



Minutes

Audit and Risk Management Committee

Monday 2 December 2024 6:00 pm



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Official opening, welcome and acknowledgement

The Presiding Member declared the meeting open at 6.00 pm.

Attendance, apologies and leave of absence

Attendance

Cr Frank Mofflin	Presiding Member/East Ward
Cr Fedele Camarda	Deputy Presiding Member/East Ward (<i>Online</i>)
Cr Ingrid van Dorssen	North Ward
Cr Jenny Archibald	Deputy Mayor/Central Ward
Ms Hayley Manser	Independent Member (<i>Online</i>)
Mr Glen Dougall	Chief Executive Officer
Mr Matt Hammond	Director City Business
Mr Pete Stone	Director Creative Arts and Community
Mr Alan Millard	Acting Director Infrastructure
Mr Russell Kingdom	Director Planning, Place and Urban Development
Ms Alida Ferreira	Manager Financial Services
Ms Melody Foster	Manager Governance
Mr Aaron Dolin	Governance and Risk Officer
Ms Donna Ross	Meeting Support Officer

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

Apologies

Ms Hannah Fitzhardinge Mayor

Leave of absence

Nil.

Disclosures of interest by members

Nil.

Deputations

Nil.



Presentations

Alida Ferreira, Manager Financial Services provided an overview on the annual Financial Statement for the year ending 30 June 2024 and an update on the current audit activities for the City of Fremantle.

Confirmation of minutes

COMMITTEE DECISION

Moved: Cr Ingrid van Dorssen

Seconded: Cr Jenny Archibald

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 16 September 2024.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil

Elected member communication

Nil.



Reports and recommendations from officers

Governance and Compliance

ARMC2412-1 AUDIT OF THE ANNUAL FINANCIAL STATEMENTS 30 JUNE 2024

Meeting date:	2 December 2024
Responsible officer:	Manager Financial Services
Voting requirements:	Absolute Majority Required
Attachments:	<ol style="list-style-type: none">1. Draft Financial Statements - City of Fremantle - 30 June 20242. Draft City of Fremantle Annual Report - 30 June 20243. CONFIDENTIAL - Draft Management Letter - City of Fremantle - 30 June 20244. CONFIDENTIAL - Draft Management Letter Information Technology - 30 June 2024

SUMMARY

The audit of the City of Fremantle’s Annual Financial Statements for the year ending 30 June 2024 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 2024.

The audit exit meeting will be held on the 2nd of December 2024 with the City’s Chair of the Audit and Risk Management Committee, Chief Executive Officer, 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 2024 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 2024.**
- 2. Note the draft City of Fremantle 2023-24 Annual Financial Statements.**
- 3. Set the date for the 2025 Annual General Meeting of Electors.**

BACKGROUND

The OAG audited the City's Annual Financial Statements for the year ending 30 June 2024 and 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 be held on 2 December 2024. In attendance will be the Director Financial Audit 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, Director City Business and Manager Financial Services. The Audit Finding Reports are 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 2024.
- 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 will be satisfied during the Exit meeting to be held on 2 December 2024.

FINANCIAL IMPLICATIONS

For year ending 30 June 2024, the closing balance as per the Rate Setting Statement (cash position) was a surplus of \$11,571,212. Original budget adoption for 2024-25 carried forward amount of \$8,923,468.

The following table provides a high-level summary of Council's financial performance for year ending 30 June 2024.



Description	Adopted Budget 2023-24 \$M	Audited Actual 2023-24 \$M	Variance (Actual to Budget) \$M
Opening Surplus	7.2	11.0	3.8
Operating			
Rate Revenue	57.9	59.8	1.9
Revenue	32.4	45.3	12.9
Expenses	(96.6)	(104.3)	(7.7)
Non-Cash Adj.	11.9	13.6	1.7
	5.6	14.4	8.8
Investing			
Capital Revenue	12.4	1.6	(10.8)
Capital Expenses	(24.5)	(6.5)	18
	(12.1)	(4.9)	7.2
Financing			
Repayment Loans & Leases	(2.5)	(2.5)	0
Reserve Transfers	1.8	(6.4)	(8.2)
	(0.7)	(8.9)	(8.2)
Closing Surplus	0	11.6	11.6

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.

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

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 2024 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 2024 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:

1. Cash and cash equivalents – Authorised signatories
2. Retention of supporting reports for transactions (Bonds)
3. Invoices captured in incorrect financial period (Operating Expenses)
4. Incorrect allocation of GST on Grant revenue (Operating Grant Revenue and Contract Liability)
5. Contract Liability carried a variance from prior years, overstating the Liability at year end (Operating Grant Revenue and Contract Liability)

The exit meeting is expected to take place at the start of the Audit and Risk Management Committee meeting on the 2nd of December 2024. Once the signing officers' reviews and signs 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 2024.

