



Minutes Audit and Risk Management Committee

Monday 11 December 2023 6pm



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1. Official opening, welcome and acknowledgement

The Chief Executive Officer, Glen Dougall declared the meeting open at 6:04pm and welcomed committee members to the meeting.

2. Attendance, apologies and leave of absence

2.1 Attendance

Cr Frank Mofflin	Presiding Member/East Ward
Cr Fedele Camarda	Deputy Presiding Member/East Ward
Cr Ingrid van Dorssen	North Ward
Cr Jenny Archibald	Deputy Mayor/Central Ward
Mr Glen Dougall	Chief Executive Officer
Mr Joel Hurst	A/Director City Business
Mr Pete Stone	Director Creative Arts and Community
Mr Graham Tattersall	Director Infrastructure
Ms Alida Ferreira	Manager Financial Services
Ms Melody Foster	Manager Governance
Ms Aimee Sabbatino	Manager Economy and Commercial
Ms Gabrielle Woulfe	Meeting Support Officer
Carina Becker	Grant Thornton
Robyn Maharaj	Grant Thornton
Subha Gunalan	Office of the Auditor General

There were no members of the public and no members of the press in attendance.

2.2 Apologies

Ms Hannah Fitzhardinge	Mayor
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2.3 Leave of absence

Nil.



3. Election of Presiding Member and Deputy Presiding Member

3.1 Election of Presiding Member

No prior nominations were received for the office of Presiding Member. The Chief Executive Officer called for nominations from the floor.

Cr Fedele Camarda and Cr Jenny Archibald nominated Cr Frank Mofflin for the office of Presiding Member. Cr Frank Mofflin accepted the nominations.

At 6:04pm Cr Frank Mofflin was elected unopposed as Presiding Member of the Audit and Risk Management Committee for the term of two years, to expire following the next Ordinary Council Elections.

At 6:04pm Cr Frank Mofflin assumed the chair.

3.2 Election of Deputy Presiding Member

No prior nominations were received for the office of Deputy Presiding Member. The Presiding Member, Cr Frank Mofflin called for nominations from the floor.

Cr Jenny Archibald nominated Cr Fedele Camarda for the office of Deputy Presiding Member. Cr Fedele Camarda accepted the nomination.

At 6:05pm Cr Fedele Camarda was elected unopposed as Deputy Presiding Member of the Audit and Risk Management Committee for the term of two years, to expire following the next Ordinary Council Elections.

4. Disclosures of interest by members

Nil.

5. Deputations

5.1 Special deputations

Nil.

5.2 Presentations

Representatives from Grant Thornton and the Office of the Auditor General presented the Audit Findings Report and carried out the audit exit meeting.



6. Confirmation of minutes

COMMITTEE DECISION

Moved: Cr Frank Mofflin

Seconded: Cr Jenny Archibald

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 14 August 2023.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**

7. Elected member communication

Nil.



8. Reports and recommendations

8.1 Governance and Compliance

ARMC2312-1 AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 30 JUNE 2023

Meeting date:	11 December 2023
Responsible officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Draft Independent Auditor's Report – City of Fremantle – 30 June 20232. Draft Financial Statements – City of Fremantle – 30 June 20233. Draft City of Fremantle 2022-23 Annual Report

Confidential Attachments	<ol style="list-style-type: none">1. Draft Audit Management Letter – City of Fremantle – 30 June 20232. Draft IS Audit Management Letter – City of Fremantle – 30 June 20233. Draft Audit Findings Report – 30 June 2023
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SUMMARY

The audit of the City of Fremantle's Annual Financial Statements for the year ending 30 June 2023 has been completed by the Office of the Auditor General (OAG) with Council being provided with an Independent Auditor's Report.

The City has received a draft unqualified audit report. As indicated in the Independent Auditor's Report, in the opinion of the Auditor General the Annual Financial Statements of the City of Fremantle fairly represent the results of the operation of the City and its financial position for the year ending 30 June 2023.

The audit exit meeting is scheduled to take place at the Audit and Risk Management Committee meeting on Monday the 11th December 2023 and will be attended by representatives from the OAG and the agents appointed on their behalf to undertake the audit. Once the signing officer reviews and signs the documents, it will become final.

Upon receiving the audit report, Council is required to accept the Annual Report for the year ending 30 June 2023, and set the date for the Annual General Meeting of Electors, to consider matters arising with respect to the previous financial year.



This report recommends Council:

- 1. Note the draft Independent Auditor’s Report and adopt the Audited Financial Statements for the financial year ending 30 June 2023.**
- 2. Note the draft City of Fremantle 2022-23 Annual Financial Statements.**
- 3. Set the date for the 2023 Annual General Meeting of Electors.**

BACKGROUND

The OAG audited the City’s Annual Financial Statements for the year ending 30 June 2023 and have provided an Independent Auditor’s Report as required under the relevant provisions of the *Local Government Act 1995* (the Act). The audit work was performed by Grant Thornton on behalf of the OAG.

The Audit Exit Meeting will take place during the Audit and Risk Management Committee meeting in December 2023. In attendance will be the Senior Director Practice Manager from the Office of the Auditor General, Partner from Grant Thornton as well as City of Fremantle Chair of the Audit and Risk Management Committee, Chief Executive Officer and Manager Financial Services. The Audit Findings Report is attached for the Committee’s review as a confidential attachment.

The key outcomes of the Audit Exit Brief were:

- Audit team recommends the Auditor General issue an unqualified audit opinion on the City’s financial statements for the year ended 30 June 2023.
- The Exit Brief included items identified during the Final Audit.

In accordance with section 7.12A(2) of the Act and the *Local Government (Audit) Regulations 1997*, Council is required to meet with the External Auditor at least once per year. The Office of the Auditor General has confirmed that this requirement was satisfied during the Exit meeting held 11 December 2023.

FINANCIAL IMPLICATIONS

For year ending 30 June 2023, the closing balance as per the Rate Setting Statement (cash position) was a surplus of \$11,024,215. Original budget adoption for 2023-24 carried forward amount of \$9,020,730.

