



GLEN EIRA CITY COUNCIL

ORDINARY COUNCIL MEETING

TUESDAY 17 SEPTEMBER 2024

AGENDA

**Meeting to be held in the Council Chambers,
Corner Hawthorn and Glen Eira Roads, Caulfield
at 7.30pm**

*"The role of a Council is to provide good governance
in its municipal district for the benefit and
wellbeing of the municipal community."*

- S8(1) Local Government Act 2020

Councillors:

The Mayor, Councillor Anne-Marie Cade
Councillor Tony Athanasopoulos
Councillor Margaret Esakoff
Councillor Jane Karlake
Councillor Jim Magee
Councillor Sam Parasol
Councillor Sue Pennicuik
Councillor Li Zhang
Councillor Simone Zmood

Chief Executive Officer: Rebecca McKenzie

*In accordance with rule 96(3) of Council's Governance Rules, I Rebecca McKenzie,
CEO of Glen Eira Council, certify that no items contained in this Council Meeting
Agenda involve the making of a Prohibited Decision.*

A handwritten signature in black ink, appearing to be "R McKenzie", written over a faint circular stamp.

12/09/2024

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1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

Glen Eira City Council acknowledges the Boon Wurrung/Bunurong and Wurundjeri Woi Wurrung peoples of the Kulin Nation as Traditional Owners and Custodians, and pays respect to their Elders past and present.

We acknowledge and uphold Traditional Owner's continuing relationship to the land and waterways. Council extends its respect to all Aboriginal and Torres Strait Islander peoples.

2. APOLOGIES

3. REMINDER TO DISCLOSE ANY CONFLICTS OF INTEREST IN ANY ITEMS ON THE AGENDA

Councillors are reminded of the requirement for disclosure of conflicts of interest in relation to items listed for consideration on the Agenda, or which are considered at this meeting, in accordance with Section 130(2) of the *Local Government Act 2020* and Rule 60(3) of the Glen Eira City Council Governance Rules. Councillors are now invited to indicate any such conflict of interest.

PROCEDURAL MOTION

That Council:

1. where meetings are held in-person, can continue the meeting if the livestream of the meeting fails as stated in the governance rules;
2. considers the meeting to be adjourned for 10 minutes from the commencement of any technical problem where a Councillor is participating virtually; and
3. where a Councillor is participating virtually and the meeting cannot be resumed within 30 minutes from the commencement of the technical problem, the meeting is to be reconvened on Wednesday 18 September 2024 at 7.30pm.

4. PUBLIC PARTICIPATION**5. WRITTEN PUBLIC QUESTIONS TO COUNCIL****6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING OR MEETINGS**

Copies of Minutes previously circulated.

RECOMMENDATION

That the minutes of the Ordinary Council Meeting held on 3 September 2024 be confirmed.

7. RECEPTION AND READING OF PETITIONS AND JOINT LETTERS**8. REPORTS BY DELEGATES APPOINTED BY COUNCIL TO VARIOUS ORGANISATIONS****9. REPORTS FROM COMMITTEES AND RECORDS OF ASSEMBLY****9.1 Advisory Committees**

Nil

9.2 Records of Assembly**9.2.1 RECORDS OF ASSEMBLIES**

Author: *Karling Colomiere, Coordinator Councillor Business*

Director: *Kellie Vise, Director Customer and Corporate Affairs*

Trim No: *24/1237762*

Attachments: 1. *Record of Assembly - 20 August 2024* [↓](#)
2. *Record of Assembly - 27 August 2024* [↓](#)
3. *3 September 2024 Pre-meeting* [↓](#)

RECOMMENDATION

That Council notes the Records of Assemblies for:

1. 20 August 2024 Assembly;
2. 27 August 2024 Assembly; and
3. 3 September 2024 Pre-meeting.

Assembly of Councillors**20 August 2024****Assembly commenced at 6:35pm**

Councillors Present: Cr Anne-Marie Cade (Mayor) Cr Athanasopoulos (<i>online</i>) Cr Margaret Esakoff Cr Jane Karslake Cr Sam Parasol Cr Sue Pennicuik Cr Li Zhang Cr Simone Zmood	Officers Present: Rebecca McKenzie (CEO) Niall McDonagh Kellie Vise Jane Price Diana Vaynrib Karling Colomiere Kylie Webster Brooke Ranken Lauren Richardson Michael Dowel
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Matters discussed:**1. Acknowledgement****2. Apologies**

- Cr Jim Magee

3. Conflict of Interest

- Cr Simone Zmood, Draft Review - Ordinary Council Meeting Agenda – 3 September 2024, Item 8.6 Community Grant Recommendations 2024-2025.