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)	No			✓	✓
3. Invoices captured in incorrect financial period (Operating Expenses)	No		✓		
4. Incorrect allocation of GST on Grant <u>revenue</u> (Operating Grant Revenue and Contract Liability)	No			✓	
5. Contract Liability carried a variance from prior years, overstating the Liability at year end (Operating Grant Revenue and Contract Liability)	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 2023–24 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 2024 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 REQUIREMENTS

Absolute Majority Required



COMMITTEE RECOMMENDATION ITEM ARMC2412-1
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

Council:

- 1. Receive the Independent Auditor's Report following the exit meeting on 2 December 2024 from the Office of the Auditor General for the financial year ending 30 June 2024.**
- 2. Receive the Financial Audit Management Letters, as provided in Confidential Attachment 3, and the Information Systems Audit Management Letter as provided in Confidential Attachment 4, as issued by the Office of the Auditor General for year ending 30 June 2024.**
- 3. Accept the Audited Financial Statements, as provided in Attachment 1, for the City of Fremantle for the financial year ending 30 June 2024.**
- 4. Accept the City of Fremantle 2023-2024 Annual Report, as provided in Attachment 2, 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 2024 Annual General Meeting of Electors as Monday, 3 February 2025, to be held at the Walyalup Civic Centre at 6pm, in accordance with Section 5.27 of the *Local Government Act 1995*.**

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



ITEM WITHDRAWN

The Chief Executive Officer advised the Audit and Risk Management Committee that the following item is to be withdrawn from the agenda, as one of the providers withdrew their submission prior to the meeting. It was noted that officers will undertake a new EOI process, and a report will be brought back to the next Audit and Risk Management Committee meeting in March 2025.

ARMC2412-2 APPOINTMENT OF REGULATION 17 INDEPENDENT AUDITOR

Meeting date:	2 December 2024
Responsible officer:	Manager Governance
Voting requirements:	Absolute Majority Required
Attachments:	<ol style="list-style-type: none">1. CONFIDENTIAL - 2025 Regulation 17 Review Quotes2. CONFIDENTIAL - Independent Auditor Assessment

SUMMARY

In accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer (CEO) is required to review the appropriateness and effectiveness of a local government's systems and procedures, once every three years in relation to:

- a. Risk management;
- b. Internal control; and
- c. Legislative compliance.

It is recommended that the Council should appoint an independent auditor to conduct the 2025 Regulation 17 audit review on behalf of the CEO. The independent auditor will provide the City of Fremantle with a report on any findings, including any actions in response to the findings.

BACKGROUND

In accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is required to review the appropriateness and effectiveness of a local government's systems and procedures once every three years in relation to:

- a. Risk management;
- b. Internal control; and
- c. Legislative compliance.



The City is required to engage an independent auditor to conduct the Regulation 17 audit review on behalf of the CEO. The consultant will provide an in-depth report outlining the findings and recommendations. In previous reviews the City has engaged Civic Legal in 2019 to 2022 and Quantum Assurance in 2023.

Under Regulation 17 (3) of the *Local Government (Audit) Regulations 1996*, the CEO is required to report the results and findings to the Audit and Risk Management Committee. The committee is required to review the audit and make recommendations to Council on any action required in response to the findings.

FINANCIAL IMPLICATIONS

The expenditure associated with the Regulation 17 review is included in the 2024/2025 budget.

LEGAL IMPLICATIONS

In accordance with the *Local Government (Audit) Regulations 1996* Regulation 17:

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

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Enable the City to maintain legislative compliance and accountability for organisational decision making.
- Improve organisational performance and capability.



CONSULTATION

The City recommends engaging an independent auditor to conduct the Regulation 17 systems and procedures review on behalf of the CEO, as required by the *Local Government (Audit) Regulation 1996*.

In October 2024, the City requested a quote from four different providers, including:

1. Francis A Jones
2. Civic Legal
3. Paxon Group
4. Quantum Assurance

Regulation 17 requires the CEO to review the appropriateness and effectiveness of systems and procedures relating to internal control, risk management and legislative compliance once every 3 financial years. The City intends to undertake all three matters during the one review. The successful independent auditor is to provide the City with a report outlining any findings and actions in response to the findings.

This review would occur between February 2025 through to May 2025, with findings presented to the Audit and Risk Management Committee in June, and subsequently Council.

Quotes were requested to be received by 31 October 2024. The City received a total of four quotes, which are provided in Confidential Attachment 1. To protect the City's relationship with each organisation that provided a quote, they will be referred to as Independent Auditors A, B, C and D. 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 that the independent auditor undertakes a thorough review of the City's systems and procedures in relation to risk management, internal control and legislative compliance, to enable a better understanding of how the City can better achieve 'best practise' principals across the organisation.

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.



Based on the quotes provided and assessment completed in line with the City's Purchasing Policy, **Auditor D** is recommended to be appointed as an independent auditor to complete the 2025 Regulation 17 audit review on behalf of the CEO.

Any matters identified during this review will be reviewed by officers and appropriate action will be taken to improve the City's systems and procedures in relation to risk management, internal control and legislative compliance; in addition, all actions required as an outcome of the review 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 June 2025.