The following table provides a high-level summary of Council’s financial performance for year ending 30 June 2023.



Description	Adopted Budget 2021-22 \$M	Audited Actual 2021-22 \$M	Variance (Actual to Budget) \$M
Opening Surplus	8.9	10.6	1.7
Operating			
Rate Revenue	52.8	53.4	0.6
Revenue	31.2	35.5	4.3
Expenses	(88.3)	(89.6)	(1.3)
Non-Cash Adj.	10.6	12.6	2
	6.3	11.9	5.6
Investing			
Capital Revenue	17.8	5.4	(12.4)
Capital Expenses	(27.3)	(9.6)	17.7
	(9.5)	(4.2)	5.3
Financing			
Repayment Loans & Leases	(2.6)	(3.4)	(0.8)
Reserve Transfers	(3.1)	(3.9)	(0.8)
	(5.7)	(7.3)	(1.6)
Closing Surplus	0	11	11

LEGAL IMPLICATIONS

Section 7.12AD of the *Local Government Act 1995* states that,

- (1) the auditor must prepare and sign a report on a financial audit.
- (2) The auditor must give the report to -
 - a) the mayor, president or chairperson of the local government; and
 - b) the CEO of the local government; and
 - c) The Minister.

Section 5.27 of the *Local Government Act 1995* states that the City must hold a general meeting of electors once for each financial year, within 56 days of the acceptance of the Annual Financial Report and that the matters to be discussed are as prescribed.

Section 5.53 of the *Local Government Act* states that the City is to prepare an Annual Report for each financial year, containing the following:



- a report from the mayor or president; and
- a report from the CEO; and
- an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
- the financial report for the financial year; and
- such information as may be prescribed in relation to the payments made to employees; and
- the auditor’s report for the financial year; and
- a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and
- details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - o the number of complaints recorded in the register of complaints; and
 - o how the recorded complaints were dealt with; and
 - o any other details that the regulations may require; and
 - o such other information as may be prescribed.

CONSULTATION

The Annual General Meeting of Electors is held to discuss the contents of the Annual Report, including the previous year’s financial report, and to address any other general business relevant to the City of Fremantle which may be raised by an elector.

OFFICER COMMENT

The City has completed its Annual Financial Statements for the year ended 30 June 2023 and received a draft unqualified Independent Auditor’s Report from the Office of the Auditor General.

In the opinion of the Auditor General the annual financial report of the City:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2023 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

The Independent Auditor’s Report made recommendation to strengthen controls and build future efficiencies in the following areas:

- a) Cash and cash equivalents – Authorised signatories
- b) Retention of supporting reports for transactions

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11 December 2023**



- c) Reports and reconciliations to the Trial Balance (Debtors, Payroll)
- d) Incorrect valuation rates applied to asset categories (Infrastructure)
- e) Management estimate assessment not aligning the carrying with the building cost index.

The exit meeting will take place at the Audit and Risk Management Committee meeting. Once the signing officers review and sign the documents, all the draft attachments will become final versions of those documents. The Audit Management Letters documented no significant issue during this audit for the City’s Annual Financial Statements for the year ended 30 June 2023.

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
Findings identified in current audit					
1. Cash and Cash Equivalents – Authorised Signatories	No		✓		✓
2. Retention of Supporting Reports for Transactions (Bonds, Grant Revenue)	No		✓		✓
3. Reports and reconciliations to the Trial Balance (Debtors, Payroll)	No		✓		✓
4. Incorrect valuation rates applied to asset categories (Infrastructure)	No		✓		
5. Management Estimate assessment not aligning the carrying with the building cost index.	No		✓		

The details of these findings, together with the City’s management response, can be found in the draft Audit Management Letter, which is attached for the Committee’s review as a confidential attachment.



Key to ratings

The Ratings in this Final Audit Management Letter are based on the Audit Team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration to these potential adverse outcomes is in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.

Moderate Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

Minor Those findings that are not of primary concern but still warrant action being taken.

Full details of the above finding, including implications and recommendations, are contained in the attached Final Audit Management Letter.

Annual Report and Annual General Meeting of Electors

The Annual Report outlines the City's actions and achievements over the relevant financial year and provides important information relating to finances and governance. It also explores some of the services and programs that we provide to the community and an abridged version of the financial report.

The 2022–23 Annual Report, provided in Attachment 3 of this report, is in a final draft format and is subject to further formatting to make the information more accessible and reader-friendly.

If Council accepts the Annual Report and the proposed meeting date for the 2023 Annual General Meeting of Electors, statutory advertising notifying the availability of the Annual Report and meeting date will be placed in the local newspaper. Once accepted by Council, the Annual Report, auditors report and full financial statements will be placed on the City's website, and copies will be made available for viewing at the Walyalup Civic Centre.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required



COMMITTEE RECOMMENDATION ARMC2312-1
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Fedele Camarda

Council:

- 1. Receive the Independent Auditor's Report, provided in Attachment 1, issued by the Office of the Auditor General for the financial year ending 30 June 2023.**
- 2. Receive the Financial Audit Management Letters, as provided in Confidential Attachment 1, and the Information Systems Audit Management Letter as provided in Confidential Attachment 2, as issued by the Office of the Auditor General for year ending 30 June 2023.**
- 3. Accept the Audited Financial Statements, as provided in Attachment 2, for the City of Fremantle for the financial year ending 30 June 2023.**
- 4. Accept the City of Fremantle 2022-2023 Annual Report, as provided in Attachment 3, in accordance with Section 5.53 and 5.54(1) of the *Local Government Act 1995*, noting that:**
 - a. minor typographical amendments, that do not affect the intent of the document may be made; and**
 - b. an abridged version of the City's financial statements and audit report will be included.**
 - c. Officers will develop a communication piece to accompany the annual report.**
- 5. Advertise the availability of the Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*.**
- 6. Set the date for the 2023 Annual General Meeting of Electors as Monday, 5 February 2024, to be held at the Walyalup Civic Centre at 6pm, in accordance with Section 5.27 of the *Local Government Act 1995*.**

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-2 APPOINTMENT OF INDEPENDENT AUDIT COMMITTEE MEMBER

Meeting date:	11 December 2023
Responsible officer:	Manager Governance
Decision making authority:	Council
Attachments:	1. Terms of Reference
Confidential Attachments:	1. Expressions of Interests received

SUMMARY

The purpose of this report is to consider the appointment of an independent member to the Audit and Risk Management Committee.

