

# Audit and Risk Committee Meeting

4 December 2023

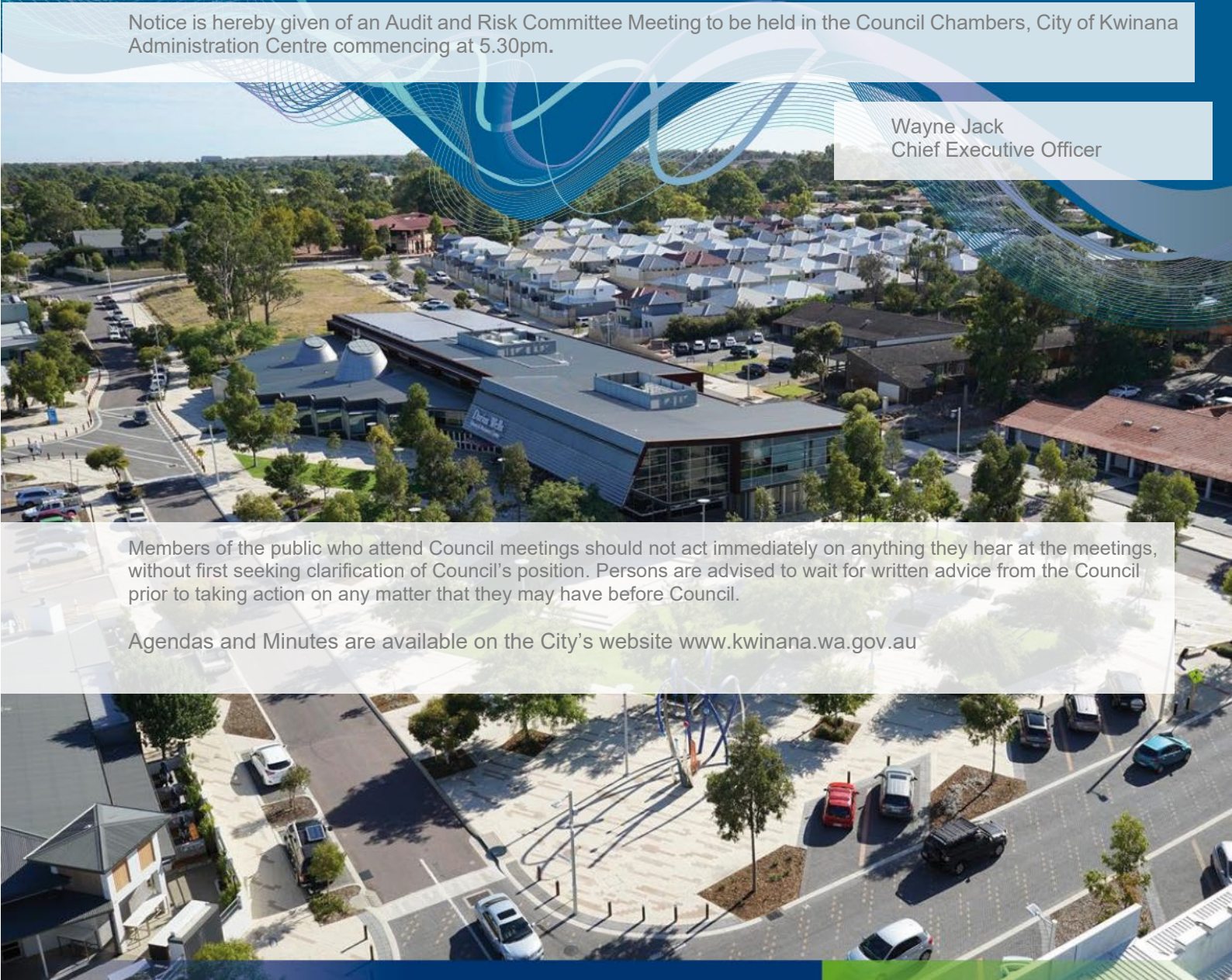
## Agenda

Notice is hereby given of an Audit and Risk Committee Meeting to be held in the Council Chambers, City of Kwinana Administration Centre commencing at 5.30pm.

Wayne Jack  
Chief Executive Officer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website [www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au)



## Order Of Business

<b>1</b>	<b>Opening and Announcement of Visitors .....</b>	<b>3</b>
<b>2</b>	<b>Welcome to Country and Acknowledgement of Country .....</b>	<b>3</b>
<b>3</b>	<b>Attendance, Apologies, Leave(s) of Absence (Previously Approved) .....</b>	<b>3</b>
<b>4</b>	<b>Public Question Time .....</b>	<b>4</b>
<b>5</b>	<b>Election of Presiding member .....</b>	<b>4</b>
<b>6</b>	<b>Election of Deputy Presiding member .....</b>	<b>4</b>
<b>7</b>	<b>Receiving of Petitions, Presentations and Deputations .....</b>	<b>5</b>
7.1	Petitions .....	5
7.2	Presentations .....	5
7.3	Deputations .....	5
<b>8</b>	<b>Declarations of Interest (Financial, Proximity, Impartiality – both real And Perceived) by Members and City Officers .....</b>	<b>6</b>
<b>9</b>	<b>Confirmation of Minutes .....</b>	<b>6</b>
9.1	Minutes of the Audit and Risk Committee Meeting held on 2 October 2023 .....	6
<b>10</b>	<b>Reports .....</b>	<b>7</b>
10.1	Audit Action Log - Progress Report .....	7
10.2	Adoption of the Annual Report (including the full set of Audited Financial Statements) for the year ending 30 June 2023 .....	94
10.3	Risk Management Activity Report .....	255
10.4	Work Health and Safety (WHS) Statistical Report - 4 December 2023 .....	276
10.5	Update on OneCouncil Project .....	284
<b>11</b>	<b>Late and Urgent Business .....</b>	<b>289</b>
<b>12</b>	<b>Answers to Questions which were taken on Notice .....</b>	<b>289</b>
<b>13</b>	<b>Close of Meeting .....</b>	<b>289</b>



## 1 OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member to declare the meeting open and welcome all in attendance.

Presiding Member to announce that the Audit and Risk Committee Meeting is being live streamed and recorded in accordance with the City's Live streaming and Recording Council Meetings policy.

By being present at this meeting, members of the public consent to the City recording and livestreaming their image and/or voice.

## 2 WELCOME TO COUNTRY AND ACKNOWLEDGEMENT OF COUNTRY

**Deputy Mayor Barry Winmar to present the Welcome to Country:**

*"Ngullak nyinniny kooralong koora ngullak noitj nidja noongar boodjar. Noongar moort djoorapiny nyinniny nidja ngulla quopadok noongar boodjar kooralong.*

From the beginning of time to the end, this is Noongar Country. Noongar people have been graceful keepers of our nation for many, many years.

*Djinanginy katatjin djoorapiny nidja weern noongar boodjar ngalla mia mia boorda.*

Look, listen, understand and embrace all the elements of Noongar Country that is forever our home.

*Kaya wandju ngaany koort djoorpiny nidja Noongar boodjar daadjaling waankganinyj Noongar Boodjar.*

Hello and welcome my heart is happy as we are gathered on country and meeting here on Noongar Country

**'Presiding Member to read the Acknowledgement of country:**

*"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."*

## 3 ATTENDANCE, APOLOGIES, LEAVE(S) OF ABSENCE (PREVIOUSLY APPROVED)

**Apologies:**

Unknown at the time of issuing the agenda.

**Leave(s) of Absence (previously approved):**

Nil

#### **4 PUBLIC QUESTION TIME**

In accordance with the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996*, any person may during Public Question Time ask any question.

In accordance with Regulation 6 of the *Local Government (Administration) Regulations 1996*, the minimum time allowed for Public Question Time is 15 minutes.

A member of the public who raises a question during Question Time is to state his or her name and address.

Members of the public must provide their questions in writing prior to the commencement of the meeting. A public question time form must contain all questions to be asked and include contact details and the form must be completed in a legible form.

Please note that in accordance with Section 3.4(5) of the *City of Kwinana Standing Orders Local Law 2019* a maximum of two questions are permitted initially. An additional question will be allowed by the Presiding Member if time permits following the conclusion of all questions by members of the public.

#### **5 ELECTION OF PRESIDING MEMBER**

Election of the Presiding Member is required to be conducted in accordance with the *Local Government Act 1995*.

Schedules 2.3 (Division 1) and 4.1 of the *Local Government Act 1995* and the *Local Government (Constitution) Regulations 1998* provide the methodology by which this election is to take place.

#### **6 ELECTION OF DEPUTY PRESIDING MEMBER**

Election of the Deputy Presiding Member is required to be conducted in accordance with the *Local Government Act 1995*.

Schedules 2.3 (Division 1) and 4.1 of the *Local Government Act 1995* and the *Local Government (Constitution) Regulations 1998* provide the methodology by which this election is to take place.



## **7 RECEIVING OF PETITIONS, PRESENTATIONS AND DEPUTATIONS**

### **7.1 PETITIONS**

A petition must –

- be addressed to the Mayor;
- be made by electors of the district;
- state the request on each page of the petition;
- contain at least five names, addresses and signatures of electors making the request;
- contain a summary of the reasons for the request;
- state the name of the person to whom, and an address at which, notice to the petitioners can be given; and
- be respectful and temperate in its language and not contain language disrespectful to Council.

The only motion which shall be considered by the Council on the presentation of any petition are –

- that the petition be received;
- that the petition be rejected; or
- that the petition be received and a report prepared for Council.

### **7.2 PRESENTATIONS**

In accordance with Clause 3.6 of the *Standing Orders Local Law 2019* a presentation is the acceptance of a gift, grant or an award by the Council on behalf of the local government or the community.

Prior approval must be sought by the Presiding Member prior to a presentation being made at a Council meeting.

Any person or group wishing to make a presentation to the Council shall advise the CEO in writing before 12 noon on the day of the meeting. Where the CEO receives a request in terms of the preceding clause the CEO shall refer it to the presiding member of the Council committee who shall determine whether the presentation should be received.

A presentation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

### **7.3 DEPUTATIONS**

In accordance with Clause 3.7 of the *Standing Orders Local Law 2019*, any person or group of the public may, during the Deputations segment of the Agenda with the consent of the person presiding, speak on any matter before the Council or Committee provided that:

- the person has requested the right to do so in writing addressed to the Chief Executive Officer by noon on the day of the meeting;
- setting out the agenda item to which the deputation relates;
- whether the deputation is supporting or opposing the officer's or committee's recommendation; and
- include sufficient detail to enable a general understanding of the purpose of the deputation.

A deputation to Council is not to exceed a period of fifteen minutes, without the agreement of Council.

## **8 DECLARATIONS OF INTEREST (FINANCIAL, PROXIMITY, IMPARTIALITY – BOTH REAL AND PERCEIVED) BY MEMBERS AND CITY OFFICERS**

Section 5.65(1) of the *Local Government Act 1995* states:

A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

in a written notice given to the CEO before the meeting; or  
at the meeting immediately before the matter is discussed.

Section 5.66 of the *Local Government Act 1995* states:

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and  
at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

## **9 CONFIRMATION OF MINUTES**

### **9.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 2 OCTOBER 2023**

#### **RECOMMENDATION**

**That the Minutes of the Audit and Risk Committee Meeting held on 2 October 2023 be confirmed as a true and correct record of the meeting.**



## 10 REPORTS

### 10.1 AUDIT ACTION LOG - PROGRESS REPORT

#### SUMMARY

Pursuant to regulation 16 of the *Local Government (Audit) Regulations 1996* ('Audit Regulations'), the Audit and Risk Committee ('Committee') is responsible for assisting Council to discharge its responsibility to exercise due care, diligence, and skill in relation to the oversight of internal and external audits at the City.

Recommended areas of improvement identified through all internal and external auditing of the City are recorded and tracked within the City's audit log until such actions are finalised. A copy of the audit log, including updated comments from responsible officers, is presented as a standard item at each meeting of the Committee.

The City's audit log as at November 2023 is presented at **Attachment A** for noting by the Committee. New officer comments and any changes to completion dates are highlighted in red.

Actions arising from the following recently completed audits have been added to the audit log:

- RSM Interim Financial Audit (**Attachment B**);
- Macri Partners – Financial Management Review Report (**Attachment C**); and
- Paxon - Community Services Internal Audit Review (**Attachment D**).

A review of the appropriateness and effectiveness of the City's systems and procedures must be undertaken every 3 financial years pursuant to Regulation 17 of the Audit Regulations. An audit is currently being undertaken by Australian Audit, with the findings anticipated to be presented at the next Committee meeting.

#### OFFICER RECOMMENDATION

**That the Audit and Risk Committee:**

1. **Note the status of previous audit recommended actions as detailed in the Audit Log at Attachment A; and**
2. **Note the findings of the following audits:**
  - a) **RSM Interim Financial Audit (Attachment B);**
  - b) **Macri Partners – Financial Management Review Report (Attachment C); and**
  - c) **Paxon - Community Services Internal Audit Review (Attachment D).**
3. **Note process in place for developer contributions and endorse move to annual reporting.**

#### VOTING REQUIREMENT

Simple majority

## DISCUSSION

Due to an increased focus on the accountability of local governments, a review of the effectiveness of all business processes is becoming best practice. Internal audit is one way to reduce risk and identify improvements in internal controls. There are many benefits to conducting internal audits, such as:

- improving the performance of the organisation.
- making the organisation process-dependent instead of person-dependent.
- identification of redundancies in operational and control procedures and the provision of recommendations to improve the efficiency and effectiveness of procedures.
- it serves as an early warning system, enabling deficiencies to be identified and remediated on a timely basis (i.e., prior to external, regulatory or compliance audits); and
- increases accountability within the organisation and supporting strategic objectives (for example cost reduction initiatives).

At its meeting of 13 October 2021, Council resolved to adopt the Strategic Internal Audit Plan 2021 /2022 to 2023/2024, a summary of which is as follows:

Area of Review	2021/22 (hours)	2022/23 (hours)	2023/24 (hours)	Status
Planning & Building	80			Completed
Asset Management	80			Completed
Community Services – Events (Community Engagement, Resource Centre, Family Day Care, Events)	80			Completed
Recquatic		80		Not started
Environmental & Health Services/Waste		80		Not started
Finance - Financial Management Regulation 5*		80		Not started
Project/Program Management (Building, Operations & Engineering)		80		Not started
Occupational Safety & Health / Human Resources			80	Not started
City Legal & Governance - Audit Regulation 17 (Legislative compliance, risk and internal control) *			80	Not started
Business Continuity/Disaster Recovery/Pandemic/Emergency Planning			80	Not started
Essential Services (Security, Rangers & Parking)			80	Not started
City Strategy				Not started
Customer service				Not started
Information Technology				Not started
Contracts & Procurement	80			Completed

The City's audit log showing all outstanding actions from previous audits is provided at Attachment A for noting.

Actions which were marked as finalised at the Committees meeting of 2 October 2023 and subsequently removed from the audit log are as follows:

- **Paxon - Building and Planning Internal Audit Review**
  - IA: 2023/08 (5.1) Pool Register Accuracy and Timely Inspection
  - IA: 2023/08 (5.2) Pool Inspection Information



- **Paxon - Contracts and Procurement Strategic Internal Audit**
  - a) IA: 2022/11 (5.2) Procurement Monitoring
  - b) IA: 2022/11 (5.4) Contract Management Framework
  - c) IA: 2022/11 (5.5) Financial Delegation
- **Office of the Auditor General - Financial Statements Audit 2022**
  - a) EA: 2022/06 (1) Infrastructure Valuation
- **Office of the Auditor General - General Computer Controls Review 2021**
  - a) EA: 2021/06 (6) IT governance - Policies and Procedures

### ***Developer Contribution Plan – Quarterly Progress Reporting***

A 2021 audit by Crowe Australasia recommended increasing management oversight of the City's handling of Developer Contribution Plans (DCP). As a result, officers have presented the Committee with a quarterly report outlining developer contribution activity for all current Plans.

At the Committee meeting of 2 October 2023, it was determined that a quarterly report was no longer required to be presented to the Committee, provided the Chief Executive Officer was satisfied sufficient controls were in place to ensure risk in this area was being adequately managed.

The governance framework in place to administer and monitor developer contributions includes the following:

- The City's DCP Cross-functional Team meets monthly and is a forum to discuss matters relating to all DCP activity. Pursuant to their Terms of Reference, the Team is represented by staff with relevant technical expertise and seniority, including Directors. Meetings are supported by an established agenda with minutes of the meeting maintained.
- Process maps have been developed over key steps in the administration process.
- Forms developed and implemented to record and maintain consistency with respect to the calculation of DCP levies or contributions. This also allows oversight, with initial calculations undertaken by the Statutory Planning Officer and checked by the Coordinator Strategic Planning and the Finance Manager.
- Documented processes to reconcile key spreadsheets to remove the potential for error or inadvertent amendment to data.
- A developed policy, namely Local Planning Policy 4 – Administration of Development Contribution Plans is in place.
- Annual financial audits undertaken by an external body to assist in identifying errors and highlighting potential future risks.
- Adequate conflict of interest management.
- Setting of appropriate financial delegations to cover all transactions required under the management of DCP's.
- Implementation of processes to check and monitor data recorded for bonds and bank guarantees collected to ensure they are sufficient to deliver the infrastructure and there is a reconciliation between the physical bond/guarantee to the Subdivision Payments for Development spreadsheet for all bond types.

On the basis of the above processes which are in place it is recommended that reporting moves to annual for developer contributions.

### **STRATEGIC IMPLICATIONS**

There are no strategic implications as a result of this proposal.

## SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

## LEGAL/POLICY IMPLICATIONS

Section 7.13 of the *Local Government Act 1995* provides:

### **7.13. Regulations as to audits**

- (1) *Regulations may make provision as follows —*
  - (aa) *as to the functions of a CEO in relation to —*
    - (i) *a local government audit; and*
    - (ii) *a report (an **action report**) prepared by a local government under section 7.12A(4)(a); and*
    - (iii) *an audit report; and*
    - (iv) *a report on an audit conducted by a local government under this Act or any other written law;*
  - (ab) *as to the functions of an audit committee, including in relation to —*
    - (v) *the selection and recommendation of an auditor under Division 2; and*
    - (vi) *a local government audit; and*
    - (vii) *an action report; and*
    - (viii) *an audit report; and*
    - (ix) *a report on an audit conducted by a local government under this Act or any other written law;*
  - (ac) *as to the procedure to be followed in selecting an auditor under Division 2;*
  - (ad) *deleted]*
  - (ae) *as to monitoring action taken in respect of any matters raised in an audit report;*
    - (a) *with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);*
    - (b) *for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;*
  - (ba) *as to a copy of an agreement being provided to the Department;*
  - (c) *as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;*
  - (d) *in relation to approved auditors, for the following —*
    - (i) *reviews of, and reports on, the quality of audits conducted;*
    - (ii) *the withdrawal by the Minister of approval as an auditor;*
    - (iii) *applications to the State Administrative Tribunal for the review of decisions to withdraw approval;*
  - (e) *for the exercise or performance by auditors of their powers and duties under this Part;*
  - (f) *as to the matters to be addressed in an audit report;*
  - (g) *requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;*
  - (h) *prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;*
  - (i) *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
    - (i) *of a financial nature or not; or*
    - (ii) *under this Act or another written law.*
- (2) *Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.*



Regulation 16 of the Audit Regulations provides:

**16. Functions of audit committee**

*An audit committee has the following functions —*

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and*
  - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and*
  - (ii) give a copy of the CEO's report to the council;**
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and*
  - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and*
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

**FINANCIAL/BUDGET IMPLICATIONS**

There are no financial implications that have been identified as a result of this report or recommendation.

**ASSET MANAGEMENT IMPLICATIONS**

There are no financial implications that have been identified as a result of this report or recommendation.

**ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS**

No environmental or public health implications have been identified as a result of this report or recommendation.

## **COMMUNITY ENGAGEMENT**

There are no community engagement implications as a result of this report or recommendation.

## **ATTACHMENTS**

- A. City of Kwinana - Audit Action Log (November 2023)**
- B. RSM Interim Finance Audit - Management Letter**
- C. Macri Partners - Financial Management Review Report**
- D. Paxon - Community Services Internal Audit Review**



# AUDIT LOG

## Contents

<b>AUDITS UNDERTAKEN SINCE PREVIOUS AUDIT AND RISK COMMITTEE MEETING .....</b>	<b>3</b>
Paxons – Community Services Internal Audit Review .....	3
IA: 2023/11 (5.1) Central Coordination of Events .....	3
IA: 2023/11 (5.2) Documenting and Recording Decisions .....	4
IA: 2023/11 (5.3) Documenting and Recording Decisions .....	5
IA: 2023/11 (5.4) Conflicts of Interest .....	6
Macri Partners – Financial Management Review .....	7
EA: 2023/06 (4.1) Bank Reconciliations .....	7
EA: 2023/06 (4.2(i)) Investment of Surplus Funds .....	8
EA: 2023/06 (4.2(ii)) Investment of Surplus Funds .....	9
EA: 2023/06 (4.2(iii)) Investment of Surplus Funds .....	10
EA: 2023/06 (4.3(i)) Purchase of Goods and Services .....	11
EA: 2023/06 (4.3(ii)) Purchase of Goods and Services .....	12
EA: 2023/06 (4.3(iii)) Purchase of Goods and Services .....	13
EA: 2023/06 (4.3(iv)) Purchase of Goods and Services .....	14
EA: 2023/06 (4.3(v)) Purchase of Goods and Services .....	15
EA: 2023/06 (4.4) Rates .....	16
EA: 2023/06 (4.5) Sundry Debtors .....	17
EA: 2023/06 (4.6(i)) Payroll .....	18
EA: 2023/06 (4.6(ii)) Payroll .....	19
EA: 2023/06 (4.6(iii)) Payroll .....	20
EA: 2023/06 (4.6(iv)) Payroll .....	21
EA: 2023/06 (4.6(v)) Payroll .....	22
EA: 2023/06 (4.7) Information Technology .....	23
EA: 2023/06 (4.8(i)) Fixed Assets .....	24
EA: 2023/06 (4.8(ii)) Fixed Assets .....	25
EA: 2023/06 (4.8(iii)) Fixed Assets .....	26
EA: 2023/06 (4.9(i)) General Compliance and Other Matters .....	27



AUDIT LOG

EA: 2023/06 (4.9(iii)) General Compliance and Other Matters .....28

OAG - Interim Financial Audit .....29

EA: 2023/08 (1) Formal documentation of review of rates data input into Authority .....29

**ITEMS OUTSTANDING FROM PRIOR AUDITS .....30**

Paxon - Building and Planning Internal Audit Review .....30

IA: 2023/08 (5.3) Pool Inspection Information .....30

Paxon - Reg 17 Review .....31

EA: 2021/05 (7) Disaster Recovery Plan .....31

Office of the Auditor General - Computer Controls Review 2022 .....34

EA: 2022/06 (2) Network Security Management .....34





## AUDIT LOG

### AUDITS UNDERTAKEN SINCE PREVIOUS AUDIT AND RISK COMMITTEE MEETING

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxons – Community Services Internal Audit Review</b>				
<p><a href="#">IA: 2023/11 (5.1) Central Coordination of Events</a></p> <p><b>Finding</b> Historically there has been limited central coordination and oversight of events across both the City and community run events. The Community Services team coordinates and runs the City's events, but previously it was not notified of community run events which are assessed by Health.</p> <p>In October 2023 a central calendar was developed that contains all events and a cross-functional group called the Events Assessment Team was put in place to provide this coordination. We understand that prior to this there was a similar group in place but this could not be evidenced and had a different remit.</p> <p><b>Recommendation</b> All community events should be notified to Community Services so that they can provide input if required. This could be performed through a central repository for listing all City and Community run events.</p> <p><b>Risk Rating</b> <b>Medium</b></p>	<p><b>Management Comment</b> As noted above this action has been completed.</p> <p>The Events team will provide limited one off support to groups running events, but staffing resourcing (The Events Team is a 1.6FTE team) does not allow for the internal team to provide this as a business as usual service.</p> <p><b>Responsible Officer</b> Coordinator Engagement and Place</p>	Completed	Completed	



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxons – Community Services Internal Audit Review</b>				
<b>IA: 2023/11 (5.2) Documenting and Recording Decisions</b>				
<p><b>Finding</b></p> <p>As part of the Youth &amp; Community Mental Health Initiative Program (YCMHIP) the City received two separate applications from two different applicants. During the assessment period. It was determined that these projects were very similar in nature and the applicants already had a strong collaborative history. As a result, the City facilitated discussions between the two applicants and they agreed to merge their projects into a single joint project, with one applicant removing their application. However, within Smarty Grants the system used for administering grant processes they were both documented as approved for payment, but only one payment was actually made and used for a joint event.</p> <p>It was also noted that there were no acquittals performed for this program, although they were documented as required within the 2022 Guidelines. We were informed that there was a change made in the acquittal requirements for this program which allowed businesses to apply for the grants and which led to the majority of the successful applicants not having receipts to submit as part of the grant acquittal process as they had incurred internal costs. Hence, the removal of the acquittal requirement. However, there was no documented record to support this change or its approval.</p> <p><b>Recommendation</b></p> <p>For all decisions made or where policy or guidelines are deviated from the change should be documented, approved appropriately and formally recorded.</p> <p><b>Risk Rating</b></p> <p><b>Medium</b></p>	<p><b>Management Comment</b></p> <p>In relation to the merged applications both being approved for payment, they were both listed as approved applications however one application (MH010) was recorded as being approved for \$0 while the other application (MH008) was approved for the full \$20,000.</p> <p>Acquittals were completed for these grants, though the requirement for receipts to evidence how the grants were spent was removed from the acquittal process.</p> <p>The Guidelines will be reviewed updated accordingly.</p> <p><b>Responsible Officer</b></p> <p>Coordinator Engagement and Place</p>	31 March 2024	Ongoing	31 March 2024



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxons – Community Services Internal Audit Review</b>				
<b>IA: 2023/11 (5.3) Documenting and Recording Decisions</b>				
<p><b>Finding</b></p> <p>Through assessment of the guidelines for YCMHIP grants and community event funding, we were able to determine the following set timeframes for application processing:</p> <ul style="list-style-type: none"> <li>• WAPHA Grants – All applicants will be notified of the outcome of their application within one month of the closing date.</li> <li>• Community Grants - Applications will take six weeks for assessment and notification of outcomes from the date of submission or round closing, unless otherwise specified in the individual grants criteria</li> </ul> <p>Paxon assessed the decision timeframe for YCMHIP grant applications and community event funding applications. Through assessment of community event funding, it was noted that five out of sixteen tested funding exceeded the six-week timeframe and through assessment of the YCMHIP grants, it was noted that six out of eight tested grants did not meet the expected timeframe.</p> <p>This finding suggests that there may be some systemic issues with the way that the City is processing YCMHIP grant applications and community event funding applications. It is possible that the City is not adequately resourced to process applications within the set timeframe, or that there are inefficiencies in the process.</p> <p>Ensuring the timeframes are met is important as it can lead to complications for the applicant resulting in delays or even cancellations of events.</p> <p><b>Recommendation</b></p> <p>The City should review the timelines for the grant application processes to identify and address any systemic issue and to assess if they are realistic.</p> <p><b>Risk Rating</b></p> <p><b>Medium</b></p>	<p><b>Management Comment</b></p> <p>The recommendation is accepted. Grant application timelines will be reviewed to determine they are appropriate.</p> <p><b>Responsible Officer</b></p> <p>Coordinator Engagement and Place</p>	31 March 2024	Ongoing	31 March 2024



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxons – Community Services Internal Audit Review</b>				
<b>IA: 2023/11 (5.4) Conflicts of Interest</b>				
<p><b>Finding</b></p> <p>The City currently lacks a comprehensive process for managing conflicts of interest. While reports can be generated from Smarty Grants to track declarations made during individual assessments, there is no established procedure for recording decisions regarding whether a member with a conflict of interest can vote or must be excluded from decision-making or how they should be managed. There is also no mention of conflict of interest management processes within policy.</p> <p>The City acknowledges this gap and has implemented a conflict of interest register to help rectify the situation. We reviewed the new conflict-of-interest register introduced at the City, and we are able to ascertain the adequacy of the new register.</p> <p>It is also planned to incorporate this process into their "Admin Close Out Form" and ensure that minutes are taken at panel meetings, including information on conflict-of-interest decisions.</p> <p><b>Recommendation</b></p> <p>The City should establish clear and comprehensive conflict of interest processes for identifying, disclosing, managing and resolving conflicts of interest. These policies should be easily accessible to all employees, officials, and stakeholders. The City should also continue to maintain and regularly update the conflict-of-interest register.</p> <p><b>Risk Rating</b></p> <p>Medium</p>	<p><b>Management Comment</b></p> <p>Conflict of interest is addressed within the City's Employee Code of Conduct. There is a process map detailing the process for making such a declaration which links to the City's template disclosure form.</p> <p>As suggested, the City will incorporate conflict of interests within the "Admin Close Out Form" and ensure conflicts of interests are appropriately recorded in the minutes of panel meetings. The City will also increase education of staff regarding disclosing conflicts.</p> <p><b>Responsible Officer</b></p> <p>Coordinator Engagement and Place</p>	31 March 2024	Ongoing	31 March 2024



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
<a href="#">EA: 2023/06 (4.1) Bank Reconciliations</a>				
<b>Finding</b> The Muni bank reconciliations for the months of August 2022 to October 2022 have not been signed and dated by the reviewer and the reconciliations for the months of November 2022 to 30 June 2023 although signed have not been dated by the reviewer.  The Xmas saver bank reconciliations have been reviewed but date of review was not evident for the months of August 2022 to November 2022 and February 2023.  <b>Recommendation</b> Monthly bank reconciliations should always be reviewed promptly and the reviewer should sign and indicate the date of review on the reconciliation to demonstrate that reviews have been carried out in a timely manner.  <b>Risk Rating</b> <b>Minor (Low)</b>	<b>Management Comment</b> Due to conflicting priorities with the transition to One Council this has delayed the reconciliation process. The bank reconciliation is currently being reviewed monthly and signed off by the Coordinator Finance.  <b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance	31 August 2023	01/11/2023 Coordinator Finance: All bank reconciliation are being reviewed and signed off on a monthly basis.	Completed



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
<a href="#">EA: 2023/06 (4.2(i)) Investment of Surplus Funds</a>				
<b>Finding</b> The monthly investments reconciliations have not been reviewed by an officer independent of the preparer during the first six months of the financial year and although subsequent monthly reconciliations were reviewed, they were undated.	<b>Management Comment</b> The first 6 months were not signed off by the previous CFO. Investment reconciliations are now reviewed by the CFO monthly (from January 2023) and will be dated.	30 September 2023	01/11/2023 Coordinator Finance: Monthly investment reconciliation are being reviewed and signed off on a monthly basis.	Completed
<b>Recommendation</b> The monthly investment reconciliations should be reviewed promptly by an independent senior officer and such review should be evidenced in writing.	<b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance			
<b>Risk Rating</b> <b>Minor (Low)</b>				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.2(ii)) Investment of Surplus Funds	<b>Management Comment</b> The work instruction referred to is currently not utilised in the daily management of investments. The City's policy delegation register are the key operational documents utilised and was updated in 2022.	31 December 2023	01/11/2023 Coordinator Finance: The process maps for investments is still to created.	31 December 2023
<b>Finding</b> The City's Investment Procedural Guideline (Work Instruction) - FIN77 has not been reviewed by the City since 29 October 2018.				
<b>Recommendation</b> The Work Instruction should be reviewed by the senior management periodically and updated if required based on the investment objectives of the City specified in the Investment Policy.	The process map for the investment process will be created and will replace the work instruction.			
<b>Risk Rating</b> <b>Minor (Low)</b>	<b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance			





# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date															
<b>Macri Partners – Financial Management Review</b> EA: 2023/06 (4.2(iii)) Investment of Surplus Funds	<b>Management Comment</b> The intent of the policy is to monitor single entity investment in comparison to the total portfolio of investments. This however, is not very clearly articulated in the current policy and will need to be updated accordingly.	31 December 2023	01/11/2023 Coordinator Finance: The review of the investment policy has commenced.	31 January 2024															
<b>Finding</b> The City's investment policy (D12/63257/v5) requires that investments be spread within a credit rating to ensure that single entity exposure is limited as detailed below.	<b>Responsible Officer</b> Chief Financial Officer																		
<table><tr><th>S&amp;P Long Term Rating</th><th>S&amp;P Short Term Rating</th><th>Direct Investment Maximum for Category</th></tr><tr><td>AAA and Bendigo Bank Kwinana Community Branch</td><td>A-1+ and Bendigo Bank Kwinana Community Branch</td><td>45%</td></tr><tr><td>AA</td><td>A-1+</td><td>45%</td></tr><tr><td>A</td><td>A-1</td><td>23%</td></tr><tr><td>BBB</td><td>A-2</td><td>10%</td></tr></table>	S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum for Category	AAA and Bendigo Bank Kwinana Community Branch	A-1+ and Bendigo Bank Kwinana Community Branch	45%	AA	A-1+	45%	A	A-1	23%	BBB	A-2	10%				
S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum for Category																	
AAA and Bendigo Bank Kwinana Community Branch	A-1+ and Bendigo Bank Kwinana Community Branch	45%																	
AA	A-1+	45%																	
A	A-1	23%																	
BBB	A-2	10%																	
Our examination of the investment portfolio as at 30 June 2023 revealed that the investment in Bendigo Bank is 100% of the total investment in the AAA and Bendigo Bank credit rating category and the investment in National Australia Bank in the AA credit rating category is 69% and the investment in the Suncorp Bank in the A credit rating category is 100%.																			
We understand that the intent of the City is to monitor single entity investment in comparison to the total portfolio of investments.																			
<b>Recommendation</b> The City should review the investment policy and update it in order to fall in line with the expectations of the City.																			
<b>Risk Rating</b> Minor (Low)																			



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.3(ii)) Purchase of Goods and Services	<b>Management Comment</b> Finding Noted. Refresher training to be delivered to staff members involved with this finding.	31 December 2023	01/11/2023 Coordinator Procurements and Contracts: Refresher training was provided.	Completed
<b>Finding</b> During our testing of procurements throughout the year, we noted an instance (out of a sample of 24) where the purchase order was dated after the date of the corresponding supplier invoice from Technology One Ltd. The relevant purchase order number is P00006373.	<b>Responsible Officer</b> Coordinator Procurements and Contracts			
<b>Recommendation</b> Purchase orders should always be approved for all applicable items prior to ordering goods or services.				
<b>Risk Rating</b> Moderate (Medium)				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.3(ii)) Purchase of Goods and Services	<b>Management Comment</b> Due to the transition to One Council and various conflicting priorities this reconciliation was configured around May 2023 and finalised in June 2023. This reconciliation is now complete and fully reconciled.	31 August 2023	01/11/2023 Coordinator Finance: Creditors reconciliation are being prepared and reviewed on a monthly basis.	Completed
<b>Finding</b> We noted that monthly creditor reconciliations reconciling the subsidiary ledger balance with the relevant general ledger account have not been properly prepared during the year until June 2023. Eg. Individual creditor names with the monthly outstanding balances were not appearing in the reconciliation and there was no evidence of review.				
<b>Recommendation</b> Monthly creditor reconciliations should be prepared soon after month end and such reconciliations should be reviewed by an officer independent of the preparer. Evidence of review should be documented and retained.				
<b>Risk Rating</b> <b>Minor (Low)</b>				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.3(iii)) Purchase of Goods and Services	<b>Management Comment</b> Background checks (e.g company extracts obtained to view shareholder's and director's details), occur on every occasion for the preferred candidates for Tenders. However, the procurement procedures will be further elaborated to provide guidance when the background checks will be conducted for all procurement processes and to what extent.	31 October 2023	01/11/2023 Coordinator Procurements and Contracts: The City's Procurement procedure has been updated to incorporate information regarding background checks for suppliers.	Completed
<b>Finding</b> We noted that as per the City's Procurement Procedure, performance of background checks (e.g company extracts obtained to view shareholder's and directors' details, etc) before awarding a contract or issuing a purchase order is at the discretion of the procurement officers.				
<b>Recommendation</b> We recommend that the procurement procedures be amended to state specifically when the background checks be performed. Background checks would also facilitate the identification of related party transactions in order to comply with the requirements of AASB 124 - Related Party Disclosures.	<b>Responsible Officer</b> Coordinator Procurements and Contracts			
<b>Risk Rating</b> Minor (Low)				



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
<a href="#">EA: 2023/06 (4.3(iv)) Purchase of Goods and Services</a>				
<b>Finding</b> During our testing of credit card transactions during the year, we noted that IT Manager had used his personal credit card to pay for business expenses until he was issued with a corporate credit card.	<b>Management Comment</b> Personal credit card usage is not encouraged at the City but at the same time if an individual uses his/her personal credit card and the amounts are immaterial, the City reimburses the relevant expenditure as soon as possible. This risk is managed as all reimbursements of credit card expenditure must be authorised and validated prior to reimbursement. The identified risk is under control and therefore no further action required.	N/A		
<b>Recommendation</b> We recommend that the City amends its purchasing policy to include a paragraph prohibiting the use of personal credit cards to meet business expenses. Requests made by employees who are in need of corporate credit cards should be dealt with by the City in a timely manner.				
<b>Risk Rating</b> <b>Minor (Low)</b>	<b>Responsible Officer</b> N/A			



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.3(v)) Purchase of Goods and Services	<b>Management Comment</b> As a result of the transition to OneCouncil, there were many urgent priorities to be attended to. The System accountant was appointed in May 2023 who has now assisted in configuring and finalising the creditors age analysis report in August 2023.	31 August 2023	01/11/2023 Coordinator Finance: The Creditors age report was configured in August 2023 and is being generated on a monthly basis to monitor long outstanding creditors.	Completed
<b>Finding</b> We noted that the OneCouncil software system is unable to generate a monthly creditors aging schedule.				
<b>Recommendation</b> The management should request the software provider to incorporate a feature into the software system that enables the generation of a monthly creditor aging.				
<b>Risk Rating</b> Minor(Low)	<b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance			



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.4) Rates				
<b>Finding</b> The City's policy documents on "Rates Collection" and "Financial Hardship Policy for Rate Payers" do not indicate the date of adoption and when the next review is due.	<b>Management Comment</b> The Rate Collection Policy and Financial Hardship Policy will be updated to include the date of adoption and review date.	30 September 2023	18/10/2023 Governance and Risk Officer:	
<b>Recommendation</b> The City should indicate the date of adoption and the date of next review on all its policy documents. Reviews of all council policies should be carried out periodically and updated where necessary.	<b>Responsible Officer</b> Chief Financial Officer and Manager Governance and Legal		The City's Policy template includes, the first initial adoption date, review date and the next review date.  Currently working through all policies to ensure last review and next review dates are included.	
<b>Risk Rating</b> <b>Moderate (Medium)</b>			D23/14714 – Policy Register and Review Plan D23/29407 – Guide – Policy Review and Development D16/65703[v7] – Template – CLT – Council Policy	





# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.5) Sundry Debtors	<b>Management Comment</b> The work instruction is still applicable but needs to be updated with reference to One Council.	31 December 2023	01/11/2023 Coordinator Finance: Works on the works instruction for Private works is still to commence.	31 December 2023
<b>Finding</b> The City's work instruction on private works (FIN59) has not been reviewed since 21 October 2015.				
<b>Recommendation</b> The City should review, the work instruction (FIN 59) at the earliest and update it where necessary.	<b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance			
<b>Risk Rating</b> Minor (Low)				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.6(i)) Payroll		31 December 2023	01/11/2023 Payroll and Systems Coordinator: The City's administration provider "Attura" is currently looking at the development of a report. The work is on-going.	31 December 2023
<b>Finding</b> We noted that amendments to payroll Masterfile (other than changes to banking details) are not reviewed by an officer independent of the officer/s who have access to payroll Masterfile.	<b>Management Comment</b> A Masterfile report is being sourced for the HR manager to sign off Noting, the current "shipped" report in OneCouncil is not adequate/workable and a custom report is being sourced through the City's systems administration provider "Attura". This work has been scheduled to be completed within the next 3 months.			
<b>Recommendation</b> Management should review all amendments to payroll Masterfile on a periodic basis and ensure all amendments are genuine and correct. Evidence of review should be documented and retained.	<b>Responsible Officer</b> Payroll and System Coordinator			
<b>Risk Rating</b> <b>Moderate (Medium)</b>				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.6(ii)) Payroll	<b>Management Comment</b> Due to the transition to OneCouncil the reconciliation to the payroll suspense accounts have not been prepared and reviewed. The suspense accounts are however, being analysed and actioned accordingly to ensure long outstanding items are actioned. This occurs between the payroll section and Finance.	31 October 2023	01/11/2023 Coordinator Finance: Payroll reconciliations are being prepared and reviewed on a monthly basis.	Completed
<b>Finding</b> We noted that no monthly payroll reconciliations reconciling the payroll reports with the relevant general ledger account balances have been performed during the financial year.				
<b>Recommendation</b> Monthly payroll reconciliations should be performed and they should be reviewed by an independent senior officer in a timely manner. Evidence of review should be documented and retained.				
<b>Risk Rating</b> Moderate (Medium)	<b>Responsible Officer</b> Coordinator Finance			



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
<p><a href="#">EA: 2023/06 (4.6(iii)) Payroll</a></p> <p><b>Finding</b> The City's Human Resources - Internal Policy states in paragraph 3.1 that all employees shall endeavor to take annual leave in the year in which it is accrued. During our testing of the annual leave report at year end we noted 25 staff out of a total of 296 staff with outstanding annual leave entitlements in excess of 8 weeks ie 8 weeks to a maximum of 24 weeks.</p> <p><b>Recommendation</b> Management should implement processes to identify and monitor staff that have accrued excess annual leave balances and take appropriate action.</p> <p><b>Risk Rating</b> <b>Moderate (Medium)</b></p>	<p><b>Management Comment</b> The HR Internal Policy details leave management strategies to assist with clearing accrued leave. These strategies are being implemented across the organisation and balances are reviewed regularly. To assist management to track and monitor leave balances, dashboards will be created in OneCouncil.</p> <p><b>Responsible Officer</b> Manager Human Resources</p>	31 March 2024	<p>01/11/2023    Manager    Human</p> <p><b>Resources:</b> The City has contacted the systems Owner/Developer/Provider "TechnologyOne" regarding the training of staff in the development of dashboards and applicable reports to be created in OneCouncil. The Payroll and Systems Coordinator will be trained in the development of dashboards/applicable reports at the next available opportunity. As per Appendix 1 of the HR Internal Leave Management policy, Managers/supervisors are actively addressing accrued leave balances.</p>	31 January 2024



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.6(iv)) Payroll	<b>Management Comment</b> This policy has been reviewed in light of the changes of legislation for Local Governments transitioning from the Federal to State system. The review took place in August 2021. All HR policies have been reviewed aligning to the applicable (new) legislation with the policies being progressively submitted to the Executive team for approval.	31 December 2023	01/11/2023    Manager    Human Resources: As part of the transition to the State Industrial Relations system from the Federal system, it has been a legislative requirement to update all the HR Internal policies to reflect the new appropriate legislation. All HR Internal policies have been reviewed, with over 50% being presented to the Executive for final approval. These policies are being submitted for final approval on a progressive basis. On track to be completed by 31 December 2023.	31 December 2023
<b>Finding</b> There was no documentary evidence that the City's Human Resources - Internal Policy has been reviewed since September 2018.				
<b>Recommendation</b> The City should review the Policy periodically and update it where necessary.				
<b>Risk Rating</b> <b>Minor (Low)</b>	<b>Responsible Officer</b> Manager Human Resources			



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.6(v)) Payroll	<b>Management Comment</b> The Authority System does not have the capability to provide the pro rata balances between the anniversary date of the employee and the date of migration 26/06/2023. We have identified this issue and a manual calculation is required. This will be rectified in the coming months.	31 December 2023	01/11/2023 Payroll and Systems Coordinator: Manual Calculation for part-time/casual employees has commenced. The process/calculation will continue to be progressed over the next couple of months.	29 February 2024
<b>Finding</b> During our testing of the long services records it was noted that when transitioning from the Authority system to the OneCouncil system, prorated long service leave balances at the end of the last financial year have not been brought forward to the 2022/23 financial year.				
<b>Recommendation</b> The management should carry out a detailed investigation of the brought forward long service balances from the Authority system to the OneCouncil system and rectify the errors in order to ensure the year end long service liability is accurate.	<b>Responsible Officer</b> Payroll and Systems Coordinator			
<b>Risk Rating</b> <b>Moderate (Medium)</b>				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.7) Information Technology	<p><b>Management Comment</b> IT has a robust onboarding and offboarding procedure that is used for all staff, including fulltime, casuals and contractors, during this process the manager and HR define the access required for individuals.</p> <p>A formal permissions structure review has taken place and permissions are aligned with requirements of the business and financial delegations are entirely defined by the finance department.</p> <p>However, the IT Department understands that this requirement is for the <b>regular</b> review of permission structures and is currently working through a process to cross reference with HR and departmental managers on a 6 monthly basis to make certain there have been no changes to requirements or the officers position/role in the company.</p> <p><b>Responsible Officer</b> Manager Information Technology</p>	31 December 2023	16/11/2023 Manager Information Technology: We are currently working through this with HR. Unfortunately due to staffing constraints we have had to push out the deadline to the end of February. We have however discussed how to implement and have test data that proves that we have a viable process, we just need time to implement.	29 February 2023
<p><b>Finding</b> During our testing of IT controls, we noted that the City does not have a formal process to review user access rights and privileges in the system to ensure they are in line with the responsibilities of individual staff member's roles/responsibilities.</p> <p><b>Recommendation</b> The management should ensure user access rights are periodically reviewed to ensure they are in line with individual staff roles and responsibilities.</p> <p><b>Risk Rating</b> <b>Moderate (Medium)</b></p>				





## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.8(i)) Fixed Assets	<b>Management Comment</b> All disposal of assets would require the necessary Asset Disposal Forms to be completed and authorised. Communication regarding this requirement will be sent to all asset owners.	31 October 2023	01/11/2023 Coordinator Finance: Works on the Asset disposal forms have commenced and will be completed by end of the month.	30 November 2023
<b>Finding</b> We noted that currently there is no process of formally documenting the disposal of assets i.e. <i>Asset Disposal Form</i> , and obtaining managements approval prior to disposal of individual assets. We however, acknowledge that potential disposals are included in the City's approved budget.				
<b>Recommendation</b> We recommend that management introduce an Asset Disposal/Deletion form to formalize the asset disposals/deletions process, which should also be subject to appropriate authorisation.	<b>Responsible Officer</b> Coordinator Finance			
<b>Risk Rating</b> Minor (Low)				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.8(ii)) Fixed Assets	<b>Management Comment</b> Although the transition to OneCouncil was implemented on the 01/07/2022, asset data was not migrated and the asset module was not configured, this work only commenced in January 2023. Due to the volume of transactions for assets in One Council the set-up has taken longer than anticipated. We are currently working through the capitalisation and reconciliation for year end and anticipate to be completed prior to the commencement of the 2023 audit.	31 October 2023	01/11/2023 Coordinator Finance: Monthly reconciliation for assets are being prepared and reviewed.	Completed
<b>Finding</b> We noted that the monthly fixed asset reconciliations have not been performed since the transition from the Authority system to the OneCouncil system, due to difficulties encountered in transferring certain data pertaining to fixed assets from the old system to the new system. No depreciation has been charged on a monthly basis on the fixed assets due to the same reason.				
<b>Recommendation</b> We recommend that issues that prevented the preparation of monthly fixed asset reconciliations be identified and resolved at the earliest in order to ensure the year end fixed asset balances as per the fixed assets register and the relevant general ledger accounts are accurate and the correct annual depreciation charge is reflected in the Annual Financial Report.	<b>Responsible Officer</b> Coordinator Finance			
<b>Risk Rating</b> Moderate (Medium)				



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.8(iii)) Fixed Assets	<b>Management Comment</b> The portable asset register will be reviewed and updated to include cost and date of purchase of asset.	31 December 2023	01/11/2023 Coordinator Finance: The portable asset register have been updated to include the date of purchase and the cost.	31 December 2023
<b>Finding</b> Section 17B of the Local Government ( <i>Financial Management</i> ) Regulations 1996, requires the CEO to take all reasonable steps to prevent the theft or loss of portable and attractive assets with a fair value of less than \$5,000 at the date of acquisition which are excluded from the fixed asset register.  Although the City maintains registers in respect of these assets, we noted that important information such as the date of purchase and the cost are not indicated in respect of certain assets.  <b>Recommendation</b> We recommend that the registers be updated with all the required information that enables easy identification of portable and attractive assets with a fair value of less than \$5,000.  <b>Risk Rating</b> <b>Minor (Low)</b>	<b>Responsible Officer</b> Chief Financial Officer and Coordinator Finance			



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.9(i)) General Compliance and Other Matters	<b>Management Comment</b> The delay resulted due to early closure of council meetings in December 2022 and the next earliest meeting held in February 2023. We will ensure the November 2023 Statement of Financial Activity is presented to the council meeting in December 2023.	31 December 2023	01/11/2023 Coordinator Finance: Finance will ensure the monthly financial statements are presented within 2 months of the month end.	
<b>Finding</b> We noted the Statement of Financial Activity for the month of November 2022 was not presented to the Council within 2 months of month end as required by the Local Government ( <i>Financial Management</i> ) Regulations 1996, 34 (4)				
<b>Recommendation</b> Monthly financial activity statements should be presented at the ordinary council meeting as prescribed in the Local Government ( <i>Financial Management</i> ) Regulations 1996.	<b>Responsible Officer</b> Chief Financial Officer			
<b>Risk Rating</b> Minor (Low)				



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Macri Partners – Financial Management Review</b>				
EA: 2023/06 (4.9(ii)) General Compliance and Other Matters	<b>Management Comment</b> The unused website link to the Tender Register has been removed subsequent to the finding.	N/A	01/11/2023 Coordinator Finance: This has been actioned	Completed
<b>Finding</b> We reviewed the City's Tender Register on its official website and noted that although the CEO had approved the Tender 04/23 in March 2023 based on the recommendation of the tender evaluation panel, the tender register was not updated (in an unused website link to the Tender Register which was accessible to the general public) to reflect the name of the successful tenderer and the consideration.	Confirming the Tender Register was up to date at the time and as part of process is always updated right away following tender award.			
The issue was resolved after the matter was brought to the attention of the senior procurement officer.	<b>Responsible Officer</b> Coordinator Procurements and Contracts			
<b>Recommendation</b> The City should ensure that unused website link to the Tender Register is removed				
<b>Risk Rating</b> Minor (Low)				



## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>OAG - Interim Financial Audit</b>				
<p>EA: 2023/08 (1) Formal documentation of review of rates data input into Authority</p> <p><b>Finding</b> As part of the annual rates levy process, (1) rates and minimum payments and (2) valuations received from Landgate are entered into the Authority system. It was noted that there is no evidence of an independent review to ensure this data has been entered correctly and without omission. Additionally, we noted that no review is currently performed that compares the recorded revenue from rates levied to budgeted revenue.</p> <p>Without formal review, errors or omission in data may not be identified, which may lead to inaccuracies in both the rates charged and ultimately the rates revenue recognised in the financial statements.</p> <p><b>Recommendation</b> The City should implement a formal review process for the Landgate valuation reports and establish a system to reconcile the Landgate property valuation reports to the accounting systems. The review should be evidenced by a formal sign-off by the preparer and reviewer.</p> <p><b>Risk Rating</b> Minor (Low)</p>	<p><b>Management Comment</b> We are in the process of documenting the formal reconciliation of land valuation in Authority to Landgate records. This process will be conducted twice in the year and formal reports will be requested from Landgate to ensure completeness and accuracy of valuation data in Authority.</p> <p><b>Responsible Officer</b> Chief Financial Officer</p>	30 November 2023	01/11/2023 Coordinator Finance: The reconciliation of Landgate valuation has been completed in August 2023. This reconciliation will now be conducted twice a year.	Completed



# AUDIT LOG

## ITEMS OUTSTANDING FROM PRIOR AUDITS

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxon - Building and Planning Internal Audit Review</b>				
<a href="#">IA: 2023/08 (5.3) Pool Inspection Information</a>				
<p><b>Finding</b></p> <p>Paxon reviewed the monthly and quarterly management information reporting to assess the effectiveness and adequacy of team performance and compliance with timeline requirements at the City for Verge, Planning, Development and Building Applications.</p> <p>In general there is adequate information in place, but with some limitations:</p> <ul style="list-style-type: none"> <li>• The Authority system is not equipped to effectively handle and report against specified deadlines. Because of this information is extracted from the Authority system using crystal reports and then transferred onto spreadsheets.</li> <li>• The current reporting does not include information on the duration or number of days taken for each application. Instead, it focuses solely on compliance with the statutory time frame. This limitation may hinder the ability to analyse workload distribution, identify bottlenecks and implement targeted improvements that may benefit community.</li> </ul> <p><b>Recommendation</b></p> <p>Improvements to management information should be considered to include the actual number of days taken in assessment/processing and also their complexity.</p> <p><b>Risk Rating</b></p> <p><b>Low</b></p>	<p><b>Management Comment</b></p> <p>Unfortunately as the City is moving away from Authority and actively moving toward having OneCouncil as the City's operating program together with having limited Staff within the City's current IT team that have the level of expertise required to make required changes within Authority, I have continued to work out the correct turn-around times by reviewing each application which I provide within a monthly report to the Director Community Development &amp; Sustainability. This is tedious task, which will hopefully be rectified in the near future with assistance from the City's IT department.</p> <p><b>Responsible Officer</b></p> <p>Manager Building Services</p>	TBC	02/11/2023 Manager Building Services: As indicated in the management comment, this will be addressed upon introduction of the OneCouncil building module. This is anticipated to occur in approximately May 2024. No further action can be undertaken. Action to be closed.	TBC Completed





## AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Paxon - Reg 17 Review</b> <a href="#">EA: 2021/05 (7) Disaster Recovery Plan</a>  <b>Finding</b> The City's Disaster Recovery Plan is outdated (2018) V2 and still includes names of previous CEO and officers. Reference to COVID-19 situations are not included. Paxon have been advised that a Cloud Disaster Recovery is being sourced.  <b>Recommendation</b> The City should ensure updated Disaster Recovery Plan is updated to align with Cloud DR.  <b>Risk Rating</b> <b>Medium</b>	<b>Management Comment</b> Agree to recommended action.  <b>Responsible Officer</b> Manager Governance and Legal	1 December 2021	Whilst the City has a Disaster Recovery Plan, it is high level and outdated in parts. The City has retained an external consultant, namely Riskwest, to review the existing plan and prepare a new plan suited to the City's needs. A two-hour workshop is scheduled for 1 March 2023 with the Leadership Team and other managers to build better awareness of business continuity and the City's business priorities for recovery when a major disruption occurs.  Workshop objectives: <ul style="list-style-type: none"> <li>• To build an understanding of the basic principles of incident and business continuity response</li> <li>• To build better awareness of the roles and responsibilities for coordination, decision-making, and communications during a disruptive event</li> <li>• To reassess the business priorities for recovery and validate these against the City's existing business continuity arrangements</li> <li>• To identify opportunities for improving the City's response plans and capabilities</li> </ul> 26/04/2023 – Manager Governance and Legal: The workshop has now been completed by Riskwest, who are moving to phase two involving: <ul style="list-style-type: none"> <li>▪ Develop and document a BCM policy and framework</li> <li>▪ Revise the business impact analysis (BIA) methodology and update the priorities of services</li> </ul>	September 2023  <b>Completed</b>



## AUDIT LOG



- and functions undertaken
- Develop new business continuity plans (BCPs)
- Conduct plan walkthrough sessions with business areas

05/06/2023 Manager Information Technology:

The City has an IT DR plan which has yearly reviews (monitored via the City's audits). This only addresses IT matters. Riskwest are addressing organisation wide disaster recovery.