4. Special Council Meeting Pre-meeting Briefing

Cr Athanasopoulos arrived at the meeting online at 6:41pm.

The Assembly of Councillors adjourned at 7:27pm.

Cr Athanasopoulos left the meeting at 7:27pm.

The Assembly of Councillors resumed at 7:59pm.

5. Community Consultation Results: Rooming House Policy**6. Draft Review - Ordinary Council Meeting Agenda – 3 September 2024**

- 8.4 280A Balaclava Road Caulfield North
- 8.8 Adoption of Meeting and Common Seal Local Law, Governance Rules and Public Participation Policy
- 8.2 Classified Tree Register Quarterly Report
- 8.3 Call for Report - Parking times in activity centres
- 8.11 Lease to Glen Education Incorporated - part of Murrumbeena Family Centre, 105 Murrumbeena Road, Murrumbeena
- 8.12 Lease of 118 Leila Road Carnegie to Bayside City Council
- 8.13 Tender 2025.7 Annual Contract for Asphalt Roads and Footpaths Maintenance
- 8.15 Fair Access Policy and Fair Access Action Plan
- 8.16 Policy Lifecycle Policy

7. General Business

- Cr Karslake – Sports fields
- Cr Parasol – Signage
- Rebecca McKenzie – Staff update and election matters

8. Councillor / CEO only time

- CEO key result areas
- Meeting debrief

Assembly concluded at 9:45pm

**Assembly of Councillors
27 August 2024**

Assembly commenced at 6:47pm

Councillors Present: Cr Anne-Marie Cade (Mayor) Cr Athanasopoulos Cr Margaret Esakoff Cr Jane Karslake Cr Jim Magee Cr Sam Parasol - <i>online</i> Cr Sue Pennicuik Cr Li Zhang Cr Simone Zmood	Officers Present: Rebecca McKenzie (CEO) Niall McDonagh Kellie Vise Jane Price Diana Vaynrib Karling Colomiere Kylie Webster Amanda Mills
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Matters discussed:

1. Acknowledgement
2. Apologies - Nil

Cr Tony Athanasopoulos and Cr Li Zhang arrived 6:48pm

3. Conflict of Interest - Nil
4. 93 Mimosa Road Carnegie – Public Acquisition Overlay
5. Road abutting 333-335 Hawthorn Road and 2 Briggs St, Caulfield South
6. Submission to Local Government Victoria’s Stage 2 Consultation on the development of a Model Councillor Code of Conduct and mandatory training for Councillors, mayors and deputy mayors.
7. General Business:
 - Cr Jim Magee – resident query
 - Cr Simone Zmood – Municipal Association of Victoria and Eastern Alliance for Greenhouse Action updates
 - Cr Jane Karslake – student cultural exchange program
 - Cr Margaret Esakoff – email query
8. Pre-OCM Check-in (3 September 2024):
 - 8.2 Adoption of Meeting and Common Seal Local Law, Governance Rules and Public Participation Policy
 - 8.3 Domestic Animal Management Plan 2024 - Annual Review

Cr Jim Magee left the meeting at 8.03pm.

- 8.13 Community Grant Recommendations 2024-2025
- Late Report – State Led Activity Centre Program - Submission on Moorabbin and Chadstone Draft Plans

9. Councillor / CEO only time
- Meeting feedback
 - Local Government Reform

Assembly concluded at 8.22pm

**Assembly of Councillors – Pre-Meeting Agenda
3 September 2024**

Pre-meeting commenced at 6.45pm

Councillors Present: Cr Anne-Marie Cade (Mayor) Cr Tony Athanasopoulos Cr Margaret Esakoff Cr Jane Karlake Cr Jim Magee Cr Sue Pennicuik Cr Sam Parasol Cr Simone Zmood Cr Li Zhang	Officers Present: Rebecca McKenzie (CEO) Niall McDonagh Kellie Vise Rosa Zouzoulas Jane Price John Vastianos Karling Colomiere Kylie Webster
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Matters Considered:

1. Acknowledgement
 2. Apologies - Nil
 3. Conflicts of interest:
Cr Simone Zmood declared a general Conflict of Interest for item 8.13 (point 3).
 4. Procedural Motions – Nil
 5. Item 8.3 - Adoption of Meeting and Common Seal Local Law, Governance Rules and Public Participation Policy
 6. Item 9 – Urgent Business
 7. General Business:
 - Cr Li Zhang – resident query
- Cr Tony Athanasopoulos arrived at 7:03pm.*
- Cr Margaret Esakoff – resident query
 - Cr Sam Parasol – Business Excellence Awards

Pre-meeting concluded at 7.08pm

10. OFFICER REPORTS (AS LISTED)**10.1 FINANCIAL MANAGEMENT REPORT (31 AUGUST 2024)**

Author: Karen Oh, Corporate Accountant

Director: John Vastianos, Chief Financial Officer

Trim No: 24/1251505

Attachments: 1. August 2024 Financial Management Report [📄](#)

EXECUTIVE SUMMARY

Council provides a wide range of services and facilities for our community, all contributing to ensuring this is a healthy, well-connected, and liveable place for all.