VOTING AND OTHER REQUIREMENTS

Absolute Majority Required

OFFICER'S RECOMMENDATION

Council approves to appoint _____ as an independent auditor to complete the 2025 Regulation 17 audit review in the appropriateness and effectiveness of the City of Fremantle's systems and procedures, in relation to:

- a. Risk management;
- b. Internal control; and
- c. Legislative compliance.



ARMC2412-3 AUDIT ACTIONS UPDATE - NOVEMBER 2024

Meeting date:	2 December 2024
Responsible officer:	Manager Financial Services
Voting requirements:	Simple Majority Required
Attachments:	1. CONFIDENTIAL - November 2024 Audit Action Register

SUMMARY

This report provides an update on the status of actions arising from annual audits carried out in line with statutory requirements.

The report requests the Audit and Risk Management Committee receive and note the current list of audit actions and status associated with each.

BACKGROUND

Currently the City of Fremantle participates in or undertakes the following audits as required under the *Local Government Act 1995*:

- Audit of annual financial statements
- Audit of General computer controls and information systems
- Audit of Financial management (Regulation 5)
- Audit of general systems, procedures and controls (Regulation 17)

The Financial Audit and General Computer Controls Audit are carried out by the Office of the Auditor General (OAG) and assess both financial and information technology related compliance and controls.

The Regulation 5 and Regulation 17 audits are carried out by external auditors engaged by the City.

Each audit results in a series of recommendations being made by the auditor, 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.

The audit register, as provided in confidential attachment 1, provides information regarding the status of each action and progress associated with each.

FINANCIAL IMPLICATIONS

Nil.



LEGAL IMPLICATIONS

The City considers and actions audit recommendations in line with its requirements under the *Local Government Act 1995*.

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Enable the City to maintain legislative compliance and accountability for organisational decision making.
- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

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

OFFICER COMMENT

The audit action register has been developed as part of the continuous improvement of the City's management and reporting of audit activities and findings.

The audit action register provides a summary report of all the current open audit findings, recommendations, and progress comments from the various audit activities.

Noting that full audit reports are presented to the Audit and Risk Management Committee upon completion of each audit, the register provides an ongoing summary update on status and includes the following information:

- The core finding identified by the relevant audit.
- The associated risk rating as identified by the auditor.
- The auditor's core recommended actions.
- The officer responsible for implementing the action.
- Indications of which audits resulted in the core finding, whether it be the OAG financial or IT audits, Regulation 5 or 17.



- 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.

Since the ARMC in September 2024 there were only 3 outstanding items on the audit register.

Of the three 3 outstanding items:

- Two relate to the OAG GCC (IT) Audit, with one of those findings being assessed as moderate and one the other being assessed as minor.
- One relates to the Reg 17 audit and is assessed as minor.

All three findings are on track to be addressed and closed out prior to the end of the FY24/25 financial year. Once the Annual Financial Statement audit is finalised, the recommendations from the management letters will be included in the audit register.

VOTING AND OTHER REQUIREMENTS

Simple Majority Required

COMMITTEE RECOMMENDATION ITEM ARMC2412-3 **(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Jenny Archibald

Council receive and note the updated Audit Actions Register as provided in confidential attachment 1.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorsen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



ARMC2412-4 EMERGING ISSUES REPORT - SEPTEMBER TO NOVEMBER 2024

Meeting date:	2 December 2024
Responsible officer:	Manager Governance
Voting requirements:	Simple Majority Required
Attachments:	1. CONFIDENTIAL - Confidential Attachment Emerging Issues Summary Report Nov24

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 any significant 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.

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:



Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Enable the City to maintain legislative compliance and accountability for organisational decision making.
- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

Nil.

OFFICER COMMENT

The table provided in confidential attachment 1 identifies the current or 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 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 emerging 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 REQUIREMENTS

Simple Majority Required



COMMITTEE RECOMMENDATION ITEM ARMC2412-4
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Fedele Camarda

Council receive the Emerging Issues report for September to November 2024 as detailed in confidential attachment 1.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



Finance

ARMC2412-5 GRANTS AND SPONSORSHIP FUNDING REPORT 2023-2024

Meeting date:	2 December 2024
Responsible officer:	Manager Community Development
Voting requirements:	Simple Majority Required
Attachments:	1. Grants and Sponsorship Funding Report FY 2023-24

SUMMARY

This information report outlines the City's annual financial support provided to the community, organisations, and businesses within the 2023-24 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 2023-24 financial year, a total monetary spend of \$1,030,098 and \$88,914 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.



