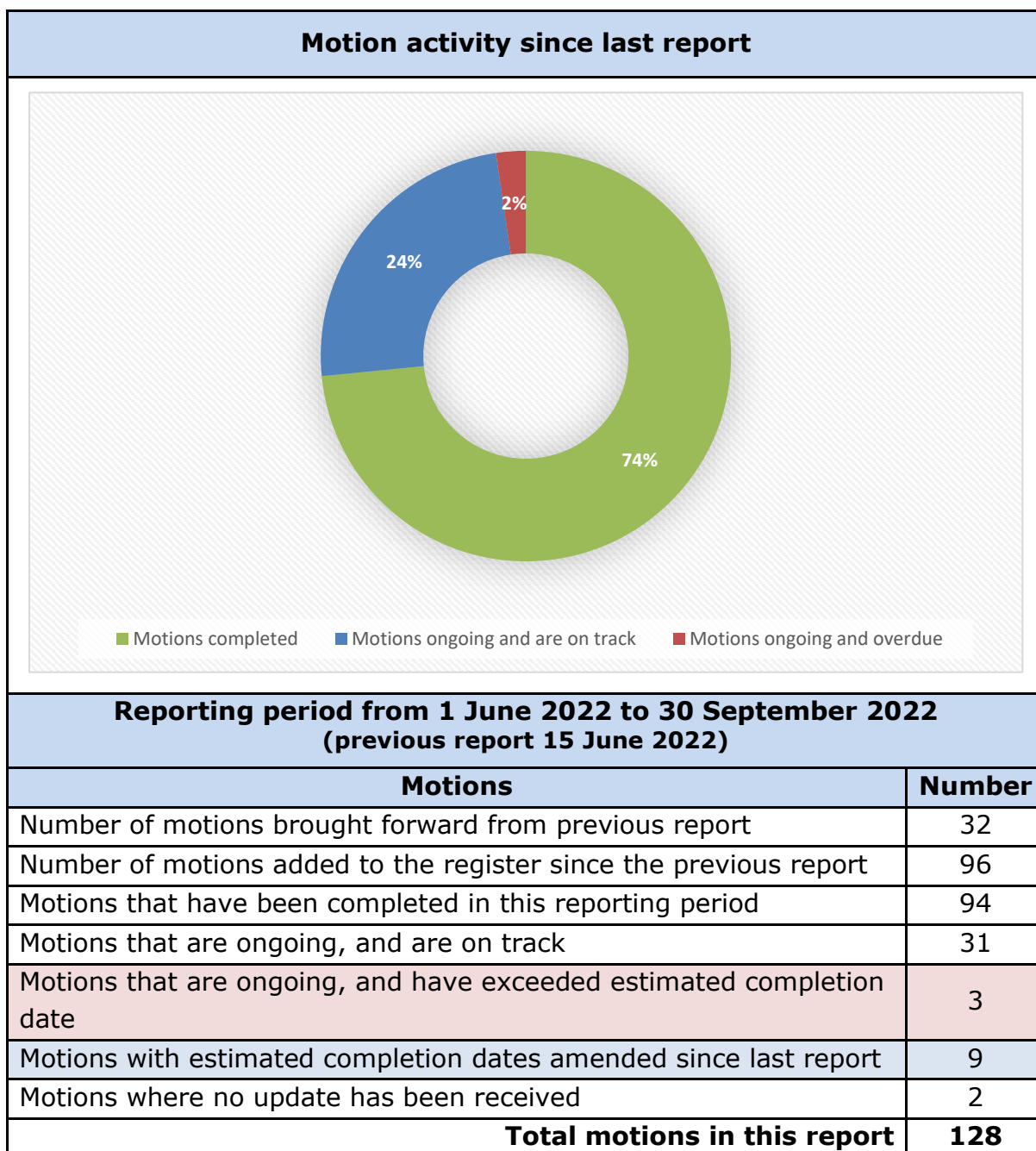
Part 3. Motions other than DA's completed in reporting period

The motions included in this section are all other decisions made by Council (except DA's that have been completed, captured above at part 2).



Part 4. Motions where no action was required in reporting period

The motions included in this section are from those reports that were provided to Council for information only.





STATUS REPORT OF AUDIT ACTIONS TO 30 SEPTEMBER 2022

Responsible officer:	Manager Governance
Attachments:	<ol style="list-style-type: none">1. Audit actions progress report to 30 September 20222. Information systems audit actions progress report to 30 September 2022 <i>(Confidential attachment under separate cover)</i>
Additional information:	Nil

This report presents the City’s central register that captures the progress of all recommended actions agreed to be undertaken by the City as suggested or recommended in an audit or review report.

Information from an audit or review report is inputted into the Audit Actions Register (the register) including recommendations/suggested actions, the responsible officer and the initial comment provided by the responsible Manager/Director to the auditor/reviewer.

When an item is given a rating (as agreed by the City) of “high’ or “extreme”, the item will be added to the Corporate Risk Register.

The attached report provides a summary of the progress the City has made in response to the recommendations/suggested actions in an audit or review findings report.