06/06/2023 Governance and Risk Officer:

Recently, Riskwest completed a desktop review and gap analysis of the City of Kwinana's (the City's) business continuity management (BCM) program against contemporary BCM standards and better practice and provided a number of recommendations for improvement. The City has moved onto Phase Two of these recommendations and will be commencing work mid-July, in partnership with Riskwest to deliver its BCM Policy and Framework, Strategic Business Impact Analysis, BCP Development and walkthrough.

23/08/2023 Governance and Risk Officer:

Riskwest have met with all directorates and will provide draft documentation shortly.

18/10/2023 Governance and Risk Officer:

Early November the appropriate City Officers attended training with regards to the testing of the City's Crisis Management Plan and their Local Business Continuity Plans.

AUDIT LOG



The City's Business Continuity Framework will continue to be reviewed and amended, and testing carried out to ensure the City is kept up to date with educating Officer with regards to Business Continuity.

This action is considered closed.



# AUDIT LOG

Audit Details	Action	Approved Completion Date	Status	Proposed Completion Date
<b>Office of the Auditor General - Computer Controls Review 2022</b>				
<b>EA: 2022/06 (2) Network Security Management</b>				
<p><b>Finding</b></p> <p>Effective monitoring and logging mechanisms provide the ability to track user activities in preventing, detecting, or minimising the impact of a security / data compromise. The presence of logs in all environments allows thorough tracking, alerting, and analysis. The cause of a compromise is very difficult, if not impossible, to determine without system activity logs.</p> <p>We identified that the City's systems have the capability to produce network and system logs. However, logs are only reviewed when incidents are reported and are not actively monitored.</p> <p>Further, there is no technology that supports threat detection, compliance and security incident management through the collection and analysis (both near real time and historical) of security events, as well as a wide variety of other event and contextual data sources.</p> <p>Without effective logging and monitoring processes, there is an increased risk that the City will not be able to detect and or respond to unauthorised access or malicious activity. This could lead to potential downtime, unauthorised access, loss or compromise of confidential or critical information and data.</p> <p><b>Recommendation</b></p> <p>The City should:</p> <ul style="list-style-type: none"> <li>• Develop, document and implement appropriate security logging and monitoring processes and requirements</li> <li>• Conduct appropriate independent routine reviews of the key system / activity logs</li> <li>• Consider appropriate technology that supports threat detection, compliance and security incident management through the collection and analysis of security events to ensure adequate protection in preventing, detecting, or minimising the impact of a security / data compromise. (E.g., Security information and event management (SIEM) technology).</li> </ul>	<p><b>Management Comment</b></p> <p>Agree. The draft IT Strategy includes using the SIEM system to address this deficit.</p> <p><b>Responsible Officer</b></p> <p>Manager Information Technology</p>	30 December 2023	In progress.	30 December 2023
			05/05/2023    Manager    Information Technology:	Completed
			There is a timeline of works being followed and this action has been prioritised to be addressed by December 2023.	
			23/08/2023    Manager    Information Technology:	
			Implementing system now, with work continuing. Expected completion date remains December 2023.	
			23/08/2023    Manager    Information Technology:	
			SecureWorks Taegis XDR system has been commissioned. This system is looking at login attempts to our azure and internal domain and monitors our firewall logs among other things. This system then correlates and analyses the security events gathered to provide alerting, reporting and incident analysis when there is anything outside of the norm. This system, in an automated fashion, meets the appropriate security logging and monitoring goal and is constantly reviewing all system access logs to find issues.	

AUDIT LOG

Risk Rating

Moderate (Medium)



## ATTACHMENT

## CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Formal documentation of review of rates data input into Authority	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.

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

## ATTACHMENT

## CITY OF KWINANA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 1. Formal documentation of review of rates data input into Authority

**Finding**

As part of the annual rates levy process, (1) rates and minimum payments and (2) valuations received from Landgate are entered into the Authority system. It was noted that there is no evidence of an independent review to ensure this data has been entered correctly and without omission. Additionally, we noted that no review is currently performed that compares the recorded revenue from rates levied to budgeted revenue.

**Rating: Minor****Implication**

Without formal review, errors or omission in data may not be identified, which may lead to inaccuracies in both the rates charged and ultimately the rates revenue recognised in the financial statements.

**Recommendation**

The City should implement a formal review process for the Landgate valuation reports and establish a system to reconcile the Landgate property valuation reports to the accounting systems. The review should be evidenced by a formal sign-off by the preparer and reviewer.

**Management comment**

*We are in the process of documenting the formal reconciliation of land valuation in Authority to Landgate records. This process will be conducted twice in the year and formal reports will be requested from Landgate to ensure completeness and accuracy of valuation data in Authority.*

**Responsible person:****Vanisha Govender- Chief Financial Officer****Completion date:**

30.11.2023

**PARTNERS**

Anthony Macri CA FCPA  
Domenic Macri CA CPA  
Connie De Felice CA CPA

21 September 2023

Mr Wayne Jack  
Chief Executive Officer  
City of Kwinana  
PO Box 21  
KWINANA WA 6966

Dear Sir

**RE: FINANCIAL MANAGEMENT REVIEW REPORT - 2023**

Please find enclosed the City of Kwinana - Report on the review of the appropriateness and effectiveness of the financial management systems and procedures in respect of the financial year 2023 for your information.

We thank you and your staff for the assistance provided during the conduct of the review.

Yours faithfully,



**ANTHONY MACRI**  
**AUDIT PARTNER**



**City of Kwinana**

**Report on the review of the appropriateness  
and effectiveness of the financial  
management systems and procedures**

**June 2023**





## TABLE OF CONTENTS

	<u>PAGE</u>
<b>1. INDEPENDENT REVIEWER'S REPORT.....</b>	<b>1</b>
<b>2. EXECUTIVE SUMMARY.....</b>	<b>4</b>
2.1 BACKGROUND AND REVIEW OBJECTIVE.....	4
2.2 SCOPE AND APPROACH.....	4
2.3 OVERVIEW OF FINDINGS .....	6
<b>3. RISK RANKING CRITERIA.....</b>	<b>7</b>
<b>4. DETAILED FINDINGS AND RECOMMENDATIONS .....</b>	<b>8</b>
4.1 BANK RECONCILIATIONS .....	8
4.2 INVESTMENT OF SURPLUS FUNDS.....	9
4.3 PURCHASE OF GOODS AND SERVICES.....	13
4.4 RATES .....	18
4.5 SUNDRY DEBTORS.....	19
4.6 PAYROLL.....	20
4.7 INFORMATION TECHNOLOGY (IT).....	24
4.8 FIXED ASSETS .....	25
4.9 GENERAL COMPLIANCE AND OTHER MATTERS .....	28



**PARTNERS**  
Anthony Macri CA, FCPA  
Domenic Macri CA, CPA  
Connie De Felice CA, CPA

## 1. INDEPENDENT REVIEWER'S REPORT

### TO THE CHIEF EXECUTIVE OFFICER OF THE CITY OF KWINANA

At the request of the CEO, Macri Partners was engaged to conduct a limited assurance review of the appropriateness and effectiveness of the City of Kwinana's ("the City") financial management systems and procedures. The objective of the review is to assist the CEO discharge his responsibilities in respect to Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (as amended). The review was conducted for the period 1 July 2022 to 30 June 2023.

#### CEO'S RESPONSIBILITY FOR MAINTAINING AND REVIEWING FINANCIAL MANAGEMENT SYSTEMS AND PROCEDURES

The CEO is responsible for implementing policies, procedures and controls which are designed to ensure the effective and efficient management of the Council's resources. In accordance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (as amended), the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures. At least once in every three financial years, the CEO is to report the results of those reviews to Council.

#### OUR RESPONSIBILITY

Our responsibility is to provide a report expressing limited assurance, designed to enhance the confidence of the CEO to assist him report on the appropriateness and effectiveness of the financial management systems as required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (as amended). We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements* issued by the Australian Auditing and Assurance Standards Board, in order to state whether, based on the procedures performed, anything has come to our attention that causes us to believe that that the City's financial management systems have not been operating effectively. Our engagement provides limited assurance as defined in ASAE 3500.

(CONTN/-)

Page | 1

**INDEPENDENT REVIEWER'S REPORT (CONTINUED)****LIMITATIONS OF USE**

This report is made solely to the CEO of the City for the purpose of the CEO reporting under Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*. We disclaim any assumption of responsibility for any reliance on this report to any person other than the CEO of the City, or for any purpose other than that for which it was prepared. We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

The report is for the use of the City of Kwinana and should not be quoted in whole or in part without our prior written consent.

**INHERENT LIMITATIONS**

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ASAE 3500 and consequently does not allow us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an opinion providing reasonable assurance. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and its responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our reports should not rely on the report to identify all potential instances of non-compliance which may occur.


Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

**INDEPENDENCE**

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

**INDEPENDENT REVIEWER'S REPORT (CONTINUED)****CONCLUSION**

Based on our work described in this report, nothing has come to our attention to indicate the City has not established and maintained appropriate and effective financial management systems and procedures during the period 1 July 2022 to 30 June 2023 other than those aspects of the City's Financial Management systems and procedures which were assessed as having opportunities for improvement. Our findings and recommendations are summarised at Part 4 of this report.

  
MACRI PARTNERS  
CHARTERED ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100

  
A MACRI  
PARTNER

PERTH  
DATED THIS 21<sup>st</sup> DAY OF SEPTEMBER 2023



---

## 2. EXECUTIVE SUMMARY

### 2.1 BACKGROUND AND REVIEW OBJECTIVE

The objective of our review is to provide a report, based on our understanding of the City and associated risks, to assist the CEO to report to the local government on the appropriateness and effectiveness of the City's financial management systems and procedures as required by local government (Financial Management) Regulation 5(2)(c).

To comply with this requirement, we were engaged to undertake a review of certain areas (refer 2.2 Scope and Approach). Our engagement was undertaken in accordance with Australian Auditing and Assurance Standards.

The review covered the period 1 July 2022 to 30 June 2023.

### 2.2 SCOPE AND APPROACH

The financial management review coverage included the following agreed areas:

- Bank reconciliations and petty cash
- Investments of surplus funds
- Trust funds
- Receipts and receivables
- Rates
- Fees and charges
- Purchases, payments and payables (including purchase orders)
- Payroll
- Credit card procedures
- Fixed assets (including acquisition and disposal of property)
- Cost and administration overhead allocations
- Minutes and meetings
- Budget
- Financial reports
- Plan for the future

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

- 
- General journals
  - Information Technology
  - Registers (including annual and primary returns)
  - Delegations
  - Audit committee
  - Insurance
  - Storage of documents/record keeping
  - General compliance and other matters

Three stages were involved:

(i) Drafting financial management review work programs

The following factors were considered in developing the review programs:

- setting the objectives and scope of work;
- determining what needed to be tested and how much to test;
- documenting the work;
- deciding upon exceptions and their impact; and
- drawing conclusions regarding the testing and assessment.

(ii) Performance of financial management review function

The review was performed with the involvement of Partner, Manager and senior staff at various stages/levels of the work for the drafting of the review programs, performances of work, discussions and the drafting of reports.

(iii) Draft report, discuss and provide final report

Reporting at the conclusion of our review visit involved reporting of review findings, control weaknesses, legislative non-compliance matters and other relevant matters together with our recommendations.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

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### **2.3 OVERVIEW OF FINDINGS**

Our examination was mainly an overview of the areas, assessing major controls and considering whether the systems and procedures in place are appropriate and effective for the City's current level of operations and structure. We did not necessarily examine compliance with provisions of the Act or Regulations, which were not financial in nature.

The financial management review was undertaken by discussions with the City's management and staff. We reviewed and identified the controls and procedures established within each area. Wherever necessary, the information provided was verified to test its accuracy and reliability.

The report contains several recommendations which we believe would help ensure that the financial systems operate in a more efficient and effective manner.

We encourage the City to consider these recommendations and if appropriate, to adopt them as they will further improve systems and procedures and ensure the integrity and reliability of the financial management processes and reporting of the City.

### 3. RISK RANKING CRITERIA

The following rankings may be applied to each recommendation to determine the significance of the issues raised:

#### Significant

Signifies a serious breakdown in key controls, which has the potential to:

- Impact adversely on the achievement of the Council's objectives, and/or
- Expose the Council to the risk of major financial loss, and/or
- Expose the Council to a substantial risk of external criticism.

Requires immediate management actions.

#### Moderate

Signifies a breakdown in controls, which has the potential to:

- Impact adversely on the achievement of Program/Activity objectives, and/or
- Expose the Program/Activity to the risk of financial loss, and/or
- Expose the Program/Activity to a risk of external criticism.

Requires management action within a reasonable time period.

#### Minor

Signifies a minor breakdown in controls, which, when addressed, will:

- Improve performance of the Program/Activity, and/or
- Improve controls in line with good management practice, and/or
- Decrease risks inherent in the Program/Activity.

Management should consider cost benefit analysis within a reasonable time period.

*The risk ranking is indicated below each issue.*



## 4. DETAILED FINDINGS AND RECOMMENDATIONS

### 4.1 BANK RECONCILIATIONS

We carried out a review of the monthly bank reconciliations in respect of the Muni Fund, Reserve Fund, Xmas Saver and Trust Fund accounts in order to ascertain if the controls around bank reconciliations were effective.

The following matter was noted during our review and is brought to your attention.

#### **Finding:**

The Muni bank reconciliations for the months of August 2022 to October 2022 have not been signed and dated by the reviewer and the reconciliations for the months of November 2022 to 30 June 2023 although signed have not been dated by the reviewer.

The Xmas saver bank reconciliations have been reviewed but date of review was not evident for the months of August 2022 to November 2022 and February 2023.

**Rating:** Minor

#### **Implication:**

In the absence of evidence of a review and date of review, it is not possible to ascertain if the reconciliations have been reviewed or reviewed in a timely manner. Lack of a review and delays in the review process of the reconciliations can result in errors or omissions not being detected early.

#### **Recommendation:**

Monthly bank reconciliations should always be reviewed promptly and the reviewer should sign and indicate the date of review on the reconciliation to demonstrate that reviews have been carried out in a timely manner.

#### **Management Comment:**

*Due to conflicting priorities with the transition to One Council this has delayed the reconciliation process. The bank reconciliation is currently being reviewed monthly and signed off by the Coordinator Finance.*

**Responsible Person:** CFO and Coordinator Finance  
**Completion Date:** 31 August 2023

#### **4.2 INVESTMENT OF SURPLUS FUNDS**

We conducted a review of investment of funds by the City. The objective of the review was to determine if adequate control exists in the investment of funds.

An investment policy exists which provides general guidelines as to the levels of risk and exposure for the various types of investments that can be placed. Our review of the City's Investments policy indicates that the policy has been prepared to ensure that all investments are made in accordance with:

- The *Local Government Act 1995* - Section 6.14;
- *Local Government (Financial Management) Regulations 1996* – Regs 19, 28 & 49;
- *The Trustees Act 1962* – Part III Investments; and
- Australian Accounting Standards;

All investment, cash management and risk management activity is undertaken in accordance with approved delegations authorised by the Council. The Chief Executive Officer (CEO) has been delegated authority by Council with the power to invest the City's funds. This authority is also sub-delegated by the CEO to the Chief Financial Officer, Director City Development and Sustainability, Director City Infrastructure and Director City Life.

The City maintains its own investments and does not utilise the services of any authorised advisors. All movements such as transfers and redemption of investments are controlled by CEO and Chief Financial Officer.

The City's investments consist of term deposits (short to medium term) with four financial institutions, namely Bendigo, Commonwealth Bank, National Australia Bank and Suncorp Bank. The risk profile is low as there are no structured investments which have exposure to the global financial markets.

A schedule of investments is produced and submitted to the Council on a monthly basis.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

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The following matters were noted during our review and are brought to your attention:

**(i) Finding:**

The monthly investments reconciliations have not been reviewed by an officer independent of the preparer during the first six months of the financial year and although subsequent monthly reconciliations were reviewed, they were undated.

**Rating:** Minor

**Implication:**

Lack of a review and delays in the review process of the reconciliations can result in errors or omissions not being detected early.

**Recommendation:**

The monthly investment reconciliations should be reviewed promptly by an independent senior officer and such review should be evidenced in writing.

**Management Comment:**

*The first 6 months were not signed off by the previous CFO. Investment reconciliations are now reviewed by the CFO monthly (from January 2023) and will be dated.*

**Responsible Person:** CFO and Coordinator Finance

**Completion Date:** 30 September 2023

**(ii) Finding:**

The City's Investment Procedural Guideline (Work Instruction) – FIN77 has not been reviewed by the City since 29 October 2018.

**Rating:** Minor

**Implication:**

The Work Instruction may be outdated and the investment decisions made based on the Work Instruction may not be the most appropriate.

**Recommendation:**

The Work Instruction should be reviewed by the senior management periodically and updated if required based on the investment objectives of the City specified in the Investment Policy.

**Management Comment:**

*The work instruction referred to is currently not utilised in the daily management of investments. The City's policy delegation register are the key operational documents utilised and was updated in 2022.*

*The process map for the investment process will be created and will replace the work instruction.*

**Responsible Person:** CFO and Coordinator Finance

**Completion Date:** 31 December 2023

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

**(iii) Finding:**

The City's investment policy (D12/63257/v5) requires that investments be spread within a credit rating to ensure that single entity exposure is limited as detailed below.

S&P Long Term Rating	S&P Short Term Rating	Direct Investment Maximum for Category
AAA and Bendigo Bank Kwinana Community Branch	A-1+ and Bendigo Bank Kwinana Community Branch	45%
AA	A-1+	45%
A	A-1	25%
BBB	A-2	10%

Our examination of the investment portfolio as at 30 June 2023 revealed that the investment in Bendigo Bank is 100% of the total investment in the AAA and Bendigo Bank credit rating category and the investment in National Australia Bank in the AA credit rating category is 69% and the investment in the Suncorp Bank in the A credit rating category is 100%.

We understand that the intent of the City is to monitor single entity investment in comparison to the total portfolio of investments.

**Rating:** Minor

**Implication:**

The City's expectations of the investment strategy are not clearly articulated in the current policy.

**Recommendation:**

The City should review the investment policy and update it in order to fall in line with the expectations of the City.



**City of Kwinana**  
**Financial Management Review**  
**June 2023**

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**Management Comment:**

*The intent of the policy is to monitor single entity investment in comparison to the total portfolio of investments. This however, is not very clearly articulated in the current policy and will need to be updated accordingly.*

**Responsible Person: Chief Financial Officer**

**Completion Date: 31 December 2023**

**4.3 PURCHASE OF GOODS AND SERVICES**

We carried out a review of the purchases and payments system to determine the adequacy and effectiveness of the controls in place. A number of payments were selected and testing performed to determine whether purchases of goods and services were in accordance with City's purchasing policy, guidelines and procedures.

More specifically, this entailed examining the following desirable internal control objectives:

- Appropriateness of the Council Policy on Purchases and Payments.
- Assurance that proper procedures are in place over the purchases and payments for goods and services.
- Assurance that purchases are initiated only by authorised personnel and on the basis of competitive quotes (where applicable).
- Assurance that Purchase Orders for goods are placed as needed and for optimum quantities.
- Incoming delivery of goods are recorded.
- Quantity and quality of goods received are certified prior to payment.
- Terms, prices and general accuracy of supply invoices are certified correctly before payment.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

- The allocation of costs is correctly handled so as to produce reliable reports for management purposes.
- Credits are correctly processed for all purchase returns and allowances.
- The functions of requisitioning, ordering, receiving, certifying and invoice paying are segregated.

The following matters were noted during our review and are brought to your attention.

**(i) Finding:**

During our testing of procurements throughout the year, we noted an instance (out of a sample of 24) where the purchase order was dated after the date of the corresponding supplier invoice from Technology One Ltd. The relevant purchase order number is P00006373.

**Rating:** Moderate

**Implication:**

There was no evidence that the ordering of services was approved prior to obtaining the services.

**Recommendation:**

Purchase orders should always be approved for all applicable items prior to ordering goods or services.

**Management Comment:**

*Finding Noted. Refresher training to be delivered to staff members involved with this finding.*

**Responsible Person: Coordinator Procurements and Contracts**

**Completion Date: 31 December 2023**

**(ii) Finding:**

We noted that monthly creditor reconciliations reconciling the subsidiary ledger balance with the relevant general ledger account have not been properly prepared during the year until June 2023. Eg. Individual creditor names with the monthly outstanding balances were not appearing in the reconciliation and there was no evidence of review.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

**Rating:** Minor

**Implication:**

In the absence of monthly creditor reconciliations reviewed by an independent senior officer, accuracy of the relevant general ledger balance cannot be ascertained and errors or frauds may not be detected in a timely manner.

**Recommendation:**

Monthly creditor reconciliations should be prepared soon after month end and such reconciliations should be reviewed by an officer independent of the preparer. Evidence of review should be documented and retained.

**Management Comment:**

*Due to the transition to One Council and various conflicting priorities this reconciliation was configured around May 2023 and finalised in June 2023. This reconciliation is now complete and fully reconciled.*

**Responsible Person:** CFO and Coordinator Finance

**Completion Date:** 31 August 2023.

**(iii) Finding:**

We noted that as per the City's Procurement Procedure, performance of background checks (e.g company extracts obtained to view shareholder's and directors' details, etc) before awarding a contract or issuing a purchase order is at the discretion of the procurement officers.

**Rating:** Minor

**Implication:**

In the absence of specific instructions, the City's expectations may not be met as the background checks may not be performed by the procurement officers. Background checks serve as an anti-fraud control and can assist to identify current or past Council employees, elected members etc.



**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**Recommendation:**

We recommend that the procurement procedures be amended to state specifically when the background checks be performed. Background checks would also facilitate the identification of related party transactions in order to comply with the requirements of AASB 124 – Related Party Disclosures.

**Management Comment:**

*Background checks (e.g company extracts obtained to view shareholder's and director's details), occur on every occasion for the preferred candidates for Tenders. However, the procurement procedures will be further elaborated to provide guidance when the background checks will be conducted for all procurement processes and to what extent.*

**Responsible Person: Coordinator Procurements and Contracts**

**Completion Date: 31 October 2023**

**(iv) Finding:**

During our testing of credit card transactions during the year, we noted that IT Manager had used his personal credit card to pay for business expenses until he was issued with a corporate credit card.

**Rating:** Minor

**Implication:**

This practice creates not only a financial burden on employees but also business expenses become much harder to track and important decisions on cost management could be impacted as unauthorised purchases could be made by the cardholder.

**Recommendation:**

We recommend that the City amends its purchasing policy to include a paragraph prohibiting the use of personal credit cards to meet business expenses. Requests made by employees who are in need of corporate credit cards should be dealt with by the City in a timely manner.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**Management Comment:**

*Personal credit card usage is not encouraged at the City but at the same time if an individual uses his/her personal credit card and the amounts are immaterial, the City reimburses the relevant expenditure as soon as possible. This risk is managed as all reimbursements of credit card expenditure must be authorised and validated prior to reimbursement. The identified risk is under control and therefore no further action required.*

**Responsible Person: N/A**

**Completion Date: N/A**

**(v) Finding:**

We noted that the OneCouncil software system is unable to generate a monthly creditors aging schedule.

**Rating:** Minor

**Implication:**

In the absence of a monthly creditors aging schedule the overdue amounts may not be identified easily resulting in suppliers been dissatisfied as their payment terms may not have been observed. This may impact the City's reputation adversely.

**Recommendation:**

The management should request the software provider to incorporate a feature into the software system that enables the generation of a monthly creditor aging.

**Management Comment:**

*As a result of the transition to OneCouncil, there were many urgent priorities to be attended to. The System accountant was appointed in May 2023 who has now assisted in configuring and finalising the creditors age analysis report in August 2023.*

**Responsible Person: CFO and Coordinator Finance**

**Completion Date: 31 August 2023**

#### **4.4 RATES**

We carried out a review of the system pertaining to raising and collecting of rates in order to ascertain if the controls around the rating system were effective.

The following matter was noted during our review and is brought to your attention.

**(i) Finding**

The City's policy documents on "Rates Collection" and "Financial Hardship Policy for Rate Payers" do not indicate the date of adoption and when the next review is due.

**Rating:** Moderate

**Implication:**

In the absence of date of adoption, the validity and the relevance of the policies in the context of the City's current requirements cannot be ascertained. Outdated policies may be unclear, contradictory or inconsistent with other organisational documents. This can lead to confusion among employees resulting in misunderstandings, errors and conflicts.

**Recommendation:**

The City should indicate the date of adoption and the date of next review on all its policy documents. Reviews of all council policies should be carried out periodically and updated where necessary.

**Management Comment:**

*The Rate Collection Policy and Financial Hardship Policy will be updated to include the date of adoption and review date.*

**Responsible Person: Manager Governance and Legal**

**Completion Date: 30 September 2023**

#### **4.5 SUNDRY DEBTORS**

We carried out a review of the system relating to sundry debtors in order to ascertain if the controls around the sundry debtors system were effective.

The following matter was noted during our review and is brought to your attention.

**(i) Finding:**

The City's work instruction on private works (FIN59) has not been reviewed since 21 October 2015.

**Rating:** Minor

**Implication:**

The work instruction may be outdated in the context of the current requirements of the City.

**Recommendation:**

The City should review the work instruction (FIN 59) at the earliest and update it where necessary.

**Management Comment:**

*The work instruction is still applicable but needs to be updated with reference to OneCouncil.*

**Responsible Person:** CFO and Coordinator Finance

**Completion Date:** 31 December 2023

#### **4.6 PAYROLL**

As part of our review process, we examined the policies and procedures in place over the recruitment function and the monitoring and control of payroll.

The scope of the review focussed on the payroll process including:

- Weekly payroll processing
- New appointments
- Termination payments
- Leave balances and payments
- Workers' Compensation
- Compliance to applicable Awards, Acts and Regulations

More specifically, this entailed examining the following desirable objectives:

- Assurance that proper procedures are in place over the recruitment of staff.
- Job descriptions properly and adequately provide the duties and responsibilities of each employee.
- Staff evaluations are carried out regularly to monitor the performance of employees.
- A proper filing system is in place to ensure that employee related correspondences are filed and preserved.
- Adequate accounting records are kept to account for staff entitlements.
- Superannuation and other deductions effected from employees' salaries are remitted to the appropriate authorities promptly.
- Proper procedures are in place over the payment of employee wages and salaries.



**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

The following matters were noted during our review and are brought to your attention.

**(i) Finding:**

We noted that amendments to payroll Masterfile (other than changes to banking details) are not reviewed by an officer independent of the officer/s who have access to payroll Masterfile.

**Rating:** Moderate

**Implication:**

In the absence of a review of the amendments to payroll Masterfile, errors or frauds may not be detected in a timely manner.

**Recommendation:**

Management should review all amendments to payroll Masterfile on a periodic basis and ensure all amendments are genuine and correct. Evidence of review should be documented and retained.

**Management Comment:**

*A Masterfile report is being sourced for the HR manager to sign off. Noting, the current "shipped" report in OneCouncil is not adequate/workable and a custom report is being sourced through the City's systems administration provider "Attura". This work has been scheduled to be completed within the next 3 months.*

**Responsible Person:** Payroll and System Coordinator

**Completion Date:** 31 December 2023

**(ii) Finding:**

We noted that no monthly payroll reconciliations reconciling the payroll reports with the relevant general ledger account balances have been performed during the financial year.

**Rating:** Moderate

**Implication:**

Errors or frauds may not be detected in a timely manner.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**Recommendation:**

Monthly payroll reconciliations should be performed and they should be reviewed by an independent senior officer in a timely manner. Evidence of review should be documented and retained.

**Management Comment:**

*Due to the transition to OneCouncil the reconciliation to the payroll suspense accounts have not been prepared and reviewed. The suspense accounts are however, being analysed and actioned accordingly to ensure long outstanding items are actioned. This occurs between the payroll section and Finance.*

**Responsible Person: Coordinator Finance**

**Completion Date: 31 October 2023**

**(iii) Finding:**

The City's Human Resources – Internal Policy states in paragraph 3.1 that all employees shall endeavor to take annual leave in the year in which it is accrued. During our testing of the annual leave report at year end we noted 25 staff out of a total of 296 staff with outstanding annual leave entitlements in excess of 8 weeks ie 8 weeks to a maximum of 24 weeks.

**Rating:** Moderate

**Implication:**

Excess annual leave may have adverse effects on the City including:

- Key staff not been rotated, a preventive control against fraud;
- Health and safety concerns with staff members not taking their annual leave entitlements; and
- Increase the City's costs given salary rises and increments over time.

**Recommendation:**

Management should implement processes to identify and monitor staff that have accrued excess annual leave balances and take appropriate action.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**Management Comment:**

*The HR Internal Policy details leave management strategies to assist with clearing accrued leave. These strategies are being implemented across the organisation and balances are reviewed regularly. To assist management to track and monitor leave balances, dashboards will be created in OneCouncil.*

**Responsible Person: Manager Human Resource**

**Completion Date: 31 March 2024**

**(iv) Finding:**

There was no documentary evidence that the City's Human Resources – Internal Policy has been reviewed since September 2018.

**Rating:** Minor

**Implication:**

The Policy may be outdated in the context of the current human resources requirements of the City and may fail to comply with new laws and regulations.

**Recommendation:**

The City should review the Policy periodically and update it where necessary.

**Management Comment:**

*This policy has been reviewed in light of the changes of legislation for Local Governments transitioning from the Federal to State system. The review took place in August 2021. All HR policies have been reviewed aligning to the applicable (new) legislation with the policies being progressively submitted to the Executive team for approval.*

**Responsible Person: Manager, Human Resources**

**Completion Date: 31 December 2023**



**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**(v) Finding:**

During our testing of the long services records it was noted that when transitioning from the Authority system to the OneCouncil system, prorated long service leave balances at the end of the last financial year have not been brought forward to the 2022/23 financial year.

**Rating:** Moderate

**Implication:**

The long service leave balances in the OneCouncil system may be understated.

**Recommendation:**

The management should carry out a detailed investigation of the brought forward long service balances from the Authority system to the OneCouncil system and rectify the errors in order to ensure the year end long service liability is accurate.

**Management Comment:**

*The Authority System does not have the capability to provide the pro rata balances between the anniversary date of the employee and the date of migration 26/06/2023. We have identified this issue and a manual calculation is required. This will be rectified in the coming months.*

**Responsible Person:** Payroll and Systems Coordinator

**Completion Date:** 31 December 2023.

**4.7 INFORMATION TECHNOLOGY (IT)**

We conducted a review of the internal controls around IT.

The following matter was noted during our review and is brought to your attention:

**(i) Finding:**

During our testing of IT controls, we noted that the City does not have a formal process to review user access rights and privileges in the system to ensure they are in line with the responsibilities of individual staff member's roles/responsibilities.

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**Rating:** Moderate

**Implication:**

The lack of a formal process to review user access rights and privileges to the system increases the risk of unauthorized access to the system which could compromise data integrity.

**Recommendation:**

The management should ensure user access rights are periodically reviewed to ensure they are in line with individual staff roles and responsibilities.

**Management Comment:**

*IT has a robust onboarding and offboarding procedure that is used for all staff, including fulltime, casuals and contractors, during this process the manager and HR define the access required for individuals.*

*A formal permissions structure review has taken place and permissions are aligned with requirements of the business and financial delegations are entirely defined by the finance department.*

*However, the IT Department understands that this requirement is for the **regular** review of permission structures and is currently working through a process to cross reference with HR and departmental managers on a 6 monthly basis to make certain there have been no changes to requirements or the officers position/role in the company.*

**Responsible Person: Manager Information Technology**

**Completion Date: 31 December 2023**

**4.8 FIXED ASSETS**

We conducted a review of the internal controls around fixed assets.

The following matters were noted during our review and are brought to your attention:

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

---

**(i) Finding:**

We noted that currently there is no process of formally documenting the disposal of assets i.e. *Asset Disposal Form*, and obtaining managements approval prior to disposal of individual assets. We however, acknowledge that potential disposals are included in the City's approved budget.

**Rating:** Minor

**Implication:**

Although potential disposals are reflected in the City's approved budget, it is likely that the budgeted sales proceeds may differ from actual. Therefore, such practice could potentially result in the misappropriation of assets and result in financial losses to the City.

**Recommendation:**

We recommend that management introduce an Asset Disposal/Deletion form to formalise the asset disposals/deletions process, which should also be subject to appropriate authorisation.

**Management Comment:**

*All disposal of assets would require the necessary Asset Disposal Forms to be completed and authorised. Communication regarding this requirement will be sent to all asset owners.*

**Responsible Person: Coordinator Finance**

**Completion Date: 31 October 2023**

**(ii) Finding:**

We noted that the monthly fixed asset reconciliations have not been performed since the transition from the Authority system to the OneCouncil system, due to difficulties encountered in transferring certain data pertaining to fixed assets from the old system to the new system. No depreciation has been charged on a monthly basis on the fixed assets due to the same reason.

**Rating:** Moderate

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

**Implication:**

Monthly financial statements produced since the beginning of the financial year have been incomplete and inaccurate.

**Recommendation:**

We recommend that issues that prevented the preparation of monthly fixed asset reconciliations be identified and resolved at the earliest in order to ensure the year end fixed asset balances as per the fixed assets register and the relevant general ledger accounts are accurate and the correct annual depreciation charge is reflected in the Annual Financial Report.

**Management Comment:**

*Although the transition to OneCouncil was implemented on the 01/07/2022, asset data was not migrated and the asset module was not configured, this work only commenced in January 2023. Due to the volume of transactions for assets in OneCouncil the set-up has taken longer than anticipated. We are currently working through the capitalisation and reconciliation for year end and anticipate to be completed prior to the commencement of the 2023 audit.*

**Responsible Person: Coordinator Finance**

**Completion Date: 31 October 2023**

**(iii) Finding:**

Section 17B of the Local Government (*Financial Management*) Regulations 1996, requires the CEO to take all reasonable steps to prevent the theft or loss of portable and attractive assets with a fair value of less than \$5,000 at the date of acquisition which are excluded from the fixed asset register.

Although the City maintains registers in respect of these assets, we noted that important information such as the date of purchase and the cost are not indicated in respect of certain assets.

**Rating:** Minor

**Implication:**

Identification of assets and tracking of documentation pertaining to such assets may become difficult if the registers do not reflect all the important information that facilitate identification of assets.



**City of Kwinana**  
**Financial Management Review**  
**June 2023**

**Recommendation:**

We recommend that the registers be updated with all the required information that enables easy identification of portable and attractive assets with a fair value of less than \$5,000.

**Management Comment:**

*The portable asset register will be reviewed and updated to include cost and date of purchase of asset.*

**Responsible Person: CFO and Coordinator Finance**

**Completion Date: 31 December 2023**

**4.9 GENERAL COMPLIANCE AND OTHER MATTERS**

The following matters were noted during our review and are brought to your attention:

**(i) Finding:**

We noted the Statement of Financial Activity for the month of November 2022 was not presented to the Council within 2 months of month end as required by the Local Government (*Financial Management*) Regulations 1996, 34 (4)

**Rating:** Minor

**Implication:**

Non-compliance with the relevant regulation and also actions or decisions required as a result of information in the report may not have been carried out in a timely manner.

**Recommendation:**

Monthly financial activity statements should be presented at the ordinary council meeting as prescribed in the Local Government (*Financial Management*) Regulations 1996.

**Management Comment:**

*The delay resulted due to early closure of council meetings in December 2022 and the next earliest meeting held in February 2023. We will ensure the November 2023 Statement of Financial Activity is presented to the council meeting in December 2023.*

**City of Kwinana**  
**Financial Management Review**  
**June 2023**

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**Responsible Person: CFO**  
**Completion Date: 31 December 2023**

**(ii) Finding:**

We reviewed the City's Tender Register on its official website and noted that although the CEO had approved the Tender 04/23 in March 2023 based on the recommendation of the tender evaluation panel, the tender register was not updated (in an unused website link to the Tender Register which was accessible to the general public) to reflect the name of the successful tenderer and the consideration.

The issue was resolved after the matter was brought to the attention of the senior procurement officer.

**Rating:** Minor

**Implication:**

The general public could be misled due to inaccurate information in unused website link to the Tender Register.

**Recommendation:**

The City should ensure that unused website link to the Tender Register is removed

**Management Comment:**

*The unused website link to the Tender Register has been removed subsequent to the finding. Confirming the Tender Register was up to date at the time and as part of process is always updated right away following tender award.*

**Responsible Person: Coordinator Procurements and Contracts**  
**Completion Date: N/A**

# PAXON

## CITY OF KWINANA

### Community Services Internal Audit Review

Final | November 2023

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## TABLE OF CONTENTS

<b>1. INTRODUCTION.....</b>	<b>3</b>
1.1 BACKGROUND & OBJECTIVE .....	3
1.2 RISKS & SCOPE .....	3
<b>2. EXECUTIVE SUMMARY .....</b>	<b>4</b>
2.1 GOOD PRACTICE .....	5
<b>3. METHODOLOGY.....</b>	<b>6</b>
<b>4. INHERENT LIMITATIONS.....</b>	<b>7</b>
<b>5. DETAILED AUDIT FINDINGS .....</b>	<b>8</b>
5.1 CENTRAL COORDINATION OF EVENTS .....	8
5.2 DOCUMENTING AND RECORDING DECISIONS.....	9
5.3 ASSESSMENT TIMEFRAMES .....	10
5.4 CONFLICTS OF INTEREST .....	11

# 1. INTRODUCTION

## 1.1 Background & Objective

The City of Kwinana's "Strategic Internal Audit Plan - 2021/2022 to 2023/2024" provides for the conduct of a community services internal audit review. The overall objective for this internal audit is to provide assurance that effective and efficient controls are in place for community services processes as set out below.

## 1.2 Risks & Scope

### Operational Risks

- 8 Events assessment and approval/inadequately managed and controlled event.
- 57 Inadequate management of event risks
- 58 City not able to mitigate risks associated with Lolly Run event.

The internal audit reviewed community services. It focused upon the appropriate design and operational effectiveness of the following services:

- Internal guidance is in place and compliant with legislative and regulatory requirements.
- Processes and controls are designed and operate effectively for City and community run events.
- Educational material is in place for the community to organize events safely, and
- Grants processes are administered appropriately.

The internal audit reviewed processes and performed testing on activities during the period from 1 July 2022 to 30 June 2023.

## 2. EXECUTIVE SUMMARY

Based upon the work performed as part of this review, Paxon has identified a recommendation that would improve the design of events processes and three recommendations that would improve the design and operation of grant administration processes.

During the course of the audit it was noted that there was no central coordination of city and community events, as they are administered by different teams, however this was remediated during the review and is reported as completed under 5.1.

In relation to grants three medium rated findings were noted in the following areas:

- The documenting of decisions and their record keeping in relation to changes made to grant program processes and the outcome of assessments
- The timeframe taken for assessments to be made, and
- The establishment of clear processes for the consideration, documenting and managing of conflicts of interest.

In light of the results of this review we believe that the risk ratings within the risk register generally appear to be accurate but should be reconsidered in light of the remedial steps to be taken.

Our findings are summarised below and documented in detail within section 5 of this report.

We would like to thank all officers that assisted with the performance of this review.

Risk Area	Finding	Risk Rating
Events	Central Coordination of Events	Medium
	Documenting and Recording Decisions	Medium
Administration of Grants	Assessment Timeframes	Medium
	Conflicts of Interest	Medium

## 2.1 Good Practice

Based upon the work performed during this review the following areas were noted as having appropriate practice in place:

- **Internal Guidance:** The City had well-defined processes in place for developing and maintaining policies and procedures, helping to ensure compliance with legislative and regulatory requirements.
- **Effective Event Management:** Processes and controls for City and community-run events were effectively designed and executed, to assist in ensuring events were compliant with regulations, well-planned, and managed in terms of risk, budgeting, volunteer coordination, marketing, safety, and feedback mechanisms. Timeline guidance for external events particularly helpful for the community.
- **Educational Material Availability:** Adequate educational materials were available on the City's website for Community Events Funding and Youth & Community Mental Health Initiative Program (YCMHIP) Grants, providing valuable resources for the community.
- **The City has an appropriate system (Smarty Grants) in place for the administration of grants application and assessment processes.**
- **Proactive Issue Resolution:** The City promptly addressed issues identified during the audit, such as the lack of clarity in timeframes and the need for better documentation when combining grants, demonstrating a commitment to improving practices.
- **Commitment to Conflict-of-Interest Management:** The City recognized the need to enhance conflict-of-interest management by introducing the requirement for keeping minutes for panel meetings and establishing a conflict-of-interest register.

These good practices reflect the City of Kwinana's dedication to maintaining effective community services while proactively addressing areas requiring improvement to enhance overall performance and compliance.

### 3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit and Risk Committee.

Each finding detailed in section 5 is rated based on the following scale:

Rating	Definition
<b>High</b>	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
<b>Medium</b>	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
<b>Low</b>	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



## 4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.

## 5. DETAILED AUDIT FINDINGS

### 5.1 Central Coordination of Events

#### Audit Finding

Historically there has been limited central coordination and oversight of events across both the City and community run events. The Community Services team coordinates and runs the City's events, but previously it was not notified of community run events which are assessed by Health.

In October 2023 a central calendar was developed that contains all events and a cross-functional group called the Events Assessment Team was put in place to provide this coordination. We understand that prior to this there was a similar group in place but this could not be evidenced and had a different remit.

#### Risk Rating

Paxon has determined this finding to be of **Medium Risk**

#### Implication

- Lack of coordination of City and community run events
- Community Service events expertise not fully utilised to the benefit of the community

#### Recommendation

All community events should be notified to Community Services so that they can provide input if required. This could be performed through a central repository for listing all City and Community run events.

#### Management Comment

As noted above this action has been completed.

The Events team will provide limited one off support to groups running events, but staffing resourcing (The Events Team is a 1.6FTE team) does not allow for the internal team to provide this as a business as usual service.

#### Action Owner

Coordinator Engagement and Place

#### Target Completion Date

Completed



## 5.2 Documenting and Recording Decisions

### Audit Finding

As part of the Youth & Community Mental Health Initiative Program (YCMHIP) the City received two separate applications from two different applicants. During the assessment period. It was determined that these projects were very similar in nature and the applicants already had a strong collaborative history. As a result, the City facilitated discussions between the two applicants and they agreed to merge their projects into a single joint project, with one applicant removing their application. However, within Smarty Grants the system used for administering grant processes they were both documented as approved for payment, but only one payment was actually made and used for a joint event.

It was also noted that there were no acquittals performed for this program, although they were documented as required within the 2022 Guidelines. We were informed that there was a change made in the acquittal requirements for this program which allowed businesses to apply for the grants and which led to the majority of the successful applicants not having receipts to submit as part of the grant acquittal process as they had incurred internal costs. Hence, the removal of the acquittal requirement. However, there was no documented record to support this change or its approval.

### Risk Rating

Paxon has determined this finding to be of **Medium Risk**

### Implication

- Lack of a clear audit trail to support and evidence the process followed and its outcomes
- Lack of records to support decisions made

### Recommendation

For all decisions made or where policy or guidelines are deviated from the change should be documented, approved appropriately and formally recorded.

### Management Comment

In relation to the merged applications both being approved for payment, they were both listed as approved applications however one application (MH010) was recorded as being approved for \$0 while the other application (MH008) was approved for the full \$20,000.

Acquittals were completed for these grants, though the requirement for receipts to evidence how the grants were spent was removed from the acquittal process.

The Guidelines will be reviewed updated accordingly.

### Action Owner

Coordinator Engagement and Place

### Target Completion Date

31 March 2024

### 5.3 Assessment Timeframes

#### Audit Finding

Through assessment of the guidelines for YCMHIP grants and community event funding, we were able to determine the following set timeframes for application processing:

- WAPHA Grants – All applicants will be notified of the outcome of their application within one month of the closing date.
- Community Grants - Applications will take six weeks for assessment and notification of outcomes from the date of submission or round closing, unless otherwise specified in the individual grants criteria

Paxon assessed the decision timeframe for YCMHIP grant applications and community event funding applications. Through assessment of community event funding, it was noted that five out of sixteen tested funding exceeded the six-week timeframe and through assessment of the YCMHIP grants, it was noted that six out of eight tested grants did not meet the expected timeframe.

This finding suggests that there may be some systemic issues with the way that the City is processing YCMHIP grant applications and community event funding applications. It is possible that the City is not adequately resourced to process applications within the set timeframe, or that there are inefficiencies in the process.

Ensuring the timeframes are met is important as it can lead to complications for the applicant resulting in delays or even cancellations of events.

#### Risk Rating

Paxon has determined this finding to be of **Medium Risk**

#### Implication

- Applicants may be unable to secure funding for their projects
- Reduced trust in the City's grant application process and cancellation of projects

#### Recommendation

The City should review the timelines for the grant application processes to identify and address any systemic issue and to assess if they are realistic.

#### Management Comment

The recommendation is accepted. Grant application timelines will be reviewed to determine they are appropriate.

#### Action Owner

Coordinator Engagement and Place

#### Target Completion Date

31 March 2024

#### 5.4 Conflicts of Interest

##### Audit Finding

The City currently lacks a comprehensive process for managing conflicts of interest. While reports can be generated from Smarty Grants to track declarations made during individual assessments, there is no established procedure for recording decisions regarding whether a member with a conflict of interest can vote or must be excluded from decision-making or how they should be managed. There is also no mention of conflict of interest management processes within policy.

The City acknowledges this gap and has implemented a conflict of interest register to help rectify the situation. We reviewed the new conflict-of-interest register introduced at the City, and we are able to ascertain the adequacy of the new register.

It is also planned to incorporate this process into their "Admin Close Out Form" and ensure that minutes are taken at panel meetings, including information on conflict-of-interest decisions.

##### Risk Rating

Paxon has determined this finding to be of **Medium Risk**

##### Implication

When conflicts of interest are not effectively considered, identified and managed, there is a risk of unethical behaviour, favouritism, or decisions being made that do not serve the best interests of the community. This can erode public trust and damage the reputation of the City.

##### Recommendation

The City should establish clear and comprehensive conflict of interest processes for identifying, disclosing, managing and resolving conflicts of interest. These policies should be easily accessible to all employees, officials, and stakeholders. The City should also continue to maintain and regularly update the conflict-of-interest register.

##### Management Comment

Conflict of interest is addressed within the City's Employee Code of Conduct. There is a process map detailing the process for making such a declaration which links to the City's template disclosure form.

As suggested, the City will incorporate conflict of interests within the "Admin Close Out Form" and ensure conflicts of interests are appropriately recorded in the minutes of panel meetings. The City will also increase education of staff regarding disclosing conflicts.

##### Action Owner

Coordinator Engagement and Place

##### Target Completion Date

31 March 2024

# PAXON

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## **10.2 ADOPTION OF THE ANNUAL REPORT (INCLUDING THE FULL SET OF AUDITED FINANCIAL STATEMENTS) FOR THE YEAR ENDING 30 JUNE 2023**

### **SUMMARY**

The Audit Committee is to examine the Annual Financial Report, review any matters raised by the Auditor in the Management Report and ensure that appropriate action is taken in respect to those matters raised.

This report presents the audited Annual Financial Report including the Independent Auditor's Closing Report from the City's Auditors for the year ended 30 June 2023. An unqualified opinion is expected to be issued, meaning that the City of Kwinana's financial records and statements are fairly and appropriately presented, and in accordance with *Australian Accounting Standards Board (AASB)* and the *Local Government Act 1995*.

A copy of the draft Annual Report 2022/23 (Part 1 – Community) for the year ended 30 June 2023 is also attached for the Audit and Risk Committee's review. The Annual Report is comprised of two parts, namely, Part 1 – Community and Part 2 – Annual Financial Report which together comprise the City's complete Annual Report 2022-2023 and meet the City's legislative reporting requirements of Section 5.53(1) of the *Local Government Act 1995*.

In addition to acceptance of the Annual Report, approval of Council will be sought to set the date of the Electors' General Meeting.

### **OFFICER RECOMMENDATION**

**That the Audit and Risk Committee recommends that Council:**

- 1. Receive the Audited Annual Financial Statements for the year 30 June 2023, as detailed at Attachment A;**
- 2. Receive the Independent Auditor's Closing Report and Management Letters (Financial Audit and Information Technology General Control Audit) at Attachments B, C and D.**
- 3. Receive the Audit Opinion (unsigned) for the year ended 30 June 2023 at Attachment E.**
- 4. Receive the Management Representation letter for the year ended 30 June 2023 at Attachment G.**
- 5. Adopt the Annual Report 2022/23, Part 1 – Community, as detailed at Attachment F.**
- 6. Advertise the availability of the Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*.**
- 7. Accept in accordance with Section 5.27 of the *Local Government Act 1995* the date for the Electors' General Meeting as 31 January 2024, commencing at 5pm.**

**VOTING REQUIREMENT**

Absolute Majority

**DISCUSSION**

For the year ended 30 June 2023 the City's Auditors have been the Office of the Auditor General (OAG) for Western Australia. OAG has subsequently contracted the audit work to RSM, however it is the OAG that issue the final opinion and any relevant management points. As a requirement of the *Local Government Act 1995* the City's Auditors are required to report on certain compliance matters and any other matters which arise during the course of their audit. The Independent Auditors Report and the Management Letters is the format in which the Auditors report this information.

