



Audit and Risk Committee

Agenda

Wednesday 20 November 2024



Our Vision

Where environment, lifestyle and opportunity meet

Community Aspirations



KEY THEME 1

Environment

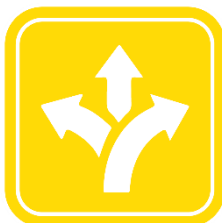
An environment that is valued, conserved and enjoyed by current and future generations.



KEY THEME 2

Lifestyle

A place that is relaxed, safe and friendly, with services and facilities that support positive lifestyles and wellbeing.



KEY THEME 3

Opportunity

A vibrant City with diverse opportunities and a prosperous economy.



KEY THEME 4

Leadership

A Council that connects with the community and is accountable in its decision making.

NOTICE OF MEETING

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Audit and Risk Committee will be held in the Council Chambers, Administration Building, Southern Drive, Busselton on Wednesday, 20 November 2024, commencing at 10am.

Your attendance is respectfully requested.

DISCLAIMER

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.



TONY NOTTLE

CHIEF EXECUTIVE OFFICER

13 November 2024

BEHAVIOUR PROTOCOLS

The City of Busselton values are:

- Listening
- Considered Decision Making
- Appreciation
- Respect
- Teamwork

In accordance with these values, the following outlines the behaviour expectations while attending a Council meeting, Committee meeting, Community Access Session, or Public Agenda Presentation:

- Listen respectfully through the meeting or presentation
- Respect the Council process and comply with directions from the Presiding Member
- Use respectful language when addressing Council, staff, and other members of the public
- Behave in a manner that is respectful and non-confrontational
- Do not use offensive language or derogatory language towards others

The City values the diverse input of the community and seeks to ensure that all members of the community can attend a meeting and have their say.

Elected Members, Committee members and Candidates are bound by the City's Code of Conduct and agree to uphold the values of the City of Busselton and principles of good behaviour, maintaining and contributing to a harmonious, safe, and productive environment.

Anyone who does not behave in accordance with the above values and behaviours may be asked by the Presiding Member to leave the gallery.

CITY OF BUSSELTON

Agenda for the Audit and Risk Committee to be held on 13 November 2024.

TABLE OF CONTENTS

1 OFFICIAL OPENING	6
2 ATTENDANCE	6
3 DISCLOSURES OF INTEREST	7
4 PUBLIC QUESTION TIME	7
4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE.....	7
4.2 QUESTION TIME FOR PUBLIC.....	7
5 CONFIRMATION AND RECEIPT OF MINUTES	9
6 REPORTS	10
6.1 2023/24 ANNUAL FINANCIAL STATEMENTS, AUDIT REPORT AND MANAGEMENT LETTER	10
6.2 ADOPTION OF INTERNAL AUDIT CHARTER AND STRATEGIC INTERNAL AUDIT PLAN.....	91
6.3 COMPLIANCE AND AUDIT: ACTION IMPLEMENTATION STATUS	131
7 CONFIDENTIAL MATTERS	137
8 NEXT MEETING DATE	137
9 CLOSURE	137

1 OFFICIAL OPENING

The City of Busselton welcomes elected members, staff, guests and members of the public to the Audit and Risk Committee meeting of 20 November 2024.

The City of Busselton acknowledges the Wadandi and Bibbulmun people as the traditional custodians of this region and pay respects to Elders past and present.

Please note this meeting will be audio recorded for minute taking purposes.

2 ATTENDANCE

PRESIDING MEMBER	MEMBERS
Cr Andrew Macnish	Mayor Phill Cronin
	Cr Anne Ryan
	Cr Kate Cox
	Cr Val Kaigg
	Cr Jarrod Kennedy
	Cr Jodie Lee
	Mr Ben Townend

OFFICERS
Chief Executive Officer
Director Corporate Strategy and Performance
Manager Legal, Governance and Risk
Manager Systems and Information
Manager Financial Services
Governance and Risk Coordinator
Governance Officer

APOLOGIES
Cr Richard Beecroft
Cr Mikayla Love

3 DISCLOSURES OF INTEREST

DISCLOSURES OF FINANCIAL INTEREST

A declaration under section 5.65 of the *Local Government Act 1995* requires that the nature of the interest must be disclosed. An elected member or employee who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter on which the subject of the declaration without the approval of the Council in accordance with the Act.

DISCLOSURES OF IMPARTIALITY INTEREST

Elected members and employees are required, in addition to declaring any financial interest, to declare an interest that might cause or perceive to cause a conflict. If the elected member or employee declares that their impartiality will not be affected then they may participate in the decision-making process.

4 PUBLIC QUESTION TIME

4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4.2 QUESTION TIME FOR PUBLIC

Public question time procedures and guidance

Public question time allows members of the public to participate in local government by asking questions of the Council in relation to issues affecting the City. It also assists the City in identifying issues of importance to the community and assists the public to be better informed about how the City is governed.

- The City will allocate a minimum of 15 minutes and a maximum of 30 minutes per Council meeting for public question time.
- Members of the public should register their intent to ask a question at a Council meeting by completing and submitting the [Public Question Time form](#) before 4pm the day prior to the relevant meeting.
- Members of the public will be invited to ask their question in order of registration.
- Questions will be limited to three per person. Additional questions may be permitted by the Presiding Member where time permits.
- Where a person is not present to ask their submitted question it will be responded to administratively as general correspondence.

- Questions may be taken on notice, to be responded to at a later time by the CEO in accordance with clause 6.7 of the Standing Orders.
- Public question time is for the tabling of questions, not for members of the community to make statements. For context, the Presiding Member may allow a short preamble.
- Questions containing defamatory remarks or offensive language, or that question the competency or personal affairs of Elected Members or employees may be ruled inappropriate by the Presiding Member subject to the Presiding Member taking reasonable steps to assist the member of the public to rephrase the question.
- There will be no debate or discussion on the response provided.

For further information, please see the [Meetings, Information Sessions and Decision Making Processes Policy](#).

5 CONFIRMATION AND RECEIPT OF MINUTES

5.1 Audit and Risk Committee 24 July 2024

RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting be confirmed as a true and correct record (as published at 8 November 2024 on the [City of Busselton's website](#), inclusive of any confidential material published on the restricted internal Docs on Tap application).

6 REPORTS

6.1 2023/24 Annual Financial Statements, Audit Report and Management Letter

Strategic Theme:	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making.
Directorate:	Corporate Strategy and Performance
Reporting Officer:	Manager Financial Services - Paul Sheridan
Authorised By:	Director of Corporate Strategy and Performance - Sarah Pierson
Nature of Decision:	Noting: The item is simply for information purposes and noting.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	<ol style="list-style-type: none"> 1. Management Representation Letter 2024-25 - City of Busselton - Signed [6.1.1 - 6 pages] 2. Signed & Stamped Financial Report & Audit Opinion - City of Busselton - 30 June 2024 [6.1.2 - 69 pages] 3. Final Management Letter - City of Busselton - For the year ending 30 June 2024 [6.1.3 - 2 pages]

OFFICER RECOMMENDATION

That the Council:

1. **Acknowledges receipt of the 2023/24 Annual Financial Statements including Auditors Opinion and Audit Management Letter with Attachments A & B, as per the attached documentation, per section 7.12A(3)(aa) of the *Local Government Act 1995*;**
2. **Resolves that it has met the requirements of section 7.12A(2) of the *Local Government Act 1995* with the Audit & Risk Committee, on behalf of Council, having met with a representative of the Office of the Auditor General on 20 November 2024; and**
3. **Acknowledges the findings outlined in the Audit Management Letter Attachments A & B.**

EXECUTIVE SUMMARY

The signed Independent Auditors Report and Management Letter (with attachments A & B), in relation to the audit of the 2023/24 Annual Financial Statements, as well as the audit of the City's Information Systems were received from the Office of the Auditor General (OAG) on 8 November 2024, and are provided as attachments to this report, along with the final audit stamped version of the 2023/24 Annual Financial Statements, in accordance with section 7.12A(3) of the *Local Government Act 1995* (the Act).

Pursuant to its Terms of Reference, it is relevant that the Audit and Risk Committee considers the 2023/24 Annual Financial Statements, Auditors Opinion and Management Letter with Attachments and, where appropriate, makes recommendation/s in respect of these documents.

In addition, the local government is required to meet with its auditor at least once every year in accordance with section 7.12A(2) of the *Local Government Act 1995* (the Act).

STRATEGIC CONTEXT

Financial and Information System auditing of the City by the OAG contributes to the good governance of the City and financial management of ratepayer funds.

BACKGROUND

Pursuant to Section 7.9 of the Act, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

- (a) The Mayor or President
- (b) The Chief Executive Officer; and
- (c) The Minister

Further, in accordance with Regulation 10 (4) of the *Local Government (Audit) Regulations 1996*, (the Regulations) where it is considered appropriate to do so, the Auditor may prepare a Management Letter to accompany the Independent Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the Act.

The Management Letter provides an overview of the audit process and outcomes, and also identifies any matters that, while generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of the City.

A representative of the Audit and Risk Committee and City officers met with the OAG at an entrance meeting, held on 17 April 2024. At this meeting, the OAG outlined the process for the annual audit (including interim and final). The official final audit took place between 30th September 2024 and 18th October 2024 (although on-going audit discussions occurred right up into the week commencing 4th November). An exit meeting was held with the chairman of the Audit and Risk Committee, CEO and relevant officers on 8th November 2024. The OAG has since provided their signed audit report, including the opinion and management letter with attachments, attached to this report.

OFFICER COMMENT

The City has again been provided by the OAG with an unqualified audit opinion (clear audit).

As part of the Financial Statement component of the 2023/24 Audit, the Auditor made one finding, deemed as moderate, outlined below:

“Payroll Reconciliation

Finding:

We noted that the monthly payroll reconciliation to general ledger have not been prepared for the months of July 2023 to February 2024. Although reconciliations for March 2024 to April 2024 have been prepared, no evidence of a review by an independent senior finance officer could be provided.”

Full details of the finding and the City’s management comment can be seen in the 2023/24 Audit Management Letter attached to this report.

Further, as part of the Information Systems component of the 2023/24 Audit, the Auditor identified 13 findings of which 3 were rated minor and 10 moderate (compared with 15 findings from the previous year’s audit of which 2 were minor, 12 moderate and 1 significant). There is a separate item on the Audit and Risk Committee agenda in relation to this component of the Audit.

The Audit and Risk Committee Terms of Reference determines that the Audit and Risk Committee is responsible and has the duty to formally meet with the auditor in accordance with the Act on behalf of the local government. Mr Louis De Robillard, Director Financial Audit, from the OAG, representing the Auditor General is attending the Audit and Risk Committee meeting and will respond to any queries arising.

The presence of Mr De Robillard meets the requirements of 7.12A (2) of the Act.

Statutory Environment

Matters pertaining to the financial audit of a local government authority are detailed within:

- *Local Government Act 1995 - Section 7.9 and Section 7.12A.*
- *Local Government (Financial Management) Regulations 1996.*
- *Local Government (Audit) Regulations 1996 – Regulation 16*

Relevant Plans and Policies

Not applicable.

Financial Implications

Not applicable.

Stakeholder Consultation

No external stakeholder consultation was required or undertaken in relation to this matter.

There is a requirement to include the audited financial statements within the City of Busselton Annual Report, which will be advertised to the public following its consideration by Council in December 2024.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

The Audit and Risk Committee may determine, given the operational nature of the one issue that arose, and noting the management comments in the response, officers are not of the view that specific resolutions are necessary.

CONCLUSION

The City achieved a clear audit for the financial year ending 30 June 2024 with only one moderate finding reported in the Audit Management Letter.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.



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

8th November 2024

Dear Ms Spencer

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

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

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

1. General

- (a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has not been restated.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with:
 - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.

All Communications to:

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- (ii) Additional information that your auditors have requested for the purpose of the audit.
- (iii) Unrestricted access to staff and councillors of the City of Busselton from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the City of Busselton involving:
 - (i) management
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statementshave occurred to the knowledge of management of the City of Busselton.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City of Busselton's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. Fair value measurements and disclosures

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

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

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

3. Going concern

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

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4. Contingent liabilities

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

5. Commitments for capital expenditure

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

6. Contaminated sites

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

7. Related entities

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

8. Related parties

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

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

9. Key management personnel compensation

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

10. Subsequent events

No matters or occurrences have come to our attention between the date of the financial

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report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the City of Busselton.

11. Internal control

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

12. Insurance

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

13. Risk management

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

14. Accounting misstatements

There are no uncorrected misstatements in the financial report.

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

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

16. Other (unaudited) information in the annual report

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

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Director Corporate Services (or the equivalent)

Name: Sarah Pierson

8/11/24
Date

Chief Executive Officer

Name: Tony Nottle

8/11/24
Date

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Financial Report
For the year ended
30 June 2024

CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS

Statement by Chief Executive Officer	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Statement of Financial Activity	8
Index of Notes to the Financial Report	9
Independent Auditor’s Report	67

Community Vision

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

Where environment, lifestyle and opportunity meet.

Principal place of business:

2 Southern Drive
Busselton WA 6280

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

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

Signed on the 8th day of NOVEMBER 2024



Anthony Nottle
Chief Executive Officer



CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024
STATEMENT OF COMPREHENSIVE INCOME

	Note	2024 Actual	2024 Budget	2023 Actual
		\$	\$	\$
Revenue				
Rates	2(a), 27(a)	60,898,902	60,395,882	57,470,528
Grants, Subsidies and Contributions	2(a)	7,467,241	5,325,685	7,443,435
Fees and Charges	2(a)	25,543,544	22,404,393	22,417,681
Interest Revenue	2(a)	6,390,122	4,305,492	4,374,036
Other Revenue	2(a)	754,329	334,932	609,996
		101,054,138	92,766,384	92,315,676
Expenses				
Employee Costs	2(b)	(37,655,643)	(37,929,304)	(35,509,581)
Materials and Contracts		(24,670,529)	(29,072,925)	(22,616,412)
Utility Charges		(3,164,518)	(2,980,399)	(2,855,031)
Depreciation		(27,128,433)	(25,541,373)	(26,481,887)
Finance Costs	2(b)	(1,716,476)	(1,749,875)	(1,724,165)
Insurance		(911,491)	(894,395)	(869,528)
Other Expenditure		(4,565,013)	(4,827,239)	(10,714,741)
		(99,812,103)	(102,995,510)	(100,771,345)
		1,242,035	(10,229,126)	(8,455,669)
Capital Grants, Subsidies and Contributions	2(a)	12,800,443	19,649,075	24,023,259
Profit on Asset Disposals		183,858	24,120	200,266
Loss on Asset Disposals		(81,738)	(205,278)	(346,370)
Fair Value Adjustments to Financial Assets at Fair Value Through Profit or Loss	4(b)	2,942	0	6,450
		12,905,505	19,467,917	23,883,605
Net result for the period	26(b)	14,147,540	9,238,791	15,427,936
Other comprehensive income for the period				
Impairment Loss on Non-Current Assets		0	0	(2,168,998)
Changes in revaluation surplus	17	29,245,018	0	0
Total other comprehensive income for the period		29,245,018	0	(2,168,998)
Total comprehensive income for the period		43,392,558	9,238,791	13,258,938



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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF FINANCIAL POSITION

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Current Assets				
Cash and Cash Equivalents	3	16,045,082	5,419,614	21,032,276
Trade and Other Receivables	5	4,425,831	2,523,747	3,750,792
Other Financial Assets	4(a)	92,187,415	74,700,000	94,682,579
Inventories	6	1,611,153	1,200,000	1,272,715
Finance Lease Receivables	5.1	338,323	490,000	309,426
Other Assets	7(a)	570,946	483,907	483,906
Total Current Assets		115,178,750	84,817,268	121,531,694
Non-current Assets				
Trade and Other Receivables	5	809,799	678,401	678,222
Other Financial Assets	4(b)	1,247,465	1,471,525	1,431,938
Property, Plant and Equipment Infrastructure	8 9	214,437,966 679,517,828	239,535,434 662,328,431	199,363,753 651,595,672
Finance Lease Receivables	5.1	7,611,681	7,491,890	7,672,464
Right of Use Assets	11(a)	8,091	0	104,782
Total Non-current Assets		903,632,830	911,505,681	860,846,831
Total Assets	26(c)	1,018,811,580	996,322,949	982,378,525
Current Liabilities				
Trade and Other Payables	12	11,258,929	7,857,681	8,873,525
Contract Liabilities	13.1	2,583,860	1,551,401	1,266,220
Grant Liabilities	13.2	1,696,464	984,500	984,500
Lease Liabilities	11(b)	11,096	4,871	117,396
Borrowings	14	4,377,643	4,680,000	4,620,953
Employee Related Provisions	15	5,855,301	5,885,190	5,885,190
Other Provisions	16	1,246,300	0	6,504,000
Total Current Liabilities		27,029,593	20,963,643	28,251,784
Non-current Liabilities				
Contract Liabilities	13.1	8,892,431	8,870,362	9,205,220
Grant Liabilities	13.2	5,768,816	6,861,059	6,861,059
Lease Liabilities	11(b)	72,489	70,746	72,872
Borrowings	14	39,243,557	40,823,455	43,621,202
Employee Related Provisions	15	623,638	577,890	577,890
Total Non-current Liabilities		54,600,931	57,203,512	60,338,243
Total Liabilities		81,630,524	78,167,155	88,590,027
Net Assets		937,181,056	918,155,794	893,788,498
Equity				
Retained Surplus		501,683,046	512,841,177	483,823,213
Reserve Accounts	30	74,425,888	64,748,658	78,138,181
Revaluation Surplus	17	361,072,122	340,565,959	331,827,104
Total Equity		937,181,056	918,155,794	893,788,498



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

CITY OF BUSSELTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF CHANGES IN EQUITY

	Note	Retained Surplus	Reserves Accounts	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Balance as at 1 July 2022		475,350,117	71,183,341	333,996,102	880,529,560
Comprehensive income for the period					
Net Result for the period		15,427,936	0	0	15,427,936
Other Comprehensive Income for the period	17	0	0	(2,168,998)	(2,168,998)
Total Comprehensive Income for the period		15,427,936	0	(2,168,998)	13,258,938
Transfer to reserve accounts	30	(28,923,963)	28,923,963	0	0
Transfer from reserve accounts	30	21,969,123	(21,969,123)	0	0
Balance as at 30 June 2023		483,823,213	78,138,181	331,827,104	893,788,498
Comprehensive income for the period					
Net Result for the period		14,147,540	0	0	14,147,540
Other Comprehensive Income for the period	17	0	0	29,245,018	29,245,018
Total Comprehensive Income for the period		14,147,540	0	29,245,018	43,392,558
Transfer to reserve accounts	30	(42,675,084)	42,675,084	0	0
Transfer from reserve accounts	30	46,387,377	(46,387,377)	0	0
Balance as at 30 June 2024		501,683,046	74,425,888	361,072,122	937,181,056

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

CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

STATEMENT OF CASH FLOWS

	Note	2024 Actual	2023 Actual
		\$	\$
Cash Flows from Operating Activities			
Receipts			
Rates		61,135,851	56,371,297
Grants, Subsidies and Contributions		6,898,908	7,659,946
Fees & Charges		25,252,865	22,510,179
Interest Revenue		6,390,122	4,374,036
Goods and Services Tax Received		8,306,062	8,008,520
Deposits and Bonds Received		6,913,211	6,349,695
Other Revenue		780,930	306,035
		<u>115,677,949</u>	<u>105,579,708</u>
Payments			
Employee Costs		(37,633,657)	(35,560,739)
Materials and Contracts		(25,432,270)	(21,641,038)
Utility Charges		(3,164,518)	(2,855,031)
Finance Costs		(1,716,476)	(1,724,165)
Insurance Paid		(911,491)	(869,528)
Goods and Services Tax Paid		(8,293,526)	(7,865,028)
Deposits and Bonds Paid		(7,050,811)	(6,327,101)
Other Payments		(6,934,062)	(4,698,986)
		<u>(91,136,811)</u>	<u>(81,541,616)</u>
Net Cash Provided by Operating Activities	18(b)	<u>24,541,138</u>	<u>24,038,092</u>
Cash Flows from Investing Activities			
Payment for Purchase of Property, Plant & Equipment		(20,528,893)	(14,815,688)
Payment for Construction of Infrastructure		(15,403,111)	(15,350,796)
Capital Grants, Subsidies and Contributions		7,764,092	20,907,096
Proceeds from Sale of Property, Plant and Equipment		684,638	604,455
Payment for Financial Assets at Amortised Costs – Term Deposits		2,500,000	(20,000,000)
Proceeds from Financial Assets at Amortised Costs - Self Supporting Loans		182,579	177,873
Net Cash (used In) Investing Activities		<u>(24,800,695)</u>	<u>(28,477,060)</u>
Cash Flows from Financing Activities			
Repayment of Borrowings	29(a)	(4,620,953)	(4,432,783)
Payments of Principal Portion of Lease Liabilities		(106,684)	(251,427)
Proceeds from New Borrowings	29(b)	0	6,500,000
Net Cash (used In) Financing Activities		<u>(4,727,637)</u>	<u>1,815,790</u>
Net (Decrease) in Cash Held		(4,987,194)	(2,623,178)
Cash at Beginning of Year		21,032,276	23,655,454
Cash and Cash Equivalents at the End of the Year	18	<u><u>16,045,082</u></u>	<u><u>21,032,276</u></u>

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

CITY OF BUSSELTON
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024
STATEMENT OF FINANCIAL ACTIVITY

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Operating Activities				
Revenue from Operating Activities				
General Rates	27	60,235,234	59,740,336	56,836,404
Rates Excluding General Rates	27	663,668	655,546	634,124
Grants, Subsidies and Contributions		7,467,241	5,325,685	7,443,435
Fees and Charges		25,543,544	22,404,393	22,417,681
Interest Revenue	2(a)	6,390,122	4,305,492	4,374,036
Other Revenue		754,329	334,932	609,996
Profit on Asset Disposals		183,858	24,120	200,266
Fair Value Adjustment to Financial Assets Through Profit or Loss	4(b)	2,942	0	6,450
		<u>101,240,938</u>	<u>92,790,504</u>	<u>92,522,392</u>
Expenditure from Operating Activities				
Employee Costs	2(b)	(37,655,643)	(37,929,304)	(35,509,581)
Materials and Contracts		(24,670,529)	(29,072,925)	(22,616,412)
Utility Charges		(3,164,518)	(2,980,399)	(2,855,031)
Depreciation		(27,128,433)	(25,541,373)	(26,481,887)
Finance Costs	2(b)	(1,716,476)	(1,749,875)	(1,724,165)
Insurance		(911,491)	(894,394)	(869,528)
Other Expenditure		(4,565,012)	(4,827,239)	(10,714,742)
Loss on Asset Disposals		(81,739)	(205,279)	(346,370)
		<u>(99,893,841)</u>	<u>(103,200,788)</u>	<u>(101,117,716)</u>
Non-cash amounts excluded from operating activities	28(a)	<u>21,695,553</u>	<u>16,372,854</u>	<u>32,590,815</u>
Amount attributable to operating activities		<u>23,042,650</u>	<u>5,962,570</u>	<u>23,995,491</u>
Investing Activities				
Inflows from investing activities				
Capital grants, subsidies and contributions		12,800,443	19,649,075	24,023,259
Proceeds from disposal of assets		684,638	863,800	604,455
Proceeds from self-supporting loans	29	182,579	193,385	177,873
Outflows from investing activities				
Purchase property, plant and equipment	8(a)	(20,458,228)	(37,564,955)	(14,954,755)
Purchase and construction of infrastructure	9(a)	(15,504,349)	(21,896,530)	(15,187,791)
Amount attributable to investing activities		<u>(22,294,917)</u>	<u>(38,755,225)</u>	<u>(5,336,959)</u>
Non-cash amounts excluded from investing activities	28(b)	<u>(6,150,484)</u>	<u>0</u>	<u>(3,167,598)</u>
Amount attributable to investing activities		<u>(28,445,401)</u>	<u>(38,755,225)</u>	<u>(8,504,557)</u>
Financing Activities				
Inflows from financing activities				
Proceeds from new borrowings	29	0	2,000,000	6,500,000
Transfers from cash backed reserves (restricted assets)		77,661,016	72,955,334	53,101,746
Outflows from financing activities				
Repayment of borrowings	29	(4,620,953)	(4,738,701)	(4,432,783)
Principal elements of finance lease payments		(106,199)	(114,651)	(251,426)
Advance to Community Groups	29	0	(250,000)	0
Transfers to cash backed reserves (restricted assets)		(67,311,167)	(39,013,917)	(68,795,118)
Amount attributable to financing activities		<u>5,622,697</u>	<u>30,838,065</u>	<u>(13,877,581)</u>
Movement in Surplus or deficit				
Surplus or deficit at the start of the financial year	28(c)	<u>1,955,161</u>	<u>1,954,590</u>	<u>341,808</u>
Amount attributable to operating activities		23,042,650	5,962,570	23,995,491
Amount attributable to investing activities		(28,445,401)	(38,755,225)	(8,504,557)
Amount attributable to financing activities		5,622,697	30,838,065	(13,877,581)
Surplus or deficit after imposition of general rates	28(c)	<u>2,175,107</u>	<u>0</u>	<u>1,955,161</u>