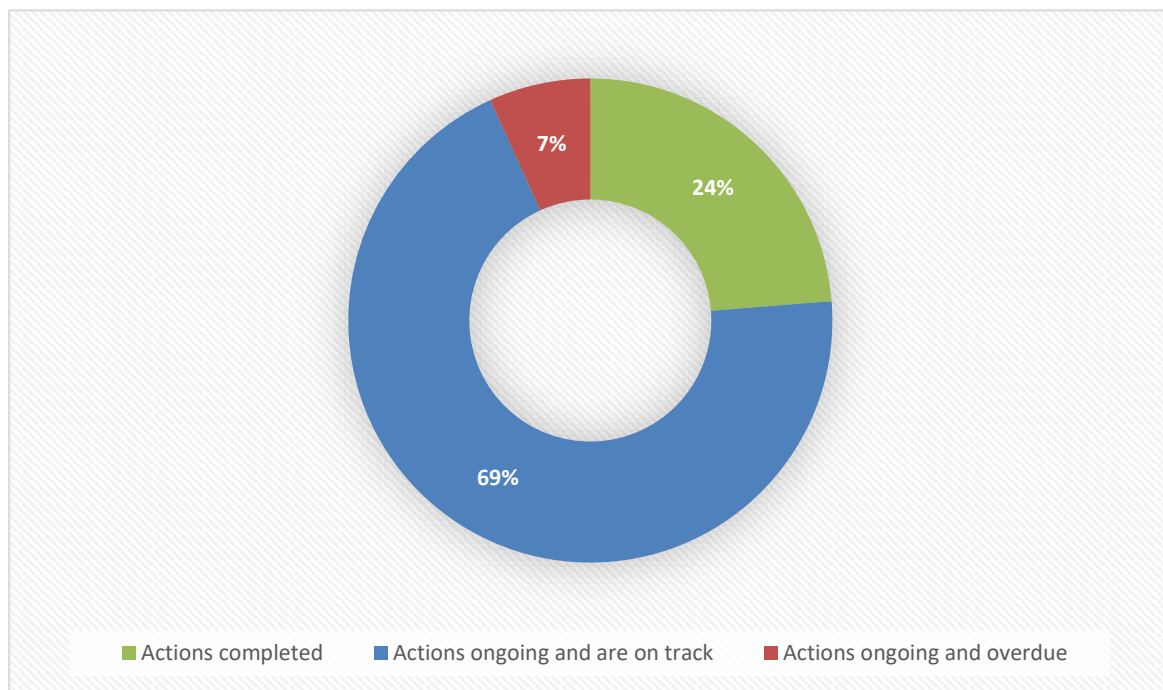
Information Technology Systems audit actions are presented in the confidential attachments under separate cover.

The audits or reviews in this progress report are:

- Systems and Procedures Review:
- Internal Control (2019)
- Risk Management (2020)
- Legislative Compliance (2021)
- Regulation of Consumer Food Safety (2020)
- Financial Management Review (2020)
- Interim Audit – Finance (19-20)
- Interim Audit – Information Systems (19-20)
- Annual Financial Statements (19-20)
- Interim Audit – Finance (20-21)
- Annual Financial Statements (20-21)



Audit action activity since last report



**Reporting period from 1 June 2022 to 30 September 2022
(previous report 15 June 2022)**

Actions	Number
Number of actions brought forward from previous report	49
Number of actions added to the register since the previous report	14
Actions that have been completed in this reporting period	14
Actions that are ongoing, and are on track	41
Actions that are ongoing, and have exceeded estimated completion date	4
Actions with estimated completion dates amended since last report	24
Actions where no update has been provided	1
Total actions in this report	59



OFFICER'S RECOMMENDATION

Council receive the following information reports for October 2022:

- 1. Status report of Council motions – 1 June 2022 to 30 September 2022.**
- 2. Status report of audit actions to 30 September 2022.**



7.2 Finance

ARMC2210-4 OAG AUDIT ACTIONS UPDATE – OCTOBER 2022

Meeting date:	19 October 2022
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Audit Actions Register2. Action Plan – Significant and Moderate OAG Audit Findings3. Completed Actions OAG Audit Finding (<i>Confidential attachments under separate cover</i>)
Additional information:	Nil

SUMMARY

This report provides an update on the status of actions arising from annual audits carried out by the Office of the Auditor General (OAG) and an action plan regarding the resolution of remaining actions.

The report also requests the Audit and Risk Management Committee receives and endorses the list of audit actions that officers determined have been adequately addressed.

BACKGROUND

The Local Government Act requires the City's accounts and annual financial report to be audited annually by an independent auditor.

In October 2017, the Local Government Amendment (Auditing) Act 2017 was proclaimed, giving the Auditor General the mandate to audit Western Australia's local governments and regional councils.

The Act allowed the Auditor General to conduct performance audits from that date while financial audits transitioned to the Auditor General over four years (while existing local government audit contracts expired).

The 2020-21 financial audit was the first year the Auditor General had responsibility for all 148 local government audits, marking the end of the four-year transition provided in the Local Government Amendment (Auditing) Act 2017.

The City of Fremantle has now had its annual audit conducted by the OAG since then which has included a Financial Audit and General Computer Controls Audit, looking at both financial and information technology related compliance and controls.

Agenda – Audit and Risk Management Committee 19 October 2022



Each audit results in a series of recommendations being made by OAG auditors, which the City reviews, tracks and actions accordingly. Recommendations are rated based on risk and severity and the city prioritises any remediation required on that basis.

In August 2022 officers presented the finalised OAG audit of the City's Annual Financial Statements for the year ending 30 June 2021 to the Audit and Risk Management Committee. The Committee subsequently requested the following:

Request the Chief Executive Officer to report to the next meeting of the Audit and Risk Committee on a prioritised and resourced action plan that considers the findings and recommendations of the OAG.

This report provides the information requested and background on status associated with any outstanding OAG audit actions.

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

The City considers and actions audit recommendations in line with its requirements under the local Government Act.

CONSULTATION

Audit recommendations are implemented and actioned in consultation with OAG auditors to ensure accurate interpretation and understanding of OAG recommendations.

OFFICER COMMENT

The City manages the implementation of actions arising from audits via its Audit Actions Register. The register includes the following information:

- The audit type, which identifies whether the action relates to finance or information systems.
- The audit area, which flags the process or activity being assessed.
- The officer responsible for implementing the action.
- The level of significance associated with the finding which is typically associated with the level of risk and drives the priority associated with resolving the action.

**Agenda – Audit and Risk Management Committee
19 October 2022**



- The Auditor’s recommended actions.
- Any officer response or clarification regarding the action being recommended by the Auditor. This includes the proposed change to be implemented in order to address the auditor’s recommendation.
- Comments on progress made, and current status of action being taken by the City.
- Estimated completion date and actual completion date for the items that have been resolved.