This report recommends that Council appoint Hayley Manser as an independent member of the Audit and Risk Management Committee, for a term of two years until the next Local Government Ordinary Election in 2025.

BACKGROUND

In accordance with the Audit and Risk Management Committee Terms of Reference, the appointment of an independent member to the Audit and Risk Management Committee is made following a public notice period calling for applicants/expressions of interest.

A public notice was placed in the Fremantle Herald on the 16 September 2023 and on the 7 October 2023. The notice was also placed on the City's website and noticeboard, located at the Walyalup Civic Centre for the duration of the notice period, from 16 September 2023 until 7 October 2023.

FINANCIAL IMPLICATIONS

In accordance with the Audit and Risk Management Committee terms of reference, the external member will be entitled to receive reimbursement of reasonable expenses to a maximum of \$250 per meeting.

LEGAL IMPLICATIONS

Part 7, Division 1A, section 7.1A of the *Local Government Act 1995* requires that all local governments establish an audit committee.

Part 5, Subdivision 2, of the *Local Government Act 1995*, outlines the requirements for the appointment of members to committees of Council.

There is no legislative requirement to appoint an independent member to an audit committee, however, Council adopted a Terms of Reference to include an independent member, as it is considered best practice.



CONSULTATION

A public notice was placed in the Fremantle Herald on the 16 September 2023 and on the 7 October 2023. The notice was also placed on the City's website and noticeboard, located at the Walyalup Civic Centre, for the duration of the notice period from 16 September 2023 until 7 October 2023.

All candidates have been notified that their applications will be considered, and a decision will be made at the Ordinary Meeting of Council on Wednesday, 20 December 2023 in relation to the appointment of an independent member to the Audit and Risk Management Committee.

OFFICER COMMENT

The City received three applications for the independent member on the Audit and Risk Management Committee, as outlined in Confidential Attachment 1.

The Chief Executive Officer and Manager Governance reviewed all three applications in accordance with the Terms of Reference, and concluded that Hayley Manser's skills, qualifications and experience was most closely aligned to the requirements of the position and is the preferred applicant.

It is recommended that Hayley Manser be appointed as an independent member of the Audit and Risk Management Committee until the next Local Government Ordinary Election in 2025, and that the second position remain vacant.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required

COMMITTEE RECOMMENDATION ARMC2312-2 **(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

Council appoint Hayley Manser as the independent member of the Audit and Risk Management Committee, for a term of two years until the next Local Government Ordinary Election in 2025.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-3 APPOINTMENT OF COMPLIANCE AUDIT RETURN INDEPENDENT AUDITOR

Meeting date:	11 December 2023
Responsible officer:	Manager Governance
Decision making authority:	Council
Attachments:	1. 2022 Compliance Audit Return Results
Confidential Attachments:	1. 2023 CAR Independent Auditor Quotes 2. 2023 CAR Independent Auditor Assessment

SUMMARY

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*, each local government authority is required to carry out a compliance audit for the period 1 January to 31 December of each year.

It is recommended that Council approve to appoint an independent auditor to assist with the completion of the 2023 Compliance Audit Return and provide the City with a report on the findings, including recommending solutions on any issues that may arise.

BACKGROUND

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*, each local government authority is required to carry out a compliance audit for the period 1 January to 31 December of each year.

In previous years the City has engaged independent consultants to assist with the completing of the Compliance Audit Return (CAR), who provide an in-depth report outlining findings and recommendations. Quantum Assurance was engaged for the 2021 and 2022 CAR, and other independent consultants in years prior.

Each year the questions contained in the CAR change, focusing on the local government's compliance with the requirements of the Act and its Regulations, in relation to the following matters:

- a) Commercial Enterprises by Local Governments
- b) Delegation of Power / Duty
- c) Disclosure of Interest
- d) Disposal of Property
- e) Elections
- f) Finance
- g) Integrated Planning and Reporting
- h) Local Government Employees
- i) Official Conduct
- j) Optional Questions
- k) Tenders for Providing Goods and Services



The questions are released by the Department of Local Government, Sport and Cultural Industries in January.

The independent auditors report and CAR responses for the 2022 period are provided in Attachment 1, to indicate what is expected in the 2023 Compliance Audit Return, to be completed in March 2024.

Under Regulation 14 (3A) of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Management Committee is required to review the compliance audit return and make recommendations to Council on any action required in response to the audit findings. The Council are required to adopt the CAR prior to it being submitted to the Minister for Local Government before the deadline of 31 March 2024.

FINANCIAL IMPLICATIONS

The expenditure associated with the annual Compliance Audit Return was included in the 2023/2024 Budget.

LEGAL IMPLICATIONS

In accordance with Section 7.13(1)(i) of the *Local Government Act 1995* and Regulations 13, 14 and 15 of the *Local Government (Audit) Regulations 1996*, local governments are required to carry out an audit of compliance for the period 1 January to 31 December each year.

Following preparation of the return a local government is to:

- a. Review the audit report at its audit committee,
- b. Present the audit report to council,
- c. Adopt the audit report, and
- d. Record the audit report in the minutes of that meeting.

The return is to be signed by the Mayor and Chief Executive Officer before it is submitted to the Department of Local Government, Sport and Cultural Industries by the 31 March following the period to which the return relates.

CONSULTATION

On 1 November 2023 the City sought a quote from five different providers, including:

1. Francis A Jones
2. Macri Partners
3. Moore Australia
4. Paxon Group
5. Quantum Assurance

Consultants were informed that the Compliance Audit Return questions for the 2023 year are yet to be circulated by the Department of Local Government,



Sports, and Cultural Industries but are anticipated to be similar to previous years. Additionally, consultants were informed that the scope of works is to respond to the audit areas raised by the Department by collecting the data using the City's records and through discussions and advice from officers. They are to provide the City with a report on the findings, including recommending solutions on any issues that may arise.