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

Index of Notes to the financial report

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	13
Note 3	Cash and Cash Equivalents	16
Note 4	Other Financial Assets	17
Note 5	Trade and Other Receivables	18
Note 6	Inventories	19
Note 7	Other Assets	20
Note 8	Property, Plant and Equipment	21
Note 9	Infrastructure	23
Note 10	Fixed Assets	25
Note 11	Leases	28
Note 12	Trade and Other Payables	30
Note 13	Other Liabilities	31
Note 14	Borrowings	32
Note 15	Employee Related Provisions	33
Note 16	Other Provisions	34
Note 17	Revaluation Surplus	35
Note 18	Notes to the Statement of Cash Flows	36
Note 19	Contingent Liabilities	38
Note 20	Capital Commitments	39
Note 21	Related Party Transactions	40
Note 22	Joint Arrangements	42
Note 23	Financial Risk Management	43
Note 24	Events occurring after the end of the reporting period	46
Note 25	Other Material Accounting Policies	47
Note 26	Function and Activity	49
	Information Required by Legislation	
Note 27	Rating Information	53
Note 28	Determination of Surplus or Deficit	54
Note 29	Borrowing and Lease Liabilities	55
Note 30	Reserve Accounts	58
Note 31	Trust Funds	66

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

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

- Land and buildings classified as property, plant and equipment; or
- Infrastructure; or
- Vested improvements that the local government controls;

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

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

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

Critical accounting estimates and judgements

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements (Continued)

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on financial assets - note 23
- Impairment losses of non-financial assets – Note 8 and 9
- Measurement of employee benefits - note 15
- Measurement of provisions - note 16

Fair value hierarchy information can be found in note 25

The local government reporting entity

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

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

Initial application of accounting standards

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

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates. This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards
 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - AASB 2020-1 Amendments to Australian Accounting Standards
 - Classification of Liabilities as Current or Non-current
 - AASB 2021-7c Amendments to Australian Accounting Standards
 - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
 - AASB 2022-5 Amendments to Australian Accounting Standards
 - Lease Liability in a Sale and Leaseback
 - AASB 2022-6 Amendments to Australian Accounting Standards
 - Non-current Liabilities with Covenants
- These amendments are not expected to have any material impact on the financial report on initial application.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements (Continued)

- AASB 2022-10 Amendments to Australian Accounting Standards
 - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector EntitiesThese amendments may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.
- AASB 2023-1 Amendments to Australian Accounting Standards
 - Supplier Finance ArrangementsThese amendments may result in additional disclosures in the case of applicable finance arrangements.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

2. Revenue and Expenses

2(a) Revenue

Contracts with Customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Return/ Refunds/ Warranties	Timing of revenue recognition
Rates	<ul style="list-style-type: none"> General rates & rates charged for specific defined purposes. 	Over time	Payment in full or instalments	None	When rates notice is issued.
Operating Grants, Subsidies and Contributions	<ul style="list-style-type: none"> Community events, minor facilities, research, design, planning evaluation and services. General appropriations and contributions with no reciprocal commitment. 	Over time	Fixed terms transfer of funds based on agreed milestones and reporting.	Contracted obligation if project not complete.	<p>Income from grants that are enforceable and with sufficiently specific performance obligations is recognised as the City satisfies its obligations in the grant agreements.</p> <p>Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the City has an unconditional right to receive cash which usually coincides with receipt of cash.</p>
Non-Operating Grants, Subsidies and Contributions	<ul style="list-style-type: none"> Construction or acquisition of recognisable non-financial assets to be controlled by the local government. 	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contracted obligation if project not complete.	Capital grants are recognised as income as the City satisfies its obligations in the grant agreements.
Fees and charges - licences, registrations, approvals	<ul style="list-style-type: none"> Building, planning, development and animal management. 	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	<ul style="list-style-type: none"> Waste treatment, recycling and disposal service at disposal sites 	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	<ul style="list-style-type: none"> Permission to use facilities and runway 	Single point in time	Monthly in arrears	None	On landing/departure event
Other Revenue	<ul style="list-style-type: none"> Sale of scrap materials. Insurance claims. Commissions on licencing and ticket sales. 	Single point in time	Monthly in arrears	None	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

2. Revenue and Expenses (Continued)**2(a) Revenue (Continued)****Revenue Recognition**

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

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant / contributions	Statutory Requirement s	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	60,898,902	0	60,898,902
Grants, subsidies and contributions	3,012,560	0	0	4,454,681	7,467,241
Fees and charges	1,556,628	0	1,754,605	22,232,311	25,543,544
Interest revenue	0	0	271,068	6,119,054	6,390,122
Other revenue	0	0	232,055	522,274	754,329
Capital grants, subsidies and contributions	0	7,333,158	0	5,467,285	12,800,443
Total	4,569,188	7,333,158	63,156,630	38,795,605	113,854,581

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant / contributions	Statutory Requirement	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	57,470,528	0	57,470,528
Grants, subsidies and contributions	1,052,910	0	0	6,390,525	7,443,435
Fees and charges	1,191,547	0	1,757,868	19,468,266	22,417,681
Interest revenue	0	0	182,346	4,191,690	4,374,036
Other revenue	0	0	71,385	538,611	609,996
Capital grants, subsidies and contributions	0	18,486,003	0	5,537,256	24,023,259
Total	2,244,457	18,486,003	59,482,127	36,126,348	116,338,935

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual \$	2023 Actual \$
2. Revenue and Expenses (Continued)		
(a) Revenue		
Revenue Recognition		
Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:		
General rates	60,235,233	56,836,404
Specified area rates	663,668	634,124
Statutory permits and licences	1,055,785	1,168,971
Fines	52,901	40,413
Developer contributions	3,133,792	1,428,306
	65,141,379	60,108,218
Assets and services acquired below fair value		
Contributed assets	5,466,585	5,204,907
	5,466,585	5,204,907
Interest Revenue		
- Reserve funds	3,694,036	2,235,001
- Other Funds	2,221,875	1,675,491
- Other interest Revenue	474,211	463,544
	6,390,122	4,374,036
Fees and Charges Relating to Rates Receivable		
Charges on instalment plans	135,348	119,489
	135,348	119,489
(b) Expenses		
Auditors Remuneration		
- Audit of the annual financial report	68,250	60,900
- Other services certifications	16,400	0
	84,650	60,900
Employee Costs		
Employee benefit costs	35,671,245	33,642,604
Other employee costs	1,984,398	1,866,977
	37,655,643	35,509,581
Finance Costs		
Long term borrowings (refer Note 30(a))	1,711,567	1,710,755
Lease interest	4,909	13,410
	1,716,476	1,724,165

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Actual	2023 Actual
		\$	\$
3. Cash and Cash Equivalents			
Cash at bank and on hand		16,045,082	21,032,276
Total Cash and Cash Equivalents		<u>16,045,082</u>	<u>21,032,276</u>
Held as			
- Unrestricted cash and cash equivalents		4,575,801	1,713,146
- Restricted cash and cash equivalents		<u>11,469,281</u>	<u>19,319,130</u>
		<u>16,045,082</u>	<u>21,032,276</u>

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted Financial Assets

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 Actual \$	2023 Actual \$
4. Other Financial Assets			
(a) Current Assets			
Financial assets at amortised cost		92,187,415	94,682,579
		<u>92,187,415</u>	<u>94,682,579</u>
Other Financial Assets at Amortised Costs			
Self-supporting loans		187,415	182,579
Term Deposit		92,000,000	94,500,000
		<u>92,187,415</u>	<u>94,682,579</u>
Held as:			
Unrestricted other financial assets at amortised cost		187,415	182,579
Restricted other financial assets at amortised cost		92,000,000	94,500,000
		<u>92,187,415</u>	<u>94,682,579</u>
(b) Non-Current Assets			
Financial assets at amortised cost		1,101,916	1,289,331
Financial assets at fair value through profit and loss		145,549	142,607
		<u>1,247,465</u>	<u>1,431,938</u>
Financial assets at amortised cost			
Self-supporting loans		1,101,916	1,289,331
		<u>1,101,916</u>	<u>1,289,331</u>
Financial assets at fair value through profit and loss			
Units in Local Government House Trust - opening balance		142,607	136,157
Movement attributable to fair value increment		2,942	6,450
		<u>145,549</u>	<u>142,607</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 29(a) as self-supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

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

Impairment and risk

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual \$	2023 Actual \$
5. Trade and Other Receivables		
Current		
Rates Receivable	1,085,627	1,058,068
Rates Receivable – Pensioners	25,955	21,751
Trade and Other Receivables	2,851,220	2,195,408
GST Receivable	463,029	475,565
	4,425,831	3,750,792
Non-Current		
Rates Receivable – Pensioners	411,874	393,541
Trade and Other Receivables	397,925	284,681
	809,799	678,222

The carrying amounts of the trade and other receivables include receivables which are subject to a factoring arrangement. Under the factoring arrangement, the City of Busselton has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables, late payment and credit risk remains with the City of Busselton, therefore the City continues to recognise the transferred assets in their entirety. The amount repayable under the factoring arrangement is presented as a secured borrowing under other loans at Note 14. The City considers that the held to collect business model remains appropriate for these receivables and continues measuring them at amortised cost.

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other Receivables

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

Measurement

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets. Trade and other receivables are held with the objective to collect the contractual cash flows and therefore the City measures them subsequently at amortised cost using the effective interest rate method. Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

Impairment and risk exposure

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

5.1 Finance Lease Receivables

	2024 Actual	2023 Actual
	\$	\$
Current	338,323	309,426
Non-current	7,611,681	7,672,464
	<u>7,950,004</u>	<u>7,981,890</u>

Finance lease receivables

The City is an intermediate lessor and the finance lease receivables relate to properties that the City has subleased to third parties. The City has classified these subleases as finance lease as the subleases are for the whole of the remaining term of the head leases.

Amounts due from the finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in the leases.

	2024 Actual	2023 Actual
	\$	\$
6. Inventories		
Current		
Materials	1,611,153	1,272,715
	<u>1,611,153</u>	<u>1,272,715</u>
The following movements in inventories occurred during the year:		
Balance at beginning of year	1,272,715	935,800
Inventories expensed during the year	(43,642)	(208,807)
Additions to inventory	382,080	545,722
Balance at end of year	<u>1,611,153</u>	<u>1,272,715</u>

MATERIAL ACCOUNTING POLICIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

7. Other Assets		2024	2023
		Actual	Actual
		\$	\$
(a) Other Assets - Current			
Prepayments	570,946	483,906	
	<u>570,946</u>	<u>483,906</u>	
Other Assets			

MATERIAL ACCOUNTING POLICIES

Other current assets

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. Property, Plant and Equipment Movements in Balances

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

	Land	Buildings	Furniture and equipment	Plant and equipment	Work in progress	Total Property
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	60,096,283	104,321,105	4,061,527	15,199,117	7,497,425	191,175,457
Capital Expenditure (Additions to WIP)	0	0	0	0	14,954,755	14,954,755
Additions	0	1,515,990	748,478	1,988,510	0	4,252,978
Disposals	(280,926)	(53,181)	0	(416,453)	0	(750,560)
Impairment (losses) / reversals *	0	(1,441,167)	0	0	0	(1,441,167)
Depreciation	0	(2,060,459)	(689,348)	(2,234,740)	0	(4,984,547)
Transfers from WIP to additions	0	127,006	45,585	237,227	(4,252,981)	(3,843,163)
Balance at 30 June 2023	59,815,357	102,409,294	4,166,242	14,773,661	18,199,199	199,363,753
Comprises:						
Gross balance amount at 30 June 2023	59,815,357	106,243,284	6,128,505	23,423,044	18,199,199	213,809,389
Accumulated depreciation at 30 June 2023	0	(2,392,823)	(1,962,263)	(8,649,383)	0	(13,004,469)
Accumulated impairment loss at 30 June 2023	0	(1,441,167)	0	0	0	(1,441,167)
Balance at 30 June 2023	59,815,357	102,409,294	4,166,242	14,773,661	18,199,199	199,363,753
Capital Expenditure (Additions to WIP)	0	0	0	0	20,458,228	20,458,228
Additions	0	1,232,150	594,345	2,568,296	0	4,394,791
Disposals	0	0	(8,311)	(515,657)	0	(523,968)
Depreciation	0	(2,055,514)	(768,028)	(2,199,323)	0	(5,022,865)
Transfers	0	0	0	0	(4,231,973)	(4,231,973)
Balance at 30 June 2024	59,815,357	101,585,930	3,984,248	14,626,977	34,425,454	214,437,966
Comprises:						
Gross balance amount at 30 June 2024	59,815,357	107,475,435	6,712,569	25,009,332	34,425,454	233,438,147
Accumulated depreciation at 30 June 2024	0	(5,889,505)	(2,728,321)	(10,382,355)	0	(19,000,181)
Accumulated impairment loss at 30 June 2024	0	0	0	0	0	0
Balance at 30 June 2024	59,815,357	101,585,930	3,984,248	14,626,977	34,425,454	214,437,966

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8. **Property, Plant and Equipment (Continued)**

(b) **Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
(i) Fair Value					
Land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	June 2022	Price per square meter.
Buildings - Specialised	3	Cost approach using current replacement cost	Independent Registered Valuer	May 2022	Construction costs and current condition, residual values and remaining useful life assessment's inputs.
Buildings - Non-Specialised	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer	May 2022	Price per square meter.

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

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

9. Infrastructure

(a) Movements in Balances

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

	Roads Infrastructure	Bridges Infrastructure	Car Parks Infrastructure	Drainage Infrastructure	Other Infrastructure	Work in progress	Total Infrastructure
Balance at 1 July 2022	\$ 338,579,741	\$ 55,001,015	\$ 11,584,692	\$ 68,047,914	\$ 169,309,393	\$ 10,914,251	\$ 653,437,006
Capital Expenditure (Additions to WIP)	0	0	0	0	0	15,187,791	15,187,791
Additions	8,429,950	451,940	728,725	933,526	11,570,599	0	22,114,740
Disposals	0	0	0	0	0	0	0
Impairment (losses) / reversals *	0	(727,831)	0	0	0	0	(727,831)
Depreciation	(7,628,611)	(1,207,065)	(502,573)	(1,338,187)	(10,582,953)	0	(21,259,389)
Donated Assets	1,824,962	0	0	2,396,214	983,731	0	5,204,907
Transfers	0	0	0	0	0	(22,361,551)	(22,361,551)
Balance at 30 June 2023	341,206,042	53,518,059	11,810,844	70,039,467	171,280,770	3,740,491	651,595,673
Comprises:							
Gross balance amount at 30 June 2023	348,834,653	55,452,956	12,313,417	71,377,654	181,863,723	3,740,491	673,582,894
Accumulated depreciation at 30 June 2023	(7,628,611)	(1,207,065)	(502,573)	(1,338,187)	(10,582,953)	0	(21,259,389)
Accumulated impairment loss at 30 June 2023	0	(727,832)	0	0	0	0	(727,832)
Balance at 30 June 2023	341,206,042	53,518,059	11,810,844	70,039,467	171,280,770	3,740,491	651,595,673
Capital Expenditure (Additions to WIP)							
Additions	9,804,265	0	561,693	181,348	2,579,179	15,504,349	15,504,349
Disposals	0	0	0	0	(58,551)	0	13,126,485
Depreciation	(7,879,212)	(1,198,604)	(533,920)	(1,409,726)	(10,949,725)	0	(21,971,187)
Donated Assets	2,189,393	0	0	1,507,019	1,770,172	0	5,466,584
Revaluations	0	0	401,051	28,843,965	0	0	29,245,016
Transfers	0	0	0	0	0	(13,390,542)	(13,390,542)
Balance at 30 June 2024	345,320,488	52,319,455	12,239,668	99,162,073	164,621,845	5,854,298	679,517,827
Comprises:							
Gross balance amount at 30 June 2024	360,828,311	55,452,955	12,239,668	99,162,073	186,141,746	5,854,298	719,679,051
Accumulated depreciation at 30 June 2024	(15,507,823)	(2,405,669)	0	0	(21,519,901)	0	(39,433,393)
Accumulated impairment loss at 30 June 2024	0	(727,831)	0	0	0	0	(727,831)
Balance at 30 June 2024	345,320,488	52,319,455	12,239,668	99,162,073	164,621,845	5,854,298	679,517,827

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

9. Infrastructure (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
Roads	3	Cost approach using replacement cost	current Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Bridges	3	Cost approach using replacement cost	current Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Car Parks	3	Cost approach using replacement cost	current Management valuation	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Drainage **	3	Cost approach using replacement cost	current Management valuation	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.
Other Infrastructure	3	Cost approach using replacement cost	current Management valuation	June 2022	Construction costs and current condition, residual values and remaining useful life assessments inputs.

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

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

** As a result of improved data analysis methodologies, new information and new developments the relevant accounting estimates for the City's drainage were reviewed by management and subsequently revalued. The Increase in cost is mainly due to adjustments made to unit rates which was generally a result of inflation between the current and previous revaluation.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets

(a) Depreciation rates

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

Buildings	40 - 90	Years
Furniture and Equipment	3 - 15	Years
Plant and Equipment	3 - 25	Years

Infrastructure:

Roads	10 - 60	Years
Bridges	40 - 85	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 50	Years
Parks, Gardens & Reserves & Community Facilities	4 - 80	Years
Drainage	80	Years
Regional Airport & Industrial Park	5 - 60	Years

Revision of useful lives of plant and equipment

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of road infrastructure were revised.

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

	2024	2023
	Actual	Actual
	\$	\$
Buildings	24,000	0
Furniture and equipment	533,404	135,841
Plant and equipment	4,293,831	3,751,560
	4,851,235	3,887,401

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

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

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

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

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

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

Measurement after recognition

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

Reportable Value

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

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

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework.

This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the City.

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

10. Fixed Assets (Continued)

MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revaluation (Continued)

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

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

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

Depreciation

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

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

Depreciation on revaluation

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

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

Impairment

In accordance with Local Government (Financial Management) Regulations 17A (4C), the City is not required to comply with AASB 136 Impairment of Assets to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

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

Gains or losses on disposal

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11. Leases

(a) Right of use assets

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

	Note	Right of use assets – Furniture and Equipment	Right of use assets - Total
		\$	\$
Balance at 1 July 2022		342,730	342,730
Depreciation (expense)		(237,948)	(237,948)
Balance at 30 June 2023		104,782	104,782
Depreciation Addition		37,691	37,691
Depreciation (expense)		(134,382)	(134,382)
Balance at 30 June 2024		8,091	8,091

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

		2024 Actual	2023 Actual
		\$	\$
Depreciation expense on right of use assets		(134,382)	(237,948)
Interest expense on lease liabilities	29(d)	(2,394)	(10,861)
Total amount recognised in the statement of comprehensive income		(136,776)	(248,809)
Total cash outflow from leases	29(d)	(146,038)	(261,835)

(b) Lease Liabilities

Current	11,096	117,396
Non-current	72,489	72,872
	83,585	190,268

MATERIAL ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 29(d).

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Right-of-use assets - measurement

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

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

Right-of-use assets - depreciation

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

(c) Property subject to lease

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

	2024 Actual	2023 Actual
	\$	\$
Less than 1 year	1,922,878	1,234,636
1 to 2 years	1,887,652	1,201,287
2 to 3 years	1,906,932	1,220,671
3 to 4 years	1,662,289	1,145,414
4 to 5 years	1,582,304	1,067,819
> 5 years	38,366,960	26,147,829
	47,329,015	32,017,656

The City leases properties to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

MATERIAL ACCOUNTING POLICIES

The City as Lessor

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

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

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

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	Actual	Actual
	\$	\$
12. Trade and Other Payables		
Current		
Sundry Creditors	1,466,923	1,869,305
Prepaid Rates	1,024,120	1,015,844
Deposits and Bonds	3,954,432	4,092,033
Accrued Expenses	4,813,454	1,896,343
	<u>11,258,929</u>	<u>8,873,525</u>

MATERIAL ACCOUNTING POLICIES

Financial Liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual	2023 Actual
	\$	\$
13. Other Liabilities		
Contracts/ Grant Liabilities		
13.1 Contract Liabilities		
Current	2,583,860	1,266,220
Non-current	8,892,431	9,205,220
	11,476,291	10,471,440
13.1.1 Movement in contract liabilities		
Reconciliation of changes in contract liabilities		
Opening balance	10,471,440	9,282,560
Additions	3,057,420	1,428,305
Revenue recognised in the reporting period	(2,052,569)	(239,425)
Balance at end of period	11,476,291	10,471,440
13.1.2 Expected satisfaction of contract liabilities		
Income recognition		
1 year	2,583,860	1,266,220
1 to 5 years	2,869,073	2,617,860
Over 5 years	6,023,358	6,587,360
	11,476,291	10,471,440
13.2 Grant Liabilities		
Current	1,696,464	984,500
Non-current	5,768,816	6,861,059
	7,465,280	7,845,559
13.2.1 Movement in grant liabilities		
Reconciliation of changes in grant liabilities		
Opening balance	7,845,559	7,019,727
Additions	7,445,116	20,217,899
Revenue recognised in the reporting period	(7,825,395)	(19,392,067)
Balance at end of period	7,465,280	7,845,559
13.2.2 Expected satisfaction of grant liabilities		
Income recognition		
1 year	1,696,464	984,500
1 to 5 years	5,768,816	6,861,059
Over 5 years	0	0
	7,465,280	7,845,559

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

MATERIAL ACCOUNTING POLICIES**Contract liabilities**

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer. Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

13. Other Liabilities (Continued)

MATERIAL ACCOUNTING POLICIES (Continued)

Capital grant/contribution liabilities (Continued)

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

14. Borrowings

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
		\$	\$	\$	\$	\$	\$
Secured							
Bank Overdrafts		0	0	0	0	0	0
Bank Loans		0	0	0	0	0	0
Debentures	30	4,377,643	39,243,557	43,621,200	4,620,953	43,621,202	48,242,155
Total Secured Borrowings		4,377,643	39,243,557	43,621,200	4,620,953	43,621,202	48,242,155

MATERIAL ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred regardless of how the borrowings are applied

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

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

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

15. Employee Related Provisions

	2024	2023
	Actual	Actual
	\$	\$
Current Provisions		
Employee Benefit Provisions		
Annual Leave	2,048,038	1,922,846
Long Service Leave	3,039,042	3,142,018
Other employee Leave Provision	72,502	79,317
	<u>5,159,582</u>	<u>5,144,181</u>
Other provisions		
Employment on-costs	695,719	741,009
	<u>695,719</u>	<u>741,009</u>
Total current employee related provisions	<u>5,855,301</u>	<u>5,885,190</u>
Non-current provisions		
Long Service Leave	564,292	507,771
	<u>564,292</u>	<u>507,771</u>
Other provisions		
Employment on-costs	59,346	70,119
	<u>59,346</u>	<u>70,119</u>
Total non-current employee related provisions	<u>623,638</u>	<u>577,890</u>
Total employee related provisions	<u>6,478,939</u>	<u>6,463,080</u>

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

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

	2024	2023
	Actual	Actual
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	2,920,000	2,956,000
More than 12 months from reporting date	3,558,939	3,507,080
	<u>6,478,939</u>	<u>6,463,080</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables	55,000	80,000
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MATERIAL ACCOUNTING POLICIES

Employee benefits

The City's obligations for employee's annual leave and long service leave entitlements are recognised as provisions in the statement of financial position

Short-term employee benefits

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

MATERIAL ACCOUNTING POLICIES (Continued)

Short-term employee benefits (Continued)

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

Other long-term employee benefits

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

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

	2024 Actual	2023 Actual
16. Other Provisions	\$	\$
**Other Provisions	1,246,300	6,504,000

****Busselton Waste Transfer Station – Contamination**

The City of Busselton operates the Rendezvous Road Waste Transfer Station from lots 500 and 27 Rendezvous Road, Vasse (Busselton Waste Transfer Site). The quality of groundwater at and in an area to the north of the Busselton Waste Transfer Site has reduced as a result of legacy issues from the use of this site as a former landfill facility, and also potentially from other historical uses in the area. Groundwater in the area has shown levels of hydrocarbons, metals, nutrients and PFAS above background levels. Provision has been made to deal with the financial impacts caused by these contamination issues.

MATERIAL ACCOUNTING POLICIES

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

17. Revaluation Surplus

	2024 Opening Balance	2024 Total Movement on Revaluation	2024 Closing Balance	2023 Opening Balance	2023 Impairment Loss	2023 Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	97,962,698	0	97,962,698	99,403,866	(1,441,168)	0	97,962,698
Revaluation surplus - Furniture and equipment	797,333	0	797,333	797,333	0	0	797,333
Revaluation surplus - Plant and equipment	840,738	0	840,738	840,738	0	0	840,738
Revaluation surplus - Infrastructure - Roads	151,181,365	0	151,181,365	151,181,365	0	0	151,181,365
Revaluation surplus - Infrastructure - Bridges	35,666,432	0	35,666,432	36,394,262	(727,830)	0	35,666,432
Revaluation surplus - Infrastructure – Car Parks	6,309,764	401,051	6,710,815	6,309,764	0	0	6,309,764
Revaluation surplus - Infrastructure – Drainage	21,348,594	28,843,967	50,192,561	21,348,594	0	0	21,348,594
Revaluation surplus - Infrastructure – Other Infrastructure	17,720,180	0	17,720,180	17,720,180	0	0	17,720,180
All Asset Classes	331,827,104	29,245,018	361,072,122	333,996,102	(2,168,998)	0	331,827,104

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

18. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

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

	2024	2023
	Actual	Actual
	\$	\$
Cash and Cash Equivalents	16,045,082	21,032,276

Restrictions

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

Cash and cash equivalents	11,469,281	19,319,130
Financial assets at amortised cost	92,000,000	94,500,000
	<u>103,469,281</u>	<u>113,819,130</u>

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

Restricted reserve accounts	74,425,888	78,138,181
Contract liabilities	11,476,288	1,697,609
Capital grant liabilities	6,332,101	7,845,559
Unspent loans	7,280,572	21,789,593
Other Restricted accounts	3,954,432	4,348,188
Total restricted financial assets	<u>103,469,281</u>	<u>113,819,130</u>

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

Net Result	14,147,540	15,427,936
Non-cash flows in Net result:		
Depreciation	27,128,433	26,481,887
(Profit) / Loss on Sale of Asset	(102,119)	146,104
Revaluation Adjustment	(2,942)	(6,450)
Non-Cash Contributions	(5,466,585)	(5,204,908)
Changes in assets and Liabilities:		
(Increase) / Decrease in Receivables	(1,036,154)	(632,917)
(Increase) / Decrease in Inventories	(306,552)	(384,154)
Increase / (Decrease) in Payables	2,560,879	668,766
Increase / (Decrease) in Provisions	(5,241,842)	6,434,213
Non-operating Grants and Contributions for the Development of Assets	(7,139,520)	(18,892,385)
Net Cash from Operating Activities	<u>24,541,138</u>	<u>24,038,092</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
	\$	\$
18. Notes to the Statement of Cash Flows (Continued)		
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Electronic Payaway Facility	850,000	850,000
Electronic Payaway Facility at Balance Date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	(33,880)	(23,916)
Total amount of credit unused	<u>866,120</u>	<u>876,084</u>
Loan facilities		
Loan facilities - current	4,377,643	4,620,953
Loan facilities - non-current	39,243,557	43,621,202
Total facilities in use at balance date	<u>43,621,200</u>	<u>48,242,155</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

19. Contingent Liabilities

19.1 Contaminated Sites

Under the Contaminated Sites Act 2003, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as 'contaminated – remediation required' or 'possibly contaminated – investigation required', the City may have a liability in respect of investigation or remediation expenses.