The register includes all actions and recommendations requested by auditors including those that have been completed or resolved. A breakdown of current actions (those that have not been completed) have been provided to follow. There are currently 29 OAG audit actions/recommendations that are still in progress. Of these 29:

- 23 actions relate to financial systems, procedures or reporting relating to the financial audit.
- 6 actions relate to information systems, general computer controls and other more general actions.

The actions are categorised by risk rating with ratings including low, minor, medium, moderate and significant. Of the 29 OAG audit actions currently outstanding:

- 5 findings are considered to be significant
- 16 findings are considered to be moderate
- 2 findings are considered to be medium
- 3 findings are considered to be minor
- 3 findings are considered to be low

In order to progress the finalisation of audit actions, officers have prioritised the 5 significant findings and 16 moderate findings that remain in progress, starting with those listed as significant. The current status and action/implementation plan for each significant and moderate finding has been provided in attachment 2.

The register also identifies 15 actions/recommendations that have now been completed or resolved since the last time the audit and risk committee was updated on progress. The items that have been completed and the actions undertaken in order to achieve the required resolution have been provided in attachment 3.

It should be noted that given timelines between audit cycles are so close, actions from previous audits that are close to being finalised (i.e. prior to the end of this calendar year) may also appear as findings in the coming audit.



VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECCOMENDATION

Council:

- 1. Receive the updated Audit Actions Register.**
- 2. Receive the Audit Action Plan for Significant and Moderate Findings detailed in Attachment 2 - Action Plan – Significant and Moderate OAG Audit Findings.**
- 3. Accept the OAG audit action items detailed in Attachment 3 - Completed Actions OAG Audit Findings as complete.**



**ARMC2210-5 GRANTS AND SPONSORSHIP FY 2021/2022 -
INFORMATION REPORT**

Meeting date: 19 October 2022
Responsible officer: A/Manager Community Development
Decision making authority: Council
Attachments: 1. 2021-2022 Funding Report
Additional information: 1. Grants and Sponsorship Policy

SUMMARY

This information report outlines the City’s annual financial support provided to the community, organisations, and businesses within the 2021/2022 financial year.

Council endorsed the Grants and Sponsorships Policy on 12 May 2021, providing a framework for the management of financial assistance requests (Donations, Grants and Sponsorship) across the City’s business areas. Funding requests outside the policy scope, are submitted to Council endorsement.

In the 2021/2022 financial year a total monetary spend of \$598,764.29 and \$58,841.52 in kind value was distributed from Community Development, Arts and Economic Development to 186 community organisations, groups, businesses, and individuals. The funding was distributed under the Grants and Sponsorship Policy through grants, sponsorships, donations, individual support, and rebates. (See Table 1).

As outlined in the Policy, the outcome of all successful funding applications, including direct sponsorship, are to be reported through the Audit and Risk Committee and made publicly accessible through the City’s website.

The current reporting period (FY2021/2022) reflects an annual financial review rather than a bi-annual due to the implementation and trial period of SmartyGrants, a system that centralises and manages different funding programs and increases transparency.

BACKGROUND

The city recognises the pivotal role community groups, organisations, businesses, and individuals play in the delivery of vibrant and diverse communities.

To support this outcome, the City provides financial, non-financial, and value in-kind support to partner with the community, organisations, and businesses in building capacity for the social, economic, and cultural life of the City.



Funding Program Details

The Grants and Sponsorship framework has several distinct funding streams, as outlined in the table below. Each funding stream includes clear criteria for the assessment of applications.

PROGRAM	DESCRIPTION	OPEN (FOR APPLICATIONS)	LEVELS OF SUPPORT
Sponsorships			
Economic Development	Supporting initiatives, programs and activations that deliver economic and visitation benefits to Fremantle	Ongoing	<ul style="list-style-type: none"> - Monetary - Value in-kind - Reduction of fees and charges
Community Events	Sponsorship program supports activities, initiatives and events that deliver a community benefit to Fremantle	Ongoing	<ul style="list-style-type: none"> - Monetary - Value in-kind - Reduction of fees and charges
Grants			
Community	Support for programs and activities that address a specific need or provide a benefit to the Fremantle community	Two rounds per year	<ul style="list-style-type: none"> - Monetary - Value in-kind
Arts	Strengthen the vibrant Fremantle arts sector through activation and support	Two rounds per year	<ul style="list-style-type: none"> - Monetary - Value in-kind
Venue Support	Provide assistance to eligible groups via the discount of Fremantle venue and reserve hire	Ongoing	<ul style="list-style-type: none"> - Value in-kind
Neighbourhood Quick Response	Support for projects to further strengthen Fremantle neighbourhoods and build community resilience	Ongoing	<ul style="list-style-type: none"> - Monetary - Value in-kind
Sporting Club Assistance	Support for local sporting clubs, incorporated and unincorporated.	Ongoing	<ul style="list-style-type: none"> - Monetary
Individual Assistance			
Sporting Assistance	Supporting access for young people aged 21 and under to participate in community sport programs	Ongoing	<ul style="list-style-type: none"> - Monetary

**Agenda – Audit and Risk Management Committee
19 October 2022**



	and assistance for young people to compete or officiate in their chosen sport at a state, national or international level		
International Relationships – Student Exchange Program	Offer local young people aged between 16 and 21 Fremantle resident assistance towards expenses related to their participation in an official student exchange program	Ongoing	- Monetary
Positive Ageing Assistance	Assistance for older Fremantle residents (over 60 years, Pensioner, or health care card holder) to maintain their independence and to remain in their home for longer	Ongoing	- Monetary
Donations and Rebates			
Donations	Assist local groups and individuals to Fremantle. May also be used to provide disaster relief donations	Ongoing	- Monetary
Waste Minimisation	Rebate for residents to purchase minor infrastructure (i.e., worm farm) and cloth nappies, reducing waste sent to landfill	Ongoing	- Monetary

FINANCIAL IMPLICATIONS

The availability of financial support remains subject to Council’s annual budgetary process and may vary annually dependent upon Council priorities and strategic requirements.