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 2023-24 financial year. These amounts are reported ex-GST. 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>	1		\$110,000.00
Community Development <i>Direct Sponsorships</i>	6		\$115,500.00
<ul style="list-style-type: none"> • Fremantle Foundation • Fremantle Surf Life Saving Club • Imagined Futures • Fremantle Community Men’s Shed • Bushland Restoration – Clontarf Hill • Hungerford Award 			
Economic Development <i>Annual Partnerships</i>	4		\$555,720.48
<ul style="list-style-type: none"> • Fremantle Football Club • South Fremantle Football Club • Fremantle Chamber of Commerce • Fremantle Park Sport and Community Centre 			
Total	11		\$781,220.48
Grants/ Sponsorships			
Arts <i>Arts Grants</i> <i>(Allocated Budget: \$51,500.00)</i>	8		\$51,331

City of Fremantle
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Community Development <i>Community Grants</i> <i>(Allocated Budget: \$90,000.00)</i>	16	\$1,930.00	\$93,097.53
Neighbourhood Quick Response <i>(Allocated budget: \$11,000.00)</i>	9		\$8,392.15
Sporting Clubs: <i>(Allocated budget: \$10,000.00)</i>	1		\$500.00
Events <i>Application Sponsorships</i> <ul style="list-style-type: none"> • Street Parties • Events & Programs • Annual Community Events <i>(Allocated budget: \$103,824)</i>	42	\$86,037.95	\$78,116.96
Total	76	\$87,967.95	\$231,437.64
PROGRAM	QUANTITY	IN-KIND	CASH
Venue Support	3	\$946.93	
Waste Minimisation (Rebates)	31		\$1672.79
Total	34	\$946.93	\$1672.79
Individual Assistance			
Sporting Individual (Youth) <i>(Allocated budget: \$10,000.00)</i>	19		\$5,700.00
Positive Ageing Assistance <i>(Allocated budget \$5,000.00)</i>	36		\$4,102.06
Total	55		\$9,802.06
Donations			
Community Donations (Allocated budget: \$5,000.00)	11		\$4,995.00
Donate Without a Doubt (Matched funding)	1		\$970.81
Total	12		\$5,965.81
TOTAL	188	\$88,914.88	\$1,030,098.78

LEGAL IMPLICATIONS

Nil.



STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Liveable City - Liveable and socially connected neighbourhoods

- Community-led clubs and groups allow for social inclusion and connection across our neighbourhoods.
- Fremantle's diverse cultural heritage is reflected through a broad range of community celebrations and traditions.

Creative City – Events and programming celebrate Fremantle's unique and diverse creative and cultural identity

- A diverse program of events is inspired by Fremantle's unique identity and accessible by all members of the community.

Resilient City – Availability of services and support for the most vulnerable members of the community

- Access to programs that connect vulnerable community members to services and support.
- A caring community supports, protects and accepts those who are most vulnerable.

CONSULTATION

Nil.

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 eleven direct cash sponsorships to organisations/events valuing \$781,220.48 in the 2023/24 financial year. Organisations and businesses were approved for grants/applicant sponsorships valuing \$231,437 and in-kind value of \$88,914. Donations and matched funding through the Donate Without Doubt program contributed \$1942 to St Patrick's Community Support Centre.

55 community members were supported through the individual assistance programs, both for participation in sport and ability to remain independent in their homes. 31 families were supported with waste minimisation rebates for cloth nappies, compost infrastructure and reusable sanitary items.



This equates to 188 occasions of financial and in-kind support with a much broader community impact and reach.

Items to note:-

- There continues to be a high number of applications to the Arts Grants program, reflecting the level of artistic activity in Fremantle. The Arts Grants March 2024 round received 29 applications, with 4 successful applications this equates to 13% success rate. The Arts Grants October 2023 round received 23 applications, with 4 successful applications this equates to 17% success rate. A review of the Arts Grants program has determined that focusing the objectives on community participation will help manage the number of proposals, and still achieve positive outcomes for the community and creative industry.
- In this grant period, the first round of the Youth, Community and Arts Grants were run in October rather than September to align with the endorsement of the City's *Youth Strategy 2024-2028*. The March Round ran as normal. The Youth and Community Grant rounds, Community Donations and Neighbourhood Quick Response Grants included 36 community projects, up from 28 in 2022/23 financial year.
 - Seven Youth Grants were provided, with the majority of these targeting mental health in young people.
 - Of the total grant projects, sixteen are based in Fremantle only. The rest of the projects are spread across the City of Fremantle suburbs, however there are no projects in Samson.
 - Five of the grants directly target vulnerable people including people in need of support with meals and groceries, young people at risk, and people with lower socio-economic status.
 - Fourteen of the grants include measures to improve mental health and combat social isolation.
 - Six of the grants are directed towards people with disabilities, including three Community grants enhancing volunteer and social opportunities for people with disabilities.
 - Six of the Neighbourhood Quick Response Grants funded local community gatherings for a street or section of a neighbourhood, encouraging social connection.
 - The majority of these grants align with the Liveable City pillar of the Strategic Community Plan, addressing the points:
 - Community-led clubs and groups allow for social inclusion and connection across our neighbourhoods.
 - Community participation is encouraged through spaces that enable social connection.
 - The grants also align with the Resilient City pillar, including providing access to programs that connect vulnerable community members to services and support and a caring community supports, protects and accepts those who are most vulnerable.



- Additionally, each grant application is assessed based on its alignment with the City's Reconciliation Action Plan, Positive Ageing Plan, Homelessness Action Plan and Access and Inclusion Plan. Applications which support these plans are prioritised in grant assessments.