Quotes were requested to be received by 29 November 2023. The City received a total of three quotes, which are provided in Confidential Attachment 1. The remaining independent auditors failed to provide a quote to consider. To protect the City's relationship with each organisation that provided a quote, they will be referred to as Auditors A, B and C. The name of the appointed auditor will be included within the minutes of the Audit and Risk Management Committee as a committee recommendation, for Council consideration.

OFFICER COMMENT

It is important to the City that non-compliances are identified, and solutions are implemented, which is why an independent consultant is engaged each year to identify gaps and provide advice based on their findings.

To provide a recommendation to the Audit and Risk Management Committee and Council, the City assessed each quote received against criteria including experience, value proposition, and cost. The assessment is provided in Confidential Attachment 2.

In the interest of receiving a comprehensive audit and report to assess the City's compliance, and based on the quotes provided and assessment completed in line with the City's Purchasing policy, **Auditor C** is recommended to be appointed as an independent auditor to assist with the completion of the 2023 Compliance Audit Return.

The matters identified as non-compliant in the CAR will be reviewed by officers and appropriate action will be taken to improve compliance, in addition to being reported to the Department. All actions required as an outcome of the audit will be recorded in the City's Audit Register and will be monitored and reported accordingly.

The final report from the independent auditor will be provided to the Audit and Risk Management Committee and Council in March, in addition to the final responses to be sent to the Department of Local Government, Sports and Cultural Industries by 31 March 2024.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



COMMITTEE RECOMMENDATION ARMC2312-3
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

Council approves to appoint Quantum Assurance as an independent auditor to assist with the completion of the 2023 Compliance Audit Return.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-4 PURCHASING POLICY EXEMPTIONS AUGUST TO NOVEMBER 2023

Meeting date: 11 December 2023
Responsible officer: Manager Financial Services
Decision making authority: Council
Attachments: 1. Purchasing Policy Exemption Detail – August to November 2023

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 August to November 2023.

This report recommends that Council receive the Purchasing Policy Exemptions report for August to November 2023.

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

August 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$68,264.96** for the month of August 2023.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consulting Advice	\$35,540.00
Original Equipment Manufacturer (OEM)	\$4,200.00
Request for Artist	\$28,524.96
Total	\$68,264.96

Details regarding individual exemptions can be found in Attachment 1.

September 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$107,835.09** for the month of September 2023.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consulting Advice	\$68,476.00
Statutory Advertising	\$14,950.00
Request for Artist	\$24,409.09
Total	\$107,835.09

Details regarding individual exemptions can be found in Attachment 1.

October 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$144,098.50** for the month of October 2023.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consulting Advice	\$110,000.00
Original Equipment Manufacturer (OEM)	\$34,098.50
Total	\$144,098.50

Details regarding individual exemptions can be found in Attachment 1.



November 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$28,000.00** for the month of November 2023.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consulting Advice	\$20,000.00
Request for Artist	\$8,000.00
Total	\$28,000.00

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ARMC2312-4
(Officer’s recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Jenny Archibald

Council receive the information report on Purchasing Policy exemptions for August to November 2023.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-5 TENDERS AWARDED UNDER DELEGATION AUGUST TO NOVEMBER 2023

Meeting date: 11 December 2023
Responsible officer: A/Procure to Pay Team Leader
Decision making authority: Council
Attachments: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and Committees during the period August to November 2023.

This report recommends that Council receive the report on tenders awarded under delegation between August to November 2023.

BACKGROUND

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

Delegated Authority	Amount of Delegation
Ordinary Meeting of Council	\$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.



CONSULTATION

Nil.

OFFICER COMMENT

Below is a list of tenders awarded under delegation between August to November 2023.

September 2023

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
Nil				

October 2023

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
FCC628/22 Walyalup Koort Surrounding Streets Lighting Upgrade	Director	Greenlite Electrical Contractors Pty Ltd	One-Off	329,086.86
FCC646/23 - Beach Raking	Director	Nutracs Rural Contracting	5 Year	\$269,800.00

November 2023

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
Nil				

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required



**COMMITTEE RECOMMENDATION ARMC2312-5
(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Fedele Camarda

Council receive the information report on tenders awarded under delegation for August to November 2023.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-6 EMERGING ISSUES REPORT – NOVEMBER 2023

Meeting date:	11 December 2023
Responsible officer:	Manager Governance
Decision making authority:	Council
Attachments:	Nil
Confidential Attachments:	1. Corporate Issues Summary Report (November)

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.



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 discussed by the Executive Leadership Team as a standing agenda item monthly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ARMC2312-6 **(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Jenny Archibald

Council receive the emerging issues report for November 2023.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



8.2 Finance

ARMC2312-7 OVERDUE DEBTORS REPORT AS AT 30 NOVEMBER 2023

Meeting date:	11 December 2023
Responsible Officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	Nil
Confidential Attachments:	1. Summary of Overdue Debts above Threshold

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 30 November 2023, 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 30 November 2023.

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 30 June 2023, the current allowance held as impairment is \$160,937 with a total of \$4,197 being waived or written off to date in the 2022/23 financial year of which one debt is over \$1,000 which is reportable to the Audit and Risk Committee.

Summary of Sundry Debtors

As at 30 June 2023 a total of \$4,197 in Sundry debts have been waived or written off during the 2022/23 financial year.

Summary of Rates Debtors

As at 30 June 2023 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.