Funding assistance (grants, sponsorships, donations, rebates, fees, and charges) operational costs are set through the annual Council budgetary process or as varied by Council resolution. The below *table 1* below summaries the quantity, in-kind and monetary value for the 2021/2022 financial year. For a full list of successful applicants, refer attachment 1.

Table 1: Funding Assistance Summary (detailed list refer attachment one.)

Agenda – Audit and Risk Management Committee
19 October 2022



PROGRAM	QUANTITY	IN-KIND	MONETARY VALUE
Direct Sponsorships			
Arts <i>Direct Sponsorships</i> <ul style="list-style-type: none"> • Sculptures at Bathers • Fremantle Biennale 	2		\$118,182.00
Community Development <i>Direct Sponsorships</i> <ul style="list-style-type: none"> • Fremantle surf lifesaving • Imagined Futures • Fremantle Men’s shed • TAG Hungerford • Friends of Clontarf Hill 	5		\$77,591.00
Economic Development <i>Direct Sponsorships</i> <ul style="list-style-type: none"> • Fremantle Chamber of Commerce • Fremantle Football Club • South Fremantle Football Club 	3		\$138,214.00
Total	10		\$333,987.00
Mayor Sponsorships			
Mayor’s Sponsorship	4	\$1,353.00	\$9,110.00
Total	4	\$1,353.00	\$9,110.00
Grants/ Applicant Sponsorships			
Arts <i>Grants (Allocated budget: \$50,000.00)</i>	6		\$55,000.45
Community Development <i>Community Grants (Allocated budget: \$60,000.00)</i>	18		\$65,778.06
Neighbourhood Quick Response (<i>Allocated budget: \$15,000</i>)	19		\$10,229.86
Sporting Clubs (<i>Allocated budget: \$10,000.00</i>)	6		\$2,832.00
Events <i>Application Sponsorships</i> <ul style="list-style-type: none"> • Street party • Community events • Annual community events <i>(Allocated budget: \$100,800.00)</i>	26	\$45,077.30	\$104,423.92
Total	75	\$45,077.30	\$238,274.29
In kind Support			
Venue Support	14	\$12,411.22	
Waste Minimisation (Rebates)	41		\$5,960.00

**Agenda – Audit and Risk Management Committee
19 October 2022**



Total	55	\$12,411.22	\$5,960.00
Individual Assistance			
Sporting Individual (Youth) (<i>Allocated budget \$5,000 however travel was limited due to border restrictions</i>)	6		\$1,800.00
Positive Ageing Assistance (<i>Allocated budget: \$4,000.00</i>)	22		\$2,882.00
Total	28		\$4682.00
Donations			
Community Donations (<i>Allocated budget: \$5,000.00</i>)	17		\$5,605.00
Donate Without a Doubt (<i>Matched funding</i>)	1		\$1,146.00
Total	18		\$6751.00
TOTAL	186	\$58,841.52	\$598,764.29

OFFICER COMMENT

The purpose of the funding streams is to support the city to achieve its strategic goals and objectives via the funding program guidelines. The various funding streams (financial and in-kind value) support local individuals, groups, and businesses to make a positive and ongoing contribution to their community through increased collaboration, participation, capacity building, activation of places and the development of diverse and sustainable initiatives. The COVID-19 pandemic has reinforced this need and requirement for tailored and place-based responses to the localised economic, social issues and risks within our community.

The City of Fremantle has proudly delivered 10 direct sponsorships to organisations/events valuing \$333,987.00. 75 organisations and businesses were approved for grants/applicant sponsorships valuing \$238,274.29. 28 community members were supported through the individual assistance programs for participation in sport and ability to remain independent in their homes, noting these numbers were slightly reduced due to Covid. 55 businesses and organisations were supported through venue hire support to activate the City’s places and spaces or waste minimisation costs. 18 organisations were supported through donations and matched funding through donate without a doubt. This equates to 186 distributions of financial and in-kind support with a much broader community impact and reach.

Most of the funding programs have expended full budget allocation from Council. Those which reflect an underspend can be attributed to COVID-19 and limitations of community interactions, programs, and events. The audit has identified a couple of budget items with a slight overspend \$15,202.43 (Arts and Community Development Grants, Community Donations and Event application sponsorships), however the underspend in grants and individual assistance \$16,256.14

**Agenda – Audit and Risk Management Committee
19 October 2022**



(Neighbourhood Quick Response, Positive Ageing Assistance Fund, Individual travel assistance) balances the overall Grants and Sponsorship budget.

The consolidated approach to the management of the City’s funding (financial and in-kind value) has delivered responsible and strategic distribution of resources through cross organisational collaboration, alignment to community need and considered and transparent governance mechanisms. This approach enhances the customer experience via streamlined program administration and consistency and transparency.

SmartyGrants has strengthened delivery of the Grants and Sponsorship Policy principles and reduced administrative resource required to manage the grants program. Online practices have created an agile grant and sponsorship approach. Digitisation has improved the City’s Acknowledgement of Contribution described in the Policy.

The 21/22 funding program have been successful in delivering on the objectives of the guidelines for each of the funding streams and contributing to the City’s broader strategic objectives.

As outlined in the Grants and Sponsorship Policy, the outcome of all successful funding applications, including direct sponsorships, are to be reported through the Audit and Risk Committee on a biannual basis. As part of this report, it is recommended the Policy be updated to reflect an annual report to be submitted to the Audit and Risk Committee in October of each financial year.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority

OFFICER'S RECOMMENDATION

Council:

- 1. Receive the 2021-2022 funding report for Grants and Sponsorship.**
- 2. Endorse the recommendation to update the Grants and Sponsorship policy to amend reporting frequency from biannual to annual.**



ARMC2210-6 OVERDUE DEBTORS REPORT AS AT 31 AUGUST 2022

Meeting date:	19 October 2022
Responsible Officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	1. Summary of Overdue Debts above Threshold (Confidential attachment under separate cover)
Additional information:	Nil

SUMMARY

This Overdue Debtors Report, with confidential attachment, is provided to the Audit and Risk Management Committee to report details of overdue debts, as at 31 August 2022, and identify those where the amount owing is over 90 days with a total debt exceeding \$10,000.