The purpose of this report is to provide Council with the Financial Management Report for the period ending 31 August 2024. The report is designed to identify and explain major variances at an organisational level and is provided in Attachment 1.

The forecast result expected for the financial year is a surplus of \$7.5m. This compares unfavourably against the original adopted 2024-25 Budget surplus of \$8.3m mainly due to the reclassification of funding from capital to operating for carry forward projects. This operating surplus is not a 'cash' profit as it recognises all revenue and spending for Council to operate and includes one off and non-cash items.

Council will invest any available surplus in capital works and debt redemption which enable us to continue to deliver high-quality services and projects. Whilst Council's cash holding remains at low levels, we are also working to ensure that adequate levels of cash reserves are set aside for funding Council's open space, contract deposits, employee entitlements and deposits relating to residential aged care. Together, these approaches ensure that we are continuing to be a prudent financial manager, acquitting our responsibilities to the community.

RECOMMENDATION

That Council notes the Financial Management Report for the period ending 31 August 2024.

BACKGROUND

The report includes a comparison of year-to-date actual income and expenditure with budgeted year-to-date and forecast to June 2025 and other information for the current financial year.

This report also provides a review of the Capital Works Program, Cash Flow, Rate Debtors and Victorian Auditor-General's Office Financial Sustainability Indicators.

ISSUES AND DISCUSSION**(a) Key Highlights - Current Financial Position**

The forecast result expected for the financial year is a surplus of \$7.52m. Key highlights for the period ending 31 August 2024 include:

Key Highlights	July 2024 \$ 000's	August 2024 \$ 000's	Movement \$ 000's	Comments
Forecast Surplus	6,908	7,529	621	Income for Grants, User Fees and Statutory Fees have been slightly above budget for the months of July and August and have improved our forecast surplus.
Forecast Liquidity	135.96%	136.86%	0.90%	Forecast liquidity has increased due to a higher than anticipated closing cash balance at 30 June 2024.
Forecast Capital Works	40,400	41,800	1,400	Increased forecast of \$1.4m for the Queens Avenue Cycling Corridor Project. This will be offset by funding from the State of Victoria through the Level Crossing Removal Project.

(b) Open Space

Council collects a Public Open Space contribution in many circumstances when land is subdivided within the municipality. The balance of the Open Space Reserve as at 31 August 2024 is as follows:

Description	2024-25 Current Month	2024-25 Year to Date
Opening Balance as at 1 July 2024		\$21,088,082
Open Space Contributions Received	\$753,450	\$915,300
Open Space Capital Expenditure	\$0	\$0
Closing Balance Open Space Reserve		\$22,003,382
Committed Open Space Purchases		(\$14,750,000)
Available Open Space Reserve Funds		\$7,253,382

Please note the open space reserve is not currently held in a separate cash reserve.

CLIMATE EMERGENCY RESPONSE STRATEGY IMPLICATIONS

The Financial Management Report takes into consideration Council's initiatives and strategies that respond to the climate emergency, work towards emissions reduction targets and increase awareness of sustainability issues.

In this context, Council continues to prioritise initiatives that contribute to our overall goal of net zero corporate emissions by 2025 and net zero community emissions by 2030. This includes investment in open space, tree canopy and other greening initiatives, circular economy, energy efficiency, and environmentally sustainable design.

FINANCIAL, RESOURCE, RISK AND ASSET MANAGEMENT IMPLICATIONS

The key financial objectives for Council are:

- **Rates** – maintain rate increases in line with the constraints set by the State Government's Rate Cap.
- **Liquidity** – establishing a budget that sets Council's liquidity level at no less than 100 per cent excluding its reserve funds.

- **Fees** – set fee increases that are manageable and sustainable, in line with the consumer price index and reasonable benchmarking.
- **Waste Charges** – to be set on a cost recovery basis.
- **Risk Management** – mitigate major risks through targeted investment in critical areas, including a focus on maintenance and renewal within the Capital Works Program.
- **Service Level** – maintain essential services at not less than current levels.
- **Retain capacity to invest in long term sustainability** – support initiatives that build long-term financial sustainability and organisational capability.
- **Retain our efficiency position** – keep day-to-day costs manageable and rates below our peers.
- **Community Engagement** – ensure that priorities reflect feedback from, and engagement with, the community.