The Office of the Auditor General has issued its 'Auditors Closing Report' with a number of findings that have been raised within the management letters and the appropriate management comment have been made which are detailed at Attachments B and C. The findings cover both the Financial and the Information Technology (IT) General Control audit.

In accordance with the Terms of Reference of the Audit and Risk Committee, the Committee must review the Audited Annual Financial Statements and audit findings. Approval is also sought for the Committee to endorse the Annual Financial Statements together with the management representation letter. The audited financial statements, a key component of Part 2 of the City's Annual Report, are scheduled to be presented at the Electors General Meeting on 31 January 2024.

In addition, a copy of the Audited Annual Financial Statements is also required to be submitted to the Director General of the Department of Local Government, Sport and Cultural Industries (the Department) within 30 days of receipt of the Auditor's Report.

**Implementation of Technology One in 2023**

The transition to Technology One has presented certain challenges for the City, as evidenced by the audit queries. Such challenges are typically encountered during the migration of financial ERP systems. Positively, these audit findings have catalysed the development and implementation of processes that will enhance the robustness of the City's financial statements. This proactive response aligns with our commitment to continuous improvement, ensuring ongoing refinement and strengthening of our financial management systems.

**Audit Findings**

The audit findings are split into the Finance and IT General Control Audits. The details findings and management comments for these audits are at Attachments C and D.

**Finance Audit**

There were 4 findings identified in the Finance audit and a summary of these findings can be found below:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Contributed assets recognition	No	✓			
2. Long Service Leave and Annual Leave Reconciliation	No		✓		
3. Formal documentation of review of rates data input into Authority	No			✓	
4. Long Service Liability Rate	No			✓	

The one significant item relates to developer contributed assets of \$6m that were incorrectly recognised in 2023 instead of prior periods. The main reason for the delay in the recognition is due to the transition to Technology One in 2022 and the freezing of data for asset data migration purposes. As indicated in the management comments, the City disagrees with the rating of this findings as the revenue was not understated, however agrees that the City's process can be reviewed and improved.

### IT General Control Audit

The IT General Control Audit has provided valuable insights into our current practices and areas for improvement with six findings identified during the IT General Control Audit. However, it's important to note the challenges in obtaining a clear direction on the specific controls to be assessed. From one audit to the next, the criteria can shift, as evidenced by the introduction of data loss prevention in the latest audit, which was not a focus in previous reviews. This changing landscape makes it difficult to anticipate and fully prepare for each audit's unique requirements. Despite these challenges, the City remains committed to a philosophy of continuous improvement, particularly concerning the security of our network. We proactively address feedback and findings from IT audits, constantly refining our systems and processes to bolster security and operational efficiency.

However, there are aspects of the recent audit findings that need correction or clarification:

1. **Business Continuity Plan:** The City is in the process of developing a new Business Continuity Plan, specifically tailored to our IT function. This plan is distinct from the IT Disaster Recovery Plan. We believe that repeating the same information in both documents could lead to inconsistencies and confusion. Our approach is to maintain separate, clearly defined plans for distinct purposes, ensuring clarity and effectiveness in their application.
2. **IT Incident Response Plan:** Contrary to the audit findings, the City already has a comprehensive IT Incident Response Plan, which forms a part of our IT Disaster Recovery Plan. This document was duly provided to the auditor. Therefore, the recommendation to develop such a plan does not align with the current state of our IT disaster recovery preparedness and should be amended in the audit report.
3. **Cyber Security Manual:** Our Cyber Security Manual includes a dedicated section on Cyber Security Incident Response (Section 13, Page 61). This section is meticulously developed to address the specific requirements and protocols for managing cyber security incidents.



While we acknowledge and appreciate the insights provided by the IT General Control Audit, it is crucial that the findings and recommendations accurately reflect the City's current IT security infrastructure and practices. Council Officers will continue to engage constructively with the audit process, ensuring that our systems remain robust and secure. A summary of the findings can be found below:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Financial Application (TechOne) – User Access Management	No		✓		
2. Network – User Access Management	No		✓		✓
3. Logging and Monitoring	No		✓		✓
4. Business Continuity and Cyber Security Incident Response	No		✓		
5. Data Loss Prevention	No			✓	
6. IT Governance – Strategy	No			✓	✓

### **Annual Report and Electors General Meeting**

Section 5.27 of the *Local Government Act 1995* requires a general meeting of electors to be held not more than 56 days after the local government accepts the annual report.

If Council adopts the Annual Report, the Electors' General Meeting (EGM) is required to be held not later than 7 February 2024. It is therefore proposed that the EGM be held prior to the first Ordinary Council Meeting of 2024, being 31 January 2024 at 5pm.

Upon acceptance of the Annual Report and approval of the EGM date and time, statutory advertising will take place within the district and the final version of the Annual Report will be distributed through the Administration Centre and at the City Library. Additionally, the Annual Reports will be made available for viewing on the night of the Elector's General Meeting and available on the City's website.

**2022/2023 Annual Financial Statement**

The 2023 Audited Annual Financial statement is included as Part 2 of the Annual Report. A detail analysis of the Annual Financial Statement is included below:

**Closing Surplus**

The closing surplus for the 30 June 2023 was \$4,315,277. The 2023/2024 adopted Annual Budget estimated a closing surplus brought forward of \$1,133,167. The increase in surplus of \$3,182,110 is primarily attributed to incomplete capital projects in 2023 and the receipt of an advance payment totalling \$2,226,656 for the 2023/2024 Federal Government Financial Assistance Grants.

The surplus has been addressed in the November 2023 Budget Review presented at the Ordinary Council meeting in November 2023.

**Operating Revenue**

The total operating revenue was \$68,855,341 and reflects a \$2,643,459 (3.99%) increase on last financial year's total operating revenue. This favourable increase is a result of:

- Rates increased by \$2,601,036. This represents a 6.04% increase on prior year rates revenue as a result of the growth of the City and a rate increase of 3.95%.
- Grants, Subsidies and contributions decreased by \$1,638,536 mainly due to the closures of the Bright Futures family daycare and in-home daycare in February 2023.
- Interest Revenue increased by \$2,552,723 due to the increasing interest rates by the Reserve Bank of Australia, resulting in a positive impact on term deposits.
- Other Revenue decreased by \$827,308, mainly due to the sale of Lot 1032 McLaren Avenue Hope Valley relating to Flinders Industrial Precinct for \$455,369 took place in the prior year financials.

**Operating Expenditure**

The total operating expenditure of \$78,357,223 reflects a \$1,904,722 (2.49%) increase on last financial year's total operating expenditure and is made up of the following:

- Materials and Contracts decreased by \$2,957,298 due to the inclusion of the Technology One Project cost of \$2,927,055 in 2021/2022.
- Depreciation increased by \$2,762,619 as the carrying value of infrastructure assets had increased by \$238,390,572 because of the asset revaluation of infrastructure assets conducted in 2021/2022
- Other Expenditure increased by \$2,238,489 due to the Fair Value adjustment for Banksia Park buildings of \$2,179,975.

**Non-Operating Revenue**

The total non-operating revenue of \$12,790,322 reflects a \$5,312,026 decrease on last financial year's total non-operating revenue of \$18,102,348. Included in this revenue is non-cash contributions received for the development of City infrastructure and grants excluding unspent funds that are recognised as a liability.

There has been a decrease to contributions received for contributed assets of \$3,189,983 and capital grants have decreased by \$2,122,043 as the majority of works to Ngook Boorn Mia Mia/Honeywood Pavilion were completed in the 2021/22 financial year.

**Loss on asset disposals**

The total loss on asset disposals of \$2,923,420 reflects a \$2,918,255 increase on last financial year's loss on asset disposals of \$5,165. This increase is a result of infrastructure asset components that are now being continuously updated and disposed of in the Strategic Asset Module of Technology One, which only incurred at the time of revaluation in Authority.

**Reserves**

The reserve accounts balance of \$69,260,960 reflects a \$4,545,783 (7.02%) increase on last financial year's total reserve account balance of \$64,715,177. This movement predominantly reflects a net increase in transfer to reserves as follows:

- Various developer contributions reserves increased by \$5,752,726 for developer contributions received for after adjustments for capital expenditure and administration fees. The funds in these reserves are restricted for future infrastructure costs including community infrastructure.
- Asset Management Reserve decreased by \$1,651,600 to fund capital projects, projects including Parks & Reserves Renewal \$469,466, Road Renewal for Harrison Way \$322,389, Facilities – Public Open Spaces Renewal \$305,552 and Road Renewal Derbal Street \$213,167.

**Revaluation**

The revaluation surplus has increased by \$38,583,807 as a result of the revaluation of land and buildings completed in 2022/2023 by an external valuer, Asset Val.

**Correction of Errors from prior years**

Two prior period errors have been identified in the audited financials as per Note 31 of the Annual Financial Statements (Attachment A). The following provide further details regarding these prior period adjustments:

- Treatment of Software as a Service (SaaS) configuration costs - SaaS configuration costs for the implementation of the City's ERP Technology One were included under intangible assets as work in progress totalling to \$4,492,065 as at 30 June 2022. This was an incorrect accounting treatment, as the City does not have any control over the new ERP system and as such this expenditure should have been treated as operating expense instead of an intangible asset.
- Recognition of Developer Contributed assets from prior financial years, this relates to infrastructure assets that a developing City routinely acquires as part of its operations. Contributed assets of \$6,095,089 acquired below fair value were incorrectly recognised in 2023. In March 2022 due to the migration to Technology One the City made a management decision to cease any further processing of contributed asset data in Authority to enable for the smooth transition of asset information.

## STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Transparent reporting on the City's performance
	5.4 – Establish a culture of continuous improvement achieving high levels of business excellence	5.4.4 – N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Transparent reporting of the City's performance

## SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

## LEGAL/POLICY IMPLICATIONS

### Local Government Act 1995

#### 6.4 Financial Report

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to – (a) be prepared and presented in the manner and form prescribed; and (b) contain the prescribed information.

(3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –

(a) the accounts of the local government, balanced up to the last day of the preceding financial year; and

(b) the annual financial report of the local government for the preceding financial year.

#### 7.9. Audit to be conducted

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to –

(a) the mayor or president; and

(b) the CEO of the local government; and

(c) the Minister.

*Section 7.12A of the Act provides further detail with respect to audits including that the auditor must meet with the local government at least once every financial year, and that the local government is to report to the Minister addressing any findings identified as significant by the auditor.*

**5.27 Electors' general meeting**

- (1) A general meeting of the electors of a district is to be held once every financial year.*
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.*

**5.53 Annual Reports**

- (1) The local government is to prepare an annual report for each financial year.*
- (2) The annual report is to contain —*
  - (a) a report from the mayor or president; and*
  - (b) a report from the CEO; and*
  - [(c), (d) deleted.]*
  - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;*
  - (f) the financial report for the financial year; and*
  - (g) such information as may be prescribed in relation to the payments made to employees; and*
  - (h) the auditor's report for the financial year; and*
  - (ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
  - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —*
    - (i) the number of complaints recorded in the register of complaints; and*
    - (ii) how the recorded complaints were dealt with; and*
    - (iii) any other details that the regulations may require; and*
    - (iv) such other information as may be prescribed.*

**5.54. Acceptance of annual reports**

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*

*\* Absolute majority required.*

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

**5.55. Notice of annual reports**

- (1) The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.*

**5.56. Planning for the future**

- (1) A local government is to plan for the future of the district.*
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.*

**The Local Government (Audit) Regulations 1996** prescribe the following relating to the audit procedures:

**9. Performance of audit**

(2) An auditor must carry out an audit in accordance with the Australian Auditing Standards made or formulated and amended from time to time by the Auditing and Assurance Standards Board established by the Australian Securities and Investments Commission Act 2001 (Commonwealth) section 227A.

(3) An auditor must carry out the work necessary to form an opinion whether the annual financial report — (a) is based on proper accounts and records; and (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with — (i) the Act; and (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

**10. Report by auditor**

(1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.

(2) The report is to give the auditor's opinion on — (a) the financial position of the local government; and (b) the results of the operations of the local government.

(3) The report must include a report on the conduct of the audit.

(4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

**Disability Services Act 1993:**

**29. Report about disability access and inclusion plan**

(2) A local government or regional local government that has a disability access and inclusion plan must include in its annual report prepared under section 5.53 of the Local Government Act 1995 a report about the implementation of the plan.

**FINANCIAL/BUDGET IMPLICATIONS**

The 2023 end of year surplus for 2022/2023 was \$4,315,277. This surplus is mainly due to the advance payment of the Federal assistance grant of \$2,226,656 and projects that were incomplete at end of the financial year. The estimate opening surplus for the 2023/2024 budget has been updated in the November 2023 Budget review.

The City has made provision for the Electors' General Meeting in its adopted budget for the 2023/2024 financial year. There will be a minimal budget implication to produce the Annual Report (Part 1 - Community) as only a small print run will be produced. This has been budgeted at approximately \$800 with the cost being covered within the 2023/2024 Marketing and Communications Budget.

**ASSET MANAGEMENT IMPLICATIONS**

No asset management implications have been identified as a result of this report or recommendation.



**ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS**

There are no implications on any determinants of health as a result of this report.

**COMMUNITY ENGAGEMENT**

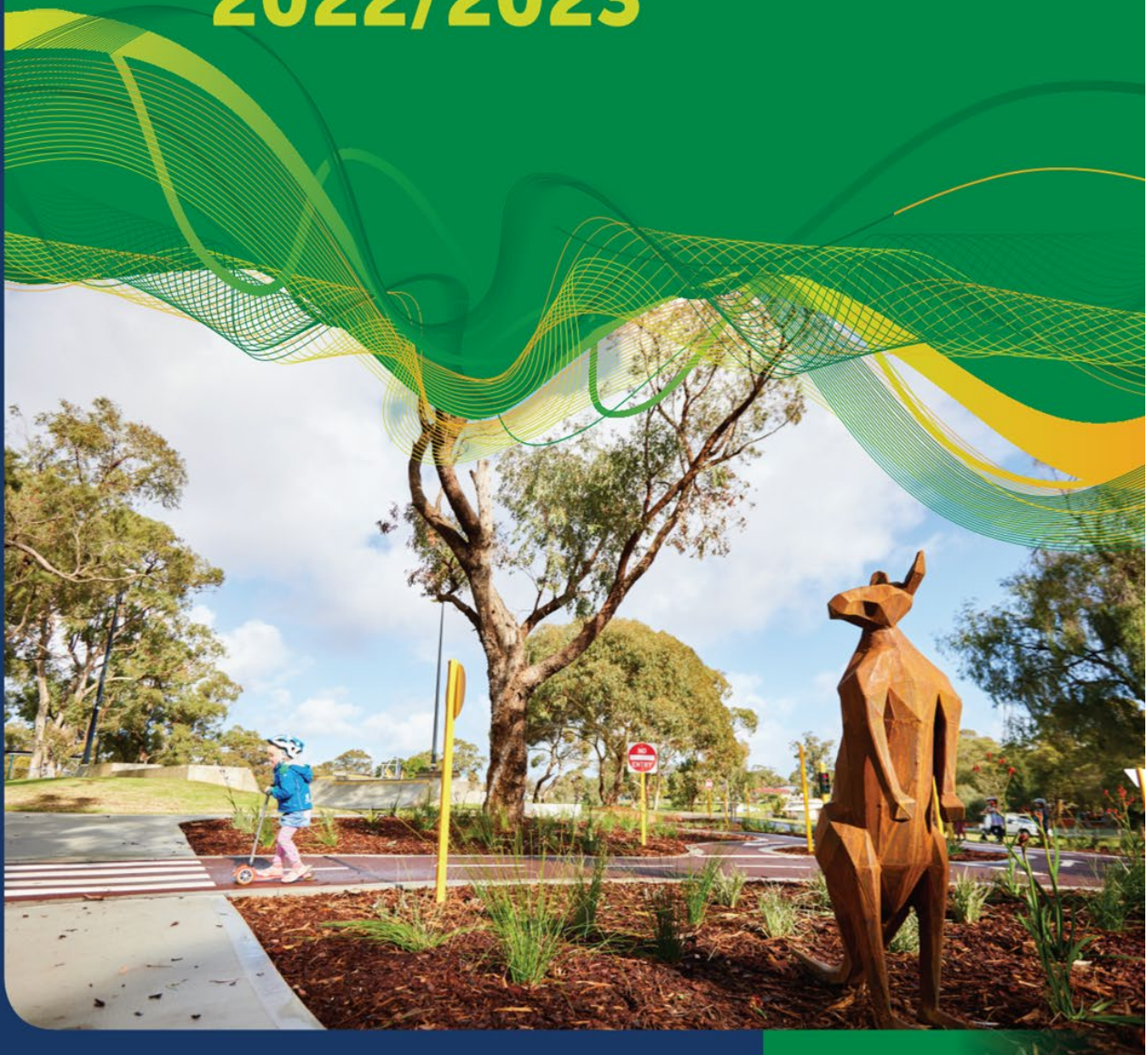
There are no community engagement implications as a result of this report.

**ATTACHMENTS**

- A. City of Kwinana - Annual Financial Statements 2022-2023**
- B. City of Kwinana Auditor's Closing Report - 30 June 2023**
- C. City of Kwinana - Finance Management Letter 2022-2023**
- D. City of Kwinana ITGC Management Letter 2022-2023 - Confidential**
- E. Annual Report (Part 1 - Community) 2022-2023**
- F. City of Kwinana - Management Representation Letter 2022/2023**



# Annual Financial Statements 2022/2023



**CITY OF KWINANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	53

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

*A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.*

Principal place of business:  
Corner Gilmore Avenue and Sulphur Road  
Kwinana WA 6167

**CITY OF KWINANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**STATEMENT BY CEO**

The accompanying financial report of the City of Kwinana has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

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

Signed on the 4th of December 2023

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Chief Executive Officer

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Wayne Jack  
Name of Chief Executive Officer

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

	NOTE	2023 Actual	2023 Budget	Restated* 2022 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	4(a),26	45,658,708	45,798,279	43,057,672
Grants, subsidies and contributions	4(a)	5,560,733	5,465,252	7,199,269
Fees and charges	4(a)	13,020,355	13,349,224	13,064,811
Interest revenue	4(a)	3,266,442	646,927	713,719
Other revenue	4(a)	1,349,103	368,046	2,176,411
		68,855,341	65,627,728	66,211,882
<b>Expenses</b>				
Employee costs	4(b)	(28,499,746)	(28,003,938)	(28,680,343)
Materials and contracts		(25,021,397)	(28,005,688)	(27,978,695)
Utility charges		(2,632,807)	(2,488,413)	(2,571,352)
Depreciation		(18,504,993)	(16,582,989)	(15,742,374)
Finance costs	4(b)	(715,653)	(698,484)	(838,885)
Insurance		(696,698)	(646,682)	(593,412)
Other expenditure	4(b)	(2,285,929)	(298,146)	(47,440)
		(78,357,223)	(76,724,340)	(76,452,501)
		(9,501,882)	(11,096,612)	(10,240,619)
Capital grants, subsidies and contributions	4(a)	12,790,322	5,648,463	18,102,348
Profit on asset disposals		132,518	143,250	186,850
Loss on asset disposals		(2,923,420)	(10,425)	(5,165)
Fair value adjustments to financial assets at fair value through profit or loss		410,264	0	(628,518)
Fair value adjustments to investment property	11	442,000	0	0
Share of net profit of associates accounted for using the equity method		0	0	(127,220)
Reversal of prior year loss on revaluation of Infrastructure - Street Lights	8(a)	0	0	2,780,113
		10,851,684	5,781,288	20,308,408
<b>Net result for the period</b>	25(b)	<b>1,349,802</b>	<b>(5,315,324)</b>	<b>10,067,789</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	18	38,583,807	0	238,390,872
<b>Total other comprehensive income for the period</b>	18	<b>38,583,807</b>	<b>0</b>	<b>238,390,872</b>
<b>Total comprehensive income for the period</b>		<b>39,933,609</b>	<b>(5,315,324)</b>	<b>248,458,661</b>

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

\* Restated - Refer to Note 31

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

	NOTE	2023 \$	Restated* 2022 \$	Restated* 2021 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	2	6,451,840	10,482,138	6,968,593
Trade and other receivables	5	3,861,200	3,595,676	5,717,945
Other financial assets	3(a)	69,729,213	62,204,865	59,941,739
Other assets	6	1,827,785	507,512	944,913
<b>TOTAL CURRENT ASSETS</b>		<b>81,870,038</b>	<b>76,790,191</b>	<b>74,071,190</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5	971,005	907,498	846,399
Other financial assets	3(b)	3,600,706	3,239,795	3,920,502
Investment in associate		0	0	535,835
Property, plant and equipment	7	177,464,654	139,096,047	137,825,552
Infrastructure	8	613,099,347	615,006,235	366,485,766
Right-of-use assets	10(a)	267,889	391,339	566,184
Investment property	11	1,012,000	570,000	570,000
Intangible assets	12	276,532	347,437	299,153
<b>TOTAL NON-CURRENT ASSETS</b>		<b>796,692,133</b>	<b>759,558,351</b>	<b>511,049,391</b>
<b>TOTAL ASSETS</b>		<b>878,562,171</b>	<b>836,348,542</b>	<b>585,120,581</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	25,977,250	24,536,347	22,889,779
Other liabilities	14	1,475,543	2,612,654	6,615,769
Lease liabilities	10(b)	146,163	10,110	174,595
Borrowings	15	2,208,899	2,696,235	2,537,530
Employee related provisions	17	4,813,269	5,147,863	5,706,854
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,621,124</b>	<b>35,003,209</b>	<b>37,924,527</b>
<b>NON-CURRENT LIABILITIES</b>				
Other liabilities	14	41,010,766	36,327,921	28,097,678
Lease liabilities	10(b)	105,667	371,179	371,179
Borrowings	15	11,383,241	13,156,542	15,851,996
Employee related provisions	17	618,902	600,829	445,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>53,118,576</b>	<b>50,456,471</b>	<b>44,765,853</b>
<b>TOTAL LIABILITIES</b>		<b>87,739,700</b>	<b>85,459,680</b>	<b>82,690,380</b>
<b>NET ASSETS</b>		<b>790,822,471</b>	<b>750,888,862</b>	<b>502,430,201</b>
<b>EQUITY</b>				
Retained surplus		216,771,564	219,967,545	212,232,114
Reserve accounts	29	69,260,960	64,715,177	62,382,819
Revaluation surplus	18	504,789,947	466,206,140	227,815,268
<b>TOTAL EQUITY</b>		<b>790,822,471</b>	<b>750,888,862</b>	<b>502,430,201</b>

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

\* Restated - Refer to Note 31

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

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>213,378,682</b>	<b>62,382,819</b>	<b>227,815,268</b>	<b>503,576,769</b>
Correction of prior period errors	31	(1,146,568)	0	0	(1,146,568)
<b>Restated balance as at 1 July 2021</b>		<b>212,232,114</b>	<b>62,382,819</b>	<b>227,815,268</b>	<b>502,430,201</b>
Comprehensive income for the period					
Net result for the period*		10,067,789	0	0	10,067,789
Other comprehensive income for the period	18	0	0	238,390,872	238,390,872
Total comprehensive income for the period		10,067,789	0	238,390,872	248,458,661
Transfers from reserve accounts	29	12,863,426	(12,863,426)	0	0
Transfers to reserve accounts	29	(15,195,784)	15,195,784	0	0
<b>Balance as at 30 June 2022</b>		<b>219,967,545</b>	<b>64,715,177</b>	<b>466,206,140</b>	<b>750,888,862</b>
Comprehensive income for the period					
Net result for the period		1,349,802	0	0	1349802
Other comprehensive income for the period	18	0	0	38,583,807	38,583,807
Total comprehensive income for the period		1,349,802	0	38,583,807	39,933,609
Transfers from reserve accounts	29	9,009,573	(9,009,573)	0	0
Transfers to reserve accounts	29	(13,555,356)	13,555,356	0	0
<b>Balance as at 30 June 2023</b>		<b>216,771,564</b>	<b>69,260,960</b>	<b>504,789,947</b>	<b>790,822,471</b>

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

\* Restated - Refer to Note 31



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

	NOTE	2023 Actual \$	Restated* 2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		46,375,918	43,962,581
Grants, subsidies and contributions		7,180,146	8,636,841
Fees and charges		13,000,317	13,048,607
Interest revenue		3,266,442	713,719
Goods and services tax received		0	(217,238)
Other revenue		1,349,103	2,176,411
		71,171,926	68,320,921
<b>Payments</b>			
Employee costs		(29,644,372)	(28,156,374)
Materials and contracts		(24,160,252)	(26,907,661)
Utility charges		(2,632,807)	(2,571,352)
Finance costs		(715,653)	(838,885)
Insurance paid		(696,698)	(593,412)
Goods and services tax paid		22,925	0
Other expenditure		(5,954)	(74,425)
		(57,832,811)	(59,142,109)
<b>Net cash provided by (used in) operating activities</b>	16(b)	13,339,115	9,178,812
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment		(4,782,812)	(6,359,452)
Payments for construction of infrastructure		(7,268,591)	(2,030,912)
Payments for intangible assets	12	0	(55,375)
Capital grants, subsidies and contributions		3,921,805	6,662,287
Proceeds for financial assets at amortised cost		(7,493,439)	(2,228,784)
Proceeds from financial assets at amortised cost - self supporting loans		18,444	17,847
Proceeds from sale of property, plant & equipment		647,664	594,756
<b>Net cash provided by (used in) investing activities</b>		(14,956,929)	(3,399,633)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	28(a)	(2,260,637)	(4,601,149)
Payments for principal portion of lease liabilities	28(b)	(151,847)	(164,485)
Proceeds from new borrowings	28(a)	0	2,500,000
<b>Net cash provided by (used in) financing activities</b>		(2,412,484)	(2,265,634)
<b>Net increase (decrease) in cash held</b>		(4,030,298)	3,513,545
Cash at beginning of year		10,482,138	6,968,593
<b>Cash and cash equivalents at the end of the year</b>	16(a)	6,451,840	10,482,138

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

\* Restated - Refer to Note 31

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

		2023	2023	Restated*
	NOTE	Actual	Budget	2022
		\$	\$	Actual
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	26	45,430,755	45,623,279	42,851,850
Rates excluding general rates	26	227,953	175,000	205,822
Grants, subsidies and contributions		5,560,733	5,465,252	7,199,269
Fees and charges		13,020,355	13,349,224	13,064,811
Interest revenue		3,266,442	646,927	713,719
Other revenue		1,349,103	368,046	2,176,411
Profit on asset disposals		132,518	143,250	186,850
Fair value adjustments to financial assets at fair value through profit or loss		410,264	0	(628,518)
Fair value adjustments to investment property	11	442,000	0	0
Share of net profit of associates accounted for using the equity method		0	0	(127,220)
		69,840,123	65,770,978	65,642,994
<b>Expenditure from operating activities</b>				
Employee costs		(28,499,746)	(28,003,938)	(28,680,343)
Materials and contracts		(25,021,397)	(28,005,688)	(27,978,695)
Utility charges		(2,632,807)	(2,488,413)	(2,571,352)
Depreciation		(18,504,993)	(16,582,989)	(15,742,374)
Finance costs		(715,653)	(698,484)	(838,885)
Insurance		(696,698)	(646,682)	(593,412)
Other expenditure		(2,285,929)	(298,146)	(47,440)
Loss on asset disposals		(2,923,420)	(10,425)	(5,165)
Reversal of prior year loss on revaluation of assets		0	0	2,780,113
		(81,280,643)	(76,734,765)	(73,677,553)
Non-cash amounts excluded from operating activities	27(a)	22,419,282	16,450,164	12,351,874
<b>Amount attributable to operating activities</b>		10,978,762	5,486,377	4,317,315
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		12,790,322	5,648,463	18,102,348
Proceeds from disposal of assets		647,664	872,500	594,756
Proceeds from financial assets at amortised cost - self supporting loans	28(a)	18,444	18,444	17,847
		13,456,430	6,539,407	18,714,951
<b>Outflows from investing activities</b>				
Purchase of property, plant and equipment	7(a)	(5,269,470)	(6,585,577)	(6,359,452)
Purchase and construction of infrastructure	8(a)	(14,335,258)	(8,658,468)	(17,736,036)
Payments for intangible assets	12	0	(545,557)	(55,375)
		(19,604,728)	(15,789,602)	(24,150,863)
Non-cash amounts excluded from investing activities	27(b)	3,276,344	(698,494)	5,508,990
<b>Amount attributable to investing activities</b>		(2,871,954)	(9,948,689)	73,078
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	28(a)	0	0	2,500,000
Transfers from reserve accounts	29	9,009,573	10,519,853	12,863,426
		9,009,573	10,519,853	15,363,426
<b>Outflows from financing activities</b>				
Repayment of borrowings	28(a)	(2,260,637)	(2,261,960)	(4,601,149)
Payments for principal portion of lease liabilities	28(b)	(151,847)	(139,257)	(164,485)
Transfers to reserve accounts	29	(13,555,356)	(5,995,349)	(15,195,784)
		(15,967,840)	(8,396,566)	(19,961,418)
<b>Amount attributable to financing activities</b>		(6,958,267)	2,123,287	(4,597,992)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	27(c)	3,166,736	2,339,025	3,374,335
Amount attributable to operating activities		10,978,762	5,486,377	4,317,315
Amount attributable to investing activities		(2,871,954)	(9,948,689)	73,078
Amount attributable to financing activities		(6,958,267)	2,123,287	(4,597,992)
<b>Surplus or deficit after imposition of general rates</b>	27(c)	<b>4,315,277</b>	<b>0</b>	<b>3,166,736</b>

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

\* Restated - Refer to Note 31

**CITY OF KWINANA  
FOR THE YEAR ENDED 30 JUNE 2023  
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Cash and Cash Equivalents	10
Note 3	Other Financial Assets	10
Note 4	Revenue and Expenses	11
Note 5	Trade and Other Receivables	13
Note 6	Other Assets	14
Note 7	Property, Plant and Equipment	15
Note 8	Infrastructure	18
Note 9	Fixed Assets	20
Note 10	Leases	22
Note 11	Investment Property	23
Note 12	Intangible Assets	24
Note 13	Trade and Other Payables	25
Note 14	Other Liabilities	26
Note 15	Borrowings	27
Note 16	Notes to the Statement of Cash Flows	28
Note 17	Employee Related Provisions	29
Note 18	Revaluation Surplus	30
Note 19	Contingent Liabilities	31
Note 20	Capital Commitments	31
Note 21	Related Party Transactions	32
Note 22	Financial Risk Management	34
Note 23	Events Occurring After the End of the Reporting Period	38
Note 24	Other Significant Accounting Policies	39
Note 25	Function and Activity	40
 <b>Information required by legislation</b>		
Note 26	Rating Information	42
Note 27	Determination of Surplus or Deficit	43
Note 28	Borrowing and Lease Liabilities	44
Note 29	Reserve accounts	47
Note 30	Trust Funds	50
Note 31	Correction of prior period errors	51

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

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

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

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

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

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

**Judgements and estimates**

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

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

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

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

**Initial application of accounting standards**

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

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

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

**New accounting standards for application in future years**

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

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

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

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

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

**2. CASH AND CASH EQUIVALENTS**

Note	2023 \$	2022 \$
Cash at bank and on hand	6,451,840	10,482,138
<b>Total cash and cash equivalents</b>	<b>6,451,840</b>	<b>10,482,138</b>
Held as		
- Unrestricted cash and cash equivalents	3,583,271	5,576,581
- Restricted cash and cash equivalents	2,868,569	4,905,557
	<b>6,451,840</b>	<b>10,482,138</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

**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.

**3. OTHER FINANCIAL ASSETS**

**(a) Current assets**

	2023 \$	2022 \$
Financial assets at amortised cost	69,452,908	61,958,851
Financial assets at fair value through profit and loss	276,305	246,014
	<b>69,729,213</b>	<b>62,204,865</b>
<b>Other financial assets at amortised cost</b>		
Self supporting loans receivable	19,062	18,444
Term deposits	69,433,846	61,940,407
	<b>69,452,908</b>	<b>61,958,851</b>
<b>Financial assets at fair value through profit and loss</b>		
Banksia Park Deferred Management fee	276,305	246,014
	<b>276,305</b>	<b>246,014</b>
Held as		
- Unrestricted other financial assets at amortised cost	295,367	264,458
- Restricted other financial assets at amortised cost	69,433,846	61,940,407
	<b>69,729,213</b>	<b>62,204,865</b>
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	177,351	196,413
Financial assets at fair value through profit or loss	3,423,355	3,043,382
	<b>3,600,706</b>	<b>3,239,795</b>
<b>Financial assets at amortised cost</b>		
Self supporting loans receivable	177,351	196,413
	<b>177,351</b>	<b>196,413</b>
<b>Financial assets at fair value through profit or loss</b>		
Units in Local Government House Trust and Banksia Management fee opening balance	3,043,382	3,705,645
Movement attributable to fair value increment	379,973	(662,263)
Units in Local Government House Trust and banksia Management fee - closing balance	<b>3,423,355</b>	<b>3,043,382</b>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 28(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates).

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

**Financial assets at fair value through profit or loss**

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.

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

**4. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General Rates	Single point in time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within terms	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance or by instalments	Refund as per terms and conditions	Output method over 12 months matched to access right
Fees and charges for other goods and services	Library fees and reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	Café and resource centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

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

**Revenue Recognition**

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

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

**4. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	45,658,708	0	45,658,708
Grants, subsidies and contributions	5,560,733	0	0	0	5,560,733
Fees and charges	12,258,623	0	719,106	42,626	13,020,355
Interest revenue	0	0	369,112	2,897,330	3,266,442
Other revenue	0	0	0	1,349,103	1,349,103
Capital grants, subsidies and contributions	0	12,790,322	0	0	12,790,322
<b>Total</b>	<b>17,819,356</b>	<b>12,790,322</b>	<b>46,746,926</b>	<b>4,289,059</b>	<b>81,645,663</b>

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	43,057,672	0	43,057,672
Grants, subsidies and contributions	7,199,269	0	0	0	7,199,269
Fees and charges	12,127,689	0	835,779	101,343	13,064,811
Interest revenue	0	0	424,617	289,102	713,719
Other revenue	0	0	0	2,176,411	2,176,411
Capital grants, subsidies and contributions		18,102,348	0	0	18,102,348
<b>Total</b>	<b>19,326,958</b>	<b>18,102,348</b>	<b>44,318,068</b>	<b>2,566,856</b>	<b>84,314,230</b>

Note	2023 Actual	2022 Actual
	\$	\$
<b>Assets and services acquired below fair value</b>		
Contributed assets	7,553,325	10,685,621
	7,553,325	10,685,621
<b>Interest revenue</b>		
Financial assets at amortised cost - self supporting loans	8,405	9,130
Interest on reserve account funds	2,233,556	238,819
Rates instalment and penalty interest	369,112	424,617
Other interest revenue	655,369	41,153
	3,266,442	713,719
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	124,919	126,756
The 2023 original budget estimate in relation to: Charges on instalment plan was \$82,384		
<b>(b) Expenses</b>		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	92,000	65,400
- Other services – grant acquittals	5,000	2,000
	97,000	67,400
<b>Employee Costs</b>		
Employee benefit costs	27,784,788	27,889,116
Other employee costs	714,958	791,227
	28,499,746	28,680,343
<b>Finance costs</b>		
Borrowings	711,268	832,988
Lease liabilities	4,385	5,897
	715,653	838,885
<b>Other expenditure</b>		
Adjustment to Banksia Park liability	2,279,975	635,512
Sundry expenses	5,954	(588,072)
	2,285,929	47,440



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

**5. TRADE AND OTHER RECEIVABLES**

	Note	2023 \$	2022 \$
<b>Current</b>			
Rates and statutory receivables		1,898,345	2,591,472
Trade and other receivables		1,531,338	572,177
GST receivable		521,227	544,152
Allowance for credit losses of trade and other receivables	22(b)	(89,710)	(112,125)
		3,861,200	3,595,676
<b>Non-current</b>			
Rates and statutory receivables		971,005	907,498
		971,005	907,498

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

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

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

**Trade receivables**

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

**Other receivables**

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

**Measurement**

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

**Classification and subsequent measurement**

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

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

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

**6. OTHER ASSETS**

**Other assets - current**

Prepayments  
Accrued income  
Contract assets

2023	2022
\$	\$
492,775	90,686
903,723	288,619
431,287	128,207
1,827,785	507,512

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Contract assets**

Contract assets primarily relate to the City's right to . consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

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

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	38,089,500	93,943,688	132,033,188	132,033,188	615,046	5,177,318	137,825,552
Additions*	0	4,725,154	4,725,154	4,725,154	60,672	1,573,626	6,359,452
Disposals	0	(3,932)	(3,932)	(3,932)	0	(409,139)	(413,071)
Depreciation		(4,234,051)	(4,234,051)	(4,234,051)	(146,476)	(793,359)	(5,173,886)
Transfers	498,000		498,000	498,000			498,000
<b>Balance at 30 June 2022</b>	38,587,500	94,430,859	133,018,359	133,018,359	529,242	5,548,446	139,096,047
<b>Comprises:</b>							
Gross balance amount at 30 June 2022	38,587,500	98,655,364	137,242,864	137,242,864	2,619,366	7,100,816	146,963,046
Accumulated depreciation at 30 June 2022	0	(4,224,505)	(4,224,505)	(4,224,505)	(2,090,124)	(1,552,370)	(7,866,999)
<b>Balance at 30 June 2022</b>	38,587,500	94,430,859	133,018,359	133,018,359	529,242	5,548,446	139,096,047
Additions*	0	3,332,634	3,332,634	3,332,634	71,138	1,843,541	5,247,313
Disposals	0	(104,496)	(104,496)	(104,496)	0	(539,239)	(643,735)
Revaluation increments / (decrements) transferred to revaluation surplus	10,220,501	28,363,306	38,583,807	38,583,807	0	0	38,583,807
Assets classified as held for sale	0	0	0	0	0	0	0
Depreciation	0	(3,506,211)	(3,506,211)	(3,506,211)	(147,272)	(1,187,452)	(4,840,935)
<b>Balance at 30 June 2023</b>	48,808,001	122,516,092	171,324,093	171,324,093	453,108	5,665,296	177,442,497
<b>Work in Progress</b>	0	22,157	22,157	22,157	0	0	22,157
<b>Balance at 30 June 2023</b>	48,808,001	122,538,249	171,346,250	171,346,250	453,108	5,665,296	177,464,654
<b>Comprises:</b>							
Gross balance amount at 30 June 2023	48,808,001	122,658,379	171,466,380	171,466,380	2,690,504	8,183,015	182,339,899
Accumulated depreciation at 30 June 2023	0	(120,130)	(120,130)	(120,130)	(2,237,396)	(2,517,719)	(4,875,245)
<b>Balance at 30 June 2023</b>	48,808,001	122,538,249	171,346,250	171,346,250	453,108	5,665,296	177,464,654

\* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2022	0	0	0	0	0	706,168	706,168
During the year ended 30 June 2023	0	0	0	0	0	486,658	486,658

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

**7. 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
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
- Independent valuation	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2023	Price per square metre
- Independent valuation	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2023	Price per square metre adjusted for zoning restrictions
Buildings - specialised	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2023	Price per square metre
	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessments input

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.

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(ii) Cost						
	Furniture and equipment		Cost	Cost		Purchase Cost
	Plant and equipment		Cost	Cost		Purchase Cost

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

8. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Carparks	Infrastructure - Bus Shelters	Infrastructure - Street Lights	Infrastructure - Parks & Ovals	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>*Restated Balance at 1 July 2021</b>	239,010,544	39,338,395	50,923,342	2,110,690	553,279	1,264,139	33,052,549	232,828	366,485,766
Additions*	10,616,998	2,745,310	2,909,672	273,356	23,097	142,454	1,025,149	0	17,736,036
Revaluation increments / (decrements) transferred to revaluation surplus	138,054,119	(1,753,671)	67,199,359	7,341,739	264,389	1,318,543	24,850,321	1,116,073	238,390,872
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	2,780,113	0	0	2,780,113
Depreciation	(6,470,062)	(628,731)	(625,100)	(349,297)	(47,288)	(71,581)	(2,096,471)	(98,022)	(10,386,552)
<b>*Restated Balance at 30 June 2022</b>	381,211,599	39,701,303	120,407,273	9,376,488	793,477	5,433,668	56,831,548	1,250,879	615,006,235
<b>Comprises:</b>									
Gross balance at 30 June 2022	381,211,599	39,701,303	120,407,273	9,376,488	793,477	5,433,668	56,831,548	1,250,879	615,006,235
Accumulated depreciation at 30 June 2022	0	0	0	0	0	0	0	0	0
<b>*Restated Balance at 30 June 2022</b>	381,211,599	39,701,303	120,407,273	9,376,488	793,477	5,433,668	56,831,548	1,250,879	615,006,235
Additions	6,397,776	1,391,209	2,183,078	387,557	0	61,952	2,206,711	0	12,628,283
(Disposals)	(2,055,010)	(104,681)	(8,493)	(20,288)	0	(178,865)	(427,494)	0	(2,794,831)
Depreciation	(8,501,106)	(851,362)	(1,321,074)	(331,555)	(31,737)	(177,005)	(2,197,833)	(35,643)	(13,447,315)
<b>Total</b>	377,053,259	40,136,469	121,260,784	9,412,202	761,740	5,139,750	56,412,932	1,215,236	611,392,372
<b>Work in Progress</b>	723,075	73,742	130,527	20,855	9,529	36,159	570,355	142,733	1,706,975
<b>Balance at 30 June 2023</b>	377,776,334	40,210,211	121,391,311	9,433,057	771,269	5,175,909	56,983,287	1,357,969	613,099,347
<b>Comprises:</b>									
Gross balance at 30 June 2023	386,244,257	41,082,678	122,713,196	9,764,760	803,006	5,348,997	59,138,194	1,393,612	626,488,700
Accumulated depreciation at 30 June 2023	(8,467,923)	(872,467)	(1,321,885)	(331,703)	(31,737)	(173,088)	(2,154,907)	(35,643)	(13,389,353)
<b>Total</b>	377,776,334	40,210,211	121,391,311	9,433,057	771,269	5,175,909	56,983,287	1,357,969	613,099,347
* Asset additions included additions received from contributed assets:									
During the year ended 30 June 2022	6,863,225	1,137,146	2,411,894	273,356	0	0	0	0	10,685,621
During the year ended 30 June 2023	3,656,046	757,790	1,894,088	90,666	0	0	668,077	0	7,066,667

\* Restated - Refer to Note 31

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

**8. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>	<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
	<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Carparks</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Bus Shelters</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Street Lights</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Parks &amp; Ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
	<b>Infrastructure - Other</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2022	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 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.



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

**9. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Land - freehold land	
Buildings - non-specialised	
Buildings - specialised	2 to 100 years
Furniture and equipment	2 to 15 years
Plant and equipment	3 to 20 years
Land and buildings subject to operating lease	Based on the remaining lease
Infrastructure - Roads	12 to 80 years
Infrastructure - Footpaths	40 to 80 years
Infrastructure - Drainage	80 years
Infrastructure - Carparks	5 to 20 years
Infrastructure - Bus Shelters	20 to 25 Years
Infrastructure - Street Lights	15 to 30 Years
Infrastructure - Parks & Ovals	10 to 50 Years
Infrastructure - Other	30 to 40 Years
Right of use - plant and equipment	Based on the remaining lease term

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

**9. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement for assets held at cost**

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

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

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

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

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

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

**Revaluation**

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

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

**Revaluation (continued)**

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

**Depreciation**

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

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

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 9(a).

**Impairment**

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

**Gains or losses on disposal**

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

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

**10. LEASES**

**(a) Right-of-Use Assets**

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

	<b>Note</b>	<b>Right-of-use assets - plant and equipment</b>	<b>Right-of-use assets Total</b>
		<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2021</b>		566,184	566,184
Depreciation		(174,845)	(174,845)
<b>Balance at 30 June 2022</b>		391,339	391,339
Gross balance amount at 30 June 2022		566,184	566,184
Accumulated depreciation at 30 June 2022		(174,845)	(174,845)
<b>Balance at 30 June 2022</b>		391,339	391,339
<b>Additions</b>		<b>22,388</b>	<b>22,388</b>
Depreciation		(145,838)	(145,838)
<b>Balance at 30 June 2023</b>		<b>267,889</b>	<b>267,889</b>
Gross balance amount at 30 June 2023		811,006	811,006
Accumulated depreciation at 30 June 2023		(543,117)	(543,117)
<b>Balance at 30 June 2023</b>		<b>267,889</b>	<b>267,889</b>

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

		<b>2023 Actual</b>	<b>2022 Actual</b>
		<b>\$</b>	<b>\$</b>
Depreciation on right-of-use assets		(145,838)	(174,845)
Finance charge on lease liabilities	28(b)	(4,385)	(5,897)
Short-term lease payments recognised as expense		0	(223,617)
Low-value asset lease payments recognised as expense		(206,178)	(274,804)
<b>Total amount recognised in the statement of comprehensive income</b>		<b>(356,401)</b>	<b>(679,163)</b>
Total cash outflow from leases		(156,232)	(170,382)
<b>(b) Lease Liabilities</b>			
Current		146,163	10,110
Non-current		105,667	371,179
	28(b)	251,830	381,289

**Secured liabilities and assets pledged as security**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 28(b).

**Right-of-use assets - measurement**

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

Refer to Note 9 under revaluation for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

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

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

**11. INVESTMENT PROPERTY**

**Non-current assets - at fair value**

Carrying balance at 1 July

Net gain/(loss) from fair value adjustment

Closing balance at 30 June

**Amounts recognised in profit or loss for investment properties**

Rental income

Direct operating expenses from property that generated rental income

Fair value gain recognised in profit or loss

**Leasing arrangements**

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Less than 1 year

2023	2022
Actual	Actual
\$	\$
570,000	570,000
442,000	0
1,012,000	570,000
20,372	52,089
(26,523)	(40,221)
442,000	0
2,937	20,373
2,937	20,373

The investment properties are leased to tenants under operating leases with rentals payable monthly. The property has been vacant since December 2022.

Lease income from operating leases where the City is a lessor is recognised in income on a straightline basis over the lease term.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

**SIGNIFICANT ACCOUNTING POLICIES**

**Investment properties**

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. Investment properties are carried at fair value in accordance with the significant accounting policies disclosed at note 9.

**Fair value of investment properties**

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

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

**12. INTANGIBLE ASSETS**

	<b>2023 Actual</b>	<b>Restated* 2022 Actual</b>
<b>Intangible assets</b>	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Computer software development	354,528	354,528
Less: Accumulated amortisation	(77,996)	(7,091)
	<u>276,532</u>	<u>347,437</u>
 Movements in balances of computer software during the financial year are shown as follows:		
<b>Balance at 1 July</b>	347,437	299,153
Recognition of computer software	0	55,375
Amortisation	(70,905)	(7,091)
<b>Balance at 30 June</b>	<u>276,532</u>	<u>347,437</u>
<b>TOTAL INTANGIBLE ASSETS</b>	<u>276,532</u>	<u>347,437</u>

\* Restated - Refer to Note 31

**SIGNIFICANT ACCOUNTING POLICIES**

**Computer software**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;

**Computer software (continued)**

- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Information on useful life, amortisation rates and amortisation methods can be found in Note 9.

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

**13. TRADE AND OTHER PAYABLES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Sundry creditors	285,125	3,328,458
Prepaid rates	1,228,667	1,141,077
Accrued payroll liabilities	576,134	1,404,239
Bonds and deposits held	2,831,605	1,923,314
Accrued expenses	2,760,213	621,128
Accrued interest on long term borrowings	15,531	18,131
Unit contribution - Banksia Park	18,279,975	16,100,000
	<b>25,977,250</b>	<b>24,536,347</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

**Prepaid rates**

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

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

**14. OTHER LIABILITIES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Contract Liability - Operating Grant	225,350	49,646
Contract liabilities - Other	209,850	207,473
Capital grant/contributions liabilities	1,040,343	2,355,535
	<b>1,475,543</b>	<b>2,612,654</b>
<b>Non-current</b>		
Capital grant/contributions liabilities	41,010,766	36,327,921
	<b>41,010,766</b>	<b>36,327,921</b>
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	257,119	295,054
Additions	435,200	257,119
Revenue from contracts with customers included as a contract liability at the start of the period	(257,119)	(295,054)
	<b>435,200</b>	<b>257,119</b>
The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$435,200 (2022: \$257,119)		
The City expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.		
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	38,683,456	34,418,393
Additions	5,523,162	7,300,288
Revenue from capital grant/contributions held as a liability at the start of the period	(2,155,509)	(3,035,225)
	<b>42,051,109</b>	<b>38,683,456</b>
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	1,040,343	2,355,535
1 to 2 years	6,102,880	153,000
2 to 3 years	26,077,185	6,102,879
3 to 4 years	8,830,701	26,077,184
4 to 5 years	0	3,994,858
> 5 years	0	0
	<b>42,051,109</b>	<b>38,683,456</b>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.



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

**15. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Bank loans		2,208,899	11,383,241	13,592,140	2,696,235	13,156,542	15,852,777
<b>Total secured borrowings</b>	28(a)	2,208,899	11,383,241	13,592,140	2,696,235	13,156,542	15,852,777

All borrowings are from the Western Australian Treasury Corporation and are unsecured.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

The City has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 28(a).

Information regarding exposure to risk can be found at Note 22.

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

**16. 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:

	<b>Note</b>	<b>2023 Actual \$</b>	<b>2022 Actual \$</b>
Cash and cash equivalents	2	6,451,840	10,482,138
<b>Restrictions</b>			
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	2	2,868,569	4,905,557
- Financial assets at amortised cost	3	69,433,846	61,940,407
		72,302,415	66,845,964
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	29	69,260,960	64,715,177
Contract liabilities	14	435,200	257,119
Capital grant liabilities	14	42,051,109	38,683,456
Deposits and bonds held		2,831,605	1,923,314
Less contract and other liabilities - reserved backed		(42,276,459)	(38,733,102)
<b>Total restricted financial assets</b>		72,302,415	66,845,964
<b>(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities</b>			
Net result		1,349,802	10,067,789
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(410,264)	628,518
Adjustments to fair value of investment property		(442,000)	0
Depreciation/amortisation		18,504,993	15,742,374
(Profit)/loss on sale of asset		2,790,902	(181,685)
Share of profits of associates		0	100,235
Contributed assets		(7,553,325)	(10,685,621)
Reversal of loss on revaluation of fixed assets		0	(2,780,113)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(329,031)	2,061,170
(Increase)/decrease in other assets		(1,320,273)	437,401
Increase/(decrease) in trade and other payables		1,440,903	1,646,568
Increase/(decrease) in employee related provisions		(316,521)	(403,162)
Increase/(decrease) in other liabilities		3,545,734	4,227,128
Capital grants, subsidies and contributions		(3,921,805)	(11,681,790)
Net cash provided by/(used in) operating activities		13,339,115	9,178,812
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank overdraft limit		0	0
Bank overdraft at balance date		0	0
Credit card limit		100,000	100,000
Credit card balance at balance date		(37,743)	(44,278)
<b>Total amount of credit unused</b>		62,257	55,722
<b>Loan facilities</b>			
Loan facilities - current		2,208,899	2,696,235
Loan facilities - non-current		11,383,241	13,156,542
<b>Total facilities in use at balance date</b>		13,592,140	15,852,777
<b>Unused loan facilities at balance date</b>		0	0

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

**17. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	2,002,461	2,150,036
Long service leave	2,331,217	2,600,166
Other employee leave	44,539	0
Other leave provisions	435,052	397,661
	<b>4,813,269</b>	<b>5,147,863</b>
<b>Total current employee related provisions</b>	<b>4,813,269</b>	<b>5,147,863</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	618,902	600,829
	<b>618,902</b>	<b>600,829</b>
<b>Total non-current employee related provisions</b>	<b>618,902</b>	<b>600,829</b>
<b>Total employee related provisions</b>	<b>5,432,171</b>	<b>5,748,692</b>

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:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Amounts are expected to be settled on the following basis:</b>			
Less than 12 months after the reporting date		4,813,269	5,147,863
More than 12 months from reporting date		618,902	600,829
		<b>5,432,171</b>	<b>5,748,692</b>

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

<b>5</b>	<b>0</b>	<b>0</b>
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**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

The City's obligations for short-term employee benefits such as wages, 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 remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

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

**18. REVALUATION SURPLUS**

	<b>2023 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2023 Closing Balance</b>	<b>2022 Opening Balance</b>	<b>Total Movement on Revaluation</b>	<b>2022 Closing Balance</b>
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	37,847,644	10,220,501	48,068,145	37,847,644	0	37,847,644
Revaluation surplus - Buildings - non-specialised	35,970,755	28,363,306	64,334,061	35,970,755	0	35,970,755
Revaluation surplus - Furniture and equipment	257,497	0	257,497	257,497	0	257,497
Revaluation surplus - Plant and equipment	1,954,408	0	1,954,408	1,954,408	0	1,954,408
Revaluation surplus - Infrastructure - Roads	250,471,296	0	250,471,296	112,417,177	138,054,119	250,471,296
Revaluation surplus - Infrastructure - Footpaths	13,164,155	0	13,164,155	14,917,826	(1,753,671)	13,164,155
Revaluation surplus - Infrastructure - Drainage	84,384,960	0	84,384,960	17,185,601	67,199,359	84,384,960
Revaluation surplus - Infrastructure - Carparks	9,178,766	0	9,178,766	1,837,027	7,341,739	9,178,766
Revaluation surplus - Infrastructure - Bus Shelters	644,180	0	644,180	379,791	264,389	644,180
Revaluation surplus - Infrastructure - Street Lights	1,318,543	0	1,318,543	0	1,318,543	1,318,543
Revaluation surplus - Infrastructure - Parks & Ovals	29,719,785	0	29,719,785	4,869,464	24,850,321	29,719,785
Revaluation surplus - Infrastructure - Other	1,294,151	0	1,294,151	178,078	1,116,073	1,294,151
	<b>466,206,140</b>	<b>38,583,807</b>	<b>504,789,947</b>	<b>227,815,268</b>	<b>238,390,872</b>	<b>466,206,140</b>

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

**19. CONTINGENT LIABILITIES**

The City did not have any contingent liabilities as at 30 June 2023.