This report recommends that Council receive the Overdue Debtors Report and acknowledge the overdue debts exceeding 90 days that have a combined value greater than \$10,000 as at 31 August 2022.

BACKGROUND

This report provides the Audit and Risk Management Committee the following information in relation to overdue debtors:

- The amount of total debt outstanding for the period aged from current to over 90 days overdue with a comparison to the same period for the previous year.
- All records of the uses of delegated authority, to waive or write off debts valued at \$1,000 or above.
- A confidential report containing the individual debtor information in relation to the outstanding debts exceeding 90 days with a combined value of debt, by debtor, exceeding \$10,000.
- The Debtor Day Ratio, being the average number of days taken for the City to receive payment from its customers for invoices issued to them.

FINANCIAL IMPLICATIONS

It is a requirement that annual financial statements include an allowance for impairment of receivables owed to the local government to be recognised as a cost to the budget in the year in which the impairment is made.

As at the year ending 30 June 2022 an amount of \$165,134 was held as an allowance for impairment of sundry receivables. As at 31 August 2022, the current allowance held as impairment remains at \$165,134 with no debts being waived or written off to date in the 2022/23 financial year.



Summary of Sundry Debtors

As at 31 August 2022 no Sundry debts have been waived or written off during the 2022/23 financial year.

Summary of Rates Debtors

As at 31 August 2022 no Rates debts have been waived or written off during the 2022/23 financial year.

LEGAL IMPLICATIONS

Section 6.12 (1) (c) of the *Local Government Act 1995* provides authority for the Council to write off outstanding monies.

In accordance with section 5.42 and 5.44 of the *Local Government Act 1995* the following delegated authority applies:

- The Chief Executive Officer has delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to \$50,000 per account where, in the opinion of the Chief Executive Officer, all other reasonable avenues of recovery have been exhausted.
- Directors and Managers have various sub-delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to \$20,000 per account where, in the opinion of the Director or Manager, all other reasonable avenues of recovery have been exhausted.

All records of the uses of this delegated authority, to waive or write off debts valued at \$1,000 or above, per debtor, must be reported to the Audit and Risk Management Committee.

Any amount more than \$50,000 is to be written off by Council resolution. A Council resolution authorising the write-off of any bad debt does not prevent Council from reinstating the debt if the future circumstances change and the debt becomes collectable.

CONSULTATION

Nil.

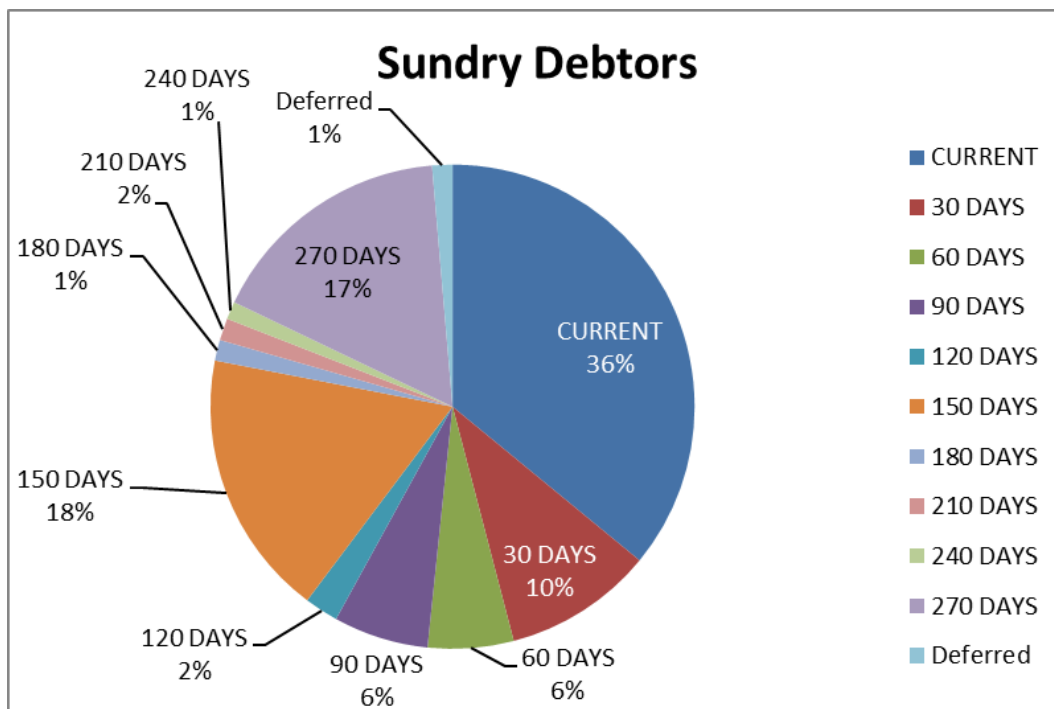
OFFICER COMMENT

The total of debts outstanding as at 31 August 2022 was \$1,084,426. A breakdown of aged debt for the current period compared to prior year is tabled below.



Period Ending June	Current	30 Days	60 Days	90+ Days	Total
July 22 – August 22	36%	10%	6%	48%	100%
	389,770	108,305	62,040	524,311	1,084,426
July 22 – August 22 Excl. Commercial Properties	38%	24%	7%	32%	100%
	93,791	59,387	16,669	78,676	248,523
July 21 – August 21	375,017	25,971	85,727	489,998	976,714

The graph below shows the aged debt balances as at 31 August 2022:



Compared to the report of overdue debtors as at 30 June 2022, presented to Audit and Risk Management Committee at the 17 August 2022 meeting, the total value of outstanding debts has reduced from \$1,111k to \$1,084k.