POLICY AND LEGISLATIVE IMPLICATIONS

- Glen Eira Council Long-Term Financial Plan 2024-25 to 2033-34
- Glen Eira Council Revenue and Rating Plan 2022-23 to 2025-26
- Glen Eira Council Budget 2024-25
- Glen Eira Council Plan 2021-25
- Glen Eira Council Integrated Planning and Reporting Framework
- Local Government Act 1989
- Local Government Act 2020
 - Division 2 — Budget Process
 - Part 4 — Planning and Financial Management — Section 97
- Local Government (Planning and Reporting) Regulations 2020
 - Part 3 — Budget

COMMUNICATION AND ENGAGEMENT

Council officers, in preparing the Financial Management Report, consider other plans and strategies regarding services and initiatives which commit financial and non-financial resources for the current financial year.

LINK TO COUNCIL PLAN

Strategic Direction 1: Well informed, transparent decisions and highly valued services. We build trust through engaging with our community, delivering quality services and making evidence-based decisions.

OFFICER DECLARATION OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflicts of interest in this matter.

CONCLUSION

Council continues to carefully manage its finances in order to deliver good outcomes for Community. Council is proactively identifying and mitigating the risks arising from the dynamic and unpredictable economic environment and the implications for Council's financial sustainability.

ATTACHMENT 1:

Financial Management Report for the period ending 31 August 2024

1. Contents

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ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Executive Summary***for the period ending 31 August 2024*****a) Current Month Budget Result**

At the end of August, the year-to-date performance against budget from ordinary activities showed higher than anticipated income of \$2.91m and a favourable variance in operating expenditure of \$980k.

Please note that a large amount of the current variances is due to timing differences (i.e. between the scheduling of budgets and timing of actual results). The next few months should reflect whether these variances (particularly the expenditure variances) become more permanent for the 2024-25 financial year.

b) Current Month Forecast Result

The forecast result expected for the financial year is a surplus of \$7.53m. This compares unfavourably against the original adopted 2024-25 Budget surplus of \$8.29m mainly due to the reclassification of funding from capital to operating for carry forward projects. This operating surplus is not a 'cash' profit as it recognises all revenue and spending for Council to operate and includes one off and non-cash items.

Council will invest any available surplus in capital works and debt redemption and continue to deliver high-quality services and projects. Whilst Council's cash holding remains at low levels, Council needs to ensure that adequate levels of cash reserves are set aside for funding Council's open space reserves, contract deposits, employee entitlements and deposits relating to residential aged care. Council is continuing to be a prudent financial manager to acquit its responsibilities to community.

c) Open Space

Council collects a Public Open Space contribution in many circumstances when land is subdivided within the municipality. The requirement for this is in the Glen Eira Planning Scheme at clause 53.01.

As part of applicable subdivisions, a landowner is required to make a contribution based on the site value, which Council uses to either purchase land to create new open spaces such as public parks, playgrounds and reserves, or to make improvements within our existing open space areas. Our open space planning is informed by the City of Glen Eira Open Space Strategy.

There are different contribution rates that apply in different parts of the municipality. These include:

- In the area known as Caulfield Village, 5% of the site value of the land which is contained within the Mixed-Use Precinct and the Smith Street Precinct, and 4% of the site value of the land which is contained within the Residential Precinct.
- In the area known as East Village, in accordance with the East Village Comprehensive Development Plan, May 2020 and East Village Development Contributions Plan, May 2020.
- All other land, 8.3% of the site value of the land effective March 2023.

Council as part of the *Council Plan 2021-2025* has committed a major initiative to invest a minimum of \$26.9m on the acquisition of public open space over the four-year Council term.

Since 2021, Council has acquired new land for future open space development including entering into an agreement to purchase the Elsternwick Club to address a significant open space gap. The total value of land acquisitions during the Council term, including the future settlement of Elsternwick Club, is \$38m.