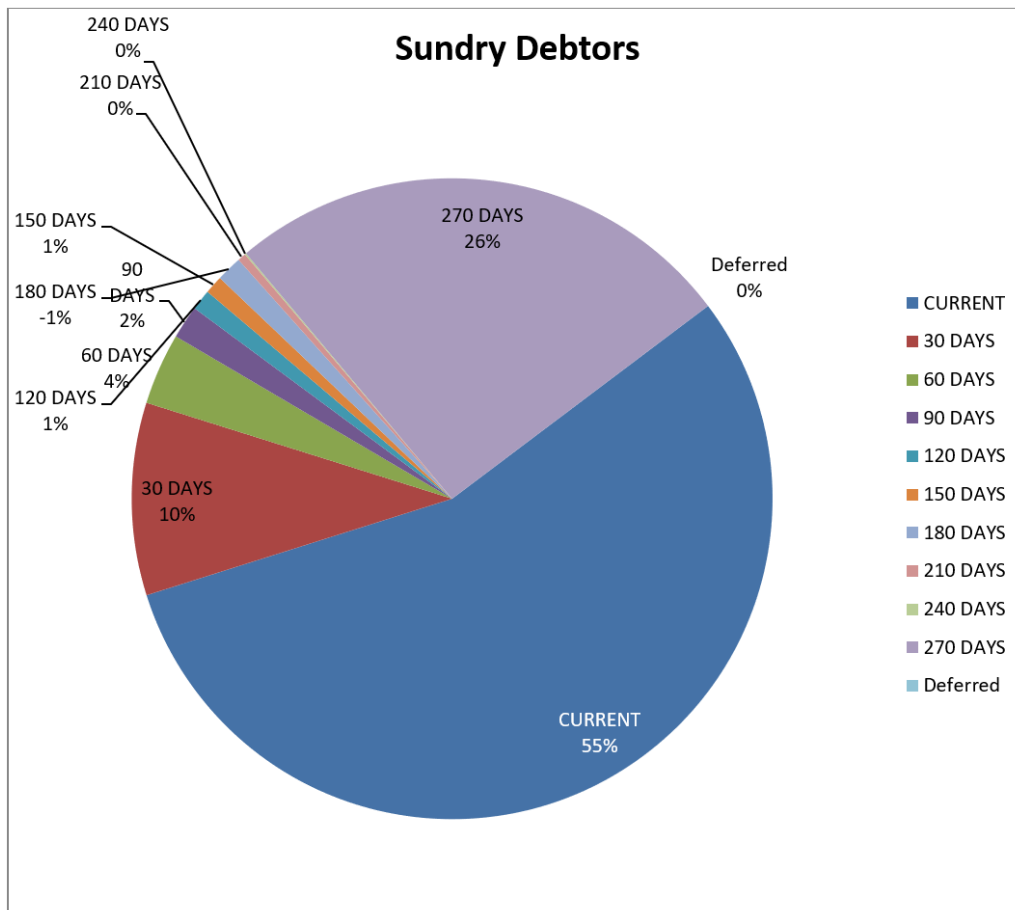


OFFICER COMMENT

The total of debts outstanding as at 30 November 2023 was \$1,037,954. A breakdown of aged debt for the current period compared to prior year is tabled below.

Period Ending	Current	30 Days	60 Days	90+ Days	Total
July 23 – November 23	57%	10%	4%	29%	100%
	590,416	103,468	38,498	305,572	1,037,954
July 23 – November 23 Excl. Commercial Properties	80%	11%	5%	4%	100%
	359,834	49,459	23,075	18,398	450,766
July 22 – November 22	446,200	51,289	38,854	380,465	916,808

The graph below shows the aged debt balances as at 30 November 2023:



Compared to the report of overdue debtors as at 31 July 2023, presented to Audit and Risk Management Committee at the 14 August 2023 meeting, the total value of outstanding debts has increased slightly from \$990,949 to \$1,037,954.



Total outstanding debt over 90 days has reduced from \$358,632 at the end of the previous reporting date to \$305,572.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of \$10,000, has decreased from eight to five. Of the five reported, one debtor has decreased and one has increased values of debt since the prior reporting period.

These five debtors have a total debt owing of \$242,066 of which \$239,793 is over 90 days. The confidential attachment contains details of the debtors comprising this balance.

Key Performance Indicators

When determining status or risk associated with outstanding debtors, officers typically consider and assess the following metrics:

- Total amount of outstanding debt
- Age of outstanding debt (and value of that debt)
- Frequency of payment of outstanding debt
- Outstanding debt per individual debtor
- Outstanding debt per type of debtor

Officers consider all of these metrics alongside each other as well as the debtor day ratio to assist in providing an overarching assessment of general performance of outstanding debtors. The debtor day ratio measures how quickly cash is being collected from debtors regardless of the level of total outstanding amount of debt or the type of debt, allowing for a consistent metric that will identify periods where debtors are taking longer to pay down outstanding debt.

A number of metrics have been provided to follow that provide an initial snapshot of performance and or status of outstanding debtors to follow.

Debtor Day Ratio

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.