Total outstanding debt over 90 days has decreased from \$621k at the end of the previous reporting date to \$524k. This reduction of \$97k was due to the full receipt in settlement of one major debt totalling \$185k, which was offset by an overall increase in other debtors exceeding 90 days.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of \$10,000, has decreased from nine to eight. Of the nine reported in the previous period, two debtors were removed from the report – one debtor was removed as the debt was fully settled, and one debtor was removed as ongoing repayments meant the total debt fell below the \$10,000 threshold. With seven

**Agenda – Audit and Risk Management Committee
19 October 2022**



debtors carried forward from the previous period, one new debtor was added to the report as their level of debt increased above the reporting threshold.

These eight debtors have a total debt owing of \$674k, of which \$434k is over 90 days. The confidential attachment contains details of the debtors comprising this balance. Of the total outstanding, \$14,642 is deferred and subject to an agreed payment arrangement to secure payment in full by 30 June 2023.

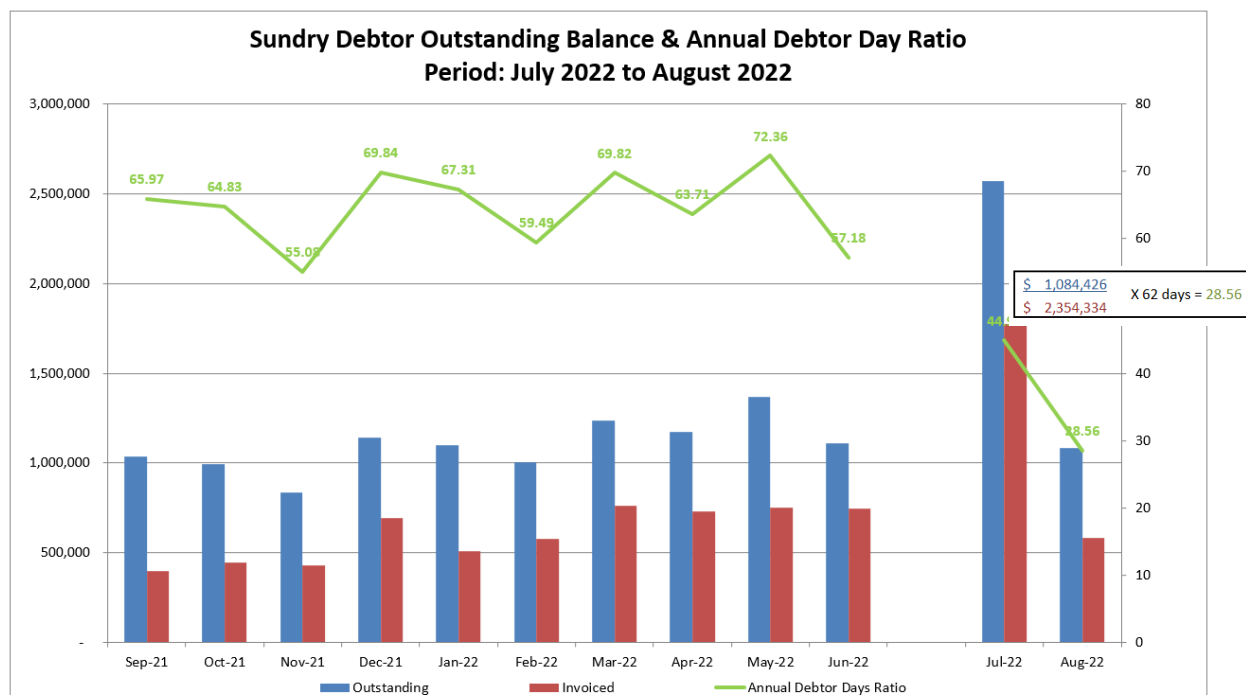
Debtors Outstanding

The Debtor Day Ratio measures how quickly cash is being collected from debtors. The longer it takes for an organisation to collect, the greater the number of debtor days.

The calculation of the ratio considers the total amount outstanding at the end of the period divided by the total amount invoiced to that period for the financial year. This is then multiplied by the total number of days from 1 July to the end of the period. See calculation in the graph below.

Prior financial year information is presented together with the current financial year as a comparative to demonstrate the City’s ability to collect funds owed to the City when due.

As at 31 August 2022, the Debtor Day Ratio was 28.56 – being a decrease from the prior reporting period two months ago, as at the end of the 2021-22 financial year – of 57.18. Of outstanding debt as at 31 August 2022, 36% related to current invoices that were not yet due.





Key Performance Indicators

The Audit and Risk Management Committee recommended performance measures be developed to show a reporting date ‘snapshot’ of debt collection performance.

Internal debt management procedures were reviewed resulting in officers engaging with debtors earlier where an amount is considered to have an increased risk of default. Upon review of debt levels over prior financial years, officers recommended the following key performance targets to show the distribution of aged debtors that the City is aiming for:

Key Performance Targets					
Age of Debt	Current	30-59 Days	60-89 Days	90 Days or more	Total
Target	80% or more	no more than 10%	no more than 5%	no more than 5%	100%

The following table reports the City’s debtor portfolio against these key performance targets as at August 2022:

As at 31 August 2022					
Aged Debt Category	Current	30-59 Days	60-89 Days	90+ Days	Total
Target % of Dbt	80%	10%	5%	5%	100%
Current Value of Debt	389,770	108,305	62,040	524,311	1,084,426
Current % of Debt	35.94%	9.99%	5.72%	48.35%	100.00%
Target Met / Not Met					

The percentage of ‘current’ debt has improved since last reporting period, up from 33% to 36% and the percentage of debt in the 30-59 days is within target. The percentage of debt in the 60-89 days bracket has risen slightly exceeding target by 1%. Debt outstanding for 90+ days has decreased from 56% in the last report to 48%.

Following advice from the Audit and Risk Management Committee in the meeting on 15th June, the measure and reporting of Key Performance Indicators have been reviewed and an alternative measure has been included to show the City’s long-term average of debt in each age category.