VOTING AND OTHER REQUIREMENTS

Simple Majority Required

COMMITTEE RECOMMENDATION ITEM ARMC2412-5 **(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Ms Hayley Manser

Council receives the Grants and Sponsorship Policy Funding report, as provided in attachment 1.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



ARMC2412-6 PURCHASING POLICY EXEMPTIONS SEPTEMBER TO OCTOBER 2024

Meeting date:	2 December 2024
Responsible officer:	Manager Financial Services
Voting requirements:	Simple Majority Required
Attachments:	1. Purchasing Policy Exemptions September - October 2024

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 September to October 2024.

This report recommends that Council receive the Purchasing Policy Exemptions report for September to October 2024.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted an updated 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.

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'



- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

Nil.

OFFICER COMMENT

September 2024

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$219,337.00** for the month of September 2024.

The value of exemptions by category is:

Exemption Category	Value
Purchasing Policy Exemption	\$208,264.00
Request for Artist	Nil
Sole Source of Supply	\$11,073.00
Total	\$219,337.00

Details regarding individual exemptions can be found in Attachment 1.

October 2024

The total value of spending exempt from the City of Fremantle Purchasing Policy was **\$151,350.00** for the month of October 2024.

The value of exemptions by category is:

Exemption Category	Value
Purchasing Policy Exemption	\$140,000.00
Request for Artist	Nil
Sole Source	\$11,350.00
Total	\$151,350.00

Details regarding individual exemptions can be found in Attachment 1.



VOTING AND OTHER REQUIREMENTS

Simple Majority Required

COMMITTEE RECOMMENDATION ITEM ARMC2412-6 **(Officer's recommendation)**

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

Council receive the information report on Purchasing Policy Exemptions for September to October 2024.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



ARMC2412-7 TENDERS AWARDED UNDER DELEGATION SEPTEMBER TO OCTOBER 2024

Meeting date: 2 December 2024
Responsible officer: Manager Financial Services
Voting requirements: Simple Majority Required
Attachments: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and Committees during the period September to October 2024.

This report recommends that Council receive the report on tenders awarded under delegation between September to October 2024.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 26 June 2024 (C2406-15):

Delegated Authority	Amount of Delegation
Ordinary Meeting of Council	\$1,000,000+ (if within budget)
CEO	Up to \$1,000,000
Directors	Up to \$500,000

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

FINANCIAL IMPLICATIONS

All tenders were awarded in line with the adopted 2024-25 budget.

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 2023-24, the Chief Executive Officer is required to report the use of this delegation to the Audit and Risk Management Committee.



STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle’s Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

Nil.

OFFICER COMMENT

Below is a list of tenders awarded under delegation between September 2024 to October 2024.

September 2024

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
FCC658/24 - Gym Equipment Replacement Leisure Centre	Director	Technogym Australia	7 years	\$699,897.80

October 2024

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

VOTING AND OTHER REQUIREMENTS

Simple Majority Required



COMMITTEE RECOMMENDATION ITEM ARMC2412-7
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Ingrid van Dorssen

**Council receive the information report on Tenders Awarded under
Delegation for September to October 2024.**

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorssen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



ARMC2412-8 OVERDUE DEBTORS REPORT AS AT 31 OCTOBER 2024

Meeting date:	2 December 2024
Responsible officer:	Manager Financial Services
Voting requirements:	Simple Majority Required
Attachments:	1. CONFIDENTIAL - Summary of Outstanding Debtors as at 31 October 2024

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 October 2024, 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 October 2024.

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 2024, an amount of \$160,937 is held as an allowance for impairment of sundry receivables. There was a total of \$87,996 of waivers or debts written off for the 2023/24 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.

STRATEGIC IMPLICATIONS

This is in keeping with the City of Fremantle's Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

Nil.

OFFICER COMMENT

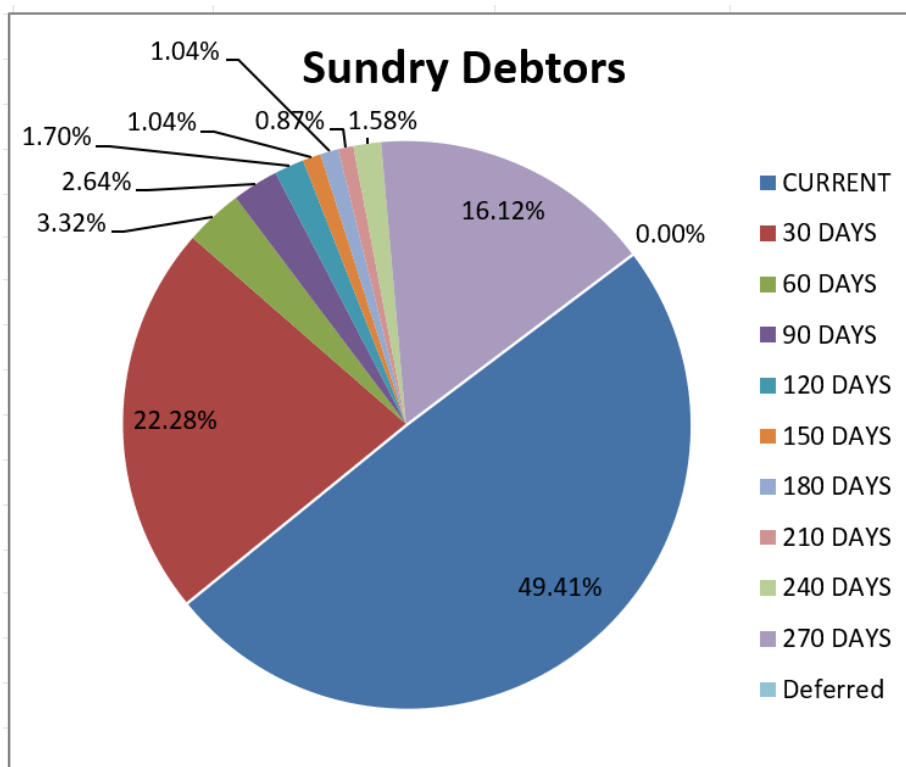
The total of debts outstanding as at 31 October 2024 was \$680,439. A breakdown of aged debt for the current period compared to prior year is tabled below.