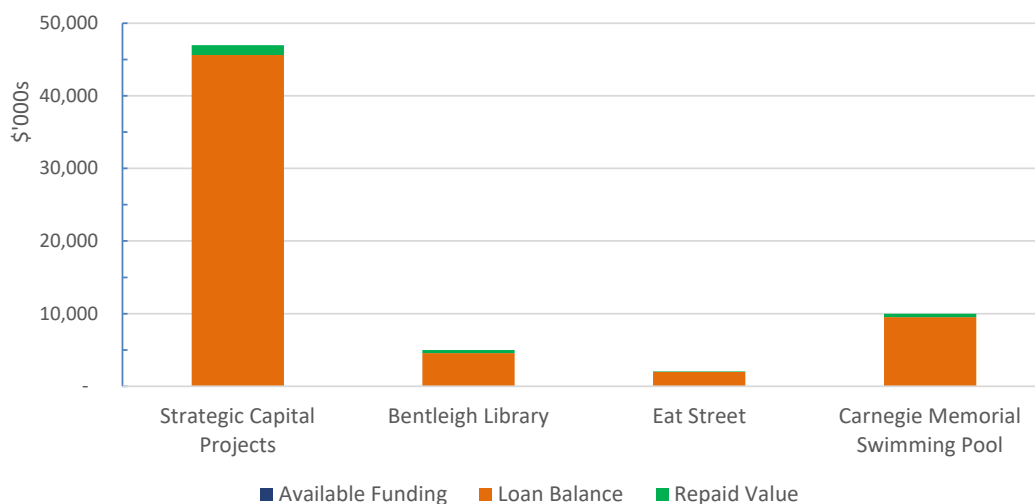
ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

The balance of the Open Space Reserve as at 31 August 2024 is as follows:

Description	2024-25 Current Month	2024-25 Year to Date
Opening Balance as at 1 July 2024		\$21,088,082
Open Space Contributions Received	\$753,450	\$915,300
Open Space Capital Expenditure	\$0	\$0
Closing Balance Open Space Reserve		\$22,003,382
Committed Open Space Purchases		(\$14,750,000)
Available Open Space Reserve Funds		\$7,253,382

d) Loan borrowings

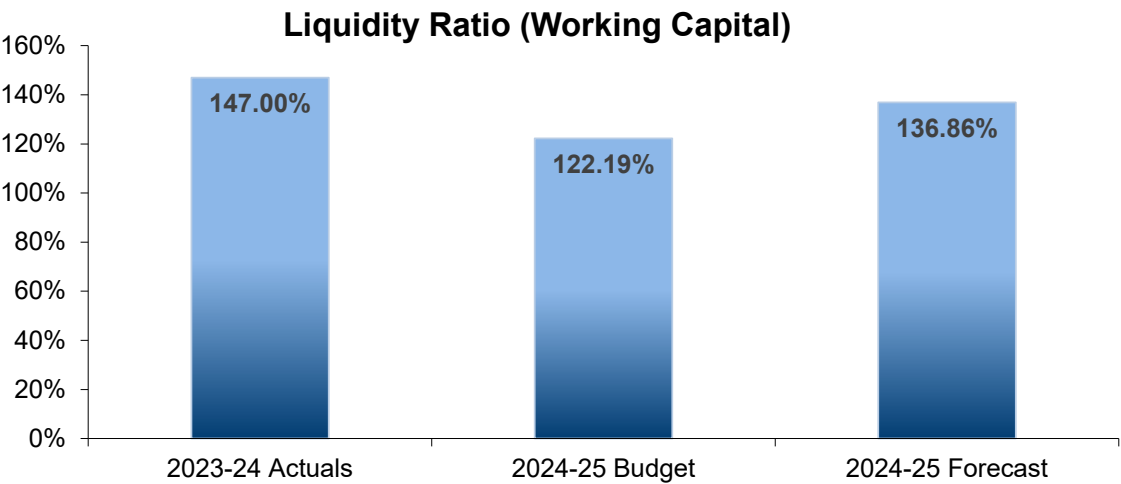


Council has entered into a loan facilities relationship with Treasury Corporation Victoria (TCV) to borrow funds for strategic capital projects, from which \$46.97m in variable loans have been drawn down since August 2022.

Council has also been able to secure discounted interest rates from State Government for three capital projects: \$5m for the construction of the Bentleigh Library and Youth Hub redevelopment project and \$2.03m for Eat Street Community Space Project under the Community Infrastructure Loan Scheme and \$10m for the Carnegie Memorial Swimming Pool under the Community Sports Infrastructure Loan Scheme. These loans are administered by TCV and to date \$17.03m has been drawn from the discounted facilities.

No further loan drawdowns are budgeted for 2024-25.

e) Liquidity



Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following twelve months and are therefore not available for discretionary spending.

Council is required to hold sufficient cash to cover ‘Restricted Assets’ such as: Residential Aged Care Deposits, Public Open Space Reserve, Contract Deposits and *Fire Services Property Levy*.

Refer to page 18 for a summary of Financial Sustainability risk indicators.