DWER has classified 11 sites as 'possibly contaminated – investigation required'. Until the City conducts an investigation, it is not possible to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

19.2 Third party claims against the City

The Council is involved in various claims made by third parties in the course of and incidental to the ordinary course of business. In many instances the Council believes it is appropriately covered for these claims through its insurance coverage. It is not possible to estimate the amounts of any eventual payments which may be required in relation to any of these claims and disclosure of further information in relation to actual or potential litigation could prejudice the City's position.

19.3 Dunsborough Waste Facility - Contamination

The City of Busselton operates the Dunsborough Waste Facility at Lot 8, 48 Western Cape Drive, Naturaliste [Site]. Landfill at the Site commenced in mid-1980s as a sandpit, progressing to a local Dunsborough landfill in the mid-1990s, then from 2003 onwards becoming the major landfill site for the City of Busselton. Since 1997 the Site is a Department of Water and Environmental Regulation [DWER] Prescribed Premise [License Number L9167/2018/1], currently licenced to accept Class II and Class III putrescible wastes, bonded asbestos waste and liquid waste. Prior to that date landfill activities at the Site were unregulated.

Pursuant to the Contaminated Sites Act 2003, DWER classified the Site as Possibly contaminated - investigation required and has since required further investigations to characterise potential risks posed by PFAS and other landfill leachate contaminants to subterranean ecosystems that may be present in groundwater beneath the Site and down gradient west of the Site. Initial investigations observed groundwater impacts, attributable to landfill leachate, in bores located on the western (down-gradient) boundary of the Site, and in one off-site (down gradient) bore, indicating that a plume of impacted groundwater is likely to extend from the Site boundary beneath adjacent land to the west.

In accordance with DWER requirements and directives further investigations into the source, nature and extent of the contamination is ongoing. Depending on the outcome of the investigation the City may incur a certain level of liability in respect of remedial action and/or claims for compensation. Due to complex scientific, operational and legal issues impacting on this matter, it is not reasonably possible to determine Council's potential liability (if any) at this stage.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

20. Capital Commitments

	2024	2023
	Actual	Actual
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
<u>Capital projects</u>		
- Busselton Performing Arts and Convention Centre	16,334,743	24,948,129
- Dunsborough Lakes Sports Precinct	108,253	208,114
- Vasse Sports Oval Lighting	0	136,117
- Lower Vasse River Sediment Removal	0	84,850
- Hotel Site Car Parking	0	25,500
- Rotary Park War Memorial	0	14,608
- Coastal Shared Path – Forth Road to Holgate	702,011	0
- Bayview Crescent Path (Curtis Bay)	11,408	0
- Vincent Street to Geographe Bay Road Path	43,975	0
- Vasse Toilet	112,445	0
- Weld Theatre Upgrade	6,095	0
- Changing Places – Accessible Change Facility	248,074	0
	17,567,004	25,417,318
<u>Payable:</u>		
- not later than one year	17,567,004	25,417,318
- later than one year but not later than five years	0	0

The capital expenditure projects outstanding at the end of the current reporting period represent construction works associated with the above stated projects.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions

	2024 Actual	2024 Budget	2023 Actual
	\$	\$	\$
(a) Elected Members Remuneration			
Fees, expenses and allowances to be paid or reimbursed to elected members.			
Mayor's Annual Allowance	93,380	93,380	91,997
Mayor's Sitting Fees	59,657	49,435	48,704
Mayor's Communication Allowance	4,581	3,500	3,500
Mayor's Other Allowances	1,345	0	516
	<u>158,963</u>	<u>146,315</u>	<u>144,717</u>
Deputy Mayor's Allowance	23,154	23,345	22,999
Deputy Mayor's Sitting Fees	43,136	32,960	32,470
Deputy Mayor's Travelling Allowance	2,524	0	0
Deputy Mayor's Communication Allowance	4,581	3,500	3,500
Deputy Mayor's Other Allowances	0	0	0
	<u>73,395</u>	<u>59,805</u>	<u>58,969</u>
All other Council Member's Sitting Fees	209,287	230,720	227,290
All other Council Member's Travelling Allowance	3,570	0	10,584
All other Council Member's Communication Allowance	22,224	24,500	24,500
All other Council Member's Other Allowances	0	0	294
	<u>235,081</u>	<u>255,220</u>	<u>262,668</u>
Balance of allowances to be allocated upon claims	0	14,588	0
21(b)	<u>467,439</u>	<u>475,928</u>	<u>466,354</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions (Continued)

(b) Key Management Personnel (KMP) Compensation

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

	2024	2023
	Actual	Actual
	\$	\$
Short-term Employee Benefits	1,137,292	1,181,915
Post-employment Benefits	134,932	125,446
Employee - Other Long-term Benefits	113,869	77,765
Employee - Termination Benefits	0	0
Council Member Costs	467,439	466,354
	21(a)	
	<u>1,853,532</u>	<u>1,851,480</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

These amounts represent termination benefits paid to KMP.

Council member costs

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

(c) Transactions with Related Parties

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

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

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

	2024	2023
	Actual	Actual
	\$	\$
Purchase of goods and services	3,080	310,000
Payment of Council member costs (Refer to Note 21(b))	467,439	466,354
	<u>470,519</u>	<u>776,354</u>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

21. Related Party Transactions (Continued)

The City's main related parties are as follows:

i Key management personnel

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

ii Other Related Parties

An associate person of KMP employed by the City under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the City.

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

iii Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

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

22. Joint Arrangements

The City of Busselton has not been involved in any joint arrangements during the reporting period.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management

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

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

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

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

(a) Interest Rate Risk

Cash and Cash Equivalents

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

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

	Weighted Average Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
	%	\$	\$	\$	\$
2024					
Cash and Cash Equivalents	4.38%	16,045,082	2,399,426	13,625,711	19,945
Financial Assets at Amortised Cost – Term Deposits	5.11%	92,000,000	92,000,000	0	0
2023					
Cash and Cash Equivalents	4.00%	21,032,276	0	21,010,331	21,945
Financial Assets at Amortised Cost – Term Deposits	4.64%	94,500,000	94,500,000	0	0

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(a) Interest Rate Risk (Continued)

Cash and Cash Equivalents (Continued)

Sensitivity

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

	2024 Actual	2023 Actual
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	136,257	210,103

* Holding all other variables constant

Borrowings

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(b) Credit Risk

Trade and Other Receivables

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

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

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

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

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

	Less than 1 year past due	More than 1 year past due	More than 2 year past due	More than 3 year past due	Total
30 June 2024					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	851,727	103,381	36,521	93,998	1,085,627
Loss allowance	0	0	0	0	0
Trade and other receivables					
Expected credit loss	0.00%	0.01%	0.05%	0.06%	
Gross carrying amount	3,178,589	30,044	2,711	492	3,211,836
Loss allowance	0	2	1	0	3
30 June 2023					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	838,611	93,808	40,672	84,976	1,058,067
Loss allowance	0	0	0	0	0
Trade and other receivables					
Expected credit loss	0.00%	0.01%	0.05%	0.06%	
Gross carrying amount	2,185,593	152,143	136,656	5,698	2,480,090
Loss allowance	0	11	66	3	80

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

23. Financial Risk Management (Continued)

(c) Liquidity Risk

Payables and Borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying Values
	\$	\$	\$	\$	\$
2024					
Payables	11,258,929	0	0	11,258,929	11,258,929
Borrowings	5,912,884	21,296,173	26,940,779	54,149,836	43,354,192
Lease Liability	11,096	72,489	0	83,585	83,585
	<u>17,182,909</u>	<u>21,368,662</u>	<u>26,940,779</u>	<u>65,492,350</u>	<u>54,696,706</u>
2023					
Payables	8,873,525	0	0	8,873,525	8,873,525
Borrowings	6,309,548	23,067,621	31,082,215	60,459,384	48,004,633
Lease Liability	117,396	72,872	0	190,268	190,268
	<u>15,300,469</u>	<u>23,140,493</u>	<u>31,082,215</u>	<u>69,523,177</u>	<u>57,068,426</u>

24. Events occurring after the end of the reporting period

There were no events subsequent to the reporting date that materially impact on this financial report.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

25. OTHER MATERIAL ACCOUNTING POLICIES**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

Where required, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

h) Interest revenue

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

25. OTHER MATERIAL ACCOUNTING POLICIES (Continued)

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

In accordance with Australian Accounting Standards the City's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

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

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

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

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

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Function and Activity

(a) Service objectives and descriptions

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

<u>Objectives</u>	<u>Description</u>
<p>General Purpose Funding To collect revenue to allow for the provision of services.</p>	Rates, other general purpose government grants, and interest revenue.
<p>Governance To provide decision making process for the efficient allocation of scarce resources.</p>	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific local government services.
<p>Law, Order and Public Safety To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision and enforcement of various by-laws, fire prevention, animal control and emergency services. Local government also provides assistance to surf lifesaving efforts.
<p>Health To provide an operational framework for environmental and community health.</p>	Inspections of food outlets and their control, noise control, waste disposal compliance, mosquitoes and stingers control.
<p>Education and Welfare To provide services for the elderly, children and youth.</p>	Annual donation to the operation of a Senior Citizen's Centre.
<p>Housing To provide and maintain elderly residents housing.</p>	The operation of three sets of elderly residents homes.
<p>Community Amenities To provide services required by the community.</p>	Includes rubbish collection and disposal services, recycling initiatives, septic tank inspection services, urban stormwater drainage networks, environmental protection initiatives, operation of three cemeteries, town scaping facilities, as well as the administration of the Town Planning Scheme and associated policies and obligations.
<p>Recreation and Culture To establish and effectively manage infrastructure and resources which will help the social well-being of the community.</p>	Maintenance of halls, swimming areas and beaches, various reserves, recreation programs, the Busselton Jetty, the operation of the two Libraries, the maintenance and operation of the two Leisure Centres, and the employment of a Cultural Development Officer.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Function and Activity (Continued)

(a) Service objectives and descriptions (Continued)

<u>Objectives (Continued)</u>	<u>Description (Continued)</u>
<p>Transport To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, bridges, drainage, footpaths, cycle ways, parking facilities, traffic signs and depot. Also includes cleaning of streets, maintenance of street trees, street lighting etc. Control and maintenance of a regional airport.</p>
<p>Economic Services To help promote the City and its economic wellbeing.</p>	<p>The regulation and provision of tourism initiatives, the maintenance and operation of a caravan park and the implementation of building controls. Provision of rural services including weed control, vermin control and standpipes.</p>
<p>Other Property and Services To monitor and control Council's overheads operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

26. Functions and Activities (Continued)

(b) Income and Expenses

	2024 Actual	2023 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
General Purpose Funding	67,105,249	61,655,923
Governance	39,614	20,735
Law, Order, Public Safety	311,265	234,416
Health	495,985	713,531
Education and Welfare	55,092	26,887
Housing	550,263	541,123
Community Amenities	11,349,804	10,699,302
Recreation and Culture	3,658,640	3,304,485
Transport	6,925,518	4,837,304
Economic Services	3,214,864	2,965,408
Other Property and Services	67,404	79,843
	<u>93,773,698</u>	<u>85,078,957</u>
Grants, subsidies and contributions and capital grants, subsidies and contributions		
General Purpose Funding	3,091,214	3,595,936
Governance	62,012	109,842
Law, Order, Public Safety	850,176	1,172,987
Health	73,290	75,111
Education and Welfare	133,510	218,953
Housing	4,254	3,740
Community Amenities	754,685	266,882
Recreation and Culture	4,649,031	14,475,482
Transport	10,123,826	11,142,971
Economic Services	64,719	53,477
Other Property and Services	460,967	351,313
	<u>20,267,684</u>	<u>31,466,694</u>
Total Income	<u>114,041,382</u>	<u>116,545,651</u>
Expenses		
General Purpose Funding	(1,151,202)	(1,239,092)
Governance	(6,631,384)	(6,342,511)
Law, Order, Public Safety	(3,062,467)	(3,032,514)
Health	(1,532,970)	(1,391,558)
Education and Welfare	(767,298)	(743,946)
Housing	(341,193)	(347,468)
Community Amenities	(15,083,823)	(20,993,664)
Recreation and Culture	(32,454,782)	(30,610,092)
Transport	(29,882,479)	(28,120,200)
Economic Services	(4,861,477)	(4,621,784)
Other Property and Services	(4,124,767)	(3,674,886)
Total Expenses	<u>(99,893,842)</u>	<u>(101,117,715)</u>
Net Result for the Period	<u>14,147,540</u>	<u>15,427,936</u>

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

26. Functions and Activities (Continued)

(c) Total Assets Classified by Function and Activity

	2024 Actual	2023 Actual
	\$	\$
General Purpose Funding	2,407,856	3,825,807
Governance	32,111,133	30,184,471
Law, Order & Public Safety	7,592,956	8,460,478
Health	239,935	354,463
Education and Welfare	2,228,781	2,376,524
Housing	5,892,559	5,675,859
Community Amenities	42,206,885	45,157,346
Recreation and Culture	241,221,552	236,258,073
Transport	634,056,449	603,251,520
Economic Services	11,210,217	6,348,170
Other Property and Services	12,224,411	13,598,828
Unallocated	27,418,846	26,886,986
	<u>1,018,811,580</u>	<u>982,378,525</u>

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

27. Rating Information – 2023/24 Financial Year	Rate in \$	Number of Properties	2023/24 Actual Rateable Value	2023/24 Actual Revenue	2023/24 Interim Rates	2023/24 Actual Total Revenue	2023/24 Budget Rate Revenue	2023/24 Budget Interim Rate	2023/24 Budget Total Revenue	2022/23 Actual Total Revenue
General Rates										
Differential General Rate										
GRV-Residential	0.085327	14,681	343,305,656	29,293,186	\$ 871,506	30,164,692	29,293,186	\$ 0	29,293,186	28,136,593
GRV-Residential Holiday Homes	0.094813	805	20,193,420	1,937,110	60,759	1,997,869	1,937,110	0	1,937,110	1,886,904
GRV-Industrial	0.119475	459	23,228,557	2,775,230	(9,483)	2,765,747	2,775,230	0	2,775,230	2,669,691
GRV-Commercial	0.112218	1,271	81,062,551	9,096,670	298,036	9,394,706	9,096,670	0	9,096,670	8,722,235
GRV-Residential Vacant	0.085327	224	7,986,673	681,478	(206,939)	474,539	681,478	0	681,478	773,256
GRV-Industrial Vacant	0.119475	45	1,128,000	134,768	3,200	137,968	134,768	0	134,768	127,412
GRV-Commercial Vacant	0.112218	50	2,558,352	287,093	46,699	333,792	287,093	0	287,093	240,875
UV-Holiday Home	0.003289	127	85,943,000	282,666	(86,897)	195,769	282,666	0	282,666	119,637
UV-Primary Production	0.003517	720	786,553,000	2,766,304	(606)	2,765,698	2,766,304	0	2,766,304	2,684,776
UV-Rural	0.003327	1,478	1,074,056,000	3,573,378	15,359	3,588,737	3,573,378	0	3,573,378	3,403,234
UV-Commercial	0.006368	155	133,300,000	848,854	(2,424)	846,430	848,854	0	848,854	815,994
Interim Rates										
Sub-Totals		20,015	2,559,315,209	51,676,737	989,210	52,665,947	51,676,737	502,900	52,179,637	49,580,607
Minimum Differential General Rate	Minimum \$									
GRV-Residential	1.517	1,432	23,798,810	2,172,344	0	2,172,344	2,172,344	0	2,172,344	2,096,560
GRV-Residential Holiday Homes	1.576	29	462,020	45,704	0	45,704	45,704	0	45,704	45,510
GRV-Industrial	1.517	19	198,132	28,823	0	28,823	28,823	0	28,823	27,740
GRV-Commercial	1.517	634	5,561,069	961,778	0	961,778	961,778	0	961,778	934,400
GRV-Residential Vacant	1.517	1,231	9,608,826	1,867,427	0	1,867,427	1,867,427	0	1,867,427	1,734,480
GRV-Commercial Vacant	1.517	52	350,940	78,884	0	78,884	78,884	0	78,884	78,840
UV-Holiday Home	1.822	44	21,353,000	80,168	0	80,168	80,168	0	80,168	110,502
UV-Primary Production	1.517	270	85,243,000	409,590	0	409,590	409,590	0	409,590	375,220
UV-Rural	1.656	1,003	311,700,700	1,660,968	0	1,660,968	1,660,968	0	1,660,968	1,601,970
UV-Commercial	1.517	89	6,029,044	135,013	0	135,013	135,013	0	135,013	131,400
Sub-Totals		4,803	464,305,541	7,440,699	0	7,440,699	7,440,699	0	7,440,699	7,136,622
Other Adjustments										
Total General Rates and Minimum Rates										
Specified Area Rates	Rate in \$									
GRV-Port Geographie	0.013964	750	17,734,962	247,652	3,977	251,629	247,652	0	247,652	240,140
GRV-Provence	0.012739	729	16,093,990	205,021	2,453	207,474	205,021	0	205,021	198,017
UV-Provence	0.000135	2	6,036,000	815	0	815	815	0	815	793
GRV-Vasse	0.015803	566	12,786,080	202,058	1,692	203,750	202,058	0	202,058	195,174
Sub-Total		2,047	52,651,032	655,546	8,122	663,668	655,546	0	655,546	634,124
Total Rates										
Rate Instalment Interest						323,235			300,000	304,400
Rate Overdue Interest						150,976			155,000	159,144

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

28 Determination of Surplus or Deficit

Note	2023/24 Actual (30 June 24 Carried Forward) \$	2023/24 Budget (30 June 24 Carried Forward) \$	2022/23 Actual (30 June 23 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.			
Adjustments to operating activities			
Less: Profit on asset disposals	(183,858)	(24,120)	(200,266)
Less: Fair value adjustments to financial assets at fair value through profit and loss	(2,942)	0	(6,450)
Add: Loss on disposal of assets	81,738	205,278	346,370
Add: Depreciation on non-current assets	27,128,433	25,541,373	26,481,887
Non-cash Movements in Non-Current Assets and Liabilities			
Movement in finance leases	31,401	0	(47,238)
Movement in Long Term Debt	(115,778)	0	(89,134)
Movement in pensioner deferred rates (non-current)	5 (18,333)	0	(49,037)
Movement in employee benefit provisions	15 15,858	0	(69,787)
Movement in Other provisions	16 (5,257,700)	0	6,504,000
Movement Other	16,734	0	(279,530)
Non-cash grants and contributions for assets	0	(9,300,000)	0
Movement in liabilities associated with restricted cash	0	(49,677)	0
Non cash amounts excluded from operating activities	21,695,553	16,372,854	32,590,815
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32.			
Non-cash grants and contributions for assets	2 (5,466,585)	0	(5,204,907)
Right of use assets	(37,689)	0	0
Movement in liabilities associated with restricted cash	(646,210)	0	2,037,309
Non cash amounts excluded from investing activities	(6,150,484)	0	(3,167,598)
(c) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves/ Restricted Cash	18 (103,469,281)	(79,877,713)	(113,819,130)
Less: Financial assets at amortised cost - self-supporting loans	4(a) (187,415)	(200,000)	(182,579)
Less: Other Assets	7(a) (570,946)	(483,906)	(483,906)
Less - Current portion of lease receivables	5.1 (338,323)	(490,000)	(309,426)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 4,377,643	4,680,000	4,620,953
- Current portion of contract liability held in reserve/ restricted cash	13.1 2,583,860	1,551,400	1,266,220
- Current portion of grant liability held in reserve/ restricted cash	563,283	984,500	984,500
- Current portion of deposits and bonds held in restricted cash	12 3,954,432	4,092,033	4,092,033
- Current portion of lease liabilities	11(b) 11,096	4,871	117,396
- Current portion of employee benefit provisions	15 5,855,301	5,885,190	5,885,190
- Current portion of other provisions	16 1,246,300	0	6,504,000
Total adjustments to net current assets	(85,974,050)	(63,853,625)	(91,324,749)
Net current assets used in the Statement of Financial Activity			
Total current assets	115,178,750	84,817,268	121,531,694
Less: Total current liabilities	(27,029,593)	(20,963,643)	(28,251,784)
Less: Total adjustments to net current assets	(85,974,050)	(63,853,625)	(91,324,749)
Net current assets used in the Statement of Financial Activity	2,175,107	0	1,955,161

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

29. Borrowings and Lease Liabilities

(a) Borrowings Particulars	Borrowing Institution	Int. %	Maturity Date	Principal 1 July 2023		New Loans		Principal Repayment		Principal		Interest Repayment	
				\$	\$	2023/24 Budget	2023/24 Actual	2023/24 Budget	2023/24 Actual	2023/24 Budget	2023/24 Actual	2023/24 Budget	2023/24 Actual
C Administration Loan #207 Civic and Administration Centre	WATC	4.51	06/34	11,784,637	0	847,578	0	847,578	847,578	10,937,059	10,937,059	517,286	518,627
C Recreation & Culture Loan #202 Geothermal Heating GLC	WATC	3.98	06/23	0	0	0	0	0	0	0	0	0	0
C Loan #204 Busseton Foreshore	WATC	4.36	06/29	529,104	0	78,907	0	78,907	78,907	450,197	450,197	21,790	21,844
C Loan #205 GLC Extensions	WATC	3.92	06/24	142,649	0	142,649	0	142,649	142,649	0	0	3,512	3,512
S Loan #208 Busseton Football & Sportsman's Club	WATC	2.93	04/25	6,564	0	3,234	0	3,234	3,234	3,330	3,330	157	157
C Loan #209 Busseton Foreshore	WATC	3.56	06/27	2,491,572	0	590,179	0	590,179	590,179	1,901,393	1,901,393	80,879	81,063
C Loan #211 Busseton Foreshore	WATC	3.55	10/24	609,928	0	404,029	0	404,029	404,029	205,899	205,899	11,710	12,595
S Loan #212 Dunsborough and Districts Country Club	WATC	3.04	05/27	49,761	0	11,883	0	11,883	11,883	37,878	37,878	1,423	1,611
S Loan #213 Geographe Bay Yacht Club	WATC	3.04	04/24	43,650	0	10,424	0	10,424	10,424	33,226	33,226	1,248	1,413
S Loan #214 Dunsborough & Districts Country Club	WATC	3.19	09/27	53,822	0	11,307	0	11,307	11,307	42,515	42,515	1,627	1,978
C Loan #215 Busseton Foreshore Jetty Precinct	WATC	3.25	04/28	1,350,528	0	252,977	0	252,977	252,977	1,097,551	1,097,551	41,853	48,188
C Loan #216 Tennis Club Facilities	WATC	3.25	04/28	1,485,581	0	278,274	0	278,274	278,274	1,207,307	1,207,307	46,039	53,007
C Loan #217 Lot 10 Commonage Road	WATC	3.25	04/28	864,338	0	161,904	0	161,904	161,904	702,434	702,434	26,786	30,840
C Loan #218 Busseton Tennis Club	WATC	2.21	06/29	785,242	0	123,770	0	123,770	123,770	661,472	661,472	16,333	16,373
S Loan #220 Busseton Tennis Club	WATC	1.37	09/26	23,782	0	7,205	0	7,205	7,205	16,577	16,577	289	290
S Loan #221 Busseton Hockey Club Stadium	WATC	1.31	06/30	32,159	0	4,416	0	4,416	4,416	27,743	27,743	400	401
S Loan #222 Busseton Golf Club	WATC	1.45	06/31	89,256	0	10,600	0	10,600	10,600	78,656	78,656	1,238	1,241
S Loan #223 Dunsborough Bay Yacht Club	WATC	1.57	12/26	17,704	0	4,960	0	4,960	4,960	12,744	12,744	248	249
S Loan #224 Geographe Bay Yacht Club	WATC	2.42	12/31	43,246	0	4,639	0	4,640	4,640	38,606	38,606	1,004	1,006
C Loan #225 Performing Arts/Convention Centre	WATC	2.10	12/31	4,315,072	0	468,715	0	468,715	468,715	3,846,357	3,846,357	86,900	87,119
C Loan #226 Performing Arts/Convention Centre	WATC	2.39	12/35	4,576,387	0	290,922	0	290,922	290,922	4,285,465	4,285,465	106,580	106,858
S Loan #New Community Groups	Unknown	2.77	06/32	0	250,000	0	0	0	0	239,196	239,196	3,710	3,710
S Loan #227 MRBTA - Ancient Lands Discovery Park	WATC	2.77	03/32	1,111,966	0	10,804	0	10,804	10,804	998,056	998,056	29,639	29,714
C Loan #228 Performing Arts/Convention Centre	WATC	3.86	06/42	4,830,607	0	113,910	0	113,910	113,910	4,654,582	4,654,582	183,881	184,370
C Loan #229 Performing Arts/Convention Centre	WATC	3.77	06/39	4,785,749	0	222,438	0	222,438	222,438	4,563,311	4,563,311	177,199	177,666
C Loan #230 Performing Arts/Convention Centre	WATC	4.42	12/42	6,397,517	0	211,856	0	211,856	211,857	6,185,661	6,185,660	279,526	280,268
C Transport Loan #206 Airport Jet A1 Installation	WATC	3.92	06/24	41,606	0	41,606	0	41,606	41,606	0	0	1,024	1,024
C Loan #219 Air Freight Hub Stage 1	WATC	2.21	06/29	929,728	0	146,544	0	146,544	146,544	783,184	783,183	19,339	19,385
C Strategic Land Purchases	Unknown	4.29	Xs/xx	0	1,750,000	106,946	0	106,946	0	1,643,054	1,643,054	55,137	0
C Other Property and Services Loan #210 Lot 40 Vasse Highway	WATC	3.61	12/25	850,000	0	4,738,701	0	4,738,701	4,738,701	850,000	850,000	30,685	30,768
C Total - Council and Self-supporting loans				48,242,155	2,000,000	4,738,701	0	4,738,701	4,620,955	45,503,454	43,621,200	1,747,442	1,711,567

