



Audit, Risk and Improvement Committee

16 February 2026

AGENDA

Notice of Meeting

To: The Mayor and Councillors

The next Audit, Risk and Improvement Committee meeting of the City of Stirling will be held on Monday 16 February 2026 in the City of Stirling Parmelia Room, 25 Cedric Street, Stirling commencing at 6:00 PM.

Stevan Rodic | Chief Executive Officer

Our Vision, Mission and Values

Vision

A sustainable City with a local focus.

Mission

To serve our community by delivering efficient, responsive and sustainable service.

Values

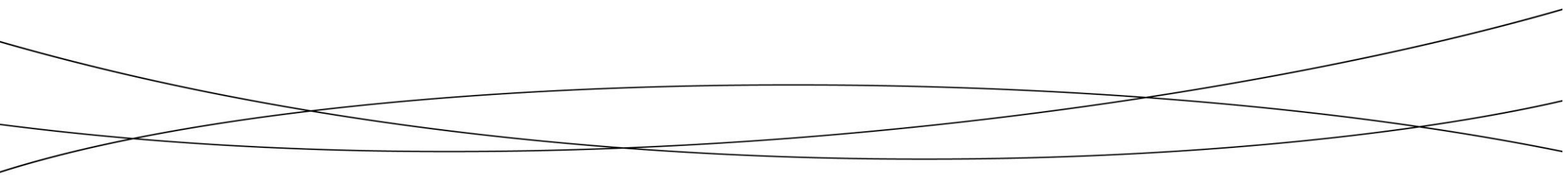
The City of Stirling's core values are:

- Approachable
- Responsive
- Transparent
- Innovative.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the City during the course of any meeting is not intended to be and is not to be taken as notice of approval from the City. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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EMERGENCY PROCEDURES

The City of Stirling values the health and safety of all visitors to its facilities.

The following evacuation procedures are to be followed in the event that an emergency occurs.

- When the emergency alarm sounds, please remain calm.
- Comply with any instructions given by emergency personnel, including the City's Fire Warden.
- The Fire Warden will assess the immediate area for danger.
- If required, the Fire Warden will instruct all in attendance to evacuate – please follow their directions promptly and calmly. Proceed, as directed, to the Assembly Area (evacuation point).
- If you have impaired mobility, the Fire Warden can assist with your safe evacuation.
- Do not re-enter the building until authorised to do so.

The Assembly Area is located on the grassed area near the entrance to the basement carpark from Puccini Court. The Fire Warden will direct you to the correct location in the event of an emergency.



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AUDIT, RISK AND IMPROVEMENT COMMITTEE MEMBERSHIP

Mayor Mark Irwin

Councillors

Councillor Michael Dudek

Councillor Joe Ferrante

Councillor Damien Giudici

Councillor Chris Hatton

Councillor Daniela Ion

Councillor Karlo Perkov

Councillor Elizabeth Re

External RepresentativesDavid Lagan (*Presiding Member*)Frederic Ong (*Deputy Presiding Member*)

Annette Ellerby

Baptiste Isambert

Deputy MembersCouncillor Tony Krsticevic (*First Deputy Member*)Councillor Stephanie Proud (*Second Deputy Member*)**PRELIMINARIES**

1. Councillors and visitors are requested to turn off mobile phones.
2. Councillors and City officers are reminded to disclose any declarations of financial interests and interests affecting impartiality.
3. All Councillors are requested to activate their microphones when addressing the meeting.
4. Councillors and visitors are reminded that audio recording of the meeting proceedings is prohibited unless prior approval has been granted.

1. OFFICIAL OPENING

The Presiding Member to declare the Audit, Risk and Improvement Committee meeting open.

2. ATTENDANCE AND APOLOGIES

Nil.

3. APPROVED LEAVE OF ABSENCE

Nil.

4. DISCLOSURES OF INTEREST

Where a member has disclosed a financial or proximity interest in an item, they must leave the Chamber for consideration of that item.

Where a member has disclosed an impartiality interest in an item, they may remain in the Chamber. The member is required to bring an independent mind to the item and decide impartially on behalf of the City of Stirling and its community.

Nil.

5. MEMORANDUM OF OUTSTANDING BUSINESS

Nil.

6. CONFIRMATION OF MINUTES

That the Minutes of the Audit, Risk and Improvement Committee of 17 November 2025 be confirmed as a true and correct record of proceedings.

7. ANNOUNCEMENTS BY THE PRESIDING MEMBER

8. AUDIT, RISK AND IMPROVEMENT COMMITTEE ITEMS

INTERNAL AUDITS

IA1 INTERNAL AUDITOR ACTIVITY REPORT

Business Unit:	Office of the CEO	Service: Executive Services
Ward:	Not Applicable	Location: Not Applicable
Applicant:	Not Applicable	

Role

Executive - *Governing the City and the community through executive powers.*

Recommendation

1. That Council **ENDORSES** the updated Internal Auditor's Activity Report.
2. That Council **NOTES** the current status of the Management Action Plans for past audits and reviews.
3. That the Management Action Plan tasks currently under review **REMAIN** on this report until complete, so they can be monitored by the Audit, Risk and Improvement Committee.

Purpose

To provide Council with updates on a range of internal audit activity.

Details

Under its Terms of Reference, the Audit, Risk and Improvement Committee assists Council in overseeing the City's internal audit function. The Internal Audit Activity Report (refer to Attachment 1) summarises the current status of the Annual Internal Audit Plan. Additional Internal Audit activity is noted below.

Consultation and Other Activity

Regular meetings are held with the CEO, Directors, the Manager Strategy and Performance, the Manager Governance, and the Service Lead Strategy, Risk and Performance. This assists with the coordination between internal audit, performance, improvement, risk management and compliance functions.

Tender Conflict Checks

The Internal Auditor has reviewed the results of the tender conflict checks 909 - 916 performed since the Audit Committee meeting held 17 November 2025. No issues were noted.

Misconduct, Corruption and Fraud Reporting

No calls or emails have been received through the Misconduct and Fraud Hotline and Email since the Audit Committee meeting held 17 November 2025. One suspected misconduct incident was reported externally to the relevant agency.

Update on Risk Management System improvements

As previously reported, the City is in the midst of significant transformation of its Risk Management System, the enhanced Risk Management System establishes four integrated levels; Governance and Direction, Strategic Risk Management, Operational Risk Management, and Assurance and Reporting. These levels clearly define roles, responsibilities, oversight mechanisms, and the flow of risk information and assurance across the organisation. The City has made strong progress at level 1 and level 2, developing and formally endorsing a revised Risk Management Policy, Framework, Risk Appetite Statement, and a streamlined set of seven strategic risks through a structured and consultative process. These documents now provide a clear governance mandate, consistent terminology, and strengthened consequence categories.

Regular reporting cycles, detailed risk review methodologies, and assurance testing requirements at the strategic level are still being finalised and will be essential to ensuring consistent oversight. Operational Risk Management (level 3) remains under development, with Business Unit workshops, control identification, and the operational risk database still to be completed. As a result, Assurance and Reporting (level 4) cannot yet be fully activated, as structured assurance processes depend on the underlying level 3 risks and controls being finalised. While the design of the assurance framework is strong, the development of an Assurance Map and Combined Assurance Plan remains conceptual until operational risk information is complete.

Management Action Plan Updates

There are currently 15 open Management Action Plans with nine overdue and six not yet due as follows:

Audit Name	Closed this Period	Open Actions	Not Yet Due	Overdue
Risk Management	0	2	0	2
Procurement & Contract Management	1	0	0	0
Financial Management (Reg 5)	1	5	0	5
Fleet Management	0	3	1	2
RMS Improvements	0	1	1	0
Community Grants	1	4	4	0
Total	3	15	6	9

The nine overdue audit Management Action Plans have the following criticality and age:

Action Criticality	Number of days overdue				Total
	1-30	31-60	61-90	> 91	
High	0	0	0	0	0
Medium	0	0	0	(2) Fleet Management (2) Risk Management (5) Financial Management	9
Total	0	0	0	9	9

Overdue Medium/High rated Management Action Plans have trended as follows over the past 18 months:

	May-24	Aug-24	Nov-24	Feb-25	May-25	Aug-25	Nov-25	Feb-26
Number of overdue actions	9	9	9	8	5	7	6	9

Full details can be viewed in Attachment 2 – Medium & High Rated Management Action Plans Update.

Internal Audit has discussed the status and impacts of overdue management actions with the Executive Team. As noted above, improvements to strategic and operational risk reporting are being considered. To enhance risk reporting processes, Internal Audit will ensure that the effects of outstanding management actions are recognised, integrated into pertinent risk assessments, and reflected in enhanced risk reporting.

Financial Assessment and Implications

Nil.

Stakeholder Engagement

Affected Business Unit Managers and Executive Team were consulted regarding the status of open Management Action Plans.

Recommended Action

1. That Council ENDORSES the updated Internal Auditor's Report.
2. That Council NOTES the current status of the Management Action Plans for past audits and reviews.
3. That the Management Action Plan tasks currently under review REMAIN on this report until complete, so they can be monitored by the Audit, Risk and Improvement Committee.

Relevant Policies, Legislation and Council Resolutions

[Local Government Act 1995](#)

Sustainable Stirling 2022-2032

Key Result Area: Our leadership

Objective: A well-governed City

Priority: Comply with legislation, standards and obligations

Priority: Conscious and effective management of risk

Strategic Risk

Strategic Risk	Risk Appetite
Governance	The City will act with integrity and implement appropriate processes and controls to avoid breach of legislation.

Relevant Documents and Information

Attachments

Attachment 1 - Internal Audit Activity Report [↓](#)

Attachment 2 - Management Action Plans - Medium & High (circulated to Elected Members under confidential separate cover)

Available for viewing at meeting

Nil

Linked Documents

Nil.

ATTACHMENT 1 - INTERNAL AUDIT ACTIVITY REPORT

The following progress is being made against the approved audit plans as at 4 February 2026:

Audit Name	Auditor	Timing	Status	Budgeted Audit Hours	Status Explanation
2024/2025 Annual Internal Audit Plan					
1. Asset, Project & Program Management	N/A	N/A	N/A	N/A	Consideration of this area for future audit coverage will be reviewed and potentially rescoped during internal audit planning and the development of the next Strategic Internal Audit Plan, considering the recommendations outlined in the <i>Project Management Office – Change Impact Assessment Report</i> tabled at this Audit, Risk & Improvement Committee meeting on 16 February 2026 (see Item 9.1 of the agenda).
2025/2026 Annual Internal Audit Plan					
1. Grant & Sponsorship Management	Internal Auditor	June – Oct 25	C	80	Complete. Final Report was tabled at the Audit, Risk & Improvement Committee on 17 November 2025.
2. Marketing & Communications Effectiveness	Internal Auditor	Nov – Dec 25 Feb – Mar 26	F	80	Portions of the audit fieldwork have been completed; however, certain activities were deferred to prioritise other internal audit reporting requirements. Fieldwork is scheduled to recommence.
3. Property Investment Strategy and Leases	Outsourced	Oct – Dec 25 Feb – Apr 26	F	80	Scoped, consultant appointed, fieldwork in progress.
4. Data Governance	Outsourced	Oct – Dec 25 Mar – May 26	NYS	80	Preliminary planning activities are underway, with exploratory meetings having taken place. The initial documentation has been received and is currently being reviewed to establish the audit scope.
5. Risk, Legislative Compliance & Internal Control (Reg 17)	Internal Auditor	Jan – Mar 26 Dec 25 – Feb 26	C	80	Complete. <i>Regulation 17 - Risk, Legislative Compliance & Internal Control Report</i> tabled at this Audit, Risk & Improvement Committee meeting on 16 February 2026 (see Item IA2 of the agenda).
6. Supplier Management	Internal Auditor	Mar - April 26	NYS	60	Planning has started. Fieldwork will begin after the OAG Financial Statement Audit is complete and the Annual Report is finalised.
7. Work Health and Safety System	Outsourced	May - June 26	NYS	110	Not yet scoped.
8. Payroll - focusing on timesheets & rostering	Outsourced	April - May 26	NYS	80	Not yet scoped.

Status Legend: C = Complete; D = Draft report issued; FC = Fieldwork completed; F = Fieldwork in progress; S = Scoped; NYS = Not Yet Scoped.

IA2 REGULATION 17 - RISK, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROL

Business Unit:	Office of the CEO	Service: Executive Services
Ward:	Not Applicable	Location: Not Applicable
Applicant:	Not Applicable	

Role

Executive - *Governing the City and the community through executive powers.*

Recommendation

1. That Council **RECEIVES** the Regulation 17 Risk, Legislative Compliance and Internal Control Internal Audit Report as per Attachment 1 to this Report.
2. That the 'medium' rated observations be **LISTED** on the Medium/High Management Action Plan for Audit, Risk and Improvement Committee review until completed. That the 'low' rated observations be **LISTED** on the Low Management Action Plan for Executive Team review until completed.

Purpose

To inform Council of the outcome of the Regulation 17 Risk, Legislative Compliance and Internal Control internal audit review.

Details

This review was undertaken as part of the 2025/2026 Annual Internal Audit Plan endorsed by Council at its meeting held 4 March 2025 (Council Resolution Number 0325/005).

The review was performed by the Internal Auditor and was conducted in accordance with the Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing.

Scope and Objectives

The objective of this review was to:

ensure compliance with regulatory requirements under Regulation 17 of the Local Government (Audit) Regulations 1996:

‘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; *to determine if the City has effective risk management systems that allows the identification, assessment and management of risks and reporting of risks to an appropriate level;*
 - (b) internal control; *to determine if an effective internal control system is in place that safeguards assets, ensures accurate and reliable financial reporting and promotes compliance with legislation and effective and efficient operations. The audit performed under Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 in November 2024 addressed this area.*
 - (c) legislative compliance; *to determine if compliance programs allow the meeting of legislative compliance and that suitable monitoring and reporting systems are in place.*
- (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.’

Specific areas suggested for review are included within the Department of Local Government and Communities Operational Guideline Number 9. This was reviewed by the Internal Auditor to identify the areas that have been covered within other reviews or audit work presented to Audit Committee in the period since this review was last performed. The remaining unreviewed areas included within the scope of this review are as follows:

- Assess the effectiveness of the City’s risk management arrangements in place;
- Assess the adequacy the City’s compliance programs for managing compliance obligations and that suitable monitoring and reporting occurs; and
- Assess the adequacy of the City’s controls assurance map and combined assurance plan.

Audit examined the above against International Organisation for Standardisation (ISOs), Office of the Auditor General, and Local Government best practice guidelines.

It is worth noting that the Western Australian Government has recently introduced new regulations to strengthen oversight, governance, and transparency across local governments. These reforms support the transition of existing audit committees into Audit, Risk and Improvement Committees, with new requirements taking effect from 1 January 2026, followed by a six-month transition period ending 30 June 2026. As part of these new requirements, the former Regulation 5(2)(c) Financial Management Review has been repealed and incorporated into an expanded Regulation 17 Review, which now covers financial management, risk management, and legislative compliance. Regulation 17 reviews must now be undertaken every four years, creating a single consolidated organisational effectiveness review and reducing duplication.

Audit Outcomes

Audit assessed the City's Risk Management System, Compliance Programs and Controls Assurance Mapping against best practice principles noted above.

Audit recommends several areas for improvement as follows:

Risk Management

- Finalise the remaining Risk Management System governance documents.
- Confirm and document the routine strategic risk reporting cycle, report format, and how strategic risk reporting integrates with the City's Integrated Planning and Reporting cycle.
- Finalise and adopt the strategic risk detailed review approach to ensure a consistent method for testing control effectiveness and assurance coverage at the strategic level.
- Develop the strategy for delivering targeted risk workshops to identify and assess operational risks, document controls and determine treatment actions.
- Design and implement the operational risk database and how it will integrate with Corporator.
- Design and implement the necessary monitoring, reporting, and escalation processes for the City's Risk Management System.
- Internal Audit to scope its independent verification activities of the City's Risk Management System, and integrate with the Control Assurance Map and Combined Assurance Plan recommendations noted below.

Legislative Compliance

- Develop and implement a comprehensive Legislative Compliance Oversight Framework that would articulate obligations arising from the *Local Government Act 1995* and associated regulations, local laws, and other applicable legislation that could pose a compliance risk to the City.
- Formally document the procedures for Freedom Of Information handling, completion of annual Compliance Audit Return, maintenance of registers, taking of Meeting Minutes.
- Complete Delegations of Authority Register review and embed necessary improvements.
- Complete Policy and Management Practice Register, and clearly identify review requirements, accountabilities, and scheduling.

Controls Assurance Mapping

- Progress the implementation of a structured, system-driven Control Assurance Map and Combined Assurance Plan supported by a fully developed Controls and Assurance Register. Aligning assurance activities with the Risk Management System.

Further details are documented in the Regulation 17 Internal Audit Report (refer to Attachment 1).

Financial Assessment and Implications

Nil.

Stakeholder Engagement

Detailed within the attached report.

Recommended Action

1. That Council RECEIVES the Regulation 17 Risk, Legislative Compliance and Internal Control Internal Audit Report as per Attachment 1 to this Report.
2. That the 'medium' rated observations be LISTED on the Medium/High Management Action Plan for Audit, Risk and Improvement Committee review until completed. That the 'low' rated observations be LISTED on the Low Management Action Plan for Executive Team review until completed.

Relevant Policies, Legislation and Council Resolutions

[Local Government Act 1995](#)

[Local Government \(Audit\) Regulations 1996](#)

[Local Government \(Financial Management\) Regulations 1996](#)

[Local Government Regulations Amendment Regulations \(No. 4\) 2025](#)

Sustainable Stirling 2022-2032

Key Result Area: Our leadership

Objective: A well-governed City

Priority: Comply with legislation, standards and obligations

Priority: Conscious and effective management of risk

Strategic Risk

Strategic Risk	Risk Appetite
Governance	The City will act with integrity and implement appropriate processes and controls to avoid breach of legislation.

Relevant Documents and Information

Attachments

Attachment 1 - Regulation 17 - Risk, Legislative Compliance and Internal Control Internal Audit Report [↓](#)

Available for viewing at the meeting

Nil.

Linked Documents

Nil.



Internal Audit Report

Regulation 17 Risk, Legislative Compliance and Internal Control February 2026

Internal Audit Report – Regulation 17 Internal Audit Review**February 2026**

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Internal Audit Report – Regulation 17 Internal Audit Review**February 2026**

Background

This review was undertaken as part of the 2025/2026 Annual Internal Audit Plan endorsed by Council per resolution number 0325/005 at its meeting on 4 March 2025.

Scope and Objectives

The objective of this review was to:

ensure compliance with regulatory requirements under Regulation 17 of the Local Government (Audit) Regulations 1996:

‘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; *to determine if the City has effective risk management systems that allows the identification, assessment and management of risks and reporting of risks to an appropriate level;*
 - (b) internal control; *to determine if an effective internal control system is in place that safeguards assets, ensures accurate and reliable financial reporting and promotes compliance with legislation and effective and efficient operations. The audit performed under Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 in November 2024 addressed this area.*
 - (c) legislative compliance; *to determine if compliance programs allow the meeting of legislative compliance and that suitable monitoring and reporting systems are in place.*
- (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.’

Specific areas suggested for review are included within the Department of Local Government and Communities Operational Guideline Number 9. This was reviewed by the Internal Auditor to identify the areas that have been covered within other reviews or audit work presented to Audit Committee in the period since this review was last performed. The remaining unreviewed areas included within the scope of this review are as follows:

- Assess the effectiveness of the City's risk management systems in place;
- Assess the adequacy the City's compliance programs for managing compliance obligations and that suitable monitoring and reporting occurs; and
- Assess the adequacy of the City's controls assurance mapping and control assurance plan.

Internal Audit Report – Regulation 17 Internal Audit Review**February 2026**

Audit examined the above against International Organisation for Standardisation (ISOs), Office of the Auditor General and Local Government best practice guidelines.

It is worth noting that the Western Australian Government has recently introduced new regulations to strengthen oversight, governance, and transparency across local governments. These reforms support the transition of existing audit committees into Audit, Risk and Improvement Committees, with new requirements taking effect from 1 January 2026, followed by a six-month transition period ending 30 June 2026. As part of these new requirements, the former Regulation 5(2)(c) Financial Management Review has been repealed and incorporated into an expanded Regulation 17 Review, which now covers financial management, risk management, and legislative compliance. Regulation 17 reviews must now be undertaken every four years, creating a single consolidated organisational effectiveness review and reducing duplication.

Executive Summary

Audit noted that the City is currently underway with transformative changes in how the City manages and reports on Risk. The City has undertaken a comprehensive review and uplift of its Risk Management System to strengthen governance, improve strategic and operational decision-making, and meet statutory and audit obligations. Effective risk management is critical for ensuring the City can consistently deliver services, safeguard resources, comply with legislation, and maintain transparency and accountability to the Audit, Risk and Improvement Committee, Council, and the community. The recent review identified the need for a unified, organisation-wide approach to risk classification, assessment, escalation, and assurance, prompting significant reforms to the City's risk documentation, processes, and structures.

The enhanced Risk Management System establishes four integrated levels—Governance and Direction, Strategic Risk Management, Operational Risk Management, and Assurance and Reporting. These levels clearly define roles, responsibilities, oversight mechanisms, and the flow of risk and assurance information across the City. The City has made strong progress at Level 1 and Level 2, developing and formally endorsing a revised Risk Management Policy, Framework, Risk Appetite Statement, and a streamlined set of seven strategic risks through a structured and consultative process. These documents now provide a clear governance mandate, consistent terminology, and strengthened consequence categories.

Regular reporting cycles, detailed risk review methodologies, and assurance testing requirements at the strategic level are still being finalised and will be essential to ensuring consistent oversight. At the operational level (Level 3), further work is needed to establish a consistent and reliable approach to identifying, assessing, and documenting day-to-day risks, controls, and treatments. Targeted Business Unit risk workshops are planned to capture this information. A clearly defined operational risk database integrated with Corporater will be required to generate quality information for both management oversight and Level 4 assurance activities.

Level 4 the Assurance and Reporting layer is intended to provide structured, independent visibility over whether controls are effective, compliance obligations are being met, and risks are managed in accordance with Levels 1–3. While its purpose and structure have been defined, Level 4 cannot be fully designed and implemented until operational risks and controls at Level 3 are completed, as assurance processes rely on clear risk and control baselines. Internal Audit's role in independent verification will also depend on the maturity and completeness of Level 3 outputs.

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Internal Audit Report – Regulation 17 Internal Audit Review**February 2026**

Overall, the City has made significant progress in reshaping its Risk Management System into a clearer, more coherent, and strategically aligned structure. Key governance documents are now active, strategic risks have been modernised and endorsed, and operational risk and control identification, and assurance have been established conceptually. The next phase will require embedding these components across the organisation, completing the outstanding operational risk work, finalising assurance pathways, and ensuring integration with planning, reporting, and Corporate to support a sustainable, system-wide risk culture.

The City operates in a complex legislative environment and must comply with numerous compliance obligations across its operations. Although the foundations of governance and integrity have been enhanced in recent times, audit noted that the City does not possess a formal, organisation-wide Legislative Compliance Oversight Framework. This absence limits consistent identification of compliance obligations, as well as centrally coordinated monitoring and reporting on these obligations. Current compliance processes are decentralised, manual, and highly dependent on individual employee knowledge, creating risks of non-compliance, inconsistent practices, and limited visibility for Executive, Audit, Risk and Improvement Committee, and Council.

While important compliance tasks required by the Local Government Act, like maintaining statutory registers, managing complaints and misconduct, processing Freedom Of Information requests, and completing the Compliance Audit Return are generally functioning well, there is a notable lack of formal documented procedures. There are also opportunities to improve the Delegations of Authority Register, which is currently being overhauled, as well as in the review processes for City Policies and Management Practices. Addressing these gaps will boost assurance and lower risk of non-compliance.

Overall, the City's compliance foundations are partially effective but fragmented. Strengthening the City's legislative compliance oversight through formal frameworks and structured monitoring and reporting will enhance transparency, accountability, and assurance to the Executive, Audit, Risk and Improvement Committee, and Council, while reducing risks associated with legislative non-compliance and operational inconsistency.

The City is strengthening its approach to internal control assurance through the development of an Assurance Map and Combined Assurance Plan that align with the new Risk Management System. The City will begin developing the Assurance Map and Combined Assurance Plan as Level 3 risks and key controls are confirmed. Minimum assurance expectations will be established for priority risk areas, and processes for coordinated updates and reporting will be implemented. This information will then feed into the development of the Strategic Internal Audit Plan and will likely inform other internal audit activity.