City of Fremantle
Audit and Risk Management Committee - Minutes
2 December 2024



Period Ending October 2024	Current	30 Days	60 Days	90+ Days	Total
Sep 24 – Oct 24	49%	22%	3%	25%	100%
	336,203	151,629	22,585	170,022	680,439
Sep 24 – Oct 24 Excl. Commercial Properties	45%	34%	5%	15%	100%
	140,700	108,186	16,980	48,693	314,559
Sep 23 - Oct 23	423,500	187,222	47,681	334,014	992,417

The graph below shows the aged debt balances as at 31 October 2024:



Compared to the report of overdue debtors as at 31 August 2024, presented to Audit and Risk Management Committee meeting on 16 September 2024, the total value of outstanding debts has decreased from \$707,717 to \$680,439.

Total outstanding debt over 90 days has decreased from \$293,101 at the end of the previous reporting date to \$170,022.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of \$10,000, has remained at five.

Of the five reported, one debtor has had no change and the remaining four have had the debts reduced.



These five debtors have a total debt owing of \$120,435 of which \$114,707 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.

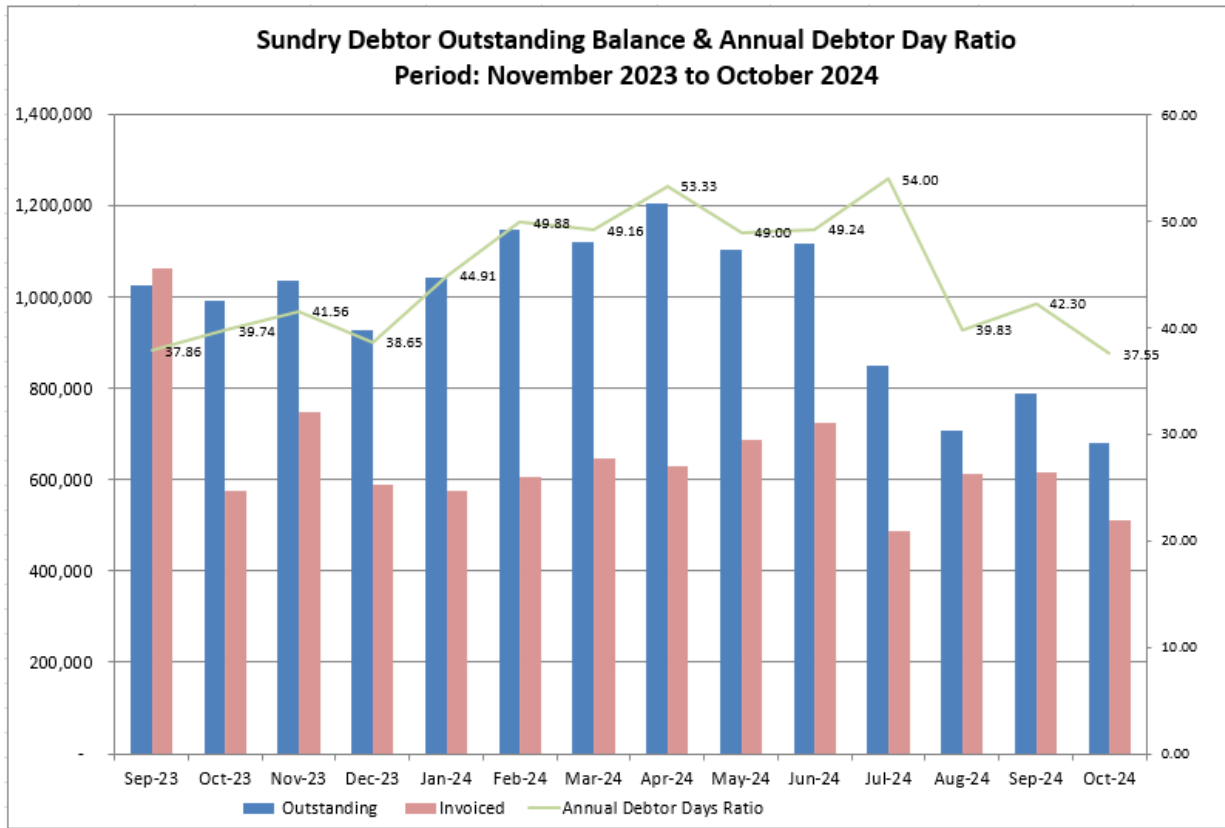
A number of metrics have been provided to follow that provide an initial snapshot of performance and or status of outstanding debtors to follow.