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

f) Superannuation – Defined Benefits Scheme***Vested Benefits Index (VBI)***

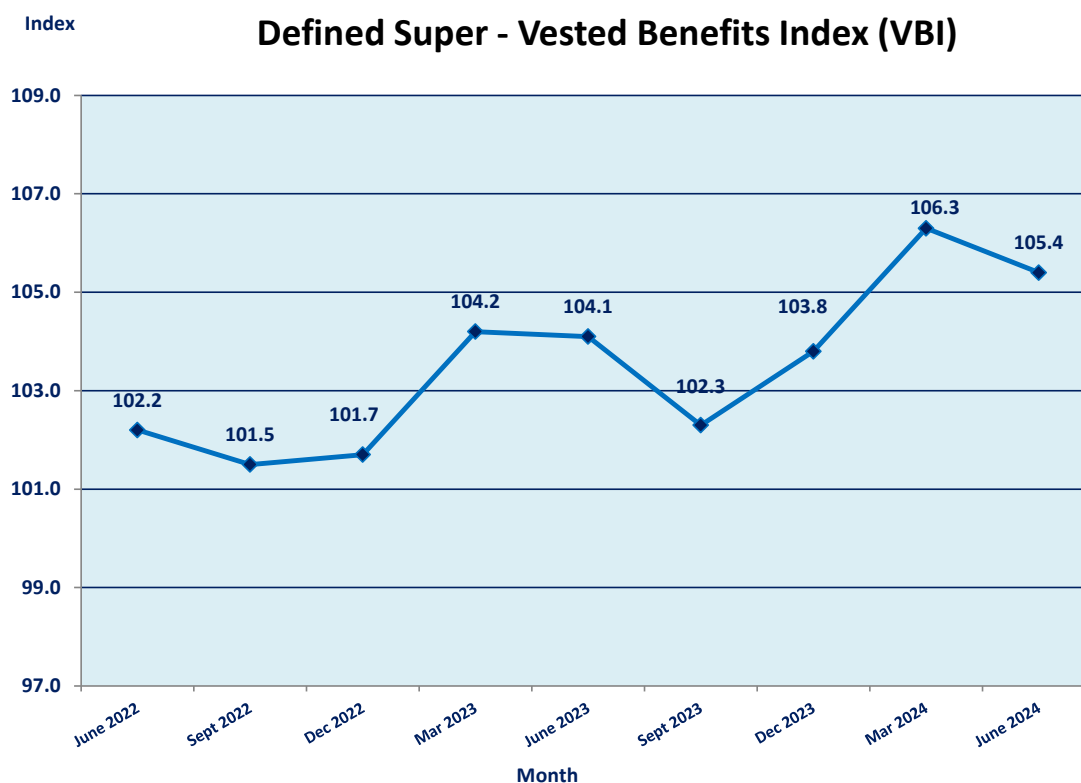
Defined benefit plans are required by law to have an actuarial investigation at least once every three years. Vision Super monitors the vested benefit position of the defined benefits plan on a quarterly basis.

The VBI is the key index that the super fund regulator, APRA, considers when assessing the financial position of the Defined Benefit Plan. In simple terms this measures whether there would be enough assets to meet the liabilities of the Defined Benefit Plan if it became necessary to pay all members their total entitlements on a particular day.

Under the superannuation prudential standards, VBI's must generally be kept above a fund's nominated shortfall threshold, currently 97%. The higher the index the less chance of a future call.

For the Plan to be in a satisfactory financial position requires a VBI of 100% or more. In the event the VBI falls below the nominated shortfall threshold (i.e., 97%), an interim investigation is required to be carried out by the Fund Actuary, unless the next scheduled investigation is due within six months.

Below is the estimated VBI updated to 30 June 2024.



ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Income Statement

This Statement outlines our income sources for the reporting period under headings such as general rates and garbage charges, and the day-to-day expenses incurred to run Council. These expenses do not include capital expenditure, but they do include depreciation and amortisation of assets. Expenses include labour costs, materials and supplies, and utility and insurance costs.

The bottom line is the result for the reporting period. This figure equals total income minus total expenses, which indicates whether we've operated at a surplus or a deficit (a figure inside brackets is a deficit).

Positive variance movements relate to an increase in revenue and a decrease in expenditure. Negative figures (in brackets), relate to a decrease in revenue or an increase in expenditure.

Forecast adjustments for August 2024

There were no material changes during the month of August.