C Council Loans are financed by general purpose revenue.				46,770,245	1,750,000	4,545,319	0	4,545,319	4,438,376	43,974,926	42,331,868	1,706,459	1,673,508
S Self-Supporting Loans are financed by payments from third parties.				1,471,910	250,000	193,382	0	193,382	182,579	1,528,528	1,289,332	40,983	38,059
				48,242,155	2,000,000	4,738,701	0	4,738,701	4,620,955	45,503,454	43,621,200	1,747,442	1,711,567

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. Borrowings and Lease Liabilities (continued)

(b) New Borrowings – 2023/24

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
New Community Groups	0	250,000	Unknown	Debtenture	10	0	0.000%	0	0	0
Strategic Land Purchases	0	1,750,000	Unknown	Debtenture	10	0	0.000%	0	0	0
	0	2,000,000				0		0	0	0

(c) Unspent Borrowings

Particulars / Purpose	Date Borrowed	Balance 30 June 2023 \$	Borrowed During Year \$	Expended During Year \$	Balance 30 June 2024 \$
Loan #216 Tennis Club Facilities	27 th April 2018	49,341	0	0	49,341
Loan #225 Performing Arts/Convention Centre	25 th January 2022	240,252	0	(240,252)	0
Loan #226 Performing Arts/Convention Centre	25 th January 2022	5,000,000	0	(5,000,000)	0
Loan #228 Performing Arts/Convention Centre	28 th April 2022	5,000,000	0	(5,000,000)	0
Loan #229 Performing Arts/Convention Centre	28 th April 2022	5,000,000	0	(4,268,769)	731,231
Loan #230 Performing Arts/Convention Centre	06 th December 2022	6,500,000	0	0	6,500,000
		21,789,593	0	(14,509,021)	7,280,572

MATERIAL ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

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

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29 – Borrowing and Lease Liability (Continued)

29 (d) Lease Liabilities (Continued)

Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Principal 1 July 2022	2022/23 Actual New Leases	2022/23 Actual Lease principal Repayments	Actual Lease Principal outstanding June 2023	2022/23 Actual Lease Interest Repayments	Actual Lease Principal 1 July 2023	2023/24 Actual New Leases / Extensions	2023/24 Actual Lease principal Repayments	Actual Lease Principal outstanding June 2024	2023/24 Actual Lease Interest Repayments	Budget Lease Principal July 2023	2023/24 Budget New Leases / Extensions	2023/24 Budget Lease principal Repayments	Budget Lease Principal outstanding June 2024	2023/24 Budget Lease Interest Repayments
		%		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
E6N0159996	Maia	7.9491	5 years	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E6N0160249	Maia	5.8375	5 years	17,002	0	17,002	0	248	0	0	0	0	0	0	0	0	0	0
E6N0160563	Maia	5.1511	6 years	84,625	0	55,692	28,933	3,295	28,933	0	28,933	0	560	28,933	0	28,933	0	560
E6N0160915	Maia	7.6138	4.75 years	2,391	0	2,391	0	68	0	0	0	0	0	0	0	0	0	0
E6N0161070	Maia	6.9693	5 years	9,295	0	9,295	0	326	0	0	0	0	0	0	0	0	0	0
E6N0162083	Maia	-0.0007	4 years	22,110	0	22,110	0	0	0	0	0	0	0	0	0	0	0	0
E6N0162208	Maia	0.8970	4 years	26,286	0	26,286	0	88	0	0	0	0	0	0	0	0	0	0
E6N0162334	Maia	5.2189	5 years	137,558	0	77,129	60,529	5,691	60,529	20,575	81,103	0	1,292	60,529	0	60,529	0	1,586
E6N0162368	Maia	2.2722	5 years	58,117	0	32,927	25,190	1,041	25,190	16,866	33,603	8,453	547	25,190	0	25,190	0	287
E6N0162406	Maia	3.4055	3.75 years	8,142	0	8,142	0	104	0	0	0	0	0	0	0	0	0	0
66679257	Capital	8.4332	5 years	0	0	250,974	114,652	10,861	114,652	37,441	143,639	8,453	2,399	114,652	0	114,652	0	2,433
				365,626	0	250,974	114,652	10,861	114,652	37,441	143,639	8,453	2,399	114,652	0	114,652	0	2,433

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual Opening Balance \$	2024 Actual Transfers To \$	2024 Actual Closing Balance \$	2024 Budget Opening Balance \$	2024 Budget Transfers To \$	2024 Budget Closing Balance \$	2023 Actual Opening Balance \$	2023 Actual Transfers To \$	2023 Actual Closing Balance \$
30. Cash Backed Reserves									
Restricted by Legislation/ Agreement									
Joint Venture Aged Housing Reserve (Harris/Winderup)	1,656,731	288,854	1,878,154	1,656,730	344,588	1,939,318	1,491,225	252,823	1,656,731
Jetty Reserve	7,345,736	2,394,314	8,562,413	7,345,736	1,830,456	7,347,748	6,320,302	1,637,746	7,345,736
Jetty Self Insurance Reserve	672,757	117,110	789,867	672,757	112,024	784,781	573,410	99,347	672,757
Commonage Precinct Infrastructure Road Reserve **	845	0	845	845	0	0	818	27	845
Community Facilities - City District **	1,320,534	55,139	1,375,673	1,320,533	394,835	1,240,020	1,083,900	375,597	1,320,534
Community Facilities - Broadwater **	275,332	938	276,270	275,331	26,305	301,636	197,733	77,599	275,332
Community Facilities - Busseton **	101,930	7,422	109,352	101,930	26,607	36,537	71,707	30,223	101,930
Community Facilities - Dunsborough Lakes Estate **	523,253	0	523,253	523,253	58,269	465,446	465,446	57,807	523,253
Community Facilities - Dunsborough Lakes Estate **	900,385	0	900,385	900,385	13,317	913,702	712,435	187,950	900,385
Community Facilities - Geographe **	156,186	1,132	157,318	156,185	17,932	174,117	137,436	18,750	156,186
Community Facilities - Port Geographe **	364,199	0	364,199	364,198	16,590	380,788	352,422	11,777	364,199
Community Facilities - Vasse **	108,013	0	108,013	108,013	8,718	116,731	175,153	7,860	108,013
Community Facilities - Airport North **	3,282,877	78,665	3,361,542	3,282,877	273,695	3,556,572	3,176,664	106,213	3,282,877
Locke Estate Reserve	171,194	75,388	246,582	171,194	71,876	243,070	3,176,664	164,506	171,194
Port Geographe Waterways Management (SAR) Reserve	3,051,049	407,776	3,051,049	3,051,049	384,527	3,029,407	3,060,603	346,076	3,051,049
Providence Landscape Maintenance (SAR) Reserve	1,524,830	289,276	1,692,736	1,524,830	270,057	1,527,634	1,323,560	247,699	1,524,830
Vasse Newtown Landscape Maintenance (SAR) Reserve	615,196	237,692	693,041	615,196	226,599	675,009	668,099	220,694	615,196
Commonage Precinct Bushfire Facilities Reserve **	60,710	0	60,710	60,710	2,766	23,476	58,747	1,963	60,710
Commonage Community Facilities Dunsborough Lakes South Reserve **	76,996	0	76,996	76,997	0	74,507	74,507	2,489	76,996
Commonage Community Facilities South Middle Precinct Reserve **	938,927	0	938,927	938,927	42,771	981,698	908,566	30,361	938,927
Busseton Area Drainage and Waterways Improvement Reserve *	134,559	0	134,559	134,560	0	134,560	130,608	3,951	134,559
Public Art Reserve **	272,933	0	272,933	272,933	2,197	263,130	249,544	23,389	272,933
Post Office Tea Rooms	48,076	21,433	69,509	48,075	18,307	65,382	0	121,028	48,076
Restricted by Council									
Airport Reserve	3,210,167	8,741,295	11,400,598	3,210,167	9,190,590	8,688,336	1,259,815	2,063,864	3,210,167
Airport Marketing and Incentive Reserve *	4,895,381	0	4,895,381	4,895,381	0	4,895,381	6,385,899	503,101	4,895,381
Airport Noise Mitigation Reserve *	661,140	0	661,140	661,140	0	661,140	683,694	22,058	661,140
Airport Existing Terminal Building Reserve *	456,383	0	456,383	456,383	0	456,383	323,125	147,387	456,383
Buildings Reserve	3,389,334	4,807,812	7,413,800	3,389,333	4,676,377	5,702,264	2,691,453	975,107	3,389,334
Barnard Park Sports Pavilion Building Reserve *	115,031	0	115,031	115,031	0	115,031	105,989	40,675	115,031
Railway House Building Reserve *	89,584	0	89,584	89,584	0	89,584	63,087	26,497	89,584
Youth and Community Activities Building Reserve *	216,651	0	216,651	216,651	0	216,651	158,157	58,494	216,651
Busseton Library Building Reserve *	155,510	0	155,510	155,510	0	155,510	88,926	66,584	155,510
Busseton Community Resource Centre Reserve *	531,461	0	531,461	531,461	0	531,461	472,705	121,432	531,461
Busseton Jetty Tourist Park Reserve *	1,971,964	653,230	2,419,212	1,971,963	506,629	1,734,248	1,241,104	992,862	1,971,964
Geographe Leisure Centre Building (GLC) Reserve *	232,469	0	232,469	232,469	0	232,469	314,127	331,012	232,469
Winderup Aged Housing Reserve (City Controlled)	463,207	120,260	548,122	463,207	102,426	516,633	356,903	111,924	463,207
Lou Weston Oval Pavilion Reserve *	12,730	0	12,730	12,730	0	12,730	170,089	79,811	12,730
Naturaliste Community Centre Building Reserve *	233,943	0	233,943	233,943	0	233,943	497,009	460,288	233,943
Civic and Administration Building Reserve *	900,462	0	900,462	900,462	0	900,462	36,001,555	9,981,801	900,462
Sub-Total	41,138,665	18,297,727	38,804,500	41,138,661	18,619,458	39,920,625	36,001,555	9,981,801	41,138,665
									(4,844,691)

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

	2024 Actual Opening Balance \$	2024 Actual Transfers To \$	2024 Actual Transfers From \$	2024 Actual Closing Balance \$	2024 Budget Opening Balance \$	2024 Budget Transfers To \$	2024 Budget Transfers From \$	2024 Budget Closing Balance \$	2023 Actual Opening Balance \$	2023 Actual Transfers To \$	2023 Actual Transfers From \$	2023 Actual Closing Balance \$
30. Cash Backed Reserves (continued)												
Restricted by Council												
Vasse Sports Pavilion Building Reserve *	2,405	0	(2,405)	0	2,405	0	(2,405)	0	1,684	721	0	2,405
Roads Reserve	2,164,710	5,498,981	(4,460,324)	3,203,367	2,164,710	5,346,209	(5,385,418)	2,125,501	1,920,213	3,515,608	(3,271,111)	2,164,710
Footpath/Cycle Ways Reserve	1,726,464	1,456,107	(877,891)	2,304,680	1,726,463	1,401,171	(1,626,186)	1,501,448	1,246,637	1,341,403	(861,576)	1,726,464
Other Infrastructure Reserve	721,868	1,276,348	(1,098,771)	899,445	721,868	1,322,205	(1,381,101)	662,972	403,731	782,904	(464,767)	721,868
Parks and Gardens Reserve	1,349,337	1,483,533	(1,681,000)	1,151,870	1,349,337	1,411,328	(1,939,765)	820,900	633,227	1,355,025	(638,915)	1,349,337
Furniture and Equipment Reserve	483,156	174,024	(96,663)	560,517	483,156	149,363	(268,264)	364,255	516,181	127,829	(160,854)	483,156
Plant Replacement Reserve	2,364,208	1,260,569	(575,738)	3,049,039	2,364,208	1,143,209	(3,239,860)	267,557	2,688,073	1,204,166	(1,536,031)	2,364,208
Major Traffic Improvements Reserve *	1,574,756	0	(1,574,756)	0	1,574,756	0	(1,574,756)	0	1,184,734	391,765	(1,743)	1,574,756
CBD Enhancement Reserve *	9,196	0	(9,196)	0	9,196	0	(9,196)	0	1,333,422	73,095	(1,397,321)	9,196
New Infrastructure Development Reserve	756,385	1,997,009	(567,970)	2,753,394	756,385	1,613,298	(1,008,778)	1,360,905	733,694	32,691	0	756,385
City Car Parking and Access Reserve	1,436,682	237,519	(1,106,231)	1,436,682	1,436,682	232,036	(791,885)	876,836	1,213,888	419,553	(196,759)	1,436,682
Debt Default Reserve *	0	857	(857)	0	0	0	0	0	102,371	3,421	(105,792)	0
Corporate IT Systems Reserve	329,865	677,473	(1,007,338)	0	329,865	900,011	(792,506)	437,370	378,520	150,026	(196,681)	329,865
Election, Valuation and Other Corporate Expenses Reserve	401,441	170,163	(166,172)	405,432	401,441	161,662	(180,000)	383,103	254,331	154,985	(7,875)	401,441
Legal Expenses Reserve	579,578	28,526	(120,013)	488,091	579,578	29,943	(150,000)	459,521	638,294	21,284	(80,000)	579,578
Events, Marketing and Business Development Reserve	393,498	1,514,475	(1,588,160)	319,813	393,498	1,477,754	(1,766,539)	104,713	655,703	1,365,779	(1,627,984)	393,498
Performing Arts and Convention Centre Reserve	2,467,333	124,582	(692,896)	3,840,456	2,467,333	116,739	(525,127)	2,984,072	2,386,293	81,040	(774,726)	2,467,333
Long Service Leave Reserve	3,940,671	592,481	(36,567)	4,506,585	3,940,671	630,310	(50,000)	4,045,854	4,054,581	660,816	(774,726)	3,940,671
Professional Development Reserve	161,394	8,136	(10,788)	132,963	161,395	7,333	(50,000)	118,728	156,214	5,180	(161,394)	161,394
Sick Pay/Incentive Reserve	79,316	3,974	(10,788)	72,502	79,316	3,000	0	82,316	79,476	3,235	(3,395)	79,316
Workers Compensation, Extended SL and AL Contingency Reserve	4,280	216	0	4,496	4,280	265	0	4,545	194,218	3,062	(193,000)	4,280
Port Geographie Development Reserve (Council)	67,900	110,212	(140,677)	36,835	67,900	106,787	(146,451)	27,636	126,997	62,895	(122,592)	67,900
Coastal and Climate Adaptation Reserve	1,194,820	1,227,942	(397,710)	2,025,052	1,194,820	1,165,661	(1,636,485)	723,996	566,910	1,206,195	(578,285)	1,194,820
Emergency Disaster Recovery Reserve *	97,863	0	(97,863)	0	97,863	0	(97,863)	0	74,954	22,909	0	97,863
Energy Sustainability Reserve *	247,224	0	(247,224)	0	247,224	0	(247,224)	0	168,406	115,941	(37,123)	247,224
Cemetery Reserve *	365,554	0	(365,554)	0	365,554	0	(365,554)	0	281,999	130,040	(6,485)	365,554
Waste Management Facility and Plant Reserve	8,135,573	2,445,013	(7,083,312)	3,497,274	8,135,574	1,960,967	(5,093,908)	5,062,633	8,287,152	2,112,319	(2,263,898)	8,135,573
Strategic Projects Reserve	3,032,414	178,391	(494,546)	2,756,259	3,032,416	140,116	(500,000)	2,672,532	2,909,576	122,838	0	3,032,414
Prepaid Grants and Deferred Works & Services Reserve	2,843,445	3,187,257	(3,083,256)	2,947,446	2,843,445	351,808	(3,195,253)	0	1,979,511	2,840,968	(1,977,034)	2,843,445
Busselton Foreshore Reserve *	13,115	0	(13,115)	0	13,115	0	(13,115)	0	12,689	426	0	13,115
LED Street Lighting Replacement Program Reserve *	32,226	723,789	(256,606)	469,409	32,227	713,103	(32,227)	140,640	38,097	51,455	(57,326)	32,226
Waterway Restoration Reserve	10	0	(23,429)	0	10	0	(23,429)	0	10	23,429	(559,159)	10
Peel Terrace/Causeway Road Building Reserve *	23,429	0	(23,429)	0	23,429	0	(23,429)	0	0	0	0	23,429
Sub-Total	36,999,516	24,377,357	(25,755,485)	35,621,388	36,999,524	20,384,278	(32,555,769)	24,828,033	35,181,786	18,942,162	(17,124,432)	36,999,516
Total	78,138,181	42,675,084	(46,387,377)	74,425,888	78,138,185	39,002,736	(52,392,263)	64,748,658	71,183,341	28,923,963	(21,969,123)	78,138,181

* Funds consolidated into other applicable reserve, and the reserve closed per adoption of 2023/24 budget.
 ** Funds consolidated into other applicable reserve or transferred to a restricted asset account, and the reserve closed, per adopted amendment to 2023/24 budget.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves – cash/ financial assets backed.

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

Restricted by Legislation/ Agreement

Joint Venture Aged Housing Reserve (Harris/ Winderlup)

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of community aged housing at Winderlup Villas and Harris Road pursuant to the relevant joint venture agreements with the Department of Housing.

Jetty Reserve

To provide funding for the maintenance, insurance, renewal, replacement, upgrading and future Capital works requirements for the asset and associated infrastructure, including plant and equipment to achieve these purposes.

Jetty Self Insurance Reserve

As a contingency fund to rectify damage caused by the demise of the Busselton jetty or part of the jetty or as a result of extraordinary events.

Commonage Precinct Infrastructure Road Reserve

- ** To be utilised for the purpose of road infrastructure and road safety upgrades within the Commonage Contribution Area in accordance with the Commonage Contributions Area policy provisions.

Community Facilities - City District

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the District.

Community Facilities – Broadwater

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Busselton

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Dunsborough

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Dunsborough Lakes Estate

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Geographe

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Port Geographe

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Legislation/ Agreement (Continued)

Community Facilities – Vasse

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Airport North

- ** To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Locke Estate Reserve

To provide funding for the protection of the Locke Estate (Reserve 22674) coastline.

Port Geographe Waterways Management (SAR) Reserve

To provide funds for the City to fulfil its obligations under a Waterways Management Deed with the State Government for the future maintenance of waterways and associated facilities within the Port Geographe contributions area.

Provence Landscape Maintenance (SAR) Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Vasse Newtown Landscape Maintenance (SAR) Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Commonage Precinct Bushfire Facilities Reserve

- ** For the purpose of the provision of fire protection facilities in accordance with the Commonage Contributions Area policy provisions.

Commonage Community Facilities Dunsborough Lakes South Reserve

- ** For the purpose of the provision of future recreational facilities at Dunsborough Lakes South in accordance with the Dunsborough Lakes Developer Contributions Plan.

Commonage Community Facilities South Biddle Precinct Reserve

- ** To be utilised for the provision of community facilities within the South Biddle Precinct in accordance with the Commonage Area Implementation Policy provisions.

Busselton Area Drainage and Waterways Improvement Reserve

- * To hold development contributions for the provision of drainage works and the management and improvement of waterways and adjacent reserves within Busselton including the lower Vasse River.

Public Art Reserve

- ** To hold development contributions received by the City for the commissioning, purchase and enhancement of public art works within the District.

Post Office Tea Rooms

To allocate and use any premium, rental, fees, charges or other income it receives from all leases, subleases and licences in respect of the Post Office Tea Rooms Reserve 35361 or any part of it, to maintain and repair all buildings and structures and to maintain the grounds and facilities of the Reserve.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)Airport Reserve

To set aside, hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing airport and airport related assets, plus future development, marketing and noise mitigation needs.

* Airport Marketing and Incentive Reserve

The purpose of promoting and providing incentives for the Busselton Margaret River Airport.

* Airport Noise Mitigation Reserve

To be utilised for the purpose of noise mitigation related activities surrounding the Airport precinct.

Airport Existing Terminal Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Building Reserve

To set aside, hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing building assets.

Barnard Park Sports Pavilion Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Railway House Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Youth and Community Activities Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Library Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Community Resource Centre Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Jetty Tourist Park Reserve

To provide funding for capital, maintenance and promotional/ marketing requirements for visitor services throughout the district.

Geographe Leisure Centre Building (GLC) Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Winderlup Aged Housing Reserve (City Controlled)

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of council owned community aged housing.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

Lou Weston Oval Pavilion Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building fit out requirements for the asset.

Naturaliste Community Centre Building (NCC) Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Civic and Administration Building Reserve

- * To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Vasse Sports Pavilion Building Reserve

- * To provide funding for the construction, major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Road Reserve

To hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing road infrastructure assets, plus planning for and construction of future new road requirements.

Footpath/ Cycle Ways Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Footpath and Cycleway assets within the District.

Other Infrastructure Reserve

To hold and provide funding for major maintenance and capital expenditure requirements associated with renewal, upgrade and replacement of existing other infrastructure assets, not specifically provided for in other reserves.

Parks and Gardens Reserve

To provide funding for the major maintenance and renewal of Parks, Gardens, Public Open Spaces and Reserves within the District.

Furniture and Equipment Reserve

To provide funds for the major maintenance, renewal, replacement, upgrading and future requirements with respect to furniture and equipment assets within the District.

Plant Replacement Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Plant and Equipment assets excluding those in independent commercial operations.

Major Traffic Improvements Reserve

- * To be utilised for the provision of enabling major capital works programs to be funded for the upgrade of the local road network to reduce congestion, increase traffic flow and ease of access within the District.

CBD Enhancement Reserve

- * To provide funds for Capital and maintenance works and improvements within the Busselton and Dunsborough Central Business Districts.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)**New Infrastructure Development Reserve**

To set aside, hold and provide funding in order to facilitate the identification, design, development and construction of new infrastructure and other capital projects as identified in the annual budget, which in turn has been informed by the City's Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan.

City Car Parking and Access Reserve

To provide funding for development of public car parking, the development of infrastructure to provide for the management of public car parking and improving public transport to and within the City or for end of trip facilities. To provide funding for the purchase of land identified as of strategic importance for future parking requirements.

Debt Default Reserve

- * To provide for potential default on debts owing to the City, particularly in relation negative economic circumstances caused by a declared state of emergency (such as COVID-19).

Corporate IT Systems Reserve

To provide funding in relation to the ongoing development, enhancement and/ or replacement of the City's corporate systems. To be utilised for the renewal and replacement or introduction of new IT platforms/ hardware for the City.

Election, Valuation and Other Corporate Expenses Reserve

To provide funding for Council elections, rating valuations, fair value valuations and other legislative and corporate governance requirements.

Legal Expenses Reserve

Funding for any legal expenses or contingency involving the City of Busselton.

Events, Marketing and Business Development Reserve

To fund the City's contributions and expenditure on tourism, business and industry development, marketing, area promotion, and events activities, per funding allocations agreed with community reference groups.

Performing Arts and Convention Centre Reserve

To provide funds for the planning and construction, and holding of grants or other funds for a future Performing Arts and Convention Centre for the District.

Long Service Leave Reserve

To provide funding to meet the City's future long service leave obligations of employees.

Professional Development Reserve

To provide funding to meet the City's ongoing contractual professional development obligations of employees.

Sick Pay Incentive Reserve

To provide funding to meet the City's obligations under a former sick leave incentive scheme pertaining to staff employed pre 2003.

Workers Compensation and Extended Sick Leave Contingency Reserve

A contingency fund to assist the City in meeting its Workers Compensation Contribution obligations when claim costs exceed the "Deposit" amount allocated to claims, to fund any shortfall with respect to insurance premiums in any one year, negotiated settlements of outstanding claims, and to enable periods of extended Sick Leave to be funded with a replacement officer, and to assist with meeting annual leave payouts upon termination.

CITY OF BUSSELTON

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

30. Reserves – Cash/ Financial Asset Backed (Continued)

Restricted by Council (Continued)

Port Geographe Development Reserve (Council)

To provide funds for capital and maintenance costs for development works associated within the Port Geographe contribution area.

Coastal and Climate Adaptation Reserve

The purpose of the reserve is to provide funds for coastal protection of assets and to fund initiatives to address the impacts of climate change including water supply sustainability, technology advancement and improvements/ upgrades of infrastructure susceptible to climate change.