The City is currently monitoring the following potentially contaminated sites:

Peace Park - the site has been assessed as low risk.

Kwinana Golf Course - Ground water monitoring has concluded with the site assessed as low risk.

Banksia Road (Reserve R24784) - site assessed as low risk. The property is currently subject to a mining lease, should mining proceed the risk is expected to be reduced further as removal of contaminants and rehabilitation of the site is conditioned within the mining lease.

Lot 434 & 304 Thomas Road Landfill - both sites are leased by the City to Waste Stream Management. The lease provides that the lessee is responsible for post operation rehabilitation and management.

City Depot, ground water monitoring occurred May 2020 and sample results were below the practical quantification limits and well below the adopted assessment criteria for Total Recoverable Hydrocarbons suggesting a low risk to ground water regimes at the site.

The above sites have been reported to DWER. Currently, Lot 304 Thomas Road is listed as Contaminated remediation required (this is typical of a landfill) and the Kwinana Golf Course and Peace Park are classified as possibly contaminated investigation required.

As the obligation and cost to remediate the sites remain uncertain and is not expected to be material, the City has not recognised a liability as at 30 June 2023.

**20. CAPITAL COMMITMENTS**

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	2,329,858	2,316,946
- plant & equipment purchases	300,817	0
	2,630,675	2,316,946
Payable:		
- not later than one year	2,630,675	2,316,946

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Wellard West Community Centre, Harrison Way Road Renewal, Parmelia Avenue Black Spot, Streetscape strategy, Urban tree planting, Calista Oval bike track, purchase of a new truck, two mowers and seven light fleet vehicles, and various minor capital projects (the prior year commitment was for the construction of the Kwinana South Volunteer Fire Brigade, Ngook Boorn Mia Mia/Honeywood Pavilion and various minor capital projects).

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

**21. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Mayor's annual allowance	91,997	91,997	89,753
Mayor's meeting attendance fees	48,704	48,704	47,516
Mayor's other expenses	772	1,125	217
Mayor's annual allowance for ICT expenses	3,065	3,500	3,500
Mayor's travel and accommodation expenses	746	750	589
	145,284	146,076	141,575
Deputy Mayor's annual allowance	22,999	22,999	22,438
Deputy Mayor's meeting attendance fees	32,470	32,470	31,678
Deputy Mayor's other expenses	0	1,125	0
Deputy Mayor's annual allowance for ICT expenses	3,065	3,500	3,500
Deputy Mayor's travel and accommodation expenses	0	750	0
	58,534	60,844	57,616
All other council member's meeting attendance fees	194,820	194,820	190,068
All other council member's All other council member expenses	0	6,750	3,059
All other council member's annual allowance for ICT expenses	18,390	21,000	21,000
All other council member's travel and accommodation expenses		4,500	241
	213,210	227,070	214,368
21(b)	417,028	433,990	413,559

**(b) Key Management Personnel (KMP) Compensation**

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	990,165	930,430
Post-employment benefits	109,958	116,203
Employee - other long-term benefits	23,373	22,500
Employee - termination benefits	0	131,403
Council member costs	417,028	413,559
	1,540,524	1,614,095

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

*Council member costs*

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

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

**21. RELATED PARTY TRANSACTIONS (continued)**

**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:

	<b>2023 Actual \$</b>	<b>2022 Actual \$</b>
Sale of goods and services	111,080	136,725
Purchase of goods and services	32,546	7,508

**Related Parties**

**The City's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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.

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

*iii. Entities subject to significant influence by the City*

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



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

**22. 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.

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2023</b>					
Cash and cash equivalents	4.12%	6,451,840	0	6,448,435	3,405
Financial assets at amortised cost - term deposits	4.54%	69,433,846	69,433,846	0	0
<b>2022</b>					
Cash and cash equivalents	0.89%	10,482,138	0	10,478,568	3,570
Financial assets at amortised cost - term deposits	1.83%	61,940,407	61,940,407	0	0

**Sensitivity**

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit or loss and equity*	758,857	724,225

\* 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 28(a).

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

**22. 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 2022 or 1 July 2023 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

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

	Less than 1 month past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2023</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.40%	0.00%	0.23%	
Gross carrying amount	1,670,764	2,577	6,112	373,113	2,052,566
Loss allowance	3,550	1,025	0	85,135	89,710
	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Rates and statutory receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	1,898,345	0	0	1,898,345
Loss allowance	0	0	0	0	0
<b>30 June 2022</b>					
Trade and other receivables					
Expected credit loss	0.76%	7.45%	13.51%	25.60%	
Gross carrying amount	683,201	20,318	2,436	410,373	1,116,328
Loss allowance	5,207	1,513	329	105,076	112,125
	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Rates Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount		2,591,472	0	0	2,591,472
Loss allowance	0	0	0	0	0

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

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivables		Trade and Other receivables		Contract Assets	
	2023 Actual	2022 Actual	2023 Actual	2022 Actual	2023 Actual	2022 Actual
	\$	\$	\$	\$	\$	\$
Opening loss allowance as at 1 July	0	0	112,125	128,329	0	0
Increase in loss allowance recognised in profit or loss during the year	0	0			0	0
Receivables written off during the year as uncollectible						
Unused amount reversed	0	0	(22,415)	(16,204)	0	0
Closing loss allowance at 30 June	0	0	89,710	112,125	0	0

Trade, other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

**22. 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 16(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
	\$	\$	\$	\$	\$
<b>2023</b>					
Trade and other payables	25,977,250	0	0	25,977,250	25,977,250
Borrowings	2,208,899	9,868,643	1,514,598	13,592,140	13,592,140
Contract liabilities	435,200	0	0	435,200	435,200
Other liabilities	1,040,343	41,010,766	0	42,051,109	42,051,109
Lease liabilities	146,163	105,667	0	251,830	251,830
	29,807,855	50,985,076	1,514,598	82,307,529	82,307,529
<b>2022</b>					
Trade and other payables	24,536,347	0	0	24,536,347	24,536,347
Borrowings	2,696,235	8,279,772	4,876,770	15,852,777	15,852,777
Contract liabilities	257,119	0	0	257,119	257,119
Other liabilities	2,355,535	36,327,921	0	38,683,456	38,683,456
Lease liabilities	10,110	371,179	0	381,289	381,289
	29,855,346	44,978,872	4,876,770	79,710,988	79,710,988

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

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

No subsequent significant event has occurred

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

**24. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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

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

**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

City operations as disclosed in this financial report encompass the following service orientated functions and activities.

<b>Objective</b>	<b>Description</b>
<b>Governance</b> To provide a decision making process for the efficient allocation of scarce resources.	Members of Council & Governance (includes Audit & other costs associated with reporting to council). Administration, Financial and Information Technology Services are included.
<b>Law, order, public safety</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision of various local laws, fire prevention and animal control.
<b>Health</b> To provide an operational framework for environmental and community health.	Prevention and treatment of human illnesses, including inspection of premises/food control, immunisation and child health services.
<b>Education and welfare</b> To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day and after school care, assistance to schools, and senior citizens support groups.
<b>Community amenities</b> To provide services required by the community.	City planning and development, rubbish collection services, storm water drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
<b>Recreation and culture</b> To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts and the preservation of the national estate. This includes maintenance of halls, aquatic centre, recreation and community centres, parks, gardens, sports grounds and the operation of Libraries.
<b>Transport</b> To provide safe, effective and efficient transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City depot, including plant purchase and maintenance.
<b>Economic services</b> To help promote the City and its economic wellbeing.	Tourism and area promotion, rural services and pest control and the implementation of building controls.
<b>Other property and services</b> To monitor and control the City's overhead operating accounts.	Private works, public works overheads, City plant operations, materials, salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by the City.



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

**25. FUNCTION AND ACTIVITY (Continued)**

<b>(b) Income and expenses</b>	<b>2023 Actual \$</b>	<b>Restated* 2022 Actual \$</b>
<b>Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
Governance	1,476,184	206,756
General purpose funding	46,422,373	44,089,639
Law, order, public safety	183,112	324,909
Health	152,911	146,610
Education and welfare	1,644,979	2,455,967
Community amenities	2,305,317	6,339,555
Recreation and culture	3,761,394	3,035,960
Transport	0	2,855,966
Economic services	20,054	1,996,219
Other property and services	8,313,066	527,995
	<b>64,279,390</b>	<b>61,979,576</b>
<b>Operating grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
Governance	2,921,247	0
General purpose funding	0	2,237,311
Law, order, public safety	2,179,611	1,532,284
Health	28,092	28,779
Education and welfare	1,700,252	3,830,872
Community amenities	1,368,092	2,098,584
Recreation and culture	1,967,270	838,760
Transport	8,186,491	14,735,027
	<b>18,351,055</b>	<b>25,301,617</b>
<b>Total Income</b>	<b>82,630,445</b>	<b>87,281,193</b>
<b>Expenses</b>		
Governance	(2,135,497)	(5,818,220)
General purpose funding	(1,341,183)	(1,107,576)
Law, order, public safety	(3,402,527)	(3,306,781)
Health	(1,077,854)	(995,568)
Education and welfare	(8,256,075)	(10,782,032)
Community amenities	(7,744,832)	(9,900,033)
Recreation and culture	(28,624,614)	(24,424,973)
Transport	(17,586,839)	(15,459,094)
Economic services	(536,708)	(1,898,923)
Other property and services	(10,574,514)	(3,520,204)
<b>Total Expenses</b>	<b>(81,280,643)</b>	<b>(77,213,404)</b>
<b>Net result for the period</b>	<b>1,349,802</b>	<b>10,067,789</b>
<b>(c) Total Assets</b>		
Governance	96,216,110	98,411,655
General purpose funding	3,509	9,344
Law, order, public safety	2,312,137	2,728,071
Health	75,287	58,445
Education and welfare	34,996,313	31,481,764
Community amenities	119,282,713	1,061,125
Recreation and culture	134,014,387	113,275,184
Transport	434,939,583	542,117,264
Economic services	51,948,569	42,819,737
Other property and services	4,773,561	4,385,953
	<b>878,562,171</b>	<b>836,348,542</b>

\* Restated - Refer to Note 31

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

**26. RATING INFORMATION**

**(a) General Rates**

<b>RATE TYPE</b>		<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2022/23 Actual Rateable Value*</b>	<b>2022/23 Actual Rate Revenue</b>	<b>2022/23 Actual Interim Rates</b>	<b>2022/23 Actual Total Revenue</b>	<b>2022/23 Budget Rate Revenue</b>	<b>2022/23 Budget Interim Rate</b>	<b>2022/23 Budget Total Revenue</b>	<b>2021/22 Actual Total Revenue</b>
<b>Rate Description</b>	<b>Basis of valuation</b>										
Improved Residential	Gross rental valuation	0.10247	14,219	213,286,432	21,265,077	492,951	21,758,028	21,266,353	800,000	22,066,353	20,382,410
Improved Special Residential	Gross rental valuation	0.09927	827	16,918,684	1,687,439	7,106	1,694,545	1,687,439	0	1,687,439	1,561,837
Improved Commercial & Industrial	Gross rental valuation	0.10222	513	118,451,410	11,470,820	367,884	11,838,704	11,470,820	0	11,470,820	10,976,637
Vacant Residential	Gross rental valuation	0.18392	464	5,982,290	1,284,343	(165,485)	1,118,858	1,284,343	0	1,284,343	1,276,373
Vacant Non Residential	Gross rental valuation	0.16825	61	5,374,700	895,040	(29,061)	865,979	895,040	0	895,040	777,288
General Industrial	Unimproved valuation	0.01912	3	121,200,000	2,317,344	0	2,317,344	2,317,344	0	2,317,344	2,228,868
Mining and Industrial	Unimproved valuation	0.00920	32	49,552,000	470,387	(16,937)	453,450	470,387	0	470,387	335,316
Rural	Unimproved valuation	0.00551	128	203,151,000	1,260,143	16,970	1,277,113	1,260,143	0	1,260,143	1,163,906
<b>Total general rates</b>			16,247	733,916,516	40,650,593	673,428	41,324,021	40,651,869	800,000	41,451,869	38,702,635
<b>Minimum Payment \$</b>											
Improved Residential	Gross rental valuation	1,126	2,475	24,293,100	2,789,255	(1,095)	2,788,160	2,787,976	0	2,787,976	2,683,010
Improved Special Residential	Gross rental valuation	1,126	4	42,848	4,504	0	4,504	4,504	0	4,504	5,415
Improved Commercial & Industrial	Gross rental valuation	1,466	66	608,487	93,824	1,217	95,041	93,824	0	93,824	93,060
Vacant Residential	Gross rental valuation	1,126	1,022	4,859,195	1,249,860	(87,975)	1,161,885	1,249,860	0	1,249,860	1,252,716
Vacant Non Residential	Gross rental valuation	1,126	9	16,320	23,646	0	23,646	23,646	0	23,646	19,194
General Industrial	Unimproved valuation	1,466	0	0	0	0	0	0	0	0	0
Mining and Industrial	Unimproved valuation	1,466	14	100,196	1,466	16,126	17,592	1,466	0	1,466	36,660
Rural	Unimproved valuation	1,126	11	853,300	10,134	5,772	15,906	10,134	0	10,134	59,160
<b>Total minimum payments</b>			3,601	30,773,446	4,172,689	(65,955)	4,106,734	4,171,410	0	4,171,410	4,149,215
<b>Total general rates and minimum payments</b>			19,848	764,689,962	44,823,282	607,473	45,430,755	44,823,279	800,000	45,623,279	42,851,850
<b>Ex-gratia Rates</b>											
Dampier to Bunbury Natural Gas Pipeline					227,953	0	227,953	175,000	0	175,000	205,822
<b>Total amount raised from rates (excluding general rates)</b>					227,953	0	227,953	175,000	0	175,000	205,822
<b>Total Rates</b>							45,658,708			45,798,279	43,057,672
Rate instalment interest							193,278			181,163	181,499
Rate overdue interest							175,834			220,569	243,118

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

\*Rateable Value at time of raising of rate.

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

**27. DETERMINATION OF SURPLUS OR DEFICIT**

		2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2022/23 (1 July 2022 Brought Forward)	2021/22 (30 June 2022 Carried Forward)
Note		\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
<b>Adjustments to operating activities</b>					
	Less: Profit on asset disposals	(132,518)	(143,250)	(186,850)	(186,850)
	Less: Reversal of prior year loss on revaluation of fixed assets	0	0	(2,780,113)	(2,780,113)
	Less: Movement in liabilities associated with restricted cash	175,704		(59,559)	(59,559)
	Less: Fair value adjustments to financial assets at fair value through profit or loss	(410,264)		628,518	628,518
	Less: Share of net profit of associates and joint ventures accounted for using the equity method	0	0	100,235	127,220
	Add: Loss on disposal of assets	2,923,420	10,425	5,165	5,165
	Add: Depreciation	18,504,993	16,582,989	15,742,374	15,742,374
	Non-cash movements in non-current assets and liabilities:				
	Financial assets at amortised cost	0			
	Investment property	(442,000)	0	0	0
	Pensioner deferred rates	(63,507)		(61,099)	(61,099)
	Assets held for sale	0			
	Employee benefit provisions	(316,521)		(403,162)	(403,162)
	Other provisions	2,179,975		(633,635)	(633,635)
	<b>Non-cash amounts excluded from operating activities</b>	<b>22,419,282</b>	<b>16,450,164</b>	<b>12,351,874</b>	<b>12,378,859</b>
<b>(b) Non-cash amounts excluded from investing activities</b>					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .					
<b>Adjustments to investing activities</b>					
	Movement in non-current capital grant/contribution liability	4,682,845		8,230,243	
	Movement in current unspent non-operating grants associated with restricted cash	(1,406,501)	(348,744)	(2,721,253)	(2,721,253)
	Movement in current capital expenditure provision associated with restricted cash		(349,750)		
	<b>Non-cash amounts excluded from investing activities</b>	<b>3,276,344</b>	<b>(698,494)</b>	<b>5,508,990</b>	<b>(2,721,253)</b>
<b>(c) Surplus or deficit after imposition of general rates</b>					
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
<b>Adjustments to net current assets</b>					
	Less: Reserve accounts	(69,260,960)	(58,000,800)	(64,715,177)	(64,715,177)
	Less: Financial assets at amortised cost - self supporting loans	(19,062)	(19,062)	(18,444)	(18,444)
	Less: Current assets not expected to be received at end of year				
	- Banksia Park DMF Receivable	(276,305)	(212,269)	(246,014)	
	Add: Current liabilities not expected to be cleared at end of year				
	- Current portion of borrowings	2,208,899	2,241,044	2,696,235	2,696,235
	- Current portion of unspent non-operating grants, subsidies and contributions held in reserve	949,034	1,250,000	2,355,535	
	- Current portion of contract liability held in reserve	225,350	52,067	49,646	49,646
	- Current portion of lease liabilities	146,163	138,194	10,110	10,110
	- Banksia Park unit contribution	18,279,975	16,733,635	16,100,000	
	- Employee benefit provisions	4,813,269	5,706,854	5,147,863	5,147,863
	<b>Total adjustments to net current assets</b>	<b>(42,933,637)</b>	<b>(32,110,337)</b>	<b>(38,620,246)</b>	<b>(56,829,767)</b>
<b>Net current assets used in the Statement of Financial Activity</b>					
	Total current assets	81,870,038	63,388,275	76,790,191	76,790,191
	Less: Total current liabilities	(34,621,124)	(31,277,938)	(35,003,209)	(35,003,209)
	Less: Total adjustments to net current assets	(42,933,637)	(32,110,337)	(38,620,246)	(56,829,767)
	<b>Surplus or deficit after imposition of general rates</b>	<b>4,315,277</b>	<b>0</b>	<b>3,166,736</b>	<b>(15,042,785)</b>

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

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>									0
Loan 99 - Administration Building Renovations		474,796		(107,976)	366,820		(114,830)	251,990	366,820
<b>Education and welfare</b>									0
Loan 96 - Youth Specific Space		65,755		(31,663)	34,092		(34,092)	0	34,092
Loan 100 - Youth Specific Space		1,136,128		(140,713)	995,415		(147,361)	848,054	995,415
<b>Recreation and culture</b>									0
Loan 94 - Wellard Sports Pavilion		56,126		(56,126)	0		0	0	0
Loan 95 - Orelia Oval Pavilion		157,813		(75,990)	81,823		(81,823)	0	81,822
Loan 97 - Orelia Oval Pavilion Extension		1,050,587		(238,920)	811,667		(254,086)	557,581	811,667
Loan 102 - Library & Resource Centre		6,191,172		(657,885)	5,533,287		(688,094)	4,845,193	5,533,287
Loan 104 - Recquatic Refurbishment		3,072,151		(289,216)	2,782,935		(301,048)	2,481,887	2,782,935
Loan 105 - Bertram Community Centre		1,156,743		(116,232)	1,040,511		(120,055)	920,456	1,040,511
Loan 106 - Destination Park - Calista		1,218,976		(105,528)	1,113,448		(108,868)	1,004,580	1,113,448
<b>Transport</b>									0
Loan 98 - Streetscape Beautification		640,975		(145,768)	495,207		(155,020)	340,187	495,207
Loan 101 - City Centre Redevelopment		2,500,000		(2,500,000)	0		0	0	0
Loan 101B - City Centre Redevelopment		0	2,500,000	(117,285)	2,382,715		(236,916)	2,145,799	2,381,935
<b>Total</b>		17,721,222	2,500,000	(4,583,302)	15,637,920	0	(2,242,193)	13,395,727	15,637,139
<b>Self Supporting Loans</b>									0
<b>Recreation and culture</b>					0			0	0
Loan 103B - Golf Club Refurbishment		232,704		(17,847)	214,857		(18,444)	196,413	214,857
<b>Total Self Supporting Loans</b>		232,704	0	(17,847)	214,857	0	(18,444)	196,413	214,857
*Share of RRG Loan		435,600		(435,600)	0				
<b>Total Borrowings</b>	15	17,953,926	2,500,000	(4,601,149)	15,852,777	0	(2,260,637)	13,592,140	15,851,996

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed through WATC

\*The City exited the Resource Recovery Group as at 1 July 2021 and paid the principal debt of \$435,600.

**Borrowing Finance Cost Payments**

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
<b>Governance</b>								
Loan 99 - Administration Building Renovations		99	WATC	6.25%	25-Jun-25	(23,783)	(23,900)	(31,759)
<b>Education and welfare</b>								
Loan 96 - Youth Specific Space		96	WATC	7.53%	19-Jun-23	(2,135)	(2,227)	(5,055)
Loan 100 - Youth Specific Space		100	WATC	4.67%	25-Jun-28	(51,495)	(51,606)	(62,361)
<b>Recreation and culture</b>								
Loan 94 - Wellard Sports Pavilion		94	WATC	6.38%	04-May-22	0	0	(2,764)
Loan 95 - Orelia Oval Pavilion		95	WATC	7.53%	19-Jun-23	(5,125)	(5,344)	(11,321)
Loan 97 - Orelia Oval Pavilion Extension		97	WATC	6.25%	25-Jun-25	(52,625)	(52,884)	(68,942)

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

28. BORROWING AND LEASE LIABILITIES (Continued)

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Loan 102 - Library & Resource Centre		102	WATC	4.54%	25-Jun-29	(280,366)	(280,877)	(310,848)
Loan 104 - Recquatic Refurbishment		104	WATC	4.05%	26-Jun-30	(128,462)	(128,628)	(141,481)
Loan 105 - Bertram Community Centre		105	WATC	3.25%	27-Mar-30	(39,187)	(39,229)	(44,892)
Loan 106 - Destination Park - Calista		106	WATC	3.14%	24-Jun-31	(41,646)	(41,711)	(53,240)
<b>Transport</b>								
Loan 98 - Streetscape Beautification		98	WATC	6.25%	25-Jun-25	(32,107)	(32,264)	(42,515)
Loan 101 - City Centre Redevelopment		101	WATC	4.67%	28-Sep-31		0	(14,766)
Loan 101B - City Centre Redevelopment		101B	WATC	1.33%	07-Jun-32	(45,933)	(27,706)	(33,914)
<b>Total</b>						(702,863)	(686,376)	(823,858)
<b>Self Supporting Loans Finance Cost</b>								
<b>Recreation and culture</b>								
Loan 103B - Golf Club Refurbishment		103B	WATC	3.32%		(8,405)	(8,446)	(9,130)
<b>Total Self Supporting Loans Finance Cost Payments</b>						(8,405)	(8,446)	(9,130)
<b>Total Finance Cost Payments</b>						(711,268)	(694,822)	(832,988)

\* Western Australian Treasury Corporation

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

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022
<b>Other Property &amp; Services</b>									
ELB 4x Proline84 Interactive		10,604	0	(7,933)	2,671	0	(2,671)	0	0
Kyocera Equipment		21,765	0	(17,754)	4,011	0	(4,011)	0	0
Photocopier/Printers		34,707	0	(8,344)	26,363	0	(11,301)	15,062	23,570
Kodak Scanners		15,706	0	(5,878)	9,828	0	(6,130)	3,698	9,826
<b>Education and welfare</b>									
Vehicle Lease - Youth		30,818	0	(6,572)	24,246	0	(6,661)	17,585	23,698
<b>Recreation and culture</b>									
Gym equipment		422,103	0	(110,922)	311,181	0	(112,125)	199,056	311,111
Nifisk floor scrubber		10,071	0	(7,082)	2,989	0	(2,989)	0	2,987
Columbus Floor Scrubber		0	0	0	0	22,388	(5,959)	16,429	0
<b>Total Lease Liabilities</b>	10(b)	545,774	0	(164,485)	381,289	22,388	(151,847)	251,830	371,192

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term(months)
ELB 4x Proline84 Interactive		E6N0160185	All Leasing	2.00%	Jun-22	(13)	0	0	20
Kyocera Equipment		5389066248AUS1	Kyocera	3.70%	Jun-22	(18)	0	(381)	48
Photocopier/Printers		E6N0162743	Maia	1.80%	Oct-24	(399)	(348)	(551)	60
Kodak Scanners		5389066248AUS3	HP Financial Se	4.17%	Feb-24	(294)	(294)	(546)	36
<b>Education and welfare</b>									
Vehicle Lease - Youth		1HFE114	Toyota Finance	2.20%	Jan-26	(268)	(268)	(357)	60
<b>Recreation and culture</b>									
Gym equipment		E6N0163618-1	Maia	2.79%	Jun-25	(2,739)	(2,739)	(3,944)	48
Nifisk floor scrubber		3510183300688	Nifisk	1.70%	Dec-22	(13)	(13)	(118)	36
Columbus Floor Scrubber		TBA	ABCO	3.90%	Sep-25	(641)	0	0	36
<b>Total Finance Cost Payments</b>						(4,385)	(3,662)	(5,897)	

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

**29. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Public Open Space	322,116	10,265	0	332,381	320,613	0	0	320,613	320,613	1,503	0	322,116
(b) DCA 1 - Hard Infrastructure - Bertram	1,455,449	524,812	(22,983)	1,957,278	1,119,353	32,206	(12,299)	1,139,260	738,950	793,445	(76,946)	1,455,449
(c) DCA 2 - Hard Infrastructure - Wellard	1,727,291	64,730	0	1,792,021	1,813,809	32,764	(12,299)	1,834,274	1,720,913	6,378	0	1,727,291
(d) DCA 3 - Hard Infrastructure - Casuarina	0	101,472	(8,431)	93,041	3,940	201,950	(12,299)	193,591	0	0	0	0
(e) DCA 4 - Hard Infrastructure - Anketell	2,029,392	746,553	(13,090)	2,762,855	2,018,903	28,797	(12,299)	2,035,401	1,194,025	851,964	(16,597)	2,029,392
(f) DCA 5 - Hard Infrastructure - Wandl	1,858,311	378,639	(16,739)	2,220,211	3,707,115	31,182	(12,299)	3,725,998	972,058	909,066	(22,813)	1,858,311
(g) DCA 6 - Hard Infrastructure - Mandogalup	3,912,473	1,969,408	(13,090)	5,868,791	993,210	28,995	(12,299)	1,009,906	753,954	3,175,276	(16,757)	3,912,473
(h) DCA 7 - Hard Infrastructure - Wellard West	78,402	32,058	(5,401)	105,059	58,234	200,131	(12,299)	246,066	52,702	31,654	(5,954)	78,402
(i) DCA 8 - Soft Infrastructure - Mandogalup	2,953,938	1,220,032	(12,174)	4,161,796	2,470,156	31,279	(12,303)	2,489,132	1,418,989	1,550,554	(15,605)	2,953,938
(j) DCA 9 - Soft Infrastructure - Wandl/Anketell	11,832,280	696,592	(1,038,923)	11,489,949	11,602,387	65,451	(12,299)	11,655,539	12,810,629	915,025	(1,893,374)	11,832,280
(k) DCA 10 - Soft Infrastructure - Casuarina/Anketell	182,425	6,579	(12,174)	176,830	172,082	25,786	(12,299)	185,569	197,222	808	(15,605)	182,425
(l) DCA 11 - Soft Infrastructure - Wellard East	5,862,382	210,381	(12,707)	6,060,056	6,498,531	52,337	(12,299)	6,538,569	6,478,479	39,925	(656,022)	5,862,382
(m) DCA 12 - Soft Infrastructure - Wellard West	10,466,540	880,755	(34,329)	11,312,966	9,841,499	64,981	(816,167)	9,090,313	9,488,144	993,920	(15,524)	10,466,540
(n) DCA 13 - Soft Infrastructure - Bertram	254,648	9,089	(12,174)	251,563	244,199	26,037	(12,299)	257,937	269,075	1,097	(15,524)	254,648
(o) DCA 14 - Soft Infrastructure - Wellard/Leda	903,395	107,747	(12,174)	998,968	845,899	53,418	(12,299)	887,018	813,783	105,136	(15,524)	903,395
(p) DCA 15 - Soft Infrastructure - City Site	325,573	20,177	(12,174)	333,576	310,733	26,227	(12,299)	324,661	306,909	34,188	(15,524)	325,573
	44,164,615	6,979,289	(1,226,563)	49,917,341	42,020,663	901,541	(988,357)	41,933,847	37,536,445	9,409,939	(2,781,769)	44,164,615
<b>Restricted by council</b>												
(q) Aged Persons Units Reserve	845,043	30,795	(54,357)	821,481	783,699	181,078	(190,000)	774,777	772,745	228,166	(155,868)	845,043
(r) Asset Management Reserve	4,617,620	2,176,486	(3,828,086)	2,966,020	4,241,258	1,724,417	(4,902,128)	1,063,547	5,190,293	1,865,616	(2,438,289)	4,617,620
(s) Banksia Park Reserve	244,242	87,055	0	331,297	207,841	79,813	(90,000)	197,654	209,270	205,549	(170,577)	244,242
(t) City Infrastructure Reserve	941,685	40,046	0	981,731	940,590	3,950	0	944,540	1,360,526	6,159	(425,000)	941,685
(u) Community Services & Emergency Relief Reserve	335,592	10,926	(2,500)	344,018	330,883	1,400	0	332,283	334,163	1,429	0	335,592
(v) Contiguous Local Authorities Group Reserve	270,118	34,128	(38,136)	266,110	265,181	27,214	(38,000)	254,395	278,785	25,805	(34,472)	270,118
(w) Employee Leave Reserve	2,955,674	0	0	2,955,674	2,946,683	12,376	0	2,959,059	2,946,683	8,991	0	2,955,674
(x) Employee Vacancy Reserve	504,796	371,887	0	876,683	505,192	2,122	0	507,314	502,648	2,148	0	504,796
(y) Family Day Care Reserve	0	9,889	(9,889)	0	1,235,450	(3,638)	0	1,231,812	1,040,526	5,288	(1,045,814)	0
(z) Golf Course Cottage Reserve	29,683	1,096	0	30,779	29,705	125	0	29,830	29,557	126	0	29,683
(f) Golf Club Maintenance Reserve	27,183	5,851	(1,836)	31,198	17,189	5,082	(5,044)	17,227	17,145	10,038	0	27,183
(j) Information Technology Reserve	94,521	1,017,225	(702,088)	409,658	532,088	1,004,941	(532,088)	1,004,941	2,546,175	500,848	(2,952,502)	94,521
(j) Plant and Equipment Replacement Reserve	593,784	1,767,143	(1,368,338)	992,589	317,268	1,895,941	(1,890,900)	322,309	378,327	742,743	(527,286)	593,784
(-) Public Art Reserve	300,420	66,292	0	366,712	300,052	126	0	300,178	29,900	270,520	0	300,420
(j) Refuse Reserve	5,379,039	0	(137,902)	5,241,137	5,025,665	22,570	(311,544)	4,736,691	5,524,521	10,981	(156,463)	5,379,039
(E) Renewable Energy Efficiency Reserve	51,096	50,929	(14,545)	87,480	42,026	49,212	(49,035)	42,203	34,354	16,742	0	51,096

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

29. RESERVE ACCOUNTS (Continued)	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(j) Restricted Grants & Contributions Reserve	2,182,902	575,321	(1,371,926)	1,386,297	1,564,824	85,000	(1,252,757)	397,067	3,157,387	1,200,901	(2,175,386)	2,182,902
(.) Settlement Agreement Reserve	169,350	169,654	(31,576)	307,428	169,526	712	0	170,238	168,670	680	0	169,350
(f) Strategic Property Reserve	455,369	18,670	0	474,039	498,000	0	(270,000)	228,000	0	455,369	0	455,369
(.) Workers Compensation Reserve	552,445	142,674	(221,831)	473,288	551,521	1,367	0	552,888	324,699	227,746	0	552,445
	20,550,562	6,576,067	(7,783,010)	19,343,619	20,504,641	5,093,808	(9,531,496)	16,066,953	24,846,374	5,785,845	(10,081,657)	20,550,562
	64,715,177	13,555,356	(9,009,573)	69,260,960	62,525,304	5,995,349	(10,519,853)	58,000,800	62,382,819	15,195,784	(12,863,426)	64,715,177

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

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

Name of reserve account Restricted by legislation/agreement	Purpose of the reserve account
(a) Public Open Space	to be used to restrict funds that have been paid in lieu of open space as specified in the Western Australia Planning and Development Act 2005.
(b) DCA 1 - Hard Infrastructure - Bertram	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 - Hard Infrastructure Bertram.
(c) DCA 2 - Hard Infrastructure - Wellard	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 - Hard Infrastructure Wellard.
(d) DCA 3 - Hard Infrastructure - Casuarina	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 3 - Hard Infrastructure Casuarina.
(e) DCA 4 - Hard Infrastructure - Anketell	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 - Hard Infrastructure Anketell.
(f) DCA 5 - Hard Infrastructure - Wandii	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 - Hard Infrastructure Wandii.
(g) DCA 6 - Hard Infrastructure - Mandogalup	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 6 - Hard Infrastructure Mandogalup.
(h) DCA 7 - Hard Infrastructure - Wellard West	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 7 - Hard Infrastructure Mandogalup West.
(i) DCA 8 - Soft Infrastructure - Mandogalup	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 8 - Soft Infrastructure Mandogalup.
(j) DCA 9 - Soft Infrastructure - Wandii/Anketell	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 - Soft Infrastructure Wandii/Anketell.
(k) DCA 10 - Soft Infrastructure - Casuarina/Anketell	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 10 - Soft Infrastructure Casuarina/Anketell.
(l) DCA 11 - Soft Infrastructure - Wellard East	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 11 - Soft Infrastructure Wellard East.



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

**29. RESERVE ACCOUNTS (Continued)**

(m) DCA 12 - Soft Infrastructure - Wellard West	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 12 - Soft Infrastructure Wellard West.
(n) DCA 13 - Soft Infrastructure - Bertram	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 - Soft Infrastructure Bertram.
(o) DCA 14 - Soft Infrastructure - Wellard/Leda	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 14 - Soft Infrastructure Wellard/Leda.
(p) DCA 15 - Soft Infrastructure - City Site	to be used to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 15 - Soft Infrastructure City Site.
<b>Restricted by council</b>	
(q) Aged Persons Units Reserve	to be used to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
(r) Asset Management Reserve	to be used to provide funds for renewal projects for the City's building and infrastructure assets, thereby extending the useful economic life of such assets.
(s) Banksia Park Reserve	to be used to provide funds for the capital acquisitions and maintenance of the Banksia Park Retirement Village.
(t) City Infrastructure Reserve	to be used to fund the City's contributions to community infrastructure projects.
(u) Community Services & Emergency Relief Reserve	to be used to provide funding to alleviate the effect of any disaster within the City of Kwinana boundaries and to provide funds to develop community services.
(v) Contiguous Local Authorities Group Reserve	to be used to restrict funds received for the prevention, control and education of mosquito management.
(w) Employee Leave Reserve	to be used to ensure that adequate funds are available to finance employee leave entitlements.
(x) Employee Vacancy Reserve	to be used to ensure that adequate funds are available to finance employee costs.
(y) Family Day Care Reserve	to be used to provide for the capital acquisitions and maintenance of this facility
(z) Golf Course Cottage Reserve	to be used to provide funds for the maintenance of this building.
({) Golf Club Maintenance Reserve	to be used to provide funds for the maintenance of this building.
(j) Information Technology Reserve	to be used for the implementation and maintenance of the City's software requirements.
(j) Plant and Equipment Replacement Reserve	to be used to replace existing fleet, plant and other City assets.
(~) Public Art Reserve	to be used to receive monies paid as cash in lieu for public art and the provision of public art expenditure under the Local Planning Policy 5.
(i) Refuse Reserve	to be used to provide funds for the costs and subsidy of Waste Management in the City.
(€) Renewable Energy Efficiency Reserve	to be used to provide funds for renewable energy and water efficiency initiatives.
(j) Restricted Grants & Contributions Reserve	to be used to restrict funds, being city funds, grants and contributions, required to complete projects from prior financial years.
(.) Settlement Agreement Reserve	to be used to provide funds to account for future negotiated settlement agreement payments.
(f) Strategic Property Reserve	to be used to provide funds for future investment opportunities.
(,) Workers Compensation Reserve	to be used to fund workers compensation costs incurred by the City where the maximum contribution amount for a previous year has been reached and there is a claim which remains open and requires the City to pay costs relating to the open claims in the current and future years.

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

**30. 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:

	<b>1 July 2022</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2023</b>
	\$	\$	\$	\$
APU Security Bonds	22,854	2,500	(3,960)	21,394
Contiguous Local Authorities Group (CLAG)	5,707	1,973	0	7,680
Uncollected Vehicles	6,845	13,945	0	20,790
	35,406	18,418	(3,960)	49,864

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

**31. CORRECTION OF PRIOR PERIOD ERROR**

During the year ended 30 June 2023, the following misstatement were identified relating to prior year financial periods.  
The misstatements have been corrected by restating each of the affected financial statement line items for the prior period.

**(a) Correction of treatment of Software as a Service (SaaS) configuration costs**

The City has implemented Technology One ERP system effective 1 July 2022 and incurred implementation costs during 2020-21 and 2021-22. The system has been implemented in the cloud as Software As A Service (SaaS) arrangement. SaaS configuration costs amounting to \$4,492,065 (at 30 June 2022) and \$1,565,010 (at 30 June 2021) were treated as intangible assets within work in progress. This accounting treatment is not in accordance with the requirements of AASB 138 Intangible Assets, as the City does not have any control of the system. Accordingly, the costs should have been treated as operating expense in the year in which they were incurred.

As a consequence, the City has determined that:

- Operating expenses were understated by \$1,565,010 and \$2,927,055 for the year ended 30 June 2021 and 30 June 2022 respectively;
- Intangible assets were overstated by \$1,565,010 at 30 June 2021 and \$4,492,065 at 30 June 2022.
- Retained surplus was overstated by \$1,565,010 at 30 June 2021 and \$4,492,065 at 30 June 2022.

The City has retrospectively applied the corrections and adjustments to the impacted financial statement line items.

**(b) Correction of recognition of Developer Contributed assets from prior financial years.**

The City routinely acquires infrastructure assets as part of its business. Due to a communication gap between the infrastructure team and the finance teams, assets amounting to \$6,095,089 which were transferred to the City prior to 1 July 2022 were not recognised.

As a consequence, the City has determined that:

- Non-operating contributions were understated by \$428,971 and \$5,666,118 for the year ended 30 June 2021 and 30 June 2022 respectively;
- Depreciation was understated by \$10,529 and \$24,618 for the year ended 30 June 2021 and 30 June 2022 respectively;
- Infrastructure assets was understated by \$418,442 at 30 June 2021 and \$6,059,942 at 30 June 2022.
- Retained surplus was understated by \$418,442 at 30 June 2021 and \$6,059,942 at 30 June 2022.

The City has retrospectively applied the corrections and adjustments to the impacted financial statement line items.

The financial impact of this correction of errors is indicated below:

Statement of Financial Position (Extract)	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$	01 July 2021 \$	Increase/ (Decrease) \$	01 July 2021 (Restated) \$
Intangible Assets	4,839,502	(4,492,065)	347,437	1,864,163	(1,565,010)	299,153
Infrastructure	608,946,293	6,059,942	615,006,235	366,067,324	418,442	366,485,766
<b>Total assets</b>	<b>834,780,665</b>	<b>1,567,877</b>	<b>836,348,542</b>	<b>586,267,149</b>	<b>(1,146,568)</b>	<b>585,120,581</b>
<b>Net assets</b>	<b>749,320,985</b>	<b>1,567,877</b>	<b>750,888,862</b>	<b>503,576,769</b>	<b>(1,146,568)</b>	<b>502,430,201</b>
Retained surplus	218,399,668	1,567,877	219,967,545	213,378,682	(1,146,568)	212,232,114
<b>Total equity</b>	<b>749,320,985</b>	<b>1,567,877</b>	<b>750,888,862</b>	<b>503,576,769</b>	<b>(1,146,568)</b>	<b>502,430,201</b>

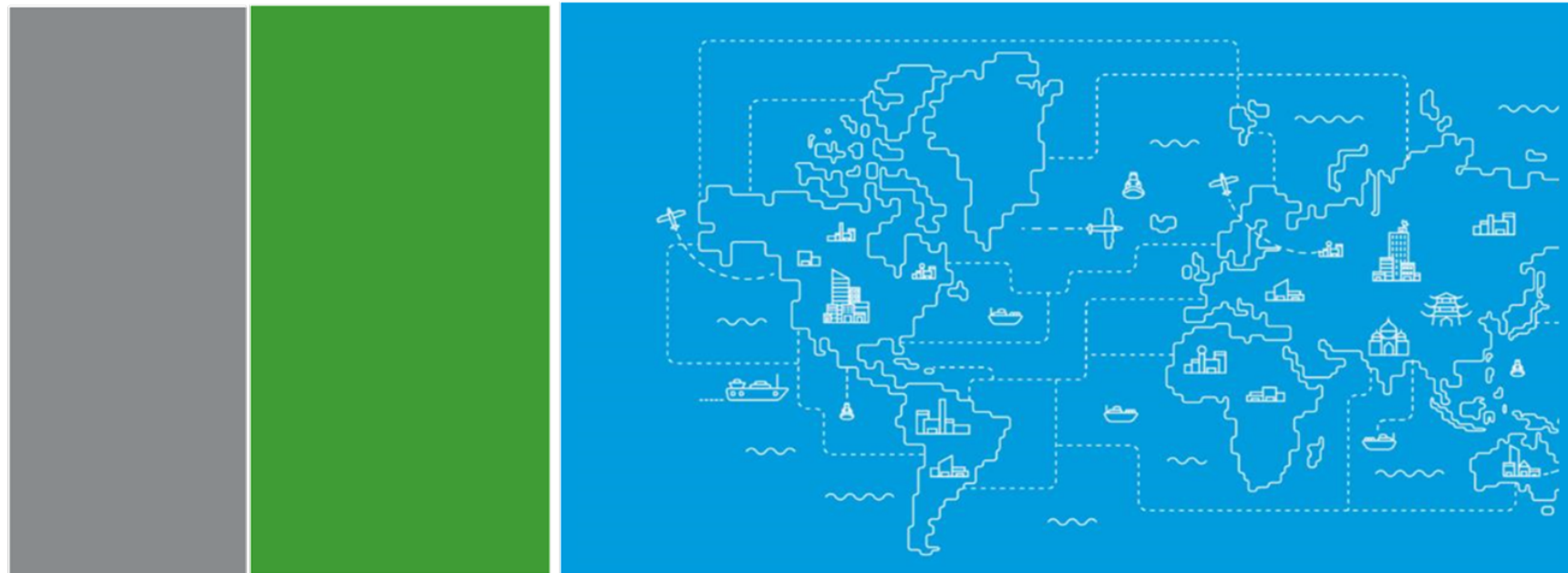
Statement of Comprehensive Income (Extract)	2022 \$	Increase/ (Decrease) \$	2022 (Restated) \$
Materials and Contracts	25,051,640	2,927,055	27,978,695
Depreciation	15,717,756	24,618	15,742,374
Capital Grants, subsidies and contribution	12,436,230	5,666,118	18,102,348
Net result for the period	7,353,344	2,714,445	10,067,789
<b>Total comprehensive income for the period</b>	<b>245,744,216</b>	<b>2,714,445</b>	<b>248,458,661</b>

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

**31. CORRECTION OF PRIOR PERIOD ERROR (Continued)**

<b>Statement of Cash Flows (Extract)</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>2022 (Restated)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Materials and contracts	23,980,606	2,927,055	26,907,661
<b>Net cash provided by (used in) operating activities</b>	<b>12,105,867</b>	<b>(2,927,055)</b>	<b>9,178,812</b>
Payments for intangible assets	2,982,430	(2,927,055)	55,375
<b>Net cash provided by (used in) investing activities</b>	<b>(6,326,688)</b>	<b>2,927,055</b>	<b>(3,399,633)</b>

<b>Statement of Financial Activity (Extract)</b>	<b>2022</b>	<b>Increase/ (Decrease)</b>	<b>2022 (Restated)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Materials and contracts	25,051,640	2,927,055	27,978,695
Depreciation	15,717,756	24,618	15,742,374
Non-cash amounts excluded from operating activities	12,327,256	24,618	12,351,874
<b>Amount attributable to operating activities</b>	<b>7,244,370</b>	<b>(2,927,055)</b>	<b>4,317,315</b>
Capital grants, subsidies and contributions	12,436,230	5,666,118	18,102,348
Purchase and construction of infrastructure	12,069,918	5,666,118	17,736,036
Payments for intangible assets	2,982,430	(2,927,055)	55,375
<b>Amount attributable to investing activities</b>	<b>(2,853,977)</b>	<b>2,927,055</b>	<b>73,078</b>



CITY OF KWINANA

## AUDITOR'S CLOSING REPORT

Year ended 30 June 2023

THE POWER OF BEING UNDERSTOOD  
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CONTENTS

1. Executive Summary	3
2. Status of the Audit	4
3. Key Areas of Audit Focus	5
4. Internal Control Findings	10
5. Identified Misstatements	11
Appendix 1 – Required Communication to Those Charged With Governance	13
Appendix 2 – Changes in Accounting Standards	14



1. EXECUTIVE SUMMARY

The primary purpose of this Auditor’s Closing Report is to brief the City of Kwinana (“City”) on the results of our substantially completed audit of financial statements for the year ended 30 June 2023.

This report should be read in conjunction with our Audit Planning Memorandum (APM).

Based on RSM’s recommendation, the Office of the Auditor General (OAG) intends to issue an unmodified auditor’s report on the financial statements for the year ending 30 June 2023. The audit procedures were designed to support our auditor’s opinion and cannot be expected to identify all weaknesses or inefficiencies in your systems and working practices.

Scope and Approach

There have been no changes in the audit scope or approach set out in the APM.

Matters of significance





Under section 24(1) of the Auditor General Act 2006, the Auditor General is required to report on matters arising out of the performance of the Auditor General’s functions that are, in the opinion of the Auditor General, of such significance as to require reporting. We confirm that no such matters came to our attention during our audit work.

Our appreciation

We wish to express our appreciation for the cooperation provided by the City during the audit.

AMIT KABRA  
Director – Assurance & Advisory  
RSM Australia

TIM SANYA  
Senior Director – Financial Audit  
WA Office of Auditor General

OVERALL SUMMARY	
<div></div> <div>STATUS OF AUDIT</div> <div>6</div> <div>Outstanding matters for audit completion</div>	<div></div> <div>KEY AREAS OF AUDIT FOCUS</div> <div>4</div> <div>Areas assessed as key risks</div>
<div></div> <div>INTERNAL CONTROL OBSERVATIONS</div> <div>10</div> <div>Improvements to the design and implementation of internal controls</div>	<div></div> <div>IDENTIFIED MISSTATEMENTS</div> <div>4</div> <div>Number of adjusted and unadjusted misstatements identified during the audit</div>

## 2. STATUS OF THE AUDIT

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Action	Responsibility	Due on/by
1. OAG final review of RSM file including technical reviews of the prior period restatements	OAG	1 December 2023
2. Receipt of the signed certification of financial report	Management	4 December 2023
3. Receipt of signed management representation letter	Management	4 December 2023
4. Completion of subsequent events procedures to the date of signing the audit report	RSM / Management	4 December 2023
5. Issuing RSM's opinion to the Office of the Auditor General	RSM	5 December 2023
6. Issue of signed auditor's report by OAG to the City	OAG	Within 3 business days of receiving the signed contractor's audit report from RSM





### 3. KEY AREAS OF AUDIT FOCUS



In performing our audit, we have identified the following areas which we consider, in our professional judgment, to be of most significance in the audit of the financial report for the year ended 30 June 2023:

#### 1. Management override of controls

##### Summary of response

Our audit procedures, among other things, included:

- Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest;
- Assessing accounting estimates for evidence of biases;
- Reviewing unusual, significant transactions and related party transactions; and
- Conducting an unpredictability test.

##### Findings

Based on our work, nothing has come to our attention to indicate that there aren't proper processes and controls to manage the risk of management override of controls and that material key estimates and judgments are properly assessed and recognised.

### 3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

#### 2. Revenue recognition – Grants, subsidies and contributions, fees and charges, other revenue

##### Summary of response

Our audit procedures, among other things, included:

##### Control testing:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle, including application controls;
- Reviewing the IT general controls related to the core financial accounting system.

##### Substantive testing:

- Performing test of details, on a sample basis, over fees and charges and grants, subsidies and contributions and other revenue throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy;
- Performing calculation checks for contract liabilities related to grants, subsidies and contributions and vouching to agreements;
- Reviewing receivables balances on a sample basis and performing subsequent receipt testing;
- Performing testing on journal entries for any management override of internal controls related to revenue recognition.

##### Findings

Based on our procedures, we are satisfied that revenue, in all material respects, has been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the *Local Government Act 1995 (LG Act)* and the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*.

### 3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

#### 3. Infrastructure and property, plant and equipment

##### Summary of response

Our audit procedures, among other things, included:

*Control testing:*

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the infrastructure, property, plant and equipment cycle, including application controls.

*Substantive testing:*

- Performing test of details, on a sample basis, material additions to Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 *Property, plant and equipment*;
- Testing accuracy and completeness of data sets including reviewing useful lives, condition assessments and depreciation rates;
- Performing analytical procedures over the annual depreciation charge;
- Reviewing management impairment assessment for any indication of management bias;
- Reviewing management fair value estimates of land and building valuation report and reconciliations to general ledger, and considered the scope, competency, and methodology of the independent valuer to determine fair values, including consideration of significant assumptions, methods and data utilised;
- Checking the accounting treatment and entries for revaluation adjustments;
- Performing test of details, on a sample basis, to ensure the inputs used in the valuation report are accurate and in line with the methodology used by the valuer; and
- Reviewing the disclosures in the notes to the financial statements to confirm they were appropriate.

##### Findings

We have noted that the City does not have formalised standard operating procedures relating capitalisation of contributed assets. As a result, certain contributed assets amounting to approximately \$6 million were not capitalised on a timely basis in 2021-22 resulting in these being capitalised in 2022-23. This also coincided with the period when the engineering team stopped processing transactions around March 2022 to assist with the data migration process for the newly implemented Technology One system. This has resulted in the restatement of the prior year numbers as disclosed in Note 31 of the financial statements.

Based on our procedures, except as noted above, we are satisfied that that infrastructure and property, plant and equipment, in all material respects, have been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

### 3 KEY AREAS OF AUDIT FOCUS (CONTINUED)

#### 4. Employee benefits expense

##### Summary of response

Our audit procedures, among other things, included:

*Control testing:*

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the payroll cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

*Substantive testing:*

- Substantive Analytical procedures over employee benefit expenses and amounts allocated from employee benefits to capital projects;
- Substantive Analytical procedures over annual leave and long service leave provisions;
- Checking the mathematical accuracy of the long service leave computation, including consideration of significant assumptions, methods and data utilised;
- Performing test of details, on a sample basis, of Key Management Personnel ('KMP') remuneration disclosures in the financial report.