Officers are recommending that the targets/KPIs originally requested by the committee (as displayed above) are no longer utilised as a reporting tool for

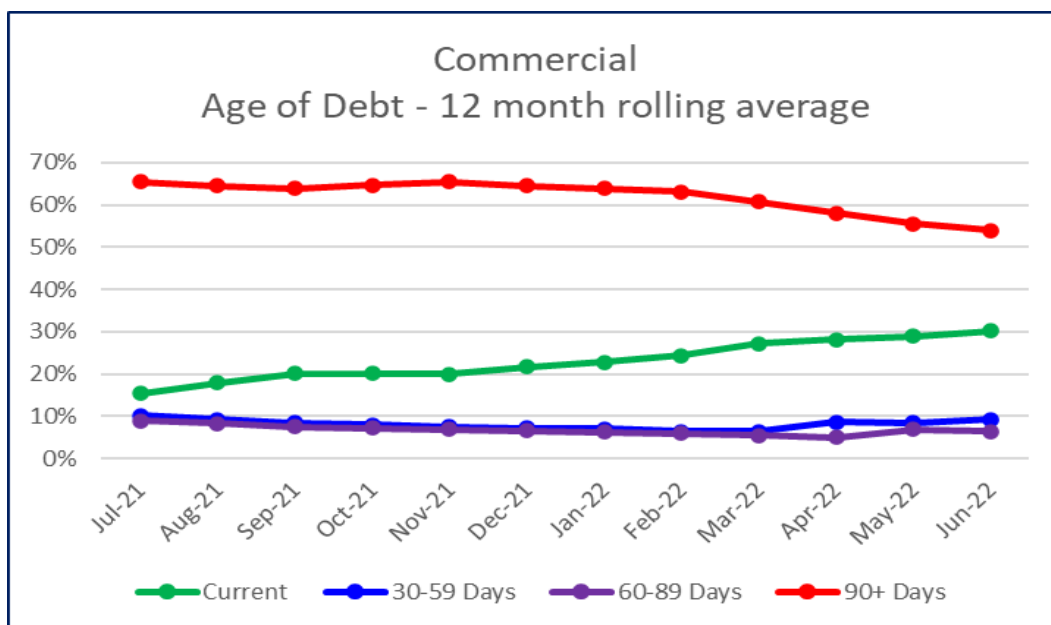
**Agenda – Audit and Risk Management Committee
19 October 2022**



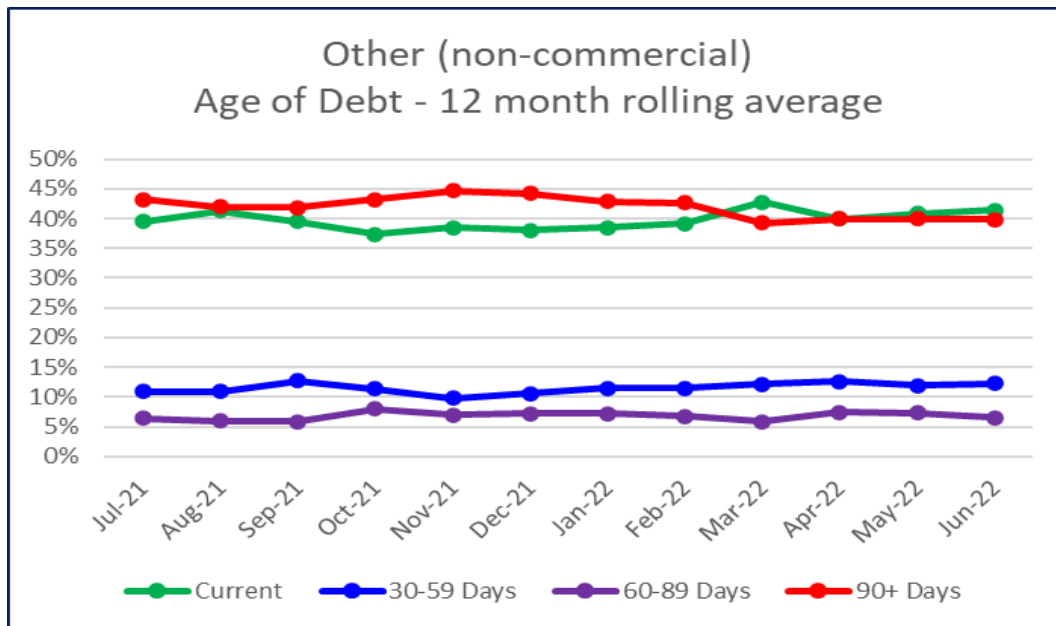
this report, and that the charts to follow are adopted as the approach to reporting on age of debt moving forward.

The Rolling 12-month Average for debt in each age category is shown in the graphs below for Commercial and Other (non-commercial) debt. These graphs show the 12-month average as at each point in time, to provide a view of the trend of the City’s aged debt portfolio.

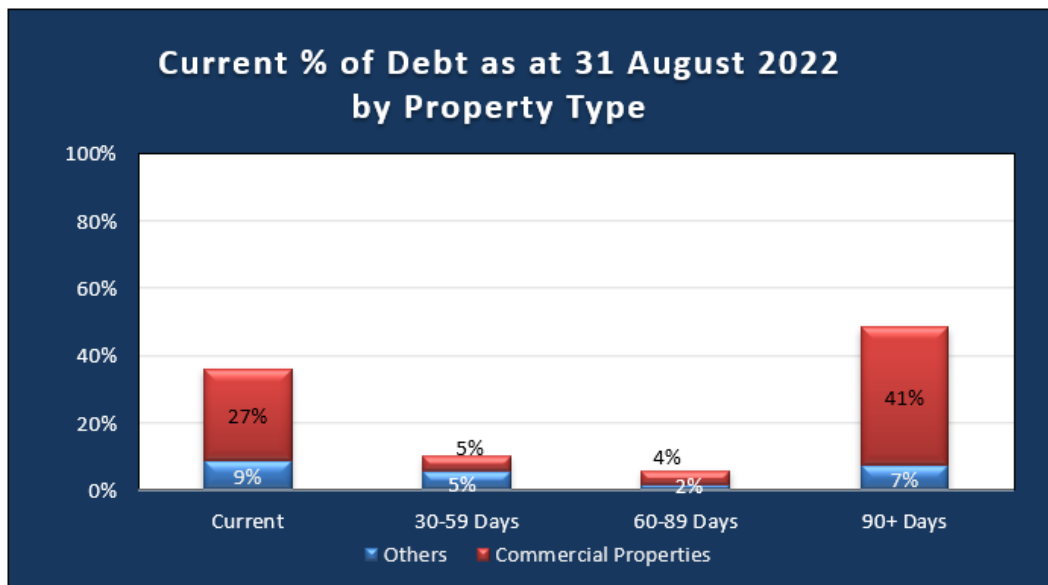
The 12-month rolling average of Commercial debt shows that the portion of debt that is current is increasing over time, while the portion of debt that is over 90 days is decreasing. This represents a positive trend and indicates an increasing percentage of debt being paid earlier. Meanwhile the portion of debt in the 30-59 days and 60-89 days has not significantly changed.