Internal Audit Report – Regulation 17 Internal Audit Review
February 2026
Audit Outcome Summary

Reg 17 Area	Best Practice	Outcome	Findings	Ref.
Risk Management System – Governance and Direction	- Define clear risk management expectations aligning with best practice principles (ISO31000 principles). - Define clear governance and accountability through defined hierarchy, roles and responsibilities. - Integrate with strategy and decision-making and link risk appetite. - Provide ongoing training, culture building, system updates, and regular reviews to maintain alignment with best practice and emerging risks.	Almost Achieved	Finalise Risk Management System governance documents.	1.1
Risk Management System – Strategic Risk Management	- Define framework for identifying and assessing strategic risks - Identify strategic risks categories that could affect strategic and operational priorities, long-term performance, reputation, growth, and service delivery. Consider external and emerging risks. - Identify strategic risks. - Analyse, evaluate, prioritise and treat strategic risks. - Establish routine monitoring, review and reporting to Executive Team, Audit, Risk and Improvement Committee, and Council.	Partially Achieved	- Finalise the remaining strategic-level governance documents, including the Risk Breakdown Structure and the detailed appetite/tolerance mapping. - Confirm and document the regular strategic risk reporting cycle, report format, and how strategic risk reporting integrates with the City's IPR cycle. - Finalise and adopt the Strategic Risk Detailed Review approach to ensure a consistent method for testing control effectiveness and assurance coverage at the strategic level.	1.2
Risk Management System – Operational Risk Management	- Identify operational risks that threaten strategic objectives. - Analyse, evaluate, prioritise and treat operational risks. - Establish ongoing monitoring and review of incidents and Key Risk Indicators (KRIs).	Not Achieved	- Develop the strategy for delivering targeted risk workshops to identify and assess operational risks, document controls, determine treatment actions, and identify KRIs. - Design and implement the operational risk database and how it will integrate with Corporator.	1.3

Internal Audit Report – Regulation 17 Internal Audit Review

February 2026

Reg 17 Area	Best Practice	Outcome	Findings	Ref.
	Promote a risk aware culture through communication, reporting, training and accountability.			
Risk Management System – Assurance and Reporting	- Use data (incidents, KRI) insights to inform monitoring and reporting of the risk management system and its processes to ensure that risk controls remain suitable, adequate, and effective. - Assess internal controls/processes for managing strategic and operating risks in comparison to tolerance.	Not Achieved	- Pending completion of Level 3 above, the City must design and implement the necessary monitoring, reporting, and escalation processes for its Risk Management System. - Internal Audit to scope its independent verification activities of the City's Risk Management System.	1.4
Legislative Compliance Oversight Framework	- Systems and processes in place to provide assurance on compliance with legislative requirements (<i>Local Government Act</i> and other legislation). - Notification of changes to relevant legislation is from reliable sources and timely. - Dissemination of information to responsible officers across the City is a formalised process. - Monitoring and assurance activities over the City's compliance obligations are planned and reported.	Partially Achieved	- The City does not have a formal Legislative Compliance Oversight Framework, resulting in no centralised monitoring and assurance over the City's compliance obligations. This raises risks of non-compliance, inconsistent practices, key-person dependency, human error, and limited assurance to the Executive, Audit, Risk and Improvement Committee, and Council. - Legislative updates are monitored informally and inconsistently, the City is currently relying on individual officers' diligence rather than a structured, City-wide process. - The previous decentralised compliance self-assessment program has not been reviewed since May 2025 due to resourcing and structural changes.	2.1
Operational Compliance – pertaining to the LG Act, related regulations and other related legislation	- Systems and procedures are in place to comply with legislative requirements and reduce the risk of non-compliance over the following: - Completion of the Compliance Audit Return. - Maintenance and annual review of the City's Delegations of Authority Register to ensure it is current, accurate and accessible. - Maintenance of other Registers required under the <i>Local Government Act</i>.	Almost Achieved	- There is no Compliance Audit Return procedure. Additionally, periodic spot-checks to verify responses to Compliance Audit Returns are not conducted. - The existing Delegations of Authority Register scope and format contains structural gaps, redundant content and outdated delegation instruments. Additionally, there is an observed overuse of sub-delegations. - The current systems and procedures that enable employees and elected members to report essential information for	2.2 - 2.10

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Internal Audit Report – Regulation 17 Internal Audit Review
February 2026

Reg 17 Area	Best Practice	Outcome	Findings	Ref.
	○ Maintenance of the City's Policy and Management Practice framework to ensure it is relevant, current and accessible. ○ Legislative requirements for Council and Committee meeting attendance and decision-making are met. Ensuring that proceedings are accurately recorded and that there is proper accountability in respect to the maintenance of, and access to those records. ○ Legislative requirements over the publication and access to information are met, including providing Freedom of Information access in line with compliance obligations.		- maintaining accurate registers are not formally documented or promoted. • There is no formal Policy Register and Management Practice Register that clearly identifies review requirements, accountabilities, and scheduling. • There is no Freedom Of Information procedure. • The Codes of Conduct lack "effective and revision" dates and also need to be updated to reflect changes resulting from the Local Government Reform.	
Control Assurance Mapping and Control Assurance Plan	• A coordinated, risk-based approach to Control Assurance Mapping, bringing together all assurance activities across the three lines of defence, providing a clear view of where controls are fully assured, self-assessed, duplicated, or have data gaps. • A Combined Assurance Plan then aligns assurance providers so that testing is prioritised based on risk appetite, control criticality, and assurance gaps, reducing duplication and ensuring that critical controls receive appropriate verification.	Not Achieved	• Control Assurance Mapping and Combined Assurance Plan have not been scoped and resourced. Additionally, assurance expectations and alignment with the new Risk Management System needs to be established.	3

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Strategic Risk Assessment

The audit findings have been evaluated against relevant City strategic risks. The following risk assessments are based on the assumption that the suggested recommendations are not implemented, indicating that the findings and their consequences would place the City outside its stated risk appetite for the **SR02 Governance, Integrity & Compliance** (use when primary impact is breach of law, regulations or governance standards, including decision quality, delegations and internal control effectiveness).

Based on this analysis, the recommendations have been assessed as having the following criticality.

Finding	Risk Category	Risk Consequence Level	Risk Likelihood	Risk Rating	Risk Appetite	Outside Appetite	Recommendation Criticality
1.1	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium
1.2	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium
1.3	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium
1.4	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium
2.1	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium
2.2 – 2.10	Legislative, Regulatory & Governance	Insignificant	Possible	Low	Low	x	Low
3	Legislative, Regulatory & Governance	Moderate	Possible	Moderate	Low	√	Medium

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Audit Engagement

This audit was performed by the Internal Auditor. It was conducted in accordance with the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing. In the performance of this review, the following activities were undertaken:

- Held discussions with the following key Officers to identify any preliminary issues and/or process improvements:
 - Director Corporate Services
 - Manager Governance
 - Manager Strategy & Performance
 - Service Lead Strategy, Risk & Performance
 - Lead Corporate Governance
 - Senior Corporate Governance Officer
 - Lead Elected Member Services
- Reviewed the status of risk, governance, integrity management frameworks and other key documentation relevant to this review;
- Reviewed the effectiveness of key risk and compliance management activities and assessed them against ISOs and best practice guidelines;
- Reviewed the risk management registers and system, (where available);
- Conducted walkthroughs of key activities relevant to this review;
- Assessed alignment of risk with City's Strategy and Business planning process;
- Identified process and control gaps and provided recommendations for improvements; and
- Discussed findings and recommendations with management.

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We would like to thank all officers who assisted in the performance of this review.

Kerry Ann Flynn
Internal Auditor
February 2026

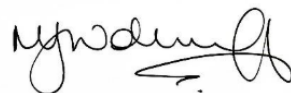


Management has read this report and agrees to use its best endeavours to implement the documented recommendations within the nominated timeframe.

Brad Sillence
Manager Governance
February 2026



Michelle Wolsoncroft
Manager Strategy & Performance
February 2026



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Findings & Recommendations

Finding 1 Risk Management System		
Observations For a local government a robust Risk Management System is integral to sound governance, consistent delivery of services to the community, achieving its strategic goals, as well as being required to meet statutory obligations. Effective risk management enables a local government to identify, assess, and monitor risks that may impact resources, finances, infrastructure, regulatory compliance, reputation, or strategic priorities. Furthermore, it fosters informed decision-making, enhances integrity and performance, and provides assurance to the Audit, Risk and Improvement Committee, Council, and the broader community that risks are managed transparently and consistently throughout all operations. Recently, the City conducted a thorough review of its risk management practices to address deficiencies identified in previous arrangements. This initiative followed an organisational restructure that transitioned the risk management team to the City's Strategy and Performance Team. The review highlighted the need for a unified, city-wide approach to risk classification and assessment, tailored to local government activities and aligned with the Integrated Planning and Reporting framework. Enhanced oversight, clearly defined decision boundaries, and consistent escalation procedures were also identified as key areas requiring improvement.	Recommendations	

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The City reviewed its risk management arrangements with a goal to: • Meet statutory and audit requirements. • Align with best practice and ISO based approaches. • Improve strategic oversight and reporting to Council, Audit, Risk, and Improvement Committee, and Executive Team. • Strengthen assurance and escalation. • Reflect current and emerging risks relevant to the City. • Integrate risk with strategic planning and service delivery. • Standardise and simplify its risk language and processes. The City's proposed enhanced Risk Management System comprises four integrated, hierarchical levels, ensuring effective governance, strategic oversight, operational risk management, and comprehensive compliance assurance. This structure is consistent with ISO 31000, AS HB 436.1:2020, and the requirements of a local government. Audit has assessed the City's current risk management practices against the proposed Risk Management System levels. 1.1 Level 1 Governance and Direction This level establishes the foundation for risk management and outlines the requirements for managing risks throughout the City. At the highest level, Council supported by the Audit, Risk and Improvement Committee, the CEO, and the Executive	1.1 Level 1 Governance and Direction The City should finalise and publish the remaining governance documents that support the Risk Management System, ensuring all components required to operationalise levels 2–4 are fully	1.1 Management Comments Draft documentation for the Risk Management System is currently in the final stages of quality assurance review. The program remains on track, with publication and release of the final
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Team determines the risk appetite, endorses the Risk Management Policy and Framework, and sets out responsibilities for risk management. Audit noted that, consistent with this approach, the City has recently developed a revised Risk Management Policy, Framework, Risk Appetite Statement, and Risk Breakdown Structure through a structured, evidence-based, and consultative process. The City's risk culture was assessed and workshops were conducted with the Executive Team and Business Unit Managers to evaluate the proposed new framework and risk management system levels. The revised risk management documentation demonstrates significant improvements in structure, clarity, and strategic integration compared to the previous approach. The updated framework is designed to ensure greater alignment with the ISO 31000 Standard and now explicitly incorporates WHS, contractor management, and other key risk areas for the City where earlier versions lacked coherence and precision. Additionally, the new Policy and Framework establish more clearly defined governance roles by implementing the Three Lines Model, which assigns specific responsibilities to Council, the Audit, Risk and Improvement Committee, Executive Team, Business Unit Managers, and employees. This replaces the prior model's less formalised and verbose allocation of duties. Notably, the enhanced system introduces risk appetite thresholds, refined consequence categories, a risk breakdown structure, and strengthened assurance mapping and compliance pathways, all of which were previously insufficiently defined.	developed, endorsed, and implemented. Outstanding documents: - Finalise the Risk Management Framework and its supporting appendices.	documents scheduled for March. No delays or material issues have been identified at this stage. Responsible Officer: Service Lead Strategic Planning, Risk and Performance Completion Date: March 2026
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Audit noted the City's Risk Management Policy, Risk Management Framework, Risk Appetite Statement, and Risk Breakdown Structure have all been reviewed by the Audit, Risk and Improvement Committee and formally endorsed by Council, with Council confirming adoption of the revised Policy, Framework and Appetite Statement in November 2025. These documents are now active and a City wide communication has already been issued to all employees announcing their endorsement and outlining forthcoming organisation wide rollout activities and resources. The City's communication confirms the intent of the new Risk Management System: to create a simpler, more usable, and more strategically aligned system, making risk management easier to apply and better integrated with planning and decision making across the City. Finding Finalise outstanding Risk Management System governance documents that will support and provide direction for the progress of the remaining Risk Management System levels. 1.2 Strategic Risk Management This level focuses on identifying, analysing, and monitoring the risks that could most significantly impact the City's strategic objectives; its strategic risks. It ensures that strategic risks are explicitly linked to the City's expected outcomes and that the risk appetite/tolerance settings are approved by Council. At this level, the Executive Team is the primary owner of strategic risks, responsible for monitoring, managing, and approving treatments, with oversight from the	1.2 Strategic Risk Management To fully operationalise level 2 strategic risk management, the City should finalise the remaining foundational documents and processes that support strategic level risk oversight. This includes completing and formally approving the risk breakdown structure and the detailed risk appetite/tolerance settings, ensuring these tools provide clear guidance for assessing, escalating, and prioritising strategic risks. The City should also	1.2 Management Comments Draft documentation for the Risk Management System is currently undergoing a comprehensive final quality assurance review. The program remains on schedule, with publication of the final documents planned for March, and no delays or material issues identified at this stage.
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Audit, Risk and Improvement Committee and Council. Core processes include conducting the Strategic Risk Review (annually), assessing and rating strategic risks, assigning executive risk owners, and integrating key issues and metrics into performance and reporting cycles. In practice, this level acts as the bridge between governance expectations (level 1) and operational delivery (level 3). Decisions made at level 2 determine strategic priorities, escalation thresholds, and treatment direction, ensuring the City maintains a current, organisation wide view of its highest impact risks and aligns its strategic actions, investments, and performance management to those risks. Audit noted that, consistent with this approach, the City has recently conducted a major strategic risk reassessment, involving workshops with the Executive Team and consultations with Business Unit Managers to test proposed risk categories, identify the most material risks, and align them to strategic objectives, appetite/tolerance settings and consequence categories. This reassessment resulted in the City moving from 11 strategic risks to seven clearly defined strategic risks, supported by a clear risk appetite statement that highlights 11 key risk categories that affect the City. These seven strategic risks and corresponding risk appetite statements were workshopped with Council, subsequently presented to Audit, Risk and Improvement Committee for endorsement, and received final approval from Council in November 2025.	establish and document a consistent reporting cycle, report structure, and integration pathway into the Integrated Planning and Reporting Framework, so that strategic risks are routinely monitored and considered in organisational decision making. In addition, the City should confirm and finalise the strategic risk deep dive approach (see <i>SR:01 Detailed Review of Strategic Risk report</i>), including the methodology for assessing control design, implementation, and assurance coverage, to ensure a robust and repeatable process for testing the operating effectiveness of strategic risk controls. Outstanding documents: - Risk Breakdown Structure - Appetite/tolerance mapping - Reporting Cycle & Structure - Reporting Content & Layout - Detailed Strategic Risk Review Approach Completing these elements will provide a fully defined and coherent process to support consistent oversight, escalation, and management of the City's highest impact risks.	In addition, forthcoming work on risk tolerance and assurance mapping will further strengthen our ability to understand key risks and the effectiveness of associated controls. This activity will be undertaken through scheduled workshops throughout March, enabling the development of a reliable baseline dataset from which ongoing analysis, monitoring, and reporting can be drawn. In parallel, we are engaging with internal stakeholders to integrate enhanced risk reporting into current business processes. This collaborative approach will ensure alignment with operational requirements, improve the consistency of risk insights, and support more informed strategic decision-making across the organisation. Responsible Officer: Service Lead Strategic Planning, Risk and Performance Completion Date: July 2026
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Finding Finalise outstanding key documents supporting this level such as the Risk Breakdown Structure and appetite/tolerance mapping. Confirm regular reporting cycle and structure, report content and layout, and how it feeds into IPR reporting cycle. Confirm detailed risk review approach to test control effectiveness and assurance coverage at the strategic risk level (see <i>SR:01 Detailed Review of Strategic Risk report</i>) within this Audit, Risk and Improvement Committee agenda). 1.3 Operational Risk Management Level 3 of the City's Risk Management System is the operational risk management layer, where service, project, and day to day operational risks are identified, assessed, monitored, and escalated by managers and employees. The City plans to hold focused risk workshops with Business Units to identify and evaluate operational risks. These sessions will formally document risks and the controls in place, assess how well these controls are designed and work in practice, and highlight any gaps. The goal of these workshops is to gain a clearer understanding of everyday risks in services, evaluate existing controls, and ensure that operational insights are incorporated into the City's broader Risk Management System. By involving operational	1.3 Operational Risk Management The City should finalise the design and delivery approach for the targeted operational risk workshops by confirming the workshop strategy, schedule, scope, and supporting tools. This should include defining a standardised methodology for identifying and assessing operational risks, documenting controls, and determining treatment actions. The City should also complete the design of the operational risk database and its integration with Corporater to ensure that all operational risk information is captured consistently and can be escalated, monitored, and reported effectively. Establishing these foundations will enable Level 3 to function as intended and will support the accurate flow of operational insights into higher levels of the Risk Management System.	1.3 Management Comments Work is currently underway to prepare for the forthcoming Operational Risk Workshops, which will focus on building organisational capability through education on the new Risk Management System and facilitating the identification of operational risks and corresponding treatments. The insights and data gathered through these workshops will form the foundational baseline for the City's operational risk register. This baseline will also strengthen the City's overall risk governance by providing improved visibility of how operational risks may influence or escalate into strategic risks. The resulting
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employees directly in identifying risks, assessing controls, and planning treatments, the City will enhance the accuracy and completeness of its risk profile. Managers and employees will be expected to handle daily operational, service, and project risks, updating risk registers, monitoring treatment actions, managing incidents, and escalating risks when they exceed acceptable levels. Finding The strategy for delivering targeted risk workshops is still under development. The schedule and scope of the workshops remain undefined, and the supporting workshop tools require refinement. In addition, the structure of the operational risk database and how it will interface with Corporater, the proposed Risk Management System has not yet been fully scoped. 1.4 Assurance and Reporting This level provides structured assurance that risks and controls are operating effectively and consistently with expectations established at levels 1–3 of the Risk Management System. Business Unit Managers and employees will own operational risks and the day-to-day control operations and compliance tasks that manage those risks. The monitoring and reporting on the completion and effectiveness of these day-to-day control operations	1.4 Assurance & Reporting The City should progress the completion of level 3 risk and control identification so that the necessary monitoring, reporting, and escalation processes for level 4 can be fully designed and embedded. Once level 3 workshops are complete, the City should formalise the level 4 assurance requirements, including defining control-level reporting expectations, establishing consistent escalation pathways, and integrating these processes into the Executive Team oversight cycle. Internal Audit	information will enhance the alignment of operational risk activities with the City's strategic risk profile, supporting more robust oversight, informed decision-making, and improved assurance for the Committee. Responsible Officer: Service Lead Strategic Planning, Risk and Performance Completion Date: July 2026 1.4 Management Comments Work is already underway to finalise the level 3 workshops, which will establish a clear and reliable view of the City's operational risks and associated controls. Following the completion of this foundational work, the City will formalise level 4 assurance requirements, including defining control-level reporting expectations, establishing consistent and transparent escalation pathways, and
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and compliance tasks at level 4 will the provide oversight to the Executive Team on risk management performance, emerging trends, and systemic issues requiring escalation. Internal audit will provide independent verification of level 4 activity. Collectively, level 4 is intended to strengthen the City's governance by establishing formal mechanisms that verify compliance, test control performance, and deliver visible assurance across the organisation. Finding Although the City has defined the intent and purpose of level 4 within the Risk Management System, the required monitoring, reporting, and escalation processes cannot yet be fully designed or implemented because the operational risks and controls at level 3 are still being identified. Consequently, Internal Audit's independent verification activities for level 4 cannot be properly scoped or aligned until the level 3 risk workshops are complete.	should then scope its independent verification activities in alignment with the completed level 3 risk and control environment to ensure coverage is targeted, risk-based, and supports the effective operation of level 4 across the organisation.	integrating these processes into the Executive oversight and performance cycle. Management will work in partnership with Internal Audit to ensure that subsequent independent verification activities are appropriately aligned to the completed level 3 risk and control environment. This will support a targeted, risk-based assurance program that strengthens the maturity and effectiveness of Level 4 across the organisation. Responsible Officer: Internal Auditor Service Lead Strategic Planning, Risk and Performance Completion Date: December 2026
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Finding 2 – Legislative Compliance		
Observations The City operates in a complex statutory environment and is required to comply with a broad range of legislation that governs its operations, service delivery, and internal administration. This includes, at a minimum, the <i>Local Government Act 1995</i> and associated regulations, local laws made by the City, and numerous sector specific Acts covering areas such as but not limited to work health and safety, emergency management, planning and development, building, public health, environmental protection, privacy, freedom of information, state records, disability access, equal opportunity, fines enforcement, and integrity related legislation. Compliance obligation responsibilities with the above are dispersed across the City, with each Business Unit accountable for meeting the legislative requirements relevant to their activities and operations. Audit assessed how effectively the City monitors its compliance obligation responsibilities and maintaining ongoing adherence to legislative requirements. Specifically, the audit examined whether the City employs a structured and coordinated approach to: - identifying and interpreting legislative requirements across the City; - translating those requirements into actionable compliance obligations; - monitoring the completion of compliance obligations on an ongoing basis; - responding to legislative changes; and	Recommendations	

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• providing assurance and reporting on the City's compliance status and emerging risks to Executive management, Council and the Audit, Risk and Improvement Committee. To carry out this assessment, audit reviewed the City's current compliance arrangements and key supporting documents, including the Governance Framework, Integrity Framework, delegations, relevant policies, and management practices. Additionally, discussions were conducted with officers from Risk Management and Governance functions. 2.1 Effectiveness of the City's Legislative Compliance Oversight Framework A local government's compliance arrangements strongly reflect its dedication to meeting legislative requirements. Maintaining compliance depends largely on a strong compliance culture, shaped by organisational values that emphasise legal and regulatory compliance, integrity, and business ethics. Robust integrity practices and good governance are crucial for the City to satisfy its legislative requirements and effectively handle compliance obligations. Audit noted the City has recently strengthened its foundations for lawful decision-making and ethical conduct through updates to the Integrity Framework and the Governance Framework (endorsed by Council in November 2025), with an Integrity Maturity Action Plan also in development.	2.1 Effectiveness of the City's Legislative Compliance Oversight Framework The City should develop and implement a comprehensive Legislative Compliance Oversight Framework that would articulate obligations arising from the Local Government Act and associated regulations, local laws, and other applicable legislation that could pose a compliance risk to the City. A well-defined framework establishes systems and processes designed to facilitate conformity with applicable laws and regulations, thereby fostering a culture of compliance. A Legislative Compliance Oversight Framework would operate in support of the City's Governance Framework, Integrity Framework, and Risk Management System, detailing how compliance	2.1 Management Comments The recommendation is supported. In September 2025, a report was submitted to the Executive Team providing a high-level overview of the City's integrity practices and any identified areas for improvement. As part of this report, it was identified (and supported by the City's Executive Team) that a business proposal be put forward as part of the City's mid-year budget review for the procurement of a compliance oversight system that will strengthen the City's legislative compliance monitoring and which will address the findings and recommendations detailed in this review. In view of this a business proposal has been put forward as part of the City's Mid-Year
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Although governance and integrity frameworks foster accountability and ethical behaviour, audit noted that the City lacks a formalised, organisation-wide legislative compliance oversight system. Compliance obligation responsibilities are spread across Business Units, but processes for tracking, monitoring, and reporting them remain inconsistent, manual, and decentralised, which limits overall visibility and assurance. However, it is important to note that the City adopted a decentralised approach to compliance assurance (assurance in addition to the Annual Compliance Audit Return - compliance self-assessments) due to resource and system constraints, and complex legislation. Compliance assurance was largely achieved through compliance self-assessments conducted by each Business Unit, phased over a five-year plan. These assessments were carried out in workshops facilitated by the Risk and Compliance team (note prior to the Governance Business Unit restructure). Compliance self-assessments identified key compliance obligations and risks, assessed training needs and relationships with regulators, and the management of non-compliance, resulting in recommended actions to address gaps. These results were presented to the former Audit Committee and Council. The completion of compliance self-assessments and the subsequent reporting to the former Audit Committee and Council in May 2025 marked the conclusion of the five-year plan of compliance self-assessment. The report further highlighted that, with compliance self-assessments now implemented across all Business Units, these	obligations are identified, assessed, integrated, and monitored. It would include the following: • Establish the scope of various compliance activities (in consultation with Business Unit Managers and Directors), roles, and responsibilities. • Development of a central compliance obligations system/register capturing: ◦ legislative source ◦ obligation description ◦ responsible officer ◦ evidence requirements ◦ compliance frequency. • a structured process for monitoring legislative changes, assessing impacts, documenting actions, and ensuring compliance obligations (on the system/register above) are updated accordingly. • enhanced controls for high risk compliance obligations, including procedures, system controls, templates, checklists, recordkeeping requirements, and evidence retention guidance. • a compliance calendar to coordinate monitoring, reporting, and assurance activities. • targeted training programs for officers with compliance obligation responsibilities, with monitoring of training completion and periodic refreshers. • formal reporting mechanisms to the Executive, Audit, Risk & Improvement Committee, and Council to ensure accountability, oversight, and continuous improvement.	Budget Review for the procurement of a Compliance Oversight System that will strengthen the City's compliance monitoring and improve governance activities. Responsible Officer: Manager Governance Completion Date: December 2026
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assessments will undergo annual review or be revisited upon any instance of non-compliance to ensure ongoing alignment with legislative changes. Finding The City does not currently have a formal Legislative Compliance Oversight Framework that clearly identifies, interprets, documents, monitors, and reports on its statutory obligations across the wide range of legislation governing the City's operations, service delivery, and internal administration. In particular, audit identified that the City lacks: • a Legislative Obligations Register capturing the legislative source, description of compliance obligations, responsible officers, internal controls, evidence requirements, compliance frequency, and associated risks aligned with City's Risk Management System; • a structured mechanism for continuous monitoring of legislative updates, including amendments, consolidations, or new statutory requirements. Although informal processes have been put in place including subscriptions to legislative updates, Departmental circulars, industry updates and released reports, it is not formalised and the process relies on officers being diligent and aware of subscription services to legislative update mechanisms and advising other officers accordingly. • documented processes for treating high risk compliance obligations, such as procedures, work instructions, system controls, templates, checklists, evidence retention requirements, and recordkeeping	Implementing a Legislative Compliance Oversight Framework will strengthen the City's ability to meet its legislative requirements, mitigate compliance risks, and support a culture of integrity, transparency, and good governance.	
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protocols, this would need to be informed by the City's Risk Management System. • a coordinated approach to targeted training for officers with specific compliance responsibilities, including oversight of training completion. • compliance monitoring and assurance activities are planned and reported through a consolidated compliance calendar and structured reporting to Executive, Audit, Risk & Improvement Committee, and Council is scheduled. It is important to note that the absence of a Legislative Compliance Oversight Framework stems from the City's historical reliance on manual, decentralised processes such as the compliance self-assessments, rather than a systematised organisational approach. Audit noted no further review of the established compliance self-assessments has occurred since May 2025 although a restructure of the Governance Business Unit and resourcing pressures are attributed to this and the previous five-year self-assessment program is complete. Without a formal Legislative Compliance Oversight Framework, the City is exposed to several risks: • Increased risk of non-compliance with statutory obligations under the <i>Local Government Act 1995</i> and other key legislation. • Inconsistent practices across the organisation due to manual, ad hoc monitoring and tracking processes. • Key person dependency, where compliance relies on the knowledge and diligence of individual officers, creating vulnerability in the event of employee turnover or absence.		
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• Greater likelihood of human error due to manual controls that can be overridden, misapplied, or missed entirely. • Limited assurance to Executive, Audit, Risk & Improvement Committee, and Council regarding whether compliance obligations are being met in a timely and complete manner. • Reduced ability to demonstrate transparency, accountability, and good governance, contrary to obligations emphasised in the City's newly updated Governance and Integrity Frameworks. Although there is no formal legislative compliance oversight framework, this audit assessed how the City addresses its key obligations under the <i>Local Government Act 1995</i>, related regulations, and other applicable laws. The City's Governance team is responsible for ensuring essential mandates of the Local Government Act and its associated regulations are met. 2.2 Completion of the Compliance Audit Return The Compliance Audit Return (CAR) is an annual self-assessment required of all local governments under the Local Government Audit Regulations to confirm compliance with key obligations under the <i>Local Government Act 1995</i> and associated regulations. It covers high risk governance areas such as local laws, tenders, meeting procedures, disclosure of financial interests and financial management. At the City, the Governance Team coordinates completion of the CAR,	2.2 Completion of the Compliance Audit Return The City should update the CAR procedure to reflect current legislative and procedural requirements. In addition, the Governance Team should implement periodic spot-check verification of CAR responses such as sampling supporting evidence or independently confirming selected responses to strengthen assurance over accuracy, detect potential non-compliance earlier, and	2.2 Management Comments The recommendation is supported. Recent Local Government Act reforms have changed the processes regarding the completion and submission of the CAR, now to the newly established Local Government Inspector. Any new procedures in relation to the completion of the CAR will be created in line with the Local Government Act reforms.
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which is reviewed by the Audit, Risk & Improvement Committee and adopted by Council before submission through the CAR Portal to the new Local Government Inspector (as now required under the recent reforms). Finding The City has an established process for completing and submitting the CAR; however, this process is not documented (no documented procedure), additionally no spot check verification is performed to ensure the accuracy and reliability of CAR responses. This reduces the level of assurance obtained from the CAR process and may result in undetected non-compliance or inaccurate reporting to the Local Government Inspector.	improve the reliability of the City's annual CAR submission.	Additionally, the creations of compliance obligation system/register (recommended above) would provide improvements to the current process and will add additional assurance regarding the accuracy of disclosures made. Any spot checks of evidence to support would need to be cognisant of resourcing and timing in relation to the CARs completion. Responsible Officer: Manager Governance Completion Date: October 2026
2.3 Maintenance & annual review of Delegations of Authority Register Under the <i>Local Government Act 1995</i>, a local government is required to keep a register of all delegations made to the CEO and employees. All delegations must be reviewed at least once every financial year in accordance with s.5.46(2). Audit reviewed the City's processes for maintaining and updating its Delegations Register. Governance receives automated payroll reports that provide updates on new starters, leavers, higher duties, acting arrangements and extended leave (including maternity and long service leave). These reports enable Governance to ensure delegation records remain current. Once updated, delegation changes are forwarded to	2.3 Maintenance & annual review of Delegations of Authority Register The City should complete its current review and put into effect a new, consolidated Delegations Register that meets legislative requirements, uses best practices from the sector, and supports necessary operational procedures. After adoption, it is important to continue current processes for receiving automated payroll reports and updating delegations accordingly, along with providing clear guidance on sub-delegations to maintain accuracy and consistency throughout the organisation.	2.3 Management Comments The recommendation is supported. A contemporary delegation's framework not only will result in operational efficiencies, greater transparency and accountability, it will also enable Council to focus on strategic issues and policy direction setting for the City, as opposed to being involved in operational matters. As per the finding, the City's administration has embarked on a comprehensive review of the City's existing Instruments of Delegation with a view of creating a new Delegations