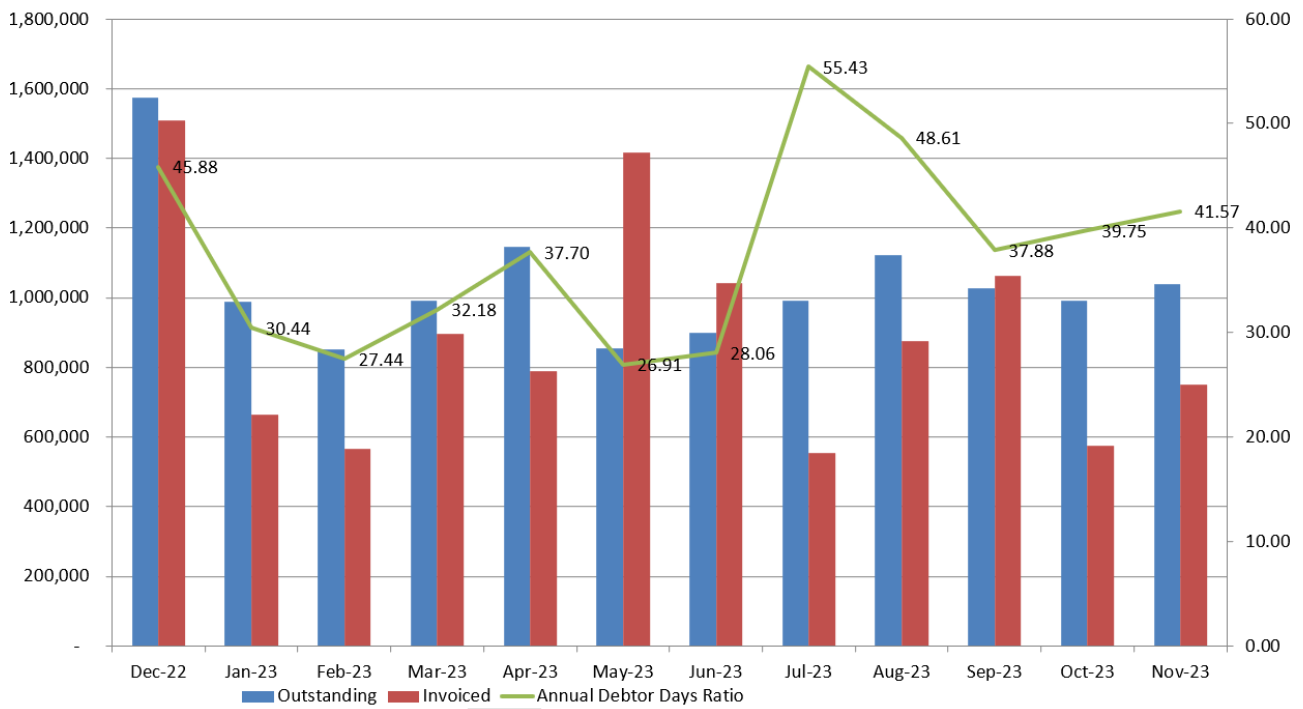
The calculation of the ratio considers the total amount outstanding at the end of the period divided by the total amount invoiced to that period for the financial year. This is then multiplied by the total number of days from 1 July to the end of the period. See calculation in the graph to follow.



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 30 November 2023, the Debtor Day Ratio was 41.56 – being a decrease from the prior reporting period as at 31 July 2023 – of 55.43. Of outstanding debt as at 31 July 2023, 55.43% related to current invoices that were not yet due.

The chart to follow indicates the debtor days over the last 12 months. Of the 12 months, 9 months are below 41 debtor days. This indicates that the overall debt collection policy is effective to contain the debtor days. Additionally, on occasions that the debtor days rise it is brought back down in subsequent months.



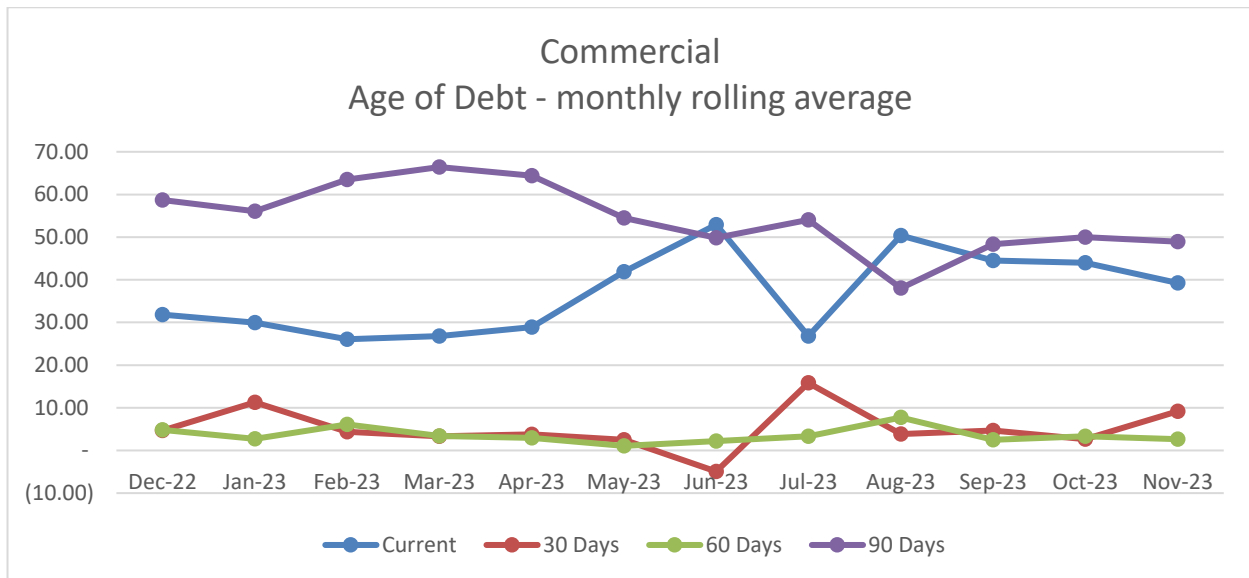
Age of Debt

The rolling 12-month Average for debt in each age category is shown in the graphs to follow 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.