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Income Statement***for the period ending 31 August 2024***

	2024-25 Year to Date Actual	2024-25 Year to Date Budget	2024-25 Year to Date Variance	2024-25 Year to Date Variance	2024-25 Previous Month End Forecast	2024-25 Current Month Forecast	2024-25 Forecast Movement	2024-25 Annual Budget	2024-25 Budget Forecast Variance
	\$ 000's	\$ 000's	\$ 000's	(%)	\$ 000's	\$ 000's	\$ 000's	\$ 000's	(%)
Income from Ordinary Activities									
General Rates	113,298	113,404	(107)	(0.1%)	114,004	114,004	(1)	114,004	(0.0%)
Supplementary Rates	693	700	(7)	0.0%	800	793	(7)	800	(0.9%)
Waste & Recycling Charges	27,239	27,117	122	0.5%	27,145	27,264	119	27,145	0.4%
Grants (Operating & Capital)	13,072	11,565	1,507	13.0%	29,753	29,909	156	28,861	3.6%
Interest Received	453	267	186	69.7%	1,600	1,771	171	1,600	10.7%
User Fees	4,828	3,912	916	23.4%	27,162	27,266	103	27,162	0.4%
Statutory Fees & Fines	1,787	1,656	130	7.9%	9,942	9,957	15	9,942	0.1%
Contributions (Monetary)	920	833	86	10.3%	5,000	4,989	(11)	5,000	(0.2%)
Other Income	277	205	73	35.4%	1,636	1,679	43	1,636	2.7%
Total Income from Ordinary Activities	162,565	159,659	2,906	1.82%	217,043	217,632	589	216,151	0.7%
Expenses from Ordinary Activities									
Employee Costs	16,191	15,832	(359)	(2.3%)	95,533	95,681	(148)	95,533	(0.2%)
Materials & Consumables	739	749	10	1.3%	5,216	5,228	(12)	5,216	(0.2%)
Contractor Payments	8,343	9,547	1,204	12.6%	53,068	52,868	200	50,794	(4.1%)
Maintenance	1,095	1,212	117	9.7%	8,388	8,354	34	8,388	0.4%
Utility Services	678	867	190	21.9%	5,132	4,997	135	5,132	2.6%
Insurances	1,828	1,617	(210)	(13.0%)	1,898	2,015	(117)	1,898	(6.2%)
Other Expenses	1,377	1,250	(127)	(10.1%)	7,413	7,371	43	7,413	0.6%
Grants & Subsidies	16	224	207	92.6%	1,511	1,491	20	1,511	1.3%
Borrowing Costs	443	391	(52)	(13.4%)	2,343	2,340	3	2,343	0.1%
Total Expenses from Ordinary Activities	30,709	31,688	980	3.1%	180,502	180,344	158	178,228	(1.2%)
Surplus/(deficit) before non operational activities	131,857	127,970	3,885	3.0%	36,541	37,288	747	37,923	(1.7%)
Non-operational Activities									
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	28	78	(49)	(63.7%)	465	448	(17)	465	(3.7%)
Written Down Value of Assets Sold/Disposed	165	279	114	0.0%	1,674	1,756	(82)	1,674	(4.9%)
Depreciation & Amortisation	4,814	4,737	(77)	(1.6%)	28,424	28,451	(27)	28,424	(0.1%)
Surplus/(deficit) for the period	126,906	123,032	3,873	3.1%	6,908	7,529	621	8,290	(9.2%)

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Balance Sheet**for the period ending 31 August 2024**

This Statement is a snapshot of our financial position. It outlines what we own (assets) and what we owe (liabilities). Our net worth (net assets or equity) equals total assets minus total liabilities — the larger the net equity, the stronger the financial position.

	Actuals 2023-24	Annual Budget 2024-25	Annual Forecast 2024-25	Year to Date Actual 2024-25	Previous Month End Actuals
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
Assets					
Current Assets					
Cash and Cash Equivalents	58,627	47,105	51,457	53,487	55,800
Trade and Other Receivables	22,083	22,407	22,083	173,491	179,006
Other Assets	6,063	5,956	6,063	4,952	3,133
Total Current Assets	86,773	75,468	79,603	231,930	237,939
Non-Current Assets					
Property, Infrastructure, Plant and Equipment	2,703,210	2,841,809	2,712,938	2,701,882	2,701,241
Right-of-use-assets	1,776	948	1,776	1,775	1,775
Intangible Assets	907	1,802	907	1,352	1,382
Investments in Joint Operations	282	272	282	282	282
Other Financial Assets	5	5	5	5	5
Total Non-Current Assets	2,706,180	2,844,837	2,715,908	2,705,296	2,704,685
TOTAL ASSETS	2,792,953	2,920,305	2,795,511	2,937,225	2,942,623
Liabilities					
Current Liabilities					
Trade and Other Payables	13,626	18,756	12,240	15,491	14,101
Trust Funds and Deposits	23,892	21,088	23,892	43,830	43,656
Unearned Income	3,931	3,437	3,931	-	-
Provisions	14,780	15,160	14,780	14,497	14,504
Interest-Bearing Liabilities	2,066	2,780	2,780	2,058	2,066
Lease Liabilities	693	542	542	693	693
Total Current Liabilities	58,988	61,762	58,165	76,569	75,020
Non-Current Liabilities					
Provisions	1,173	1,003	1,173	1,173	1,173
Interest-Bearing Liabilities	59,771	56,424	56,424	59,572	59,733
Lease Liabilities	1,373	571	571	1,373	1,373
Other Liabilities - Joint Operations	4,753	4,370	4,753	4,753	4,753
Total Non-Current Liabilities	67,070	62,368	62,921	66,870	67,031
Total Liabilities	126,058	124,130	121,086	143,440	142,051
Net Assets	2,666,897	2,796,174	2,674,425	2,793,786	2,800,572
Equity					
Accumulated Surplus	1,008,492	1,014,788	1,016,021	1,134,468	1,142,008
Asset Revaluation Reserve	1,636,056	1,756,508	1,636,056	1,636,054	1,636,054
Public Open Space Reserve	21,088	24,878	21,088	22,003	21,250
Strategic Asset Development Reserve	1,260	-	1,260	1,260	1,260
Total Equity	2,666,897	2,796,174	2,674,425	2,793,786	2,800,572