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Systems Administration to ensure relevant systems accurately reflect approved authorities. Audit noted the City is currently undertaking a comprehensive review of its Delegations Register to ensure legislative compliance, alignment with the WALGA Model, and comparability with other local governments. The review identified gaps, redundant and non-legislative delegations, outdated formats, and extensive sub-delegations that increase administrative effort and heighten compliance risks. A draft restructured Delegations Register has been prepared, consolidating delegations and improving clarity regarding legislative powers, Council-to-CEO delegations, and CEO-to-employee sub-delegations. The Executive Team has endorsed the review findings and supports progression to organisation-wide consultation and Elected Member engagement, with the aim of implementing the updated Register by 1 July 2026. Finding While the City has sound operational processes for keeping delegation records current, supported by automated payroll reporting and system updates, the existing Delegations Register scope and format contains structural gaps, redundant content and outdated delegation instruments. The lack of a contemporary, streamlined Register and the presence of excessive sub-delegations create unnecessary administrative burden and increase the risk of inconsistent application of authority, misinterpretation, or legislative non-compliance. These issues also impede the City's ability to maintain		Register that would be reflective of better practice and industry standards. Engagement with the City's Elected Members will be undertaken as part of this review with a view to obtain 'buy-in' and the subsequent implementation of a new delegation's framework by 1 July 2026. Furthermore, the legislative compliance oversight system will also achieve workflow and oversight benefits relating to delegations and subsequent administrative processes in support of maintaining this critical operational activity. Responsible Officer: Manager Governance Completion Date: July 2026
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clear lines of accountability and ensure staff exercise delegated powers appropriately. 2.4 Maintenance of other Registers required under the Local Government Act The Local Government Act and associated regulations require local governments to maintain several statutory registers. At the City, these registers are maintained primarily by Governance, with supporting responsibilities held by staff and Elected Members. Audit reviewed the City's processes for maintaining statutory registers required under the Local Government Act 1995 and associated regulations. The City maintains the: - Local Laws Register - amendments or revocations are updated following Council decisions. - Gifts and Travel Register - Gift and travel disclosure forms are available via the Elected Member Portal, Disclosures must be submitted within 10 days, Governance publishes disclosed gifts and travel contributions on the City's website, Employees follow additional guidance in the Employee Code of Conduct and Notifiable Gifts Practice. Employees and Elected Members use prescribed disclosure forms such as gift, financial interest, and conference/travel forms to report information. - Primary and Annual Returns Register - The City maintains its Primary and Annual Returns Register by requiring Elected Members, the CEO and	2.4 Maintenance of other Registers required under the Local Government Act To reduce the risk of incomplete or inaccurate registers, the City should establish and document clear procedures for reporting essential information, including formal procedures for the Primary and Annual Return processes, and promote these to employees and elected members.	2.4 Management Comments The recommendation is supported. The responsibilities for updates to the City's registers is well known by relevant officers including with the job descriptions of relevant. The implementation of a Legislative Compliance Oversight System, including the development of a compliance calendar will result in greater assurance reporting around register updates and improved register reporting. Responsible Officer: Manager Governance Completion Date: December 2026
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designated employees to lodge a primary return within three months of commencing and an annual return by 31 August each year, as prescribed under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i>. Governance records these lodgements in the register, updates it as positions change (via monitoring automated payroll reports), and ensures required information such as the names and roles of those who have lodged returns is published on the City's website in accordance with section 5.96A(1)(i). These processes operate alongside the City's broader delegations register, see 2.3 above. - Meetings/Record Register - meeting dates, agendas, and minutes are systematically published on the City's website, ensuring public accessibility and to maintain transparency and compliance with Reg. 29C–29D. An internal document tracks meeting dates and report deadlines to support timely agenda preparation. Information must remain published for at least 5 years, as prescribed by regulation. - Elected Member Training Register - an Elected Member Training Register is maintained by the City, continuously, recording all approved training in an internal log and verifying attendance through certificates once training is completed. Council Services updates the public register on the City's website with confirmed training, and at the end of each financial year consolidates all records to prepare the statutory Elected Member Training Report required under the <i>Local Government Act 1995</i>.		
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Governance maintains these registers and help employees and Elected Members report necessary information to ensure registers are up-to-date. Thus the effectiveness of the record therefore depends significantly on employees and Elected Members proactively disclosing required information. There is an inherent risk of incomplete, late, or missed disclosures, potentially impacting legislative requirements and public transparency. Further emphasising the importance of training and awareness. Findings Current systems and procedures that support employees and elected members to report information required to maintain accurate registers are not formally documented or actively promoted. In addition, there is no documented procedure for the Primary and Annual Return processes. 2.5 Effective Policy and Management Practices review Audit reviewed the City's arrangements for managing its policy and management practice framework. Governance is responsible for overseeing policy governance and coordinating scheduled reviews to ensure policies and management practices remain current, compliant, and reflective of organisational and legislative requirements. Audit noted that Governance has commenced a review of the status of the City's Policy Register and Management Practice Register, with the team currently logging all existing policies and management practices and mapping	2.5 Effective Policy and Management Practices review Formalise and implement the Policy Register and Management Practice Register, ensuring each document includes review frequencies, ownership, next scheduled review dates, and legislative linkages. Governance should use these registers to drive a structured review program and ensure policies and management practices are updated in	2.5 Management Comments The recommendation is supported. As noted, work is underway to assess the status of the City's existing policy framework and management practice framework, although competing priorities and resourcing limitations is hampering the timeliness of this work. A structure review program will ultimately be developed in consultation with Business Units, the Executive Team and Council. Notwithstanding Business Units can review policies and management practices within the
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out their review cycles. This work follows identification that a significant number of documents have passed their scheduled review dates, highlighting the need for a more structured and transparent tracking system. Finding While the City has initiated work to review its policy and management practice framework, it does not yet have a fully established and operational Policy Register or Management Practice Register that clearly identifies review requirements, accountabilities, and scheduling. As a result, several policies and management practices have exceeded their review dates, creating a risk that outdated or non-compliant documents may continue to guide operations. The absence of a centralised, consistently maintained register also limits oversight and may reduce assurance that legislative and organisational governance requirements are being met.	a timely manner and remain compliant, current, and aligned with organisational needs.	realm of their responsibility at any time and outside of any established review program and are encouraged to do so. Responsible Officer: Manager Governance Completion Date: October 2026
2.6 Council and Committee meeting attendance, decision-making, and record-keeping Audit reviewed the City's processes for ensuring Council and Committee meetings are legally convened, accurately recorded, and supported by appropriate recordkeeping in accordance with the <i>Local Government Act 1995</i> and associated regulations. Statutory requirements such as recording attendance, motions, disclosures of financial interest and interest affecting impartiality, voting outcomes, and maintaining accessible and compliant meeting records are being met through established	2.6 Council and Committee meeting attendance, decision-making, and record-keeping The City should develop a Minute Taking Guide to ensure standardisation of minute taking and associated processes This will strengthen consistency, reduce reliance on officer knowledge, and ensure legislative requirements such as recording voting outcomes for every motion are applied uniformly even as staff or system configurations change.	2.6 Management Comments The recommendation is supported. The Council Governance team will be reviewing its Minute Taking Guide and Report Writing Guide as part of its ongoing process improvement activities and in view of recent Local Government Act reforms, which is significantly changing the legislative landscape around council and committee meetings. The standardised meeting procedures proposed as part of the Local

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operational practices and recordkeeping controls. Audit found that these requirements are substantially operationalised through the City's InfoCouncil system, and digital Council and Committee forms which provide and support structured processes, controlled templates, integrated publishing functions, and automated recordkeeping safeguards. InfoCouncil ensures meeting agendas, minutes, and attendance are captured consistently and published in accordance with statutory timeframes. The system also embeds version control and approval pathways that reduce the reliance on officer knowledge and manual processes. In addition, the requirement to record voting information for each motion, including procedural, amendment and alternative motions (excluding secret ballots), is supported by InfoCouncil's templated minute taking structure, which prompts reporting officers and minute takers to record voting outcomes accurately. Additionally disclosures of financial/proximity interests and interests affecting impartiality (captured via digital forms) are disclosed at a Council/Committee meeting for an Item are recorded in the minutes of that meeting. Finding While the City meets statutory requirements for convening, recording, and publishing Council and Committee meetings, it does not have a Minute Taking Guide to ensure standardisation of minute taking and associated processes. This creates reliance on officer knowledge rather than formal guidance.		Government Act reforms will also guide the development of new processes and procedures. The release of the standardised meeting procedures is not yet known. Responsible Officer: Manager Governance Completion Date: December 2026.
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2.7 Conflicts of interest and Codes of Conduct Audit reviewed the City's policy and governance frameworks relating to conflicts of interest and Codes of Conduct for Elected Members, Committee Members, Candidates, employees, volunteers and contractors. Codes of Conduct set behavioural expectations including ethical decision making, integrity, respectful conduct, appropriate use of information and impartiality. Audit noted the Code of Conduct for Council Members, Committee Members and Candidates (adopted 2021, revised 2024) complies with the Local Government (Model Code of Conduct) Regulations 2021. Employees, volunteers and contractors are guided by the Employee Code of Conduct (2024/2025). The above are supported by dedicated Conflict of Interest Management Practices for both Elected Members and employees, outlining required disclosures and procedures for managing actual, potential and perceived conflicts. The Governance Service Plan confirms scheduled Code of Conduct reviews in 2026, strengthening version control and alignment with new legislative changes under the Local Government Amendment Act 2024 (the new provisions will completely overhaul how breaches of a local government's Code of Conduct for Elected Members, Committee Members and Candidates will be treated and processed). Further enhancements to the Codes, including incorporation of explicit child safety obligations and "zero tolerance" statements for child abuse, which is consistent with the requirements of the emerging Reportable Conduct Scheme, will also be addressed.	2.7 Conflicts of interest and Code of Conduct City to amend its Codes to reflect Local Government amendments and capture reportable conduct scheme requirements. effective dates, review dates, increasing clarity about which version is current (version control).	2.7 Management Comments The recommendation is supported. The City's revised Code of Conduct for Elected Members, Committee Members and Candidates is to be considered by Council (through the Community and Resources Committee) at its meeting to be held on 24 February 2026. This version includes changes as a result of the recently amended Local Government (Model Code of Conduct) Regulations 2021, reference to recommendations as part of the recent review of child safeguarding activities at the City, and also includes a version control table. Responsible Officer: Manager Governance Completion Date: February 2026.
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Finding Employees, volunteers and contractors are guided by the Employee Code of Conduct (2024/2025), audit noted this was last reviewed in 2024, however no effective or revision date was noted on the document. 2.8 Complaints, whistleblowing and PID processes Audit reviewed the City's processes for receiving, managing, investigating, reporting (where applicable) complaints, misconduct reports, whistleblowing disclosures and Public Interest Disclosures (PID). The review noted that the City has developed and maintains a comprehensive, multi layered system for handling these matters, with several key policies and management practices recently reviewed and updated. This includes the adoption of a revised Integrity and Misconduct Management Practice and the development of a separate Reportable Conduct Scheme Management Practice to support the introduction of Western Australia's Reportable Conduct Scheme relating to child related harm reporting. Additionally, the City's PID Guidelines clearly define reporting pathways, confidentiality protections, investigation processes and protections for disclosers as required under the <i>Public Interest Disclosure Act 2003</i>. The City's procedures support the intake, retention and treatment of a wide range of complaint types, including confidential and anonymous complaints concerning both employees and Elected Members. Multiple internal reporting channels exist, enabling concerns to be raised through supervisors, the CEO, the Internal Auditor, the		
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February 2026

Chief People Officer, the Manager Governance, or anonymously through the Misconduct Hotline. For allegations involving Elected Members, Committee Members or Candidates, the designated Complaint Officer manages the process under the relevant Code of Conduct requirements. Overall, these integrated frameworks provide clear processes for receiving, triaging, documenting and investigating complaints and disclosures, supported by defined roles, statutory reporting requirements, and oversight by senior management, including the CEO Finding No issues noted. 2.9 Published under 5.96A Reg 29.C & 29.D In accordance with Section 5.96A of the <i>Local Government Act 1995</i>, as well as Regulations 29C and 29D of the Local Government (Administration) Regulations 1996, the City provides a comprehensive range of statutory information online. This includes agendas, minutes, plans, budgets, and other required documents. To ensure published information remains accurate and current, the City applies a series of established governance controls. These include scheduled review cycles, quality assurance processes overseen by the Governance team, and internal registers that track publication requirements and statutory deadlines. These mechanisms enable timely updates in		
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response to legislative changes, reporting obligations, and the release of new or revised documents. All information required to be publicly accessible under section 5.96A of the <i>Local Government Act 1995</i>, and as prescribed by Regulation 29C of the Local Government (Administration) Regulations 1996, is published on the City's website. Regulation 29D further requires that specified information must remain available online for a minimum of five years. Audit noted no exceptions. Finding No issues noted 2.10 Freedom of information The <i>Freedom of Information (FOI) Act 1992</i> gives the public the right to apply for access to documents held by the City of Stirling, subject to certain exemptions. The City outlines its FOI process clearly on its website, including what can be accessed, how to apply, fees, exemptions, and review rights. The City has also recently published an annual Freedom of Information Statement, as required under Part 5 of the FOI Act. Finding Audit noted that the City's internal FOI processing procedures are not formally documented. Current practices rely heavily on the knowledge and experience of key officers, rather than on documented operating procedure. This creates a key-person dependency and increases the risk of inconsistent FOI handling, delays, incomplete assessments, or non-compliance with	2.10 Freedom of information Develop and implement a documented internal FOI procedure that outlines end to end processing requirements, officer responsibilities, statutory timeframes, escalation points, and recordkeeping expectations. This will reduce reliance on individual officers, strengthen consistency, and ensure the City continues to meet all legislative FOI obligations.	2.10 Management Comments The recommendation is supported. The Corporate Governance team has undergone significant staff turnover and restructure over the last twelve months and FOI applications are continuing to increase. Although internal City procedures are in the process of being developed, City officers are generally guided by the various guiding documents and procedural information developed and made available by the Office of the Information Commissioner. A freedom of information working group across agencies has also been established to assist FOI officers with process queries and continuous improvement initiatives.
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Internal Audit Report – Regulation 17 Internal Audit Review**February 2026**

statutory requirements. Without a formal internal process, organisational continuity is vulnerable to staff turnover, leave, or changes in responsibilities, potentially impacting the City's ability to meet legislated FOI timeframes and decision-making obligations.		Responsible Officer: Manager Governance Completion Date: December 2026.
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Internal Audit Report – Regulation 17 Internal Audit Review

February 2026

Finding 3 – Control Assurance Mapping

Observations

The City has several existing mechanisms for assessing its internal control environment, including internal audit activities, the annual financial statement audit, and the previous Regulation 5(2)(c) audit.

The City's new Risk Management System aims to improve internal control assessment (see Finding 1.4 above). It includes a comprehensive Control Assurance Mapping approach designed to link risks, controls, and assurance activities across the organisation. Central to this approach is the development of a Controls & Assurance Register, which will record key information for each critical control—such as control owner, criticality, assurance status (assured / self-assessed / data gap), last test date, assurance provider type (1st, 2nd, 3rd line, external), and supporting evidence. This register is intended to support the production of a City-wide Assurance Map and Combined Assurance Plan, providing Executive, the Audit, Risk & Improvement Committee, and Council with clear visibility of control strength, gaps, and assurance coverage. The Combined Assurance Plan will also inform Internal Audit planning and contribute to a coordinated audit universe aligned with the Risk Management System.

These developments reflect a strong conceptual design aimed at integrating risk, control, and assurance activities into a unified, risk-based framework.

Recommendations

The City should progress the implementation of a structured, system-driven Control Assurance Map and Combined Assurance Plan supported by a fully developed Controls and Assurance Register. This should include defining minimum assurance expectations and prioritising the testing of critical controls; and aligning assurance activities with the Risk Management System. The City should also formalise scope, roles, and resourcing for maintaining the Control Assurance Map and Combined Assurance Plan, enforce consistent monthly and quarterly update cycles, and strengthen governance reporting so the Executive Team and the Audit, Risk and Improvement Committee have clear visibility of assurance coverage, gaps, priorities, and emerging risks.

Management Comments

The City supports this recommendation. As level 3 risks and key controls are confirmed through the upcoming operational risk workshops, initial planning for developing the Controls Assurance Map and Combined Assurance Plan will commence. Minimum assurance expectations will be developed for high-risk and low-appetite areas, and the City will establish a coordinated update and reporting process to ensure consistent oversight. Internal Audit, and the Risk Team will work together to define responsibilities and resourcing requirements.

Responsible Officer:

Internal Auditor
Service Lead, Strategy, Risk and Performance

Completion Date:

December 2026.

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Finding Control Assurance Map and Combined Assurance Plan have not been scoped and resourced. Additionally, assurance expectations and alignment with the new Risk Management System needs to be established.		
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Appendix A – Corporate Risk Consequence X Risk Likelihood Matrix

Level			Consequence				
			Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood	Almost Certain 5	Expected several times per year.	Moderate	High	High	Extreme	Extreme
	Likely 4	Expected at least annually.	Moderate	Moderate	High	High	Extreme
	Possible 3	Could occur in the next year.	Low	Moderate	Moderate	High	High
	Unlikely 2	Not expected in the next year; plausible within 2–5 years.	Low	Low	Moderate	Moderate	High
	Rare 1	Not expected within 5+ years; multiple conditions must coincide.	Low	Low	Low	Moderate	Moderate

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Appendix B – Risk Categories & Risk Consequence Table

Consequence Level	Safety (WHS)	Service Delivery / Business Disruption	ICT & Cyber	Information & Privacy	People & Capability	Financial Sustainability	Legislative, Regulatory & Governance	Reputation	Environment & Climate	Performance (Objectives)	Project / Program
Use this when...	Primary impact is harm (injury, illness or fatality) to people or failure to provide a safe and healthy work environment.	Primary impact is a community facing outage or delay to agreed service levels.	Primary impact is ICT outage, cyber event and/or data integrity issue that disrupts the City's operations or service delivery.	Primary impact is exposure of personal or sensitive data that breaches privacy obligations and erodes community trust.	Primary impact is workforce availability, skills and critical roles, including leadership capability to anticipate/plan for the future.	Primary impact is unplanned cost, revenue variance, liquidity/sustainability or lack of long-term planning.	Primary impact is breach of law, regulations or governance standards, including decision quality, delegations and internal control effectiveness.	Primary impact is damage to the City's reputation or public confidence arising from its decisions, actions, performance, or relationships.	Primary impact is environmental harm or climate resilience failure that may affect the City's sustainability for future generations.	Primary impact is failure to create a long-term aspirational vision for the future and to plan/deliver the right activities to achieve SCP/CBP objectives.	Primary impact is delay, cost or scope failure of projects/program that compromises delivery of intended benefits.
Catastrophic (5)	One or more fatalities, or permanent disabling injury/illness including severe or irreversible psychosocial injury; irreversible community harm.	Loss of essential services >5 days affecting >30% of residents or critical facilities.	Widespread ICT/cyber failure; outage >5 days; critical data loss.	Reportable breach; large-scale personal information exposure; regulatory action likely.	Critical workforce loss; essential services cannot be delivered for sustained period.	Unrecoverable loss; threatens financial sustainability; >5% of total operating revenue or inability to meet essential obligations.	Wilful illegality; regulator prosecution; licence loss; dismissal of Council; governance crisis.	Sustained national media scrutiny; long-term loss of trust.	Extensive irreversible environmental damage.	Failure to achieve critical SCP/CBP objectives; sustained negative outcomes.	Project/program fails; blowout threatens service outcomes.
Major (4)	Serious injury or illness (non-fatal) requiring hospitalisation or extended incapacity (e.g. diagnosed psychosocial injury with prolonged absence); ≥1 notifiable incident, OR ≥3 LTIs.	Complete loss of one essential service >48 hours but <5 days affecting >10% of residents.	Major system outage >48 hours; significant data integrity issue; recovery requires external support.	Reportable breach; medium-scale exposure; significant remediation required.	Workforce gaps materially degrade essential services for several days.	Material adverse variance; ~3–5% of total operating revenue; liquidity/DSCR below tolerance.	Serious non-compliance; material fines/penalties; enforceable undertakings.	Sustained state media scrutiny; significant loss of trust; formal censure.	Significant long-term harm; remediation required.	Material under-delivery on key objectives; significant KPI failure.	Major delay/cost overrun; critical scope compromised.
Moderate (3)	Medical treatment injury or illness (physical or psychosocial) OR ≥1 LTI (≥1 working day lost) OR substantiated safety or psychosocial complaint needing formal action.	Essential service disruption <48 hours; OR non-essential service delays >2 weeks.	Outage <48 hours; limited data issue; workaround available.	Non-reportable incident; limited exposure; quickly contained; no harm confirmed.	Delays to deliverables or non-essential services due to capability gaps.	Significant variance; ~1–3% of total operating revenue; liquidity pressure manageable.	Notifiable breach; corrective plan agreed with regulator; increased inspections.	Short-term state media; moderate concern; reputational damage contained.	Short-term harm; contained; remediation possible.	Several KPI misses; objectives delayed but recoverable.	Significant delay or overrun; manageable with re-planning.
Minor (2)	First-aid/GP treatment only (physical or psychosocial); short term absence or distress; no lasting impact.	Brief disruption of non-essential services <1 week; <5% of residents affected; minimal backlog.	Brief outage; minor performance degradation; no customer impact.	Contained incident; no personal data exposed; corrective actions complete.	Short-term resourcing pressure; absorbed; no community impact; minor backlog.	Small variance; <1% of total operating revenue.	Isolated non-compliance; warning/education from regulator.	Local media/social media; brief concern; isolated complaints.	Minor harm; reversible; limited impact.	Isolated KPI miss; limited effect on outcomes.	Minor slippage; small overrun; minimal scope change.
Insignificant (1)	No injury or illness; near miss or early concern only; no treatment required.	Negligible disruption; resolved quickly (e.g., within hours); no customer complaints.	Transient glitch; no noticeable impact.	Near miss; no data exposure; no control failure identified.	Minor friction; no impact on services or milestones.	Negligible financial impact.	Technical breach; promptly corrected; no regulatory impact.	Minimal visibility; isolated inquiry; no sustained concern.	Minimal effect; temporary; non-contaminating.	No material effect on objectives.	On plan; negligible deviation.