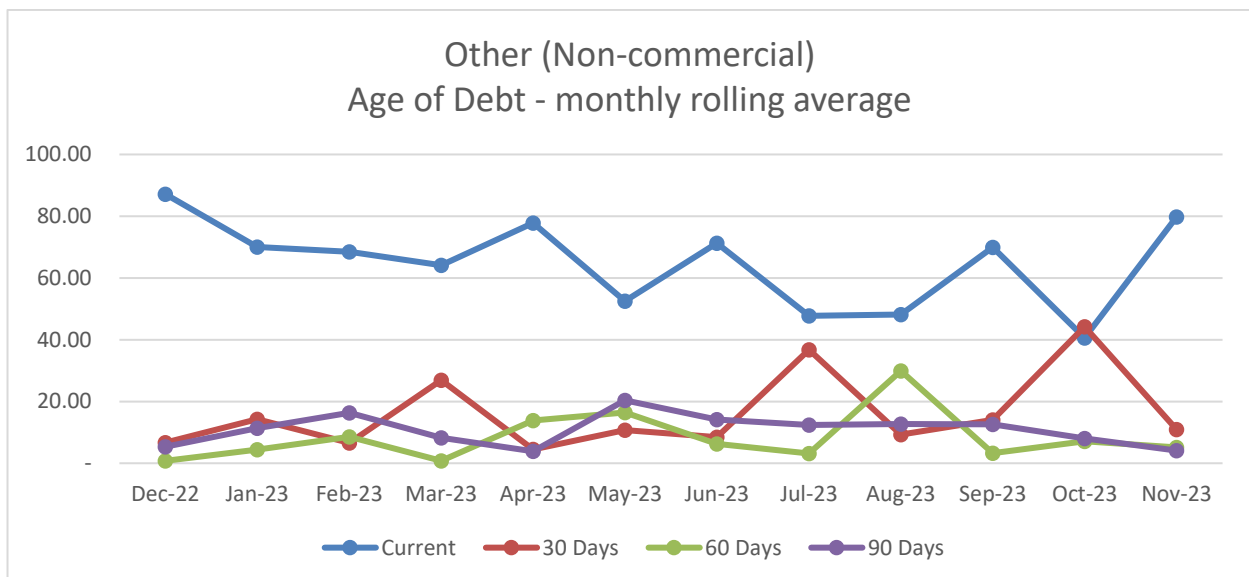
The monthly rolling average of Commercial debt shows that the portion of debt that is current ended November 2023 at 39% and remained relatively steady below 52% over the year. The portion of debt that is over 90 days has remained steady over time and appears to be slightly decreasing in recent months. This currently includes debts associated with 2 commercial property debtors carrying a



significant portion of the outstanding debt. This represents a positive trend and indicates an increasing percentage of debt being paid earlier. The portion of debt in the 30-59 days and 60-89 days has not significantly changed.

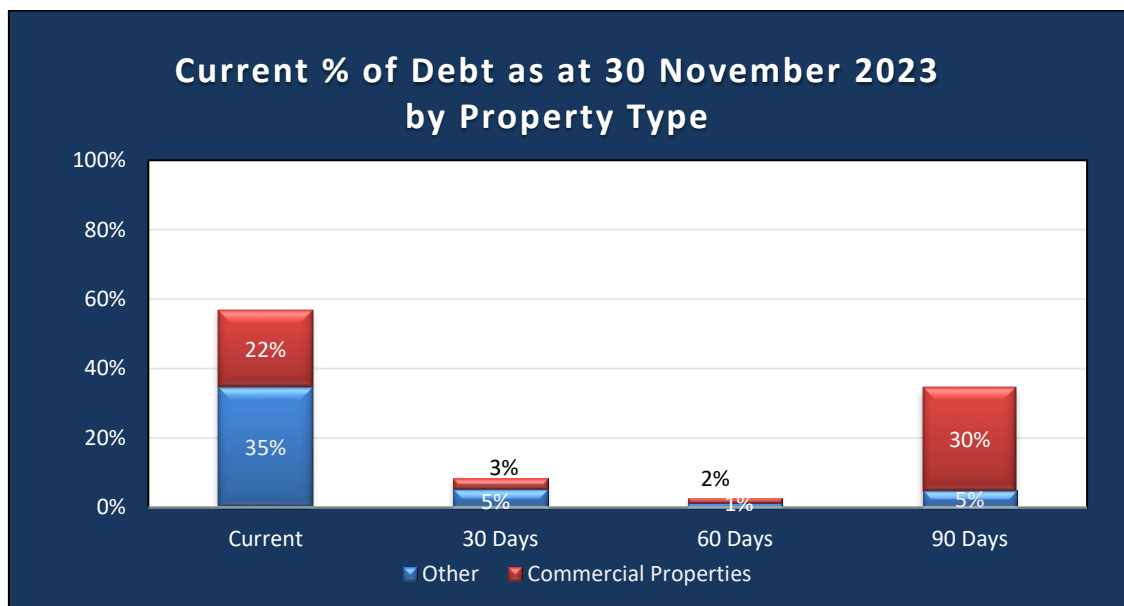


For Other (non-commercial) debt, the category with the highest amount outstanding is for the current category. All other categories remain much lower than the current trend line. This indicates a high degree of debts being collected timely.





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



Of total debt, Commercial Properties account for 39% (\$230K) of Current, and account for 94% of the debt owing 90 days or more (\$287k).

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

Impact of COVID on Commercial Property

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 \$7,090 remains outstanding. This is a reduction from the prior reporting period of \$3,776 with all debtors currently paying their debts progressively via direct debit arrangements.

Rate Exemption Approvals

Under the provisions of Section 6.26 of the Local Government Act 1995 the following properties were granted approval for rate exemptions:

- 13-19 William St, Fremantle PID 1031 – Good Sammys – S6.26(2)(g) – charitable purposes - \$24,673.04 for 2023/2024 Rates.



- 10 Blamey Pl, O'Connor – PID 5913 – Southern Metropolitan Muslim Assoc Inc – S6.26(2)(d) – place of public worship - \$6,705.01 for 2023/2024 Rates.
- 92 Adelaide St, Fremantle – PID 452 – DADAA Ltd – lessee from CoF - S6.26(2)(g) – charitable purposes – Correction of back rates initially levied in 2019 - \$16,606.42

Delegation 2.3 - Defer payment, grant a concession, waive fees and write off of Debts

During the reported period there were no waivers or write offs greater than \$1,000.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

**COMMITTEE RECOMMENDATION ARMC2312-7
(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

Council receive the Overdue Debtors Report as at 30 November 2023, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding \$10,000 as at 30 November 2023.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



ARMC2312-8 GRANTS AND SPONSORSHIP FY 2022-2023 INFORMATION REPORT

Meeting date:	11 December 2023
Responsible officer:	Manager Community Development
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Grants and Sponsorship Policy Funding Report – FY 2022-232. Grants and Sponsorship Policy

SUMMARY

This information report outlines the City’s annual financial support provided to the community, organisations, and businesses within the 2022-23 financial year.

The Grants and Sponsorship Policy (endorsed 12 May 2021) requires that an information report is submitted to the Audit and Risk Committee on a biannual basis to notify Council of all funding decisions.