##### Findings

**We have made the following observations:**

1. There is a difference between the total leave balances accrued between Authority (the old system) and Technology One (the new system) which has been identified as part of our review of the data migration from the old system to the new system at 1 July 2022. Further, there continues to remain a difference between the leave balances accrued between Technology One and the leave accrual schedule (Excel schedule) that is used to arrive at the final liability at 30 June 2023. The difference arising at 30 June 2023 has been posted to the Summary of Identified Misstatements (refer Section 5).
2. The long service leave liability for employees with a service period of greater than 10 years has been calculated incorrectly. The overall difference is not material.

We have raised a management letter finding to ensure that the calculation for employee liabilities is corrected in the future. Refer Section 4 below.

Based on our procedures, except as noted above, we are satisfied that Employee benefits expense, in all material respects, has been accounted for under Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations.

### 3. KEY AREAS OF AUDIT FOCUS (CONTINUED)

#### Other critical disclosures within the financial statements

RSM has also audited the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed. Our findings are outlined in the below table.

Description of disclosure	RSM Audit response	Findings
Related party disclosures	Reviewing the disclosures and supporting material to ensure compliance with AASB 124 <i>Related Party Disclosures</i> . Assessing the Group's internal controls around the identification and proper disclosure of related party transactions and the Elected Members' and Senior Officers' remuneration.	Our procedures regarding related parties did not identify any significant matters.
Areas subject to accounting estimates	<p>We have considered the areas of the City's financial statements that are subject to estimation uncertainty, few are of sufficient quantum to be susceptible to material misstatement.</p> <p>We determined that the balances listed below include estimates that may be susceptible to material misstatement due to the measurement of the monetary amount.</p> <ul style="list-style-type: none"> <li>Financial and non-financial assets- assessment of impairment indicators;</li> <li>Useful life used to depreciate infrastructure, property, plant and equipment;</li> <li>Infrastructure valuation model inputs –asset condition rating and cost mark-up;</li> <li>Employee benefits provisions – the probability of leave vesting, discount rates, wage inflation rates and timing of future cash flows.</li> </ul> <p>Our additional audit work encompassed performing more granular assessments regarding the risk that accounting estimates are materially misstated. In addition, we focused on appropriately responding to the levels of estimation uncertainty, complexity and subjectivity in the accounting estimate.</p>	<p>Our procedures regarding accounting estimates we identified one moderate internal control finding within section 4 of this report regarding infrastructure valuation model inputs.</p> <p>Based on our procedures, other than the matter noted above we did not identify any further matters.</p>
Capital and other commitments for expenditure	We will check the underlying calculations and review the evidence to support the amounts disclosed.	Our procedures regarding capital and other commitments for expenditure did not identify any significant matters.

## 4 INTERNAL CONTROL FINDINGS

Based on our testing, we have included an update on the status of prior year findings as well as the following control weaknesses identified during the preliminary and final audit stages:

### Current year – financial statements audit

The following control weaknesses were identified during the financial statements audit:

Findings	Rating	Status
1. Contributed assets recognition tracking and review process	Significant	Open
2. Long Service Leave and Annual Leave Reconciliation	Moderate	Open
3. Formal documentation of review of rates data input into accounting system	Minor	Open
4. Long service leave liability rate	Minor	Open

### Current year – general computer controls review

The following control weaknesses were identified during the general computer controls review together with some of the prior year recommendations still open:

Findings	Rating	Status
1. Financial Application (TechOne) - User Access Management	Moderate	Open
2. IT Business Continuity Planning and Cyber Security Incident Response	Moderate	Open
3. Data Loss Prevention	Minor	Open

### Prior year

At the date of this report, six recommendations noted in the prior year's audit remain open.

Findings	Rating	Status
<b>Financial statements audit</b>		
1. Infrastructure Valuation	Moderate	Closed
<b>General computer controls review</b>		
2. Network Access Management – Generic Accounts	Moderate	Closed
3. Logging and Monitoring	Moderate	Open <sup>1</sup>
4. Financial System – User Access Management	Minor	Closed
5. Network - User access management <sup>2</sup>	Significant	Open <sup>1</sup>
6. Physical and environmental security	Moderate	Closed
7. Business continuity	Moderate	Closed
8. Network penetration management	Minor	Closed
9. IT Governance – Strategy	Minor	Open <sup>1</sup>
10. Network password management	Minor	Closed

<sup>1</sup> – prior year recommendations still open as at FY23, hence raised again in FY23.

<sup>2</sup> – prior year rating was Significant, FY23 rating is Moderate.



## 5. IDENTIFIED MISSTATEMENTS

### Materiality

We have not included misstatements identified that are considered by management or us to be trivial, either taken individually or in aggregate.

### Adjusted Misstatements

The following adjustments were posted by management as a result of our audit.

Description	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
1. Overstatement of assets and liabilities in relation to contributed assets due to accounting system limitation	(486,658)	486,658	-	-
2. Reclass investment properties revaluation from equity to P&L	-	-	442,000	(442,000)
3. Overstatement of contributed assets	(35,148)	-	(6,059,941)	6,095,089
<b>Total</b>	<b>(521,806)</b>	<b>486,658</b>	<b>(5,617,941)</b>	<b>5,653,089</b>

### Unadjusted Misstatements

The following unadjusted amounts have been identified during the conduct of our audit. Management have determined that these amounts are immaterial and do not require adjustment to the financial report. We concur with management's determination. They have been presented below for the Audit Committee's consideration.

Description	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
4. Understatement of provision for leave balances due to differences between TechOne system and manual Annual and Long Service Leave workings	-	(265,649)	-	265,649
<b>Total</b>	<b>-</b>	<b>(265,649)</b>	<b>-</b>	<b>265,649</b>

### Disclosure Deficiencies in the Financial Statements

We did not identify any disclosure deficiencies in the financial statements for the year ended 30 June 2023.










# APPENDICES



## APPENDIX 1 – REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Under Australian Auditing Standards, we are required to communicate the following matters to the Chief Executive Officer and the Council:

Matter	How we addressed this matter	Result
<b>Independence</b>	We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.	
<b>Subsequent events</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the subsequent events are not adequately disclosed or adjusted for within the financial report.	
<b>Compliance with laws and regulations</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around compliance with laws and regulations are ineffective.	
<b>Responsibilities relating to fraud</b>	We did not become aware of any fraud during our audit.	

Matter	How we addressed this matter	Result
<b>External confirmations</b>	There were no instances where management refused or denied us sending a request for external confirmation.	
<b>Contingent liabilities or commitments</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the contingent liabilities or commitments are not adequately disclosed within the financial report.	
<b>Going concern</b>	No events or conditions have been identified during the audit that may cast doubt on the Group's ability to continue as a going concern for 12 months from the date of our auditor's report.	

## APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS

Standard or pronouncement	Description	Who does it affect	Effective date
<b>AASB 2020-1 Amendment to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current</b> <b>AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</b>	<p>This narrow-scope amendment to AASB 101 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of liability.</p> <p>For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.</p> <p>AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2023.</p>	All entities	Annual reporting periods beginning on or after 1 January 2023
<b>AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</b>	<p>This amending standard makes narrow-scope amendments to several standards:</p> <ul style="list-style-type: none"> <li>▪ AASB 1: to simplify its application by a subsidiary that becomes a first-time adopter after its parent concerning the measurement of cumulative translation differences;</li> <li>▪ AASB 3: updating the reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;</li> <li>▪ AASB 9: clarifying which fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;</li> <li>▪ AASB 116: requiring an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use, and the related cost, in profit or loss, instead of deducting the amounts received from the cost of the asset;</li> <li>▪ AASB 137: specifying the costs that an entity includes when assessing whether a contract will be loss-making; and</li> <li>▪ AASB 141: Remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</li> </ul>	All entities	Annual reporting periods beginning on or after 1 January 2023

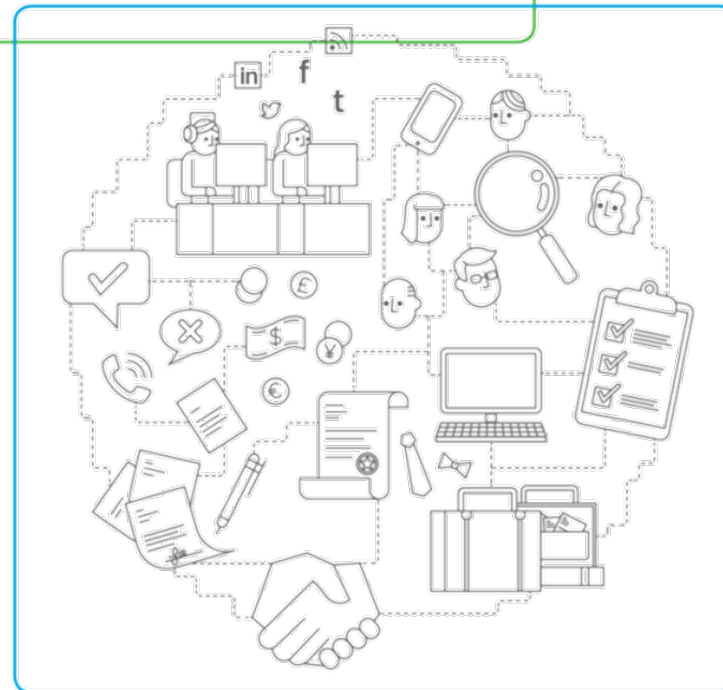
## APPENDIX 2 – CHANGES IN ACCOUNTING STANDARDS (CONTINUED)

Standard or pronouncement	Description	Who does it affect	Effective date
<b>AASB 2022-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</b>	<p>This amending Standard impacts several standards:</p> <ul style="list-style-type: none"> <li>AASB 7: clarifying that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;</li> <li>AASB 101: requiring entities to disclose their material accounting policy information rather than their significant accounting policies;</li> <li>AASB 108: clarifying how entities should distinguish changes in accounting policies and changes in accounting estimates.</li> <li>AASB 134: identifying material accounting policy information as a component of a complete set of financial statements; and</li> <li>AASB Practice Statement 2, guides how to apply the concept of materiality to accounting policy disclosures.</li> </ul>	All entities	Annual reporting periods beginning on or after 1 January 2023

For more information, visit: [www.rsm.global/australia/service/audit-and-assurance-services](http://www.rsm.global/australia/service/audit-and-assurance-services)



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**CITY OF KWINANA****PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Contributed assets recognition	No	✓			
2. Long Service Leave and Annual Leave Reconciliation	No		✓		
3. Formal documentation of review of rates data input into Authority	No			✓	
4. Long Service Liability Rate	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.

**CITY OF KWINANA****PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Contributed assets recognition****Finding:**

The City has recognised revenue of \$13.6 million relating to the fair value of contributed infrastructure assets in the current financial year, 2022-23.

Based on our testing, we noted that some of these contributed assets had practical completion dates prior to 1 July 2022 and had already been transferred to the City in previous years. The value of the associated assets amounted to approximately \$6 million and represents a prior period error.

The error has been corrected by restating the prior comparative year figures in the 2022-23 financial statements.

Inquiries with management noted the error was due to the following:

- A decision was made for the Engineering team to stop processing assets transactions around March 2022 to assist with the data migration process to the newly implemented Technology One system. This resulted in the capitalisation of these assets being omitted.
- There is no standard operating procedure around the recognition of contributed assets, including lack of regular review process for contributed assets recognition
- We further noted practical completion certificates were not retained for some of the assets.

Our audit procedures did not identify any other assets not capitalised.

**Rating: Significant****Implication:**

Lack of standard operating procedures and a regular review process for revenue recognition can result in a material misstatement in infrastructure balance and contribution received revenue.

**Recommendation:**

The City should develop a standard operating procedure for contributed assets. This should include (but not limited to):

- formal review of contributed assets capitalisation to confirm accuracy and completeness thereof; and
- maintaining a documented capitalisation retention policy.

**Management comment:**

*Agree. The City made a management decision in 2022 to stop processing contributed asset transactions due the migration to Technology One, this resulted in a delay of approximately \$5m of contributed asset transactions being processed in 2021-2022. The City agrees the current process for the recognition of contributed assets needs be documented and reviewed to ensure these assets are accurately and timeously recognised. The City however disagrees that this finding should be rated as significant as the contributed asset was not understated but incorrectly recognised in 2023 instead of being split between the current financial year and prior years.*

**Responsible person:** Manager Assets

**Completion date:** 30 June 2024



**CITY OF KWINANA****PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Long Service Leave and Annual Leave Reconciliation****Finding:**

During our audit of the employee leave provision balances, we noted differences between the Tech One system leave balances and the Annual and Long Service Leave schedule which is used in the determination of the leave provision balances recognised in the financial statements. The identified differences in both hours and resultant impact on the leave provisions were as follows as at 30 June 2023:

Category	Tech One balance (Hours)	AL and LSL Schedule (Hours)	Difference (Hours)	Resultant Difference (\$)
Annual Leave	29,216	29,043	(173)	(3,567)
Long Service	54,367	59,827	5,460	265,649

We understand from management that the differences are mainly due (but not limited) to the following factors:

- At the time of migration from Authority to TechOne, the Long Service Leave entitlement for some of the employees had not been updated and reconciled in TechOne, however had been correctly provided for in the manual Annual and Long Service Leave schedule;
- Casual Long Service Leave has to be validated in TechOne regarding their eligibility. This was accrued for in TechOne but not allowed for in the manual schedule; and
- Long Service Leave owing by other Councils in relation to some of the new employees (who joined the City from other Councils) have not been captured in TechOne however been captured in the manual Annual and Long Service Leave schedule.

The resulting difference has been included in the schedule of uncorrected misstatements included in the management representation letter.

**Rating: Moderate****Implication:**

Potential misstatement of provisions for leave balances. In addition, the City may not have an accurate record of employee entitlements with potential impact on the City's compliance with laws and regulations.

**Recommendation:**

We recommend that the City investigate the reasons for the difference between TechOne and the leave schedules and ensure a full reconciliation is performed on a regular basis. Any arising reconciling items should be validated and adjusted as required.

**Management comment:**

*Agree. Payroll has now sourced additional resources to undertake and assist with the appropriate reconciliations.*

**Responsible person:** Manager Finance/Manager Human Resources

**Completion date:** 30 June 2024

**CITY OF KWINANA****PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****3. Formal documentation of review of rates data input into Authority****Finding**

As part of the annual rates levy process, (1) rates and minimum payments and (2) valuations received from Landgate are entered into the Authority system. It was noted that there is no evidence of an independent review to ensure this data has been entered correctly and without omission. Additionally, we noted that no review is currently performed that compares the recorded revenue from rates levied to budgeted revenue.

**Rating: Minor****Implication**

Without formal review, errors or omission in data may not be identified, which may lead to inaccuracies in both the rates charged and ultimately the rates revenue recognised in the financial statements.

**Recommendation**

The City should implement a formal review process for the Landgate valuation reports and establish a system to reconcile the Landgate property valuation reports to the accounting systems. The review should be evidenced by a formal sign-off by the preparer and reviewer.

**Management comment**

*A detailed report has been requested from Landgate and a detailed reconciliation of land valuation in Authority to Landgate records have been completed in June 2023. This process has been documented and will be conducted twice in the year to ensure completeness and accuracy of valuation data in Authority.*

**Responsible person:****Vanisha Govender- Chief Financial Officer****Completion date:****30 November 2023**



**CITY OF KWINANA****PERIOD OF AUDIT: 1 JULY 2022 TO 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****4. Long Service Liability Rate****Finding:**

The City has recognised \$2.95 million of long-service leave liabilities as at 30 June 2023.

Based on the testing performed, we noted the City has discounted long-service leave liabilities for employees who have more than 10 years of service. This discounting should not have been applied, given the employees are entitled to take the leave at any time. Our recalculation indicated that the long service leave provision is overstated by \$10k due to this error.

The City has reviewed and concluded that the long-service liability should not be discounted for employees who have worked for more than 10 years. As the amount is below materiality, the City has advised that management will update the calculations going forward.

**Rating: Minor****Implication:**

Incorrect rate for long service liability rate for employees may result in an over or understatement of liability.

**Recommendation:**

The City is recommended to review the current schedule in full to ensure that appropriate discount rates are used in the calculation of long-service leave liabilities.

**Management comment:**

*Agreed. The leave calculation sheet will be updated to exclude the discounting for those employees that have greater than 10 years of service.*

**Responsible person:** Chief Financial Officer**Completion date:** 31 December 2023







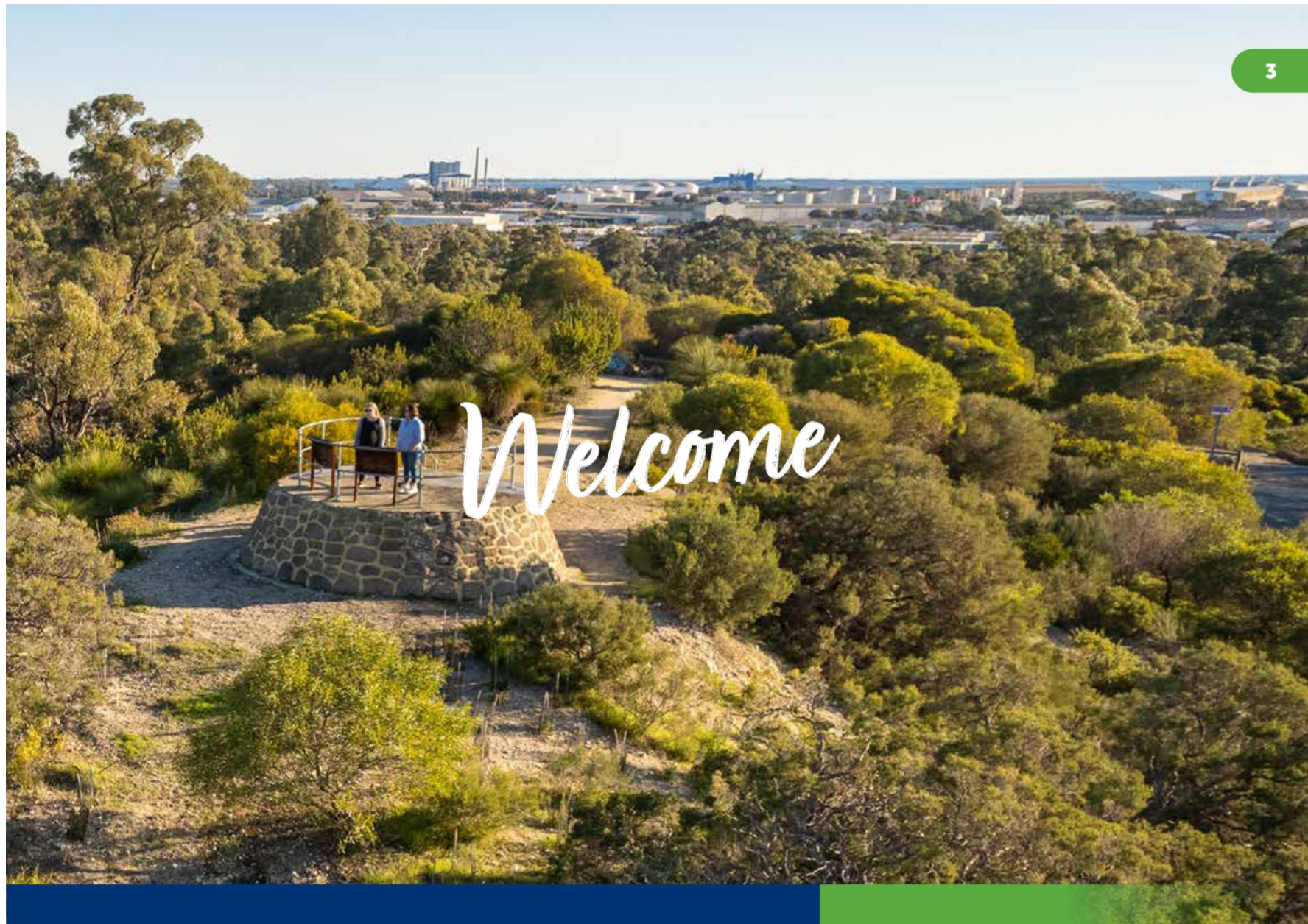
# Contents

<b>Welcome</b>	<b>3</b>
Mayor's Welcome	4
CEO's Welcome	5
<b>Introduction</b>	<b>7</b>
2022/23 Snapshot	8
Kwinana at a Glance	10
City of Kwinana Council	11
City of Kwinana Staff	12
City of Kwinana Products and Services	14
Our Vision	16
Our Mission	17
Integrated Planning and Reporting	20
Key Items of Expenditure	22
2022/23 Key Performance Indicators	24
<b>Outcome Areas</b>	<b>29</b>
Outcome 1:	30
A naturally beautiful environment that is enhanced and protected	30
Outcome 2: A resilient and thriving economy with exciting opportunities	36
Outcome 3: Infrastructure and services that are affordable and contribute to health and wellbeing	42
Outcome 4: A unique, vibrant and healthy City that is safe, connected and socially diverse	46
Outcome 5: Visionary leadership dedicated to acting for its community	54
Future Measures	59
<b>Statutory Reporting</b>	<b>61</b>
Disability Access and Inclusion Plan	62
Innovate Reconciliation Action Plan	64
Reporting Requirements	66
<b>Financial Report</b>	<b>69</b>











4



## Mayor's Welcome

**This year has been a year of firsts for the City of Kwinana. I'm pleased to share that the City opened its first dual-named community pavilion in Honeywood Estate (Ngook Boorn Mia Mia / Honeywood Pavilion) in Wandl.**

Council also responded to the State Government's reforms for Local Government in September 2022, moving to direct election of the Mayor for the first time as of the October 2023 Local Government Election.

Council also hosted its first 'Council in the Community' at the new Ngook Boorn Mia Mia / Honeywood Pavilion in March 2023, and The Strand in Wellard received a 7 Day Makeover driven by community members which at the time of writing this report went on to win the inaugural Outstanding Achievement Award in the Minister for Local Government's Place Innovation Awards.

As a Council, we also elevated the Boola Maara (Many Hands) Advisory Group to an Aboriginal advisory committee which will provide formal advice to Council on matters impacting on our Aboriginal community, for the first time.

The City of Kwinana also opened a bike skills track in Calista and the Department of Fire and Emergency Services handed over a new \$1.9 million Kwinana South fire station building in Wellard and received a new fire-fighting appliance.

As a Council, we also approved the transition to a three-bin waste system which will add a garden organics bin to the City's current two bin service from 2024/2025.

The City also launched an online business hub to better support small business owners.

Of course, Budget preparations are never an easy process especially as living costs continued to rise in 2023, and looking ahead to the next financial year we were facing a range of rising costs in addition to a significant levy for street lighting.

The 2022 Lolly Run, generously sponsored once more by the Kwinana Industries Council, also experienced its own challenge when freight disruptions threatened to delay the arrival of the much-anticipated lolly bags, with BGC coming to the rescue and trucking the shipment over in time for the festive season.

Despite these challenges the City has continued to welcome many new residents with healthy growth now exceeding 50,000 residents.

As Mayor for the past 17 years, it has been my honour to witness and lead a team of dedicated and community-minded Elected Members and we have all shared in the enjoyment of witnessing this flourishing growth, supported of course by continued investment in the Kwinana Industrial Area which turns its focus toward renewable and sustainable industries.

We look forward to the Avertas Waste to Energy Plant opening there soon, and further bulky goods development at the Costco site, and the progressing of Westport's Outer Harbour plans to bring further job prospects and prosperity to the region.

I have lived in Kwinana for more than 27 years and am very proud of the City it has become in that time, proving itself to be the community's vision for a unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities.

**Carol Adams OAM**  
City of Kwinana Mayor



## CEO's Welcome

### This financial year saw the City's operations respond to rising costs and a greater focus on sustainability.

We worked hard to create an overarching sustainability framework for the City, and staff continued to work tirelessly to achieve the outcomes outlined by the community in the Strategic Community Plan.

One of our most vital and dynamic responsibilities has been to work towards realising our community's vision for this remarkable area. Amid current housing pressures, we welcomed new residents, and we anticipate more families moving to our beautiful City in the coming years due to the recent AUKUS defense agreement.

To align with our sustainability focus, and a growing demographic, we are transitioning to a three-bin waste system and eagerly preparing for the launch of the waste-to-energy plant. We are committed to ensuring a sustainable future for our City, both environmentally and economically.

In pursuit of our sustainability goals, we took a leadership role in promoting battery-powered equipment, hosting a Technology Day to showcase innovative tools often used by our landscaping teams. Furthermore, we expanded our fleet of electric vehicles, incorporated solar power into our charging sheds at the Depot, and installed two charging stations—one at Council Administration and another at the Kwinana Adventure Park.

Of course, sustainability is not just about environmental outcomes, but also economic and social outcomes as the City ensures we move forward with the community's vision for the area. Kwinana continues to experience record low unemployment rates, and in the wake of the pandemic we have been able to ramp up our community events schedule and take greater measures to promote community safety.

I want to take this opportunity to extend my heartfelt gratitude to the dedicated staff of the City of Kwinana. Their responsiveness, creativity, and innovative projects have been pivotal in benefiting our Local Government Area. Without their unwavering commitment, none of our achievements would have been possible.

**Wayne Jack**

City of Kwinana Chief Executive Officer

5





ANNUAL REPORT 2022/23 PART 1 – COMMUNITY

# Introduction

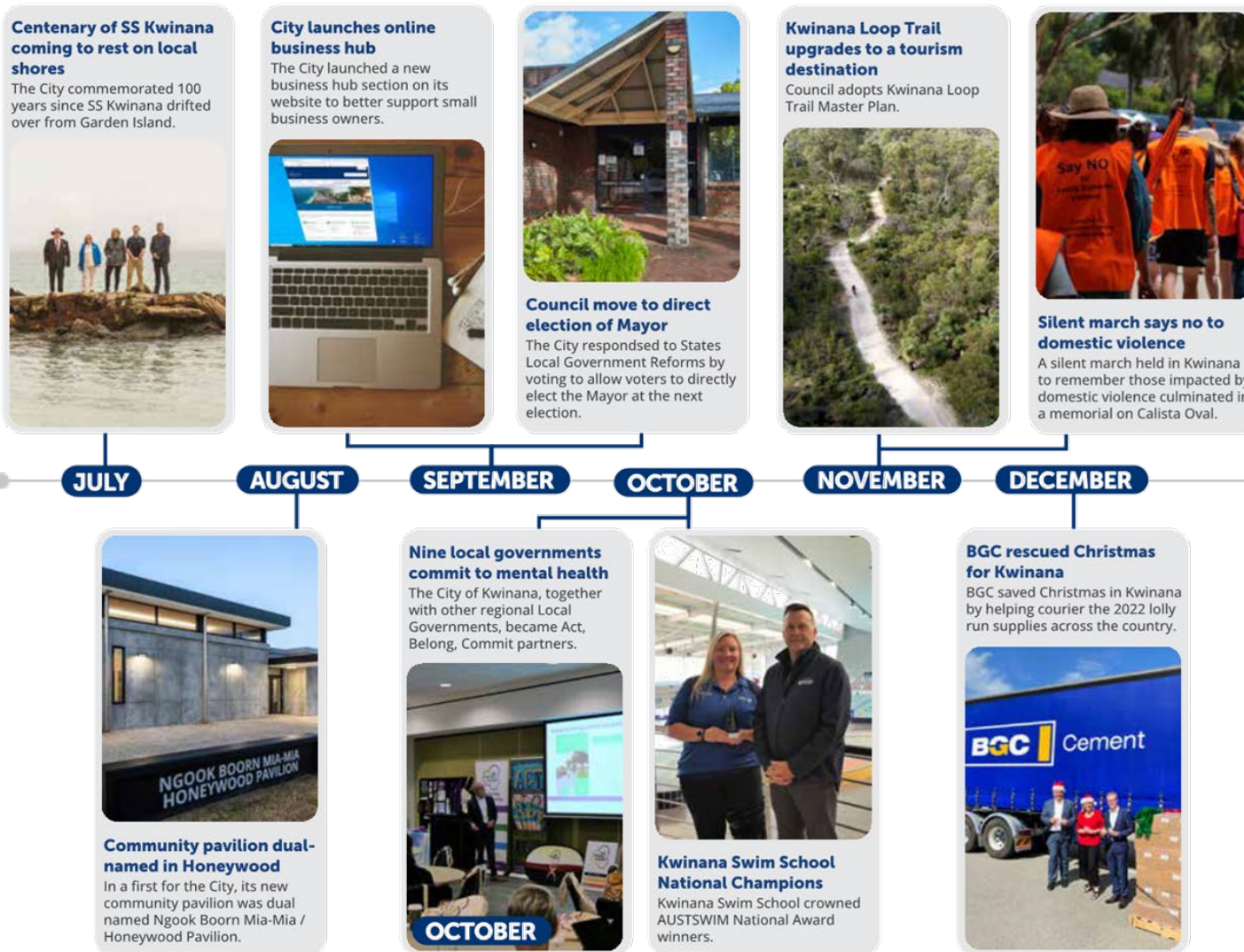
The City of Kwinana's Annual Report 2022/23 comprises two parts, **Part 1 – Community** and **Part 2 – Annual Financial Report**. This Annual Report (Part 1 – Community), together with the Annual Report (Part 2 – Annual Financial Report) complies with the requirements of Section 5.53(1) of the *Local Government Act 1995*.

The **Annual Report 2022/23 (Part 2 – Annual Financial Report)** is available to download from the City's website at [www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au) or in hard copy, on request, by contacting the City of Kwinana on 9439 0200 or visiting the City of Kwinana Administration Building at the corner of Gilmore Avenue and Sulphur Road, Kwinana.

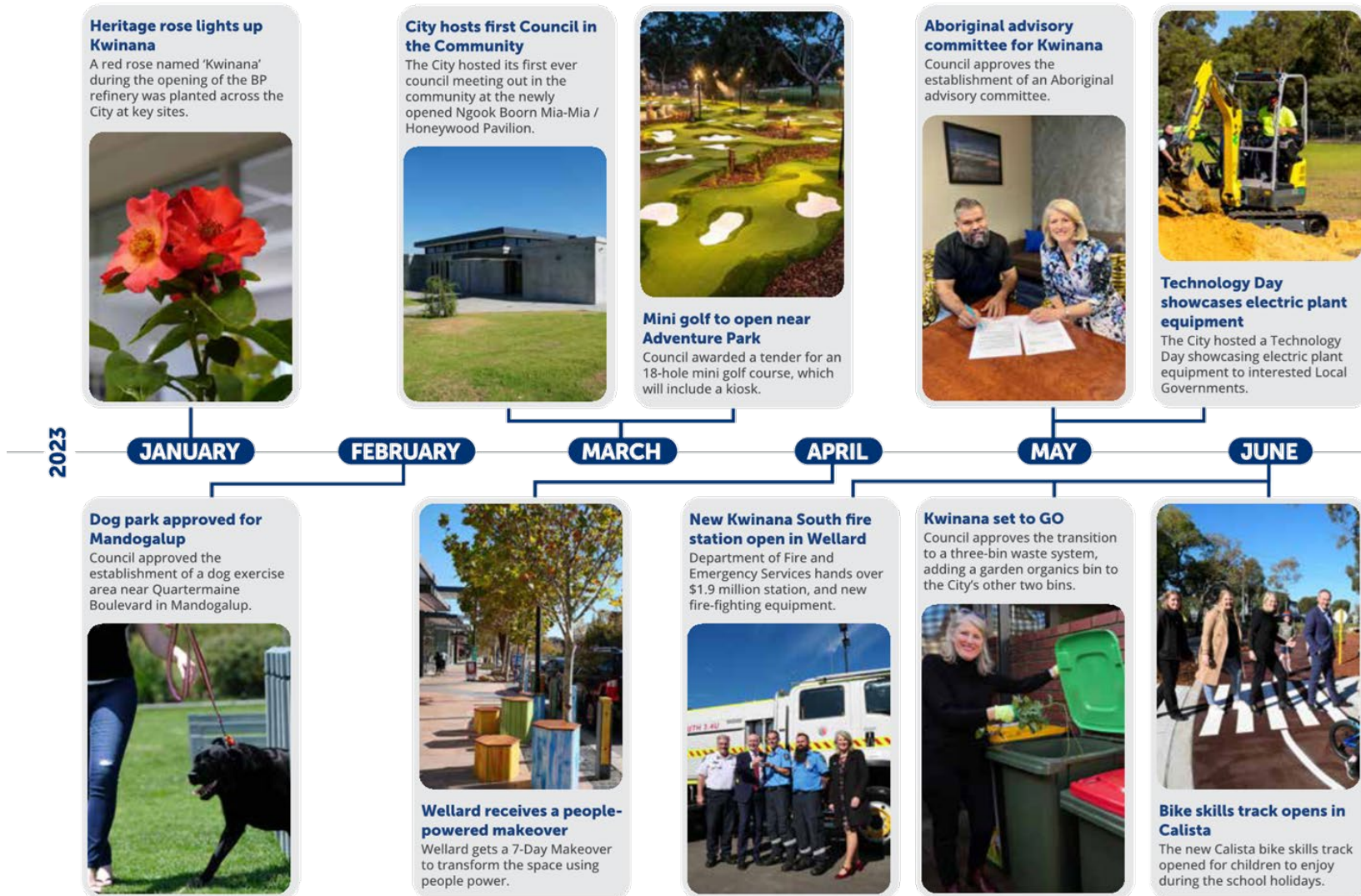
8

# 2022/23 Snapshot

2022

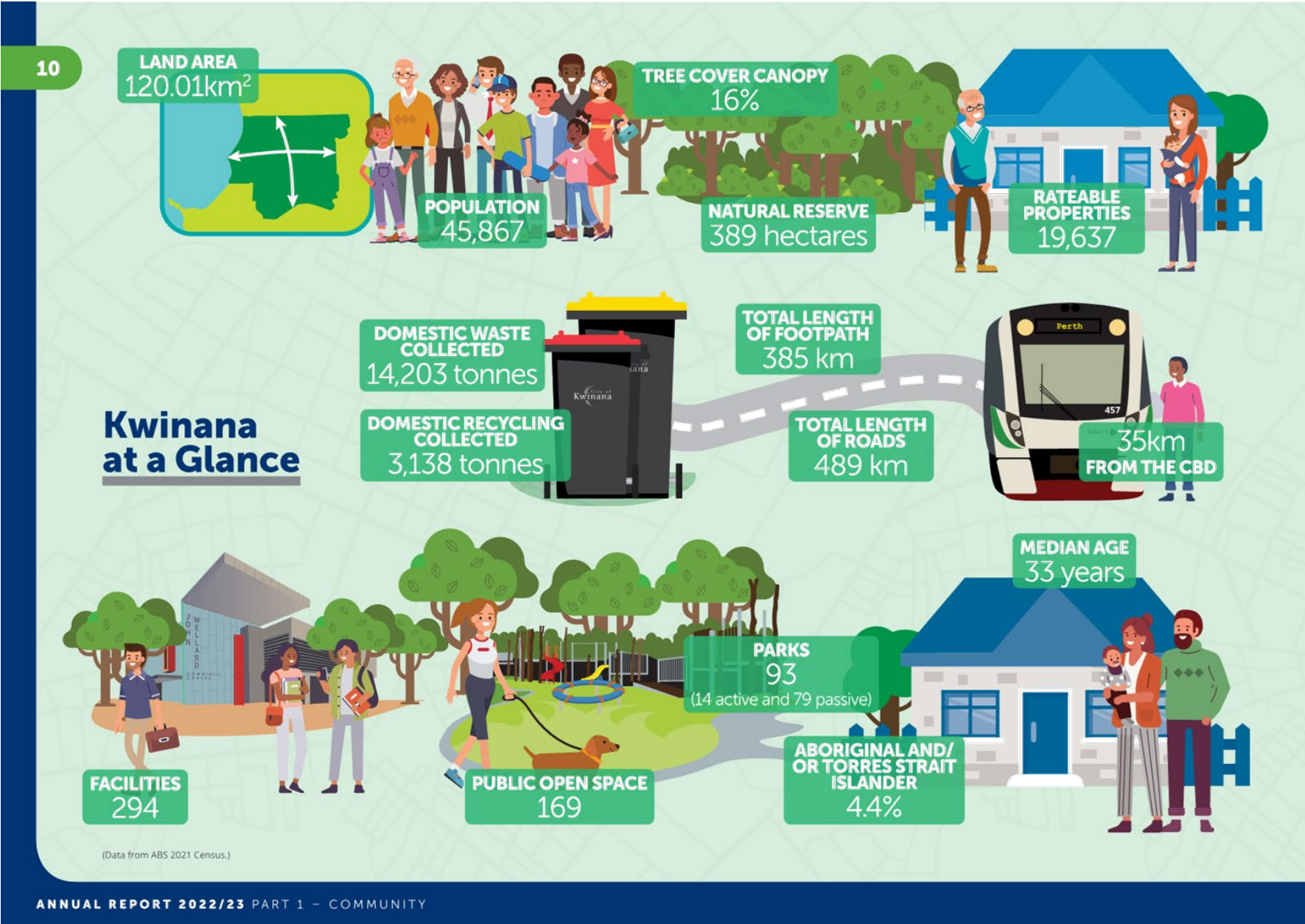






9

To view these stories and more in full visit [www.kwinana.wa.gov.au/news](http://www.kwinana.wa.gov.au/news)





## City of Kwinana Council

The Council consists of a Mayor, a Deputy Mayor and six Councillors who represent the community across the municipality of the City of Kwinana.

The term for each Elected Member is four years. At the September 2022 Ordinary Meeting of Council the Kwinana Council voted to move to a community-elected Mayor via the optional preferential voting system as opposed to a council appointed Mayor, which was conducted via the first past the post system. The new system will come into effect at the next election in October 2023.



**Mayor Carol Adams OAM**  
Term of office expires 2025



**Councillor Michael James Brown**  
Term of office expires 2023



**Councillor Barry Winmar**  
Term of office expires 2025



**Councillor Matthew Rowse**  
Term of office expires 2025



**Deputy Mayor Peter Feasey**  
Term of office expires 2023



**Councillor Susan Kearney**  
Term of office expires 2025



**Councillor Sherilyn Wood**  
Term of office expires 2023



**Councillor Dennis Wood**  
Term of office expires 2023

11

### Elected Member attendance at Council meetings 2022/2023

Elected Member Council Meeting Attendance Register 2022 - 2023			
Elected Member	Ordinary Council Meetings Attended	Special Council Meetings Attended*	Electors General Meeting Attended**
Total meetings held	17 Meetings held in 2022/2023	Two meetings held in 2022/2023	One meeting held in 2022/2023
Carol Adams	17	2	1
Peter Feasey	17	2	1
Michael James Brown	17	2	1
Sue Kearney	16	1	1
Matthew Rowse	14	2	0
Barry Winmar	15	2	1
Dennis Wood	16	1	1
Sherilyn Wood	16	2	1

\*Special Council Meeting Dates  
17 August 2022  
26 May 2023

\*\*Electors General Meeting Date  
8 February 2023

City of Kwinana  
Staff

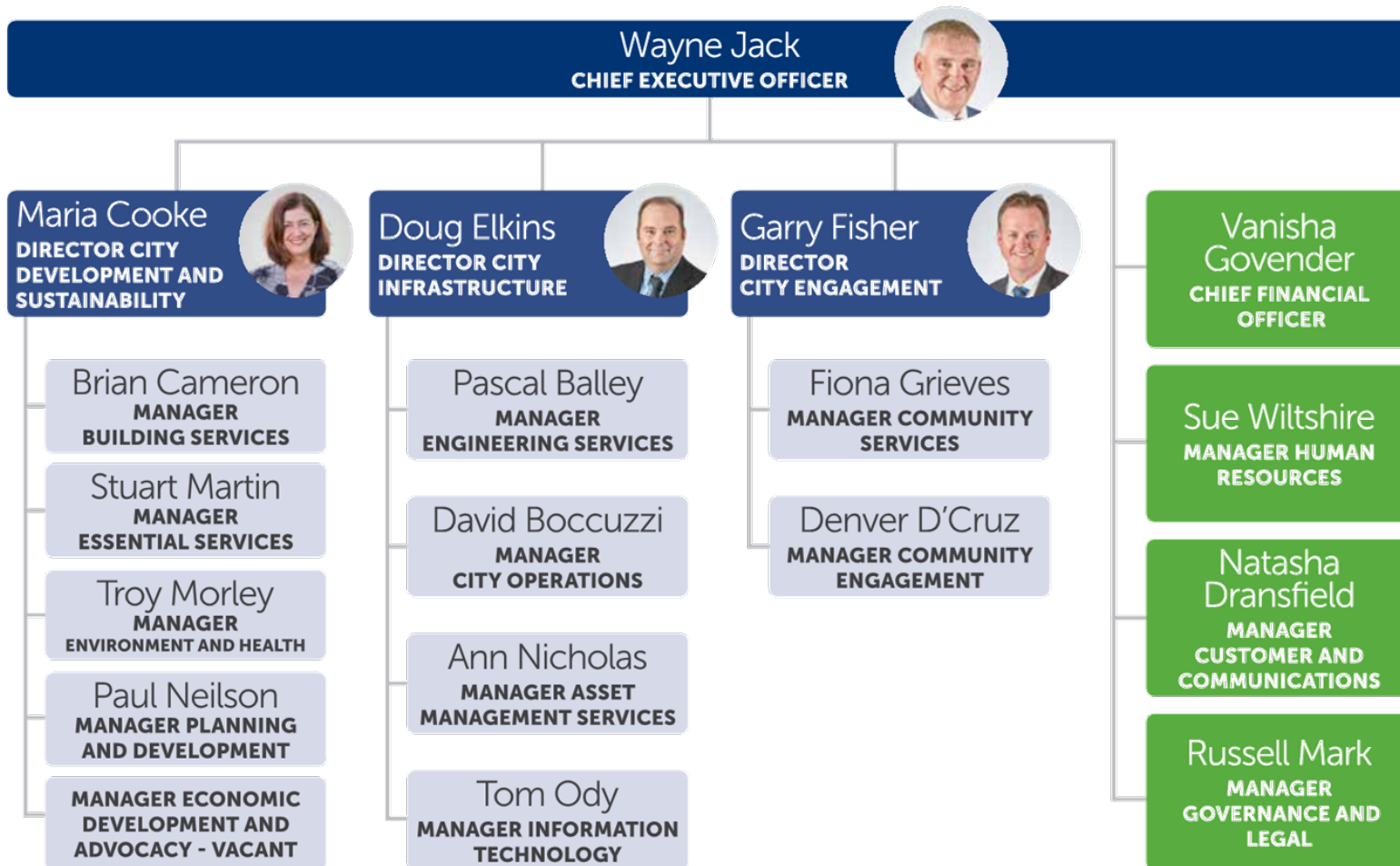




## CITY OF KWINANA LEADERSHIP TEAM

(as at 30 June 2023)

13



14

## City of Kwinana Products and Services

The primary role of Local Government is to provide infrastructure, facilities, governance, and community services to support the community.

ANNUAL REPORT 2022/23 PART 1 – COMMUNITY

The City of Kwinana offers hundreds of products and services for the benefit of its community, to promote wellbeing and to offer community members a choice and range of options to suit their lifestyle.

- The City manages depot works, including:
  - footpath, crossover, road, kerb and drainage maintenance;
  - maintenance of street furniture, fencing, BBQs, playgrounds and water features;
  - rubbish and litter collection and removal of illegal dumping;
  - fire control assistance and emergency response to storms, floods, fire etc; and
  - mowing, weed control, turf renovation, irrigation maintenance, landscaping, pruning, weeding, mulching, fertilising, and planting.
- The City provides a safety and security program, including:
  - local law enforcement (including parking, littering and animal control);
  - emergency services and volunteer fire brigades;
  - enforcing off-road vehicle and illegal camping laws; and
  - community safety and security initiatives.
- The City offers community services, including:
  - community events, arts, culture and heritage programs;
  - community centres;
  - community grants and citizenship ceremonies;
  - library and community information services;
  - community support and social inclusion; and
  - community engagement programs.

- The City provides health and fitness programs, including:
  - local parks and public open spaces;
  - health and wellbeing programs including walking trails, sporting club development, and
  - Kwinana Recquatic.
- The City offers youth support, including:
  - youth facilities such as the Zone Youth Space and Edge Skate Park;
  - LYRIK Youth Development Programs; and
  - school holiday and term activity programs.
- The City manages the local environment, including:
  - waste, recycling, green waste and bulk goods collections;
  - environmental health investigations;
  - advice on food hygiene, control of diseases, public events, food preparation premises, public swimming pools, control of diseases and noise nuisances;
  - bushland management including weed control, feral animal control and firebreak maintenance;
  - environmental planning and protection, fencing, biodiversity and revegetation; and
  - sustainability initiatives including water and energy conservation.
- The City provides expertise in planning, building and engineering, including:
  - building assessments, site inspections, demolition licenses etc;
  - upkeep of the City's buildings;

- development applications, structure plan assessments, planning policy development and implementation, and administering town planning schemes;
- roads, pathways, bridges, drainage, landscaping and street lighting; and
- road safety audits, traffic analysis, transport coordination and car parking studies.

The City uses a number of survey and evaluation methods to regularly assess community needs. Results of the City's *Community Perception and Wellbeing Survey* are used to gauge satisfaction and importance in relation to the products and services that it delivers to the community. The City strives to ensure that it is continually reviewing and continuously providing essential services to meet the needs of its growing community.

To find out more about the range of products and services provided by the City of Kwinana visit [www.kwinana.wa.gov.au/a-z](http://www.kwinana.wa.gov.au/a-z).



16

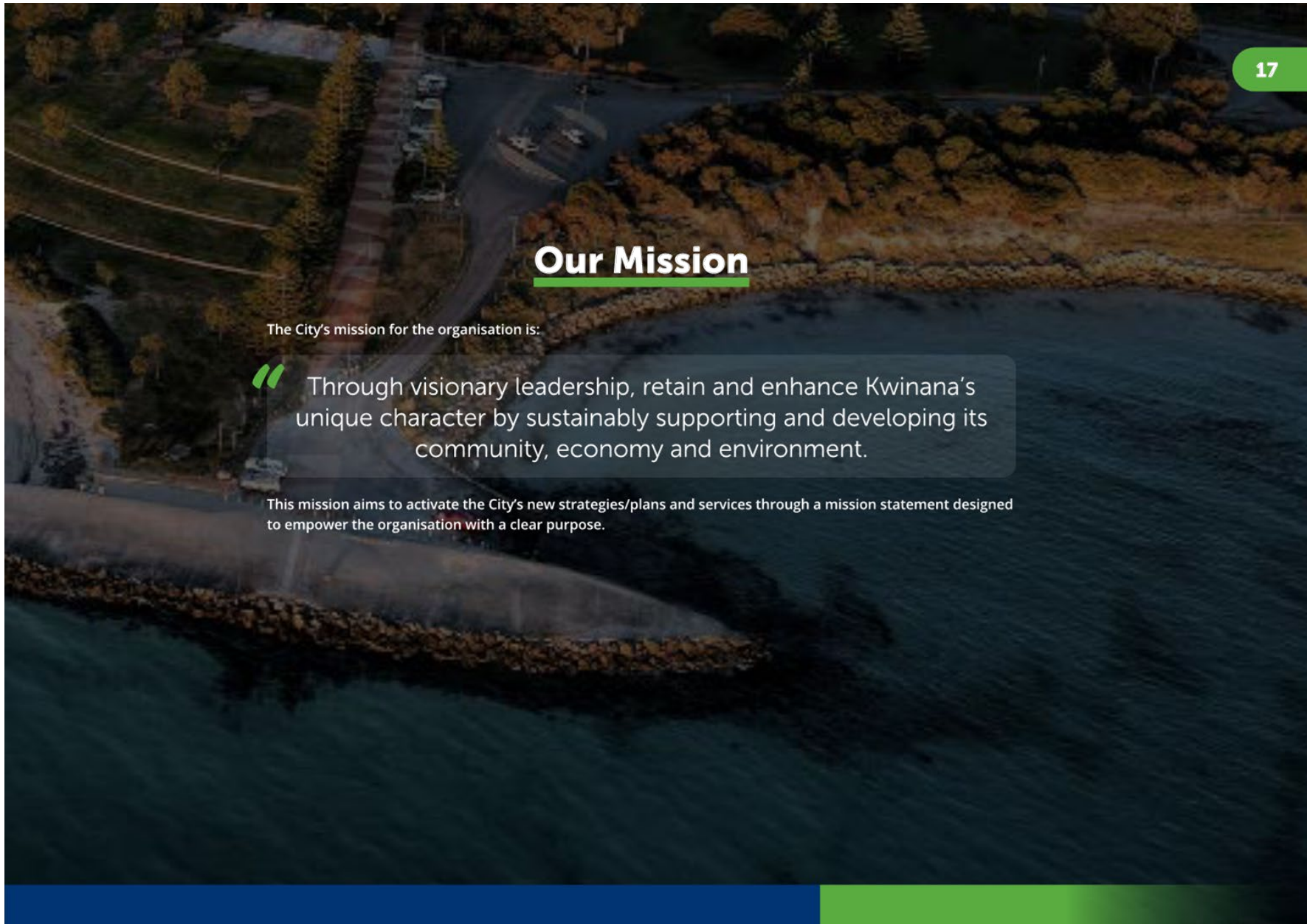
## Our Vision

The City's vision for the future of the Kwinana community is:

“A unique and liveable City, celebrated for and connected by its diverse community, natural beauty and economic opportunities

This vision was developed as a result of the City's community engagement in 2021 to support the review of the Strategic Communication Plan. The community engagement then drove the development of the City's new strategic direction as outlined in the Strategic Community Plan 2021-2031.

The City's vision is supported by several community outcomes, which are activated by strategic objectives. The achievement of these strategic objectives is delivered through the City's driving strategies/plans, supporting services and key projects.



17

## Our Mission

The City's mission for the organisation is:

“ Through visionary leadership, retain and enhance Kwinana's unique character by sustainably supporting and developing its community, economy and environment.

This mission aims to activate the City's new strategies/plans and services through a mission statement designed to empower the organisation with a clear purpose.

18

## GUIDING PRINCIPLES

The City has endeavored to align with the UN Sustainable Development Goals, to guide its strategic direction.

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The goals address the challenges we face, including poverty, inequality, climate change, environmental degradation and peace and justice which align well to the City's Strategic Community Plan.

Although the City may not have a direct impact on some of the Sustainable Development Goals, it will strive to advocate to others to meet them.

# SUSTAINABLE DEVELOPMENT GOALS









20

## **Integrated Planning and Reporting**

The Annual Report (Part 1 – Community) measures our progress against priorities and aspirations that were developed in consultation with the community and documented in the City of Kwinana's long-term vision, the *Strategic Community Plan 2021-2031*.

ANNUAL REPORT 2022/23 PART 1 – COMMUNITY

The City's *Corporate Business Plan 2021-2025* provides clarity on the initiatives and services that the City is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our *Strategic Community Plan 2021-2031*.

The City of Kwinana uses the Integrated Planning and Reporting Framework outlined in the Local Government Act 1995 and the Local Government (Administration) Regulations 1996 as the foundations for the development of its own framework. The City's Integrated and Planning Framework was designed to best deliver outcomes to the community through the Strategic Community Plan. The framework also shows how the City's important strategic documents interact (see figure 1).

As shown here, the Strategic Community Plan outlines the vision, aspirations, and objectives of the community over the next 10 years. It's a strategic roadmap of where the community want to go and what it will look like when we get there.