EXTERNAL AUDITS**EA1 INDEPENDENT AUDITOR'S REPORT - FINANCIAL REPORT AS AT 30 JUNE 2025**

Business Unit:	Finance Services	Service: Financial Accounting
Ward:	Not Applicable	Location: Not Applicable
Applicant:	Not Applicable	

Role

Information - *Receiving information about the City or its community.*

Recommendation

1. That Council **ACCEPTS** the Annual Financial Report of the City of Stirling for the financial year ending 30 June 2025, forming Attachment 1.
2. That Council **ACCEPTS** the Independent Auditor's Report for the financial year ending 30 June 2025, forming Attachment 2.
3. That Council **NOTES** the findings detailed in the Auditor's Management Letter for the year ended 30 June 2025, forming Confidential Attachment 3 and Attachment 4.

Purpose

To report to the Audit Committee on the outcome of the Office of the Auditor General's audit of the City's Financial Statements for the year ended 30 June 2025.

Details

The Auditor General took over responsibility for the audit of the City of Stirling Financial Accounts for the financial year ending 30 June 2019 and contracted out the work to Ernst & Young. For the financial year ending 30 June 2025, Ernst & Young again undertook the work under the supervision of the Auditor General.

The Auditor General must give the report on the financial audit to the Mayor and Chief Executive Officer of the local government and to the Minister for Local Government.

The objective of the financial audit is to obtain reasonable assurance that the financial report, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes the Auditor's opinion. The 'Independent Auditor's Report' signed by the Auditor General for Western Australia is attached and provides an unqualified opinion for the City.

The financial report for the City comprises the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows, along with notes to the financial statements and the Chief Executive Officer's statement.

Over the nine areas of audit focus, the Auditor's management letter details four minor control findings. These can be seen in Confidential Attachment 3 and Attachment 4. The attachments detail mitigation actions the City has taken / will take. One of the actions had been completed by October 2025, with the other three not requiring any further action.

Financial Assessment and Implications

The indicative audit fee was set by the OAG at \$162,580 (excluding GST) and has been allowed for through the adopted budget.

Stakeholder Engagement

Nil.

Recommended Action

The outcome of the Office of the Auditor General's audit of the City's Financial Statements for the year ended 30 June 2025 will be included within the City of Stirling's 2024/2025 Annual Report. The 2024/2025 Annual Report will be submitted to the Council Meeting on 24 February 2026 and presented at the Electors' General Meeting on 23 March 2026.

Relevant Policies, Legislation and Council Resolutions

[Local Government \(Audit\) Regulations 1996.](#)

[Local Government \(Financial Management\) Regulations 1996](#)

[Local Government Act 1995](#)

Sustainable Stirling 2022-2032

Key Result Area: Our leadership

Objective: A capable and efficient City

Priority: Provide responsible financial and asset management

Strategic Risk

Strategic Risk	Risk Appetite
Funding	The City will take sufficient financial risk to enable it to achieve its strategic objectives, providing it does not significantly impact on the long term financial sustainability of the City.

Relevant Documents and Information

Attachments

Attachment 1 - City of Stirling - Financial statements - 30 June 2025 [↓](#)

Attachment 2 - Independent Auditors Report [↓](#)

Attachment 3 - Findings identified during the course of the audit_Confidential (circulated to Elected Members under confidential separate cover)

Attachment 4 - Findings identified during the course of the audit [↓](#)

Available for viewing at meeting

Nil

Linked Documents

Nil.

CITY OF STIRLING

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

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

A sustainable City with a local focus.

Principal place of business:

25 Cedric Street,
Stirling WA 6021

CITY OF STIRLING FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

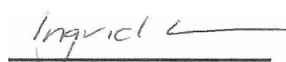
Local Government Act 1995
Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The accompanying financial report of the City of Stirling 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 2025 and the financial position as at 30 June 2025.

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

Signed on the 15 day of December 2025



INGRID HAWKINS
ACTING CHIEF EXECUTIVE OFFICER

City of Stirling
Statement of Comprehensive Income
For the year ended 30 June 2025

	Note	2025 Budget \$	2025 Actual \$	2024 Actual \$
Revenue				
Rates	2a, 25	166,424,866	166,042,228	160,080,943
Security service charge	2a	4,770,060	4,916,522	4,137,943
Grants & subsidies	2a	13,790,488	14,000,384	15,021,260
Contributions, reimbursements & donations	2a	2,287,456	4,040,245	3,056,584
Waste service charge	2a	45,753,935	48,058,892	45,403,791
Fees & charges	2a	21,053,879	23,797,280	20,270,361
Interest revenue	2a	10,000,000	10,836,094	11,345,930
Registrations/licences & permits	2a	4,150,920	5,238,557	4,244,396
Underground power	2a	1,352,976	1,406	125,194
Other revenue/income	2a	4,284,818	5,581,441	4,629,243
Total revenue from ordinary activities		273,869,398	282,513,049	268,315,645
Expenses				
Employee costs	2b	(111,969,899)	(117,908,345)	(107,110,470)
Materials & contracts direct maintenance of non-current assets		(32,302,716)	(34,992,395)	(30,602,107)
Materials & contracts other works		(75,178,327)	(74,189,721)	(69,856,878)
Underground power		-	(114,747)	(1,638,943)
Utility charges		(8,832,545)	(9,272,898)	(8,381,284)
Depreciation and amortisation		(51,093,486)	(56,506,909)	(51,789,769)
Finance costs	2b, 27	-	(34,951)	(8,079)
Insurance expenses		(2,223,204)	(2,039,393)	(2,462,107)
Other expenditure	2b	(4,059,899)	(4,813,525)	(3,995,917)
Total expenditure from ordinary activities		(285,660,076)	(299,872,884)	(275,845,554)
Net result from operating activities		(11,790,678)	(17,359,835)	(7,529,909)
Non-operating activities				
Capital grants & subsidies	2a	11,203,535	14,875,292	11,971,912
Gifted & acquired assets	2a	-	2,048,379	121,926
Share of profit/(loss) of associates accounted for using the equity method	20a	-	(3,264,242)	2,665,876
Profit on sale of Catalina land		6,080,000	15,455,664	15,676,633
Fair value adjustment to financial assets through profit and loss	4	-	(8,878)	4,203
Fair value adjustment to Investment Property		-	200,000	488,500
Profit on asset disposals		611,364	1,376,172	1,250,687
Loss on asset disposals		(788,317)	(1,156,399)	(8,307,950)
Total non-operating activities		17,106,583	29,525,988	23,871,787
Net result	16b	5,315,905	12,166,153	16,341,878
Other comprehensive income				
Share of other comprehensive income of associates accounted for using the equity method	15, 20b, 20c	-	(297,119)	840,752
Changes in asset revaluation surplus	15	-	72,064,007	69,909,798
Total comprehensive income		5,315,905	83,933,041	87,092,428

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

City of Stirling
Statement of Financial Position
For the year ended 30 June 2025

Assets	Note	2025	2024
		\$	\$
Current assets			
Cash & cash equivalents	3, 16	168,810,992	161,892,443
Trade and other receivables	5a	17,368,337	17,097,560
Other assets	5c	4,817,241	3,869,740
Inventories	6	6,722,894	3,749,006
Contract Assets	7	2,109,404	2,096,563
Total current assets		199,828,868	188,705,312
Non-current assets			
Other financial assets	4	199,049	207,927
Trade and other receivables	5b	2,068,426	2,246,296
Inventory - land held for resale	6	59,098	106,354
Investment Property	11	6,200,000	6,000,000
Property, plant & equipment	8a	830,278,067	818,077,616
Infrastructure	8c	1,750,972,937	1,682,682,786
Intangibles	9	3,636,215	2,501,444
Right of use assets	10a	474,307	70,961
Investments	20a	53,866,656	67,466,111
Total non-current assets		2,647,754,755	2,579,359,495
Total assets		2,847,583,623	2,768,064,807
Liabilities			
Current liabilities			
Trade and other payables	12	40,416,549	45,588,296
Other liabilities	13	2,665,075	3,095,464
Lease liabilities	10b, 27	109,745	5,654
Employee related provisions	14	19,968,162	19,316,096
Total current liabilities		63,159,531	68,005,510
Non-current liabilities			
Lease liabilities	10b, 27	377,774	68,532
Employee related provisions	14	1,307,343	1,184,831
Total non-current liabilities		1,685,117	1,253,363
Total liabilities		64,844,648	69,258,873
Net assets		2,782,738,975	2,698,805,934
Equity			
Retained surplus		1,066,362,537	1,080,669,952
Reserves - cash/investment backed	28	126,947,567	98,989,504
Revaluation surplus	15	1,589,428,871	1,519,146,478
Total equity		2,782,738,975	2,698,805,934

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

Statement of Changes in Equity

For the year ended 30 June 2025

	Note	Retained surplus	Reserves cash backed	Revaluation surplus	Total equity
		\$	\$	\$	\$
Balance as at 1 July 2023		1,068,353,767	94,897,412	1,448,462,327	2,611,713,506
Comprehensive income					
Net result		16,341,878	-	-	16,341,878
Share of other comprehensive income of associates	15, 20b, 20c	-	-	840,752	840,752
Change on revaluation of non-current assets	15	-	-	69,909,798	69,909,798
Total comprehensive income		16,341,878	-	70,750,550	87,092,428
Realisation of revaluation reserve upon disposal of assets	15	66,399	-	(66,399)	-
Transfers to and from trust			-	-	-
Transfers to reserves	28	(34,556,475)	34,556,475	-	-
Transfers from reserves	28	30,464,383	(30,464,383)	-	-
Balance as at 30 June 2024		1,080,669,952	98,989,504	1,519,146,478	2,698,805,934
Total equity as at 1 July 2024		1,080,669,952	98,989,504	1,519,146,478	2,698,805,934
Comprehensive income					
Net result		12,166,153	-	-	12,166,153
Share of other comprehensive income of associates	15, 20b, 20c	-	-	(297,119)	(297,119)
Change on revaluation of non-current assets	15	-	-	72,064,007	72,064,007
Total comprehensive income		12,166,153	-	71,766,888	83,933,041
Realisation of revaluation reserve upon disposal of assets	15	1,484,495	-	(1,484,495)	-
Transfers to reserves	28	(45,466,524)	45,466,524	-	-
Transfers from reserves	28	17,508,461	(17,508,461)	-	-
Balance as at 30 June 2025		1,066,362,537	126,947,567	1,589,428,871	2,782,738,975

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

Statement of Cash Flows
For the year ended 30 June 2025
Cash flows from operating activities

	Note	2025 \$	2024 \$
Receipts			
Rates		166,356,800	159,027,497
Underground power		633,428	788,954
Fees from regulatory services		6,140,183	4,470,229
Service charges		76,698,357	70,168,399
Interest revenue		9,545,567	10,080,111
Grants, subsidies & contributions		17,627,687	16,933,730
Other revenue		6,916,690	4,138,789
		283,918,712	265,607,709
Payments			
Employee costs		(134,287,876)	(126,247,594)
Materials & contracts		(100,375,564)	(75,738,164)
Underground power		(114,746)	(1,517,017)
Utility charges		(9,272,898)	(8,381,285)
Insurance		(2,039,392)	(2,462,106)
Interest		(34,951)	(8,079)
Other expenditure		(4,767,283)	(4,519,408)
		(250,892,710)	(218,873,653)

Net cash from operating activities

16b

33,026,002 **46,734,056**
Cash flows used in investing activities

New & redevelopment of community infrastructure		(36,762,058)	(25,224,502)
Payments for purchase of property, plant & equipment		(34,367,374)	(47,315,629)
Transfer from trust		-	-
Payments for principal portion of lease liabilities		(112,607)	(79,615)
Distributions from investment in associate	20c	23,333,333	10,000,000
Proceeds from sale of property, plant & equipment		6,925,961	4,073,824
Capital grants, subsidies & contributions		14,875,292	11,971,912
Net cash used in investing activities		(26,107,453)	(46,574,010)

Net increase in cash & cash equivalent

6,918,549 160,046

Cash & cash equivalents at beginning of reporting period

161,892,443 161,732,397

Cash & cash equivalent at end of reporting period

3

168,810,992 **161,892,443**

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

Statement of Financial Activity
For the year ended 30 June 2025

	Note	2025 Budget \$	2025 Actual \$	2024 Actual \$
Operating activities				
Revenue from operating activities				
General rates	2a, 25	166,424,866	166,042,228	160,080,943
Security service charge	2a	4,770,060	4,916,522	4,137,943
Grants & subsidies	2a	13,790,488	14,000,384	15,021,260
Contributions, reimbursements & donations	2a	2,287,456	4,040,245	3,056,584
Waste service charge	2a	45,753,935	48,058,892	45,403,791
Fees & charges	2a	21,053,879	23,797,280	20,270,361
Interest revenue	2a	10,000,000	10,836,094	11,345,930
Profit on disposal of assets		611,364	1,376,172	1,250,687
Registrations/licences & permits	2a	4,150,920	5,238,557	4,244,396
Underground power		1,352,976	1,406	125,194
Other revenue	2a	4,284,818	5,581,441	4,629,243
Fair value adjustments to investment property	11	-	200,000	488,500
Total revenue from operating activities		274,480,762	284,089,221	270,054,832
Expenditure from operating activities				
Employee costs		(111,969,899)	(117,908,345)	(107,110,470)
Materials & contracts direct maintenance of non-current assets		(32,302,716)	(34,992,395)	(30,602,107)
Materials & contracts other works		(75,178,327)	(74,077,114)	(69,777,263)
Underground power		-	(114,747)	(1,638,943)
Utilities		(8,832,545)	(9,272,898)	(8,381,284)
Depreciation on non-current assets	8e	(51,093,486)	(56,506,909)	(51,789,769)
Loss on disposal of assets		(788,317)	(1,156,399)	(8,307,950)
Fair value adjustment to financial assets		-	(8,878)	4,203
Interest expenses	2b, 27	-	(34,951)	(8,079)
Insurance expenses		(2,223,204)	(2,039,393)	(2,462,107)
Other expenditure	2b	(4,059,899)	(4,813,525)	(3,995,917)
Total expenditure from operating activities		(286,448,393)	(300,925,554)	(284,069,686)
		(11,967,631)	(16,836,333)	(14,014,854)
Non cash amounts excluded from operating activities				
Amount attributed to operating activities	26a	51,270,439	67,740,173	54,277,553
		39,302,808	50,903,840	40,262,699
Investing activities				
<i>Inflows from investing activities</i>				
Capital grants & subsidies	2a	11,203,535	14,875,292	11,971,912
Profit on sale of Catalina Land		6,080,000	15,455,664	15,676,633
Proceeds from disposal of assets		3,632,856	4,073,824	4,073,824
		20,916,391	34,404,780	31,722,369
<i>Outflows from investing activities</i>				
Total capital expenditure		(109,238,795)	(70,219,445)	(72,381,490)
		(109,238,795)	(70,219,445)	(72,381,490)
Non-cash amounts excluded from investing activities				
Amount attributed to investing activities		-	1,645,033	193,614
		(88,322,404)	(34,169,632)	(40,465,507)
Financing activities				
<i>Inflows from financing activities</i>				
Transfers from reserves	28	25,927,684	17,508,461	30,464,383
		25,927,684	17,508,461	30,464,383
<i>Outflows from financing activities</i>				
Payments for principal portion of lease liabilities	27	-	(112,607)	(79,615)
Transfers to reserves	28	(30,998,842)	(45,466,524)	(34,556,475)
		(30,998,842)	(45,579,131)	(34,636,090)
Amount attributed to financing activities		(5,071,158)	(28,070,670)	(4,171,707)
Movement in surplus or deficit				
Surplus at the start of the financial year		54,090,754	41,026,394	45,400,909
Amount attributed to operating activities		39,302,808	50,903,840	40,262,699
Amount attributed to investment activities		(88,322,404)	(34,169,632)	(40,465,507)
Amount attributed to financial activities		(5,071,158)	(28,070,670)	(4,171,707)
Surplus after imposition of general rates	26c	-	29,689,932	41,026,394

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

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Notes to and forming part of the financial statements**For the year ended 30 June 2025****1. Basis of preparation**

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

Local Government Act 1995 requirements

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

The Local Government (Financial Management) Regulations 1996 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.

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

- land and buildings classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment, which would have required the City to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

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

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

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8.
 - Infrastructure - note 8.
 - Expected credit loss on financial assets - notes 5 and 7.
 - Assets held for sale - note 6.
 - Investment property - note 11.
 - Estimated useful life of intangible assets - note 9.
 - Measurement of employee benefits - note 14.
- Fair value hierarchy information can be found in note 23.

Notes to and forming part of the financial statements**For the year ended 30 June 2025****1. Basis of preparation (continued)*****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 in note 29 of the financial report.

Initial application of accounting standards

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- 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 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities
- AASB 2023-3 Amendments to Australian Accounting Standards - Disclosure of Non-current Liabilities with Covenants: Tier 2
- AASB 2024-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements: Tier 2 Disclosures
- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

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 2024-4b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector
- AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability
- AASB 18 (FP) Presentation and Disclosure in Financial Statements - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments
- AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11

These amendments are not expected to have any material impact on the financial report on initial application.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

2. 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
Grants, subsidies and contributions	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
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

Revenue recognition

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.

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

For the year ended 30 June 2025

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	166,042,228	-	166,042,228
Grants, subsidies and contributions	9,699,990	-	8,340,639	-	18,040,629
Fees and charges	20,453,731	-	3,343,549	-	23,797,280
Registrations, licenses and permits	-	-	5,238,557	-	5,238,557
Service charges	-	-	52,976,820	-	52,976,820
Interest earnings	-	-	10,836,094	-	10,836,094
Other revenue	-	-	1,591,250	3,990,191	5,581,441
Capital grants, subsidies and contributions	-	14,875,292	-	-	14,875,292
Total	30,153,721	14,875,292	248,369,137	3,990,191	297,388,341

For the year ended 30 June 2024

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	160,080,943	-	160,080,943
Grants, subsidies and contributions	9,371,825	-	8,706,019	-	18,077,844
Fees and charges	17,357,775	-	2,912,586	-	20,270,361
Registrations, licenses and permits	-	-	4,244,396	-	4,244,396
Service charges	-	-	49,666,928	-	49,666,928
Interest earnings	-	-	11,345,930	-	11,345,930
Other revenue	-	-	854,148	3,775,095	4,629,243
Capital grants, subsidies and contributions	-	11,971,912	-	-	11,971,912
Total	26,729,600	11,971,912	237,810,950	3,775,095	280,287,557

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
2. Revenue and expenses
a) Revenue (Continued)
Assets and services acquired below fair value

	2025 Budget \$	2025 Actual \$	2024 Actual \$
Contributed assets	-	2,048,379	121,926
Recognised volunteer services	-	-	-
	-	2,048,379	121,926

The City utilises volunteer services for community services.

Volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.

Interest revenue

	2025 Budget \$	2025 Actual \$	2024 Actual \$
Interest on reserve funds	3,900,000	5,585,236	5,122,195
Rates penalty interest	500,000	542,169	572,458
Other interest earnings	5,600,000	4,708,689	5,651,277
	10,000,000	10,836,094	11,345,930

Fees and charges relating to rates receivable

	2025 Budget \$	2025 Actual \$	2024 Actual \$
Charges on instalment plans	2,000	1,920	2,310

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

2. Operating revenues and expenses (continued)

b) The change in net assets resulting from operations was arrived at after charging the following items:

	2025 \$	2024 \$
Auditors remuneration		
Audit of the Annual Financial Report	162,580	152,300
Other services - grant acquittals	92,420	136,573
	255,000	288,873
Prior year has been restated to include audit fees for other services.		
Employee Costs		
Employee benefit costs	112,498,871	100,633,116
Other employee costs	5,409,474	6,477,354
	117,908,345	107,110,470
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	34,951	8,079
	34,951	8,079
Other expenditure		
Change in impairment loss on trade and other receivables	51,353	(309,408)
Change in impairment loss on contract assets	-	(214,082)
Donations, sponsorships and contributions	3,863,288	2,892,382
Election and other elected member expenses	898,884	1,627,025
	4,813,525	3,995,917

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
3. Cash and cash equivalents
Cash on hand

	Note	2025 \$	2024 \$
Cash at bank and on hand - unrestricted		714,149	7,602,819
Term deposits		168,096,843	154,289,624
Total cash and cash equivalents	16a	<u>168,810,992</u>	<u>161,892,443</u>
Held as:			
Restricted cash and cash equivalents		145,527,638	116,360,385
Unrestricted cash and cash equivalents		23,283,354	45,532,058
		<u>168,810,992</u>	<u>161,892,443</u>

Material accounting policies
Cash and cash equivalents

Cash and cash equivalents includes 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 values.

Restricted financial assets

Restricted financial asset balances are not available for general use by the City due to externally imposed restrictions which may be specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

4. Other financial assets

Non-current assets	2025	2024
	\$	\$
Financial assets at fair value through profit and loss		
Units in Local Government House Trust - opening balance	207,927	203,724
Movement attributable to fair value increment	(8,878)	4,203
Units in Local Government House Trust - closing balance	199,049	207,927

The City, along with other Local Government Authorities is a beneficiary of the Local Government Unit Trust. The City holds 10 units in the Trust.

As set out in the Trust Deed units in the Trust can only be issued to Local Government Authorities recognised under the Local Government Act and cannot be commercially traded.

Material accounting policies

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
5. Trade and other receivables and other assets
a) Trade and other receivables - current

	2025	2024
	\$	\$
Rates and statutory receivables	8,384,856	7,971,143
Trade and other receivables	7,323,859	6,894,718
GST Receivable	1,724,029	2,253,631
	<u>17,432,744</u>	<u>17,119,492</u>
Less: Allowance for credit losses of trade and other receivables	21b (64,407)	(21,932)
	<u>17,368,337</u>	<u>17,097,560</u>

b) Trade and other receivables - non-current

	2025	2024
	\$	\$
Pensioner's rates and ESL deferred	1,906,814	2,067,670
Deferred debtors	161,612	178,626
	<u>2,068,426</u>	<u>2,246,296</u>

Disclosure of opening and closing balances related to contracts with customer

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	30 June 2025	30 June 2024	30 June 2023
	\$	\$	\$
Trade and other receivables from contracts with customers	7,323,859	6,894,718	7,901,452
Contract assets	2,109,404	2,096,563	1,926,658
Allowance for credit losses of trade and other receivables	(64,407)	(21,932)	(327,137)
Allowance for credit losses of contract assets	-	-	(214,082)
Total trade and other receivables from contracts with customers	<u>9,368,856</u>	<u>8,969,349</u>	<u>9,286,891</u>

c) Other assets

	2025	2024
	\$	\$
Interest due on investments not matured	2,611,102	1,922,540
Current prepayments	2,206,139	1,947,200
	<u>4,817,241</u>	<u>3,869,740</u>

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****5. Trade and other receivables and other assets (continued)****Material accounting policies****Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines. Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade and other 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 are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as 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 are measured 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 21.

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.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
6. Inventories

	2025	2024
	\$	\$
Current		
Construction materials & fuel	302,862	405,080
Land held for resale		
Cost of acquisition	37,557	53,894
Development costs	6,382,475	3,290,032
Total	6,722,894	3,749,006
	2025	2024
	\$	\$
Non-current		
Land held for resale		
Cost of acquisition	106,354	167,946
Transfer to current inventory	(47,256)	(61,592)
Total	59,098	106,354

The following movement in land held for sale occurred during the year:

Land held for sale	Current	Non-current	Total
	\$	\$	\$
Balance at beginning of the year	3,343,926	106,354	3,450,280
Land disposed/sold during the year	(63,593)	-	(63,593)
Land transferred from non current to current inventory	47,256	(47,256)	-
Development costs	3,092,443	-	3,092,443
Balance at end of year	6,420,032	59,098	6,479,130

Material accounting policies
General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value.

Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

7. Contract assets

Current

	2025	2024
	\$	\$
Contract assets	2,109,404	2,096,563
Allowance for impairment of contract assets	-	-
Total	<u>2,109,404</u>	<u>2,096,563</u>

Significant accounting policies

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 in note 5b.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

8. Property, plant, equipment and infrastructure

a) Movements in balances of property, plant & equipment

Note	Land	Buildings	Total land and buildings	Plant and equipment	Mobile vehicle and plant	Furniture and equipment	Recreation equipment	Assets under construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2023	446,489,659	308,435,894	754,925,553	9,110,547	18,655,982	3,751,673	2,978,274	11,784,394	801,206,423
Transfer to Inventory - land held for sale	-	-	-	-	-	-	-	-	-
Additions	-	250,953	250,953	353,940	13,600,570	531,465	69,135	24,016,749	38,822,812
Disposals	-	(1,578,978)	(1,578,978)	(13,166)	(2,897,889)	(41,864)	(9,534)	-	(4,541,431)
Revaluation increments / (decrements) transferred to revaluation surplus	(810,547)	-	(810,547)	-	-	-	-	-	(810,547)
Reclassifications	(2,720,000)	(2,791,500)	(5,511,500)	-	-	-	-	-	(5,511,500)
Impairment (losses) / reversals	-	-	-	-	-	-	-	-	-
Depreciation (expense)	8e	-	(6,260,653)	(1,355,767)	(3,844,103)	(880,963)	(607,990)	-	(12,949,476)
Transfers	-	5,294,031	5,294,031	946,484	(190,051)	-	912,229	(5,101,358)	1,861,335
Balance as at 30 June 2024	442,959,112	303,349,747	746,308,859	9,042,038	25,324,509	3,360,311	3,342,114	30,699,785	818,077,616
Comprises:									
Gross balance amount at 30 June 2024	442,959,112	309,602,178	752,561,290	16,736,474	40,799,753	10,005,680	6,616,976	30,699,785	857,419,958
Accumulated depreciation at 30 June 2024	-	(6,252,431)	(6,252,431)	(7,694,436)	(15,475,244)	(6,645,369)	(3,274,862)	-	(39,342,342)
Accumulated impairment loss at 30 June 2024	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024	442,959,112	303,349,747	746,308,859	9,042,038	25,324,509	3,360,311	3,342,114	30,699,785	818,077,616
Balance at 1 July 2024	442,959,112	303,349,747	746,308,859	9,042,038	25,324,509	3,360,311	3,342,114	30,699,785	818,077,616
Additions	3,093,333	468,669	3,562,002	275,511	9,119,255	796,339	373,710	21,177,779	35,304,596
Disposals	(4,029,112)	-	(4,029,112)	(3,693)	(3,225,394)	(9)	(99,627)	-	(7,357,835)
Revaluation increments / (decrements) transferred to revaluation surplus	1,352,128	-	1,352,128	-	-	-	-	-	1,352,128
Reclassifications	-	(161,969)	(161,969)	-	-	-	-	-	(161,969)
Depreciation (expense)	8e	-	(8,935,398)	(1,450,227)	(4,633,813)	(941,987)	(641,146)	-	(16,602,571)
Transfers	-	39,715,036	39,715,036	2,809,894	41,594	295,499	1,051,352	(44,247,273)	(333,898)
Balance as at 30 June 2025	443,375,461	334,436,085	777,811,546	10,673,523	26,626,151	3,510,153	4,026,403	7,630,291	830,278,067
Comprises:									
Gross balance amount at 30 June 2025	443,375,461	349,619,529	792,994,990	19,766,174	43,005,699	11,067,475	7,761,860	7,630,291	882,226,489
Accumulated depreciation at 30 June 2025	-	(15,183,444)	(15,183,444)	(9,092,651)	(16,379,548)	(7,557,322)	(3,735,457)	-	(51,948,422)
Accumulated impairment loss at 30 June 2025	-	-	-	-	-	-	-	-	-
Balance at 30 June 2025	443,375,461	334,436,085	777,811,546	10,673,523	26,626,151	3,510,153	4,026,403	7,630,291	830,278,067

The fair value of property, plant and equipment is determined at least every five years in accordance with the regulatory framework, Local Government (Financial Management) Regulation 17A (2). Refer to Note 8(b) for the year in which each asset category was assessed and level of fair value hierarchy. Additions since date of valuations are shown at cost. At the end of each reporting period the valuation is reviewed and where appropriate fair value is updated to reflect current market conditions. The reclassification relates to reclassification of an asset to Investment Property, see note 11.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

8. Property, plant, equipment and infrastructure (continued)

b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
i. Fair value - as determined at the last valuation date					
Land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2023	Price per hectare / market borrowing rate
Non - specialised buildings	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2023	Price per square metre / market borrowing rate
Specialised buildings	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Independent registered valuers and Management Valuation	June 2023	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)

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

During the period there were no changes in the valuation techniques used by the City to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

ii. Cost					
Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Plant & equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Cost	Not applicable	Not applicable
Mobile fleet & plant	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Cost	Not applicable	Not applicable
Furniture & office equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Cost	Not applicable	Not applicable
Recreation equipment	3	Cost approach using replacement cost, adjusted to take account of accumulated depreciation.	Cost	Not applicable	Not applicable
Assets under construction	2	Cost approach using cost of goods or service at acquisition	Cost	Not applicable	Not applicable

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

8. Property, plant, equipment and infrastructure (continued)

c) Movements in balances of infrastructure

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

	Note	Roads	Drainage	Footpaths	Other engineering infrastructure	Reserves	Reticulation and other parks	Lighting	Assets under construction	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2023		1,092,674,504	267,593,989	115,743,172	18,421,958	49,864,394	50,979,537	20,266,714	9,270,490	1,624,814,758
Additions		-	-	-	-	-	-	-	33,989,971	33,989,971
Disposals		-	-	-	-	(6,589,660)	-	-	-	(6,589,660)
Revaluation increments / (decrements) transferred to revaluation surplus	15	-	70,720,345	-	-	-	-	-	-	70,720,345
Revaluation (loss) / reversals transferred to profit or loss		-	-	-	-	-	-	-	-	-
Impairment (losses) / reversals		-	-	-	-	-	-	-	-	-
Depreciation (expense)	8e	(23,987,119)	(5,918,482)	(2,751,339)	(803,748)	-	(3,438,148)	(1,299,907)	-	(38,198,743)
Transfers		13,785,719	5,337,280	2,082,834	465,038	3,371,551	2,846,581	2,720,729	(32,663,617)	(2,053,885)
Balance as at 30 June 2024		1,082,473,104	337,733,132	115,074,667	18,083,248	46,646,285	50,387,970	21,687,536	10,596,844	1,682,682,786
Comprises:										
Gross balance amount at 30 June 2024		1,173,472,782	337,733,132	125,490,062	19,681,888	46,646,285	57,252,948	24,253,692	10,596,844	1,795,127,633
Accumulated depreciation at 30 June 2024		(90,999,678)	-	(10,415,395)	(1,598,640)	-	(6,864,978)	(2,566,156)	-	(112,444,847)
Accumulated impairment loss at 30 June 2024		-	-	-	-	-	-	-	-	-
Balance at 30 June 2024		1,082,473,104	337,733,132	115,074,667	18,083,248	46,646,285	50,387,970	21,687,536	10,596,844	1,682,682,786
Balance at 1 July 2024		1,082,473,104	337,733,132	115,074,667	18,083,248	46,646,285	50,387,970	21,687,536	10,596,844	1,682,682,786
Additions		-	-	-	146,642	189,776	157,782	47,357	36,465,526	37,007,083
Disposals		(13,148)	(257,591)	-	-	-	-	-	-	(270,739)
Revaluation increments / (decrements) transferred to revaluation surplus	15	46,115,179	-	24,596,700	-	-	-	-	-	70,711,879
Depreciation (expense)	8e	(23,920,368)	(6,019,972)	(2,570,223)	(902,479)	-	(3,820,299)	(2,005,490)	-	(39,238,831)
Transfers		10,355,975	2,718,207	3,088,827	588,901	5,617,781	5,201,580	4,088,716	(31,579,228)	80,759
Balance as at 30 June 2025		1,115,010,742	334,173,776	140,189,971	17,916,312	52,453,842	51,927,033	23,818,119	15,483,142	1,750,972,937
Comprises:										
Gross balance amount at 30 June 2025		1,115,010,742	340,190,182	140,189,971	20,417,431	52,453,842	62,612,310	28,389,765	15,483,142	1,774,747,385
Accumulated depreciation at 30 June 2025		-	(6,016,406)	-	(2,501,119)	-	(10,685,277)	(4,571,646)	-	(23,774,448)
Accumulated impairment loss at 30 June 2025		-	-	-	-	-	-	-	-	-
Balance at 30 June 2025		1,115,010,742	334,173,776	140,189,971	17,916,312	52,453,842	51,927,033	23,818,119	15,483,142	1,750,972,937

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

8. Property, plant, equipment and infrastructure (continued)

d) Carrying amount measurements of infrastructure

i) Fair value - as determined at the last valuation date

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Roads	3	Cost approach using current replacement cost	Independent valuation	June 2025	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Drainage	3	Cost approach using current replacement cost	Independent valuation	June 2024	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Footpaths	3	Cost approach using current replacement cost	Independent valuation	June 2025	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Other engineering infrastructure (including bridges)	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Reticulation & other parks	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)
Lighting	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs (Level 2) and current condition, residual values and remaining useful life assessment inputs (Level 3)

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.

ii) Cost

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Reserves	3	Actual cost of acquisition	Actual cost	June 2025	Actual cost
Assets under construction	2	Historical cost of acquisition	Actual cost	June 2025	Purchase costs and current stage of works

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
8. Property, plant, equipment and infrastructure (continued)
e) Depreciation
Depreciation rates

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

Artwork	Not Depreciated
Artwork - public	50 years
Buildings	10 to 50 years
Furniture & equipment	3 to 10 years
Plant & equipment	6 to 20 years
Mobile vehicles & plant	1 to 10 years
Recreation equipment	5 to 10 years
Roads	20 years to infinite
Drainage	30 to 100 years
Footpaths	15 to 60 years
Other engineering infrastructure	15 to 150 years
Reticulation & other parks infrastructure	10 to 75 years
Lighting	20 to 35 years
Reserves	Not Depreciated
Right-of-use (plant and equipment)	Based on the remaining lease term
Intangible assets - computer software licence	5 years

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

Fully depreciated assets still in use

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

By asset class	2025	2024
	\$	\$
Plant & Equipment	1,918	1,190
Mobile Vehicles & Plant	13,668	13,668
Furniture & Office Equipment	338,014	940
Recreation Equipment	7,212	6,779
	<u>360,812</u>	<u>22,577</u>

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****8. Property, plant, equipment and infrastructure (continued)****f) Material accounting policies****Initial recognition**

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

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

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

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

Measurement after recognition

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

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvement that the local government controls. Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvement) on land vested in the City.

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

For land, buildings and infrastructure, increase 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 and 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.

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****8. Property, plant, equipment and infrastructure (continued)****f) Material accounting policies (continued)****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:

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

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

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

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
9. Intangible assets

	Computer Software	Work in progress	Total
	\$	\$	\$
Intangible assets - non-current			
Balance as at 1 July 2023	2,495,884	533,597	3,029,481
Additions	264,893	-	264,893
Amortisation	(562,767)	-	(562,767)
Work in progress	-	(230,163)	(230,163)
Balance as at 30 June 2024	2,198,010	303,434	2,501,444
Balance as at 1 July 2024	2,198,010	303,434	2,501,444
Additions	502,538	-	502,538
Amortisation	(543,012)	-	(543,012)
Work in progress	-	1,175,245	1,175,245
Balance as at 30 June 2025	2,157,536	1,478,679	3,636,215

Material 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 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;
- 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.

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.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
10. Leases
a) Right-of-use assets

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

	Right of use assets - land	Right of use assets - plant and equipment	Right of use assets - Total
	\$	\$	\$
Balance as at 1 July 2023	2,000	140,649	142,649
Additions/terminations	(100)	7,195	7,095
Depreciation expense		(78,783)	(78,783)
Balance as at 30 June 2024	1,900	69,061	70,961
Gross balance as at 30 June 2024	5,000	284,588	289,588
Accumulated depreciation as at 30 June 2024	(3,100)	(215,527)	(218,627)
Balance as at 30 June 2024	1,900	69,061	70,961
Balance as at 1 July 2024	1,900	69,061	70,961
Additions/terminations		525,941	525,941
Depreciation (expense)	(100)	(122,495)	(122,595)
Balance as at 30 June 2025	1,800	472,507	474,307
Gross balance as at 30 June 2025	5,000	810,529	815,529
Accumulated depreciation as at 30 June 2025	(3,200)	(338,022)	(341,222)
Balance as at 30 June 2025	1,800	472,507	474,307

* Right of use assets additions are non-cash additions. Refer to note 27.

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

	2025	2024
	\$	\$
Depreciation of right-of-use assets	122,495	78,783
Finance charge on lease liabilities	34,951	8,079
Total amount recognised in the statement of comprehensive income	157,446	86,862
Total cash outflow from leases	34,951	8,079

The right of use asset of Land relates to a parcel of land for use by the City for 50 years. The City does not have the option to purchase the leased land at the expiry of the lease period.

	2025	2024
	\$	\$
b) Lease liabilities		
Current	109,745	5,654
Non-current	377,774	68,532
	487,519	74,186

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****10. Leases (continued)**

The City has various leases relating to plant and equipment. The lease term varies between 2 and 5 years. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed.

Refer to Note 27 for details of lease liabilities.

The City has not revalued the right of use assets relating to plant and equipment as the difference between the fair value and carrying amount is immaterial.

Secured liabilities and assets pledged as securities

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.

Material accounting policies

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

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

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

Leases for right of use assets are secured over the asset being leased.

Details of individual lease liabilities required by regulations are provided at Note 27.

Right-of-use assets - valuation measurement

Right of use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured zero cost (i.e. not included 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 8 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. 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 amortised over the useful life of the underlying asset.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

10. Leases (continued)

10.c) Lessor - Property, Plant and Equipment Subject to Lease

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

	2025	2024
	\$	\$
Less than 1 year	2,931,436	2,728,371
1 to 2 years	3,034,036	2,837,506
2 to 3 years	3,140,227	2,951,006
3 to 4 years	3,250,135	3,069,046
4 to 5 years	3,363,890	3,191,808
> 5 years	18,670,102	17,979,380

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

	2025	2024
	\$	\$
Rental Income	2,931,436	2,728,371

The City leases premises to clubs and other community institutions with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. These premises are not considered investment property as they are leased for use in the supply of services to the community.

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 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. Refer to note 11 for details of leased investment property.

Material accounting policies

The City as lessor

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

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
11. Investment property

	2025 Actual \$	2025 Budget \$	2024 Actual \$
Non-current assets - at reportable value			
Carrying balance at 1 July	6,000,000	-	5,511,500
Acquisitions	-	-	-
Net gain from fair value adjustment	200,000		488,500
	<u>6,200,000</u>	<u>-</u>	<u>6,000,000</u>
Closing balance at 30 June			

Amounts recognised in profit or loss for investment properties

Rental income	384,410
Fair value gain recognised in profit or loss	200,000

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:

	2025 Budget \$	2025 Actual \$	2024 Actual \$
Less than 1 year	482,075	482,075	318,444
1 to 2 years	-	412,208	-
2 to 3 years	-	328,780	-
3 to 4 years	-	-	-
4 to 5 years	-	-	-
> 5 years	-	-	-
	<u>482,075</u>	<u>1,223,063</u>	<u>318,444</u>

The investment property is leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the City is a lessor is recognised in income on a straight-line basis over the lease term.

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****11. Investment property (continued)**

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index rate. Although the City is exposed to changes in the residual value at the end of the current leases, the City 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 property.

Refer to note 10 for details of leased property, plant and equipment not classified as investment property.

Material accounting policies**Investment properties**

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City.

In accordance with *Local Government (Financial management) Regulation 17A(2)*, the carrying amount of non-financial assets that are investment properties, are shown at their reportable value.

Reportable value for the purposes of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date.

Revaluation

In accordance with the regulatory framework, investment properties are required to be revalued whenever required by AASB 140 and, in any event, every 5 years.

Fair value of investment properties

A management valuation was performed to determine the fair value of the investment property. 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.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
12. Trade and other payables

	2025	2024
Current	\$	\$
Trade payables	5,916,649	14,173,724
Accrued creditors	10,773,341	11,658,296
Accrued payroll liabilities	3,741,341	1,643,048
Income received in advance	4,070,222	3,837,814
Bonds and deposits held	15,914,996	14,275,414
	<u>40,416,549</u>	<u>45,588,296</u>

Material accounting policies
Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and 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 normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

Prepaid rates

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

13. Other liabilities

	2025	2024
Current	\$	\$
Contract liabilities from contracts with customers	1,796,621	1,874,600
Capital grant/contributions liabilities	868,454	1,220,864
	<u>2,665,075</u>	<u>3,095,464</u>

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025

13. Other liabilities (continued)	2025	2024
	\$	\$
Reconciliation of changes in contract liabilities		
Opening balance	1,874,600	1,642,924
Additions	1,796,621	1,874,600
Revenue from contracts with customers included as a contract liability at the start of the period	(1,874,600)	(1,642,924)
	<u>1,796,621</u>	<u>1,874,600</u>

The aggregate amount of the performance obligation unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$1,796,621 (2024: \$1,874,600)

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.

	2025	2024
	\$	\$
Reconciliation of changes in capital grant/contributions		
Opening balance	1,220,864	978,587
Additions	868,454	1,220,864
Revenue from capital grant/contributions held as a liability at the start of the period	(1,220,864)	(978,587)
	<u>868,454</u>	<u>1,220,864</u>

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

	Contract liabilities	Liabilities from transfers for recognisable non financial assets
	\$	\$
Less than 1 year	<u><u>1,796,621</u></u>	<u><u>868,454</u></u>

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

Material accounting policies
Contract liabilities

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

Contract liabilities represent performance 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

Grant liabilities represent the City's performance obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

14. Employee related provisions

	2025	2024
	\$	\$
Current provisions		
Annual Leave	8,042,774	7,746,238
Long service leave	11,925,388	11,569,858
	<u>19,968,162</u>	<u>19,316,096</u>
Non-current provisions		
Annual leave	-	-
Long service leave	1,307,343	1,184,831
	<u>1,307,343</u>	<u>1,184,831</u>
Total employee related provisions	<u><u>21,275,505</u></u>	<u><u>20,500,927</u></u>

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2025	2024
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date:	2,072,885	2,349,163
More than 12 months from the reporting date	19,202,620	18,151,764
	<u>21,275,505</u>	<u>20,500,927</u>
Expected reimbursements of employee related provisions from other local governments included within other receivables	<u>-</u>	<u>-</u>

Material accounting policies

Employee benefits

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.

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****14. Employee related provisions (continued)****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

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

Long-term employee benefits 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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

15. Revaluation surplus

	2025 Actual	2025 Actual	2025 Actual	2025 Actual	2024 Actual	2024 Actual	2024 Actual	2024 Actual
	Opening balance	Changes on revaluation of assets	Realisation on disposal of assets	Closing balance	Opening balance	Changes on revaluation of assets	Realisation on disposal of assets	Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$
(a) Plant & equipment revaluation reserve	6,066	-	-	6,066	6,265	-	(199)	6,066
(b) Mobile vehicle and plant revaluation reserve	44,917	-	-	44,917	44,917	-	-	44,917
(c) Furniture and office equipment revaluation reserve	786,412	-	-	786,412	852,612	-	(66,200)	786,412
(d) Recreation equipment revaluation reserve	13,690	-	-	13,690	13,690	-	-	13,690
(e) Roads revaluation reserve	614,245,131	46,115,179	-	660,360,310	614,245,131	-	-	614,245,131
(f) Drainage revaluation reserve	220,554,920	-	-	220,554,920	149,834,575	70,720,345	-	220,554,920
(g) Footpaths revaluation reserve	62,891,587	24,596,700	-	87,488,287	62,891,587	-	-	62,891,587
(h) Other engineering infrastructure revaluation reserve	16,886,312	-	-	16,886,312	16,886,312	-	-	16,886,312
(i) Reserves revaluation reserve	31,827,308	-	-	31,827,308	31,827,308	-	-	31,827,308
(j) Other parks infrastructure revaluation reserve	-	-	-	-	-	-	-	-
(k) Reticulation revaluation reserve	-	-	-	-	-	-	-	-
(l) Land revaluation reserve	426,041,290	1,352,128	(1,484,495)	425,908,923	426,851,837	(810,547)	-	426,041,290
(m) Building revaluation reserve	126,693,254	-	-	126,693,254	126,693,254	-	-	126,693,254
(n) Equity accounted investments								
- Catalina Regional Council	716,667	(716,667)	-	-	305,000	411,667	-	716,667
- Mindarie Regional Council	18,438,924	419,548	-	18,858,472	18,009,839	429,085	-	18,438,924
Total	1,519,146,478	71,766,888	(1,484,495)	1,589,428,871	1,448,462,327	70,750,550	(66,399)	1,519,146,478

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
16. Notes to the statement of cash flows
a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at bank and investments in short term money market activity. All trust monies are excluded.
Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2025	2024
		\$	\$
Cash & cash equivalents		168,810,992	161,892,443

Restrictions

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

b) Restrictions

	Note	2025	2024
		\$	\$
The following restrictions have been imposed by regulations or other externally imposed requirements:			
- Cash and cash equivalents	3	145,527,638	116,360,382
		145,527,638	116,360,382
Reserves - cash/investment backed	28	126,947,567	98,989,504
Bonds and other payables	12	15,914,996	14,275,414
Contract liabilities for contracts with customers	13	1,796,621	1,874,600
Grants for transfers for recognisable non-financial assets	13	868,454	1,220,864
Total restricted financial assets		145,527,638	116,360,382

b) Reconciliation of net cash used in operating activities to change in net assets.

	2025	2024
	\$	\$
Net result	12,166,153	16,341,878
Non-cash items		
(Decrease)/Increase in impairment	42,475	(519,287)
(Loss)/Gain on LG Unit trust	8,878	(4,203)
Fair value adjustment to investment property	(200,000)	(488,500)
Net (Profit)/loss on disposal of non-current assets	(219,773)	7,057,263
Gifted and acquired assets	(2,048,379)	(121,926)
Depreciation	56,506,909	51,789,769
Changes in assets and liabilities		
Increase/(decrease) in employee entitlements	774,578	835,956
Increase/(decrease) in payables & provisions	(5,834,544)	1,046,822
Increase/(decrease) in income in advance	232,408	346,095
(Increase)/decrease in receivables	(823,944)	(1,995,447)
(Increase)/decrease in prepayments	(258,939)	21,685
(Increase)/decrease in inventory	(2,926,632)	1,332,355
(Increase)/decrease in investments	(10,030,995)	(16,773,782)
(Increase)/decrease in contract assets	(12,841)	(169,905)
(Increase)/decrease in lease liabilities	525,940	7,195
Capital grants and subsidies	(14,875,292)	(11,971,912)
Net Cash from Operating Activities	33,026,002	46,734,056

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
16. Notes to the statement of cash flows (continued)
**c) Undrawn borrowing facilities
Credit standby arrangements**

	2025	2024
	\$	\$
Bank overdraft limit	500,000	500,000
Bank overdraft at reporting date	-	-
Total amount of credit unused	500,000	500,000

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

17. Contingencies

Contaminated sites

In compliance with the Contaminated Sites Act 2003, the City has two road reserves adjacent to privately owned sites that are listed in the Department of Water and Environmental Regulation (DWER) contaminated site register. The road reserves are considered as affected sites and are located:

- Adjacent to a site classified as "Contaminated – Remediation Required" in North Beach Road, Gwelup, and
- Adjacent to a site classified as "Possibly Contaminated – Investigation Required" in Walter Road West, Dianella

The City also has a former landfill at Civic Place, Stirling listed in the DWER contaminated site register as "Contaminated – remediation required". The area was used as a former landfill (for the disposal of degradable and household wastes). Asbestos containing-material is present in the stockpiled silos at the site.

Until the City investigates to determine the presence and scope of contamination, assess the risk, and agree with DWER on the need and criteria for remediation of a risk-based approach, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the DWER Guidelines.

18. Capital commitments

	2025	2024
Contracted for:	\$	\$
- capital expenditure projects	5,339,969	15,764,782
- plant & equipment purchases	29,121,021	19,351,510
	<u>34,460,991</u>	<u>35,116,292</u>
Payable		
- not later than one year	34,460,991	35,116,292

The capital expenditure projects outstanding at the end of the current and previous reporting period represent various constructions works throughout the City.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
19 Related party transactions
a) Elected member remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.	Note	2025 Budget \$	2025 Actual \$	2024 Actual \$
Mayor				
Annual allowance		93,380	97,398	93,811
Meeting attendance fees		50,907	51,562	49,665
Annual allowance for ICT expenses		3,500	3,500	3,500
Travel and accommodation expenses		2,000	161	104
		<u>149,787</u>	<u>152,621</u>	<u>147,080</u>
Deputy Mayor				
Annual allowance		23,345	24,350	23,446
Meeting attendance fees		31,127	34,378	30,368
Annual allowance for ICT expenses		3,500	3,500	3,500
Travel and accommodation expenses		2,000	663	871
		<u>59,972</u>	<u>62,891</u>	<u>58,185</u>
All Other Council members				
Meeting attendance fees		428,840	446,917	432,050
Annual allowance for ICT expenses		45,500	45,500	45,500
Travel and accommodation expenses		26,000	11,525	11,673
		<u>500,340</u>	<u>503,942</u>	<u>489,223</u>
	19b	<u>710,099</u>	<u>719,454</u>	<u>694,488</u>
Mayors allowance		93,380	97,398	93,811
Deputy mayors allowance		23,345	24,350	23,446
Meeting fees		510,874	532,857	512,083
Telecommunications allowance		52,500	52,500	52,500
Travelling expenses		30,000	12,349	12,648
		<u>710,099</u>	<u>719,454</u>	<u>694,488</u>

b) Key Management Personnel (KMP) compensation

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

	Note	2025 \$	2024 \$
Short-term employee benefits		1,577,619	1,652,787
Post-employment benefits		148,689	149,320
Other long-term benefits		37,096	38,821
Council member costs	19a	<u>719,454</u>	<u>694,488</u>
		<u>2,482,858</u>	<u>2,535,416</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

19. Related parties transactions (Continued)

Termination benefits

These amounts represent termination benefits paid to KMP.

Council member costs

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

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel and are detailed in Notes 19a and 19b.

ii. Other Related Parties

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

iii. Entities subject to significant influence by the City

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

iv. Associated entities accounted for under the equity method

The City is involved in associated arrangements with Catalina Regional Council and Mindarie Regional Council. See details of transactions in notes 19c and 19d.

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.

The City's main related parties are as follows:

c) Catalina Regional Council

The following related party transactions occurred with Catalina Regional Council (CRC) for the financial year ending 30 June:

	2025 Actual	2024 Actual
	\$	\$
Fees and charges	848,875	637,670
Materials & contracts other works	1,432,287	928,474
Distributions received	23,333,333	10,000,000

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

19. Related parties transactions (Continued)

d) Mindarie Regional Council

The following related party transactions occurred with the Mindarie Regional Council (MRC) for the financial year ending 30 June:

	2025	2024
	Actual	Actual
	\$	\$
Fees and charges	395,995	373,849
Materials & contracts other works	11,519,967	11,310,402
Amounts Payable to Related Parties:		
Trade and Other Payables	554,584	723,047

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
20. Investment in associates
a) Investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity	% of ownership interest	2025 Actual \$	2024 Actual \$
Mindarie Regional Council (refer note 20b))	33.33	43,621,917	46,892,876
Catalina Regional Council (refer note 20c))	33.33	10,244,739	20,573,235
Total equity accounted investments		53,866,656	67,466,111
		Note	2025 \$
			2024 \$
Share of profit/(loss) of associates accounted for using the equity method			
Share of profit/(loss) of Mindarie Regional Council	20b	(3,690,507)	2,225,521
Share of profit/(loss) of Catalina Regional Council	20c	426,265	440,355
		(3,264,242)	2,665,876

b) Mindarie Regional Council

The City, along with 6 other Councils is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Super lot 118. The City has 1/3rd interest in Mindarie Regional Council.

The City has contributed one third of the land and establishment costs of the refuse disposal facility and it uses the refuse disposal facility at Mindarie to deposit non recyclable waste collected by the City's domestic and commercial waste services.

The City currently has a contingent liability in relation to the Mindarie Regional Council. Details of this contingent liability are provided in note 20(d).