In the 2022-23 financial year, a total monetary spend of \$345,896.00 and \$173,433 in-kind value was distributed under the Grants and Sponsorship Policy through grants, sponsorships, donations, individual support, and rebates. The grants enable the Fremantle arts, business, and broader community to support the aims of the City’s Strategic Community Plan through projects, programs, and events.

This report recommends that Council receive the Grants and Sponsorship Policy Funding report, as provided in attachment 1.

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 funding streams outlined in the Grants and Sponsorship Policy. Grant and sponsorship programs are accessed by the community through program guidelines, assessment criteria and an acquittal process.



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. Table 1 below summarises the quantity, in-kind and monetary value for the 2022-23 financial year. For a full list of successful applicants, refer to Attachment 1.

Table 1: Funding Assistance Summary (detailed list refer to Attachment 1.)

PROGRAM	QUANTITY	IN-KIND	CASH
Direct Sponsorships			
Arts <i>Direct Sponsorships</i>	NA		
Community Development <i>Direct Sponsorships</i> <ul style="list-style-type: none"> • Fremantle Surf Lifesaving Club • St Patricks - Imagined Futures Funding Partnership • Fremantle Men’s Shed • Fremantle Foundation 	4		\$79,864.00
Economic Development <i>Annual Partnerships</i> <ul style="list-style-type: none"> • Fremantle Football Club • Fremantle Chamber of Commerce 	2		\$90,250.00
Total	6		\$170,114.00
Grants/ Sponsorships			
Arts <i>Arts Grants</i> <i>(Allocated Budget: \$50,000.00)</i>	8		\$44,200.00
Community Development <i>Community Grants</i> <i>(Allocated Budget: \$60,000)</i>	13	\$714.00	\$44,994.00
<i>Neighbourhood Quick Response (Allocated budget: \$15,000)</i>	4		\$4,500.00

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Sporting Clubs (Allocated budget: \$10,000.00)	4		\$2,000.00
Events Application Sponsorships <ul style="list-style-type: none"> • Street parties • Events & Programs • Annual community events (Allocated Budget: \$100,800.00)	46	\$168,358.00	\$61,147.00
Total	75	\$169,072.00	\$156,841.00
In-kind Support			
Venue Support	6	\$3,565.58	
Waste Minimisation (Rebates)	35		\$3,498.12
Total	41	\$3,565.58	\$3,498.12
Individual Assistance			
Sporting Individual (Youth) (Allocated budget \$10,000)	19		\$5,700.00
Positive Ageing Assistance (Allocated budget: \$5,000.00)	32		\$4,800.00
Total	51		\$10,500.00
Donations			
Community Donations (Allocated budget: \$5,000.00)	10		\$4,715.69
Donate Without a Doubt (Matched funding)			\$159.55
Total	10		\$4,875.24
TOTAL	183	\$172,637.00	\$345,828.00

OFFICER COMMENT

The purpose of the funding streams is to support the City in achieving its strategic goals and objectives via the funding program guidelines.

The City of Fremantle has delivered six direct cash sponsorships to organisations/events valuing \$170,114 in the 2022/23 financial year. Organisations and businesses were approved for grants/applicant sponsorships valuing \$156,841.00 and in-kind value of \$169,072. Six businesses and organisations were supported through venue hire support to activate the City's places and spaces. Donations and matched funding through the Donate Without Doubt program contributed funding to St Patrick's Community Support Centre.

51 community members were supported through the individual assistance programs, both for participation in sport and ability to remain independent in their



homes. 35 families were supported with waste minimisation rebates for cloth nappies, compost infrastructure and reusable sanitary items.

This equates to 183 occasions of financial and in-kind support with a much broader community impact and reach. Further information on the community impact of the Arts and Community Grants is available in attachment 2.

Items to note:-

- There has been an exponential increase in demand to the Arts Funding program. The average number of applications to recent program rounds is 12 applications with an average success rate of 23%. The last Arts Funding round received 31 applications equating to a success rate of 13%. Many of the unsuccessful applications were high quality proposals from the arts, culture and creative industries with positive and constructive feedback and messaging around their value to the City provided to the applicants to manage relationships and expectations. A current review of the program is underway, and the increase is a reflection on arts, culture, and creative sector interest in Fremantle as a cultural hub, and stagnant investment in arts and culture funding at State and Federal level.
- The September and March Community Grant rounds, Community Donations and Neighbourhood Quick Response Grants included 28 community projects.
 - Of these projects, sixteen are based in Fremantle only. There are also projects in Hilton, Beaconsfield, O'Connor, White Gum Valley and North Fremantle.
 - Nine of the grants directly target vulnerable people including people in need of support with meals and groceries, children from CALD communities, Aboriginal children, at-risk young people and people experiencing homelessness.
 - Fourteen of the grants include measures to improve mental health and combat social isolation.
 - Four of the grants are directed towards older people and women's interests.
 - The majority of these grants align with the Health and Happiness pillar of the current Strategic Community Plan. Additionally, each grant application is assessed based on its alignment with the City's Walyalup Reconciliation Action Plan, Positive Ageing Plan and Access and Inclusion Plan. Applications which support these plans are prioritised in grant assessments.
 - The next iteration of the Strategic Community Plan is currently in development. Objectives for the grant programs will be reviewed to ensure that outcomes of the grants progress the overall goals of the Plan.



The funding program has 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.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

**COMMITTEE RECOMMENDATION ARMC2312-8
(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Fedele Camarda

Council receive the Grants and Sponsorship Policy Funding report, as provided in Attachment 1.

Carried: 4/0

**Cr Frank Mofflin, Cr Fedele Camarda,
Cr Ingrid van Dorssen, Cr Jenny Archibald**



8.3 Health, Safety and Environment

Nil.



8.4 Legal, Reputation and Brand

Nil.



9. Motions of which previous notice has been given

Nil.

10. Urgent business

Nil.

11. Late items

Nil.

12. Confidential business

Nil.

13. Closure

The Presiding Member declared the meeting closed at 7:06pm.