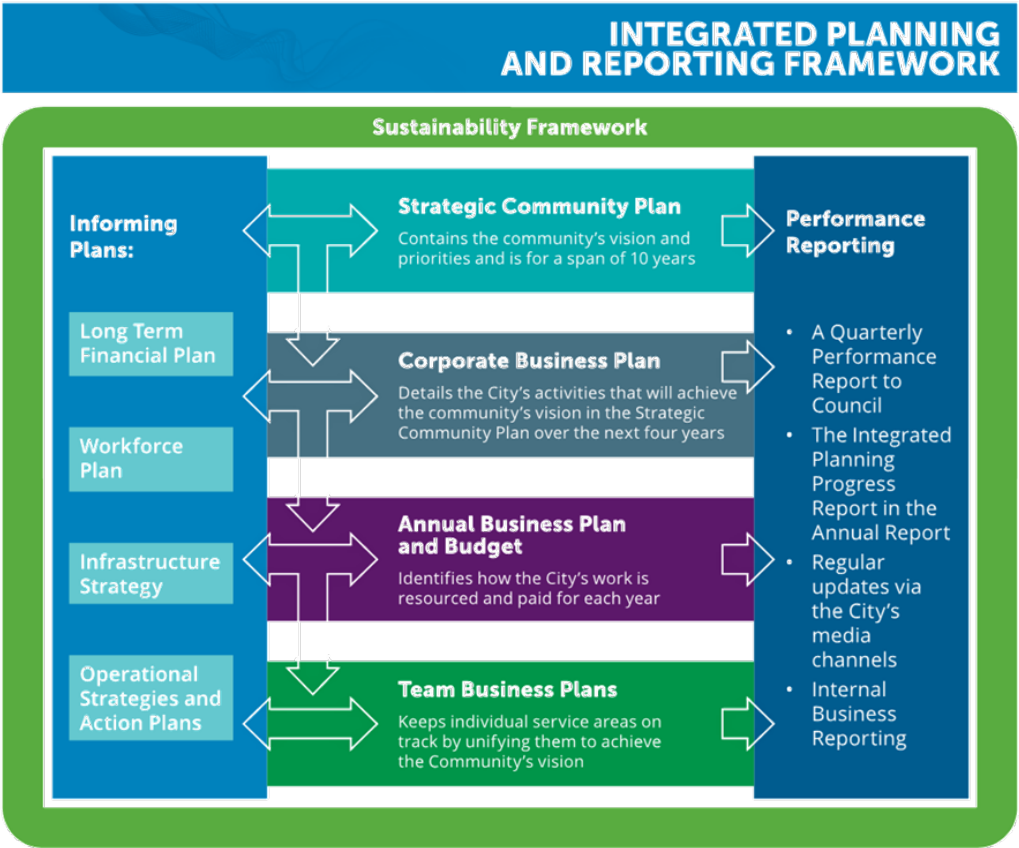


Figure 1.

22

## Key Items of Expenditure

Expenditure for key projects and programs delivered in the 2022/23 year include:

- \$3.7m to complete the construction of the Ngook Boorn Mia Mia/Honeywood Pavilion at the Honeywood Primary School Oval. Funded by the Developer Contribution Scheme.
- \$3.3m towards road upgrades and renewals, including resurfacing, strengthening and upgrading, to extend the life of the City's road network, and to ensure roads can manage the volume and weight of future traffic.
- \$2.29m for the management and facilitation of The Zone Youth Space and associated activities.
- \$910k for building renewals including major repairs and replacement of building components (eg. paint, floor coverings, roof, electrical) in order to extend the life of buildings and maintain level of service.
- \$725k to complete the construction of the Kwinana South Fire Station replacement building. The project is partially funded by grants received by DFES.
- \$504k for the annual community events program.
- \$450k to commence development of the Kwinana Loop Trail Master Plan.
- \$450k towards the construction of a Junior Bike Safety Track, barbeque and recreation area, with traffic lights and street signs to develop road sense in young riders.
- \$426k towards the construction of training and game lighting at Wellard West Oval.
- \$355k towards the Street Tree Program to ensure continued tree planting programs around Kwinana.
- \$150k towards the Parks for People Program which will see a continued upgrade of the City's parks and playground equipment.
- \$75k to undertake a food organic, garden organic (FOGO) feasibility assessment to understand the cost and benefits of transitioning to a three-bin kerbside waste collection service.
- \$69k towards the Kwinana Active program to provide community initiatives to encourage active and healthy lifestyles.





24

## 2022/23 Key Performance Indicators

In line with the five key priorities areas outlined in the *Strategic Community Plan 2021-2031* the following organisational key performance indicators were achieved for the 2022/23 year, under the four key focus areas. These include:

### LEADERSHIP AND STRATEGY

#### FOCUS

Provide innovative and inspirational leadership and smart strategy to assist in achieving the vision of the Council

Key Result Area/Action	Status	Update
1.1 Effective implementation of the Strategic Community Plan		
1.1.1 Undertake a minor review of the Strategic Community Plan	✓	A minor review of the Strategic Community Plan and the Corporate Business Plan was presented to Council and formally adopted in June 2023. Budget allocations for projects associated with the review were also approved and will be rolled out during the 2023/24 financial year.
1.1.2 Implement the Strategic Community Plan and the Corporate Business Plan	✓	
1.2 Develop an organisation that is a high performing team based on a culture of customer service and excellence		
1.2.1 Develop and implement cultural action plans, establish COG to drive culture of can-do and customer service.	✓	Cultural Action Plans were developed by each team within the organisation to help drive cultural improvement within the organisation. Three cross functional cultural optimisation groups (COG) have also come together to focus on improvement initiatives including relationship building, innovation and recognition.
1.2.2 Develop and implement a business improvement program and explore opportunities for shared services.	✓	Business improvement initiatives undertaken by the COG and as part of the continued One Council corporate business system roll out.
1.3 Develop plans to enhance Economic and Social inclusion in the community.		
1.3.1 Develop and implement a local Economic Strategy that is aligned to a regional spatial plan developed through the Perth South West Metropolitan Alliance (formerly South West Group).	○	The Perth South West Spatial Plan was completed and a Local Economic Development Strategy is currently underway.
1.3.2 Develop and implement the City's Social Strategy	✓	The City developed and commenced the implementation of its first social strategy. Some key actions under the strategy that were achieved include council adoption of the Kwinana Loop Trail and the Community Infrastructure Plan. The City commenced the Thomas Road public art project, opened Ngook Boorn Mia Mia / Honeywood Pavilion and undertook the Wellard 7-Day Makeover.

Key    ✓ complete    ○ in progress    ● behind schedule



## SERVICE DELIVERY

### FOCUS

Foster and drive a culture of a can-do attitude and openness in the delivery of service to our community and stakeholders with a focus on providing exceptional customer service.

Key Result Area/Action	Status	Update
<b>2.1 Develop an enabling operating model</b>		
2.1.1 Develop and implement the Small Business Development Program to support small business through an integrated approval process.	✓	The City hit the 18-month project milestone mark on 31 March 2023, reaching an achievement rate of 87% from the 250 actions across five focus areas.
2.1.2 Develop and implement the community facility experience action plan to improve customer experience and organisational efficiencies.	✓	The Facility Experience Collective implemented a number of initiatives which saw significant improvements in efficiency and an improved customer experience.
<b>2.2 Ensure Customer service delivery has exceptional customer service</b>		
2.2.1 Implement initiatives to help improve the customer experience at all touchpoints across the organisation and develop a system to measure customer satisfaction.	✓	The City implemented its 'Rate It' customer satisfaction system in September 2022. Since then, the City has received 11,700 ratings with an average satisfaction score of 8.8 (out of 10) for the following locations: <ul style="list-style-type: none"> <li>• 9.4 (Admin)</li> <li>• 8.2 (Recquatic)</li> <li>• 8.8 (Library)</li> </ul>
<b>2.3 Development of the Kwinana Loop Trail to enhance recreational activity in Kwinana</b>		
2.3.1 Advocate for funding for the Kwinana Loop Trail Masterplan	✓	The City met with local politicians and State Government representatives to apply for external funding to plan for the upgrade the Kwinana Loop Trail.
2.3.2 Implement the Kwinana Loop Trail Masterplan.	✓	The City is currently conducting the trail audit and detailed design which aims to be complete in 2023/24.

Key    ✓ complete    ✓ in progress    ⚠ behind schedule





26

## INNOVATION AND EXCELLENCE

### FOCUS

Ensure innovation and excellence is demonstrated in an environment of transparency, trust and openness

#### Key Result Area/Action

#### Status

#### Update

### 3.1 Enhance corporate business planning and reporting

3.1.1 Embed OneCouncil stage one and commence stage two project design and configuration.



The City successfully went live with the first stage of the OneCouncil corporate business system in July 2022. Planning for stage two immediately commenced for the property, names, customer requests, rates and waste modules which aim to be brought online at various stages through 2023/24.

### 3.2 Ensure the City is a leader in transparency, accountability, and governance

3.2.1 Ensure systems and processes are in place for the City to be a leader in good governance, transparency and accountability.



The City undertook a number of initiatives to ensure good governance and transparency throughout the organisation including:

- The City commenced livestreaming of Council meetings.
- Commenced implementation of a number of State's Local Government reforms including changing to a popularly-elected Mayor for the 2023 election.
- Undertook advertising and/or Gazettal of the following Local Laws; Cat Local Law, Signs and Bill Posting Local Law, Draft Animal Nuisance and Amenity Local Law.
- The City's Compliance Audit Return 2022 was reported to the Audit and Risk Committee, Council and the Department of Local Government, Sport and Cultural Industries.

3.2.2 Undertake research, engagement and consultation with stakeholders on the establishment of an Aboriginal advisory committee and report to Council.



Research was conducted of similar committee's both nationally and internally and Council has approved the establishment of an Aboriginal advisory committee at its Ordinary Council Meeting on 10 May 2023. The City will now establish a dedicated committee under its Standing Orders once engagement with the existing Advisory Group on terms of reference and operations for the new committee is completed.

3.2.3 Implement processes to establish and support an Aboriginal advisory committee following determination by Council



The implementation of the Aboriginal advisory committee terms of reference are currently being drafted and will be endorsed by Council in the 2023/24 financial year.

### 3.3 Strengthen and enhance community engagement

3.3.1 Develop and build a culture that recognises community engagement and the benefits that it delivers through transparency and relationships.



The City established an internal working group who assisted in the development of templates and documents for internal use as well as organising IAP2 training for 31 staff. The City's engagement hub 'Love My Kwinana' hosted 47 projects, had 14,991 visits, 2,608 contributions and 165 new registrations. The City also implemented 'community conversations' which provided opportunities for staff to engage with the community at different events across the City.

FINANCIAL AND RISK MANAGEMENT

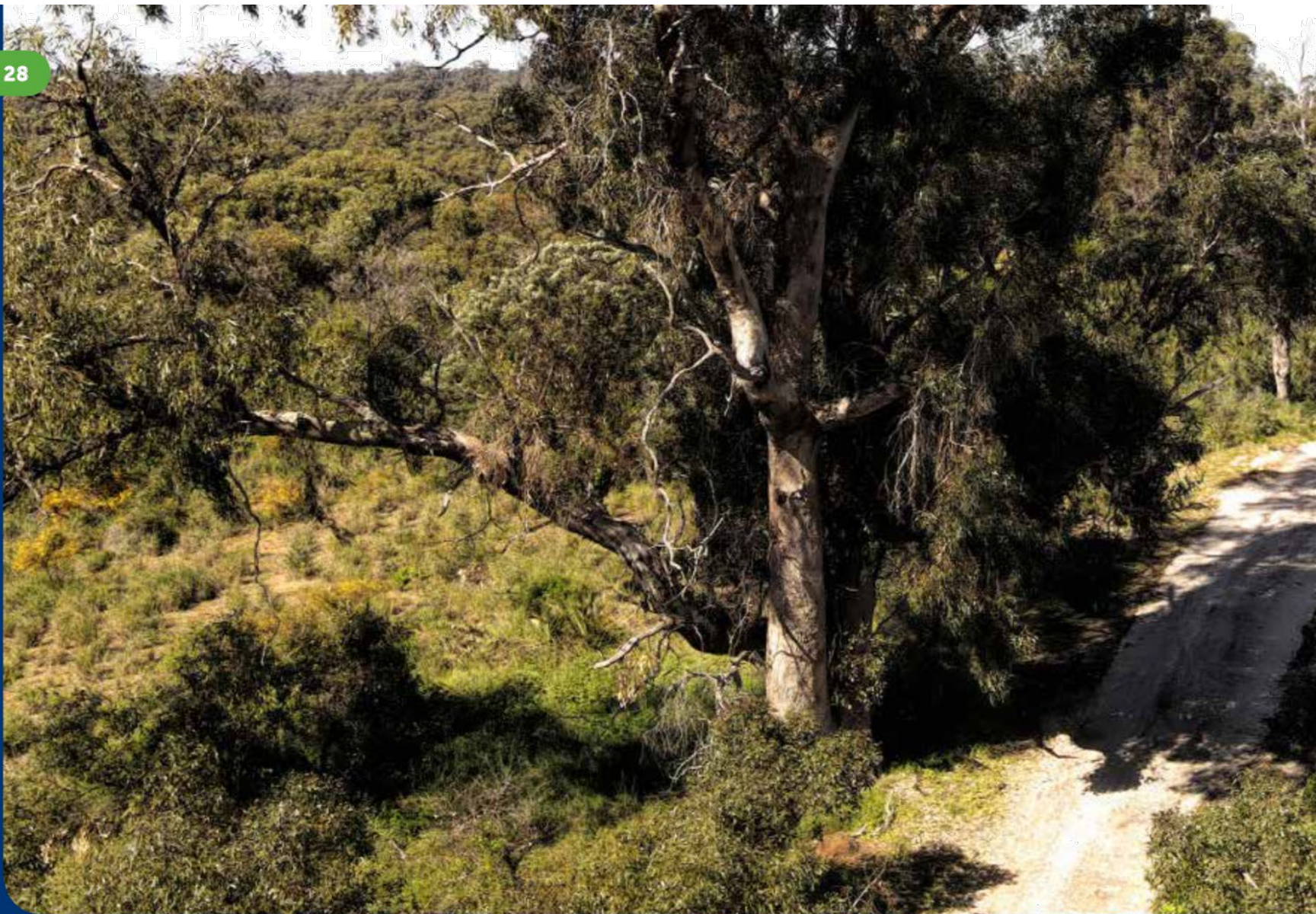
FOCUS		
Lead the management and implementation of appropriate frameworks, systems, and procedures to identify, access and address risks.		
Key Result Area/Action	Status	Update
4.1 Manage the City's finances operationally and strategically to maintain and improve the City's financial sustainability		
4.1.1 Deliver a high-quality annual budget process in collaboration with Council.	✓	Workshops were held with Council for the minor Strategic Community Plan and Corporate Business Plan reviews, including budget workshops to identify funding for initiatives identified as part of the process. A balanced budget was also provided with a year-end surplus.
4.2 Manage the City's risk profile and ensure appropriate risk control procedures are in place to ensure acceptable level of residual risk.		
4.2.1 Develop and implement risk management procedures and reporting to ensure the City's risks are identified and appropriate control measures in place for an acceptable residual risk level.	✓	The Risk Management Strategy and Policy were reviewed and endorsed by the Audit and Risk Committee on the 10 October 2022. The document was then approved by Council on 26 October 2022.

Key    ✓ complete    ⚡ in progress    ⚠ behind schedule



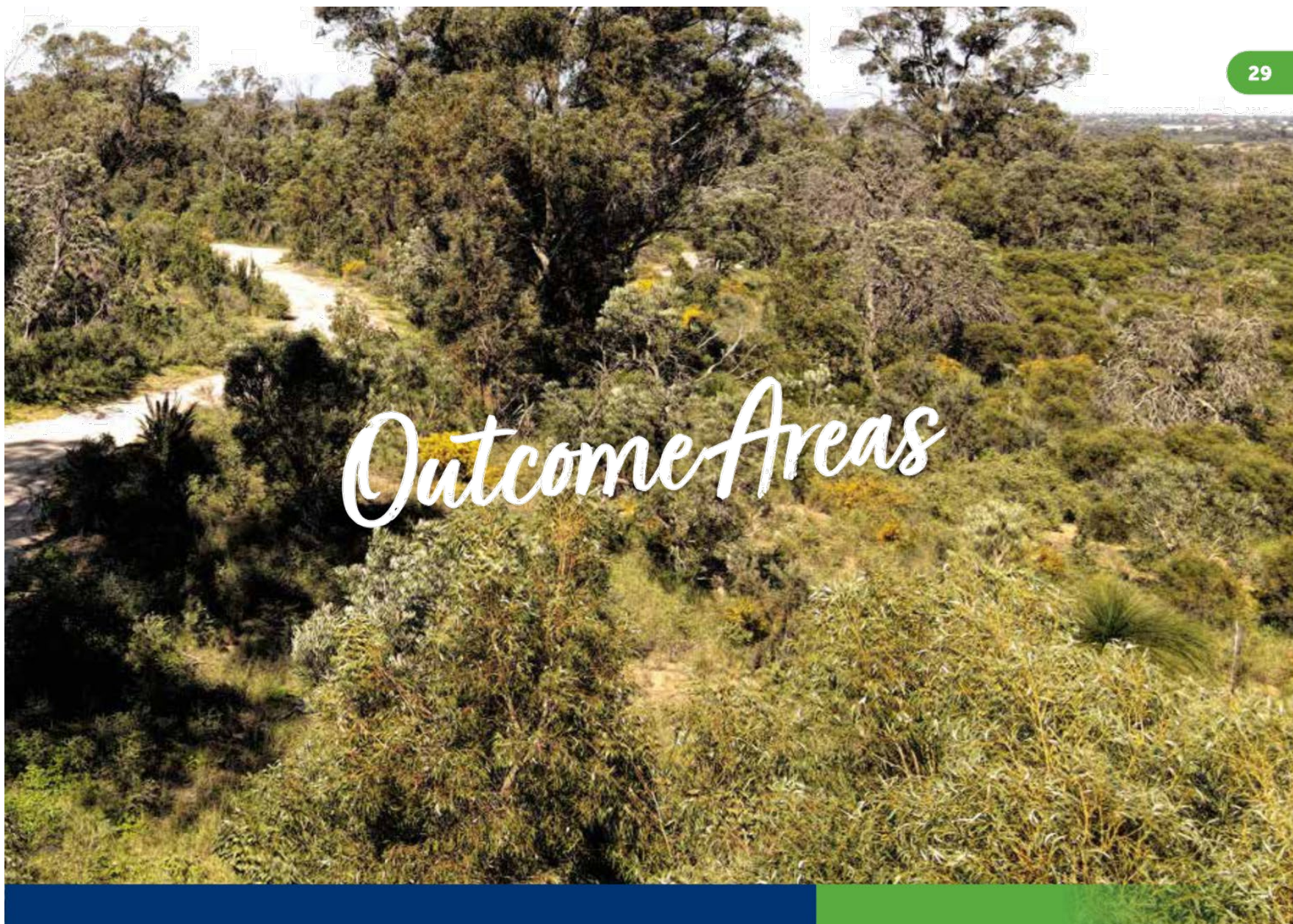


28



ANNUAL REPORT 2022/23 PART 1 – COMMUNITY







30

Outcome 1:

A naturally beautiful environment that is enhanced and protected

15,528 plants were planted throughout the City

STRATEGIC OBJECTIVE

- 1.1 Retain and improve our streetscapes and open spaces, preserving the trees and greenery that makes Kwinana unique.
- 1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation.

SUSTAINABILITY GOALS



DRIVING STRATEGIES/PLANS

- |                               |   |
|-------------------------------|---|
| Local Biodiversity Strategy   | Landscape Strategy                      |
| Natural Areas Management Plan | Local Planning Scheme                   |
| Environmental Education Plan  | Sustainable Water Management Plan       |
| Waste Plan                    | Energy Sustainability Plan              |
| Urban Forest Plan             | Kwinana Adventure Park Management Plan  |
| Waste Education Plan          | Kwinana Local Emergency Management Plan |
| Climate Change Plan           | Mosquito and Midge Management Plan      |
| Local Planning Strategy       |   |

## KEY ACTIONS

31

Key Actions	Timeframe	Status	Update
<b>1.1 Retain and improve our streetscapes and open spaces, preserving the trees and greenery that makes Kwinana unique</b>			
Implement the Landscape Strategy	2021-2025	✓	A number of key actions from the Landscape Strategy have been implemented including the completion of all verge tree planting and median tree planting along Challenger Avenue.
Implement the City Operations Annual Maintenance Program	2021-2025	✓	Annual maintenance programs implemented for the 2022/23 financial year included the successful delivery of a range of services and projects that contributed to the enhancement of streetscapes, open spaces, and tree preservation within the City. This included planting 213 new trees; landscape, irrigation and horticultural maintenance of gardens and streetscapes, turf renovations and scheduled mowing for public open spaces and bushland maintenance.
Implement the Kwinana Adventure Park Management Plan	2021-2025	✓	Over 60 per cent of the actions within the Kwinana Adventure Park Management Plan are complete. A number of the remaining tasks are in progress with 23 per cent of these tasks actively being worked on.
Implement the Urban Forest Plan	2021-2025	✓	The City sought quotes to undertake the Urban Forest Plan in the first half of 2022/23 and appointed a consultant to commenced the project in February 2023. Stages one and two have now been completed with the stage three being progressed into 2023/24.
<b>1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation</b>			
Develop a Local Biodiversity Strategy	2021-2022	✓	The Local Biodiversity Strategy was adopted by Council at the Ordinary Council Meeting held on 22 March 2023.
Implement the Natural Areas Management Plan	2021-2025	✓	The initial draft of the new Natural Area Management Plan (NAMP) is progressing following comprehensive data analysis and stakeholder consultations. The finalisation of the NAMP is progressing as planned and is anticipated to be concluded by November 2023.
Implement the Local Planning Strategy	2021-2025	✓	The City finalised and advertised the City's Local Planning Strategy as part of a comprehensive consultation program with over 1,600 people reviewing the strategy and 149 making public submissions. Moving forward, the Strategy will be used to inform ongoing decision-making for planning and development proposals.
Prepare the Local Planning Scheme	2021-2024	✓	The City progressed the new Local Planning Scheme in 2022/23 reaching a number of milestones in the preparation of a new scheme map and scheme text. The new scheme map considers land use zones and precincts across the City and is largely complete. The new scheme text is well progressed with the land use tables largely established.
Upgrade the Kwinana Loop Trail	2021-2023	✓	The Kwinana Loop Trail Masterplan was significantly progressed during the 2022/23 financial year with detailed design nearing completion by consultants Common Ground Trails. The design will then inform cost estimates and priorities for the next stage of upgrade works.
Implement the Environmental Education Plan	2021-2025	✓	Actions from the Environmental Education Plan are progressing on schedule, with highlights from the year including the successful delivery of annual programs including Month of Biodiversity, Seedling Subsidy Scheme, Living Green Series and numerous events and workshops.
Implement the Waste Education Plan	2021-2025	✓	The Waste Education Plan has progressed through the 2022/23 financial year, including the successful delivery of the annual bin tagging program, educational campaigns, events, and workshops.

Key    ✓ complete    ✓ in progress and on track    ⚪ behind schedule



32

**1.2 Maintain and enhance our beautiful, natural environment through sustainable protection and conservation**

Implement the Waste Plan	2021-2025	✓	Highlights from the implementation of the City's Waste Plan for 2022/23 include the completion of actions to undertake a three-bin feasibility assessment and develop a litter and illegal dumping plan.
Implement the Climate Change Plan	2021-2025	✓	Key achievements from the implementation of the Climate Change Plan include the completion of actions to update the City's climate change policy, fleet policy and develop an energy plan, as well as the successful delivery of the annual Living Smart and Switch Your Thinking programs and annual greenhouse gas emissions reporting.
Implement the Sustainable Water Management Plan	2021-2025	✓	The City retained its Gold Waterwise Council accreditation through ongoing successful implementation of the City's Sustainable Water Management Plan, Water Action Plan and Groundwater Operating Strategy.
Develop an Energy Efficiency Plan	2021-2022	✓	The City of Kwinana Energy Plan 2023-2026 was approved by the City Executive Leadership Team on 27 June 2023.
Implement the Mosquito and Midge Management Plan	2021-2025	✓	Actions within the Mosquito and Midge Management Plan progressed well throughout the financial year with a number of mosquito and midge control measures successfully delivered.

Key  complete  in progress and on track  behind schedule

**KEY SUPPORTING SERVICES UPDATE FOR 2022/23****Environment and Health**

Renowned for its extensive natural areas and diverse flora and fauna, the City of Kwinana's maintenance and preservation program of its green spaces continued to be a key priority during the 2022/23 financial year. This included the continued delivery of the annual feral animal management program which targeted foxes, rabbits and feral cats; and over 15,000 plants being planted within the City during the year by either volunteers, contractors or staff as part of the City's annual weed management and revegetation programs. The City also hosted 80 environmental workshops and events which attracted over 1,207 participants and saw 1,787 plants purchased by residents as part of the annual Seedling Subsidy Scheme.

A significant action for the City included the development of its first Energy Plan 2023-2026 and Sustainability Framework, which were both endorsed in June 2023. These two documents will have considerable influence across the future direction of the City in relation to guiding more sustainable practices within the organisation.

**Essential Services**

With responsible pet ownership, dogs can play an important part of the community here in the City of Kwinana. To support pet owners the City introduced a number of initiatives in the 2022/23 financial year including reintroducing the dog park pop-up education stalls program along with market stall participation by Rangers.

To ensure that pets remain a positive element of the community Rangers took a diligent approach to investigating any reported incidences of dog attacks. To provide further control measures when required, Essential Services issued 30 infringements for animal related offences, declared 11 dangerous dogs registered in the City, attended to 2,197 animal related customer requests and 966 animal management related calls to the City's after hours call centre.

With the Cat Local Law coming into effect in April 2022, the City continued with the implementation and transition over to the new law which provides the City with a greater ability to regulate cat ownership by requiring a permit to keep more than two cats at a premises within Kwinana, and the ability for the City to issue fines for cats found to be causing a nuisance.

During the 2022/23 financial year 4,891 dogs and 1,615 cats were registered in the City of Kwinana. Additionally, 392 animals were impounded and, of these, 52 per cent of them were returned home and 37 per cent found new homes.

Efforts to improve safety and security in Kwinana saw CCTV become a focus for the City with funding to purchase a mobile CCTV unit approved for 2023/24, CCTV system audit undertaken, and funding for the City's CCTV strategy approved. CCTV cameras were also fitted to the Emergency Management VMS trailer to provide an interim mobile CCTV option. They were used to monitor vandalism in Wellard, break-ins at the Tennis Club and monitor anti-social behaviour at Challenger Beach and Wells Park. The City also enhanced its school parking patrol program to ensure increased safety precautions for local children going to and from school.

## Emergency Management

As an outer metropolitan council with a high proportion of bushland, emergency management is vitally important for the City of Kwinana. To ensure the City is as prepared as possible for any eventuality the following activities were undertaken:

- The new \$1.9m Kwinana South Bush Fire Brigade station opened in June 2023.
- A new 3.4 Urban Tanker worth \$575,000 was delivered to Kwinana South Bush Fire Brigade replacing the old 4.4 Tanker.
- The bushfire warning signage was upgraded to the align with the new Australian Fire Danger Rating System.
- 20 new volunteer fire fighters were onboarded.
- 83 Mitigation Activity Fund treatments were

completed costing \$439,000 to deliver bush fire mitigation activities on City road verges and reserves.

- The 2023 prohibited burn period was extended by two weeks due to prolonged dry conditions.
- Changes were made to the bushfire notice compliance program to an education first approach resulting in a 79 per cent reduction in infringements issued and a 70 per cent reduction in the number of non-compliant properties the City was required to engage a contractor to complete mitigation works.

Over the course of the year the City's local Fire Brigade Stations attended over 120 fire incidents and recorded a total of 3,973 fire fighter hours. The City issued 107 Fire Permits to burn green waste and encourage safe fire practices, while it issued 11 infringements for Bushfires Act 1954 related offences, three total fire bans and four harvest and vehicle and movement bans to discourage unsafe and potentially threatening practices.

## City Operations

The City of Kwinana prides itself on its beautiful and well-maintained parks and natural areas which are achieved through dedicated upkeep and maintenance activities including:

- 54 hectares of the City's natural area reserves treated for perennial veldt grass, through the annual contracted spray program.
- Approximately 22,000 native tube stock planted across 12 natural area reserves during the annual revegetation program.

- 27 of the City's 32 natural area reserves were surveyed and mapped for ecological condition, the results of which will help to inform the revised Natural Areas Management Plan.
- 13 natural area reserves were separately assessed for Dieback, enabling the City to better manage bushland with suspected or confirmed disease.
- 213 new street trees planted across the City during the annual tree replacement program and resident requested plantings.
- 11 playgrounds had the soft fall component renewed as part of the soft fall replacement program.
- Replacement of infield irrigation systems, bore pumps, including installation of new iron filtration system at Medina Oval.
- Tree pruning involving powerline clearance to 6,746 trees in Orelia, Parmelia, Wandi, Wellard, Casuarina, Kwinana Beach, Calista and Medina.

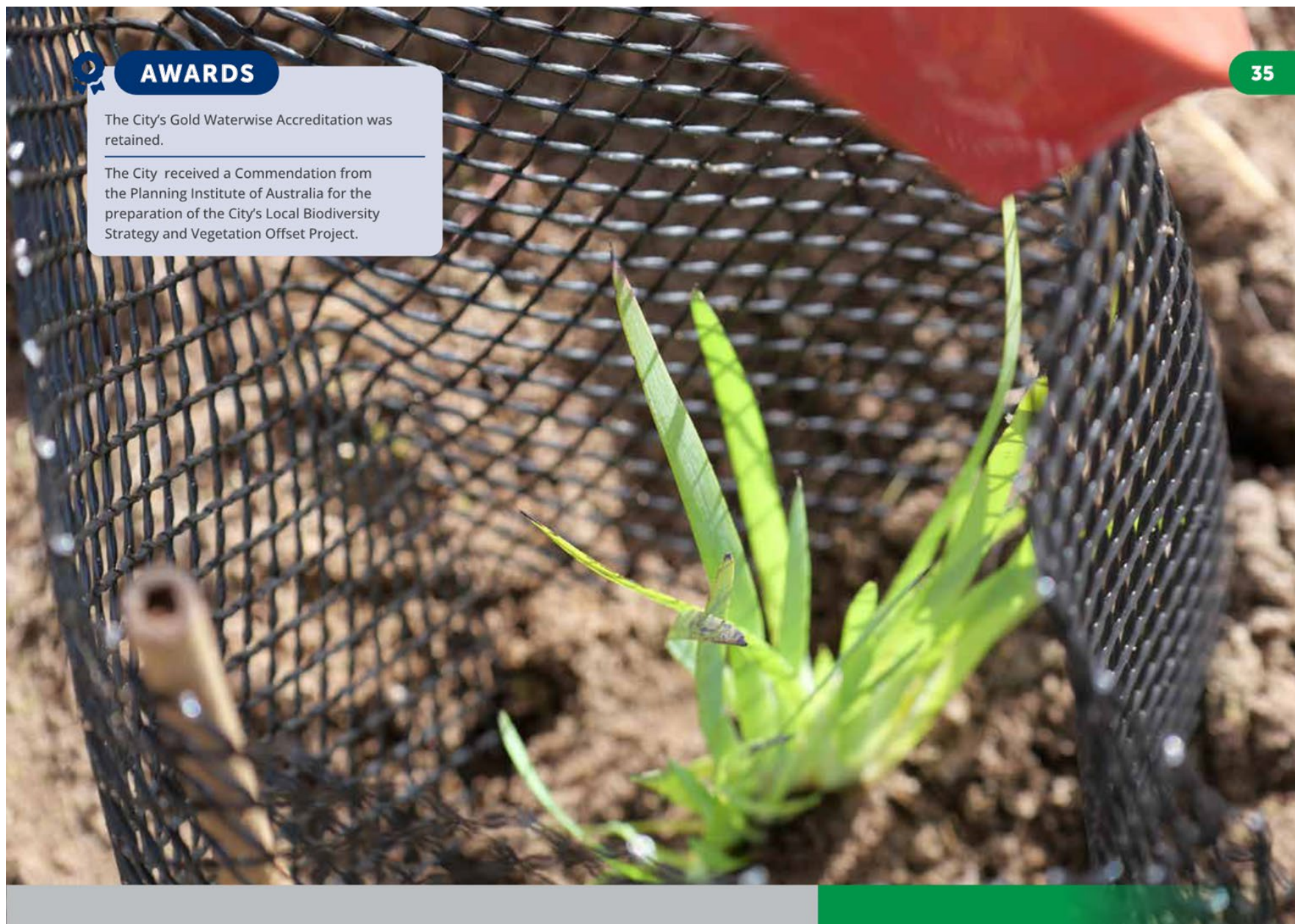
34

## MEASURES

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with efforts to adopt sustainable practices and respond to climate change*	49	55
Community satisfaction with conservation, land and environmental management*	54	57
Community satisfaction with water resource management*	NA	56
Community satisfaction with general waste and recycling collection services*	64	57
Community satisfaction with verge side bulk rubbish collections*	64	61
Community satisfaction with management of food, health, noise and pollution issues*	55	53
Community satisfaction with animal management (cats and dogs)*	54	55
Community satisfaction with streetscapes*	53	58
Retain water-wise council accreditation	Accredited	Accredited
Decrease average household waste generated per year	1% decrease per year	1.8% decrease in 2022/23
Increase green canopy coverage	9% between 2022 and 2024	34.8% vegetation coverage (2020)

\*Results from the 2022 Community Wellbeing and Perception Survey





36

Outcome 2:

A resilient and thriving economy with exciting opportunities

9,000+ bookings of City facilities and venues

STRATEGIC OBJECTIVE

- 2.1 Enable a thriving and sustainable local economy that supports and sustains quality jobs and economic opportunities.
- 2.2 Create strong regional connections that will improve the ability for residents to access jobs, training and goods and services.

SUSTAINABILITY GOALS



DRIVING STRATEGIES/PLANS

- |                               |  |
|-------------------------------|--|
| Economic Development Strategy | Local Commercial and Activity Centres Strategy |
| Local Planning Strategy       | Economic and Spatial Governance Plan           |
| Pathways to Employment Plan   | Advocacy and Investment Plans                  |

## KEY ACTIONS

37

Key Actions	Timeframe	Status	Update
<b>2.1 Enable a thriving and sustainable local economy that supports and sustains quality jobs and economic opportunities</b>			
Develop a Local Economic Development Strategy	2021-2022	🟢	During the 2021/22 financial year the City conducted an engagement process to help inform the development of the Economic Development Strategy. The development of the Strategy is progressing and is due to be presented to Council for endorsement in late 2023.
Implement the Local Planning Strategy	2021-2025	🟡	As above (Strategic Outcome 1.2).
Review the Local Commercial and Activity Centres Strategy	2021-2022	🟢	The draft Local Commercial and Activity Centres Strategy review was completed and advertised in 2022/23. It is an important sub strategy to the City's Local Planning Strategy and was advertised at the same time as the Draft Local Planning Strategy. The results of the advertising will be considered in 2023/24.
Develop a Small Business Friendly Approval System	2021-2023	🟡	The City hit the 18-month project milestone mark on 31 March 2023 of the implementation of its Small Business Friendly Approvals Program Action Plan, developed in collaboration with the Small Business Development Corporation. The City achieved a completion rate of 87 per cent from the 250 actions across five focus areas.
<b>2.2 Create strong regional connections that will improve the ability for residents to access jobs, training and goods and services</b>			
Attract a mini golf provider to Kwinana	2021-2022	🟡	The Kwinana City Council awarded tender for the design, construction and management of an 18-hole mini golf course and kiosk near the Kwinana Adventure Park during the Ordinary Council Meeting on 22 March with Greenspace Management being awarded the contract to design and build the facility, funding the majority of the capital costs.

Key    🟢 complete    🟡 in progress and on track    🟠 behind schedule



## KEY SUPPORTING SERVICES UPDATE FOR 2022/23

### Economic Development

The City has continued to make Economic Development a focus in 2022/23 through the following initiatives:

- Hosting regular business support groups, networking events and specialist forums to build a connected and informed local business community.
- Delivering business skills training and professional development for local businesses in areas such as branding, social media marketing, cybersecurity etc.
- Expanding the Commercial Support Grant program to include homebased businesses as well as retail outlets and delivering over \$40,000 in grants to 40 local businesses.
- Supporting the Stay Loyal, Shop Local campaign with pop-up trading opportunities at local markets.
- Delivering a Family Business Sundowner event to recognise the importance of small family businesses to the WA economy.
- Hosting a key leaders business breakfast, a Care Sector Jobs Café and a She Means Business Forum.

### Grants

The City distributed over \$200,000 in grants to community groups and individuals over 2022/23. Of this, \$40,000 was for CCTV camera rebates to improve community safety, \$35,000 was for community groups to run events throughout the City, and \$60,000 for Youth and Community Mental Health Initiatives.

In total, the City received 268 applications for funding and was able to approve over 80 per cent of them.

### Strategic Urban and Environmental Planning

A number of key Strategic Urban Planning projects were progressed throughout the year, providing a cornerstone to the City's planning over the next decade and beyond. This included:

- The continued preparation of the Local Planning Strategy (LPS) which sets out the land use planning and development directions and actions for a 15-year horizon (2036). The City finalised and advertised the LPS as part of a comprehensive consultation program with over 1,600 people visiting the City's website to consider the strategy and 149 public submissions received. The assessment of the submissions will be undertaken 2023/24.
- As sub strategies to the Local Planning Strategy, the Local Biodiversity Strategy was finalised and the Local Commercial and Activity Centres Strategy (LCACS) was significantly progressed and advertised for public comment.
- The City completed stages one and two of the City's new Urban Forest Strategy. Focused on retaining tree canopies across the City's urban areas. The Urban Forest Strategy and the Local Biodiversity Strategy both meet the community priorities identified in the Catalyse 2022 report, where streetscape, trees and verges, conservation and sustainable practices ranked of high importance.

- The City has also been progressing complex local planning scheme amendments, and importantly, the City's developer contribution schemes which are critical for the growth of new urban areas.

### Planning Services

- The City determined 280 planning applications in 2022/23, which varied from residential, commercial and industrial applications and varied in type and complexity with a number of Joint Development Assessment Panel (JDAP) applications determined during the period.
- Some significant applications included the \$450 million Kwinana Battery Energy Storage System 2 (KBESS2) which is Synergy's second lithium-ion, large scale battery energy storage system; Fenner Rubber manufacturing plant; multiple childcare JDAPs; and Neighbourhood Centre developments. The City advocated for better built form outcomes and was successful at the State Administrative Tribunal (SAT) for mediated outcomes and at a formal hearing focused on better urban design.
- New subdivision and development continued to occur across the City with the biggest growth areas being Mandogalup with the Apsley Estate and Florence Estate both progressing.
- Wellard continued to grow strongly with the final stages of development south of Wellard Village and estates around Bollard Bulrush wetland progressing. Growth continues also in the Cassia Glades and Cassia Rise.
- There were 21 new subdivisions assessed by the City in 2022/23.

- The City engaged a consultant to prepare the Kwinana City Centre Precinct Plan for the Kwinana City Centre. The purpose of the Precinct Structure Plan is to guide future zoning, subdivision, and development in the Kwinana City Centre. It will build on the 2019 City Centre Masterplan already adopted for the City Centre. This is a significant project and will involve considerable public consultation in 2023/24.
- The City finalised its review of the Local Planning Policy No. 3 – Bollard Bulrush Landscape Masterplan with the masterplan applying to the remainder (west and southern boundary) of Bollard Bulrush wetland and adjoining public open space areas, Precinct 47 Mandogalup.
- In April 2023, the City provided advice to the Western Australian Planning Commission (WAPC) on its conceptual planning for Improvement Precinct 47, an area of Mandogalup for which the WAPC now has planning control.

### Building Services

Building Services received more than 1,482 building applications for the 2022/23 financial year and completed 1,897 building applications. Overall, 99.5 per cent of all applications were approved within the mandated timeframes for approval, which is currently 10 days for a certified application and 25 days for a uncertified application. 863 swimming pool safety barrier inspections were completed and 84 new swimming pool applications received.

### Volunteering

While the demands on the sectors of the community looking for volunteers has increased at the same time volunteer participation has declined, the Kwinana Volunteer Centre still managed to facilitate 196 referrals to volunteer positions and recruited 17 internal volunteers, who contributed over 1,065 hours of work, throughout the 2022/23 year. Overall, the number of new volunteer roles created increased by 19 per cent and the number of active volunteer roles registered increased by five per cent from last financial year.

The service was also able to improve the level of connectivity and social diversity for active volunteers, which was a key priority as 19 per cent of the City's volunteers identified as speaking another language other than English, 31 per cent of volunteer enquirers were also in some form of paid employment and 21 people that were volunteers in 2022/23 identified as having a disability.

### Facilities and Bookings

In December 2022 the City of Kwinana moved to a new operating model for its community centers to help realise resource efficiencies, by transitioning John Wellard and William Bertram Community Centres to hireable only, non-staffed facilities. This change also supported a restructure of the Community Resource Centre team in January 2023 to allow a more proactive customer outreach model and focus on proactive hireable space management.

This focus saw the City convert over half of its facilities into smart access facilities, including The Patio at the Kwinana Adventure Park, the John Wellard Community Centre, Wellard Pavilion, Thomas Kelly Pavilion, Medina Hall, Casuarina Hall and the brand new Ngook Boorn Mia-Mia / Honeywood Pavilion.

The increased focus on facilities and bookings across the City resulted in a revenue increase from \$239,000 to \$331,000 during the 2022/23 financial year. Attendees also increased from 517,000 to 758,000 and overall booking duration increased from 34,000 hours to 36,000 hours.

Additionally, the City of Kwinana accessed 25 fee waiver requests for facility hire in 2022/2023 which equated to \$8,149.78.

39

40

**MEASURES**

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with economic development and job creation*	42	50
Community satisfaction with how the industrial area is being developed*	n/a	56
Community satisfaction with access to goods and services locally*	51	53
Community satisfaction with planning and building approvals*	44	51
Community satisfaction with access to housing that meets community needs*	53	58
Increase in number of new businesses locally	20	16.10 increase (from 2021-2022)
Increased number of residents employed in the South West metro region	30	25 (from 2016-2021)
Develop the Local Planning Strategy and adopt with WAPC within four years	within 4 years	70
Develop and adopt a Local Economic Development Strategy	within 2 years	70

\*Results from the 2022 Community Wellbeing and Perception Survey

The average revenue from City bookings increased by \$10 per booking and

**attendees increase**

by 26 people per booking



## AWARDS

Parks & Leisure WA 2023 - David Aldous  
Emerging Leader Award winner City of Kwinana  
Coordinator Community Facility Planning, Jessie  
Carter.

The City of Kwinana was nominated for the Parks  
& Leisure WA 2023 - Best Use of Technology  
Award for its use and collaboration with hireable  
facility management system SpacetoCo.

41



42

Outcome 3:

Infrastructure and services that are affordable and contribute to health and wellbeing

20,699 tonnes of waste and recycling was collected

STRATEGIC OBJECTIVE

- 3.1 Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community.
- 3.2 Provide for an accessible and well-connected City by integrating public transport and improving safe streets for driving, walking and cycling.
- 3.3 Maintain infrastructure, playgrounds, parks and reserves to a high standard through sustainable asset maintenance and renewal.

SUSTAINABILITY GOALS



DRIVING STRATEGIES/PLANS

Sustainability Strategy	Buildings Asset Management Plan
Social Strategy	Long Term Financial Plan
Public Health Plan	Public Lighting Asset Management Plan
Waste Plan	Roads and Transport Asset Management Plan
Community Infrastructure Plan	Drainage Asset Management Plan
Asset Management Strategy	Bike and Walk Plan
Parks and Reserves Asset Management Plan	Parks Upgrade Strategy

## KEY ACTIONS

43

Key Actions	Timeframe	Status	Update
<b>3.1 Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community</b>			
Review the Community Infrastructure Plan	2021-2022	✓	The Community Infrastructure Plan was adopted by Council at the Ordinary Council Meeting held on 14 December 2022.
Develop a Sustainability Strategy	2021-2023	✓	City of Kwinana Sustainability Framework was adopted by Council on 28 June 2023.
Implement the Waste Plan	2021-2025	✓	As above (Strategic Outcome 1.2)
Implement the Infrastructure Strategy	2021-2025	✓	The Infrastructure Strategy was developed and endorsed together with the Strategic Community Plan in June 2021. The key considerations from the strategy included scale of new facilities, staff, and ability to fund. This was then used to inform the City's Long Term Financial Plan.
Implement the Buildings Asset Management Plan	2021-2025	✓	The Building Asset Management Plans and forward works programs assist the organisation in making informed decisions with regard to the suitability and affordability of assets such as the Ngook Boorn Mia-Mia / Honeywood Pavilion, constructed this year, and the design of the Wellard West Pavilion.
Implement the Long Term Financial Plan	2021-2025	✓	The Long Term Financial Plan is updated annually to ensure the City continues to reflect the changing needs of the community and the City. A review of the Long Term Financial Plan is currently underway and due to be adopted by Council in March 2024.
<b>3.2 Provide for an accessible and well-connected City by integrating public transport and improving safe streets for driving, walking and cycling</b>			
Implement the Bike and Walk Plan	2021-2025	✓	The City continued to invest in the expansion of its path and bike infrastructure network each year. The Gilmore Avenue shared path, from Thomas Road to Chisham Avenue, has been complete as well as Bronwell Crescent, Crawford Road, Mason Street and Powell Court footpath renewals. A new footpath was also built on Lesham Court.
Implement the Roads and Transport Asset Management Plan	2021-2025	✓	The forward works programs considered the requirements of plans such as the Road and Transport Asset Management Plan when determining asset renewal requirements, this in turn feeds into the Asset Management Plan and Infrastructure Strategy.
Implement the Public Lighting Asset Management Plan	2021-2025	✓	The Public Lighting Asset Management Plan was used to inform the development of the City's forward works program for the surrounding lighting assets maintained by the City throughout the financial year.
<b>3.3 Maintain infrastructure, playgrounds, parks, and reserves to a high standard through sustainable asset maintenance and renewal</b>			
Implement Parks Upgrade Strategy	2021-2025	✓	The City continued to implement the Parks Upgrade Strategy with seven projects at various stages of construction with an average completion rate of 50 per cent.
Implement the Parks and Reserves Asset Management Plan	2021-2025	✓	The asset management plans and forward works programs assisted the organisation in making informed decisions with regard to the suitability and affordability of assets and services to the community.
Implement the Drainage Asset Management Plan	2021-2025	✓	The Drainage Asset Management Plan was used to inform the development of the City's forward works program for the surrounding drainage assets maintained by the City.

Key    ✓ complete    ✓ in progress and on track    ⚪ behind schedule



## KEY SUPPORTING SERVICES UPDATE FOR 2022/23

### Financial Management

The Long Term Financial Plan is updated annually to ensure the City continues to reflect the changing needs of the community and the City. A review of the Long Term Financial Plan was undertaken, and an updated four-year Plan was adopted in December 2021.

### Asset Management and Infrastructure

The City continued planning for and providing great public places for its community by ensuring that these spaces were well thought out, built and maintained. During this period the City completed the construction of Ngook Boorn Mia-Mia / Honeywood Pavilion; and the Kwinana South Volunteer Bush Fire Station.

From a business-as-usual perspective, the City also completed 12.83 km of road shoulder grading work, cleaned 647 drainage pits including 43 gross pollutant traps, completed 20.14 km of crack sealing of specified roads, replaced 2914.50 km of damaged road kerb and fixed 851.55 m<sup>2</sup> of damaged footpaths.

The current replacement cost of assets based on 2022/2023 valuations includes:

- roads and transport \$643,129,679
- stormwater drainage \$132,716,434
- buildings \$200,725,000
- public open space \$104,721,805

### Engineering

From the upkeep of the City's natural areas to its built areas the City undertook the following design, construction and maintenance activities during the 2022/23 financial year:

- Completed construction of the new bike skills and road safety track at Calista Oval.
- Undertook street tree planting along Challenger Avenue, Parmelia Avenue and Bertram Road.
- Completed over 80 per cent of all capital construction works for road rehabilitation and resealing, including footpath and drainage renew and upgrade programs.
- Assessed land subdivision and development applications for engineering compliance and completed over 90 per cent within the regulatory time frame.
- Managed traffic management plans and negotiated better outcome for private works in road reserves.
- Installed the City's first 60Kw Electric Vehicle Charging Point.
- Undertook and exceed expected progress on the City's annual road planning and design program.

### Waste Management

Waste Management has remained at the forefront of strategic importance for the City, with the City undertaking a three bin feasibility assessment which in turn informed Council's decision to transition the City of Kwinana to a Garden Organic (GO) three bin

system in 2024/25. This will see the 20,699 tonnes of waste and recycling collected this year, in the future converted into more environmentally friendly waste streams improving the City's diversion from landfill rate.

Complementing this is the Litter and Illegal Dumping Plan 2023-2027 which was developed and approved and will result in the City implemented a direct approach to target and aim to significantly reduce littering and illegal dumping incidences occurring in the City of Kwinana.

MEASURES

Measure	Target/ Industry Average (%)	Performance (%)
Community satisfaction with building and road maintenance*	49	58
Community satisfaction with Community Centres and facilities*	58	64
Community satisfaction with traffic management*	53	60
Community satisfaction with footpaths, trails and cycleways*	53	61
Community satisfaction with playgrounds, parks and reserves*	67	68
Asset Consumption Ratio	60-75	76
Asset Sustainability Ratio	80	33
Asset Renewal Funding Ratio	75	99
Operating Surplus Ratio	>0	-18
Current Ratio or Working Capital Ratio	>100	35
Debt Service Cover Ratio	200	248
Own Source Revenue Ratio	>40	78

\*Results from the 2022 Community Wellbeing and Perception Survey

1,438,868  
individual residential  
bins were collected



46

Outcome 4:

A unique, vibrant and healthy City that is safe, connected and socially diverse

405,000 visits to Kwinana Recquatic

STRATEGIC OBJECTIVE

- 4.1 Create, activate and manage places and local centres that are inviting, unique and accessible.
- 4.2 Improve Kwinana’s perception by leveraging and promoting the unique attributes of the area and supporting feelings of safety and security in community.
- 4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections.
- 4.4 Develop wellbeing programs and implement physical recreation that is culturally appropriate for Kwinana’s community.

SUSTAINABILITY GOALS



RELATED PLANS

- |                                      |   |
|--------------------------------------|---|
| Social Strategy                      | Economic Development Strategy                 |
| Local Planning Strategy              | Public Art Masterplan                         |
| Innovate Reconciliation Action Plan  | Heritage Implementation Plan                  |
| Disability Access and Inclusion Plan | Public Health Plan                            |
| Place Plans                          | Local Commercial and Activity Centre Strategy |
| Welcoming Diversity Strategy         |   |

## KEY ACTIONS

47

Key Actions	Timeframe	Status	Update
<b>4.1 Create, activate and manage places and local centres that are inviting, unique and accessible</b>			
Implement the Social Strategy	2021-2025	✓	The City's Social Strategy was endorsed by Council in September 2021 and has since informed and guided the implementation of important initiatives including the LYRIK program which saw over 90 young people included, nominated, and awarded either scholarship or awards program and guided the Assertive Outreach and Homelessness support tender, which was awarded to St Pats.
Implement the Local Planning Strategy	2021-2025	✓	As above (Strategic Outcome 1.2).
Review the Local Commercial and Activity Centres Strategy	2021-2022	⬇	As above (Strategic Objective 2.1).
<b>4.2 Improve Kwinana's perception by leveraging and promoting the unique attributes of the area and supporting feelings of safety and security in community</b>			
Implement the Public Art Masterplan	2021-2025	✓	The adopted Public Art Masterplan, together with the Public Art Guidelines developed by the City's Public Art Review Panel, continued to provide guidance on the commissioning of new artworks for the City. The Local Planning Policy 5 – Developer Contribution to Public Art projects (LPP5) guided the City's investigations for future opportunities. At the end of the financial year there was \$2 million worth of public art projects being considered through LPP5.
Implement the Heritage Implementation Plan	2021-2025	✓	The City was successful in securing grant funding to support the development of a Local Heritage Strategy, which will aim to provide vision and actions to improve the City's framework around the management of Heritage Places. A consultant has been appointed and an initial desktop review, together with input from City staff, the Kwinana Heritage Group and the Museum of Perth, has been completed which highlights the City's achievements and the opportunities to be explored.
Review the Emergency Services Delivery Model	2021-2023	✓	A review of the delivery model for Emergency Services has been completed with the current structure found to be suitable at this time. Consideration will be given in to the future for additional staffing resources as demand changes due to increased population and increased state-level focus on emergency management obligations at a local government level.
Implement the Innovate Reconciliation Action Plan	2021-2025	✓	Council have approved elevating the Boola Maara Advisory Group to a Committee of Council. City staff are working with internal stakeholders and Boola Maara representatives to develop an appropriate Terms of Reference. The City has also supported several NAIDOC events including the Opening Ceremony, Little Peeps Disco and the NAIDOC Football Game (see page 64).