The table below reflects the summarised financial information of the material investments in associates based on the audited results of the Mindarie Regional Council. This does not reflect the City's share of those amounts. They have been amended to reflect adjustments made by the City when using the equity method, including fair value adjustments and modification for differences in accounting policy.

Summarised statement of comprehensive income	2025 \$	2024 \$
Revenue	42,864,527	37,295,742
Interest revenue	3,905,924	3,098,542
Expenses	(46,842,291)	(24,292,231)
Finance costs	(1,625,092)	(1,255,386)
Depreciation	(9,311,232)	(8,451,384)
Profit/(loss) on disposal of assets	(63,356)	281,281
Net Result for the period	(11,071,520)	6,676,564
Other comprehensive income	1,258,643	1,287,255
Total comprehensive income Mindarie Regional Council	(9,812,877)	7,963,819
City's share of total comprehensive income	(3,270,959)	2,654,606

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

20. Investment in associates (continued)

b) Mindarie Regional Council (continued)

Summarised statement of financial position

	2025	2024
	\$	\$
Cash and cash equivalents	12,356,926	21,681,423
Other current assets	76,582,737	57,745,265
Total current assets	88,939,663	79,426,688
Non-current assets	100,809,040	103,118,451
Total assets	189,748,703	182,545,139
Current financial liabilities	(738,124)	(680,492)
Other current liabilities	(26,348,670)	(15,889,908)
Total current liabilities	(27,086,794)	(16,570,400)
Non-current financial liabilities	(5,145,302)	(5,702,532)
Other non-current liabilities	(26,650,855)	(19,593,578)
Total non-current liabilities	(31,796,157)	(25,296,110)
Total liabilities	(58,882,951)	(41,866,510)
Net assets	130,865,752	140,678,629

Reconciliation to carrying amounts

	2025	2024
	Actual	Actual
	\$	\$
Opening net assets 1 July	140,678,629	132,714,810
Profit/(Loss) for the period	(11,071,520)	6,676,564
Other comprehensive income	1,258,643	1,287,255
Closing net assets 30 June	130,865,752	140,678,629

Carrying amount of equity accounted investments

	2025	2024
	Actual	Actual
	\$	\$
Carrying amount at 1 July	46,892,876	44,238,270
- share of associate's net profit/(loss) for the period	(3,690,507)	2,225,521
- share of associate's other comprehensive income arising during the period	419,548	429,085
Carrying amount at 30 June	43,621,917	46,892,876

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

20. Investment in associates (continued)

c) Catalina Regional Council (CRC) (Tamala Park Regional Council prior to 1 August 2023)

The City has a 1/3rd interest in Catalina Regional Council (known as Tamala Park Regional Council prior to 1 August 2023). The Regional Council was formed to manage the development and sale of land at Catalina Estate on behalf of six local governments.

The City has determined it has significant influence over the Regional Council as it holds 33.33 percent of the voting rights, as the City has representation on Council, and participates in policy-making decisions including the decisions regarding contributions and distributions.

The Catalina Regional Council's activities centre around the development of part Lot 118 Mindarie. Lot 118 was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community.

The investment in Catalina Regional Council has been recognised at the value of its equity contributions. The City has undertaken a revaluation of its investments to fair value according to *Local Government (Financial Management) Regulations 1996*.

Summarised statement of comprehensive income

	2025 Actual \$	2024 Actual \$
Revenue	-	8,000
Interest revenue	1,954,526	2,502,910
Expenses	(1,123,321)	(1,149,880)
Depreciation	(37,320)	(37,053)
Finance costs	(2,078)	(2,913)
Fair value adjustments to investment property	486,987	-
Net result for the period	1,278,794	1,321,064
Other comprehensive income	-	1,235,000
Total comprehensive income Catalina Regional Council	1,278,794	2,556,064
City's share of total comprehensive income	426,265	852,021

Summarised statement of financial position

	2025 Actual \$	2024 Actual \$
Cash and cash equivalents	14,925,208	22,602,158
Other current assets	16,814,972	35,992,662
Total current assets	31,740,180	58,594,820
Non-current assets	56,606	3,841,864
Total assets	31,796,786	62,436,684
Other current liabilities	(1,024,416)	(628,116)
Total current liabilities	(1,024,416)	(628,116)
Non-current liabilities	(38,154)	(88,862)
Total non-current liabilities	(38,154)	(88,862)
Total liabilities	(1,062,570)	(716,978)
Net assets	30,734,216	61,719,706

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
20. Investment in associates (continued)
c) Catalina Regional Council (CRC)

Reconciliation to carrying amounts	2025 Actual \$	2024 Actual \$
Opening net assets 1 July	61,719,706	46,839,922
Profit/(loss) for the period	1,278,794	1,321,064
Contribution to equity	(32,264,284)	12,323,720
Other comprehensive income	-	1,235,000
Closing net assets 30 June	30,734,216	61,719,706

Carrying amount of equity accounted investments	2025 Actual \$	2024 Actual \$
Carrying amount at 1 July	20,573,235	15,613,307
- share of associates net profit/(loss) for the period	426,265	440,355
- share of associates other comprehensive income arising during the period	-	411,667
- contribution to equity in associate	-	-
- capital contributions - net	12,578,573	14,107,906
- distribution of equity by associate	(23,333,334)	(10,000,000)
Carrying amount at 30 June	10,244,739	20,573,235

The City's share of the land held for re-sale in relation to Catalina Regional Council has been recognised in Note 6.

d) Contingent liabilities from investments in associates
i) Contaminated site - MRC landfill site

MRC operates the Tamala Park Waste Management Facility (the Site), which provides waste disposal services for the seven local government members. The Site has operated as a licensed landfill since 1991. In July 2007, the Site was initially classified as "possibly contaminated – investigation required" by the Department of Environment and Conservation (DEC).

In 2023-24, the previous MRC contaminated site approved auditor (Senversa) recommended that MRC should continue to provide the auditor with updated information as it becomes available (i.e. at least a 6 monthly update following sampling and annual reporting, plus immediate notification if things change). Communication received on 3 May 2024 stated, "as there has been no change in the risk profile and nothing to indicate that restrictions should change, a Mandatory Auditors Report (MAR) should be submitted in 2025 following 2 years of monitoring".

Notes to and forming part of the Financial Statements**For the year ended 30 June 2025****20. Investment in associates (continued)****d) Contingent liabilities from investments in associates****i) Contaminated site - MRC landfill site (continued)**

On 28 November 2024, the Department of Water and Environmental Regulation (DWER) issued an environmental protection notice (EPN) to the MRC stating that "there is, or is likely to be an emission or emissions from the Premises and that the emissions have caused or are likely to cause pollution".

- i. The EPN consisted of 11 odour emission and groundwater emission requirements. At 30 June 2025, 7 of the requirements had been completed by the MRC, i.e. requirements 1, 2, 3, 4, 7, 8, and 10.
- ii. Requirement 5 was completed on 1 July 2025.
- iii. Requirement 6 requires the MRC to implement recommended improvements including landfill gas collection and management infrastructure to prevent odour impacts outside the premises, in accordance with a direction from DWER. After submitting the required report, MRC are waiting for a reply on this requirement from DWER.
- iv. Requirement 9 is an option for DWER to require further action to be taken to manage odour emissions on the Site, and to date no further actions have been required.
- v. Requirement 11 provides that DWER may vary the requirements of the EPN, including the specified requirements and timeframes. No requests were made to vary any of the EPN requirements for the period 28 November 2024 to 30 June 2025, no further action to be taken by MRC.

The 2025 MAR Report was completed by the contaminated site approved auditor, Australian Environmental Auditors Pty Ltd (the auditor). A summary of findings for the Source and Affected site, which were submitted to DWER on 9 April 2025, are listed below:

Source Site - Part of Lot 9020 on Plan 408820:

- i. Suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination.
- ii. The land use is restricted to the current commercial/industrial use and configuration and shall not be developed for any other purposes without further contamination assessment or remediation.
- iii. Groundwater should not be abstracted for drinking purposes without appropriate treatment and testing to confirm its suitability.
- iv. Ongoing assessment of landfill gas and groundwater should be conducted as part of an ongoing site management plan to inform long term trends and to inform the need or otherwise for mitigation measures.
- v. No change in classification – "Contaminated-Remediation Required".

Affected Site - Previously known as portion of Lot 9043 - Subject Area N1 on Deposited Plan 424903:

- i. Site remains suitable for its current use as a development "buffer zone" and shall not be developed for any other purposes without further contamination assessment or remediation.
- ii. May not be suitable for more sensitive uses without further investigation and remediation.
- iii. Groundwater should not be abstracted for drinking purposes without appropriate treatment and testing to confirm its suitability.
- iv. No change in classification – "Contaminated-Restricted use".

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

20. Investment in associates (continued)**d) Contingent liabilities from investments in associates****i) Contaminated site - MRC landfill site (continued)**

The MAR and reports were received by DWER on 9 April 2025 from the auditor. On 24 April 2025, DWER confirmed to the auditor that "The site's classification of contaminated – remediation required under the Contaminated Sites Act 2003 (the CS Act) will be retained at this time. The classification of contaminated – restricted use for the affected site adjacent to the north, known as Subject Area N1, will also be retained at this time".

At 30 June 2025 the MRC has an ongoing obligation to remediate the Site for which there is a rehabilitation provision in place (refer to note 15); any future liability as a result of the Site's contaminated status cannot be reliably measured at this time.

Material accounting policies**Investments in associates**

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of the investee but not control or joint control of those policies. Investments in associates are accounted for using the equity method.

The equity method of accounting is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
21. Financial risk management

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

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

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

a) Interest rate risk
Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2025					
Cash and cash equivalents	4.85	168,810,992	168,096,843	-	714,149
2024					
Cash and cash equivalents	5.05	161,892,443	154,289,624	-	7,602,819

Sensitivity

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

	2025 \$	2024 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	1,688,110	1,618,924
* Holding all other variables constant		

b) Credit Risk
Trade and other receivables

The City's major receivables comprise of rates and annual charges and user charges and fees. 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. It also provides several payment options.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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 receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of fees and charges over a period of 12 months before 1 July 2024 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 ratepayers and residents to settle the receivables.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
21. Financial risk management (continued)
b) Credit Risk (continued)

No provisions are made for Rates debtors as the City has provisions under Schedule 6.3 of the *Local Government Act 1995* to assist in recovering rates or service charges which remain unpaid.

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
As at 30 June 2025					
Trade and other receivables					
Expected credit loss	0.0008	0.0026	0.0000	0.0038	
Gross carrying amount	5,311,235	550,928	316,675	15,431,736	21,610,574
Loss allowance	4,068	1,447	0	58,892	64,407
	4,068	1,447	0	65,240	
As at 30 June 2024					
Trade and other receivables					
Expected credit loss	0.0003	0.0002	0.0002	0.0013	
Gross carrying amount	4,858,949	947,534	517,324	15,175,652	21,499,459
Loss allowance	1,362	203	80	20,287	21,932

For consistency purposes the gross carrying amounts for the prior year have been amended to be more in line with the current financial year

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

	Trade and other receivables		Contract Assets	
	2025 Actual	2024 Actual	2025 Actual	2024 Actual
	\$	\$	\$	\$
Opening loss allowance as at 1 July	21,932	327,137	-	214,082
Increase/(Decrease) in loss allowance recognised in profit or loss during the year	69,082	(275,854)	-	(214,082)
Receivables written off during the year as uncollectible	(26,607)	(29,531)	-	-
Closing loss allowance at 30 June	64,407	21,932	-	-

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.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
21. Financial risk management (continued)
c) Liquidity risk
Payables

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 16c.

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 \$	Total contractual cash flows \$	Carrying values \$
<u>2025</u>				
Trade and other payables	40,416,549	-	40,416,549	40,416,549
Lease liabilities	109,745	377,774	487,519	487,519
	40,526,294	377,774	40,904,068	40,904,068
<u>2024</u>				
Trade and other payables	45,588,296	-	45,588,296	45,588,296
Lease liabilities	5,654	68,532	74,186	74,186
	45,593,950	68,532	45,662,482	45,662,482

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

22. Events occurring after the end of the reporting period

There have been no subsequent events of a material nature to report since the end of the financial year.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025

23. Other material accounting policies

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

Where required, comparative figures have been adjusted to conform 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 except for non-financial assets that are:

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

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 8.

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.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

24. Function and activity

a) Service objectives and description

The City is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Administration and operation of facilities and services to members of the City; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific City services; All other governance related activities in areas such as City Support, Administration, Finance and Information Services have been allocated down to the Programs that these costs support.
Law, order and public safety To provide services to help ensure a safer community.	Supervision of various local laws, security, fire prevention, emergency services and animal control.
Health To provide an operational framework for environmental and community health.	Food quality and pest control, health education, health related emergency response.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Provision, management and support services for families, children and the aged and disabled within the community, assistance to schools, senior citizens support groups and meals on wheels.
Community amenities To provide services required by the community.	Town planning and development, rubbish collection services, noise control, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social well being 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 centres, recreation and community centres, parks, gardens, sports grounds and the operation of libraries.
Transport To provide safe, efficient and effective transport services to the community.	Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the Council Operation Centre, street lighting, traffic lights, including development, plant purchase and maintenance.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

24. Function and activity (continued)

a) Service objectives and description (continued)

Objective	Description
General purpose funding	
To collect revenue to allow for the provision of services.	Rates income and expenditure, general purpose government grants, pensioner deferred rates and interest revenue.
Economic services	
To help promote the local government and its economic well being.	To plan facilities and regulate land use consistent with community expectations and environmental considerations.
Other property and services	
To provide effective and efficient property services to the community and to monitor and control Council's overheads operating accounts.	Private works operations, public works overheads, City plant operations and repair costs, land and property services and others that cannot be assigned to one of the preceding programs.

Notes to and forming part of the financial statements

For the year ended 30 June 2025

24. Function and activity (continued)

b) Income and Expenses by program	2025	2025	2024
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions	Budget	Actual	Actual
	\$	\$	\$
General Purpose Funding	176,429,865	181,491,398	177,160,685
Governance	1,616,018	2,616,006	2,118,270
Law, Order & Public Safety	5,422,160	5,618,328	4,783,876
Health	296,370	476,903	316,405
Education & Welfare	2,838,733	9,148,229	9,397,168
Community Amenities	49,539,761	49,153,837	55,055,618
Recreation & Culture	17,637,750	22,756,922	19,154,356
Transport	2,542,900	3,338,985	2,697,220
Economic Services	3,350,976	2,590,046	1,960,176
Other Property & Services	13,495,740	35,771,944	28,758,757
	273,170,273	312,962,597	301,402,532
Grants, subsidies and contributions and capital grants, subsidies and contributions			
General Purpose Funding	8,821,196	1,983,700	2,884,890
Governance	-	612,588	378,704
Law, Order & Public Safety	70,500	300,000	-
Education & Welfare	5,173,953	-	-
Community Amenities	-	909,322	58,275
Recreation & Culture	3,852,637	886,436	1,124,658
Transport	6,137,935	8,864,237	6,964,335
Other Property & Services	937,804	1,319,009	561,049
	24,994,025	14,875,292	11,971,912
Total Operating Revenue	298,164,298	327,837,889	313,374,444
Expenses from operations			
General Purpose Funding	-	(1,791,750)	(3,482,055)
Governance	(46,147,751)	(46,810,927)	(43,174,825)
Law, Order & Public Safety	(10,925,553)	(11,677,400)	(10,483,071)
Health	(2,799,719)	(3,208,937)	(2,789,457)
Education & Welfare	(13,504,387)	(14,341,479)	(15,154,658)
Community Amenities	(51,688,456)	(54,416,833)	(47,784,071)
Recreation & Culture	(83,224,138)	(90,300,913)	(85,500,217)
Transport	(60,152,148)	(62,654,963)	(58,885,328)
Economic Services	(5,670,777)	(5,756,629)	(6,738,925)
Other Property & Services	(18,735,464)	(24,711,903)	(23,039,959)
Total expenditure	(292,848,393)	(315,671,736)	(297,032,565)
Net result	5,315,905	12,166,153	16,341,878

Notes to and forming part of the financial statements
For the year ended 30 June 2025
24. Function and activity (continued)
c) Total assets

	2025 Actual \$	2024 Actual \$
General Purpose Funding	179,952,073	105,141,424
Governance	11,318,082	22,509,581
Law, Order & Public Safety	629,011	4,151,495
Health	14,850	447,245
Education & Welfare	46,410	16,089,294
Community Amenities	42,928,503	99,227,003
Recreation & Culture	553,948,386	425,066,828
Transport	1,642,029,629	1,504,299,241
Economic Services	646,572	3,718,234
Other Property & Services	414,519,992	535,065,813
Unallocated	1,550,115	52,348,649
Total assets	2,847,583,623	2,768,064,807

Notes to and forming part of the Financial Statements

Statement of Rating Information

For the year ended 30 June 2025

25. Rates

Rating information

Rate description	Basis of valuation	Rate in \$	Number of properties	Rateable value*	2025 Budget	2025 Actual	2024 Actual
				\$	\$	\$	\$
Residential	Gross rental valuation	0.05285	64,112	1,783,764,619	92,398,767	94,270,177	88,592,072
Industrial	Gross rental valuation	0.05972	1,889	241,135,096	14,512,764	14,400,829	13,980,785
Commercial	Gross rental valuation	0.05736	1,754	381,264,907	21,620,121	21,870,118	20,780,423
Vacant	Gross rental valuation	0.07928	1,284	36,438,270	2,699,436	2,454,534	2,535,166
Total general rates					131,231,088	132,995,658	125,888,446
Minimum payments		Minimum					
General minimum	Gross rental valuation	948	33,841	512,272,958	33,897,636	32,081,268	33,214,944
Parkland villas (under 36m ²)	Gross rental valuation	789	7	76,440	5,523	5,523	5,362
Strata titled storage units	Gross rental valuation	616	54	290,166	33,264	33,264	32,292
Inferim rates					1,257,355	926,515	939,899
Total general and minimum payments rates					166,424,866	166,042,228	160,080,943
Plus							
Late payment penalties					250,000	364,466	405,438
Arrears rates					2,000	1,920	2,310
Instalment charges & interest					250,000	177,701	167,018
Total general purpose funding					166,926,866	166,586,315	160,655,709

For the 2024/25 financial year, and in accordance with the provisions of Section 6.33 of the *Local Government Act 1995*, the City of Stirling have adopted a Differential Rates strategy with a different rate in the dollar applied to each of the four property categories. The key values of objectivity, fairness, equity and transparency have been applied when setting the rate in the dollar.

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.

The City introduced a concession scheme to provide more support to owners while they are undertaking development. In accordance with the provisions of Section 6.47 of the *Local Government Act 1995*, a concession was granted to owners of land that had been classified as vacant for less than two years on 1 July 2024. The concession had the effect of reducing the Rate in the \$ charged from the vacant rate to the relevant differential rate (residential, industrial or commercial). The minimum rate of \$948 was still applicable for vacant land. Vacant Rates are shown net of the concession.

*Rateable Value at time of raising of rate.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

26. Determination of surplus or deficit

	Note	2025 Budget \$	2025 Actual \$	2024 Actual \$
a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Local Government Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(611,364)	(1,376,172)	(1,250,687)
Less: Share of net profit of associates and joint ventures accounted for using the equity method		-	(3,264,242)	2,665,876
Add: Loss on disposal of assets		788,317	1,156,399	8,307,950
Add: Depreciation		51,093,486	56,506,909	51,789,769
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		-	8,878	(4,203)
Investment Property	11	-	(200,000)	-
Investment in associates		-	13,599,455	(7,614,534)
Trade and other receivables		-	177,870	(515,606)
Inventory - Land held for resale		-	47,256	61,592
Employee benefit provisions		-	774,578	835,956
Lease liabilities		-	309,242	1,440
Non-cash amounts excluded from operating activities		51,270,439	67,740,173	54,277,553
b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Local Government Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Property, plant and equipment received for substantially less than fair value		-	2,048,379	121,926
Right of use asset received - non cash		-	(403,346)	71,688
Non-cash amounts excluded from investing activities		-	1,645,033	193,614
c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Local Government Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	28	(109,222,986)	(126,947,567)	(98,989,504)
Add: Current liabilities not expected to be cleared at end of year				
- Current annual leave	14	6,909,090	8,042,774	7,746,238
- Current long service leave	14	10,363,635	11,925,388	11,569,858
Total adjustments to net current assets		(91,950,261)	(106,979,405)	(79,673,408)
Net current assets used in the Statement of Financial Activity				
Total current assets		193,672,286	199,828,868	188,705,312
Less: Total current liabilities		(101,722,025)	(63,159,531)	(68,005,510)
Less: Total adjustments to net current assets		(91,950,261)	(106,979,405)	(79,673,408)
Surplus or deficit after imposition of general rates		-	29,689,932	41,026,394

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

27. Lease liabilities

	2025 \$	2025 \$	2025 \$	2024 \$	2024 \$	2024 \$
	Current	Non-current	Total	Current	Non-current	Total
Plant and equipment	109,645	376,074	485,719	5,554	66,732	72,286
Land	100	1,700	1,800	100	1,800	1,900
	109,745	377,774	487,519	5,654	68,532	74,186

	Plant and equipment			Land - peppercorn lease			Total - plant & equipment and land		
	Lease liability Current	Lease liability Non-current	Lease liability Total	Lease liability Current	Lease liability Non-current	Lease liability Total	Lease liability Current	Lease liability Non-current	Lease liability Total
1 July 2023 Balance at start of year	\$ 79,414	\$ 65,192	\$ 144,606	\$ 100	\$ 1,900	\$ 2,000	\$ 79,514	\$ 67,092	\$ 146,606
New lease liability	101	7,094	7,195	-	-	-	101	7,094	7,195
Movement from non-current to current	5,554	(5,554)	-	100	(100)	-	5,654	(5,654)	-
Repayment/ termination	(87,594)	-	(87,594)	(100)	-	(100)	(87,694)	-	(87,694)
Lease interest	8,079	-	8,079	-	-	-	8,079	-	8,079
30 June 2024 Balance at end of year	5,554	66,732	72,286	100	1,800	1,900	5,654	68,532	74,186
1 July 2024 Balance at start of year	5,554	66,732	72,286	100	1,800	1,900	5,654	68,532	74,186
New lease liability	64,890	461,050	525,940	-	-	-	64,890	461,050	525,940
Movement from non-current to current	151,708	(151,708)	-	100	(100)	-	151,808	(151,808)	-
Repayment/ termination	(147,458)	-	(147,458)	(100)	-	(100)	(147,558)	-	(147,558)
Lease interest	34,951	-	34,951	-	-	-	34,951	-	34,951
30 June 2025 Balance at end of year	109,645	376,074	485,719	100	1,700	1,800	109,745	377,774	487,519

Plant equipment leased is either for larger printers/scanners or golf carts.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

28. Restricted reserves - cash backed

	2025 Actual Opening Balance \$	2025 Actual Transfer to \$	2025 Actual Transfer (from) \$	2025 Actual Closing Balance \$	2025 Budget Opening Balance \$	2025 Budget Transfer to \$	2025 Budget Transfer (from) \$	2025 Budget Closing Balance \$	2024 Actual Opening Balance \$	2024 Actual Transfer to \$	2024 Actual Transfer (from) \$	2024 Actual Closing Balance \$
Restricted by legislation												
a) Cash in lieu of public open space reserve	1,186,251	585,541	(34,551)	1,737,241	1,186,251	45,058	(80,000)	1,151,309	928,477	257,774	-	1,186,251
b) Development contribution right of way improvement works reserve	-	-	-	-	-	-	-	-	-	777,748	(777,748)	-
c) Development contribution fund	271,585	69,781	-	341,366	257,732	-	-	257,732	-	271,585	-	271,585
d) Community safety service charge reserve	492,492	979,905	(897,931)	574,466	464,967	801,615	(1,064,116)	202,466	475,523	963,632	(946,663)	492,492
e) Payment in lieu of parking reserve	3,209,992	180,059	-	3,390,051	3,209,992	154,138	-	3,364,130	3,045,831	164,161	-	3,209,992
	<u>5,160,320</u>	<u>1,815,286</u>	<u>(932,482)</u>	<u>6,043,124</u>	<u>5,118,942</u>	<u>1,000,811</u>	<u>(1,144,116)</u>	<u>4,975,637</u>	<u>4,449,831</u>	<u>2,434,900</u>	<u>(1,724,411)</u>	<u>5,160,320</u>
Restricted by council												
f) Asset acquisition reserve	104,529	5,863	-	110,392	104,529	5,019	-	109,548	99,183	5,346	-	104,529
g) Capital investment reserve	27,517,893	23,333,333	(332,620)	50,518,606	27,522,058	15,000,000	(6,083,837)	36,438,221	17,684,822	10,000,000	(166,929)	27,517,893
h) Corporate projects reserve	13,540,246	3,105,544	(8,180,142)	8,465,648	13,909,601	4,213,086	(8,400,000)	9,722,687	24,046,309	4,213,806	(14,719,869)	13,540,246
i) Edith Cowan Reserve lighting reserve	44,616	2,503	-	47,119	44,616	2,142	-	46,758	42,334	2,282	-	44,616
j) Investment income reserve	4,220,979	1,955,670	(202,360)	5,974,289	3,800,593	369,343	(445,981)	3,723,955	2,994,946	1,418,170	(192,137)	4,220,979
k) Plant replacement reserve	2,875,223	7,873,077	(3,904,307)	6,843,993	9,791,335	5,355,232	(6,388,750)	8,757,817	5,496,112	4,110,065	(6,730,954)	2,875,223
l) Previous employees long service leave provision	844,740	96,086	-	940,826	844,740	-	-	844,740	830,578	14,162	-	844,740
m) Public parking strategy reserve	6,873,336	385,549	(44,788)	7,214,097	6,747,154	280,076	(165,000)	6,862,230	6,677,269	359,885	(163,818)	6,873,336
n) Road widening reserve	153,167	8,592	-	161,759	153,167	7,355	-	160,522	145,334	7,833	-	153,167
o) Staff leave liability reserve	14,666,765	822,708	-	15,489,473	14,666,766	704,272	-	15,371,038	13,916,697	750,068	-	14,666,765
p) Strategic waste development reserve	18,804,644	3,449,079	(1,930,563)	20,323,160	17,719,480	4,020,429	(3,000,000)	18,739,909	14,523,055	8,862,062	(4,580,473)	18,804,644
q) Tamala Park reserve	-	-	-	-	-	-	-	-	-	-	-	-
r) Tree reserve	1,451,473	489,840	(338,999)	1,602,314	1,391,790	41,077	(300,000)	1,132,867	1,223,116	443,504	(215,147)	1,451,473
s) Workers compensation reserve	2,731,573	2,123,394	(1,642,200)	3,212,767	2,337,057	-	-	2,337,057	2,767,826	1,934,392	(1,970,645)	2,731,573
	<u>93,829,184</u>	<u>43,651,238</u>	<u>(16,575,979)</u>	<u>120,904,443</u>	<u>99,032,886</u>	<u>29,998,031</u>	<u>(24,783,568)</u>	<u>104,247,349</u>	<u>90,447,581</u>	<u>32,121,575</u>	<u>(28,739,972)</u>	<u>93,829,184</u>
Total	98,989,504	45,466,524	(17,508,461)	126,947,567	104,151,828	30,988,842	(25,927,684)	109,222,986	94,897,412	34,556,475	(30,464,383)	98,989,504