For Other (non-commercial) debt the trends have remained largely unchanged over time, however there has been a marginal overall trend of reducing debt in the 90+ days category.



The Current Value of Debt by Age category is shown in the graph below, split between Commercial Properties and Other (non-Commercial) Property Types:



Of total debt, Commercial Properties account for 78% (\$835k), and account for 85% of the debt owing 90 days or more (\$446k). Deferred payment arrangements are currently in place for \$14,642 of total overdue Commercial Property debts.

City officers continue to liaise with all commercial tenants to provide assistance, including payment arrangements, where appropriate.



Impact of COVID on Commercial Property

In response to COVID-19, the State Government created legislation and guidelines aimed at protecting commercial tenants who may have been subject to financial duress as a result of the pandemic.

The City adhered to the legislation and guidelines in order to support its commercial tenants and opted to provide rent waivers in cases where tenants could demonstrate financial loss as a result of COVID-19.

During the emergency period (April 2020 – September 2020) landlords were required to provide waivers of up to 100%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

During the recovery period (October 2020 – March 2021) landlords were required to provide waivers up to 50%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

As at 1 April 2021 all COVID-19 waiver arrangements came to an end and 100% of normal rent became payable.

The total amount waived for commercial properties relating to COVID-19 during both the emergency period and recovery period was **\$656,975**.

After waivers the City invoiced a total of **\$492,579** for commercial properties.

To date, of the \$492,579 only **\$14,642** remains outstanding. This is a reduction from the prior reporting period of \$ 2,393, with all debtors currently paying their debts progressively via direct debit arrangements.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



OFFICER'S RECOMMENDATION

Council:

- 1. Receive the Overdue Debtors Report as at 31 August 2022, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding \$10,000 as at 31 August 2022.**
- 2. Request the key performance indicators currently used to report on debt collection performance are no longer used, and a more suitable approach to reporting on ageing debt is implemented prior to the next Audit and Risk Management Committee.**



7.3 Health, Safety and Environment

ARMC2210-7 CITY OF FREMANTLE LOCAL EMERGENCY MANAGEMENT COMMITTEE INFORMATION REPORT

Responsible officer: Manager Field Services
Attachments: 1. City of Fremantle LEMC minutes
Additional information: Nil

On the 26 July 2022 the City of Fremantle held a Local Emergency Management Committee (LEMC) meeting at the Walyalup Civic Centre, a copy of the minutes from the meeting are attached.

There were no actions or critical issues arising from the meeting.

OFFICER'S RECOMMENDATION

Council receive the City of Fremantle Local Emergency Management Committee Information Report.



7.4 Legal, Reputation and Brand

ARMC2210-8 EMERGING ISSUES REPORT – OCTOBER 2022

Meeting date:	19 October 2022
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	Corporate Issues Summary Report (August) <i>(confidential attachment under separate cover)</i>
Additional information:	Nil

SUMMARY

This report highlights the relevant issues which are either current or emerging and may significantly affect the operation, financial, legal, or reputational operation of the City.

These matters are raised to inform the committee of any significant issues identified by officers and allow for any further feedback or questions on the actions currently being taken or under consideration to address and resolve them.

BACKGROUND

Part of the role of the Audit and Risk Management Committee is to be aware of the significant emerging financial, political, and corporate issues being identified by the organisation and to understand, review or advise on the possible actions to address these.

FINANCIAL IMPLICATIONS

Some of the issues and potential mitigation actions outlined in this report may include financial implications for the City. Order of magnitude estimates of financial implications based on information available at the time of the report, is included in the issues table attached.

LEGAL IMPLICATIONS

The City actively seeks legal advice and support where issues and risks identified have potential legal implications.

CONSULTATION

Nil.

**Agenda – Audit and Risk Management Committee
19 October 2022**



OFFICER COMMENT

The confidential table attached with this agenda identifies the emerging issues which are considered significant by the organisation. Some are in action, and some are under review by the organisation and will continue to be updated to the Audit and Risk Management Committee over time.

In conjunction with the organisation's newly developed Risk Management Framework, the City's issues log will provide a consistent and effective means of tracking, managing, and resolving significant corporate and organisational issues.

It should be noted that as the City progresses through the transitional period to the new Risk Management Framework, there are a number of issues covered on both the issues log and the current Corporate Risk Register.

The City's corporate issues log is populated and maintained by officers. This document is maintained live in the City's corporate document management system and is reviewed and discussion by the Executive Leadership Team as a standing agenda item monthly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the emerging issues report for October 2022.



8. Motions of which previous notice has been given

A member may raise at a meeting such business of the City as they consider appropriate, in the form of a motion of which notice has been given to the CEO.

9. Urgent business

In cases of extreme urgency or other special circumstances, matters may, on a motion that is carried by the meeting, be raised without notice and decided by the meeting.

10. Late items

In cases where information is received after the finalisation of an agenda, matters may be raised and decided by the meeting. A written report will be provided for late items.

11. Confidential business

Nil

12. Closure