Key    ✓ complete    ✓ in progress and on track    ⬇ behind schedule



48

**4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections**

Implement the Disability Access and Inclusion Plan	2021-2025	🟡	The City has continued to implement its Disability Access and Inclusion Plan since being adopted by Council in early 2021. Implementation of the Plan is ongoing and align actions to the key areas of focus which include access to services and events, access to buildings, access to information, equal level and quality of service, the same opportunity to make complaints and to be consulted, and to receive the same employment opportunities (see page 62).
Construct a Children's Safety Bike Track	2021-2023	🟢	Construction of the Calista Bike Skills Track has been completed the facility was opened to the public in June 2023.
Implement the Kwinana Healthy Lifestyles Program	2022-2023	🟡	The Kwinana Healthy Lifestyle Program continued during the 2022/23 financial year and saw a number of initiatives undertaken including: <ul style="list-style-type: none"> <li>• The successful application to the Department of Transport's WA Bicycle Network Grants Active Travel Officer funding stream.</li> <li>• The City's first Seniors Week Expo, supported by Savvy Seniors and the Kwinana Senior Citizens Centre</li> <li>• The City hosted the regional Act Belong Commit Forum</li> <li>• Healthy Active Lifestyles programs, including outdoor fitness for seniors, dance based fitness, Recquatic Autumn series, outdoor community pilates and yoga, and Kwinana Mums Who Move</li> <li>• Ride to School Days with Wellard Village Primary School, Orelia Primary School, and Bertram Primary School.</li> </ul>

Key    🟢 complete    🟡 in progress and on track    🟠 behind schedule

**KEY SUPPORTING SERVICES UPDATE FOR 2022/23****Major Community Events**

The City enjoyed a return to normal event scheduling in 2022/23 after several years of COVID cancellations and significant restrictions placed on the industry. In the past year, the City delivered 10 major events over the summer months, including the Summer Sounds Concert in the Park events in Honeywood and Bertram, a Halloween event, Lolly Run, Get in the Grove, OMG! Fringe Fest and the much-anticipated return of the Alcoa Children's Festival in March, with nearly 12,000 attendees present.

**Civic Functions**

Together with the major community events, the City of Kwinana held a number of Civic functions throughout the year, to recognise certain groups within the community, including the Lolly Run Volunteer Thank You event, Emergency Services Sundowner and the new Stakeholder Sundowner, where representatives of local groups and organisations were invited to join the City at Smirk's Heritage Site for a thank you function.

The City also partnered with leading not-for-profit organisation, Inclusion Solutions to deliver Kwinana Connect. A first for Kwinana, the night was held at the

iconic Smirk's Heritage site and saw powerful stories and local connections made over a shared meal served under the stars.

The City also hosted six Citizenship Ceremonies over the past 12 months and welcomed 214 new citizens to Kwinana.

**Place Making and Activation**

Delivered together with international place-making expert, David Engwicht of Creative Communities International and RAC, through its Reconnect WA initiative, the City delivered a highly successful 7 Day

Makeover at the Strand in Wellard in April 2023. The makeover had 168 community volunteers participate who contributed over 550 volunteer days over the seven days of the project.

The Strand makeover was described by Creative Communities International as “the single most successful project” they had ever undertaken and continued to inspire local residents to progress improvements on the street, with a large group of residents remaining active well after the delivery of the project.

The project is gained significant attention from other Local Governments across Australia for the City’s innovative and agile approach to placemaking.

Local History

The rich and diverse history of Kwinana continued to be captured and celebrated throughout the year in the form of a number of varied initiatives including:

- The Kwinana rose, first bred in Sydney in 1962, was successfully obtained and planted at the City’s Administration Centre and the Koorliny Arts Centre. It is believed that this will be the first time the variety has been grown in the City of Kwinana.
- A major oral history project was organised to record the stories of long-term Aboriginal residents. These histories will provide more information about the Medina Aboriginal Community Centre (MACC).
- The SS Kwinana centenary was celebrated in July 2022 with an exhibition in the Carol Adams lounge, articles in the City’s community newsletter and on social media, an art workshop, and new signage at Kwinana Beach.

Arts and Culture

Following on from last year’s adoption of the Public Art Masterplan, the City has been working on a number of public art initiatives including working collaboratively with Main Roads WA on the Thomas Road Public Art project, which is partially funded from developer contributions and Main Roads WA.

Artist have been selected for two key locations including Rhodes Park and Ngook Boorn Mia-Mia / Honeywood Pavilion. The Rhodes Park concept interprets the narrative of connection, inclusivity and community with the style incorporating the natural environment.

Community Wellbeing

Over the past year the City has seen a 100 per cent increase in office hirers and tenants utilising The Zone to service the Kwinana community in a variety of services including counselling, therapy, legal, housing support, Department of Education services, mental health services and disability support. There are now six external community organisations based at The Zone and they support many of Kwinana vulnerable cohorts, including State Sporting Associations, community clubs, recreational services, and educational support.

During 2022/23 the City supported hundreds of community members and many community organisations experiencing hardship, by ensuring that vital social services increased operations in the City of Kwinana and subsidies for office space for those community organisations, or providing emergency relief to community members. Although the service has changed over the past year, from direct support in the wellbeing and homelessness space to engaging St Pats to run all services in regard to assertive outreach

and case management for those experiencing homelessness, the City was successful in housing 11 people and helped provide ongoing support to 43 young people entered into services to with intensive case management and support.

Healthy Lifestyles

The City’s focus on helping the Kwinana community maintain a healthy lifestyle remained a key priority with the City organising a variety of free or low-cost healthy lifestyles programs, including: outdoor fitness for seniors; dance based fitness; autumn series with the Recquatic; outdoor community Pilates; outdoor community yoga; Kwinana mums who move; ride to school days for Wellard Village Primary School, Orelia Primary School and Bertram Primary School.

Development of a smoke-free / vape-free project for the Darius Wells Library and Resource Centre and the Kwinana Recquatic as well as a social prescribing project commenced and planning for the review of the Public Health Plan began in June 2023, with completion expected to occur in early 2024.

49

2,166  
new members  
joined the Kwinana Public Library



50

## Kwinana Recquatic

Kwinana Recquatic continued on its journey to becoming an industry leading service over the 2022-23 financial year, with staff at the centre continuing to work hard on achieving their mission of 'inspiring a physically and mentally healthy Kwinana'.

Recquatic memberships increased by 12 per cent and hit an all-time high during the year, centre visits increased 5 per cent, reaching another all-time high, reaching 400,000 visits for the first time. The centre continued to deliver a range of programs and services to the community with staff providing memorable experiences to all that visited.

## Youth

The Zone remained as the hub for the City's focus on youth services in the Kwinana community with The Zone drop-in sessions running 81 programs across the year that spanned four separate themes; goal setting, health and fitness, life skills and careers. Programs were more varied than ever during this time, including goal setting workshops, career exploration expo's, healthy cooking, sewing, environmental education,

**44,303**  
swim school  
attendances at Kwinana Recquatic

Kwinana Beats music program and gaining accredited qualifications. Alongside these were The Zone's pillar programs including Unique As, Basketball, Boys/Girls Group and Dungeons and Dragons.

There has been a particular focus on sport/dynamics activities including tennis, archery, soccer, volleyball, table tennis, hip hop dancing, badminton, and Taekwondo Fighting Fit sessions. The service directly impacted 4,212 young people and thousands more through events, school outreach, and collaborative initiatives across the City.

The City also delivered its annual LYRiK Scholarship program in May 2023 and provided 10 scholarships and mentors for young people who had an educational or employment goal. The 2023 LYRiK Awards were also held in June 2023 at the Koorliny Arts Centre. The City received a total of 52 nominations.

The Kwinana Youth Advisory Council (KYAC) has also grown from seven members to 11 members. KYAC have been involved in over 20 community projects and events from June 2022 to June 2023, including a voice to council and decision-making opportunities on vital City projects that impact Kwinana young people.

## Community Safety

The community identified safety as a key area of focus for the City during the consultation for the City's *Strategic Community Plan 2021-2031*. As such, the City implemented a number of initiatives to improve and support community safety in Kwinana including CCTV subsidies, community safety packs, and the Junior Neighbourhood Watch initiatives which all continued to be very successful.

In addition, the Love My Neighbourhood, Street Meets, and Street by Street programs were developed and aimed to encourage local connection and action, and improve the actual and perceived sense of safety. Street Meets includes a small grants program to encourage on-street activities between neighbours.

## Library Services

The Kwinana Public Library saw a significant increase in attendance at library programs in 2022-23, with an increase of 74 per cent or 12,253 attendees across a number of programs including 20 regular programs, which were run on a weekly or monthly basis. Some of these programs included early literacy development programs, digital literacy programs, STEM programs, career and job skills programs, and social programs.

Over twenty special programs were run as well, including school holidays, the Children's Book Council of Australia (CBCA) Children's Book Week, Science Week, Seniors Week, eSmart Week, International Games Month, Library and Information Week, and other key dates throughout the year.

On average, 93 per cent of program attendees were satisfied or highly satisfied with the programs they attended and 77 per cent of program attendees felt they increased their confidence, learned something new, or obtained another benefit from attending a program.

Additionally, 15 visits across five outreach programs were run throughout the year, including visits with Stig Wemyss to promote e-audiobooks, Better Beginnings sessions, and participation at City and community events.

The library loaned 107,731 physical items and 23,459 ebooks throughout the year. The most popular item loaned was *Even Weirder* by Anh Do, which was loaned 44 times throughout the year, and the Nintendo Switch game *Legend of Zelda*, which was loaned 35 times.

Digital literacy was also an area of focus with 5,243 people seeking assistance with digital literacy problems through the Techtime program, the City's public computers were used 16,953 times throughout the year and the Library was accredited as an e-smart library.

An exhibition was held at Darius Wells Library and Resource Centre in August 2022 showcasing the annual Love My Kwinana photography competition submissions. The competition theme – City of Trees, saw a total of 133 entries of which three local residents were awarded for their entries.

Children's programs continued to be a key offering for local families, including 262 sessions across nine regular programs which include Baby Rhymetime, Toddler time, Storytime, Coding Club, Creative Writing Club, LEGO Club, Homeschool Families Meetups, Minecraft Mondays, and Story Dogs. In addition to this, 1,612 Better Beginnings family literacy packs were distributed, with outreach visits to schools, Child and Parent Centres, and childcare centres reaching 200 children.

Over 70 school holiday sessions were run, which covered topics including literacy, sustainability, healthy and active lifestyles, Nyoongar culture, art and craft, digital literacy, and imaginative play.

**5,481**  
visits were made  
to the Kwinana Public Library

The Moorditj Kulungar Playgroup saw an average of 21 children attend each week, participating in educational and cultural activities to develop their literacy, health, and wellbeing. In April 2023, the Moorditj Kulungar Playgroup and Ngalla Yorga Waangkan group partnered on an intergenerational camp, which was enjoyed by all families.

Lastly, two new regular clubs were established this year, LEGO Club and Coding Club. A regular social program for homeschooling families were also implemented this year in response to community requests and feedback, along with special one-off events designed for local homeschooling family needs.



52

**MEASURES**

Measure	Industry Average (%)	Performance (%)
Community satisfaction with access to health and wellbeing services, including mental health*	58	51
Community satisfaction with disability access and inclusion*	51	56
Community satisfaction with facilities, services and care available for seniors*	54	55
Community satisfaction with festivals, events, and cultural activities*	62	60
Community satisfaction with how local history is preserved and promoted*	58	62
Community satisfaction with Kwinana Recquatic*	71	69
Community satisfaction with library and information services*	71	76
Community satisfaction with lighting of streets and public places*	54	56
Community satisfaction with multiculturalism and racial harmony*	60	60
Community satisfaction with opportunities to take part in physical activity*	n/a	63
Community satisfaction with community safety and crime prevention*	50	36
Community satisfaction with services and facilities for families*	55	60
Community satisfaction with services and facilities for youth*	48	60
Community satisfaction with sport and recreation facilities*	66	65
Community satisfaction with the area's character and identity*	58	55
Community satisfaction with volunteer support and recognition*	60	58

\*Results from the 2022 Community Wellbeing and Perception Survey





## AWARDS

AUSactive 2023 Perth State Finalist - Leisure Centre of the Year and People's Choice Business of the Year (Large Business).

AUSTSWIM WA Awards 2023 – Teacher of Developing Competitive Strokes State Award WA winner, Recquatic Swim School instructor Sharath Ramaiah.

LIWA Aquatics Awards - Emerging Leader of the year nominee, Recquatic Duty Officer, Gordon Cheok.

Water Corporation Waterwise Awards - Platinum Waterwise Aquatic Centre of the Year.

54

Outcome 5:

Visionary leadership dedicated to acting for its community

33,783  
followers on Facebook

STRATEGIC OBJECTIVE

- 5.1 Model accountable and ethical governance, strengthening trust with the community.
- 5.2 Develop strong community engagement through strong partnerships with the community.
- 5.3 Provide a high standard of customer service with the community as priority.
- 5.4 Establish a culture of continuous improvement achieving high levels of business excellence.

SUSTAINABILITY GOALS



RELATED PLANS

Strategic Community Plan	Community Engagement Strategy
Corporate Business Plan	Customer Experience Strategy
Long Term Financial Plan	Advocacy and Investment Strategy
Infrastructure Strategy	Business Excellence Framework
Workforce Plan	In Strategic Procurement Plan



## KEY MEASURES

55

Key Actions	Timeframe	Status	Update
<b>5.1 Model accountable and ethical governance, strengthening trust with the community</b>			
Implement the Strategic Community Plan and Corporate Business Plan	2021-2025	✓	The Strategic Community Plan (SCP) and Corporate Business Plan (CBP) Minor Review was completed, with both modified documents being adopted by Council at the Ordinary Council Meeting held on 28 June 2023.
Implement the Long-Term Financial Plan	2021-2025	✓	As above (Strategic Objective 3.1)
Implement the Infrastructure Strategy	2021-2025	✓	As above (Strategic Objective 3.1).
Develop a Strategic Procurement Plan Annually	2021-2025	✓	The City's Annual Strategic Procurement Plan has been updated with new procurements, identified for the upcoming financial year.
Implement the Innovate Reconciliation Action Plan	2021-2025	✓	As above (Strategic Objective 4.3).
Review Advocacy and Investment Plans	2022-2023	✓	A review of the Advocacy and Investment Plans is scheduled for the 2023/24 financial year.
<b>5.2 Develop strong community engagement through strong partnerships with the community</b>			
Implement the Community Engagement Strategy	2021-2025	✓	The City has maintained its focus on engagement throughout the 2022/23 financial year with the City engaging a full time Engagement Specialist to help drive the strategy. The City's created more opportunities for the community to engage including formal workshops, pop up sessions, officers attending places and sessions and continued use of the City's online engagement portal "Love My Kwinana" which saw a usage increase of over 300 per cent.
<b>5.3 Provide a high standard of customer service with the community as priority</b>			
Continue to Implement the Customer Experience Plan	2021-2025	✓	The City has continued to implement a number of initiatives from its customer experience improvement strategy including the 'Rate It' customer satisfaction system. During 2022/23 the City received 11,700 ratings with an average satisfaction score of 9.3 (out of 10) across its three locations Administration, Recquatic and Library and via staff email signatures. Additionally, the City implemented an organisational wide customer knowledge base to provide staff consistent information and to assist in resolving customer enquiries at first contact.

Key    ✓ complete    ✓ in progress and on track    ⚪ behind schedule

56

**5.4 Establish a culture of continuous improvement achieving high levels of business excellence**

Develop the Business Excellence Framework	2021-2022	✔	The City incorporated business improvement as a focus across all activities rather than using a dedicated framework. Business improvement was also undertaken through the OneCouncil project and Cultural Optimisation Groups (COGS)
Implement the Workforce Plan	2021-2025	✓	The City's Workforce plan identifies strategic priorities for the City's workforce, which include aligned and active leadership; right people, right behaviour; all work together as one team; empowered and effective teams; and systems and processes. The actions identified within the Workforce Plan are currently being implemented across the City to enable the achievement of these strategic priorities.
Implement the Corporate Business System Project	2021-2024	✓	The Corporate Business System project went live on 1 July 2022, delivering the first phase of core enterprise modules from Technology One, including Finance, Contracts, Supply Chain Payroll, Assets and Works Operations. Planning for stage two immediately commenced for the property, names, customer requests, rates and waste modules which aim to be brought online at various stages through 2023/24.

Key  complete  in progress and on track  behind schedule

**KEY SUPPORTING SERVICES UPDATE FOR 2022/23****Governance**

Good governance processes and procedures ensure that the City of Kwinana operates in a transparent and accountable manner.

In accordance with section 5.46(2) of the *Local Government Act 1995*, a review of the City's Register of Delegated Authority was undertaken to improve efficiency of decision-making at all levels of the organisation. A review of the City's Certificates of Authorisation was also conducted to ensure that all Officer authorisations are appropriate and met the needs of the City.

The City was compliant with its obligation to lodge a Compliance Audit Return with the Department for Local Government, Sport and Cultural Industries.

**Local Laws**

The *Local Government Act 1995* enables local governments to make local laws considered necessary for the good government of their districts. In an effort to reduce red tape for local businesses, the *City of Kwinana Repeal Local Law 2022* was enacted, repealing the *Town of Kwinana By-laws Relating to Signs and Bill Posting*.

The *City of Kwinana Waste Local Law 2022* came into effect, regulating the storage, collection and disposal of waste and refuse from premises and waste facilities in the City.

The proposed *Animal, Environment and Amenity Local Law* was approved by Council for public consultation. The City is in the process of consulting with State Government Departments.

**Council**

Following State Government's most significant reforms to the sector in 25 years, the City of Kwinana will be increasing to eight Elected Members and a publicly elected Mayor at the 2023 Local Government elections scheduled for 21 October 2023.

The City of Kwinana Council voted at the September 2022 Ordinary Council meeting to allow voters to directly elect their Mayor, moving to a community elected Mayor via the optional preferential voting system as opposed to the council appointment of Mayor, via the first past the post system utilised to date.

Economic Development and Advocacy

The City actively progressed site specific development opportunities for strategic sites within the City to achieve the highest and best use outcomes.

Lobbying and advocacy remained an important activity to ensure that the City of Kwinana remained front of mind at both State and Federal levels. The City continued to represent at number of reference groups in relation to the Westport project to ensure that freight and planning issues remained at the forefront of Westport’s considerations.

The Mayor and CEO also represented the City’s roles and interests as part of the National Growth Areas Alliance, the Perth South West Metropolitan Alliance as well as on a number of other taskforces, committees and collectives.

Customer Service

Over the past year the City has continued to implement its customer experience improvement strategy including the ‘Rate It’ customer satisfaction system and a new customer knowledge base.

During 2022/23 the City received 11,700 ratings via on-location ratings with an average satisfaction score of 8.8 (out of 10) across its three locations at Admin, Recquatic and Library. Additionally, it received 209 rating via staff email signatures which resulted in an average result of 9.3.

The City also implemented an organisation-wide customer knowledge base to provide staff consistent information and to assist in resolving customer enquiries at first contact. During the course of the year the City continued to see an increasing trend

of enquiry touch points from the previous year, with August 2022 having over 7,000 customer enquiries – the highest on record, with the City’s primary enquiry topics consistently including rates, City Assist and waste.

Community Engagement

The City has drastically improved the level of engagement undertaken with its community over the past 12 months, due to a dedicated Community Engagement resource being appointed in the organisation and thanks to concerted efforts to enhance the use of the City’s dedicated engagement platform, Love My Kwinana. The Love My Kwinana Engagement Platform has continued to provide a digital solution to engagement project for the City. Over the course of the year the platform saw a usage increase of over 300 per cent from 5,100 in 2022/23 to 16,100 in 2022/23. The platform hosted 47 projects, had 14,991 visits, 2,608 contributions and 165 new registrations.

The City also created more opportunities for the community to engage through ‘community conversations’ which provided opportunities for staff to engage with the community through formal workshops, pop up sessions, officers attending places and community events.

The Strand in Wellard was transformed as part of the 7-day makeover, a people-powered makeover facilitated by place-making expert David Engwicht from Creative Communities International, and supported by RAC and Reconnect WA. The placemaking initiative engaged local residents to help deliver the community-based project to improve the look and feel of the public spaces along the strand.

Human Resources

The major initiatives progressed by Human Resources during the year include the continued implementation of the City’s Workforce Plan, which contains strategic priorities with associated actions.

Some of the actions that were progressed include the continuation of the leadership program across all levels of staff, further enhanced continuous improvement processes through the implementation of cultural optimisation groups, application of a new payroll and HR system that has provided many efficiencies and the transition to the State Industrial Relations system.

57



58

## MEASURES

Measure	Industry Average (%)	Performance (%)
Community satisfaction with Council's leadership within the community*	48	52
Community satisfaction with the City's development of a clear vision for the area*	31	28
Community satisfaction with how the community is engaged about local issues*	44	43
Community satisfaction the City having a good understanding of community needs*	31	28
Community satisfaction with the City's advocacy and lobbying efforts*	46	46
Community satisfaction with how open and transparent Council processes are*	43	46
Community satisfaction with the City clearly explaining the reasons for its decisions and how residents' views have been taken into account*	25	20
Community satisfaction with how the community is informed about what's happening in the local area*	49	47
Community satisfaction with the City's website*	56	56
Community satisfaction with the City's newsletter (The Spirit)*	62	60
Community satisfaction with social media presence (Facebook, etc)*	54	57
Community satisfaction with customer service*	58	60
Development Applications assessed within statutory timeframes**	81	91
Local Development Plans assessed within statutory timeframes**	100	100
Subdivision Applications assessed within statutory timeframes**	82	90
Building Approval Certificates processed and issued within 10 days**	100	100
Certified Building Permits processed and issued within 10 days**	100	100
Uncertified Building Permits processed within 25 days**	100	100

\*Results from the 2022 Community Wellbeing and Perception Survey

\*\* The benchmarking standard targets are set by the Department of Local Government, Sport and Cultural Industries



## AWARDS

The City of Kwinana team 'K-Town Navigators' won the 2023 Australasian Local Government Management Challenge WA round.




# Future Measures

The City has a number of additional Key Actions that have been identified in the City's Strategic Community Plan to commence in the coming years.

Outcome Area	Strategic Objective	Key Action	Timeframe
Outcome 3: Infrastructure and services that are affordable and contribute to health and wellbeing	3.1 Develop quality, affordable infrastructure and services designed to improve the health and wellbeing of the community	Investigate options for Bulk Waste Collection	2023-2024
Outcome 4: A unique, vibrant and healthy City that is safe, connected and socially diverse	4.3 Enhance opportunities for community to meet, socialise, recreate and build local connections	Implement the Economic Development Strategy	2023-2025
	4.4 Develop wellbeing programs and implement physical recreation that is culturally appropriate for Kwinana's community	Review the Public Health Plan	2023-2024

59

A large, bright yellow cartoon character sculpture stands in a park-like setting. The character has a round orange face with a wide, smiling mouth and large, expressive eyes. It has a plump, rounded body with small, curved arms and legs. The background shows lush green trees and a clear sky, with a building and parked cars visible in the distance.











62

# KWINANA SENIOR CITIZEN'S CENTRE

## Disability Access and Inclusion Plan

The City recognises the social model of disability and is committed to investigating ways to remove barriers to access and inclusion that may restrict a person's abilities.

ANNUAL REPORT 2022/23 PART 1 – COMMUNITY

The City is committed to actively promoting environments and services in which all people are valued and have the choice to live their best lives. Throughout 2022/23 the City continued to actively work to ensure all people living, working in and visiting the City had unconditional access to its services and facilities. Key areas of focus included access to services and events, access to buildings, access to information, equal level and quality of service, the same opportunity to make complaints and to be consulted and to receive the same employment opportunities.

- City staff have proactively worked to make events, services, activities, and programs more accessible for people with disabilities. They have offered services such as the SAIL program, priority bin service, and libraries home delivery service. Notable events included the Alcoa Children's Festival, OMG Festival, Summer Sounds, and Light Up the Square events. To enhance accessibility, staff introduced simultaneous sessions for library activities in high and low sensory environments, scheduled quieter sessions later in the day, offered various seating options, and incorporated accessibility questions in program registration. Event marketing includes maps for easier navigation. Families with children with disabilities reported increased accessibility and flexibility in attending library programs.
- The City has actively monitored and improved the accessibility of its facilities and infrastructure, such as adding automated doors at the Seniors Citizen Centre and upgrading Rhodes Park. New builds are now aligned with improved Australian Standards AS1428 2021. The City's Parks for People project prioritises accessibility in park upgrades, ensuring local neighbourhood parks meet AS1428

standards. An internal champions group has been established to drive access and inclusion across the organisation, resulting in increased internal collaboration and discussions.

- The City offers publications in alternative formats upon request and promotes this in major publications. The City updated the websites landing pages for people with disabilities and actively sought feedback from the Disability Reference Group to improve their website's accessibility.
- The City of Kwinana prides itself on great customer service, the City continues to ensure great customer service through ongoing training. The City hosted skills-boosting workshops for clubs and groups to ensure the community are equipped in providing quality service. Inclusion Solutions Building Inclusive Communities WA (BICWA) project further enhanced staff training and community inclusion, including online training and mentoring.
- The City has re-established the Disability Reference Group, the group includes individuals with lived experience of disability, to engage in consultations and remove barriers to access and inclusion. The group has provided valuable input on events, building designs, and access issues, contributing to informed decision-making.
- The City promotes diversity and inclusivity in employment, actively working to employ people with disabilities through partnerships with organisations like Bizlink. They offer training to staff and actively make reasonable workplace adjustments. The City's commitment to inclusivity is demonstrated through meaningful employment opportunities and support for individuals with disabilities. Good Sammy's partnership for

community events further showcases the City's dedication to inclusive employment practices and sustainability initiatives.

## Innovate Reconciliation Action Plan

The City has continued to implement the Innovate Reconciliation Action Plan (RAP). Reconciliation Australia sets the outcome areas within the plan: Relationships, Respect, Opportunities.

The City has continued to maintain and strengthen relationships with Aboriginal and Torres Strait Islander Communities organisations and groups to help us better understand the needs of community and enhance community and organisational outcomes. This has been achieved through;

- The Youth Cultural Camp: The Institute of Indigenous Wellbeing and Sport, along with Moorditj Koort, received a grant through the City of Kwinana's WA Primary Health Alliance funding to deliver a youth cultural camp in September 2022. With support from the City, the first camp was held in Byford for 10 young Indigenous people aged 13 to 16 years. The young people showed leadership skills, got involved in various cultural activities and were taught how to make indigenous tools, cook damper, and perform traditional dances. The camp culminated in a showcase on the final night where Elders and young people came together and presented a cultural dance. Through the ongoing relationship and collaboration to plan and deliver this camp, the Institute went on to secure further funding from Alcoa for two more camps in April 2023 and 2024.
- The City facilitates the Moorditj Kulungar Playgroup and has fostered relationships with Ngalla Yorga Waangkan (We Women Talking) group through intergenerational activities and initiatives. Both groups went to Myalup Pines for an Indigenous intergenerational camp in April 2023. Twenty children, 13 parents, and 10 Ngalla Yorgas spent a weekend preparing meals together, sharing recipes, and yarnning. They created art pieces and enjoyed outings, including watching Gina Williams and Guy Ghouse perform and getting a meet and greet! Everyone left the camp with a strong connection to their culture, moort (family), and boodjar (Country).
- The City continues to demonstrate respect and a commitment to improving awareness of Aboriginal and Torres Strait Islander cultural practices histories and knowledge by:
  - Incorporating cultural elements at all major City events including a Welcome to Country by Elder Mick Indich, and a cultural performance by Bindjareb Middars at the Light Up the Square event in December 2022.
  - Nyoongar language classes were run by Cindy Garlett in November and December 2022, for a combination of City staff and members of the public. The sessions aimed to teach Nyoongar language and culture, but more importantly, aimed to inspire an inquisitive mind about Nyoongar culture in daily life.
  - July's Books and Biscuits program asked attendees to read a book by a First Nations author in celebration of NAIDOC Week. Lots of interesting discussion about the books was had, with attendees describing the session as "educational and entertaining," "thought-provoking," and "interesting." Attendees appreciated that the theme challenged them to read outside their usual genres and felt they were educating themselves more about Australia.
  - Canvas prints of the Noongar seasons artwork by Tyrown Waigana were installed in the Library in September 2022. The original artwork was commissioned in 2020, and since then has featured in the seasonal promotional materials for the Library's programs. The prints displayed in the



Library show the original work in full, surrounded by individual prints that highlight and explain each season, encouraging community education and understanding of local environment and culture.

The City has continued to identify, create, and support opportunities for current and future generations by building capacity and developing pathways for improved economic and social outcomes:

- Two educational and creative art workshops with Aboriginal artist Noelene Regan were held in school holiday programs, in October 2022 and April 2023. Both sessions related to education about the seasons and encouraged creative processes for local families.
- The City's hip hop music production program Kwinana Beats teaches young people how to write rhymes, make beats and rap at The Zone Youth Space. In October, Ethan Eggington aka Inkabee (10-year-old Wongi Noongar young man) recorded a rap he had written with his dad (award-winning Wongi Noongar rapper, Flewnt) in the Kwinana Beat studio. Staff also arranged for Inkabee to make his first music video for his debut single 'Beat the Odds'. In November 2023, Inkabee launched his single, and in less than a year, Inkabee became a nationally and internationally recognised artist. He performed his first gig earlier this year at Flewnt's Boorloo Block Party (Perth Festival) and supported Indigenous rapper, Kobie Dee at his gig for the VIVID Festival in Sydney. Recently, Inkabee and Flewnt performed on Triple J's Bars of Steel segment. It has since had over half a million views, and in early August, he was announced as Triple J's unearthed high Indigenous Initiative winner for 2023.



## Reporting Requirements

### National Competition Policy

The City of Kwinana has met its obligations in regard to the National Competition Policy, with no instances of non-compliance raised with the City.

### Local Government Act 1995

This Annual Report (Part 1 – Community), together with the Annual Report (Part 2 – Annual Financial Report), complies with the requirement of section 5.53(1) of the Local Government Act 1995 for the City to prepare an annual report for each financial year.

### Elected Member Conduct

Under section 5.121 of the Local Government Act 1995, no breaches were found as a result of Elected Member conduct in the financial year ending 30 June 2023.

### Local Government (Financial Management) Regulation 1996

Under section 6.4 of the *Local Government Act 1995*, a Local Government is to prepare an Annual Financial Report for the preceding financial year and such other financial reports as are prescribed in the *Local Government (Financial Management) Regulations 1996*.

### State Records Act 2000

In accordance with the State Records Act 2000, the City's Recordkeeping Plan 2016-2021 sets out the City's commitment to proper and compliant record keeping procedures.

A review of the Recordkeeping Plan has been deferred until the end of 2025 to enable the complete implementation of One Council ECM and updating of processes.

Training is an important component of record keeping for the City and has continued to be provided to all staff to ensure appropriate awareness of record-keeping obligations and responsibilities. Induction and training programs were provided to 75 individual new employees, and group sessions and updates carried out as required. Each officer is issued a comprehensive User Guide when completing induction training and the User Guide is available to all staff via the City Intranet.

### Freedom of Information Act 1992

In accordance with Section 96(1) of the Freedom of Information Act 1992, residents have the legally enforceable right to access records (which are not otherwise exempt) held by State and Local Government agencies. The following FOI applications were received:

	2022-2023
FOI Requests	3
Access in Full	1 Outside FOI
Edited Access	Nil
Applications withdrawn	2 No records in scope
Access deferred	Nil
Access refused	Nil

### Public Health Act 2016 and Food Safety Standards

The City has complied with the requirements to provide a report to the Department of Health on the performance of functions under the Food Act 2008 and Public Health Act 2016.

The City carried out 334 food business inspections during the 2022/23 financial year.

Key highlights for the 2022/23 period included a strong emphasis on educating businesses about the new Food Safety Standard 3.2.2A Food Safety Management Tools, as well as undertaking enforcement of non-compliant businesses.

### Equal Opportunities

The City of Kwinana reviewed and updated its Equal Employment Opportunity Management Plan 2021-2024. The plan was submitted and acknowledged by the EEO Commission in April 2023 and the City has complied with the reporting requirements to the EEO Commission for the period ending June 2023.

### Work Health and Safety (WHS)

The City's Work Health and Safety vision is to achieve excellence in safety and health management through a framework that is an integral part of business planning with Safety and Health Management goals and targets established to drive continuous improvement in performance. The City will achieve this through strengthening and growing a safety culture at the City.

The City recognises its corporate responsibility under the Work Health and Safety Act 2020 (the Act) and associated legislation and is fully committed to

ensuring, that as far as practicable, it will provide a consistent framework to secure the health and safety of workers and workplaces by:

- Protecting workers and other persons against harm to their health, safety and welfare through the elimination or minimisation of risks arising from work;
- Providing for fair and effective workplace representation, consultation, cooperation and issue resolution in relation to work health and safety;
- Fostering cooperation and consultation, and the provision of participation between applicable parties, in the formation and implementation of work health and safety standards to current levels of technical knowledge and development and encouraging the applicable parties to take a constructive role in promoting improvements in work health and safety practices;
- Promoting the provision of advice, information, education and training in relation to work health and safety;
- Securing compliance with the WHS legislation through effective and appropriate compliance and enforcement measures;
- Ensuring appropriate scrutiny and review of actions taken by persons exercising powers and performing functions under the WHS legislation; and
- Providing a framework for continuous improvement and progressively higher standards of work health and safety.

Further, the City will encourage and promote a culture of hazard identification, injury prevention and Work Health and Safety (WHS) awareness throughout the workplace. This commitment extends to ensuring the City's operations do not place the community at

risk of injury, illness, or property damage. The City, in partnership with its employees, will endeavour to recognise the potential risks associated with hazards that may exist within the workplace and will take practical steps to provide and maintain a safe and healthy work environment. To this end, the City has developed, and is implementing, a Safety and Wellbeing Strategic Plan for 2022 – 2024 with the following Strategic Priorities:

- Health and Safety by Design (Hazards are eliminated or minimized at the design stage of projects);
- Health and Safety leadership and capabilities (Individuals have the work health and safety capabilities they require);
- Well-being (Well-being is enhanced for the City of Kwinana staff);
- Safety system improvement – systems and processes (Risk management processes and policies are improved and updated); and
- Legislative compliance (Continually improve compliance with WHS and other regulatory requirements).



68

### Review of Local Laws

Section 3.16 of the Local Government Act 1995 requires that all of the local laws of a Local Government must be reviewed within an eight-year period after their commencement to determine if they should remain unchanged or be repealed or amended.

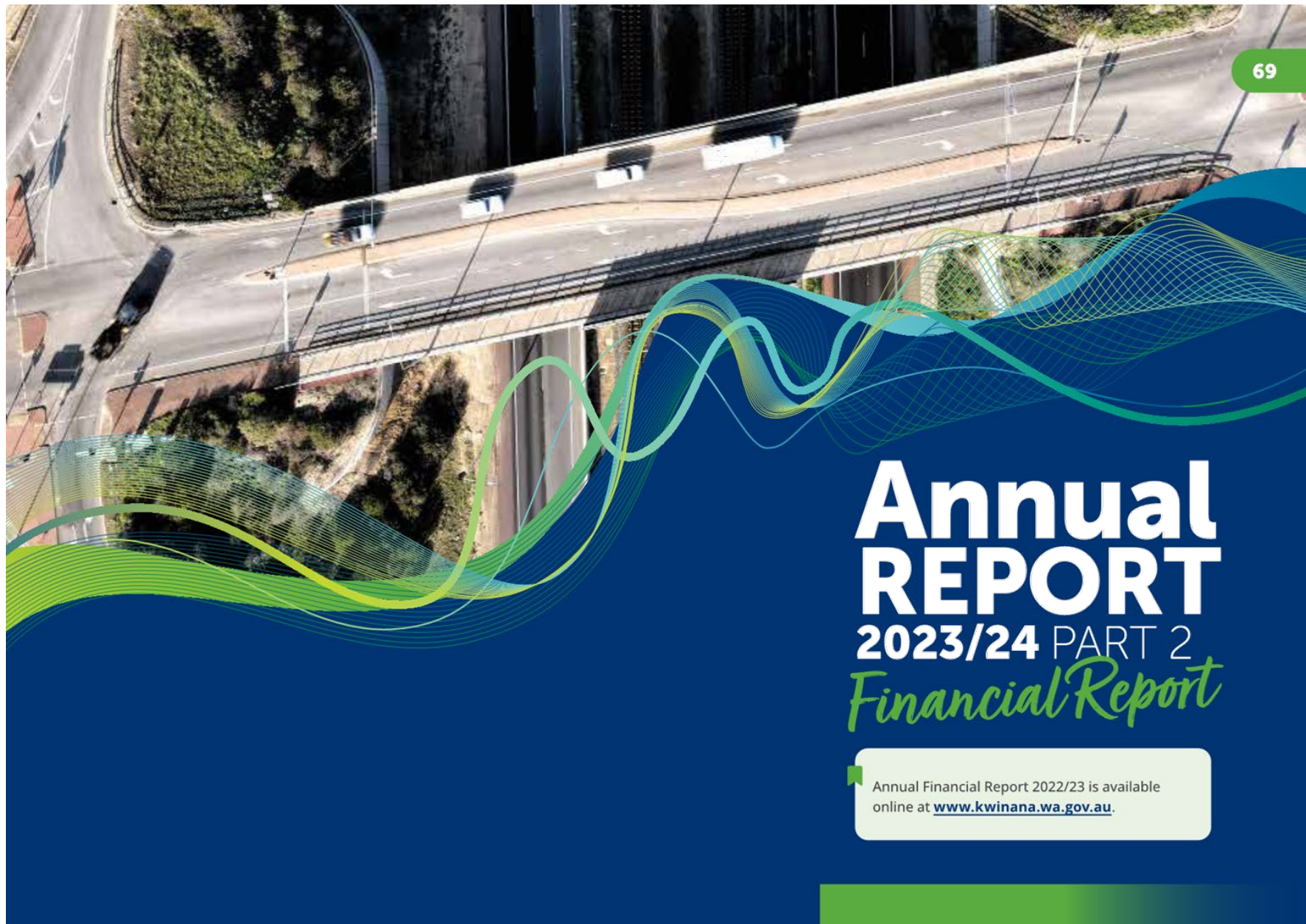
A review of several local laws was undertaken during the 2022/23 financial year, with the following Local Laws being progressed to varying levels:

- The Cat Amendment Local Law 2022 was enacted, adding cat prohibited areas to key identified parks and reserves.
- The Signs and Bill Posting Repeal Local Law 2022 enacted, with the intention of reducing red tape relating to advertising signage.
- The proposed Animal, Environment and Amenity Local Law was put out for public comment, intended to repeal dated or redundant local laws; consolidate existing local laws; streamline the City's administration process in relation to animal ownership by removing red tape where possible; and introduce modified penalties over public health issues that are currently not effectively managed or controlled.

### Annual Salaries

The *Local Government Act 1995* requires each Local Government to provide the number of employees who are entitled to an annual salary of \$100,000 or more. The figures below are as at 30 June 2023, noting that they include any staff on the Enterprise Agreement who are entitled to an annual salary of \$100,000 or more.

Salary Range	No. Employees
\$100,000 and \$110,000	16
\$110,000 and \$120,000	6
\$120,000 and \$130,000	6
\$130,000 and \$140,000	5
\$140,000 and \$150,000	3
\$160,000 and \$170,000	3
\$170,000 and \$180,000	2
\$200,000 and \$210,000	1
\$210,000 and \$220,000	1
\$220,000 and \$230,000	1
\$310,000 and \$320,000	1
<b>Total</b>	<b>45</b>





**Administration**

Cnr Gilmore Ave and Sulphur Rd,  
Kwinana WA 6167  
PO Box 21, Kwinana WA 6966  
Telephone 08 9439 0200  
[customer@kwinana.wa.gov.au](mailto:customer@kwinana.wa.gov.au)

**[kwinana.wa.gov.au](http://kwinana.wa.gov.au)**



1 December 2023

Our Ref.: D23/63821

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

Dear Ms Spencer

**REPRESENTATION LETTER IN RESPECT OF THE CITY OF KWINANNA'S  
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023**

This representation letter is provided in connection with your audit of the City of Kwinana's annual financial report for the year ended 30 June 2023 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2023 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

**1. GENERAL**

- (a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), 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 except as disclosed in Note 31 to the financial report.

**City of Kwinana Administration**

Corner Gilmore Avenue and Sulphur Road, Kwinana WA 6167

**PO Box** 21, Kwinana WA 6966 | **Telephone** 08 9439 0200

**NRS** 133 677 (hearing/speech impaired) | **TIS National** 131 450 (Translating and Interpreting Service)

**Email** customer@kwinana.wa.gov.au | **Website** kwinana.wa.gov.au



- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with
  - (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
  - (ii) Additional information that your auditors have requested for the purpose of the audit.
  - (iii) Unrestricted access to staff and councillors of the City of Kwinana 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 Kwinana involving:
  - (i) Management;
  - (ii) Employees who have significant roles in internal control; or
  - (iii) Others
 have occurred to the knowledge of management.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the City of Kwinana's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

## 2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

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

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

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

We confirm that the fair value disclosures in the financial report are complete and appropriate.

**3. GOING CONCERN**

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

**4. CONTINGENT LIABILITIES**

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

**5. COMMITMENTS FOR CAPITAL AND OTHER 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. FINANCIAL LIABILITY FOR 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 Kwinana 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 Kwinana'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 2023.

**8. RELATED PARTIES**

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

**10. SUBSEQUENT EVENTS**

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations.

**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 Kwinana.

**14. ACCOUNTING MISSTATEMENTS**

The effect of effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole.

Description	Assets Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit and Loss Dr/(Cr) \$
Understatement of provision for leave balances arising from data migration from Authority to Technology One	-	(265,649)	-	265,649
<b>Total</b>	<b>-</b>	<b>(265,649)</b>	<b>-</b>	<b>265,649</b>

**15. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT**

- We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the City of Kwinana's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- We have clearly differentiated between audited and unaudited information in the construction of the City of Kwinana's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- 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.
- 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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**Chief Financial Officer**

NAME: Vanisha Govender

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**Date**

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**Chief Executive Officer**

NAME: Wayne Jack

---

**Date**

### 10.3 RISK MANAGEMENT ACTIVITY REPORT

#### SUMMARY

This report provides an update to the Audit and Risk Committee ('Committee') on the City's operational and strategic risk profile for the purpose of facilitating appropriate and independent oversight of the management and control of the City's risk management processes.

This report is a standard item for the Committee and details all identified strategic risks and high-level operational risks, including the status of identified actions to manage those risks.

There are presently no high or extreme rated (residual) operational risks for reporting to the Committee.

The register of all strategic risks for the City is provided at Attachment A for noting and comment by the Committee.

The following changes to since the October Committee meeting are noted:

- SR 2 – Financial ratios falling below DLGSC standards
  - Re-assessed and reduced from medium to low residual risk due to adequate controls.
- SR17 - State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025
  - Re-assessed and reduced from high to medium residual risk due to adequate controls.

#### OFFICER RECOMMENDATION

**That the Audit and Risk Committee note and provide comment where appropriate on the City of Kwinana Organisational Risk Registers – Strategic Risks detailed in Attachment A.**

#### VOTING REQUIREMENT

Simple majority

#### DISCUSSION

While it is not feasible to eliminate all risk, it is possible to manage uncertainty and create an environment where the occurrence of unexpected events is minimised.

Effective management of risk creates value for the organisation and its community and contributes to the demonstrable achievement of objective whether in strategic or project-based initiatives or in normal operations.

The City's Audit and Risk Committee is a Committee of Council in accordance with the *Local Government Act 1995* (the Act) and is responsible for providing guidance, assistance, and oversight to the Council, in relation to matters which include risk management.

The City's Risk Management Strategy sets the following role and responsibilities for the Committee in relation to risk management:

- a) Ensuring the City has appropriate risk management and internal controls in place.
- b) Approving and reviewing risk management programmes and risk treatment options for extreme risks.
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council.
- d) Providing guidance and governance to support significant and/or high-profile elements of the risk management spectrum.
- e) Monitoring strategic risk management and the adequacy of internal controls established to manage the identified risks.
- f) Monitoring the City's internal control environment and reviewing the adequacy of policies, practices and procedures.
- g) Assessing the adequacy of risk reporting.
- h) Monitoring the internal risk audit function, including development of audit programs as well as monitoring of audit outcomes and the implementation of recommendations.
- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers.
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Organisational Risk Registers are provided to the Audit and Risk Committee on a quarterly basis for their review and as an opportunity to provide advice regarding risk management, as the City is focussed on creating a culture that is committed to openness and transparency and fulfilling its responsibilities in relation to risk management.

The City of Kwinana Risk Management Strategy (Strategy) establishes the following risk assessment criteria:

Measures of Likelihood			
Level	Rating	Description	Frequency
A	Almost Certain	80-100% probability that the event will occur in the time period being considered.	Likely to occur at least once in every 1 to 1 ¼ years.
B	Likely	50-79% probability that the event will occur in the time period being considered.	Likely to occur once every 1 ¼ years to 2 years.
C	Possible	25-49% probability that the event will occur in the time period being considered.	Likely to occur once every 2 years to every 4 years.
D	Unlikely	2-24% probability that the event will occur in the time period being considered.	Likely to occur once every 4 years to every 50 years.
E	Rare	0-2% probability that the event will occur in the time period being considered.	Not likely to occur more than once in 50 years.

The City's risk appetite/attitude for residual risk set out in the Strategy is as follows:

Impact Category	Level of residual risk the City is willing to retain			
	Low	Medium	High	Extreme
Environment		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The Organisational Risk Register shows all 11 active strategic risks recorded for the City. Of the 107 operational risks recorded for the City, those that are recorded with a residual rating of 'high' or 'extreme' are presented.

The following is a summary of all active risks within the City's risk portfolio:

Risks		Risks by Ratings (Residual)	
<b>Operational Risks</b>	110	<b>Extreme</b>	0
		<b>High</b>	0
		<b>Medium</b>	51
		<b>Low</b>	57
<b>Strategic</b>	12	<b>Extreme</b>	0
		<b>High</b>	2
		<b>Moderate</b>	5
		<b>Low</b>	4

## STRATEGIC IMPLICATIONS

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

Strategic Community Plan			
Outcome	Strategic Objective	Action in CBP (if applicable)	How does this proposal achieve the outcomes and strategic objectives?
5 – Visionary leadership dedicated to acting for its community	5.1 – Model accountable and ethical governance, strengthening trust with the community	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	City Officers report risk in an accountable and transparent manner.

## SOCIAL IMPLICATIONS

There are no social implications as a result of this proposal.

**LEGAL/POLICY IMPLICATIONS**

Regulation 17 of the Local Government (Audit) Regulations 1996 provides:

**17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) *risk management; and*
  - (b) *internal control; and*
  - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

**FINANCIAL/BUDGET IMPLICATIONS**

There are no financial implications that have been identified as a result of this report or recommendation.

**ASSET MANAGEMENT IMPLICATIONS**

No asset management implications have been identified as a result of this report or recommendation.

**ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS**

No environmental or public health implications have been identified as a result of this report or recommendation.

**COMMUNITY ENGAGEMENT**

There are no community engagement implications as a result of this report or recommendation.

**ATTACHMENTS****A. Attachment A - Strategic Risk Register - December 2023**



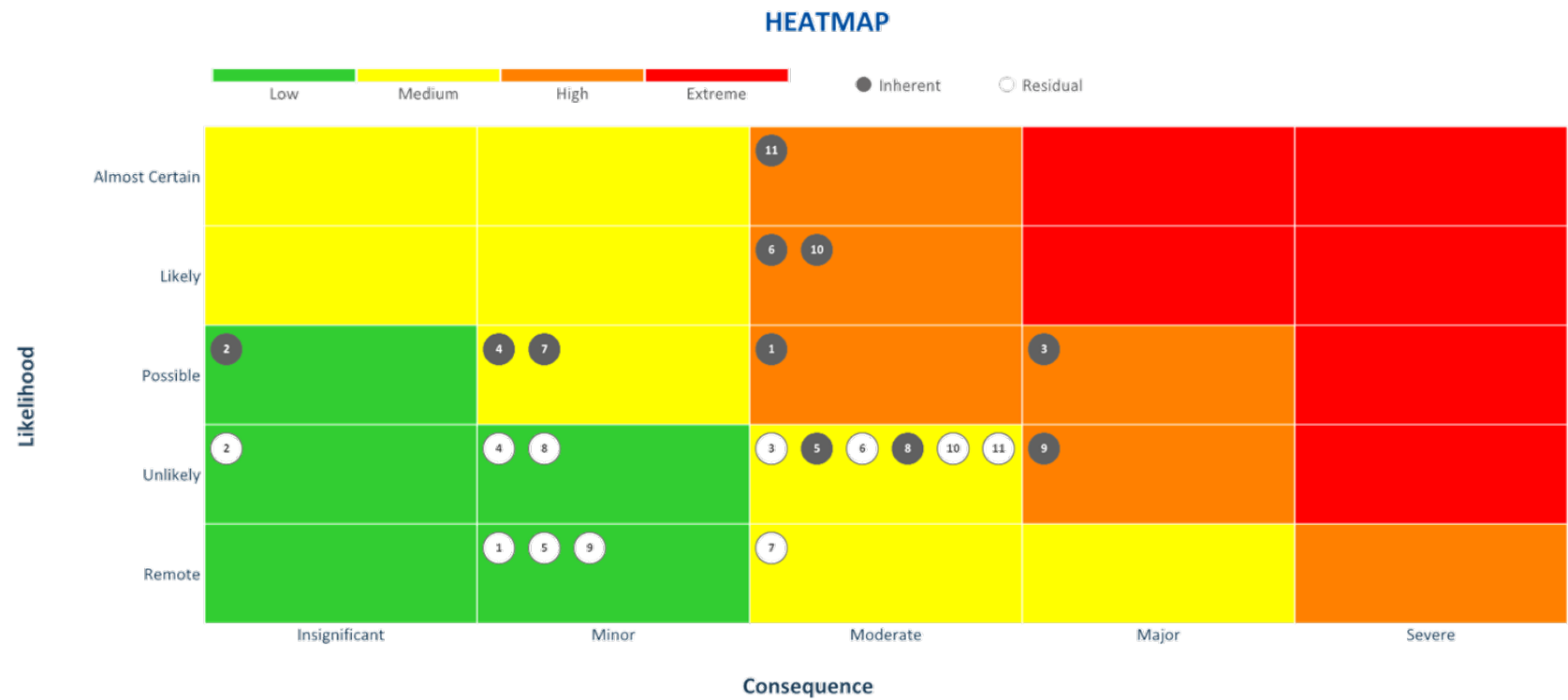


# Heatmap Report

City of Kwinana

**Camms.**

Print Date: 29-Nov-2023



## RISK SUMMARY

## Strategic Risk

No.	Risk Title	Inherent	Residual	Trend
1	SR2 - Financial ratios falling below DLGSC standards	High	Low	
	<b>Risk Review Comments:</b> Financial ratios are no longer required to be included in the AFS, however they will be monitored via the LTFP processes. This risk item has undergone a review, during which the associated review dates were reassessed and updated to align with our internal financial processes.			
2	SR3 - Strategic performance not being reported back to Council	Low	Low	
	<b>Risk Review Comments:</b> The risk item has been reviewed, amendments have been made including the addition of further controls and actions. These amendments reflect current processes and the future implementation of the required software.			
3	SR6 - Appropriate management of City assets	High	Medium	
	<b>Risk Review Comments:</b> Risk reviewed amended controls. Next review of Long Term Financial Plan will commence 2023, which will map out investments into asset management.			
4	SR12 - Ensuring compliance with Work Health and Safety (WHS) legislation and associated regulations	Medium	Low	
	<b>Risk Review Comments:</b> As of the 31 March 2023, the transition period for the new WHS legislation ended, the City undertook several projects to ensure the City is compliant with the new legislation. Updating and implementing amendments to the WHS framework to achieve the strategic outcomes of this framework. Whilst the City has assessed and reviewed its documentation and processes against the new WHS legislation and this has been implemented across the City, (now considered as business as usual), moving forward there is a requirement to ensure that workers are adhering to and applying these updates. Ensuring this compliance is on-going strategic risk that needs to be mitigated."			
5	SR16 - Integrated planning requirements in accordance with the relevant legislation	Medium	Low	
	<b>Risk Review Comments:</b> The risk item has been reviewed, amendments have been made including the addition of further controls and actions.			
6	SR17 - State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025	High	Medium	
	<b>Risk Review Comments:</b> Feasibility Assessment project completed with the Feasibility Assessment Report endorsed by Council at the 28 June Ordinary Council Meeting with recommendations adopted. Feasibility Assessment has been provided to the Department for comment.			
7	SR18 - Community Engagement Practices	Medium	Medium	
	<b>Risk Review Comments:</b> In the past 12 months, the City have increased the levels and frequency of engagement with the community. While there is some inherent risks associated with community engagement practices, it must be noted that the overall risk in the space if declined due to greater levels of transparency and a greater involvement from the community in decisions that impact their lives.			