* Emergency Disaster Recovery Reserve

To provide funding for Disaster Recovery activities including natural and man-made events.

Energy Sustainability Reserve

* To provide funding for the investigation, implementation and optimisation of Energy Sustainability initiatives within the District.

* Cemetery Reserve

To provide funding for the renewal, expansion and establishment of Cemeteries within the district.

Waste Management Facility and Plant Reserve

To provide funding for development and rehabilitation of waste disposal sites both within the district and regionally. Acquisition of waste plant and equipment and any other waste management activities that include legacy matters due to contaminated sites within the District.

Strategic Projects Reserve

To provide funds for projects which may create a future revenue stream for the City and reduce reliance on rate revenue.

Prepaid Grants and Deferred Works and Services Reserve

To hold Government and third party grants monies received in advance as well as deferred municipal funded works and services as at the end of financial year.

* Busselton Foreshore Reserve

To provide funds for on-going asset maintenance and any future capital works.

* LED Street Lighting Replacement Program Reserve

To provide funds for the on-going replacement of street lighting throughout the district with LED capacity.

Waterways Restoration Reserve

To provide for any works required to rejuvenate, revive or rectify natural waterways within the Busselton district.

Peel Terrace/ Causeway Road Building Reserve

* To allocate and use any revenue received in respect of the Peel Terrace/ Causeway Road Building, to maintain and repair all buildings and structures and to maintain the grounds and facilities of the Reserve.

* Funds consolidated into other applicable reserve, and the reserve closed per adoption of 2023/24 budget.

** Funds consolidated into other applicable reserve or transferred to a restricted asset account, and the reserve closed, per adopted amendment to 2023/24 budget.

CITY OF BUSSELTON
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

31. Trust Funds

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	Balance 1 July 2023	Amounts Received 2023/24	Amounts Paid 2023/24	Balance 30 June 2024
	\$	\$	\$	\$
Builders Registration Board Levies	79,473	885,317	(870,552)	94,238
Building Training Levy	15,561	68,727	(82,016)	2,272
Cash in Lieu of Public Open Space	371,407	111,614	(93,086)	389,935
Contiguous Local Authorities Group (CLAG) Funding	30,790	41,053	(27,161)	44,682
Nomination Deposits	0	1,700	(1,700)	0
Sundry Trust	0	2,074	(2,074)	0
	497,231	1,110,485	(1,076,589)	531,127



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

City of Busselton

To the Council of the City of Busselton

Opinion

I have audited the financial report of the City of Busselton (City) which comprises:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, 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.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.augasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Busselton for the year ended 30 June 2024 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 November 2024

ATTACHMENT A

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Monthly payroll reconciliation	No		✓		

Key to ratings

The Ratings in this 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. We give consideration to these potential adverse outcomes 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. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed 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.

ATTACHMENT A

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Monthly Payroll Reconciliation

Finding

We noted that the monthly payroll reconciliation to general ledger have not been prepared for the months of July 2023 to February 2024.

Although reconciliations for March 2024 to April 2024 have been prepared, no evidence of a review by an independent senior finance officer could be provided.

Rating: Moderate

Implication

The absence of a timely review of the monthly payroll reconciliation increases the risk of errors, omissions or potential fraud going undetected during the financial year, which could result in misstatements in financial reporting.

Recommendation

We recommend that the monthly payroll reconciliation to general ledger be prepared and reviewed by a second independent senior finance officer in a timely manner.

Management comment

The requirement for a monthly Payroll Reconciliation was not identified as part of the 2022/23 End of Year Audit and was only raised in May 2024 as part of the 2023/24 Interim Audit. Since that time monthly reconciliations have been conducted and have in fact been reviewed by a senior finance officer. The requirement for a documented independent review was not identified until this Audit (October 2024).

This is a minor finding at best, due to the actual insignificant and minor differences that arise, plus the fact that those minor differences were deemed an acceptable risk in last year's audit, as a response to the finding on what was then only an annual payroll reconciliation.

Responsible person: Paul Sheridan
Completion date: 28 October 2024

6.2 Adoption of Internal Audit Charter and Strategic Internal Audit Plan

Strategic Theme:	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making.
Directorate:	Corporate Strategy and Performance
Reporting Officer:	Manager Legal, Governance and Risk - Ben Whitehill
Authorised By:	Director Corporate Strategy and Performance - Sarah Pierson
Nature of Decision:	Executive: Substantial direction setting, including adopting budgets, strategies, plans and policies (excluding local planning policies); funding, donations and sponsorships; reviewing committee recommendations.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	<ol style="list-style-type: none"> 1. Internal Audit Charter [6.2.1 - 7 pages] 2. Strategic Internal Audit Plan [6.2.2 - 30 pages]

OFFICER RECOMMENDATION

That the Council adopt the Internal Audit Charter (Attachment 1) and Strategic Internal Audit Plan (Attachment 2).

EXECUTIVE SUMMARY

This report recommends that the Council adopt the Internal Audit Charter (Attachment 1) and Strategic Internal Audit Plan (Attachment 2), developed by Moore Australia, appointed to provide an internal audit function for the City of Busselton.

STRATEGIC CONTEXT

The provision of the internal audit function is identified in the Council Plan 2024-2034 under Objective 16 to provide effective governance and organisation leadership.

BACKGROUND

As part of the City's program to develop capability in risk management and internal audit the Council resolved to approve the allocation of \$35,000 for consultancy to fund the engagement of a consultant to undertake the internal audit function (C2403/51). Following this decision the Council resolved to appoint Moore Australia to provide the City's internal audit function (C2407/211).

Moore Australia conducted a workshop with Audit and Risk Committee members (elected members and the City's independent member) on 23 October 2024. The purpose of the workshop was to introduce the internal audit function and workshop potential audit topics for inclusion the Strategic Internal Audit Plan.

OFFICER COMMENT

Moore Australia have worked with City officers to develop the Internal Audit Charter and Strategic Internal Audit Plan following the workshop with committee members. The Internal Audit Charter provides the framework for the conduct of the internal audit function at the City. This document is

to be reviewed by the Council biennially on the recommendation of the Audit and Risk Committee (every two years).

The Strategic Internal Audit Plan sets out the scope of the planned internal audit activities for the City for the period 1 July 2024 to 30 June 2029. The Strategic Internal Audit Plan also includes the Annual Internal Audit Plan which provides a detailed scope for the current year internal audit topics. The Strategic Internal Audit Plan will be reviewed annually by the Council (on the recommendation of the Audit and Risk Committee).

The Internal Audit Workshop was used to determine the future internal audit topics. A summary of the program set out in the Strategic Internal Audit Plan is provided below:

Audit Year	Internal Audit Topic
FY24/25	Policy Framework
	Complaints Management
FY25/26	Community Engagement
	Timeliness of Development Applications
FY26/27	Conflicts of Interest
	Information Management
FY27/28	Workforce Management
FY28/29	Business Continuity, Emergency Management, Incident Management and Disaster Recovery

The topics for the FY24/25 year are two smaller audit topics due to the reduced time available to complete the audits.

As the plan is reviewed annually, there is flexibility to adjust the identity or timing of future internal audit topics. The Strategic Internal Audit Plan will next be presented to the Audit and Risk Committee in May 2025 ahead of the 25/26 financial year.

Statutory Environment

Not Applicable

Relevant Plans and Policies

The officer recommendation aligns to the following adopted plan or policy:

Plan:

[Corporate Business Plan 2022-2026](#)

Policy:

[Risk Management](#)

Financial Implications

The City has allocated an annual budget of \$35,000 for the provision of internal audit services. For the current financial year, the budget for undertaking internal audit activities is reduced because a workshop has been held with committee members and for the development of the charter and plan.

External Stakeholder Consultation

Not Applicable.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

As an alternative to the proposed recommendation the Council could choose not to adopt the Internal Audit Charter and Strategic Internal Audit Plan.

CONCLUSION

To meet its strategic objectives, it is recommended that the Council adopt the Internal Audit Charter and Strategic Internal Audit Plan.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.



2024

Internal Audit Charter



CONTENTS

1. INTRODUCTION2

2. MISSION AND PURPOSE3

3. CORE PRINCIPLES3

4. STANDARDS AND BETTER PRACTICE3

5. AUTHORITY3

5. AUTHORITY (Cont.)4

6. INDEPENDENCE AND OBJECTIVITY4

8. RESPONSIBILITY OF INTERNAL AUDIT5

9. INTERNAL AUDITS5

10. RELATIONSHIP WITH OFFICE OF THE AUDITOR GENERAL WA6

11. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM6

12. REVIEW OF THE CHARTER7

13. APPROVAL7

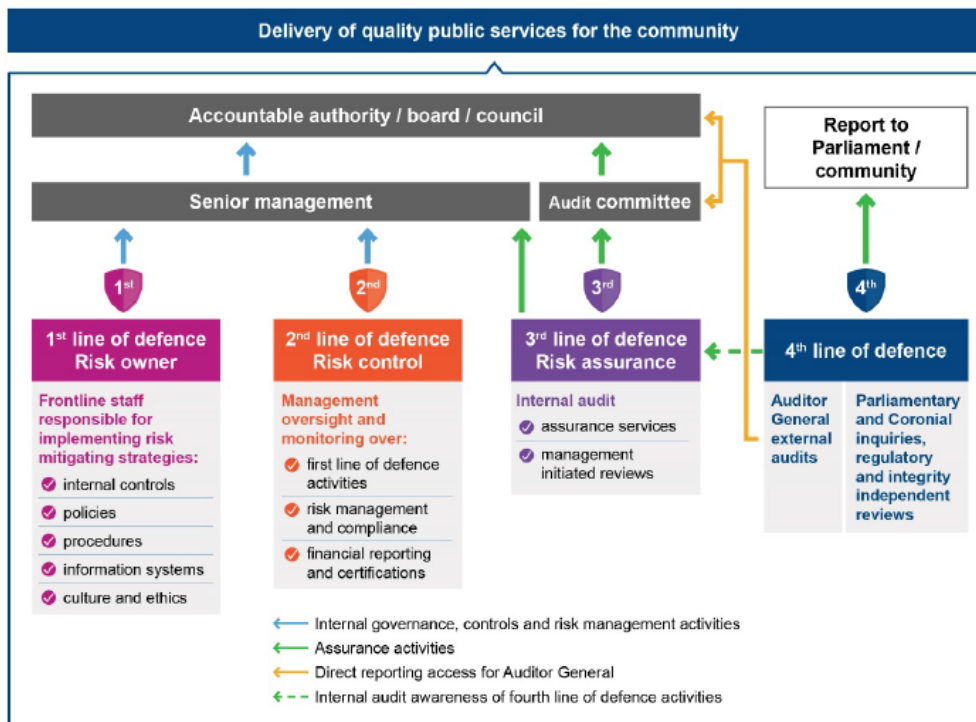


Internal Audit Charter

Committee: Audit and Risk
Responsible Directorate: Corporate Strategy and Performance **Version:** DRAFT

1. INTRODUCTION

- 1.1. The City of Busselton (“the **City**”) has established the internal audit function of the City as a key component of the City’s governance framework.
- 1.2. This Internal Audit Charter (“**Charter**”) provides the framework for the conduct of the internal audit function in the City, and has been approved by the Council on the advice of the Audit and Risk Committee (“**ARC**”) and Chief Executive Officer (“**CEO**”).
- 1.3. This Charter defines Internal Audit’s purpose, authority, responsibility and position within the City and aligns to the Audit and Risk Committee Terms of Reference.
- 1.4. The internal audit function is the third line of defence in the Public Sector Four Lines of Defence Model.



Source: OAG

Figure 1: Public Sector Four Lines of Defence Model (OAG Report 26: June 2020)

2. MISSION AND PURPOSE

- 2.1. The **mission** of the Internal Audit function is to enhance and protect the City's operation and value by providing risk-based and objective assurance, advice and insight.
- 2.2. The **purpose** of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the City's internal control environment.

3. CORE PRINCIPLES

- 3.1. Internal auditors will operate in accordance with the Core Principles for the Professional Practice of Internal Auditing by:
 - demonstrating integrity, competence and due professional care
 - being objective and free from undue influence (ie independent)
 - aligning its activities with the strategies, objectives, and risks of the City
 - demonstrating, and promoting quality and organisational continuous improvement
 - communicating effectively
 - providing risk-based assurance
 - being insightful, proactive, and future-focused

4. STANDARDS AND BETTER PRACTICE

- 4.1. The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' ("IIA") International Professional Practices Framework ("IPPF") including its Standards, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics.
- 4.2. The internal audit function will assist the City to be "audit ready" for an external audit performed by the Office of the Auditor General ("OAG") which includes a financial, information systems, compliance or performance audit. It will use the OAG tabled reports (where relevant and appropriate) and better practice principles to improve City efficiency, effectiveness, outcomes, and performance.

5. AUTHORITY

- 5.1. To be effective, the internal audit function must be able to operate without being influenced or inhibited in the discharge of its duties.
- 5.4. The Internal Audit Service Provider (if appointed) reports functionally to the ARC, and administratively to the Chief Executive Officer and these relationships are facilitated by the Manager Legal, Governance and Risk (or such other position as may be designated by the CEO)..
- 5.2. The internal audit function, facilitated by the Manager Legal, Governance and Risk, is to:
 - a. produce, review and implement the Strategic and Annual Internal Audit Plan
 - b. monitor the effectiveness of the City's Strategic and Annual Internal Audit plan
 - c. maintain an Audit Log which is a repository of the recommendations from the internal audit reports.
 - d. seek closure of internal audit recommendations from the ARC.
 - e. seek approval from the ARC for revisions to due dates of audit recommendations from the final internal audit report supported by sufficient and appropriate rationale.
 - f. report to the ARC on the status of the development, review and implementation of the Strategic and Annual Internal Audit Plan, final internal audit reports, status of the implementation of recommendations from the internal audit reports and key performance indicators for quality assurance and improvement.
- 5.5. If there are any matters which the Internal Audit function believes may impact on their ability to deliver their function independently, efficiently, and effectively they have the ability to liaise directly with the Chair of the Audit and Risk Committee to resolve the matter.
- 5.6. The responsibility of ARC in relation to the internal audit function is to:
 - a. Endorse the Internal Audit Charter on at least a biennial basis (i.e. every 2 years) for approval by the Council.

- b. Oversee the production, review, implementation and effectiveness of the Strategic and Annual Internal Audit Plan. They will endorse a timely, risk-based and agile Strategic and Annual Audit Plan for approval by Council.
- c. Receive timely communications from the Internal Audit function on the key elements of planning, conduct and deliverables of the internal audit function.
- d. Endorse the appointment and removal of the Internal Audit Service Provider.
- e. Discuss and approve decisions regarding the remuneration of the Internal Audit Service Provider.
- f. Make appropriate inquiries of the CEO and the Internal Audit Service Provider (if appointed) to determine if there are any inappropriate scope or resource limitations.
- g. Ensure the internal audit function will have free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any approved internal engagement, subject to accountability for confidentiality and safeguarding of records and information.
- h. Consider any request for an unplanned and unscheduled audit.
- i. Approve revisions to due dates of audit recommendations as recommended when supported by sufficient and appropriate reason.

6. INDEPENDENCE AND OBJECTIVITY

- 6.1. Independence is essential to the effectiveness of the internal audit function. Internal audit activity must be independent, and internal auditors must be objective in performing their work. Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.
- 6.2. The internal audit function has no direct authority or responsibility for the activities it reviews.
- 6.3. Where the person facilitating the Internal Audit function, is responsible for an activity to be audited, the audit may be conducted, managed and reported independently of these people.
- 6.4. If independence or objectivity of the Internal Audit Service Provider is impaired in fact or appearance (which may be due to the positions held as identified in Section 6.5 or any other matter which has been identified), the Internal Audit function will disclose the details of the impairment to the Chair of the Audit and Risk Committee. Appropriate safeguards will be identified and the independence risk managed within Risk Appetite. If this is not possible then a decision may be made to appoint a new Internal Audit Service Provider.

7. SCOPE

- 7.1. The scope of the Internal Audit function encompasses but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes.
- 7.2. The Internal Audit function will report quarterly to the ARC on results of the internal audit function and work performed.

8. RESPONSIBILITY OF INTERNAL AUDIT

- 8.1. The City employee responsible for facilitation of the internal audit function is the Manager, Legal, Governance and Risk.
- 8.2. The City will appoint an independent Internal Audit Service Provider to deliver the internal audit function.
- 8.3. The Internal Audit Service Provider, facilitated by the Manager Legal, Governance and Risk, will:
 - a. Submit for review and approval at least annually a risk-based Strategic (up to three years) and Annual (one year) Internal Audit Plan, collectively (“the **plans**”)
 - b. Communicate with the CEO and ARC the impact of resource limitations on the delivery of the plans.
 - c. Ensure the Internal Audit function has access to appropriate resources such as competency, skill and experience to deliver the Strategic and Annual Internal Audit Plan and agreed outcomes of the internal audit function.
 - d. Suitably manage the Internal Audit function to ensure it meets its mandate.
 - e. Ensure compliance with Institute of Professional Practices Framework issued by the Institute of

Internal Auditors in Australia, (“the standards”)

- f. Communicate the results of all work, and follow-up on agreed actions.
- g. Where required, coordinate with Office of the Auditor General (“OAG”) and other Audit and Assurance providers to improve the efficiency, effectiveness, and timeliness of their audit function.
- h. Ensure all records, documentation and information accessed, including discussions, in the course of undertaking Internal Audit activities are to be used solely for the conduct of these activities.
- i. Be responsible and accountable for maintaining the confidentiality of the information they receive in performing their work.
- j. Ensure the internal audit documentation is to remain the property of the City, including where internal audit services are performed by an external third-party provider.
- k. Facilitate the assessment of the internal audit function for the City.

9. INTERNAL AUDITS

- 9.1. Internal audit activity may be
 - a. **Internal audit** including risk management, compliance, performance management; or
 - b. **Advisory Services** including new programs, systems and processes, risk management or fraud control.
- 9.2. Internal audit reviews may cover all programs and activities of the City. Internal audit activity encompasses the review of all financial and non-financial policies and operations.

10. RELATIONSHIP WITH OFFICE OF THE AUDITOR GENERAL WA

- 10.1. The Internal Audit Service Provider will establish and maintain an open relationship with the OAG and will consider their planned activity to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.
- 10.2. Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and facilitate coordination.
- 10.3. External audit will have full and free access to all internal audit plans, working papers and reports as required by the Auditor General Act 2006.

11. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

- 11.1. Key performance indicators will be used to measure the performance of the internal audit function for the purpose of quality assurance and improvement. KPI’s may include those in Table 1.

No.	Key Performance Indicator	Measure	Target	Frequency
1 Completion of internal audit plan				
1.1	Complete planned internal audit engagements as per the approved annual internal audit plan (subject to amendments endorsed by the Audit and Risk Committee).	% of planned internal audit engagements completed within calendar year to an acceptable quality level.	100%	Annual
1.2	Complete the approved annual internal audit plan within the approved and/ or revised internal audit budget	% variance from approved budget for the calendar year.	0%	Annual
2 Implementation of internal audit recommendations				
2.1	Internal audit recommendations accepted by management, whilst maintaining independence.	% of recommendations accepted by management (subject to internal audit independence being maintained).	90%	Annual
2.2	Monitor the implementation status of audit recommendations by management and report outcomes to the Audit and Risk Committee.	Updated status obtained from management and reported to the Audit and Risk sub-Committee.	Status reports delivered	Quarterly
3 Formal survey feedback				
3.1	Results of Management feedback following each internal audit engagement.	% of survey responses rated good or better (averaged) in relation to value-add, usefulness of recommendations,	90%	Annual

No.	Key Performance Indicator	Measure	Target	Frequency
		and overall performance.		
3.2	Result of Audit and Risk and Risk and Audit feedback from members.	% of survey responses rated good or better (averaged).	90%	Annual
4	Quality			
4.1	Provision of quality internal audit reports based on feedback by the Audit and Risk Committee.	Positive independent report issued detailing result of the assessment	Consistent with good practice	3-Yearly
5	Timely			
5.1	Timely performance of internal audit engagements during the year based on agreed timeframes and timely receipt of information from Management.	Timely delivery of meaningful documents	Consistent with good practice	Annual

Table 1: Possible Key Performance Indicators

12. REVIEW OF THE CHARTER

12.1. This Internal Audit Charter will be reviewed at least biennially (every 2 years) by the Audit and Risk Committee.

12.2. Any substantive changes will be formally approved by Council on the recommendation of the Audit and Risk Committee.

13. APPROVAL

Audit and Risk Committee Endorsement	DATE	20 November 2024	Resolution #	
Council Approval	DATE	11 December 2024	Resolution #	



2025-2029

Strategic Internal Audit Plan



Contents

BACKGROUND.....	2
1. INTRODUCTION.....	2
2. CONTEXT.....	3
3. ALIGNMENT TO STRATEGIC DIRECTION AND VALUES.....	3
4. PLANNING AND APPROACH.....	4
5. CITY REQUIREMENTS.....	4
6. OBJECTIVES.....	4
7. PRINCIPLES OF INTERNAL AUDIT.....	5
8. RESOURCING THE STRATEGIC INTERNAL AUDIT PLAN.....	6
DEVELOPMENT OF THE STRATEGIC INTERNAL AUDIT PLAN.....	6
9. INTERNAL AUDIT TOPICS.....	6
10. APPROACH FOR DEVELOPMENT OF THE STRATEGIC INTERNAL AUDIT PLAN.....	7
11. AUDIT TOPIC SELECTION.....	7
12. RISK BASED INTERNAL AUDIT.....	8
13. KEY RISKS.....	9
14. RISK ASSURANCE MAP.....	10
15. ANNUAL INTERNAL AUDIT PLAN.....	18
16. PROPOSED STRATEGIC INTERNAL AUDIT PLAN FOR FY 2025-2029.....	19
17. ANNUAL INTERNAL AUDIT PLAN FY 2025.....	20
18. OTHER AUDITS FOR CONSIDERATION.....	20
19. APPROVAL OF THE STRATEGIC AND ANNUAL INTERNAL AUDIT PLAN.....	20
20. COMMUNICATION.....	21
21. INSIGHTFUL AUDIT AND RISK COMMITTEE REPORTING.....	21
22. INTERNAL AUDIT METHODOLOGY.....	23
23. INTERNAL AUDIT TECHNIQUES.....	24
24. MEASUREMENT OF INTERNAL AUDIT PERFORMANCE.....	25
25. APPROVAL.....	26
APPENDIX 1 – ANNUAL INTERNAL AUDIT PLAN.....	27
APPENDIX 2- PROPOSED TIMING OF THE INTERNAL AUDITS FOR FY 2025-2029.....	28

Acknowledgement of Country

City of Busselton acknowledges the Traditional Custodians, the Wadandi People, on whose land we are living and pay our respects to their Elders, past, present and emerging.



Strategic Internal Audit Plan FY2025-2029

Committee: **Audit and Risk**
 Responsible Directorate: **Corporate Strategy and Performance** Version: **(DRAFT)**

BACKGROUND

1. INTRODUCTION

This three-year Strategic Internal Audit Plan (the “**Plan**”) sets out the scope of the planned internal audit activities for the City of Busselton (the “**City**”) for the period 1 July 2024 to 30 June 2029.

Internal Audit functions is a “third line of defence” in the Four Lines Model pictured below in **Figure 1**. Internal Audit plays a critical role in providing assurance and liaison with Management, Council, and the Audit and Risk Committee.

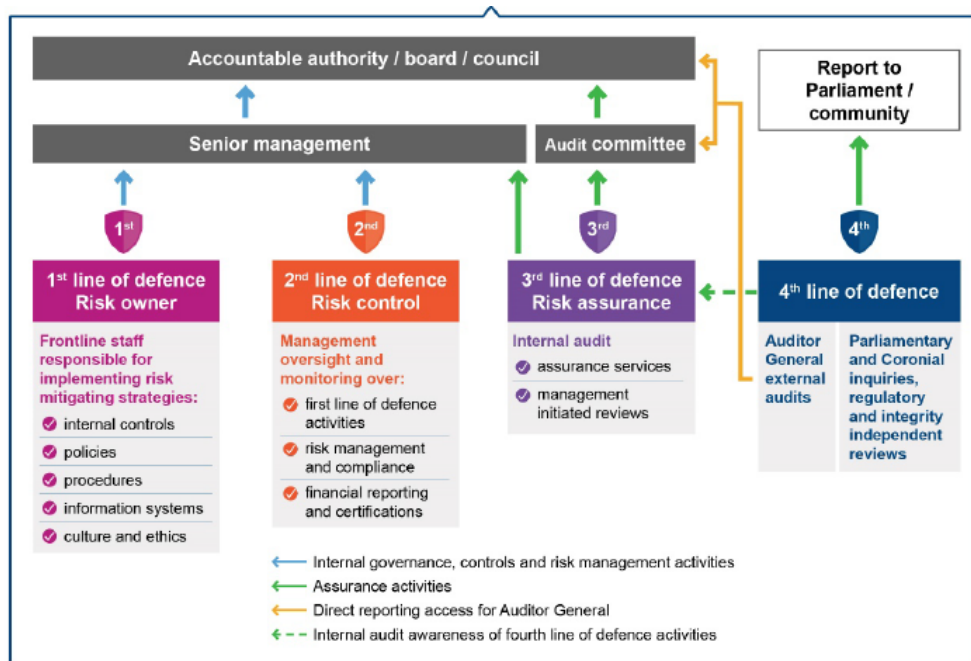


Figure 1: Public Sector Four Lines of Defence Model

2. CONTEXT

Overview

The City is located in the southwest region of Western Australia, and is a vibrant and growing community known for its stunning coastal landscapes, thriving tourism sector, and dynamic local economy. As a local government authority, the City is responsible for a wide range of services and functions, including urban planning, infrastructure development, environmental management, and community services.