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.

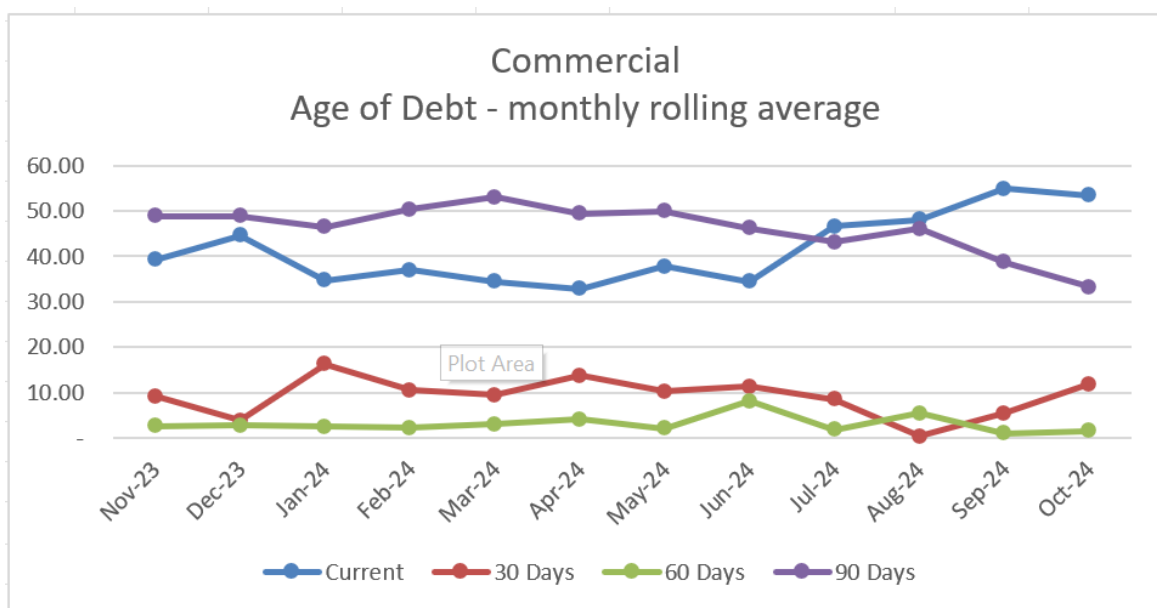
The calculation of the ratio considers the total amount outstanding at the end of the period divided by the total amount invoiced to that period for the financial year. This is then multiplied by the total number of days from 1 July to the end of the period. See calculation in the graph to follow.

The chart to follow indicates the debtor days over the last 12 months. Debtor days have steadily increased during last financial year, however have dipped backed to 37.55 as at October 2024.



Age of Debt

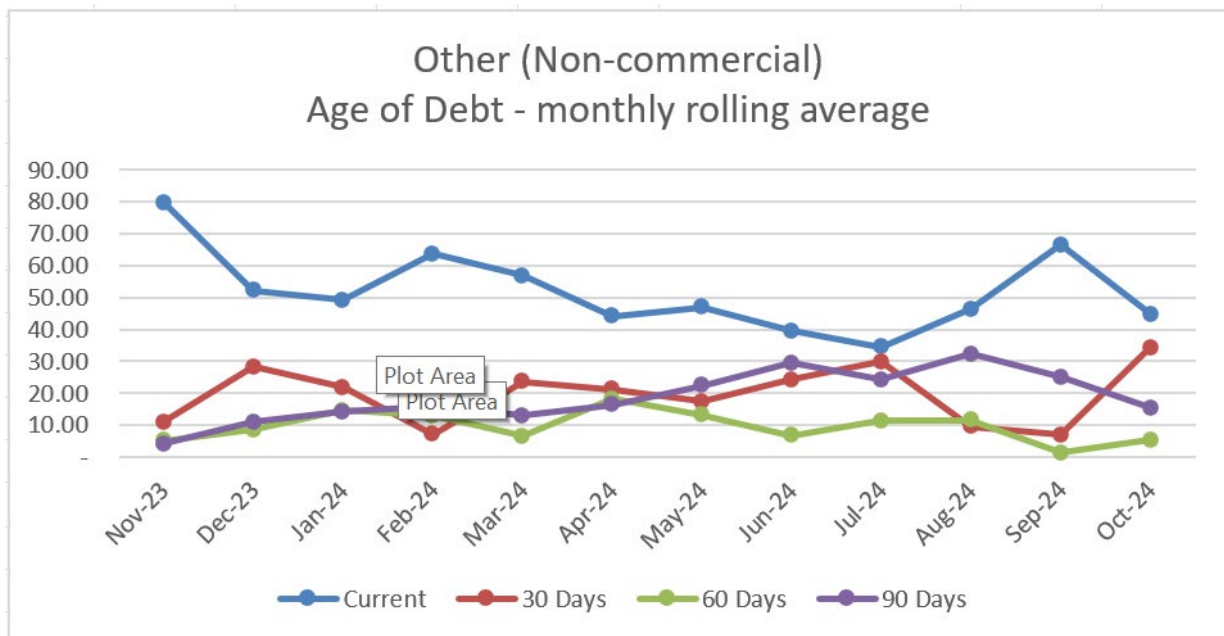
The rolling 12-month Average for debt in each age category is shown in the graphs to follow for Commercial and Other (non-commercial) debt. These graphs show the 12-month average as at each point in time, to provide a view of the trend of the City’s aged debt portfolio.