## City of Kwinana

## Heatmap Report

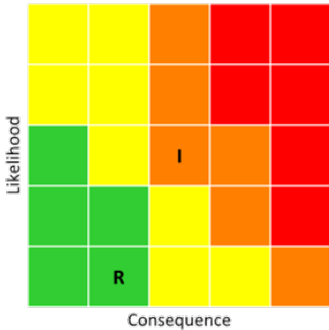
No.	Risk Title	Inherent	Residual	Trend
8	SR20 - Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required	Medium	Low	
	<b>Risk Review Comments:</b> Asset valued as per LG requirements or if FV have been impacted.			
9	SR23 - Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure	High	Low	
	<b>Risk Review Comments:</b> DCP Audit has been conducted, audit findings have been provided to the finance team. The new process with regards to minimising the use of multiple consultants has been developed and is currently being undertaken/tested with regards to engagement of external consultant.			
	Risk reviewed 14/09/2022. Implementing tender to cover all estimates required for infrastructure. Contract will require consultant to directly enter estimates into costing system to remove risk of typographical error.			
	24/05/2023 - Still current as of May 2023			
	20/04/2023. Rawlinsons Cost Management (RCM) consultant has been appointed on a 3 year contract plus the possibility of extension by a 1year plus 1 year. RCM undertook a full DCP infrastructure cost review for Public Open Space, Drainage and Road infrastructure and develop a cost data management software to ensure direct and automated electronic information sharing between engineering and finance and prevent manual and second hand data input.			
10	SR25 - Impact of impending reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate	High	Medium	
	<b>Risk Review Comments:</b> A review of the service model and asset management to determine the direction the City takes in the future in managing the Retirement Villages will commence in February 2024. The City is continuing to monitor the impending changes as well as advice received and the City has requested the Department of Mines, Industry Regulation and Safety include the City as part of their consultation process. . A bill containing the proposed amendments to the RV Act has yet to be prepared for introduction into Parliament.			
	The City has been progressing a consolidation process for Callistemon Court Aged Persons Units to streamline all current agreements into one agreement. Included in the new agreement is intended to be a clause acknowledging that the City is presently considering the long-term future of the site given impending legislative changes in this area proposed by State Government. An agreement has now been reached and the City is awaiting execution by the Department of Communities and the Department of Communities will relinquish agreements in 2025 and 2030.			
11	SR28 - Impact of mandated transition from Federal to State industrial relations (IR) system on 1 January 2023	High	Medium	
	<b>Risk Review Comments:</b> The City's HR team continue to monitor the information being presented and attend information sessions held. The City is currently on schedule to transition to the new requirement by the 31 December 2024.			

RISK OVERVIEW

Strategic Risk

SR2	Financial ratios falling below DLGSC standards		
Risk Categories: Financial, ICT, Assets/Infrastructure		Responsible Person: Chief Financial Officer	Last Reviewed Date: 02 Jun, 2023
			Next Review Date: 30 Jun, 2024

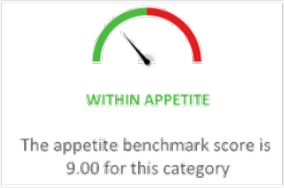
Individual Heatmap



- I Inherent Risk Assessment
- R Residual Risk Assessment

Effectiveness of control	
R	Substantially Effective

Risk Appetite



Causes

- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal.

Risk Review Comments: Financial ratios are no longer required to be included in the AFS, however they will be monitored via the LTFP processes. This risk item has undergone a review, during which the associated review dates were reassessed and updated to align with our internal financial processes.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
2022-2041 Long Term Financial Plan	Chief Financial Officer	Substantially Effective	30 Jun, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Ensure that future budgets and LTFPs continue to increase asset renewal expenditure to bring the asset sustainability ratio to an acceptable level.	Chief Financial Officer	In Progress	30	30 Jun, 2024
Investigate options to create a report in OneCouncil to provide current ratio status at quarterly intervals.	Chief Financial Officer	Not Started	0	30 Jun, 2024

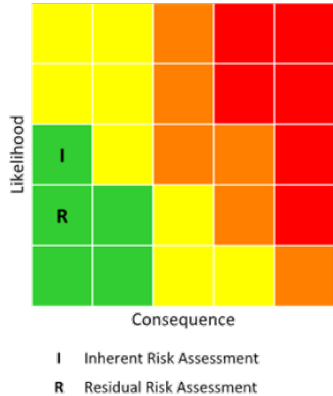


City of Kwinana

Heatmap Report

SR3 Strategic performance not being reported back to Council			
Risk Categories: Legislative Compliance, Service Delivery	Responsible Person: Integrated Planning and Special Projects Officer	Last Reviewed Date: 16 Nov, 2023	Next Review Date: 16 Aug, 2024

Individual Heatmap



Effectiveness of control	
R	Fully Effective

Risk Appetite



Causes

- Failure to set up performance reporting processes

Risk Review Comments: The risk item has been reviewed, amendments have been made including the addition of further controls and actions. These amendments reflect current processes and the future implementation of the required software.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Quarterly Reports Presented to Council	Integrated Planning and Special Projects Officer	Substantially Effective	16 Jan, 2024
Attain Compliance Calendar	Governance and Risk Officer	Substantially Effective	29 Feb, 2024
Reporting software	Integrated Planning and Special Projects Officer	Substantially Effective	16 Jan, 2024
Corporate Business Plan Actions - Quarterly Performance Tracking Sheet	Integrated Planning and Special Projects Officer	Substantially Effective	16 Jan, 2024

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Implementation of OneCouncil - Intergrated Planning Module.	Integrated Planning and Special Projects Officer	Not Started	0	30 Jun, 2024
Report quarterly to Ordinary Council Meetings	Integrated Planning and Special Projects Officer	In Progress	75	30 Jun, 2024

City of Kwinana

Heatmap Report

SR6

Appropriate management of City assets

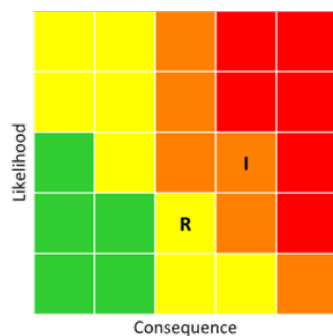
Risk Categories: ICT, Assets/Infrastructure, Financial, Service Delivery

Responsible Person: Director City Infrastructure

Last Reviewed Date: 16 Nov, 2023

Next Review Date: 16 Nov, 2024

Individual Heatmap

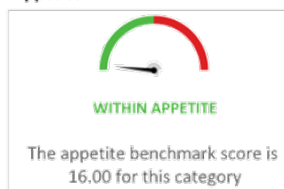


I Inherent Risk Assessment  
R Residual Risk Assessment

Effectiveness of control

R Partially Effective

Risk Appetite



Causes

- City infrastructure failure
- failure to fund asset renewal obligations and asset maintenance requirements over the long term
- Inadequate asset data
- Inadequate asset sustainability practices

Consequences

- Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated life-cycle from procurement to maintenance and ultimate disposal. It does not include issues with the inappropriate use of the plant, equipment or machinery.
- Failure to fulfill statutory regulations or compliance requirements
- Financial burden of extended project implementation
- Poor financial reporting and investment to address the City's commitment to asset management

Risk Review Comments: Risk reviewed amended controls. Next review of Long Term Financial Plan will commence 2023, which will map out investments into asset management.

Risk Treatment: Avoid

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Advocate to maintain asset financial ratios in the annual report and the My Council Website	Director City Infrastructure	Partially Effective	31 Mar, 2024
Provide updated financial data for asset valuation and financial ratios	Manager Asset Management Services	Partially Effective	31 Aug, 2023
Asset Management Plans	Manager Asset Management Services	Partially Effective	23 May, 2025
Prioritisation of asset management and accurate planning of works.	Manager Asset Management Services	Substantially Effective	30 Nov, 2025

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Asset Management Plans	Manager Asset Management Services	Completed	100	30 Nov, 2024
Petition IPWEA to advocate to retain financial ratios in the annual report and MY Council website	Director City Infrastructure	Completed	100	23 Jan, 2023
Provide asset financial data	Manager Asset Management Services	Completed	100	31 Aug, 2023
Review systems associated with prioritisation of asset management and accurate planning of works	Manager Asset Management Services	Completed	100	30 Nov, 2023

29-Nov-2023

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Page 7 of 19

## City of Kwinana

## Heatmap Report

**SR12 Ensuring compliance with Work Health and Safety (WHS) legislation and associated regulations**

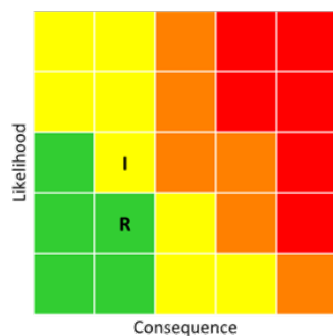
Risk Categories: Legislative Compliance

Responsible Person: Manager Human Resources

Last Reviewed Date: 02 Mar, 2023

Next Review Date: 01 Jun, 2025

## Individual Heatmap

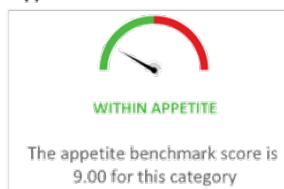


I Inherent Risk Assessment  
R Residual Risk Assessment

## Effectiveness of control

R Substantially Effective

## Risk Appetite



## Causes

- Changes to legislative requirements by State Government
- Departments/teams are not adhering to the WHS documentation and processes.
- Departments/teams not updating their risk assessments to align with WHS documentation.

Risk Review Comments: As of the 31 March 2023, the transition period for the new WHS legislation ended, the City undertook several projects to ensure the City is compliant with the new legislation. Updating and implementing amendments to the WHS framework to achieve the strategic outcomes of this framework.

Whilst the City has assessed and reviewed its documentation and processes against the new WHS legislation and this has been implemented across the City, (now considered as business as usual), moving forward there is a requirement to ensure that workers are adhering to and applying these updates. Ensuring this compliance is on-going strategic risk that needs to be mitigated."

## Consequences

- Financial loss to the City
- Negative reputation from bad publicity
- New legislative obligations imposed on the City
- Non-compliance to WHS legislation

## Risk Treatment: Treat

## Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Work Health and Safety (WHS) Regulations and advice from WALGA/LGIS.	Manager Human Resources	Substantially Effective	31 Mar, 2024
LGIS/WorkSafe Audit	Manager Human Resources	Substantially Effective	31 Mar, 2024
WHS Framework	Manager Human Resources	Substantially Effective	01 Mar, 2024
WHS Committee	Manager Human Resources	Substantially Effective	01 Jul, 2025
Hazards Guidelines	Manager Human Resources	Partially Effective	01 Apr, 2024
City of Kwinana Safety and Wellbeing Strategy 2022-2024	Manager Human Resources	Substantially Effective	31 Mar, 2023

## Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Continue to deliver training for key staff (including induction, where appropriate)	Manager Human Resources	In Progress	70	31 Mar, 2024
Implement actions identified in GAP analysis.	Manager Human Resources	Completed	100	31 Mar, 2023
Implement actions out of the City of Kwinana Safety and Wellbeing Strategy 2022-2024.	Manager Human Resources	In Progress	40	31 Mar, 2024
Implement new Strategic Work Health and Safety Committee	Manager Human Resources	Completed	100	19 Apr, 2023

29-Nov-2023

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Page 8 of 19

City of Kwinana

Heatmap Report

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Monitor implementation of Regulations and WALGA advice	Manager Human Resources	Completed	100	03 Nov, 2022
Undertake the roll out of new WHS documentation to all teams within the City, advising them of the changes and their requirements	Manager Human Resources	Not Started	0	31 Mar, 2024

City of Kwinana

Heatmap Report

**SR16 Integrated planning requirements in accordance with the relevant legislation**

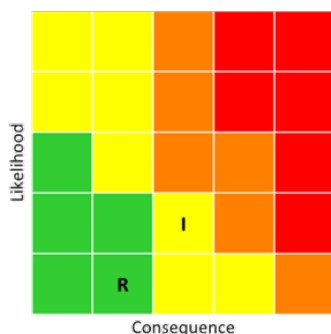
**Risk Categories:** Legislative Compliance

**Responsible Person:** Integrated Planning and Special Projects Officer

**Last Reviewed Date:** 16 Nov, 2023

**Next Review Date:** 16 May, 2024

**Individual Heatmap**



I Inherent Risk Assessment  
R Residual Risk Assessment

**Effectiveness of control**

R Fully Effective

**Risk Appetite**



**Causes**

- Failure to fulfill statutory regulations or compliance requirements

**Consequences**

- Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal and public domain) to reflect changes. This does not include Occupational Safety and Health Act (refer ""Inadequate safety and security practices""") or any Employment Practices based legislation (refer ""Ineffective Employment practices""). It does include legislative based obligations for Local Government, such as the Local Government Act 1995.

**Risk Review Comments:** The risk item has been reviewed, amendments have been made including the addition of further controls and actions.

**Risk Treatment:** Treat

**Residual Controls**

Control Title	Control Owner	Control Effectiveness	Next Review Date
Attain Compliance Calendar	Governance and Risk Officer	Substantially Effective	29 Feb, 2024
Integrated Planning and Special Projects Officer	Integrated Planning and Special Projects Officer	Substantially Effective	16 Jan, 2024

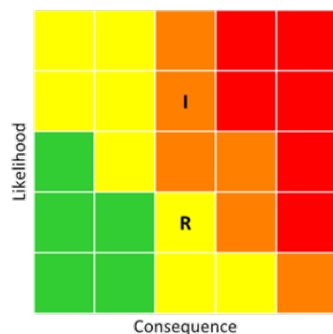
**Residual Solutions**

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Monitor actions within Attain and complete the required tasks.	Integrated Planning and Special Projects Officer	In Progress	50	29 Feb, 2024
The appointment of an Integrated Planning Officer to oversee the review and improvement of all integrated planning documents.	Integrated Planning and Special Projects Officer	Completed	100	17 May, 2021



## City of Kwinana

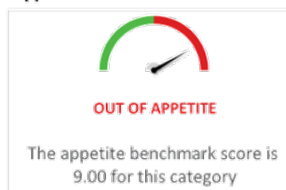
## Heatmap Report

**SR17****State Government Waste Avoidance and Resource Recovery Strategy 2030 requirement for 3-bin FOGO waste systems to be implemented across Perth and Peel by 2025****Risk Categories:** Legislative Compliance, Environmental, Financial, Reputation/Image**Responsible Person:** Manager Environment and Health Services**Last Reviewed Date:** 28 Nov, 2023**Next Review Date:** 19 Jul, 2025**Individual Heatmap**

I Inherent Risk Assessment  
R Residual Risk Assessment

**Effectiveness of control**

R Partially Effective

**Risk Appetite****Causes**

- Change to the City's legislative obligations by State Government

**Consequences**

- Financial implication estimated at approx \$1-2m to initially implement the 3-bin system and annual waste management costs will be increased.
- Non-compliance with State Government direction
- Reputation to State Government, other Local Governments and the public may be diminished.

**Risk Review Comments:** Feasibility Assessment project completed with the Feasibility Assessment Report endorsed by Council at the 28 June Ordinary Council Meeting with recommendations adopted. Feasibility Assessment has been provided to the Department for comment.

**Risk Treatment:** Accept**Residual Controls**

Control Title	Control Owner	Control Effectiveness	Next Review Date
Feasibility assessment of implementing a 3-bin system.	Manager Environment and Health Services	Partially Effective	30 Jun, 2024
City of Kwinana Waste Plan 2021-25	Manager Environment and Health Services	Substantially Effective	01 Jan, 2025

**Residual Solutions**

Risk Action Title	Responsible Officer	Action Status	% Complete	End Date
Assess initial viability of 3-bin system with Energy from Waste supply contract	Manager Environment and Health Services	Completed	100	16 Apr, 2021
Commit to feasibility assessment through adoption of City of Kwinana Waste Plan 2021-25	Manager Environment and Health Services	Completed	100	10 Mar, 2021
Participate in FOGO (Market) Feasibility for Perth and Peel Regions coordinated through Rivers Regional Council	Manager Environment and Health Services	Completed	100	31 Dec, 2022
Scope, procure and undertake City of Kwinana 3-bin feasibility assessment to determine optimal future delivery option	Manager Environment and Health Services	Completed	100	30 Jun, 2023

City of Kwinana

Heatmap Report

**SR18** Community Engagement Practices

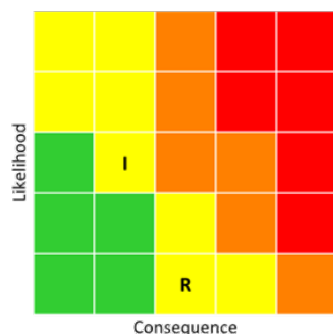
**Risk Categories:** Reputation/Image, Financial, Legislative Compliance, Service Delivery

**Responsible Person:** Coordinator Engagement and Place

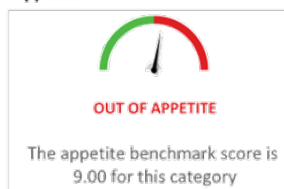
**Last Reviewed Date:** 02 Jun, 2023

**Next Review Date:** 01 Aug, 2024

Individual Heatmap



Risk Appetite



Causes

- Failure to maintain effective working relationships with the community and stakeholders, including media, businesses, agencies, organisations, community groups, government officials and/or Elected Members, due to ineffective communication, relationship management, partnering, consultation and other engagement practices.

**Risk Review Comments:** In the past 12 months, the City have increased the levels and frequency of engagement with the community. While there is some inherent risks associated with community engagement practices, it must be noted that the overall risk in the space if declined due to greater levels of transparency and a greater involvement from the community in decisions that impact their lives.

**Risk Treatment:** Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Love My Kwinana (Online Engagement Platform)	Coordinator Engagement and Place	N/A	01 Aug, 2024
Engagement Framework	Manager Community Engagement	Substantially Effective	31 Jul, 2024
Training and Certification	Manager Community Engagement	Substantially Effective	31 Aug, 2024
Engagement Policy	Manager Community Engagement	Partially Effective	31 Aug, 2023
Council Reports and Project Planning Process	Manager Community Engagement	Substantially Effective	04 May, 2024
Cross-functional championing team	Manager Community Engagement	Substantially Effective	01 Jul, 2024
City Advisory Groups	Manager Community Engagement	Substantially Effective	01 Aug, 2024

Residual Solutions

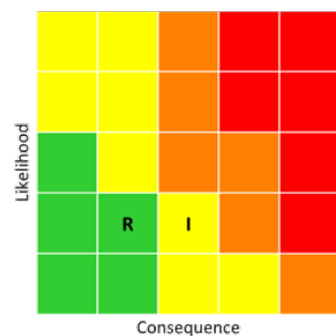
Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Establish a campaign for staff encouraging use and update engagement platform, Love My Love Kwinana.	Manager Community Engagement	Completed	100	01 Jun, 2024
Establish staff awareness campaign in relation to the new Engagement Policy.	Coordinator Engagement and Place	Completed	100	31 Oct, 2023
Implement the City's Engagement Policy, establishing the principles for engagement between the City, stakeholders and the wider community.	Coordinator Engagement and Place	Completed	100	30 Nov, 2023

City of Kwinana

Heatmap Report

<b>SR20</b>	<b>Under insuring assets resulting in insufficient insurance proceeds to fund projects if replacement required</b>		
Risk Categories: Financial, ICT, Assets/Infrastructure	Responsible Person: Chief Financial Officer	Last Reviewed Date: 02 Jun, 2023	Next Review Date: 18 Jul, 2024

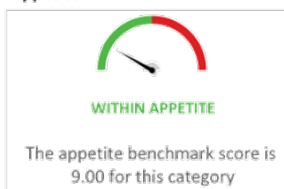
Individual Heatmap



- I Inherent Risk Assessment
- R Residual Risk Assessment

Effectiveness of control	
R	Substantially Effective

Risk Appetite



Causes

- Inaccurate asset valuations
- replacement costs

Risk Review Comments: Asset valued as per LG requirements or if FV have been impacted.

Consequences

- Insufficient insurance proceeds to fund project if replacement required

**Risk Treatment:** Avoid

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
For each department across the City, cross check current asset list against assets insured	Chief Financial Officer	Substantially Effective	01 Dec, 2023
Revaluation of assets	Chief Financial Officer	Substantially Effective	30 Jun, 2025

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Complete annual LGIS questionnaire, including checking with each department that all assets are adequately insured	Finance Officer	Completed	100	31 Mar, 2022

## City of Kwinana

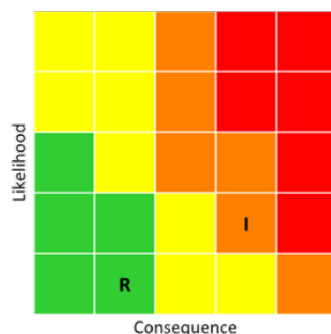
## Heatmap Report

**SR23****Financial loss arising from inaccurate assessment of DCP infrastructure cost estimates resulting in inability to deliver required infrastructure**Risk Categories: Financial, Reputation/Image,  
Service Delivery

Responsible Person: Manager Engineering Services

Last Reviewed Date: 16 Nov,  
2023Next Review Date: 16 Nov,  
2024

## Individual Heatmap

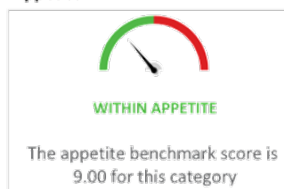


I Inherent Risk Assessment  
R Residual Risk Assessment

## Effectiveness of control

R Substantially Effective

## Risk Appetite



## Causes

- Appointment of separate consultants for annual review of DCP calculations for landscaping for public open space, road drainage and road infrastructure resulted in incorrect infrastructure cost calculation figures not being identified.
- Inaccurate assessment of costs. Lack of adequate information to guide DCP's infrastructure cost calculation and Cost Apportionment Schedule.

**Risk Review Comments:** DCP Audit has been conducted, audit findings have been provided to the finance team. The new process with regards to minimising the use of multiple consultants has been developed and is currently being undertaken/tested with regards to engagement of external consultant.

Risk reviewed 14/09/2022. Implementing tender to cover all estimates required for infrastructure. Contract will require consultant to directly enter estimates into costing system to remove risk of typographical error.

24/05/2023 - Still current as of May 2023

20/04/2023. Rawlinsons Cost Management (RCM) consultant has been appointed on a 3 year contract plus the possibility of extension by a 1year plus 1 year. RCM undertook a full DCP infrastructure cost review for Public Open Space, Drainage and Road infrastructure and develop a cost data management software to ensure direct and automated electronic information sharing between engineering and finance and prevent manual and second hand data input.

**Risk Treatment:** Avoid

## Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
Developer Contributions Payment Audit	Chief Financial Officer	Substantially Effective	08 May, 2024
Minimise use of multiple external consultants where possible	Manager Engineering Services	Substantially Effective	08 Nov, 2025

## Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Develop and implement processes to minimise use of multiple external consultants where possible.	Manager Engineering Services	Completed	100	21 Oct, 2022
Estimate of works costs to cover all works with a single consultant, and enter data directly into costing system.	Manager Engineering Services	Completed	100	31 Dec, 2022
Rawlinsons Cost Management has been appointed as sole quantity surveyor constant to manage the DCP infrastructure cost review, and apportionment schedule for (1) public Open Space, (2) Drainage and (3) Road infrastructure. The appointment is for 3 years plus the possibility of extension on 1 year + 1 year basis	Manager Engineering Services	Completed	100	19 Apr, 2024

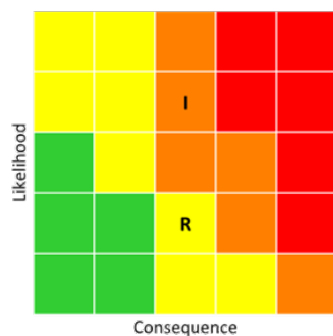
29-Nov-2023

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Page 15 of 19

## City of Kwinana

## Heatmap Report

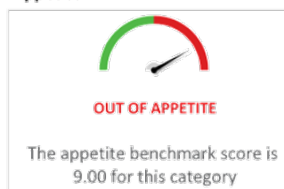
**SR25****Impact of impending reform to the Retirement Villages Act 1992 on the City's ability to operate Banksia Park Retirement Estate****Risk Categories:** Legislative Compliance, Financial, Reputation/Image**Responsible Person:** Manager Community Facilities**Last Reviewed Date:** 29 Nov, 2023**Next Review Date:** 30 Jul, 2025**Individual Heatmap**

I Inherent Risk Assessment

R Residual Risk Assessment

**Effectiveness of control**

R Substantially Effective

**Risk Appetite****Causes**

- Changes to legislation

**Consequences**

- Banksia Park being potentially financially non-viable to the City
- Non-compliance with legislation

**Risk Review Comments:** A review of the service model and asset management to determine the direction the City takes in the future in managing the Retirement Villages will commence in February 2024. The City is continuing to monitor the impending changes as well as advice received and the City has requested the Department of Mines, Industry Regulation and Safety include the City as part of their consultation process. A bill containing the proposed amendments to the RV Act has yet to be prepared for introduction into Parliament.

The City has been progressing a consolidation process for Callistemon Court Aged Persons Units to streamline all current agreements into one agreement. Included in the new agreement is intended to be a clause acknowledging that the City is presently considering the long-term future of the site given impending legislative changes in this area proposed by State Government. An agreement has now been reached and the City is awaiting execution by the Department of Communities and the Department of Communities will relinquish agreements in 2025 and 2030.

**Risk Treatment:** Avoid**Residual Controls**

Control Title	Control Owner	Control Effectiveness	Next Review Date
Monitor impending changes to the Retirement Villages Act 1997 (WA), including reviewing the adequacy of existing City resources to meet additional legislative obligations imposed as well as assessing associated risks.	Manager Community Facilities	Substantially Effective	30 Mar, 2024

**Residual Solutions**

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Monitor and progress to review of the 'Decision Regulatory Impact Statement' (DRIS) recommending amendments to the Retirement Villages Act 1997 to determine appropriate City response.	Manager Community Facilities	In Progress	10	30 Apr, 2024
Review impact of the new DRIS amendments to determine the appropriate City response.	Manager Community Facilities	Completed	100	31 Aug, 2023



City of Kwinana

Heatmap Report

**SR28** Impact of mandated transition from Federal to State industrial relations (IR) system on 1 January 2023

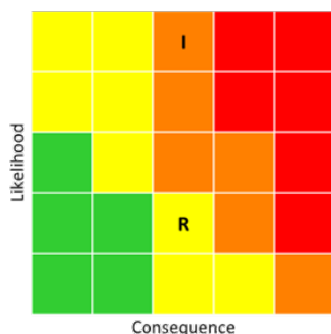
Risk Categories: Financial, Legislative Compliance, Reputation/Image

Responsible Person: Manager Human Resources

Last Reviewed Date: 25 May, 2023

Next Review Date: 31 Dec, 2024

Individual Heatmap

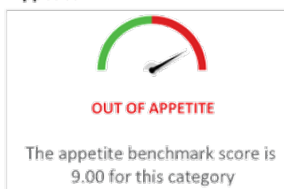


I Inherent Risk Assessment  
R Residual Risk Assessment

Effectiveness of control

R Partially Effective

Risk Appetite



Causes

- Changes to legislation

Consequences

- Financial loss to the City
- Loss of workforce
- Negative reputation from bad publicity
- Non-compliance with legislation

Risk Review Comments: The City's HR team continue to monitor the information being presented and attend information sessions held. The City is currently on schedule to transition to the new requirement by the 31 December 2024.

Risk Treatment: Treat

Residual Controls

Control Title	Control Owner	Control Effectiveness	Next Review Date
HR Strategic Project Officer	Manager Human Resources	Fully Effective	31 Dec, 2024
Ensuring the City's compliance with amendments to Industrial Relations Act 1979 and Minimum Conditions of Employment Act 1993.	Manager Human Resources	N/A	06 Jun, 2023

Residual Solutions

Risk Action Title	Responsible Officer	Action Status	% Completed	End Date
Consultation to take place with workforce regarding transition	Manager Human Resources	Completed	100	06 May, 2023
HR Strategic Project Officer	Manager Human Resources	Completed	100	07 Feb, 2023
HR Strategic Project Officer to undertake review of all relevant City policies and procedures.	Manager Human Resources	In Progress	90	06 May, 2023
Submit an application for the HR Strategic Project Officer to sit on WALGA State industrial relations working group	Manager Human Resources	In Progress	90	01 Aug, 2023

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## **10.4 WORK HEALTH AND SAFETY (WHS) STATISTICAL REPORT - 4 DECEMBER 2023**

### **SUMMARY**

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers, and visitors. This commitment extends to ensuring the City's operations do not place the community at risk of injury, illness, or property damage. It is usual practice to provide a report detailing statistical data at each Audit and Risk Committee meeting. The data in the MyOSH system includes standard graphical representations, and City officers are currently refining the data to produce meaningful information. The report is enclosed as Attachment A. There have been no notable incidents reported during this period.

In addition, City officers have identified and informed the Executive management of pending significant amendments to health and safety legislation that will require transition and alignment to the City's Health and Safety Framework. This body of work is currently being progressed.

### **OFFICER RECOMMENDATION**

**That the Audit and Risk Committee note the City of Kwinana Statistical data report detailed in Attachment A.**

### **VOTING REQUIREMENT**

Simple majority

### **DISCUSSION**

#### Summary of Statistical Data and OSH System Update:

A summary of the incidents recorded over the quarter from 01 September 2023 to 17 November 2023 is as follows. A total of thirteen incidents have been recorded during the nearly three-month period. Ten from the City Life directorate, three from the City Infrastructure directorate and none reported from both the City Development and Sustainability directorate and Office of the CEO. Seven incidents were recorded as injuries, three incidents were recorded as a near miss and three incidents were classified as report only - Inappropriate Behaviour/Violence and Abuse involving members of the public. It should be noted that the report only incidents were assessed and two of employee interaction with the member of the public did not require further actions to be implemented. One of the reports only - Inappropriate Behaviour/Violence and Abuse reports resulted in a banning notice being issued to the member of the public.

Further categorization of the thirteen incidents determined that the event severity of the actual incident category, that is prior to any identified mitigating actions were as follows, six being identified as a medium rating and seven as a low rating. The statistical graphs are included in Attachment A. Note that the City is still working on further refining these graphs for reporting purposes.

New Work Health and Safety (WHS) Associated Legislation:

One of the pending amendments to legislation is the modernisation of WA's Workers Compensation Laws (which sits under the authority of WorkCover WA). The body of work to modernise the applicable laws has been progressing over the past couple of years. On the 24 October 2023, the *Workers Compensation and Injury Management Act 2023* (Act) was assented to the Governor. A target date for commencement has been set at 1 July 2024. However, there is still a requirement to undertake another large body of work, that is, to develop, publish, communicate, and adopt/embed into WorkCover WA and stakeholders' systems of new regulations, administrative instruments and supporting frameworks. At this point the City awaits the outcomes of this work before alignment can commence.

The release of the Australian Human Rights Commission's guidance on the new positive duty requirements under section 47C of the *Sex Discrimination Act 1984* (Cth) will come into effect on 12 December 2023. Under these guidelines, the Australian Human Rights Commission will have powers to enforce compliance with regard to positive duty. The positive duty requires employers and PCBUs to take reasonable and proportionate measures to eliminate, as far as possible, sexual harassment, sex-based harassment, sex discrimination, conduct creating a workplace environment that is hostile on the ground of sex, and related acts of victimisation. City officers are currently developing an effective prevention and response framework which incorporates the seven domains of the standards. These being Leadership, Culture, Knowledge, Risk management, Support, Reporting and response, and Monitoring, evaluation, and transparency.

Safe Work Australia has released a guide for preventing psychological injury in the workplace under Work Health and Safety Laws. City officers are currently working with the City's Employee Assistance Program (EAP) providers to implement the identified actions from the guide to manage the risks associated with psychological hazards. The guide is designed to ensure that the responsibilities and accountabilities of WHS duties in relation to psychological hazards are so far as is reasonably practicable addressed.

**STRATEGIC IMPLICATIONS**

There are no strategic implications as a result of this proposal.

**SOCIAL IMPLICATIONS**

There are no social implications as a result of this proposal.

**LEGAL/POLICY IMPLICATIONS**

*Regulation 17 of the Local Government (Audit) Regulations 1996 provides:*

17. CEO to review certain systems and procedures
- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
    - (a) risk management; and
    - (b) internal control; and
    - (c) legislative compliance.
  - (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
  - (3) The CEO is to report to the audit committee the results of that review.

**FINANCIAL/BUDGET IMPLICATIONS**

There are no financial implications that have been identified as a result of this report or recommendation.

**ASSET MANAGEMENT IMPLICATIONS**

No asset management implications have been identified as a result of this report or recommendation.

**ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS**

No environmental or public health implications have been identified as a result of this report or recommendation.

**COMMUNITY ENGAGEMENT**

There are no community engagement implications as a result of this report or recommendation.

**ATTACHMENTS**

- A. Attachment A: WHS Statistical Data Report - Audit and Risk Committee - 1 September 2023 to 17 November 2023





# Work Health and Safety

ATTACHMENT A

## Audit & Risk Committee Statistical Report

1 September 2023 – 17 November 2023



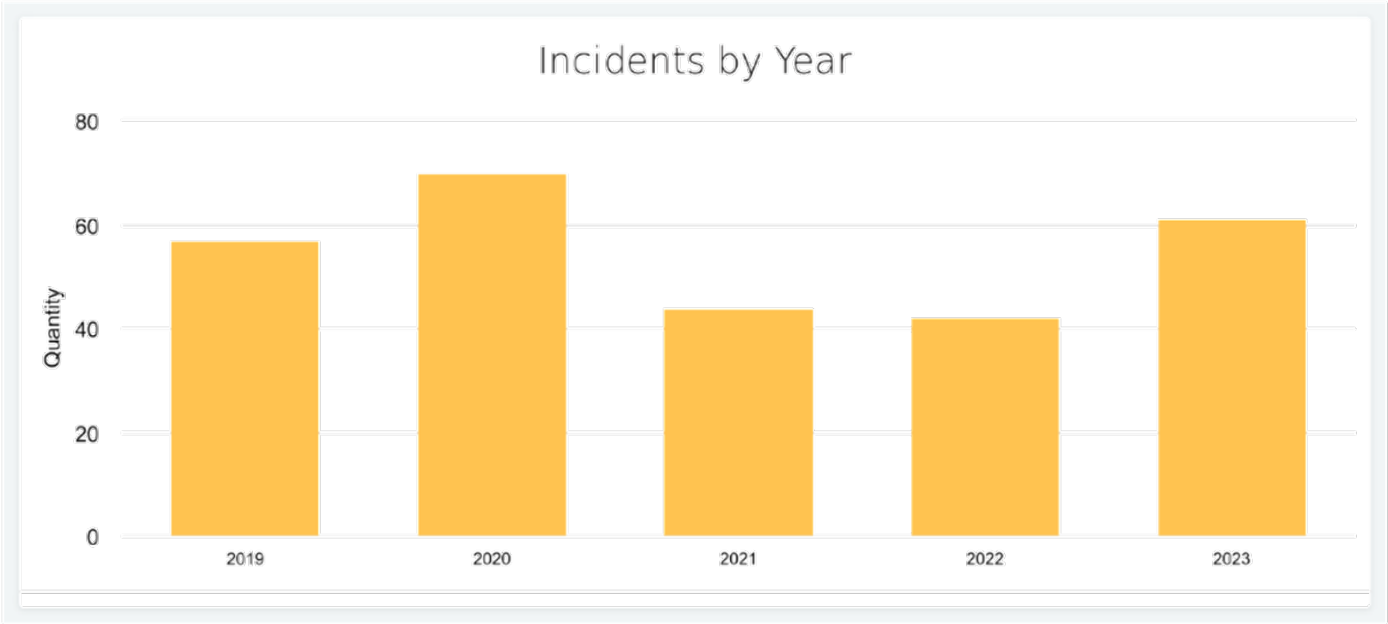
Safety Statistics Report



# Incident Data by Year



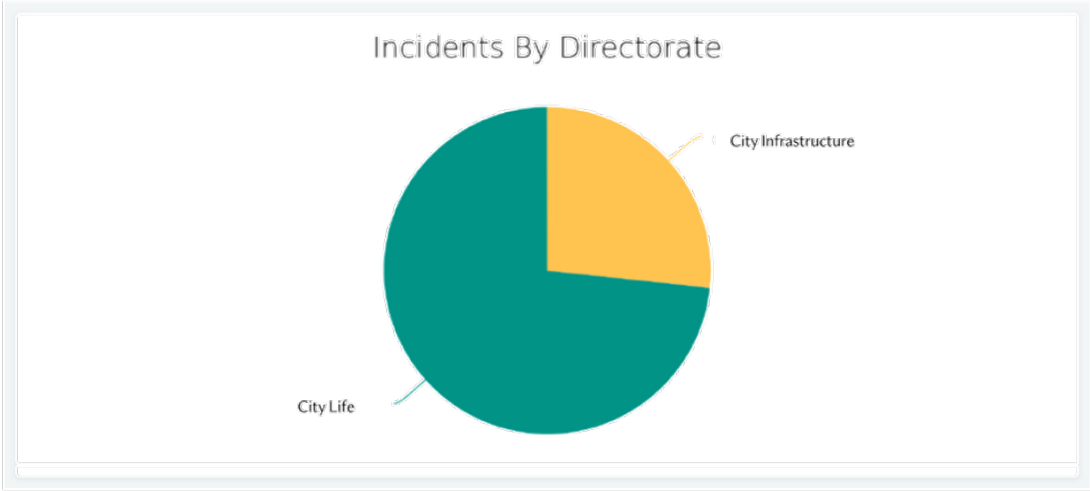
01/09/2023 - 16/11/2023



# Incidents: 1 Sep 2023 – 17 Nov 2023



01/09/2023 - 16/11/2023



City Development & Sustainability  
0/13



City Life  
10/13



City Infrastructure  
3/13



Office of the CEO  
0/13

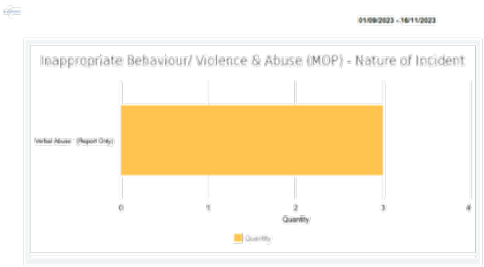
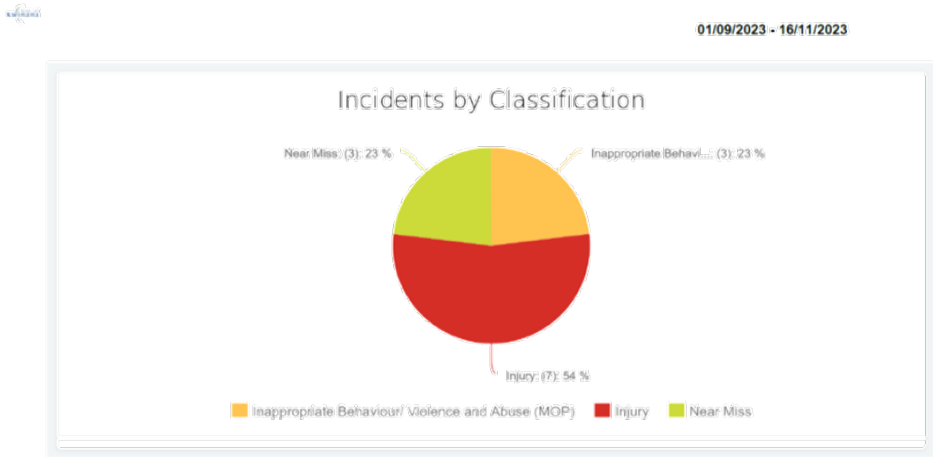
Safety Statistics Report

Page 3 of 5





# Incidents: 1 Sep 2023 – 17 Nov 2023



Incidents by clasification can include:

- Inappropriate Behavior/ Violence & Abuse (MOP)
- Injury
- Near Miss
- Environment
- Equipment
- Community Complaint
- Vehicle
- Security
- Other

The 3 incidents listed as "Inappropriate Behavior/ Violence & Abuse (MOP)" are Verbal Abuse Report Only



# Injuries: 1 Sep 2023 – 17 Nov 2023



## Total Injuries = 7

Out of 13 incidents reported in the Sep - Nov 2023, 7 were reported as Injuries.

Injuries by clasification can include:

- Report Only
- First Aid Injury
- Medical Treatment Injury
- Restricted Work Injury
- Lost Time Injury





## **10.5 UPDATE ON ONECOUNCIL PROJECT**

### **SUMMARY**

Phase two of the OneCouncil implementation project is currently underway, with the first of the 'mini go-lives' successfully completed. The second phase implementation project is currently ahead of schedule and under budget. As part of the phase two roll out, the City's website has been updated to allow residents to directly enter requests and feedback into the OneCouncil system. In addition to an enhanced service to the community through the website access to the system, the project will also result in new coding to the website homepage providing an obvious and useful link to the request system and the City's engagement platform, Love My Kwinana.

The Project Team is currently progressing the design of the compliance/approval modules, and reviewing the readiness of the Rates module.

It is recommended that the Audit and Risk Committee note the OneCouncil update.

### **OFFICER RECOMMENDATION**

**That the Audit and Risk Committee note the project update and provide any feedback.**

### **VOTING REQUIREMENT**

Simple majority

### **DISCUSSION**

The implementation of a new corporate business system is a significant organisational project, that carries a number of risks. In particular, once the new system is turned on, it needs to work, and the users of the new system need to be able to make it work. Due to the complexity of the system, there is also the risks associated with the implementation itself, including estimating the implementation cost, providing the skilled resources to deliver the project, and estimating the delivery timeframe.

In the previous report, it was noted that the first of the 'mini go lives' has occurred. These modules have now been in use for a number of months with little issue. After working through the change process, the relevant teams have embraced the new product, and in the case of the Rangers, the team is looking at opportunities to simplify the configuration to enhance usability and to gain efficiency.

The next modules to be progressed in phase two are enforcement and infringements, including development approvals. The relevant teams are currently training on the donor configuration. This approach allows the team to look at how the problems have been solved, rather than starting with designing the process which is inevitably based on replicating the current process. It is also considered that this approach creates a mini-culture where the team look to how to make the system do the work, rather than look to retain existing 'out-of-system' processes, such as spreadsheets.

As part of progressing the project, the team has reviewed the readiness of the Rates module. Committee members/Councillors may be aware that the original project commencement was delayed through the Rates module not being ready. At the date of writing this report, there are still no Councils with the module live, with a number of outstanding fixes required. However, feedback from both TechnologyOne and customers progressing this module is that the fixes are programmed, and it is expected that the major known issues will be resolved by March 2024. At this stage, it is expected that the first Western Australian local government will go live with the Rates module in December 2023, with the second expected to go live following the March 2024 finalisation of the major fix.

The City's review of the module has determined that it is 90% fit for purpose, and superior to the City's current software. The last 10% not fit-for-purpose are the problems that will ultimately need to be fixed, with many of the outstanding issues being able to be worked around and not preventing go live. The non-negotiable bugs are:

- Prior Year Adjustments – where a rate code is removed between financial years, the system incorrectly calculates interim rates where a subject property falls within a discontinued rates code in the previous financial year. This will not necessarily prevent the module going live, but will prevent any rating category rationalisation until the module is fixed. The City is not aware of another Council identifying this bug, so there is not currently a fix in development.
- Calculation of Pre-interest – The system calculates interest based on the whole of the rates bill for the year, rather than the outstanding balance, resulting in too much interest being charged. This bug affects a large number of properties so cannot easily be worked around. It is considered the module cannot go live until this bug is fixed. The City's advice is that this bug will be corrected in March 2024.

The City is working towards a go live of May 2024 for the Rates module, based on an understanding that the key bug will be fixed by this date. If TechnologyOne are unsuccessful in addressing the deficiency by the decision date, go live will need to be delayed until at least August 2024, to ensure there is no risk to the rate strike.

To address this risk, the City of Kwinana CEO has written a letter to the CEO of TechnologyOne to confirm the list of bugs that ultimately need to be addressed, and to reinforce the importance of the key bug being fixed by March 2024. This letter also notes the need for TechnologyOne to urgently investigate the City's other key bug, as no work around has been identified if this situation occurs.

**STRATEGIC IMPLICATIONS**

This proposal will support the achievement of the following outcome/s and objective/s detailed in the Strategic Community Plan and Corporate Business Plan.

<b>Strategic Community Plan</b>			
<b>Outcome</b>	<b>Strategic Objective</b>	<b>Action in CBP (if applicable)</b>	<b>How does this proposal achieve the outcomes and strategic objectives?</b>
5 – Visionary leadership dedicated to acting for its community	5.3 – Provide a high standard of customer service with the community as priority	N/A – There is no specific action in the CBP, yet this report will help achieve the indicated outcomes and strategic objectives	Provides enhanced oversight of the business and drives continuous improvement. The system can provide increased self-service opportunities and tracking of applications. The system will generate automatic responses to inform customers of progress of requests or applications.

**SOCIAL IMPLICATIONS**

There are no social implications as a result of this proposal.

**LEGAL/POLICY IMPLICATIONS**

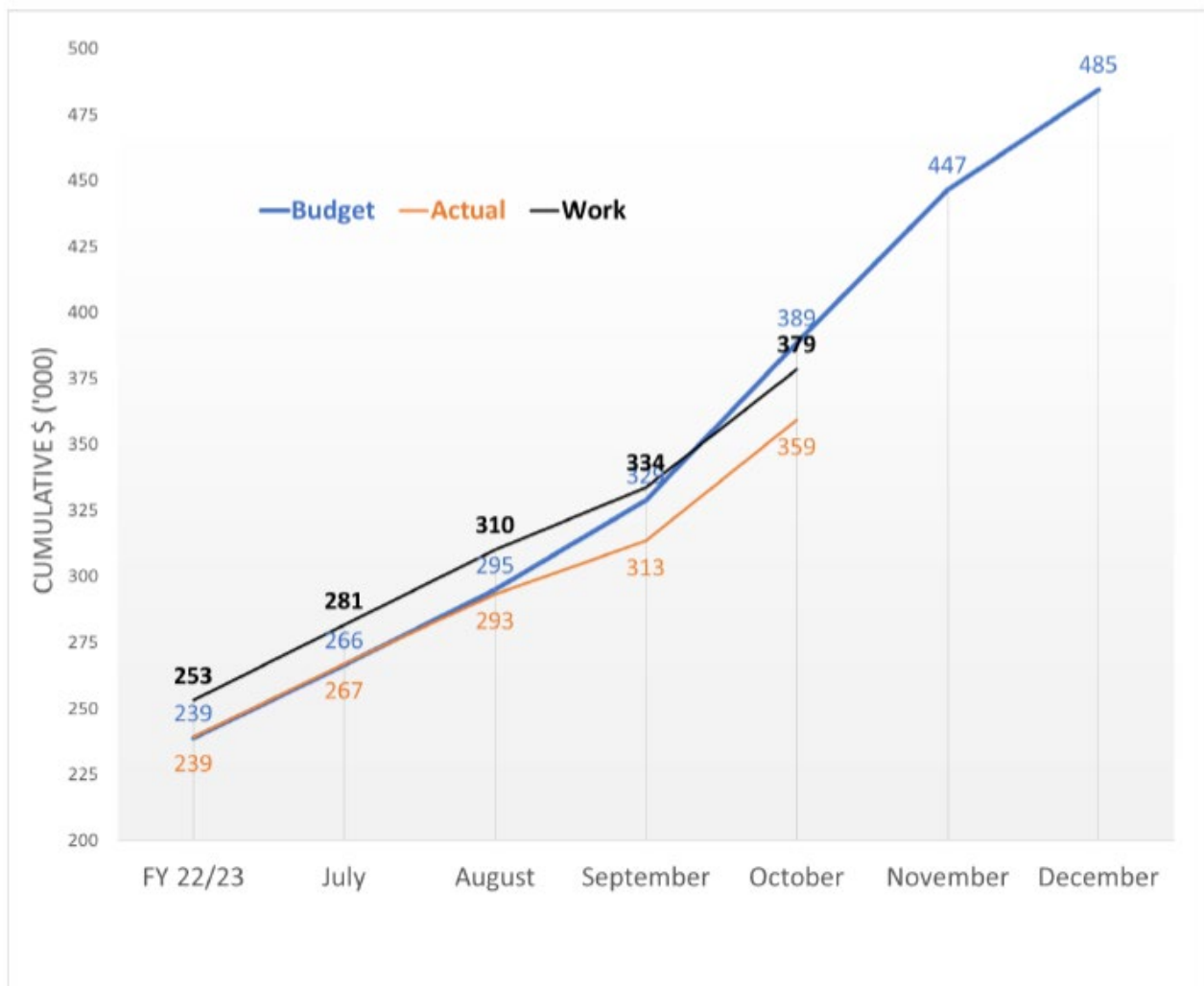
No legal/policy implications have been identified as a result of this report or recommendation.

**FINANCIAL/BUDGET IMPLICATIONS**

The phase two estimated cost of implementation is as follows:

Function	Description	Consult Days	Cost (\$)	Sub Total (\$)
<b>Stage 1</b>	<i>Property, Names, Requests, Rates, Waste</i>			<b>75,200</b>
	Config upload	8	12,800	
	Config & Training	14	22,400	
	Rates Config & Training	20	32,000	
	Waste	5	8,000	
<b>Stage 2</b>	<i>Billing, Debtors, Cash Receipting, Rates</i>			<b>176,000</b>
	Config	15	24,000	
	Training	15	24,000	
	Rates UAT	5	8,000	
	Finance backfill (1 FTE)		120,000	
<b>Stage 3</b>	<i>Animals, Infringements, Enforcement</i>			<b>48,000</b>
	Config	15	24,000	
	Training	15	24,000	
<b>Stage 4</b>	<i>Planning &amp; Development, Licences &amp; Permits</i>			<b>368,000</b>
	Config	40	64,000	
	Training	40	64,000	
	Compliance backfill (2 FTE)		240,000	
<b>Data Migration</b>	<i>All of Release 2</i>			<b>183,200</b>
	Integration Middleware Infrastructure		60,000	
	Professional Services			
	Config copy and updating	5	8,000	
	Property & Names	10	16,000	
	Rates	20	32,000	
	Revenue & Compliance	15	24,000	
	Records	7	11,200	
	Tolerance	20	32,000	
<b>Program</b>	<i>Strategy, Architecture, Reporting</i>			<b>120,000</b>
	Solution Architecture	10	16,000	
	UAT & Go Live Planning	10	16,000	
	GIS	5	8,000	
	Website & online services	10	16,000	
	Reporting, Analytics, & Dashboards	40	64,000	
<b>Program</b>	<i>CiAnywhere Project Environments</i>			<b>71,200</b>
	TechOne Cloud Services (3 environments)		64,800	
	Environment Planning	4	6,400	
<b>Program</b>	<i>Wages</i>			<b>450,000</b>
	Project Manager (2.5 years)		450,000	
	Project Systems Analyst (Proposal accepted)		-	
<b>ECM</b>	<i>Records</i>			<b>104,000</b>
	Stage 1 Consultancy	15	24,000	
	Stages 2 - 4 Consultancy	20	32,000	
	ECM Data Migration Consultancy	30	48,000	
<b>Release 2 Totals</b>		<b>413</b>		<b>\$1,595,600</b>
	Program Tolerance		20%	\$ 319,120
<b>Release 2 Budget</b>				<b>\$1,914,720</b>

For the purpose of reporting project budget performance against work delivered, an Earned Value Performance Management (EVPM) approach is taken, which plots work delivered and amount spent (actual incurred cost, rather than invoiced value) against the original estimate. At the end of October, the project was slightly behind schedule, and ahead of budget. The EVPM graph is below.



### ASSET MANAGEMENT IMPLICATIONS

No asset management implications have been identified as a result of this report or recommendation.

### ENVIRONMENTAL/PUBLIC HEALTH IMPLICATIONS

No environmental or public health implications have been identified as a result of this report or recommendation.

### COMMUNITY ENGAGEMENT

There are no community engagement implications as a result of this report or recommendation.

### ATTACHMENTS

Nil



**11 LATE AND URGENT BUSINESS**

Note: In accordance with Clauses 3.13 and 3.14 of Council's Standing Orders, only items resolved by Council to be Urgent Business will be considered.

**12 ANSWERS TO QUESTIONS WHICH WERE TAKEN ON NOTICE****13 CLOSE OF MEETING**