Strategic Context

In the context of a rapidly evolving local government environment, the City is committed to ensuring effective governance, transparency, and accountability in all its operations. The local government sector is increasingly facing challenges such as regulatory changes, budget constraints, and rising community expectations. To navigate these challenges successfully, it is imperative for the City to adopt a robust internal audit function that supports its strategic goals and objectives.

Internal Audit Function

The internal audit function within the City, plays a critical role in assessing and improving the effectiveness of its risk management, control, and governance processes. The internal audit function is responsible for providing independent and objective evaluations of the City’s operations, identifying areas for improvement, and offering recommendations to enhance operational efficiency and compliance.

3. ALIGNMENT TO STRATEGIC DIRECTION AND VALUES

The City’s Strategic and Annual Internal Audit Plan are aligned to the Key Theme 4- Leadership from the [Council Plan 2024-2034](#).

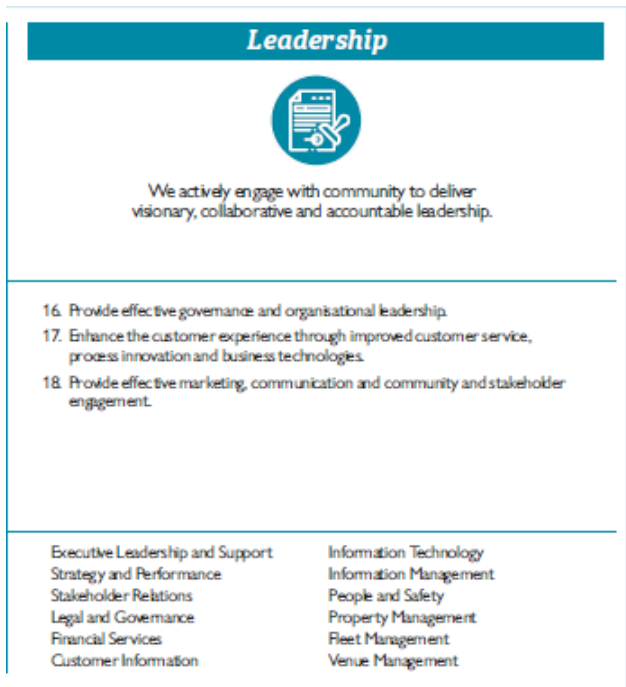


Figure 2: Council Plan 2024-2034 Alignment to Key Theme - Leadership

The Key Theme Leadership aligns to the internal audit function as set out in **Figure 3**.

Objective 16. Provide effective governance and organisational leadership.

Service delivery – what we will continue to do		Service Team				
Develop, implement and review the Council Plan and provide Annual Reports.		Strategy and Performance				
Establish a programmed approach to continuous service review and improvement.		Strategy and Performance				
Deliver governance systems to achieve statutory compliance and improve decision making including internal audit, procurement and contract management, and the provision of legal advice.		Legal and Governance				
Manage internal and statutory financial requirements, including annual budgets, rates and rate modelling and long-term financial plans.		Financial Services				
Manage City assets to ensure adequate levels of service and longevity of assets.		Asset Planning				
Provide land and property leasing services for City owned or managed property to maximise community use and benefit.		Property Management				
Provide efficient, effective and sustainable management of the City’s fleet, plant and equipment.		Fleet Management				
Deliver human resource management and workplace health and safety.		People and Safety				

Priority actions	Informing strategies	Service Team	24/25	25/26	26/27	27/28
16.1. Review the City’s organisational values to ensure they reflect and drive the City’s desired organisational culture.		People and Safety	●			
16.2. Review and seek council adoption of a new Long-Term Financial Plan.	Long-Term Financial Plan	Financial Services	●			
16.3. Develop a Rating Strategy to contribute to financial sustainability for the City, and fair and equitable rating for the community.		Financial Services	●	●		
16.4. Establish a service portfolio that communicates City services, service outcomes and cost of service.		Strategy and Performance	●			
16.5. Develop a performance reporting framework to ensure achievement of strategic outcomes		Strategy and Performance	●			
16.6. Review the City’s risk management framework.		Legal and Governance	●			

Figure 3: Alignment of Key Theme - Leadership to Internal Audit

4. PLANNING AND APPROACH

The Scope of this Plan is informed by assessments on the areas of higher risk and the control systems that the City relies on. All internal audits will be conducted in a manner consistent with the City’s Code of Conduct and the International Professional Practice Framework (“**IPPF**”).

5. CITY REQUIREMENTS

The IPPF states, “internal audit’s mission is: To enhance and protect organisational value by providing risk based and objective assurance, advice and insight.”

The City’s Internal Audit Charter outlines the requirement of the Chief Audit Executive to “Submit for review and approval at least annually a risk based Strategic and Annual Internal Audit Plan”.

6. OBJECTIVES

The objectives of this Strategic Internal Audit Plan are to:

- a. identify priorities for internal audits based on risk assessment and the potential exposures that may affect the City to achieve its strategic, and operational objectives.
- b. identify the City’s potential audit areas and proposed audit coverage over three financial years from 1 July 2024 to 30 June 2029.
- c. set out at a high level the internal audit methodology and approach for the City.

7. PRINCIPLES OF INTERNAL AUDIT

Internal audit planning is as much an art as it is a science. Every organisation is different so there is no single approach, style of presentation or resource model that can be taken off the shelf and applied. However, some common principles are applied by the City that will provide a program of internal audit work that is valuable.

Principle	Description
Risk Focus	Focus attention upon the risk management process; its design, application, and reporting mechanisms - review and report upon the organisation risk maturity level. Build the audit plan around high priority risks, key areas of change and assurance needs of stakeholders.
Collaborative	Where possible work with, and rely upon other assurance providers, auditors, and third party reviewers.
Technical Resourcing	Work with external providers of assurance in a co-sourced arrangement to fill skills and knowledge gaps
Routine and Non-Routine	Consider the importance of routine processes/activities, but balance key business risks, and developments as non-routine processes and activities
Transparency	Make key choices, including what is not being done, transparent to key stakeholders to engage stakeholders in questions of Risk Appetite and the need for assurance.
Communication	Maintain prompt communication with all stakeholders, internally and externally where required.
Limited Budget Resources	Acknowledging audit resources are limited. This limiting factor is inherent in the concept of utilising risk assessment to help prioritise audits.
Flexible and Dynamic	The plan is viewed as a flexible and dynamic tool that can be amended throughout the year to reflect changing risks and priorities. Headroom to be built in to allow additional internal audit topics, when required.
Legislated Priority	Gives consideration of those internal audits or reviews which may be mandated by legislation, or provides assurance of compliance with legislation.
Priority Rating Reliance on System	The risk assessment criteria used in the rating of the audit topics places an emphasis on perceived or actual knowledge of systems of internal control.

Table 1: Principles of Internal Audit

Using these principles will ensure conformance to the Standards and provide the basis of an internal audit service that has impact, and therefore value to the organisation

8. RESOURCING THE STRATEGIC INTERNAL AUDIT PLAN

Moore Australia has been appointed as the primary Internal Audit Service Providers in September 2024 for a period of three (3) years commencing on 1 July 2024 to 30 June 2027, with an option to extend for 2 years at the discretion of the City.

The qualifications, skills and expertise of Moore Australia have been set out in their proposal dated 9 March 2023. This demonstrates they have the qualifications, skills, and experience in the WA public sector to provide a value based internal audit service.

The City will use their discretion to appoint a specialist firm to perform any internal audits which may require specialist qualifications, skills or experience, and proportionate to risks.

DEVELOPMENT OF THE STRATEGIC INTERNAL AUDIT PLAN

9. INTERNAL AUDIT TOPICS

There are generally eight (8) types of internal audits which can be performed:

1. **Information Technology** involve general and application controls of information systems.
2. **Systems Implementation** involves the gate way or post implementation review of a system.
3. **Process** involves the audit of the end-to-end process.
4. **Product or Program** involves the efficient and effectiveness of product or program.
5. **Governance** involves the review of governance structure, oversight, role, responsibility or process.
6. **Compliance** involves the review of compliance with legislation, regulation, policy or procedure.
7. **Better Practice** involves reviews against better practice principles, for example OAG
8. **Project** involves the gateway or post implementation review of a project implementation.



Figure 4: Types of Internal Audits

Scope of Audits

The scope of the audits is expected to vary in the financial years, however generally due to budget constraints the City will be able to accommodate one small and one medium audit, or one large audit in each financial year.

- **Small** - Focusing on the review of the framework, policies and procedures, and high-level assessment of implementation.
- **Medium** - Focusing on the review of the framework, policies and procedures, and detailed look at the implementation and operating effectiveness.
- **High** – Focusing on the review of the framework, policies and procedures, and detailed look at the implementation and operating effectiveness, plus use of data analytics, or benchmarking, or maturity model. This will depend on what is relevant for the specific audit engagement.

10. APPROACH FOR DEVELOPMENT OF THE STRATEGIC INTERNAL AUDIT PLAN

The Strategic Internal Audit Plan should be planned and organised and yet be agile and flexible to include audit topics as they emerge, and remove audit topics which are no longer required. It needs to be reactive and proactive to the political, economic, social, technological, legal and environmental elements.

The general approach in developing the Strategic Internal Audit Plans is consultative and is set out below:

- a. **Discussion** – Direct discussion with the Internal Audit Service Provider, with the Chief Audit Executive, and Chair of the Audit and Risk Committee (“**ARC**”), select Senior Management responsible for the financial audit.
- b. **Risk Based Internal Audit**– Review of the City’s Risk Management Framework, Risk Appetite and Risk Registers, and level of risk with a balanced approach across auditable areas, where available. The risk-based approach will be discussed in **Section 12**.
- c. **Risk Assurance Map** – Liaison with the Chief Audit Executive and City Management to perform a risk-based assessment using a Risk Assurance Map. A Risk Assurance Map maps assurance activity (such as internal audit, third party reviews and Office of the Auditor General activity) to the City’s Strategic Risks. Once the Risk Assurance Map is completed, any gaps can be considered in the Strategic Internal Audit Plan and duplication can be identified and corrected. This will enable Management to deploy internal audit resources more effectively. The Risk Assurance Map can be found in **Section 14**.
- d. **Office of the Auditor General** - Consideration of the previous, and current work of the Office of the Auditor General as your legislated external auditor to reduce duplication of effort and to ensure maximum reliance by the Auditor General. The consideration of the previous OAG audits can be found in **Section 14**.
- e. **WA Legislation** - Understanding the current, and proposed changes to WA Public Sector legislation
- f. **Better Practice Principles** - Understanding of relevant and appropriate Better Practice Principles and using these to increase the value of the internal audit.

11. AUDIT TOPIC SELECTION

Individual factors will determine audit topic selection and priorities including the following:

- a. **Risk Profile and Risk Appetite** – Based on and understanding of any indicators, or if there are known or suspected problems. Areas within the City’s management that have changed suddenly or significantly, and areas that have inherent risks that might not be well managed, or any unforeseen problems will result in adverse consequences.
- b. **Materiality** – The impact of the topic on having potentially significant financial, economic, social or environmental implications.
- c. **Impact on the community**, or in the efficiency, effectiveness or accountability and/ or would an audit address concerns within Parliament.
- d. **Structure and geographical spread** which may need a governance review to ensure policies and procedures are being implemented, and operating effectively.
- e. **Internal auditor’s experience** of the City, and the sector more generally to identify other areas of risk which may warrant attention.
- f. **Prevailing legislation and regulatory regime**, for example, a number of audits might be scheduled specifically to address legal or regulatory requirements some of which may have been requested by the regulator or OAG.
- g. **Stakeholder requirements** may determine the nature, timing and extent of internal audit topics.
- h. **Provide assurance** to the City Audit and Risk Committee, and OAG regarding operation of financial and management information systems.
- i. **Work of other assurance activities** for example the first, second and fourth lines of defence.
- j. **Ad hoc areas** that do not feature as a high or medium risk but where the organisation would benefit from an internal audit review.

12. RISK BASED INTERNAL AUDIT

The objective of utilising a risk-based Strategic Internal Audit Plan is to identify and prioritise various operational and other issues posing the greatest potential risk, liability and/ or opportunity. The risk assessment process provides a tool for assigning available audit personnel to perform audits for the purpose of reducing risk and liability exposure within Risk Appetite. Risk assessment is a process used to score potential audits based upon specific risk factors related to an entity's operations, internal controls, and estimated liability.

The development of an Annual "risk-based" Audit Plan is a dynamic process. Where practicable, throughout the year, the internal audit function obtains current information about the City and contractors for use in the risk assessment process. Additionally, input from the ARC, management and staff throughout the year is used to identify key risks related to various operational areas. The risk factors and scoring process are annually reviewed and refined as needed. The following risk factors are used to determine the audits included in the Strategic and Annual Internal Audit Plan:

- Perception of risk from the Council, Audit and Risk Committee, Management, Administration, Contractors, Consultants, Office of the Auditor General, Audit Staff and other Key Staff;
- Changes in the City, Management, key personnel, and information systems;
- Time since last audit.
- **PESTLE Model** used as a risk assessment model. A review using the **PESTLE Model** can also complement the risk assessment process for the development of the Strategic Internal Audit Plan. This includes:
 - **Political** environment includes such areas as machinery of government, government policy, political stability,
 - **Economic** environment such as economic growth, exchange rates, interest rates, inflation, unemployment rates, foreign direct investment
 - **Social** environment includes population growth, age distribution, career, safety, health consciousness, health attitudes, cultural barriers and seasonal buying
 - **Technology** includes technological changes, incentives, innovation, automation, research and development, technology awareness and security risks; and
 - **Environmental** factors such as control, regulatory, and public perception. discrimination, employment laws, consumer protection, copy right and patent, health and safety.

The City's Council Plan 2024-2034 (at pages 5-7) sets out various key facts, which can be considered via the PESTLE model.

13. KEY RISKS

In developing the Strategic Internal Audit Plan, the City will consider key risks currently being faced. Some of the key business risks which were raised in the development of this Strategic Internal Audit Plan are listed in **Table 2** (not exhaustive list):

Governance	<p>Working in the Public Interest and Value for Money – Being in the public sector these principles and risks is key, and underpins all strategic, tactical and operational activities. We need to make sure that this is aligned to all plans, policies, and procedures.</p> <p>Audit Readiness” for the Office of the Auditor General – The legislated external auditor is the Auditor General and therefore need to ensure that the City is ready for their financial audit, performance audit, information systems audit, and compliance audit.</p> <p>Fraud and Corruption– A potentially high-risk area especially because of the no risk appetite for fraud and high reputational and credibility risk this would bring to the City.</p> <p>Business Continuity – A reliance on workforce to achieve City objectives in an environment when cyber risks can impact business operations, ageing workforce, uncertain times such as the Covid-19 pandemic, and short labour market.</p> <p>Financial Management – Consider non-compliance with legislation, mismanagement of public sector funds, unsustainable financial operations, and meeting expectations from the community.</p> <p>Conflict of Interest (including Gifts, Benefits and Hospitality) – Ensuring that conflicts of interests including gifts, benefits and hospitality are adequately identified, safeguarded, and managed within Risk Appetite.</p> <p>Compliance– Potential non-compliance with legislation, delegations, policies, and procedures.</p> <p>Information Management and Security Handling sensitive data poses risks related to privacy breaches and compliance.</p>
People	<p>Knowledge Retention– In a short labour market where there are constant changes this can present risks in the internal control framework as new staff may not receive adequate training and support for key roles and responsibilities, and knowledge may not be retained in the City.</p> <p>Work, Health, and Safety – Consider non-compliance with new legislation, reputational damage as a result of serious injury/death.</p>
Process	<p>Program, and Project delivery – The inability to deliver approved and budgeted programs, and projects of high standard, on time, and budget.</p> <p>Discretionary Grant & Sponsorship Management – Potential misuse, misappropriation, or lack of conflicts of interest management.</p> <p>Procurement and Contract Management –Potential lack of segregation of duties, lack of conflict of interest management, Management override, and lack of key controls, may result in high risk of non-compliance, fraud, corruption and misconduct.</p>
Systems	<p>Service Delivery Challenges: Issues in delivering essential services like public safety, waste management, can erode public trust.</p> <p>Infrastructure Failure: Aging infrastructure can lead to costly repairs and service interruptions.</p> <p>Cyber Security, Data Breaches, and Privacy of Information – An increase in reported cyber-attacks, data breaches and breaches of privacy of personal and corporate information in the community increases this risk for the City.</p>

Table 2: Key Risks

14. RISK ASSURANCE MAP

The Institute of Internal Auditors defines an Assurance Map as “... a high-level document that identifies the holistic risk coverage across the organisation by a range of assurance providers. It helps to identify gaps and duplication of assurance coverage.” A Risk Assurance Map of the City has been performed and is in **Table 7**

There are three elements in preparing a Risk Assurance Map. These include:

- a. Strategic Risk Rating (Section 14a))
- b. Control Effectiveness Rating (Section 14b)
- c. Assurance Effectiveness Rating (Section 14c)

a. Strategic Risk Rating

Strategic Risk Ratings have been extracted from the City Risk Management Framework. Definitions have been developed for the purpose of this document only. These are set out in **Table 3**.

Strategic Risk Rating	Definition
Low	Unlikely to happen and./or have nominal/ low consequences
Medium	Possible this could happen and/or have moderate consequences
High	Risk more than possible and less than likely to happen and/ or have significant consequences
Extreme	Risk likely to happen and/or to have serious consequences.

Table 3.: Strategic Risk Rating Definitions

b. Control Effectiveness Rating

There is a need to understand the effectiveness of internal control framework in operation as the first line of defence. Control and effectiveness ratings and definitions are set out in **Table 4**.

Control Effectiveness Rating	Definition
Excellent	Controls are excellent, appropriate and fully effective. There is regular monitoring.
Adequate	Controls are adequate, generally appropriate and effective providing reasonable assurance of risks being managed.
Inadequate	Controls are less than adequate, less than appropriate or less than effective and fails to provide reasonable assurance that risks are being managed.
Nil	Controls are inadequate, not appropriate, or ineffective to provide reasonable assurance that risks are being managed.

Table 4: Control Effectiveness Rating

c. Assurance Effectiveness Rating

For each strategic risk requiring assurance, the total amount of assurance from the third and fourth lines of defence need to be assessed, collating all the assurance being provided by each of the four lines of defence, and considering its quality. The following should be considered:

- a) **Number of assurance activities** – more may indicate more assurance.
- b) **Depth and breadth of the activities** – the deeper, wider scope may indicate more assurance.
- c) **Internally or externally provided assurance** – involving both internal and external assurance providers is likely to provide the component with a broader assessment of the risks and controls, leading to more variety in the challenge provided.
- d) **Line of defence providing the assurance** – a mix of activities across the four lines of defence is likely to give a richer balance of assurance.
- e) **Frequency of the assurance activity** – more frequently, may indicate more assurance.

The third and fourth lines of defence have been rated according to Assurance Ratings using the definitions outlined in **Table 5**.

Assurance Effectiveness Rating	Definition
High (Embedded Assurance)	For the particular risk, combined assurance activities across the lines are considered to be mature , embedded in the process and working effectively .
Medium (Partially Embedded Assurance)	For the particular risk, combined assurance activities across the lines are considered to be partially embedded coverage in the process, generally working effectively and with incremental opportunity to further mature the assurance coverage.
Low (Some Assurance)	For the particular risk, combined assurance activities across the lines are considered to have some assurance coverage but with significant opportunity for improvement .
N/A	Source of assurance is not applicable for this risk.
None	No assurance identified by Management

Table 5: Assurance Effectiveness

Deciding on the Assurance Effectiveness Rating from the Risk Ratings in the Final Report

The assurance received from the third and fourth lines of defence should be assessed by Management to identify if it provided assurance to Management over the risks and activities or rather identified “red flags” which may best be re-audited again in the immediate to short term. **Table 6** has been used to guide the assurance effectiveness rating. This is subjective and requires professional judgement, which may vary between individuals

Final Report Risk Rating	None	Low Assurance	Medium Assurance	High Assurance
High	Greater than 5	Between 3 and 5	Between 1 and 3	None
Medium	Greater than 7	Between 5 and 7	Between 3 and 5	Less than 3
Low	Greater than 10	Between 8 and 10	Between 5 and 8	Less than 5

Table 6: Assurance and Risk Rating Effectiveness

The Risk Assurance Map has been prepared and set out in **Table 7** using the definitions set out in **Sections 14**.

No.	Strategic Risk	Risk Category	Risk Appetite	Risk Rating	Control Effectiveness	First Line of Defence	Second Line of Defence	Third Line of Defence	Fourth Line of Defence	Consolidated Assurance Effectiveness	Residual Risk Rating After Control Effectiveness & Assurance Activities	Proposed Internal Audits FY2025-28
1	Natural disaster	Environment	NOT AVAILABLE	MEDIUM	Adequate	Medium Assurance Local Emergency Management Arrangements	None	None	Finding of Volunteer Fire Brigade OAG Report (FY 2023) Low Assurance	Low Assurance	MEDIUM	Business Continuity Plan (FY 2029)
2	Climate change and sea level rise			MEDIUM	Adequate	Low Assurance Coastal Hazard Risk Management Adaptation Plan	None	None	None	Low Assurance	MEDIUM	Business Continuity Plan (FY 2029)
3	Rate setting and /or recovery failure	Financial	NOT AVAILABLE	MEDIUM	Adequate	Medium Assurance Long Term Financial Plan	None	None	None	Low Assurance	MEDIUM	Reliant upon the OAG audit to identify irregularities
4	Revenue shortfall due to limited external funding			MEDIUM	Adequate	None	None	None	None	None	MEDIUM	Reliant upon the OAG audit to identify irregularities
5	Natural disaster affecting delivery of City services	Operational	NOT AVAILABLE	MEDIUM	Adequate	Low Assurance Business Continuity Plan	None	None	None	Low Assurance	MEDIUM	Business Continuity Plan (FY 2029)
6	COVID-19 and other contagions threatening			MEDIUM	Adequate	Low Assurance Business Continuity	None	None	None	Low Assurance	MEDIUM	Business Continuity Plan (FY 2029)

No.	Strategic Risk	Risk Category	Risk Appetite	Risk Rating	Control Effectiveness	First Line of Defence	Second Line of Defence	Third Line of Defence	Fourth Line of Defence	Consolidated Assurance Effectiveness	Residual Risk Rating After Control Effectiveness & Assurance Activities	Proposed Internal Audits FY2025-28
	major disruption to business as usual activity					Plan						
7	Financial deception and fraud			LOW	Adequate	High Assurance	None	OAG Annual Audit	Financial Management Systems Review (2024) Supplier Masterfile Changes OAG Report (2019) Low Assurance	Medium Assurance	LOW	Reliant upon the OAG audit to identify irregularities
8	Non delivery of Workforce Plan objectives (leading to turnover or inability to maintain required skills)			MEDIUM	Adequate	Low Assurance Workforce Plan	None	None	None	None	MEDIUM	Workforce Management (FY 2028)
9	Major failure of information technology Systems			MEDIUM	Adequate	Low Assurance Disaster Recovery Plan	None	None	None	Low Assurance	MEDIUM	Information Management (FY 2027)
10	Statutory and legislative compliance			LOW	Adequate	Medium Assurance	Compliance Audit Return (2023)	None	Regulation 17 Compliance Review (2023) OAG Financial Audit (Annual)	Low Assurance	LOW	Reliant upon the OAG audit, FMR and Audit Regulation 17 to

No.	Strategic Risk	Risk Category	Risk Appetite	Risk Rating	Control Effectiveness	First Line of Defence	Second Line of Defence	Third Line of Defence	Fourth Line of Defence	Consolidated Assurance Effectiveness	Residual Risk Rating After Control Effectiveness & Assurance Activities	Proposed Internal Audits FY2025-28	
									Low Assurance			Identify irregularities	
11	Community expectations not aligned to resourcing capacity	Reputational	NOT AVAILABLE	MEDIUM	Adequate	Low Assurance Long Term Financial Plan	None	None	None	Low Assurance	MEDIUM	Workforce Management (FY 2028)	
12	Inconsistent and incorrect information within community			MEDIUM	Adequate	None	None	None	None	None	None	MEDIUM	Community Engagement (FY 2026)
13	Council related interests			MEDIUM	Adequate	Medium Assurance	None	None	None	None	Low Assurance	MEDIUM	Conflicts of Interests (FY 2027)
14	Cyber Security			MEDIUM	Adequate	Medium Assurance	None	None	OAG Information Security Audit Low Assurance	Low Assurance	MEDIUM	Information Management (FY 2027)	

Table 7: Risk Assurance Map

Please Note in relation to Table 7:

Identification of Assurance Activities

The development of the Strategic Internal Audit Plan is from the review of:

- 1. Controls Effectiveness for Line 1 and 2.**
- 2. Previous internal audit engagements**
- 3. Previous third-party reviews**

4. Previous OAG tabled reports.

1. Assurance Effectiveness for Lines 1 and 2.

Management has undertaken a brief initial review of the internal controls for Lines 1 and 2. As a result many have been labelled as “None” at this time. Management will need some time to identify the controls and effectiveness of these controls, and the Risk Assurance Map will be updated after this time. It is not expected to change the outcome of the determination of the internal audit topics for FY 2025.

2. Previous Internal Audit Engagements

Set out in **Table 8** is a summary of the actual internal audit engagements over the financial years ended 30 June 2019 to 30 June 2024.