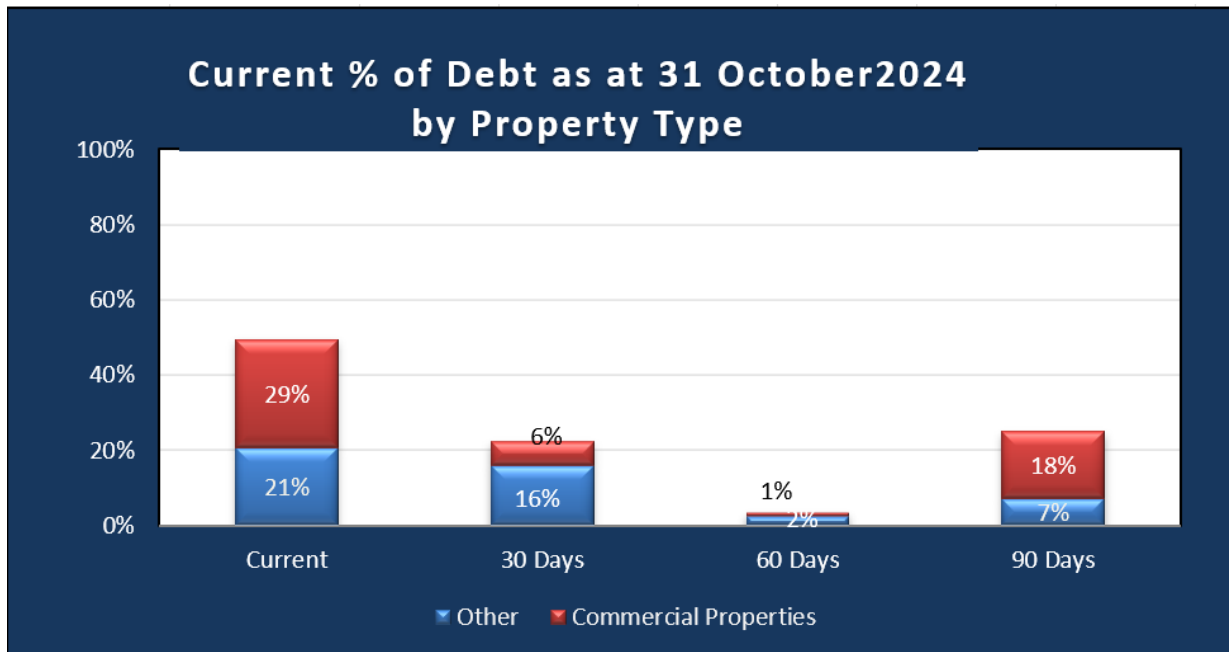
As per the monthly rolling average chart for commercial, the portion of debt that is current was 29% as at October 2024. The portion of debt that is over 90 days has remained steady over time but has decreased since August 2024. The current and 90 Days have remained relatively stable over the year. The portion of debt in the 30-59 days and 60-89 days remained at the lower end.

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



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 the total debt, Non-Commercial Properties account for 21% of Current debt, and account for 7% of the debt owing 90 days or more.

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



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

A rates concession for Units 1-11/5 Beach St, Fremantle was approved by Director City Business for the 2024/2025 rates and charges, under the City's delegation Authority 2.3. The financial impact was \$16,352.51.

This was approved due to St Patrick's Community Support Centre Ltd acquiring the property for development. Consideration of future rates concessions will be considered with the mid term Budget review for future years.

VOTING AND OTHER REQUIREMENTS

Simple Majority Required



COMMITTEE RECOMMENDATION ITEM ARMC2412-8
(Officer's recommendation)

Moved: Cr Frank Mofflin

Seconded: Cr Jenny Archibald

Council receive the Overdue Debtors Report as at 31 October 2024, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding \$10,000 as at 31 October 2024.

Carried: 5/0

For:

**Cr Fedele Camarda, Cr Frank Mofflin, Cr Ingrid van Dorsen,
Cr Jenny Archibald and Ms Hayley Manser**

Against:

Nil



Health, Safety and Environment

Nil.

Legal, Reputation and Brand

Nil.

Motion of which previous notice has been given

Nil.

Urgent business

Nil.

Late items

Nil.

Confidential business

Nil.

Closure

The Presiding Member declared the meeting closed at 6.35 pm.