Notes to and forming part of the Financial Statements

For the year ended 30 June 2025

28. Restricted reserves - cash backed (continued)

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

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

Name of Reserve		Purpose of the reserve
Restricted by legislation		
a)	Cash in lieu of public open space	This reserve was established in accordance with the <i>Local Government Act 1995</i> and section 154 of the <i>Planning and Development Act</i> to account for the contribution and payment in lieu of public open space received after 12 September 2020.
b)	Development contribution right of way improvement works reserve	This reserve was established in accordance with the <i>Local Government Act 1995</i> to account for the contribution and payment of any right of way improvement work undertaken by the City.
c)	Development contribution fund	This reserve was established for the Scarborough Redevelopment contribution Area. Planning control for the Scarborough Redevelopment Area was returned from the State Government to the City on 9 August 2023 (process called normalisation). The Development Contribution Plan (DCP) sets out the infrastructure needs of the redevelopment area and the financial contributions required towards the costs of this infrastructure. The introduction of the DCP allows the City to levy and collect contributions towards the beachside works.
d)	Community safety service charge reserve	This reserve was created to accommodate excess funds from the charge levied for the Property Surveillance and Security services. In accordance with the provisions of Section 6.38 of the <i>Local Government Act 1995</i> any surplus generated from this charge is to be allocated to a Reserve and used for Security Services, or be repaid to owners.
e)	Payment in lieu of parking reserve	These funds are provided by developers where it is impractical to provide the number of parking spaces generally required for a particular development/use. These are held until an opportunity arises where suitable parking may be provided. Care is taken to ensure that the funds are separately identified to enable them to be applied only to works within the specific areas from which the revenue was sourced.
Restricted by council		
f)	Asset acquisition reserve	Created in 2004/05 to accommodate anticipated revenues from land sales which are an integral part of the City's overall asset rationalisation program.
g)	Capital investment reserve	The Capital Investment Reserve will hold proceeds of any sale of investment property, funds allocated by Council for investment purposes, surplus funds from investment purposes and any other funds as determined by Council.
h)	Corporate projects reserve	Created in 2004/05 to accommodate future development needs of the City. The finalisation of the Strategic Community Plan, together with the long term works plan will assist in identifying appropriate uses for these funds.
i)	Edith Cowan Reserve lighting reserve	These funds were provided by the developer of the estate surrounding the Churchlands Reserve. Council resolved to place the funds in a financial reserve fund to pay for future maintenance and running costs associated with the lighting on this reserve.
j)	Investment income reserve	The Investment Income Reserve will hold rent from investment properties, dividends and distributions from other investments and interest earned on Capital Investment Reserve
k)	Plant replacement reserve	This Reserve account is designed to eliminate the need for substantial allocations from rates in any year. The principle behind the Reserve is that a proportionate payment will be made from the general fund annually that relates to utilisation (consumption) of existing plant and provides for plant replacement.
l)	Previous employees long service leave provision reserve	The purpose of this Reserve is to provide for liabilities for long service leave payments that may need to be made to other local governments in respect of the transferred service entitlement of past employees of the City. Regulations provide that long service leave entitlements are transferable from Council to Council for an employee's uninterrupted service in local government.
m)	Public parking strategic reserve	This reserve was created to fund the City's Paid Parking Strategy.
n)	Road widening reserve	The Road Widening Reserve was set up within the 2012/13 financial year to be used for compensation payments associated with the compulsory acquisition of land for road widening along Beaufort Street and Harborne Street.
o)	Staff leave liability reserve	It is the function of this Reserve to cash-back the liability of the City for long service leave and annual leave for continuing employees. The liability is calculated based on legal and contractual entitlements. The Reserve will be maintained at a minimum of 50% of the liability.
p)	Strategic waste development reserve	The reserve was created in 2015/16 by renaming the 3-Bin Replacement Reserve and is to be used to fund strategic waste related projects.
q)	Tamala Park reserve	The City will be receiving funds over the next few years for the sale of land developed at Tamala Park. It is proposed that the funds be used for income generating projects which in turn will help create a sustainable City.
r)	Tree reserve	The Tree Reserve will hold any funds set aside under the City's Street and Reserve Trees policy.
s)	Workers compensation reserve	The scope of this reserve is the payment of premium obligations and common law claims with respect to work related injuries for which the City as employer has a statutory or common law liability.

Notes to and forming part of the Financial Statements
For the year ended 30 June 2025
29. Trust funds
Trust funds allocated interest

Funds over which the City has no control and which are not included in the Financial Statements are as follows:

Purpose of trust fund	Opening balance	Reclassifications	Paid out	Interest earned	Closing balance
	1 July 2024				30 June 2025
	\$	\$	\$	\$	\$
Other bonds	554,138	-	(1,075)	29,526	582,589
Town planning scheme no 18	4,646,611	-	-	247,823	4,894,434
Town planning scheme no 25	30,697	-	-	1,637	32,334
Town planning scheme no 27	451,627	-	-	24,087	475,714
Town planning scheme no 28	684,786	-	-	36,522	721,308
Laneways	492,063	-	(50,330)	26,243	467,976
Other trusts	927,884	(908,998)	-	1,007	19,893
Payment in lieu of public open space	10,088,422	252,098	-	569,224	10,909,744
	17,876,228	(656,900)	(51,405)	936,069	18,103,992



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

City of Stirling

To the Council of the City of Stirling

Opinion

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

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

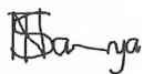
A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Stirling for the year ended 30 June 2025 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 December 2025



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

City of Stirling

To the Council of the City of Stirling

Opinion

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

- the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report :

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2025 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Stirling for the year ended 30 June 2025 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.



Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 December 2025

NAME OF ENTITY: City of Stirling

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT – NON CONFIDENTIAL

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. See confidential report					
2. See confidential report					
3. See confidential report					
4. Cash held in reserve deposit accounts was lower than reserve accounts balances in general ledger	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.

NAME OF ENTITY: City of Stirling

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT – NON CONFIDENTIAL

4. Cash held in reserve deposit accounts was lower than reserve accounts balances in general ledger

Finding

As at 30 June 2025, City of Stirling's actual cash held in reserve deposit accounts was \$5.4 million less than the reserve account balances recorded in the general ledger. A journal entry was processed at year end to top up the reserve accounts in the general ledger, however, the corresponding cash transfer was only executed in mid-July 2025, subsequent to year end. We note that City of Stirling had more than sufficient overall cash balances to cover the reserve accounts in the general ledger.

Rating: Minor

Implication

Under Section 6.11(1) of the Local Government Act 1995 (WA), money set aside in a reserve account is to be used only for its intended purpose. Further, the Local Government (Financial Management) Regulations 1996, particularly Regulation 8(1)(c), requires a local government to maintain a separate account for money held in reserve accounts, ensuring that reserve accounts are cash-backed at all times.

Recommendations

Management should implement a formal monthly reconciliation between reserve account balances and the corresponding cash/investment holdings ensuring all cash transfers between municipal and reserve accounts are completed prior to year end, with supporting documentation retained.

Management Comment

The short delay in the physical transfer of funds arises from the need to finalise and reconcile all postings before year-end close. This process ensures the accurate identification and calculation of amounts to be transferred between the various funds. During the budget process, Council approves funding for a range of projects, some of which are subject to legislative requirements. To determine the final closing balances for these projects, all related transactions must be recorded. As a result, this cannot be fully completed exactly on 30 June. As noted above, the City holds sufficient overall cash balances to cover the total reserve accounts in the general ledger and cash transfer.

Responsible person: Chief Financial Officer, City of Stirling

Completion date: Not Applicable

EXECUTIVE SERVICES

ES1 9.1 - PROJECT MANAGEMENT OFFICE CHANGE IMPACT ASSESSMENT

High Level Review of the Infrastructure Directorate - Project Management Office Change Impact Assessment

Business Unit:	Office of the CEO	Service: Executive Services
Ward:	City Wide	Location: Not Applicable
Applicant:	Not Applicable	

Role

Executive - *Governing the City and the community through executive powers.*

Recommendation

1. That Council **NOTES** the findings and outcomes of the Project Management Office Change Impact Assessment.
2. That Council **NOTES** that a project proposal for the establishment of a centralised Project Management Office in the Strategy and Performance Business Unit will be submitted for consideration as part of the 2026/27 Integrated Planning and Budget process.

Purpose

To present the Audit Committee with the outcomes of the Change Impact Assessment that was commissioned following the Audit Committee's consideration of the High-Level Review of the Infrastructure Directorate on 19 May 2025, and to outline the recommended actions required to improve end-to-end project and portfolio management across the City.

Details

On 19 May 2025, the City's Audit Committee considered an independent high-level review of the Infrastructure Directorate conducted by GFG Consulting. The review identified opportunities to improve capital works planning, program visibility and delivery performance and recommended the implementation of a centralised Project Management Office outside of the Infrastructure Directorate. It was recognised that this recommendation would require extensive changes in the City's operating model and, at its meeting held 27 May 2025, Council noted the following recommendation:

- a. A Change Impact Assessment and High-level Action Plan will be submitted to the Audit Committee Meeting in February 2026, with implementation anticipated to commence on 1 July 2026; and
- b. A Master Schedule & Project Repository will be developed over the next six months aimed at providing immediate improvements to the visibility of the City's Capital Works Projects and Programs.

Change Impact Assessment

GFG Consulting was engaged to undertake the independent Change Impact Assessment (CIA) and develop a plan to understand the practical application of the City centralising the end-to-end management of project and capital program delivery including:

1. Identifying the scope and objectives of the change to clearly define what is changing and why;
2. Identifying and analysing stakeholders to determine who will be impacted by the change and their individual needs and concerns;
3. Assessing the impact and readiness to understand the severity of the impact on stakeholders and their willingness to adapt to the change;
4. Prioritising and mitigating risks to identify potential challenges and develop strategies to minimise their negative consequences;
5. Monitoring and measuring outcomes and tracking the success of the change implementation.

The CIA identifies that project management processes and standardisation across the City is inconsistent, with Infrastructure capital programs showing the greatest variability in process, planning and governance. There is a heavy reliance on manual reporting and while the City's Corporate Performance Reporting system has improved visibility across project delivery, increased detail on program delivery is required to improve transparency.

In assessing stakeholder requirements, the CIA emphasised a strong and consistent expectation for improved end-to-end visibility of project status, better integration of information across systems, and a definitive single source for project documentation and communication. Stakeholders also identified the need for a standardised process and automated workflows to support more consistent project governance. These needs were particularly evident among project managers, program managers and internal customers who frequently interact with the existing framework.

The future state proposed through the CIA positions an independent and strategically aligned Project Management Office (PMO) as the central mechanism for reform. Under this model, the PMO (located within the Strategy and Performance Business Unit, under the Office of the CEO) would oversee end-to-end project governance, define and maintain corporate project management standards, and administer critical governance mechanisms such as the Strategic Asset Management Steering Group (SAMSG). The CIA further recommends extending the PMO365 system across the organisation (including the Capital Works module), integrated with TechOne Finance, Enterprise Asset Management and Corporater to create a unified and reliable source of project, program and portfolio data. This approach is expected to deliver stronger governance, greater consistency in decision making and improved traceability from concept development through to project completion.

The CIA also outlines the opportunities and improvements that would be achieved through this future state, including reduced administrative burden, clearer accountability for project outcomes and enhanced assurance over compliance with procurement, contract management and work health and safety requirements. Through these improvements, the organisation will be better positioned to deliver capital projects efficiently, reduce carry-forwards, lift strategic alignment and increase value derived from capital investment.

Overall, the CIA identifies that the City's change impact is medium. While the reforms will require adjustments across directorates, the use of existing systems and strong appetite for improvement will support implementation. The proposed future state represents a significant opportunity for improvement in project and program delivery, transitioning the City toward a more disciplined, transparent and strategically aligned approach to project and portfolio management.

Master Schedule and Project Repository

As noted in the previous Audit Committee report, the development of a consolidated Master Schedule and Project Repository is a key transitional action intended to strengthen oversight of the City's capital works program and support more effective program planning and reporting. This Master Schedule has been created within the City's Corporate Performance Reporting system by the Strategy and Performance Business Unit and forms an integral part of the City's broader Integrated Planning and Reporting Framework.

Furthermore, enhancements in the City's Strategic Asset Management service have facilitated more effective integration of data, supporting robust planning for asset renewal investments. This ongoing process is expected to strengthen decision-making within the Integrated Planning and Budget process, ensuring that capital asset renewal remains the primary focus before new projects or upgrades.

The Master Schedule brings together all approved and active projects and capital programs into a single, centralised view, enabling improved visibility of milestones, interdependencies, forecast expenditure and delivery risks. As the implementation of the PMO continues, this information will be enhanced with an increased level of data derived from PMO365 system. This will support more consistent oversight by the Executive Team and Council, while also providing clearer forward planning information to project managers. This will also ensure improved accuracy, alignment with budget approvals, and integration with the quarterly performance reporting cycle.

Financial Assessment and Implications

The total cost of the independent Change Impact Assessment conducted by GFG Consulting to date is \$61,235 which is within existing budget parameters in the Office of the CEO.

The CIA recommends extending the PMO365 system across the organisation. This is already licensed and in use by Corporate Information Services (CIS). Some augmentation may be required and the associated costs will be investigated.

Primarily the financial implications relate to:

- Project Management Office resourcing;
- System configuration and integration effort (within existing platforms); and
- Change management and capability uplift.

Detailed costs and implementation timeframes will be submitted for consideration in the 2026/27 Integrated Planning and Budget process.

Stakeholder Engagement

Through the CIA, GFG Consulting engaged a cross-section of stakeholders (n=32) across the City. Ongoing engagement with project managers, program managers and internal customers who are involved in project delivery, as well as Business Unit Managers and the Executive Team will be a critical component of the change management process and implementation of the PMO.

Recommended Action

The Change Impact Assessment recommends centralising a Project Management Office within the Strategy and Performance Business Unit to help support the consistency, transparency and governance required to improve project and portfolio management across the City. Positioning the PMO in the Strategy and Performance Business Unit provides the independence necessary to administer project management standards objectively, ensures alignment with the City's Integrated Planning and Reporting Framework, and strengthens the link between capital works delivery, organisational performance and strategic outcomes. This structural placement also consolidates corporate oversight functions; planning, reporting, risk, performance and assurance into a single area that is best positioned to drive enterprise-wide uplift.

Following a review of existing resource availability, a submission seeking dedicated resourcing for the PMO will be prepared as part of the City's 2026/27 Integrated Planning and Budget process that outlines a staged rollout. This phased approach allows the City to commence implementation while ensuring that long-term resourcing decisions are appropriately considered by Council and aligned to organisational priorities.

If resourcing is approved, the staged rollout of the new PMO model will begin on 1 July 2026. The first stage will focus on putting the basic governance arrangements in place, setting up the systems and applying the minimum standards required to operate the PMO. Later stages will build on this by connecting the PMO system with other City systems, improving processes, and strengthening staff capability across the organisation. Progress will be reported to Council regularly through the City's Quarterly Performance Reporting process so that implementation remains transparent and the benefits can be clearly tracked over time. Once implementation is completed, it is anticipated that the PMO will be incorporated into operational requirements and benefits realisation will be monitored through improved project and program delivery.

Through these reforms, the City will establish a modern, consistent and strategically aligned project management environment that supports improved decision making, enhances organisational performance and strengthens long-term community outcomes.

Relevant Policies, Legislation and Council Resolutions

[Local Government Act 1995](#)

Sustainable Stirling 2022-2032

Key Result Area: Our leadership

Objective: A capable and efficient City

Priority: Drive improvement and innovation to build capacity and increase efficiency and effectiveness

Strategic Risk

Strategic Risk	Risk Appetite
Purpose	The City will pursue community and sector leadership through forward thinking decision making, and alignment of its services and operations with its strategic objectives.

Relevant Documents and Information

Attachments

Nil.

Available for viewing at the meeting

Nil.

Linked Documents

Nil.

STRATEGY AND PERFORMANCE

SP1 9.2 - DETAILED REVIEW OF STRATEGIC RISK SR01: HEALTH, SAFETY AND WELLBEING

Business Unit:	Strategy and Performance	Service: Strategy & Performance
Ward:	City Wide	Location: Not Applicable
Applicant:	Not Applicable	

Role

Executive - *Governing the City and the community through executive powers.*

Recommendation

1. That Council **NOTES** the Strategic Risk Detailed Review Approach.
2. That Council **ENDORSES** the findings and recommendations of the Detailed Review of SR01: Health, Safety and Wellbeing.
3. That Council **ENDORSES** that progress of the recommendations of the detailed review will be presented to Audit Committee on a quarterly basis via the Strategic Risk Scorecard.

Additional Information - 19 May 2025

Council Meeting 27 May 2025 - CG2 Emerging Risks and Strategic Risk Review.

Council Meeting 25 November 2025 - A1 Major Review of the City's Strategic Risk Register.

Purpose

To outline the Strategic Risk Detailed Review Approach and the findings and recommendations of the Detailed Review of the Strategic Risk SR01: Health, Safety and Wellbeing.

Details

On 19 May 2025, the Audit Committee considered a report on Emerging Risks and Strategic Risk Review. Emerging risks were identified in three of the City's Strategic Risks including SR02: People and Safety, SR03: Environment and SR09: Business Disruption. The Audit Committee recommendation, that was endorsed by Council at its meeting held 27 May 2025 (Council Resolution Number 0525/022), requires the City to undertake detailed reviews into these strategic risks in response to the emerging risks identified.

The emerging risks in SR02: People and Safety, reflected significant shifts in the City's operating environment as a result of:

- Legislative changes under the *Work Health and Safety Act 2020* and WHS Regulations 2022;
- A WHS Contractor Management Review; and
- A tree pruning safety incident.

These findings indicated that the control effectiveness rating for the People and Safety Strategic Risk could not be assessed as satisfactory. Instead, it was rated as poor, with the controls deemed ineffective. Consequently, the People and Safety strategic risk rating was elevated to high beyond the medium appetite that was set.

On 17 November 2025, the Audit, Risk and Improvement Committee considered the outcome of the Strategic Risk Review and at the Council meeting held 25 November 2025, a revised Strategic Risk Register was endorsed (Council Resolution Number 1125/024). A key outcome of this review was the refinement of the City's Strategic Risk Register which consolidated 11 strategic risks into seven strategic risks, each defined with a clear risk statement, appetite and scope, with links to the previous risk register to ensure continuity and clarity.

Specifically, the former People and Safety Strategic Risk was redefined and rescope in response to the emerging risks that were identified. The new Strategic Risk SR01: Health, Safety and Wellbeing aims to strengthen the City's focus on safety-critical controls, contractor management and assurance in line with legislative requirements.

Detail

To strengthen the integration between the City's Risk Management Framework, the Integrated Planning and Reporting Framework and internal audit activities, the City's Risk Management System is undergoing significant transformation. A new team structure, an updated policy and ongoing review and uplift of the Risk Management Framework will ensure continuous improvement in the way the City manages its risk.

Following Council's resolution (Council Resolution Number 0525/022), the City has developed a new structured approach for conducting detailed reviews of strategic risks. Aligned to ISO 31000 and integrated with the City's Risk Management Framework, the approach includes a repeatable detailed review methodology conducted over four stages to ensure consistency. This approach directly supports the following considerations when reviewing the strategic risk:

- Are the right critical controls in place?
- Are they operating (with evidence)?
- What assurance exists, and where are gaps?
- Is residual risk within appetite, and who must accept/escalate?
- Is the residual position within appetite? (including override checks and acceptance route)
- What decisions and actions are required, by whom, and by when?

A copy of the Strategic Risk Detailed Review Approach is found in Attachment 1.

This Approach was used to conduct the Detailed Review of the City's Strategic Risk SR01: Health, Safety and Wellbeing. In consideration of the emerging risks identified on 27 May 2025 (Council Resolution Number 0525/022), the scope of this review focused on the provision of a safe work environment which includes safe systems of work, to ensure the work health and safety of all Workers (including contractors and others). This review included:

- i. Critical control definition and verification for high risk work;
- ii. Incident reporting, investigation and corrective action effectiveness;
- iii. WHS governance and assurance coverage; and
- iv. Contractor management controls and safety lifecycle (prequalification – onboarding – supervision – verification).

During the detailed review, three key gaps were identified:

- Critical control verification for high-risk work is not systematic and is not consistently evidenced;
- A City-wide minimum standard for contractor WHS lifecycle controls and evidence requirements is not yet consistently defined and applied; and
- Assurance exists but is not explicitly mapped to SR01 critical controls and cadence (reduces confidence).

The findings outline that the Residual Risk rating (with current controls in place) is **High**. The current risk appetite for SR01: Health, Safety and Wellbeing is **Low**.

As a result, the following recommended actions have been developed to address the gaps and reduce the residual risk rating within appetite:

Recommendation	Priority	Owner (role)
Define and implement SR01 critical control verification requirements for high-risk work (including contractors), with standard evidence capture.	High	Operational Leads + WHS
Establish an SR01 assurance schedule (Line 1 checks, Line 2 oversight, Line 3 independent testing) and map into the Assurance Map structure.	High	Risk Team + WHS + Internal Audit
Strengthen incident investigation, Quality Assurance and action closure assurance (timeliness and effectiveness).	Medium	Procurement/Contracts + WHS (with Director sponsorship)
Propose a small set of SR01 Key Risk Indicators/tolerance candidates for 2026 consultation and embedding.	Medium	WHS Lead

The recommended actions provide a clear pathway to strengthen the design, operation and assurance of these controls.

To ensure the Audit, Risk and Improvement Committee and Council have oversight on the progress of the recommended actions and changes to residual risk ratings, a Strategic Risk Scorecard has been developed. Updates will be provided on a quarterly basis to provide assurance that gaps identified in the detailed review are being addressed. A copy of the Strategic Risk Scorecard for SR01: Health, Safety and Wellbeing is found in Attachment 2.

Financial Assessment and Implications

A request for an additional 4.00 FTE has been submitted for consideration by Council as part of the City's Mid-Year Review of the 2025/26 Integrated Plan and Budget. This resourcing demonstrates that the City is taking reasonable steps to ensure our compliance with WHS and Contractor Management legislation across the organisation. It will directly assist and support the City to mitigate the emerging risks identified and meet its due diligence obligations under the *Work Health and Safety Act 2020*, with the Act requiring that appropriate resources are available and are used to eliminate / minimise safety risks.

Stakeholder Engagement

Engagement with internal stakeholders has occurred during the detailed review, with broader ongoing engagement planned to ensure the required uplift across the organisation to address the recommendations of the review.

Recommended Action

The detailed review of the Strategic Risk SR01: Health, Safety and Wellbeing provides the City with a clear, evidence-based understanding of the current state of its safety-critical controls, WHS governance and contractor management practices. The review confirms that while foundational elements of the City's WHS Management System are in place, they are not yet consistently implemented or evidenced across the organisation.

The recommended actions arising from the detailed review provide a clear and practical uplift pathway, focusing on implementing a systematic critical control verification approach, strengthening incident investigation, defining minimum standards for contractor WHS lifecycle management and establishing a dedicated assurance schedule to manage this strategic risk. Quarterly monitoring of progress will be reported to the Audit, Risk and Improvement Committee via the SR01 Strategic Risk Report Card, ensuring ongoing visibility and governance oversight.

Looking ahead, the City will continue to deliver on the broader program of risk management improvement initiated through the Emerging Risks and Strategic Risk Review. In line with the recommendations endorsed by Council on 27 May 2025, the detailed reviews of SR03: Environment and SR09: Business Disruption are now underway. These reviews will apply the same ISO-aligned detailed review methodology used for SR01, ensuring a consistent and rigorous assessment of the City's highest-priority risks. The findings of these remaining detailed reviews will be presented to the Audit, Risk and Improvement Committee at its May 2026 meeting, completing the first cycle of detailed reviews under the City's strengthened Risk Management System.

Relevant Policies, Legislation and Council Resolutions

City of Stirling Risk Management Policy

City of Stirling Risk Management Framework

Local Government (Audit) Regulations 1996 – Regulation 17

Local Government Operational Guidelines No 9

AS/NZS ISO 31000:2018 Risk Management – Guidelines

ISO Guide 73:2009 Risk Management – Vocabulary

Work Health and Safety Act 2020

Work Health and Safety (General) Regulations 2022

Contract Management Guidelines WA

Western Australian Contract Management Framework Principles

[Local Government Act 1995](#)

Sustainable Stirling 2022-2032**Key Result Area:** Our leadership**Objective:** A well-governed City**Priority:** Conscious and effective management of risk**Strategic Risk**

Strategic Risk	Risk Appetite
People and Safety	The City will employ a capable workforce that is culturally aligned and is empowered to deliver strategic objectives without comprising safety.

Relevant Documents and InformationAttachmentsAttachment 1 - Strategic Risk Detailed Review Approach [↓](#)Attachment 2 - Strategic Risk SR01: Health, Safety and Wellbeing Scorecard [↓](#)Available for viewing at the meeting

Nil.

Linked Documents

Nil.