No.	Audit Topic	Comments	Auditor	Prior to 2019	2019	2020	2021	2022	2023	Final Report Risk Ratings	Key Strategic Risk	Assurance Effectiveness Rating
1	None as first year of internal audit function.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	

Table 8: Previous Internal Audit Engagements

Set out in **Table 9** is a summary of the assurance received from the internal audit engagements for each of the strategic risks respectively.

Judgement has been applied to determine the average assurance received from multiple reports

No.	Strategic Risk	High	Medium	Low	Average Assurance Rating
1	None as first year of internal audit function.	NA	NA	NA	NA

Table 9: Assurance from Previous Internal Audit Engagements

3. Third-Party Reviews

Third parties have performed some reviews of various elements of the City and these have been set out below. It is important to understand these so that our internal audit resources are directed to the relevant and appropriate areas, and there is no unintended duplication. Refer to **Table 10** for Summary of Third-Party Reviews

No.	Audit Topic	Status	Third Party	Prior to 2019	2020	2021	2022	2023	2024	Final Report Risk Ratings	Key Strategic Risk	Assurance Effectiveness Rating
1	Audit Regulation 17	Complete	AMD Chartered Accountants					X		Extreme-0 High-1 Medium-7	Financial	Low Assurance

										Low-4			
2	Financial Management Systems Reviews	Complete	AMD Chartered Accountants							X	Extreme-0 High-0 Medium-6 Low-6	Financial	Low Assurance

Table 10: Summary of Previous Third-Party Reviews

4. Office of the Auditor General

The Office of the Auditor General is the legislated external auditor for the City of Busselton. It is important to understand the outcome of these so internal audit resources are directed to relevant & appropriate areas, and no unintended duplication. Refer to **Table 11** for Summary of Previous OAG Performance Audit Reports and **Table 12** for Financial Audit Reports.

No.	Audit Topic	Prior to 2020	2020	2021	2022	2023	2024	Final Report Risk Ratings	Key Strategic Risk	Assurance Effectiveness Rating
1	Funding of Volunteer Emergency and Fire Services				22 Dec 2022			NR	Environment Operational	Low
2	Management of Supplier Master Files	7 March 2019						NR	Financial	Low

Table 11: Summary of Previous OAG Performance Audit Reports

No.	Audit Topic	Prior to 2020	2020	2021	2022	2023	2024	Qualified or Unqualified	Key Strategic Risk	Assurance Effectiveness Rating
1	30 June 2024						X	Not published as at 11 November 2024	Financial	TBA
2	30 June 2023					X		Unqualified	Financial	High
3	30 June 2022				X			Unqualified	Financial	High
4	30 June 2021			X				Unqualified	Financial	High

Table 12: Summary of Previous OAG Financial Audit Reports inclusive of Information Systems Audits

15. ANNUAL INTERNAL AUDIT PLAN

We acknowledge that the world changes at a rapid pace and the Annual Internal Audit Plan will need to be determined each year, prior to the commencement of the financial year. We will, with the valuable input from Management, Audit and Risk Committee, Council and the internal audit service provider, develop the Annual Internal Audit Plan from the Strategic Internal Audit Plan. A detailed Annual Internal Audit Plan will be prepared by the Chief Audit Executive and presented to the Director Corporate Strategy and Performance, Audit and Risk Committee, CEO at the commencement of each financial year for review, comment and approval.

It is crucial that the Annual Internal Audit Plan should be challenged and reviewed before it is approved. A scope change or cancellation of an internal audit at a later stage could cause unnecessary delay and impact on the reputation of internal audit. The items under challenge and review should include but not limited to the area or topic of the audit, scope of the audit, and timeline and logistic of the audit. Understanding of the business areas including its strategy and objectives and key stakeholders as well as their business cycle should help to determine the content of the audit plan. Involvement in the challenge and review should be sought from the following audience, thereby adding further value:

- **Internally within the internal audit activity** – any initial challenges around coverage, resourcing or even errors contained within the plan.
- **Business stakeholders** – to identify any further risks/areas of concern, the timing of the audit to reduce the likelihood of delays and avoid any peak times to minimise the impact to the business unit; and
- **Senior Executives and Audit and Risk Committee members** – to ensure that key current and emerging risks have been identified.

The development of the Annual Internal Audit Plan will include consideration of factors in **Table 13**.

Area	Considerations
Cost	Costs- To ensure that the indicative hours, and costs for the internal audits is considered to ensure it is within approved budget.
Quality	<p>Objective and Scope of the audit –Ensuring it is clear what the audit will cover and the objective(s). Discussing it with Management to ensure all risks and other relevant issues have been identified.</p> <p>Resource for the audit – Ensuring the internal audit resources have the necessary skills to undertake the work. Where appropriate specialist auditors to be appointed for specific audit topics such as IT audits.</p> <p>Techniques and data required to be received during the Annual Audit Plan so that we can perform the data capture in a seamless way</p> <p>Value-add of the audit – Ensuring the internal audit provide insight, efficiencies, non-compliances as well as assurance, where relevant.</p> <p>Follow-up – Ensuring specific resources been included within the plan to provide assurance to Management and the oversight Committees that agreed audit recommendations have been actioned effectively and on a timely basis.</p>
Timing	<p>Timing of the audit – Ensuring the audit is planned to avoid the peak cycle of the area being audited, holiday arrangements for internal and external stakeholders as well as public holidays, training courses, and sick leave.</p> <p>Complementary Audits – Projects can be performed simultaneously to enable efficiencies but not create undue pressure on resources</p> <p>Contingency – Ensuring there is flexibility in the plan (“headroom”), in order to accommodate any unforeseen internal audit needs and addressing emerging risks and opportunities.</p> <p>Planning, reporting, and liaison – During the audit period , regular contact with Management, and attendance at Audit and Risk Committee meetings to sufficiently plan and report the internal audit function. If required, allow for time to liaise with External Audit, or other service providers.</p>
Liaison with OAG	To enable maximum reliance on the nature, scope, and timing of the internal audit, Annual Internal Audit Plan, potentially reduce the costs of the financial audit. And to reduce the likelihood of findings at performance audits

Table 13: Considerations for the Annual Audit Plan

16. PROPOSED STRATEGIC INTERNAL AUDIT PLAN FOR FY 2025-2029

Set out in **Table 14** are the details for the internal audit projects proposed for the financial years ending 30 June 2025 to 30 June 2029. These can be refined each year when this document is reviewed and refreshed. The scope and exact timing of the audits will be determined at the planning stage of the internal audit engagements.

Ref	Audit Topic	Strategic Risk	Scope of audit	Last Performed	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
1	Policy Framework	None	Small	None					
2	Complaints Management	None	Small	None					
3	Community Engagement	12	Small	None					
4	Timeliness of Development Applications	None	Medium	None					
5	Conflicts of Interest	13	Medium	None					
6	Information Management	9, 12, 14	Medium	None					
7	Workforce Management (*)	8, 11	Large	None					
8	Business Continuity, Emergency Management, Incident Management and Disaster Recovery (*)	1, 2, 5, 6	Large	None					

Table 14: Proposed Strategic Internal Audit Plan FY 2025-2029

It is acknowledged that although the proposed audits do not reflect a strategic risk which is currently reflected in the Strategic Internal Audit Plan, Management the Audit and Risk Committee and the Council acknowledge that there is work to be done in the risk identification, controls and management of risks. They believe the current proposed topics adequately reflect the current and emerging risks of the City.

*It is proposed to perform only one in engagement in FY 2028 and FY 2029, as the proposed audits are quite large, and to align with proposed budget.

The proposed audit topics have been further detailed in Appendix 2 where the proposed timing has been identified.

17. ANNUAL INTERNAL AUDIT PLAN FY 2025

A summary of the Annual Internal Audit Plan for the City for the financial year ended 30 June 2025 is set out in Table 15.

Ref	Audit Topic	Proposed Tabling in 2024/2025	Key Contact
1	Policy Framework	January/February 2025	Director Strategy and Performance
2	Complaints Management	April/May 2025	Director Strategy and Performance

Table 15: Annual Internal Audit Plan FY2025

The objective, scope and exact timing of the audits will be determined at the planning stage of the internal audit engagements. The detailed Annual Internal Audit Plan is set out in Appendix 1.

18. OTHER AUDITS FOR CONSIDERATION

The following internal audits are listed for future consideration within the Strategic Internal Audit Plan. They have not been included in the above financial years based on the criteria used in this Strategic Internal Audit Plan.

Should the related risks or circumstances change, these internal audits will be considered for inclusion in the Strategic Internal Audit Plan at the relevant time. Set out below in Table 16 is a summary of these internal audit topics which were considered but not included in the Strategic Internal Audit Plan.

Ref	Internal Audit Projects for Future Considerations	City Comments
1	Budget Forecasting	Suggested by one Councillor.
2	Asset Management	Suggested by one Councillor.
3	Major Projects	Suggested by one Councillor.
4	Long Term Financial Planning	Suggested by one Councillor.
5	Governance and Compliance	Suggested by one Councillor.
6	The process of assessing and monitoring and also dealing with third parties involving extractive industries development applications.	Suggested by one Councillor.
7	Staff Grievances	Suggested by one Councillor.

Table 16: Other Audits for Consideration

19. APPROVAL OF THE STRATEGIC AND ANNUAL INTERNAL AUDIT PLAN

The Strategic Internal Audit Plan will be provided to the:

- Chief Audit Executive for endorsement.
- Director Corporate Strategy and Performance for endorsement.
- Chief Executive Officer (“CEO”) for endorsement
- Audit and Risk Committee for endorsement.
- Council for approval.

While there is an intention to cover the risks identified by the CEO, should higher priority audits emerge, or if the risks noted are sufficiently mitigated through alternative means, then the Strategic Internal Audit Plan will be amended to minimise the change.

Any alterations to the Strategic Internal Audit Plan will be submitted to the Audit and Risk Committee for endorsement and Audit and Risk Committee for approval.

20. COMMUNICATION

The approved Strategic and Annual Internal Audit Plan should be communicated promptly to Director –

Corporate Strategy and Performance, Senior Management, other relevant Stakeholders and the Office of the Auditor General Key Contact on the Financial Audit.

Contact details of the Chief Audit Executive should also be provided should any changes foreseen by the stakeholders need to be communicated.

21. INSIGHTFUL AUDIT AND RISK COMMITTEE REPORTING

The internal audit reports must bring insight and experience to every single engagement.

Reports

Reports will include a performance rating system and risk rating scale from the City of Busselton.

The emerging findings are discussed with interviewees and Management for their confirmation of factual accuracy before they are released into the Draft Audit Report for formal distribution and socialisation within the City. This also ensures there are “No Surprises” within the reports.

Final Audit Reports with findings and recommendations are issued with Management comments, agreed actions, and target completion dates. This will be an easy format to for monitoring and reporting by the Audit and Risk Committee.

Agenda Paper

For each Audit and Risk Committee meeting, an Agenda Paper will be prepared by the Internal Audit Service Provider outlining such things as:

- Status Update on the Strategic Internal Audit Plan including any deletions, additions and changes in proposed timing
- Status Update on Annual Internal Audit Plan including any deletions, additions and changes in proposed timing
- Tabling of Internal Audit Reports
- Links to published thought leadership, Institute of Internal Auditors in Australia publications, Auditor General reports, better practice principles that are believed to be relevant or of interest to the City of Busselton.
- Insight into the data from the internal audit engagements such as High, Moderate, Low findings
- Monitoring and reporting of the status of the implementation of the Audit Log.

Attendance at Audit and Risk Committee Meetings

The Engagement Partner from the internal audit provider (FY 2025: Moore Australia) will attend the Audit and Risk Committee Meetings, (if required) as an observer. The internal audit provider will seek and incorporate feedback from the Audit and Risk Committee on the style and format of its reports.

Monitoring and Validation of the Audit Log

The internal audit service providers may perform an Audit Log Validation and Monitoring service. The true “value” of the internal audit is realised when the recommendations are implemented on a timely basis and assurance is provided to the Executive, Audit and Risk Committee and Council. The City’s Monitoring and Validation of the Audit Log Approach is set out in **Figure 6**.

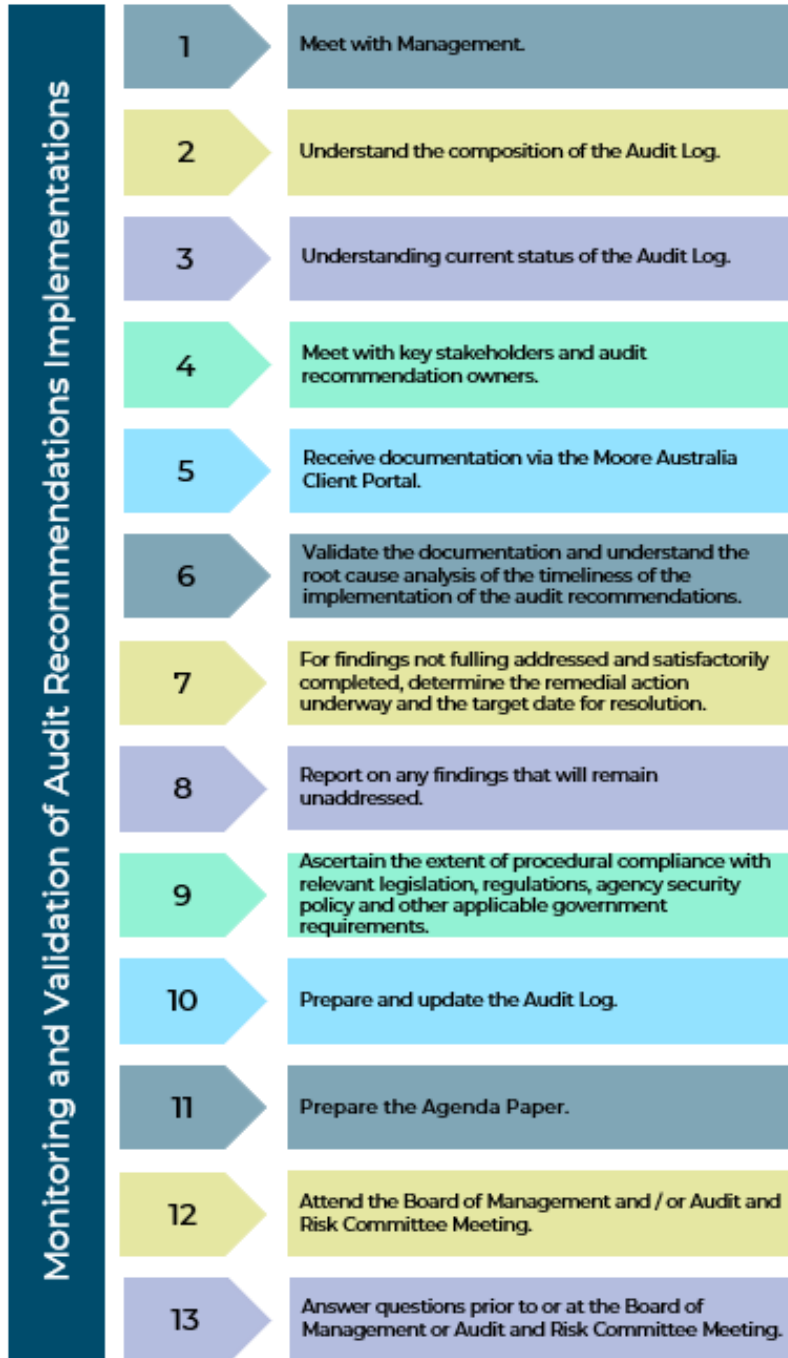


Figure 6: Monitoring and Validation of the Audit Recommendations

INTERNAL AUDIT METHODOLOGY AND APPROACH

22. INTERNAL AUDIT METHODOLOGY

The primary internal audit service provider is Moore Australia. Moore Australia Internal Audit methodology complies with the International Professional Practices Framework (“IPPF”) issued by the Institute of Internal Auditors in Australia. **Figure 7** below outlines the high-level processes of the Moore Australia Internal Audit methodology. Their methodology also complies with IPPF.

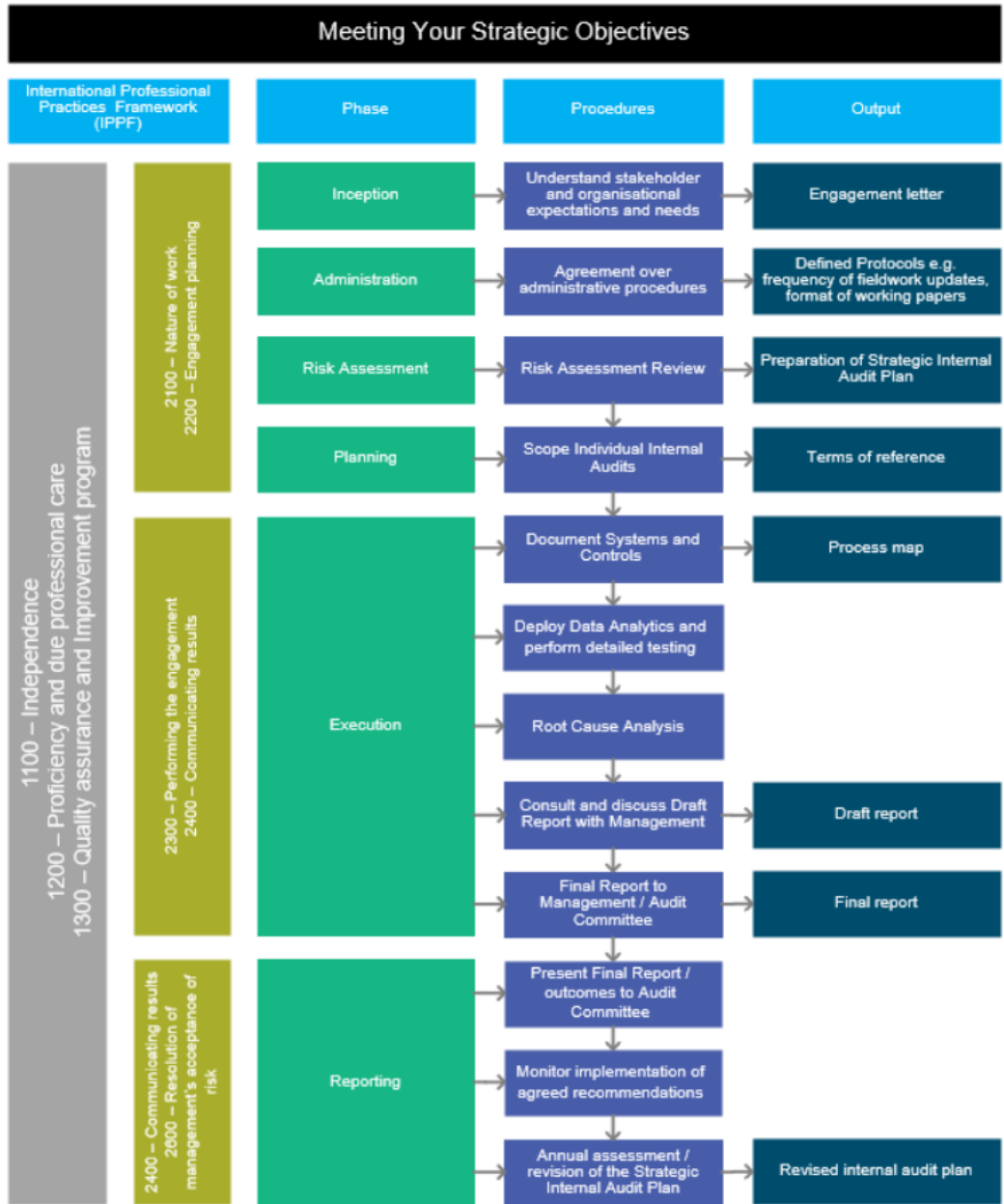


Figure 7: Moore Australia WA Internal Audit Methodology

23. INTERNAL AUDIT TECHNIQUES

Maturity Models

Our approach also includes identifying and benchmarking the maturity of the City within the internal audit engagement, where relevant and appropriate. This enables Management to see how their maturity is going over time which we believe is very valuable and insightful. This is a technique used by the Auditor General for Western Australia and it will assist the City to be “audit ready” for a financial and performance audit. Refer to **Figure 8** for an example of a Maturity Model.



Figure 8: Example of Maturity Model

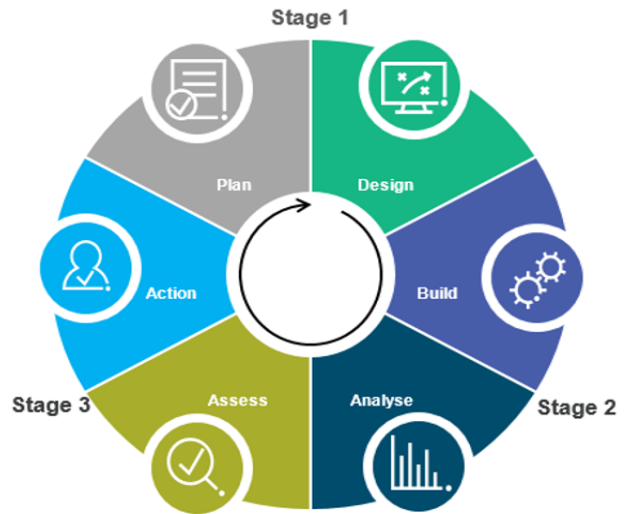


Figure 9: Data Analytics Process

Data Analytics

It is proposed to use data analytics in all internal audits where relevant and appropriate as an efficient and effective method to test the design, description, implementation, and effectiveness of the delegation of authority and internal control framework. Data analytics will be used to complement traditional sampling in our internal audit engagements.

Data Analytics Approach

Stage 1: Plan and Design - This involves understanding key systems and network architecture, identifying all data sources relevant to analysis; identifying key metrics for analysis; developing high level functional specifications for tests and identifying key “data domains” against which supervised and unsupervised data analysis is to be conducted.

Stage 2: Build and Analyse - Raw data is then transformed to create an optimised testing and modelling dataset. This requires data cleansing to mitigate the risks of incorporating erroneous data into the analysis, as well as increasing the efficiency of processing. This is critical as we analyse 100% of the data provided to us – preferring a thorough, accurate data capture over sampling – a preference which can often results in extremely large data loads (sometimes terabytes of data). We apply the appropriate

approach to performing data analysis, bringing both ‘expertise to data’, and ‘data to expertise’ as required.

Stage 3: Assess and Action - We then apply rigorous analysis and validation of results incorporating feedback from our client stakeholders. Results are cross-referenced against known issues as part of our quality assurance process. We then leverage advanced analytic techniques to further explain observed phenomenon in the data. The process is iterated until the client is comfortable that the results are actionable.

Moore Australia uses Benford’s Law to identify fraud and corruption risks. We also use data analytics to identify potential risk.

Refer to **Figure 9** for summary of our Data Analytics approach.

Better Practice

The approach to every internal audit is to include an assessment of the audit topic against legislation and also better practice principles from WA and other jurisdictions where relevant and appropriate.

Sampling

Sampling will be used in the internal audits, and will be agreed in the planning stage of the internal audit engagement.

Benchmarking

Benchmarking is performed to assess the activities against clients in the same industry, outside industry and/ or leading entities. Activities are compared over time to see the trend. Analysis of benchmarking to provide insight and turn data, into information, into insight.

Letters

Letters can be sent directly from the internal audit service provider to obtain confirmation of facts within the internal audit engagement. Examples of letters may include letters to confirm gifts, benefits and hospitality by suppliers, grant/ sponsorship recipients.

Surveys

Surveys can be conducted to complement traditional sampling and data analytics within the internal audit engagement. Surveys direct from Management, staff, service providers can be insightful relevant and appropriate audit evidence.

24. MEASUREMENT OF INTERNAL AUDIT PERFORMANCE

To ensure that the Annual Internal Audit Plan produces the desired results, it is important to put in place a series of performance goals. Good practice in internal auditing suggests that it should have good key performance indicators in place to demonstrate its level of performance. These should be both qualitative and quantitative to enable Management and the Audit and Risk Committee to monitor the function’s performance. Set out in **Table 17** are examples of KPIs against which the performance of internal audit may be measured.

No.	Key Performance Indicator	Measure	Target	Frequency
1	Completion of internal audit plan			
1.1	Complete planned internal audit engagements as per the approved annual internal audit plan (subject to amendments endorsed by the Audit and Risk Committee).	% of planned internal audit engagements completed within calendar year to an acceptable quality level.	100%	Annual
1.2	Complete the approved annual internal audit plan within the approved and/ or revised internal audit budget	% variance from approved budget for the calendar year.	0%	Annual
2	Implementation of internal audit recommendations			
2.1	Internal audit recommendations accepted by management, whilst maintaining independence.	% of recommendations accepted by management (subject to internal audit independence being maintained).	90%	Annual
2.2	Monitor the implementation status of audit recommendations by management and report outcomes to the Audit and Risk Committee.	Updated status obtained from management and reported to the Audit and Risk sub-Committee.	Status reports delivered	Quarterly
3	Formal survey feedback			
3.1	Results of Management feedback following each internal audit engagement.	% of survey responses rated good or better (averaged) in relation to value-add, usefulness of recommendations, and overall performance.	90%	Annual

No.	Key Performance Indicator	Measure	Target	Frequency
3.2	Result of Audit and Risk and Risk and Audit feedback from members.	% of survey responses rated good or better (averaged).	90%	Annual
4	Quality			
4.1	Provision of quality internal audit reports based on feedback by the Audit and Risk Committee.	Positive independent report issued detailing result of the assessment	Consistent with good practice	3-Yearly
5	Timely			
5.1	Timely performance of internal audit engagements during the year based on agreed timeframes and timely receipt of information from Management.	Timely delivery of meaningful documents	Consistent with good practice	Annual

Table 17: Internal Audit Key Performance Indicators

25. APPROVAL

Council Approval	Date:	11 December 2024	Resolution #	TBA
Audit and Risk Committee Endorsement	Date:	20 November 2024	Resolution #	TBA

Table 18: Approval

APPENDIX 1 – ANNUAL INTERNAL AUDIT PLAN



Annual Internal Audit Plan FY 2025

Committee: Audit and Risk
Responsible Directorate: Corporate Strategy and Performance **Version:** DRAFT

Risks	Objective	Scope	Key Contact	Budgeted Fee
Policy Framework				
Lack of sufficient and appropriate Policy Framework	To assess the design and organisation of the City Policy Framework.	Review the name of the policies which comprise the City Policy Framework to identify key gaps, duplications, and opportunities to merge. This does not include the review of individual policies for improvement opportunities or testing of the policy development process.	Director Corporate Strategy and Performance	\$14,000
Complaints Management				
Lack of leadership and accountability Lack of policies and procedures Lack of proper access to complaints process. Lack of timely response to complaints. Root cause of complaints are not identified and rectified on a timely basis. Lack of oversight of complaints.	To assess the efficiency and effectiveness of the complaints management process.	Governance & Oversight - Clear leadership and accountability structure for complaints management. Policies & Procedures – Current policies and procedures for managing complaints. Accessibility - Multiple access channels for submitting complaints. Response Time - Complaints acknowledged and resolved within defined timeframes. Root Cause Analysis - Regular analysis of complaint trends to address systemic issues. Monitoring -Regular reporting of complaints trends to senior management.	Director Corporate Strategy and Performance	\$13,000

Table 19: Annual Internal Audit Plan

Please Note:

The Annual Internal Audit Plans for FY 2026, FY 2027, FY 2028, FY 2029, FY 2030 has not been included here

as this Strategic Internal Audit Plan will be reviewed annually, and the Annual Internal Audit Plan may be subject to change

APPENDIX 2- PROPOSED TIMING OF THE INTERNAL AUDITS FOR FY 2025-2029

Set out in **Table 20** are the details for the internal audit projects proposed for the financial years ending 30 June 2025 to 30 June 2029 inclusive. These can be refined each year when this document is reviewed and refreshed. The scope and exact timing of the audits will be determined at the planning stage of the internal audit engagements.

Ref	Audit Topic	Broad Scope or Narrow Scope	Last Performed	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	Proposed Timing	Audit and Risk Committee Tabling
1	Policy Framework	Small	None						January/February 2025	May 2025
2	Complaints Management	Small	None						April/May 2025	August 2025
3	Community Engagement	Small	None						July August 2025	November 2025
4	Timeliness of Development Applications	Medium	None						January/February 2026	May 2026
5	Conflicts of Interest	Medium	None						July August 2026	November 2026
6	Information Management	Medium	None						January/February 2027	May 2027
7	Workforce Management	Large	None						January/February 2028	May 2028
8	Business Continuity, Emergency Management, Incident Management and Disaster Recovery	Large	None						July/August 2028	November 2028

Table 20: Strategic Internal Audit Plan timing of the internal audits for FY 2025 to 2029.

6.3 Compliance and Audit: Action Implementation Status

Strategic Theme:	Key Theme 4: Leadership 4.2 Deliver governance systems that facilitate open, ethical and transparent decision making.
Directorate:	Corporate Strategy and Performance
Reporting Officer:	Governance and Risk Coordinator - Tegan Robertson
Authorised By:	Director Corporate Strategy and Performance - Sarah Pierson
Nature of Decision:	Noting: The item is simply for information purposes and noting.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	1. Audit Actions Register Nov 24 [6.3.1 - 3 pages]

OFFICER RECOMMENDATION

That the Council receives the quarterly report on the status of open compliance and audit actions.

EXECUTIVE SUMMARY

This report provides a quarterly update to the Council on the implementation status of recommendations and actions identified through compliance reviews, and internal and external audit activities.

STRATEGIC CONTEXT

Regular reporting to the Council on the status of compliance and audit actions ensures that items raised through internal and external audits are appropriately recorded, tracked and resolved, supporting the good governance of the organisation.

BACKGROUND

The City is required to undertake various compliance and audit activities to comply with the requirements of the *Local Government Act 1995* (Act). Additionally in 2024, the Council established the City's internal audit function with the appointment of Moore Australia for the provision of internal audit services.

OFFICER COMMENT

Moving forward, it is intended that any actions identified through compliance reviews, internal audits and external audits be captured on the Audit Actions Register (attachment 1) for monitoring and reporting. When audit findings are received by the Audit and Risk Committee, any recommendations will be assigned an action item, responsible officer and a timeline for completion. The action item will remain on the register until it is reported as closed to the Council via the Audit and Risk Committee. Findings, recommendations and actions determined to be confidential under s5.23 of the Act will continue to be reported separately (i.e. Information Systems audit items).

The recommendations and actions identified by the 2023 Regulation 17 Review and 2024 Financial Management Systems Review, undertaken for the City by AMD Chartered Accountants and previously tabled with the Audit and Risk Committee, have been captured in the Audit Actions Register at attachment 1.

The August – October 2024 period (Period) opened with 19 open items. Six items were completed, and no new actions were added during the Period. The status of audit actions at the conclusion of the Period is summarised in the tables below.

Table 1: Open audit actions

Open actions – period start	19
Actions added	0
Actions completed	6
Open actions – period close	13

Table 2: Status of actions by audit

Audit name	Findings	Previously closed	Completed this period	Open
2023 Regulation 17 Review	12	4	2	6
2024 Financial Management System Review	12	1	4	7

Statutory Environment

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires the local government to carry out a compliance audit for each calendar year, to be reviewed by the Audit Committee and adopted by the Council.

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to risk management, internal control and legislative compliance at least once every 3 financial years and report the results of that review to the Audit Committee

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* outlines the areas a CEO is to establish efficient systems and procedures over. Regulation 5(2)(c) requires that a review of the appropriateness and effectiveness of those systems be undertaken and reported to the local government at least once every 3 financial years.

Matters pertaining to the financial audit of a local government are detailed within:

- *Local Government Act 1995* - Section 7.9 and Section 7.12A.
- *Local Government (Financial Management) Regulations 1996*.
- *Local Government (Audit) Regulations 1996* – Regulation 16

Relevant Plans and Policies

Not Applicable

Financial Implications

There are no financial implications associated with the officer recommendation. Progression of all audit recommendations in full, however, is likely to have financial implications.

Any financial impacts of implementing changes to resources, systems or processes recommended in audit findings will be considered through business as usual budget preparation and amendment processes.

External Stakeholder Consultation

No external stakeholder consultation was required in relation to the officer recommendation.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

The Council may choose not to receive the quarterly Compliance and Audit Action Implementation Status report.

CONCLUSION

This report provides a quarterly update on the implementation status of recommendations and actions identified through compliance reviews, and internal and external audit activities for the Council's information.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable.

Audit action #	Audit Name	Auditor	Risk Rating	Theme	Audit Recommendation	Status	Original Target Date	Current Target Date	Completed date	November 2024: Status
R17.2023.2.2.1	Reg 17 (2023)	AMD	High	Risk Management Framework and Risk Reporting	<p>We recommend the Risk Management Framework:</p> <ul style="list-style-type: none"> • Be reviewed and updated on a period basis. A comprehensive risk identification process may be required to be completed across all departments; • Clear reporting requirements be documented within the Risk Framework and these reporting requirements be complied with. Ideally this would involve risk reports being presented to the Audit and risk Committee on a quarterly basis to report emerging risks and ensure management/Council are notified of how risks are being managed; • WHS risk management be matured through the implementation of an online centralised system; • Corporate risk be managed by a dedicated risk officer; and • The re-established Risk Management Committee undertake the annual evaluation as required by the Terms of Reference. 	In progress	31-Dec-23	30-Jun-25		<p>Note: the initial management comment did not commit to implementing the audit recommendation in full, given current resourcing (personnel, systems and budget).</p> <p>Corporate risk management: In March 2024, the Council confirmed its support for a planned program to uplift the City's corporate risk management capability, which includes review of the risk management framework and implementation of regular risk reporting. The Council noted that the commencement of this program was dependent on the City recruiting a new dedicated risk officer, for which funding was allocated in the 24/25 budget. Two rounds of recruitment for this position have been undertaken, but were unsuccessful in securing an appropriately skilled and experienced candidate. Officers are now considering alternative resourcing models to complete the review of the risk framework, and deliver risk identification and reporting deliverables.</p> <p>The City uses CI Anywhere Risk Management for corporate risk management. This quarter a migration of the risk management module to the newest version of CI Anywhere has been completed, supporting future improvements to risk reporting.</p> <p>Work Health and Safety risk management: WHS risk assessments and hazard registers are currently managed in the City's centralised record keeping system, ECM. The City will be implementing Work Metrics Incident Reporting, Learning Management and Work Sign modules. This adds on to the existing online induction module. The WHS Advisor has received training and has communicated with other local governments that have implemented these modules, however this deliverable is still in the early stages of development and implementation.</p>
R17.2023.2.2.2	Reg 17 (2023)	AMD	Medium	Emergency Risks and Response Management	<p>We recommend:</p> <ul style="list-style-type: none"> • Risk register be introduced for specific emergency services and brigades to identify, treat and monitor risks; • The bushfire management plan be updated as required by DFES with appropriate approval and communication of the revised plan; • A preventative maintenance and management plan be documented and implemented for brigade structures and emergency facilities including regular walkthrough of facilities; and • Service level emergency assets be recorded on a centralised register with an initial complete identification process undertaken as the initial step and development of a replacement program considered. 	In progress	30-Jun-25	30-Jun-25		<p>Operational risks have been mapped through DFES systems and the City has identified, treated and monitored risks relating to facilities. The review of the bushfire management plan will occur toward the end of the 2024/25 financial year. The City has completed an audit of all facilities and will now progress the development of a preventative maintenance and management plan. Service level emergency assets are now recorded on a centralised register.</p>
R17.2023.2.2.3	Reg 17 (2023)	AMD	Medium	Misconduct, Fraud and Corruption Policy	<p>We recommend that a formal Fraud and corruption Control Plan be developed and implemented throughout the City. The Fraud and Corruption Control Plan should incorporate:</p> <ul style="list-style-type: none"> • The City's approach to controlling fraud and corruption at a strategic, tactical and operational levels; • The intended action in implementing and monitoring the City's fraud and corruption prevention, detection and response initiatives; • Any existing policies dealing with fraud and corruption risk; and • The roles and responsibilities, reporting lines of all personnel involved. <p>The Fraud and Corruption Control Plan should be reviewed every two years.</p> <p>Furthermore, we recommend the development of a communication strategy for ethics, fraud and corruption awareness and integrate this into the fraud and corruption control plan. The strategy could include processes for:</p> <ul style="list-style-type: none"> • Ensuring all appropriate employees receive training on ethics related documents and other elements of the City's Integrity Framework at induction and throughout the period of their employment; • Ensuring all employees receive regular fraud awareness training appropriate to their level of responsibility; • Ensuring updates and changes to fraud-related policies, procedures, the ethical documents and other ethical pronouncements are effectively communicated to all employees; and • Encouraging employees to report any suspected incidence of fraud or corruption. 	In progress	30-Jun-24	30-Jun-25		<p>Priorities across the Corporate Strategy and Performance directorate have resulted in this action not being completed as yet. Code of Conduct training is provided to staff through new staff inductions and refresher training which covers matters including professional behaviour, conflicts of interests and gifts. Review of the City's Code of Conduct for employees is currently underway, with Equal Employment Opportunity and appropriate workplace behaviour training for employees (looking at the Code of Conduct) completed in October / November 2024.</p> <p>Note: Finding duplicated in FMSR outcomes, see FMSR.2024.4.2.1</p>
R17.2023.2.2.4	Reg 17 (2023)	AMD	Medium	Contract Management	<p>We recommend Council consider:</p> <ul style="list-style-type: none"> • A contract management framework be developed incorporating policies and procedures relating to contract management; • Consideration be given to a dedicated department which is designated responsibility to oversee contract management; • A detailed and centralised contracts register be maintained and updated as required; • OSH obligations forms are obtained for all contracts and signed by both the contractor and the City representative; • Documentation to evidence contractor induction be retained; • Contract variations be approved; • Current insurances for City contractors be obtained and a system be implemented whereby a notification is issued when contractor insurances are due to expire; • Contracts due to expire are re-negotiated/compliance with City procurement processes complied with; and • A contractor performance review be designed and implemented. 	In progress	31-Dec-23	TBC		<p>Note: the initial management comment did not commit to implementing the audit recommendation in full. Further resourcing is required to fully implement this recommendation.</p> <p>Officers recognise the benefits of a centralised procurement and contract management function with an appropriate system to ensure that contracts are recorded, contractors inducted and to ensure that contracts are monitored for contract and insurance expiry. Consideration of these matters, given other work priorities, will take some time. A timeline for completion (of all matters) was estimated as 31 December 2024 but is unlikely to be achieved due to ongoing resource constraints and competing operational priorities. A new target date will be determined.</p> <p>Note: Finding duplicated in FMSR outcomes, see FMSR.2024.6.2.2.</p>
R17.2023.2.2.6	Reg 17 (2023)	AMD	Medium	Risk Management Policies and Procedures	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Policies and procedures be developed and implemented for specimen signature for officers with delegated authority. • Potentially out of date policies and procedures identified be reviewed and updated accordingly: 	In progress	30-Jun-24	31-Mar-25		<p>The City's Employee Code of Conduct was reviewed and approved by the CEO on 16 May 2023. The Code of Conduct for Council Members, Committee Members and Candidates remains aligned to the Model Code, which was last updated in February 2021. All Council policies which were identified as requiring review have been reviewed and adopted, with the exception of the Council Policy: Asset Management which was reviewed by the Policy and Legislation Committee and referred back to the CEO for further consideration in September 2024. The recommendation to develop a new policy with respect to specimen signatures has been considered but is not currently an operational priority.</p> <p>Work is progressing in relation to the review of various HR and WHS operational practices, and associated work processes and guiding documents. The Contract OSH Management OP, OSH Objectives and Targets OP and Drug and Alcohol OP are all on target to be reviewed by the end of December 2024 with all other OPs scheduled for review completion by end of March 2025.</p>
R17.2023.2.2.7	Reg 17 (2023)	AMD	Medium	IT Strategic Plan and Business Continuity Plan Testing	<p>We recommend:</p> <ul style="list-style-type: none"> • The IT Strategic Plan be finalised and approved for implementation; and • The Business Continuity Plan be tested on pre-determined basis to ensure that in the event of a disaster, appropriate actions can be taken. 	Completed	30-Jun-24		31-Oct-24	<p>A business continuity testing exercise was completed in May 2024. The ICT Strategy has been approved by the CEO.</p>

R17.2023.4.2.2	Reg 17 (2023)	AMD	Medium	Audit and Risk Committee	<p>We recommend:</p> <ul style="list-style-type: none"> • Risk reports be presented at each Audit and Risk Committee meeting; • Audit and risk Committee meeting agendas include a standing item relating to updating on the status of actions previously tabled, and the discussion of risk; and • Audit and Risk Committee meeting agendas include a standing item relating to compliance and the effectiveness of compliance at the City. 	In progress	30-Jun-24	31-Mar-25	<p>This finding was considered when the Audit and Risk Committee terms of reference were updated in January 2024. The refreshed terms of reference better reflects the ARC's role in monitoring the strategic risk profile, and the status of recommendations and actions arising from internal and external audit activities.</p> <p>The November 2024 Audit and Risk Committee agenda includes a new standing item (this report) to update the Audit and Risk Committee on the status of compliance and audit actions previously tabled. The audit actions register will be developed over time to include actions identified through all relevant internal and external audit activities.</p> <p>Regular risk reporting to the ARC has been delayed due to challenges recruiting a dedicated risk officer (see item R17.2023.2.2.1), however officers expect risk reporting to be available in Q1 2025.</p>
R17.2023.4.2.3	Reg 17 (2023)	AMD	Low	Internal Audit	The Department of Local Government, Sport and Cultural Industries guidelines recommend an internal audit function be established incorporating an internal audit program which is re-assessed annually. We recommend the City consider an internal audit function overseen by the Audit and Risk Committee.	Completed	30-Sep-23	21-Aug-24	Moore Australia has been appointed to provide internal audit services to the City, including the provision of a 3 year internal audit Program (C2408/211). A report regarding the Internal Audit Charter and Strategic Internal Audit Plan is at item 6.2 on the November 2024 Audit and Risk Committee agenda.
FMSR.2024.2.1.1	FMSR (2024)	AMD	Minor	Cultural Art Precinct Cash Collections	Should the Saltwater Art Precinct continue to accept cash funds on rare occasions, documented policies and procedures should be designed, implemented and communicated to staff.	Completed	N/A	31-Oct-24	Existing cash handling procedures have been reviewed and are considered appropriate for existing venues. Procedures for cash handling will be further reviewed to consider the Saltwater Performing Arts Centre prior to this venue opening.
FMSR.2024.4.2.1	FMSR (2024)	AMD	Moderate	Misconduct, Fraud and Corruption Policy	<p>We recommend that a formal Fraud and Corruption Control Plan be developed and implemented throughout the City.</p> <p>The Fraud and Corruption Control Plan should incorporate:</p> <ul style="list-style-type: none"> • The City's approach to controlling fraud and corruption at a strategic, tactical and operational levels; • The City's intended action in implementing and monitoring the City's fraud and corruption prevention, detection and response initiatives; • Any existing policies dealing with fraud and corruption risk; and • The roles and responsibilities, reporting lines of all personnel involved. <p>The Fraud and Corruption Control Plan should be reviewed every two years.</p> <p>Furthermore, we recommend the development of a communications strategy for ethics, fraud and corruption awareness and integrate this into the fraud and corruption control plan. The strategy could include processes for:</p> <ul style="list-style-type: none"> • Ensuring all appropriate employees receive training on ethics related documents and other elements of the City's Integrity Framework at induction and throughout the period of their employment; • Ensuring all employees receive regular fraud awareness training appropriate to their level of responsibility; • Ensuring updates and changes to fraud-related policies, procedures, the ethical documents and other ethical pronouncements are effectively communicated to all employees; and • Encouraging employees to report any suspected incidence of fraud or corruption. 	In progress	31-Dec-24	30-Jun-25	Duplicated audit finding - see R17.2023.2.2.3.
FMSR.2024.4.2.2	FMSR (2024)	AMD	Moderate	Financial Management Policies and Procedures	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Policies and procedures be developed and implemented for those identified areas of risk highlighted at (A) above (Safety Management Plan) • Those potentially out of date policies and procedures identified (B) above, be reviewed and updated accordingly. 	In progress	30-Jun-25	30-Jun-25	<p>With respect to the Safety Management Plan, as noted the City has a range of documented operational policies and procedures in place which address various aspects of safety management. The City is working towards the development of a Safety Management Plan and will endeavour to achieve this by the end of June 2025.</p> <p>With respect to the 3 potentially out of date policies identified, two (Council Policy: Purchasing and Council Policy: Regional Price Preference) were reviewed and adopted in April 2024 and the other (Council Policy: Complaints Management) in August 2024.</p> <p>Review of the Risk Management Framework is pending the recruitment of a dedicated risk officer, see item R17.2023.2.2.1.</p> <p>Work is progressing in relation to the review of various HR and WHS operational practices, and associated work processes and guiding documents. The Contract OSH Management OP, OSH Objectives and Targets OP and Drug and Alcohol OP are all on target to be reviewed by the end of December 2024 with all other OPs scheduled for review completion by end of March 2025.</p>
FMSR.2024.4.2.3	FMSR (2024)	AMD	Moderate	Workplace Psychosocial Hazards	We recommend a Workplace Psychosocial Hazards framework be designed, approved, implemented and communicated to all staff of the City.	In progress	N/A	TBC	The City acknowledges the need to develop a framework for psychosocial hazards. There are a number of priorities for the WHS team (2 FTE) currently, with an action plan currently being drafted in order to identify the priorities for the next 12 months. As part of this we will consider the prioritisation of a psychosocial framework, noting that awareness building will be a first step to this. As a first step recent promotions through WHS month and EEO training helped build awareness.
FMSR.2024.4.2.4	FMSR (2024)	AMD	Minor	Control and Custody of Keys	<p>We recommend a review of property and equipment access control procedures be conducted considering implementing:</p> <ul style="list-style-type: none"> • A documented policy or procedures relating to internal controls for City Swipe cards; • A sign in/out process for all keys held at the Busselton City Depot; and • Master keys at City locations to be securely maintained. 	Completed	30-Jun-24	31-Oct-24	<p>Controls for the the management of swipe cards to the Civic Administration Building are achieved through documented operational practices and work processes.</p> <p>In relation to Saltwater and the Cultural Precinct, Saltwater will operate on a swipe card basis once commissioned. Where there are master keys for the broader precinct a procedure will be put in place to ensure these are secured.</p> <p>In relation to key sign in and registers, vehicle custodians are handed the keys when the vehicle is commissioned, and hence fleet employees know that the keys are with the designated driver of a vehicle. All operational vehicle keys are stored overnight in lockers located inside the depot admin building. Process mapping has been completed for the the issuing and return of keys for City Depots and padlocks via the Purchasing & Stores Officer.</p>
FMSR.2024.5.2.1	FMSR (2024)	AMD	Minor	Rateable Value Reconciliations	We recommend rateable value reconciliations are completed on a monthly basis.	Not started	N/A	late-2025	The recommendation for reconciliation will be further considered when the 3 yearly GRV revaluation data is received in mid-2025.
FMSR.2024.5.2.2	FMSR (2024)	AMD	Minor	Administration Cost Overhead Allocation	We recommend administration cost overhead allocations be reviewed and amended to reflect the cost of each City service more accurately.	In progress	31-Dec-24	30-Jun-25	This finding is acknowledged. Work to review and reset administration cost overhead allocations in well advanced however does require review and finalisation. This work will be completed by the end of the 2024 calendar year, for implementation in the 2025/2026 budget.

FMSR.2024.6.2.1	FMSR (2024)	AMD	Moderate	Post Tender Review Process	<p>WALGA best practice guidelines recommend formal performance management assessments be completed at the end of the tender period once goods or services have been tendered.</p> <p>We recommend a formal post tender/ project review process be developed for projects exceeding a predetermined dollar value, or considered to be higher risk due to social, environment or other risk factors relating to specific individual projects.</p>	In progress	31-Mar-25	31-Mar-25	<p>The City has post tender / project review documentation which is available on the City's intranet procurement page. The use of the documentation is not mandated and it is acknowledged that it is generally not well utilised. Centralisation of procurement and contract management functions would facilitate reductions in risk, however is subject to resourcing levels. The City will in the shorter term further promote this tool to relevant staff.</p> <p>The City has established a project management office and is in the process of formalising an organisational project management framework. This will include more consistent and robust project management processes, including post project evaluation. It is expected that this framework, which is being developed in consultation with key employees involved in project delivery, will be finalised and implementation will commence early in the new year.</p>
FMSR.2024.6.2.2	FMSR (2024)	AMD	Moderate	Contract Management	<p>We recommend Council consider:</p> <ul style="list-style-type: none"> • A contract management framework be developed incorporating policies and procedures relating to contract management; • Consideration be given to a dedicated department which is designated responsibility to oversee contract management; • A detailed and centralised contracts register be maintained and updated as required; • OSH obligations forms are obtained for all contracts and signed by both the contractor and the City representative; • Documentation to evidence contractor induction be retained; • Current insurances for City contractors be obtained and a system be implemented whereby a notification is issued when contractor insurances are due to expire; and • A contractor performance review be designed and implemented. 	In Progress	31-Dec-24	TBC	Duplicated audit finding - see R17.2023.2.2.4
FMSR.2024.7.2.1	FMSR (2024)	AMD	Moderate	Staff Performance Appraisals	<p>We recommend:</p> <ul style="list-style-type: none"> • Performance appraisals are completed at least annually for all staff to ensure that the employee is aware of their performance and highlight any areas of improvement where required; • Consideration be given to undertaking a form of appraisal for casual staff members to ensure roles and responsibilities are clear; and • Consideration should be given to the implementation of specific Key Performance Indicators (KPI's), focusing on completion of regular performance appraisals of employees on a timely basis (including the sign-off of such documentation). 	Completed	31-Dec-24	31-Oct-24	<p>Performance appraisals and performance appraisal processes for employees are in place and considered to be robust overall. There is a consistent process with online technology and tracking (and escalation as required) of completion rates. The carrying out of performance appraisals is, regardless of the process and system applied, dependant on both management and employee action and there are circumstances which may lead to an appraisal not being completed. Overall, we believe the City's systems in relation to this are appropriate, however will review accountability at an executive level to ensure the requirement is clear.</p> <p>With respect to casual employees, due to the nature of the employment relationship, the City manages the performance of casual employees on an informal basis, on the job.</p>
FMSR.2024.7.2.3	FMSR (2024)	AMD	Minor	Employee Code of Conduct	<p>We recommend the City consider introducing periodic and regular training for all employees to maintain the culture of ethical conduct within the City. This would also include the employee signing a declaration acknowledging their understanding and responsibilities as outlined within the Code of Conduct.</p>	Completed	31-Dec-24	31-Oct-24	<p>Code of Conduct training was last provided to all staff in June 2021. Additionally all new employees attend training as part of their induction. Recent EEO and appropriate workplace behaviour training also touched on Code of Conduct topics with further training to be provided as part of future fraud and misconduct training.</p> <p>Employees are obligated under their employment contract to comply with the City's Code of Conduct and City policies and procedures and to sign acceptance as part of commencing employment.</p>

7 CONFIDENTIAL MATTERS

Nil

OFFICER RECOMMENDATION

**That the Council close the meeting to the public as mentioned in the Local Government Act xxxx
To consider the report items listed Below**

8 NEXT MEETING DATE

To be advised.

9 CLOSURE