Strategic Risk Detailed Review Approach



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Introduction

Monitoring and review of strategic and operational risks is a core feature of the City's Risk Management Framework, ensuring that risk information is timely, accurate and escalated to the appropriate level for action.

Risk information across the organisation is monitored and reviewed on a regular basis as follows:

- Operational (service) and project risks are monitored monthly, consolidated and formally reviewed on a quarterly basis;
- Strategic risks are monitored continuously and reported to the Audit Committee on a quarterly basis;

Following the identification of emerging risks, detailed reviews may be required to enable a dynamic response to manage strategic risks which will be reported to the Audit Committee as required.

This Approach outlines the process required to conduct a Strategic Risk Detailed Review:

1. A **legacy** → **current** detailed review crosswalk.
2. A **repeatable detailed review methodology** conducted over 4 stages, to ensure consistency.
3. A practical **acceptance ladder quick reference** aligned to the City's Risk Appetite Statement
4. A complete set of **templates** (Risk Reframe, Control Effectiveness, Gap Analysis, Dependencies, Structured Detailed Review Table).

This approach directly supports the following consideration:

- Are the right critical controls in place?
- Are they operating (with evidence)?
- What assurance exists, and where are gaps?
- Is residual risk within appetite, and who must accept/escalate?
- Is the residual position within appetite? (including override checks and acceptance route)
- What decisions and actions are required, by whom, and by when?

Definitions

In line with ISO 31000:2018, the City will use the following risk management terminology to structure how to identify, assess and mitigate threats and opportunities within this Approach:

Terminology	Definition
Risk	The effect of uncertainty on objectives which can be positive (opportunity) or negative (threat)
Risk Management	Coordinated activities to direct and control the City regarding risk
Inherent risk	The risk level or exposure prior to any action being taken to alter the likelihood or impact
Residual risk	The risk remaining after risk treatment or controls have been implemented
Risk appetite	The amount and type of risk the City is willing to pursue or retain to achieve its objectives
Risk tolerance	The specific maximum risk boundary the City is willing to take to achieve its objectives
Risk assessment	The overall process of risk identification, analysis and evaluation
Control	A measure (policy, procedure, action) that maintains or modifies risk
Risk owner	The person accountable for identifying, assessing and treating a risk
Risk treatment	The process of selecting and implementing measures to modify risk
Likelihood	The chance of something happening
Consequence	The outcome of an event affecting objectives
Risk Matrix	A tool to determine a risk rating based on likelihood and consequence
Key Risk Indicator (KRI)	A proactive metric used to signal potential changes in risk exposure
Appetite bands	The City's agreed levels for each type of risk
Overrides	Those risks that are always unacceptable (eg. serious injury, data breaches) and are escalated immediately even if the risk rating looks low
Assurance	Evidence that controls are effective and risks are being managed through oversight

Strategic risk context (as at 25 November 2025)

The City's current Strategic Risk Register includes the following seven strategic risks:

#	Strategic Risk	Description
SR01	Health, Safety & Wellbeing	If the WHS Management System, including safe systems of work, contractor management, and verification of critical controls, is not designed, implemented and verified, people may be harmed leading to serious injury or fatality, regulator action and loss of trust.
SR02	Governance, Integrity & Compliance	If governance frameworks, integrity or compliance obligations are not effective, then poor decision making and operations may breach legal, regulatory or ethical standards, reducing accountability and public trust.
SR03	Digital, Cyber & Information Resilience	If critical ICT, cyber and information privacy controls are inadequate, services and data can be compromised, leading to outages, reportable privacy breaches and loss of trust. Use of emerging technologies (including AI) without appropriate governance can amplify these exposures.
SR04	Climate Transition & Environment	If the City does not plan effectively for climate transition and the associated impacts on the natural environment/built environment or does not work towards achieving sustainability targets, then cost, compliance exposure and environmental outcomes may have a lasting legacy on future generations.
SR05	Financial Sustainability & Asset Stewardship	If effective long-term financial planning and asset lifecycle are not aligned to the City's future vision and strategic objectives then delivery, reliability and affordability will deteriorate, compromising service outcomes and financial sustainability.
SR06	People Capability & Alignment	If people and leadership capability or delivery capacity are insufficient or misaligned with strategic priorities, the City will fail to achieve intended benefits, timelines, or financial targets. This may undermine the City's ability to deliver on its future vision, strategic objectives and operational plans.
SR07	Community & Partnerships	If the City does not maintain effective two-way engagement, trusted partnerships and clear communication with its diverse community and stakeholders, then expectations are misunderstood and social licence erodes, leading to reduced trust in Council decisions, opposition to projects and weaker delivery of SCP/CBP goals.

Legacy to current detailed review crosswalk

Legacy strategic risk or topic	Remapped detailed review	Current Strategic Risk anchor	Practical scope intent
Legacy strategic risk (prior to November 2025)	Detailed review title	Strategic Risk # title	Key factors to be considered in the detailed review.
Example below			
Legacy 'People & Safety'	Detailed Review A: Safety & Critical Controls	SR01 Health, Safety & Wellbeing	WHS system critical controls; contractor management; verification; assurance confidence.

Governance, escalation and reporting alignment

Acceptance ladder (band → acceptance authority)

Risk acceptance follows the ladder in the Risk Appetite Statement:

- Low → Business Unit Manager
- Moderate → Director
- High → Executive Team (ET)
- Extreme → Council (*with Audit Committee oversight/recommendation to Council*)

Outside appetite overrides (irrespective of residual band)

The following are always **outside appetite** and require immediate escalation:

- fatality/permanent disabling injury;
- reportable privacy breach;
- wilful illegality/licence loss/dismissal of Council;
- catastrophic environmental harm.

“How to apply” workflow

The Risk Appetite Statement (RAS) workflow should be used as the standard routing logic:

Assess → Rate residual → Check overrides → Compare to appetite → Decide & escalate per ladder → Record in Corporater (including primary category, secondary tags, override flags, escalation route, and control effectiveness + assurance evidence/last test date).

Also apply the **primary impact rule**: score the risk where harm is primarily felt; tag secondary drivers via the Risk Breakdown Structure (RBS).

Risk Management Framework (RMF) monitoring, reporting and escalation

The RMF positions monitoring/reporting as system features and integrates risk capture into the monthly Integrated Planning and Reporting cycle in Corporater, the City’s Corporate Performance Reporting System.

It describes escalation triggers based on appetite thresholds and Key Risk Indicator (KRI) breaches (with immediate escalation for exceptions/significant changes) and outlines assurance through the Three Lines Model and development of a City-wide Assurance Map aligned to the RBS/RAS categories.

Detailed reviews should not create parallel systems; they should produce outputs that can be recorded in Corporater and mapped to the Assurance Map.

Detailed Review Methodology

This methodology is designed to be practical, time-boxed, and aligned to the City's Risk Management System.

Stage 1 - Reframe & Clarify (Internal document only)

Objectives: confirm/refine risk definition; align to appetite; separate categories; identify legislative/obligation prompts; map to RBS.

Required outputs:

- Risk Reframe Table (Template 1)
- Confirm detailed review themes (3–5 maximum)
- Confirm scenarios (2–4 maximum)

In practice : a short scoping workshop with the risk owner, Service Lead and 1–2 SMEs; Risk Team drafts the reframe table.

Stage 2 - Current State Assessment (Internal document only)

Objectives: catalogue controls; evaluate control effectiveness; identify evidence; document assurance sources and cadence.

Control effectiveness lens: use Design adequacy + Implementation effectiveness + Assurance coverage. Also align to the RMF's control effectiveness rating definitions: Effective / Partially Effective / Ineffective / Not Assessed (and record assurance source and last test date).

In practice: targeted interviews/workshops with control owners (90 minutes max) and document review.

Stage 3 - Gap Analysis (Internal document only)

Objectives: identify gaps across governance, processes, systems, culture/leadership, and assurance; differentiate critical vs influencing dependencies.

Required outputs:

- Gap Analysis Table (Template 3)
- Dependencies Register (Template 4)

Stage 4 - Recommendations & Outputs (Reported to Audit Committee/Council)

Objectives: provide prioritised recommendations; capture dependencies; deliver outputs in two forms; explicitly show assurance coverage and responsibility.

Two outputs per risk (minimum):

- Structured Detailed Review Table (detailed analysis)
- Executive Summary Narrative (1 page; decision-ready for CEO/Audit Committee)

Plus (recommended in the City's current reporting context):

- Updated one-page "Strategic Risk Card" (post detailed review)
- Assurance Map updates (where assurance exists / gaps / proposed assurance activities)



Deliverables and reporting pathway

(what gets produced and where it goes)

Standard deliverables per detailed review

1. Structured Detailed Review Table (Template 5)
2. Executive Summary Narrative (Template 6)
3. Updated Strategic Risk Card (post detailed review)
4. Assurance Map inputs (coverage and gaps)
5. KRI/tolerance candidates for 2026 (short list; not provisional figures)

Reporting pathway (detailed review specific)

- Executive Team (ET): review, agree residual position, endorse actions and assurance plan (especially where residual is High/approaching appetite limits).
- Audit Committee: oversight and recommendation to Council (where relevant to appetite/assurance and for Council decisions).
- Council: accepts/notes/endorses matters per the acceptance ladder and governance requirements.

At a glance: what each template is for, who uses it, and where it goes

Detailed reviews produce a mix of working papers (used to do the analysis), governance outputs (used for decisions/oversight), and system records (what is stored in the RMS). This avoids creating parallel systems and supports consistent reporting through Corporater and the Assurance Map.

Artefact routing matrix

Artefact	What it is used for	Prepared / updated by	Reviewed / validated by	Who sees it (default)	Where it is stored / recorded
Template 1 – Risk Reframe (Stage 1)	Confirms SR anchor, scope, themes/scenarios, appetite alignment and evidence plan	Risk Team drafts (with risk owner/SMEs input)	Risk owner + Service Lead/Director	Working paper: Risk Team + SMEs + Exec owner	Working file (Word/Excel); key fields captured in Corporater as needed
Template 2 – Control Effectiveness (Stage 2)	Tests critical controls + evidence + assurance sources/cadence (Line 1/2/3)	Risk Team with control owners	Exec owner / relevant managers	Working paper: Risk Team + control owners	Working file (often Excel) ; summary + “last tested/source” recorded in Corporater
Template 3 – Gap Analysis (Stage 3)	Consolidates strengths/weaknesses; defines gaps requiring action	Risk Team + SMEs	Exec owner / Directors	Working paper: Risk Team + SMEs	Working file; gap summary rolls into Template 5/6
Template 4 – Dependencies Register (Stage 3)	Captures critical/influencing dependencies so recommendations are deliverable	Risk Team + SMEs	Exec owner / Directors	Working paper: Risk Team + SMEs	Working file (often Excel); key dependencies referenced in Template 5/6
Template 5 – Structured Detailed review Table (Stage 4)	Source of truth: consolidates framing, controls, assurance, gaps, dependencies, actions, residual position and escalation route	Risk Team (draft), with Service Lead validation (recommended)	Exec owner + ET	Governance + working master: ET; optionally annexed to AC when needed	Final Word/PDF pack; key decisions/actions recorded in Corporater; assurance implications fed to Assurance Map
Template 6 – Executive Summary Narrative (Stage 4)	Decision ready 1 pager for ET/AC (and Council if required)	Risk Team	Exec owner + ET	Governance output: ET → AC; Council when	Included in agenda pack; stored with detailed review record

Artefact	What it is used for	Prepared / updated by	Reviewed / validated by	Who sees it (default)	Where it is stored / recorded
				acceptance/endorsement required	
Updated Strategic Risk Card (post detailed review)	Standardised reporting “card” (residual position, assurance, actions)	Risk Team / Exec owner	ET	Governance output: ET; AC/Council as part of periodic reporting	Included in ET/AC/Council reporting packs; aligns to SRR
Assurance Map inputs	Updates assurance coverage/gaps arising from the detailed review	Risk Team / Internal Audit liaison	ET (oversight)	Governance visibility: ET; AC oversight as needed	Assurance Map artefact; references stored evidence
KRI/tolerance candidates (2026)	Short list of candidate measures to inform 2026 design work	Risk Team + SMEs	ET endorsement / AC oversight pathway (per RAS approach)	ET; AC visibility	Stored with detailed review outputs; informs 2026 program (not thresholds yet)

Legend

- Working papers (internal working set): Templates 1–4 (used to do the analysis; not normally distributed beyond the core detailed review team).
- Source of truth (detailed review master): Template 5 (consolidated detailed analysis that links evidence → conclusions → decisions).
- Governance outputs: Template 6 (Executive Summary Narrative) + Strategic Risk Card (used for ET/AC/Council reporting).
- System record: key decisions, residual position, control effectiveness summary and assurance notes are recorded in Corporater; assurance implications feed into the Assurance Map.

Default distribution / “who sees what”

- Risk Team + SMEs (working): Templates 1–4 (working file) plus evidence set.
- Executive Team (decision): Template 5 + Template 6 + Strategic Risk Card.
- Audit Committee (oversight / recommendation): Template 6 + Strategic Risk Card (Template 5 included only if the level of detail is required for assurance scrutiny or a Council decision is being recommended).
- Council (accept/endorse/note): Council receives what is required to support the decision/acceptance route; Template 5 is only attached by exception (e.g., where Council acceptance of an Extreme/outside appetite position is sought and additional detail is needed).



Acceptance ladder quick reference

Risk Acceptance & Escalation Quick Reference (Residual Risk)¹

1. **Assess and rate residual risk** (after controls) using the 5×5 matrix.
2. **Check overrides** (outside appetite regardless of band): fatality/permanent disabling injury; reportable privacy breach; wilful illegality/licence loss/dismissal of Council; catastrophic environmental harm.
3. **Compare to appetite bands** (category table). “High” is not permitted unless explicitly stated and then only with a timebound plan and report back.
4. **Accept/escalate per ladder**: Low → Manager; Moderate → Director; High → ET; Extreme → Council (AC oversight/recommendation).
5. **Record and route** using the RAS workflow, including control effectiveness and assurance evidence/last test date.
6. **Advisory routing (Risk Team SLAs)**: Low (copy via monthly IPR); Moderate (≤2 business days); High (ET brief); Extreme/overrides (≤4 hours immediate notification; same day ET escalation).
7. **Tolerances/KRIs**: to be designed/embedded in 2026 (recommended that you do not invent provisional figures).

¹ Source: COS Risk Appetite Statement Draft – full document

APPENDIX A - Templates

This Appendix provides a set of practical templates to support the planning, delivery and reporting of Strategic Risk detailed reviews. The templates are designed to be modular: teams may use all templates, or select the subset that best fits the scope and maturity of each detailed review.

The templates have been deliberately structured to:

- reinforce the “Option B” detailed review discipline (i.e., *take the intent and refine*), by clearly separating risk definition, themes/scenarios, controls, treatments/actions, assurance, dependencies and decisions; and
- produce outputs that can be readily translated into the City’s strategic risk reporting and assurance processes, including recording key fields in Corporater and updating the Assurance Map as it is developed.

Template 1 - Risk Reframe Table (Stage 1 output)

This template is completed in Stage 1 – Reframe & Clarify and provides the agreed foundation for the detailed review: a clear risk framing, appetite alignment and a disciplined separation of causes, controls, treatments/actions, assurance and dependencies.

It is used to confirm (and document) the current Strategic Risk anchor, the primary impact category and RBS tags, the relevant appetite statement, the acceptance ladder route, any outside-appetite overrides, and the agreed themes (3–5) and scenarios (2–4) that the detailed review will test.

The template also captures an initial view of stakeholders, known hot spots, existing controls/treatments, available assurance sources, key dependencies/constraints and the evidence set to be gathered in Stage 2.

In practice, the Risk Reframe Table should be drafted and confirmed through a short scoping workshop with the risk owner, Service Lead and a small number of SMEs, with the Risk Team drafting the table to ensure consistency.

Template 1 - Risk Reframe Table (Stage 1 output)

Prompt / Field	Response / Notes
Risk ID & Name	
Current SR anchor statement (from SRR)	
Detailed Review name (A / A2 / B / C)	
Accountable Executive owner (role/title)	
Risk owner (role/title)	
Primary impact category (RAS / consequence category)	
Secondary categories / RBS tags (if applicable)	
Relevant appetite statement (RAS category)	
Acceptable residual band(s) for this category	
Acceptance ladder route (Low / Moderate / High / Extreme)	
Overrides check (always outside appetite) - applicable? (Y/N + which)	
Refined risk definition (outcome-focused; aligned to SRR intent)	
Risk themes (3–5 maximum)	
Scenarios to test (2–4 maximum)	
Key causes / drivers (underlying conditions)	
Key consequences (strategic impacts)	
Key obligations / compliance prompts (legislation, licences, standards, Council commitments)	
Critical stakeholders (internal/external)	
Known hot spots / focus areas (e.g., contractor management)	
Key existing controls (headline only at this stage)	
Known treatments / projects underway (headline only)	
Key assurance sources available now (audits, inspections, reporting, external reviews)	
Key dependencies / constraints (initial view)	
Evidence to gather in Stage 2 (documents, reports, records, metrics)	
Workshop attendees / contributors	
Date / version	

Template 2 - Control Effectiveness Assessment (Stage 2 output)

Use this table to assess **critical controls only**. Record evidence and the last test date/source where available. If assurance does not exist, state “None currently (cadence: N/A)” for the relevant line(s) to make assurance gaps explicit.

Control (critical)	Control type (prevent/detect/respond)	Design adequacy	Implementation effectiveness	Assurance coverage (what is tested, when, by whom)	Overall effectiveness (Effective / Partially Effective / Ineffective / Not Assessed)	Evidence (what proves it)	Last tested + source	Comments / gaps

RMF rating prompts (embed as guidance text):

- Effective = well designed, consistently applied, evidence available; record assurance source and last test date.
- Partially effective = exists but design gaps/inconsistent application; schedule follow-up assurance.
- Ineffective = poorly designed/not applied; little/no assurance; escalate.
- Not assessed = unknown; plan assessment date.
- Use evidence; keep control ratings separate from appetite; don’t “average up”.

Assurance Coverage

- Include - **L1:** (cadence:) | **L2:** (cadence:) | **L3:** (cadence:)

Template 3 - Gap Analysis Table (Stage 3 output)

This table is used in Stage 3 (Gap Analysis) to consolidate what the detailed review has found about the current control and assurance environment and to clearly identify what must change to bring the risk position closer to appetite (or to maintain it within appetite). It is deliberately structured to separate:

- Strengths (what is working and should be retained),
- Weaknesses (where performance or consistency is variable),
- Gaps (the specific deficiencies that require action), and
- Dependencies (critical and influencing factors that affect delivery of improvements).

The gap analysis should be evidence-based (linked back to Stage 2 control effectiveness and assurance findings) and written in a way that supports decision-making by the relevant acceptance authority (Manager/Director/ET/Council), including clear ownership and alignment to the RBS where applicable.

Category	Strengths	Weaknesses	Gaps (what must change)	Dependencies (critical/influencing)	RBS link	Owner / lead

Template 4 - Dependencies Register (Stage 3 output)

This register is used in Stage 3 (Gap Analysis) to capture and manage the dependencies and constraints that affect the City's ability to reduce or manage the strategic risk. It ensures detailed reviews don't produce "ideal state" recommendations that are not deliverable in practice.

Record both internal (e.g., resourcing, systems, governance approvals, sequencing with other programs) and external dependencies (e.g., regulators, suppliers, utilities, contractors, inter-agency arrangements). Classify each dependency as Critical (must be in place for the improvement to succeed) or Influencing (material, but not determinative), and assign a clear owner and status.

This register can be maintained as a working tool in Excel (recommended where there are multiple dependencies to track) and then summarised or exported into the detailed review pack for governance reporting.

Dependency	Internal/External	Link to risk/theme	Status	Owner	Type (Critical/Influencing)	RBS link	Notes

Template 5 - Structured Detailed Review Table (Stage 4 “detailed output”)

This table is the **core detailed output** of the detailed review and acts as the “source of truth” that links the analysis to decisions. Because of that, it inevitably re-uses content from the earlier Stage templates. It consolidates, in one structured format:

- the *refined risk framing* (themes/scenarios, appetite alignment),
- the *critical controls* and their effectiveness,
- the *assurance coverage and gaps* (what provides confidence, what does not),
- the *key gaps and dependencies* affecting treatment,
- the *recommended actions* (prioritised, owned, time-bound), and
- the *residual risk position* and required *acceptance/escalation route*.

The repetition is there so Template 5 can function as a **stand-alone governance document**. The intent is that it is detailed enough to support scrutiny (ET/AC/Council), while allowing the City to produce concise derivative products (e.g., the one-page Executive Summary Narrative and/or Strategic Risk Card).

Section A - Risk and appetite

- SR ID & Name
- Current SR statement
- Appetite category statement + acceptable residual bands
- Primary impact category + secondary tags (RBS)
- Acceptance ladder route + overrides check

Section B - Themes and scenarios

- Themes (3–5)
- Scenarios (2–4), each with: (i) description, (ii) what fails, (iii) consequences, (iv) what evidence would demonstrate control effectiveness.

Section C - Causes, controls, treatments

- Causes/drivers (grouped)
- Critical controls (with owners and evidence)
- Treatments/projects/actions (time-bound; linked to control gaps)

Section D - Control effectiveness and assurance

- Control effectiveness assessment (Template 2)
- Assurance coverage statement: what is tested; what is missing; responsibility (Line 1/2/3)

Section E - Gaps, dependencies, recommendations

- Gap analysis summary (Template 3)
- Dependencies (Template 4)
- Recommendations (prioritised High/Medium/Low)

Section F - Residual risk position and decisions

- Residual rating (after controls)
- Appetite position (within/approaching/outside)
- Escalation route required (per ladder)
- Decisions required (ET/AC/Council)
- Recording requirements (Corporater fields per workflow)

Section G - 2026 KRI/tolerance candidates

- 2–5 priority candidates only (owner, data source, why it matters)

Template 6 - Executive Summary Narrative (Stage 4 “one-pager”)

This template is used in Stage 4 (Recommendations & Outputs) to produce a concise, decision-ready summary of the detailed review suitable for Executive Team consideration and, where required, Audit Committee and Council reporting. It translates the detailed analysis (Structured Detailed Review Table, control effectiveness assessment, assurance mapping, gap analysis and dependencies) into a clear narrative that answers the governance questions:

- What was tested and why? (scope, themes, scenarios)
- Are we in control? (critical control health and evidence)
- What assurance do we have? (coverage, cadence, gaps)
- Is the residual position within appetite? (including override checks and acceptance route)
- What decisions and actions are required, by whom, and by when?

The Executive Summary should be evidence-based, avoid technical detail that belongs in appendices, and clearly distinguish between:

- confirmed findings (supported by evidence),
- areas of uncertainty (where assurance/evidence is weak or absent), and
- proposed recommendations (prioritised and owned).

Where a detailed review identifies the need for future refinement (e.g., 2026 tolerance/KRI design), the Executive Summary should state this explicitly and present a short list of priority KRI/tolerance candidates without inventing provisional thresholds.

Template Contents

1. **Risk and scope** (SR statement; themes; scenarios tested)
2. **Appetite position** (category statement; acceptable residual bands; overrides)
3. **Control and assurance conclusion** (what is effective; what is not; evidence)
4. **Key gaps and dependencies** (critical few)
5. **Recommendations** (prioritised; owners; timeframes)
6. **Decisions and escalations required** (ET / AC / Council per ladder)

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SR01 — Health, Safety & Wellbeing

Primary RAS: Safety (WHS)

Status:

Inherent rating	Residual rating	Appetite alignment	Appetite (category limit)	Acceptance authority	Report-back	Next review
High	High	Outside	Low	Escalate: ET (Director Corporate Services)	May 2026	Next quarter

Key potential causes

- Permit-to-work not applied or verified for high-risk tasks
- Critical control monitoring not conducted or ineffective
- Psychosocial hazards: high demands or low control; aggression or violence; fatigue
- Contractor control failures: pre-qualification, supervision, verification

Existing controls

- Critical control verification (CCV): checklist and spot checks; cadence bi-monthly
- Contractor pre-qualification, onboarding and induction
- Incident reporting and corrective actions; psychosocial risk management
- Permit-to-work (PTW) for high-risk tasks; isolations; confined space

Key potential consequences

- Serious injury or fatality during high-risk work
- Repeat Regulator action; notices or penalties
- Loss of trust; service disruption

Assurance coverage (Three Lines)

1st (Mgmt): Line inspections; PTW sign-offs; CCV spot checks - Owner: Contract Managers - Last test: Jan 2026 - Next due: Next Quarter - Result: OK - cadence increased

2nd (Risk/QA): WHS spot checks; trend - LTI or MTI; CCV percent - Owner: WHS - Last test: Jan 2026 - Next due: Jul 2026 - Result: Some weakness – developing stages

3rd (IA/Ext): Internal audit - WHS critical controls - or External audit - Owner: IA or External - Last test: Jan 2026 - Next due: Jan 2027 - Result: Internal audit

Action	Owner	Due	Status	Comments
Define and implement SR01 critical control verification requirements for high-risk work (including contractors), with standard evidence capture.	Work, Health & Safety	TBA at May Audit Committee	In progress	Aligned with actions from Business Improvement project
Establish an SR01 assurance schedule (Line 1 checks, Line 2 oversight, Line 3 independent testing) and map into the Assurance Map structure	Strategy & Performance	TBA at May Audit Committee	In progress	Aligned with RMS refresh actions
Strengthen incident investigation QA and action closure assurance (timeliness and effectiveness)	Work, Health & Safety	TBA at May Audit Committee	In progress	Aligned with actions from Business Improvement project
Propose a small set of SR01 KRI/tolerance candidates for 2026 consultation and embedding.	Strategy & Performance	TBA at May Audit Committee	In progress	Aligned with RMS refresh actions

Monitoring and reporting:

Lead: PTW non-conformance rate; CCV percent; close-out of incident learnings.

Lag: LTI or MTI. Monthly capture in Corporater; quarterly consolidation to ET and Council

9. MATTERS BEHIND CLOSED DOORS

Nil.

10. MEMORANDUM OF OUTSTANDING BUSINESS

Nil.

11. CLOSURE

The Presiding Member to declare the meeting closed.