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Capital Works Program***for the period ending 31 August 2024***

This represents our portfolio of capital projects that have been adopted and formally approved by Council as part of the 2024-25 budget process. These projects involve the planning and construction of new assets, renewal, upgrade and expansions for existing infrastructure, plant and equipment and property assets. Included in the program are strategic projects, transformation and technology projects, roadworks, footpaths and drainage, upgrades of open space and recreational areas and community facilities.

Positive variance movements relate to savings in capital expenditure. Negative figures (in brackets) relate to an increase to the current year's budget allocation.

As at the end of August 2024, total capital works expenditure forecast for 2024-25 is expected to be \$41.8m, represented by:

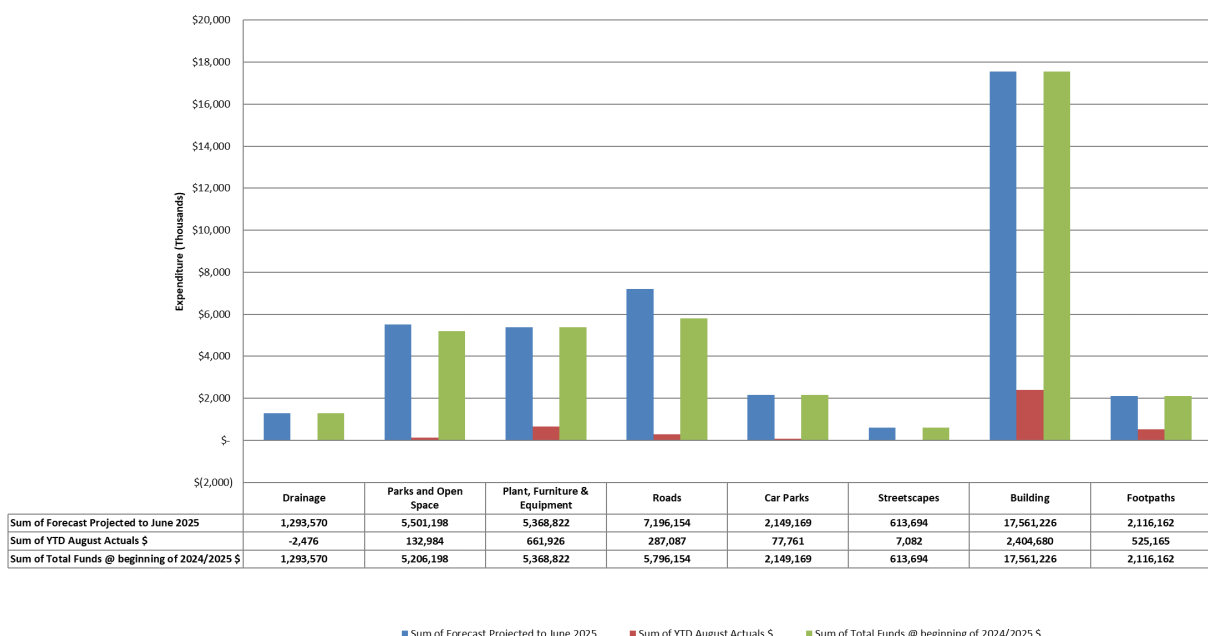
- New capital works projects as per the adopted 2024-25 Budget \$35.12m
- Carry forward projects from 2023-24 \$4.99m
- Accumulated project forecast adjustments \$1.69m

August Forecast Adjustment:

- Increased forecast of \$1.4m for the Queens Avenue Cycling Corridor Project. This will be offset by funding from the State of Victoria through the Level Crossing Removal Project.

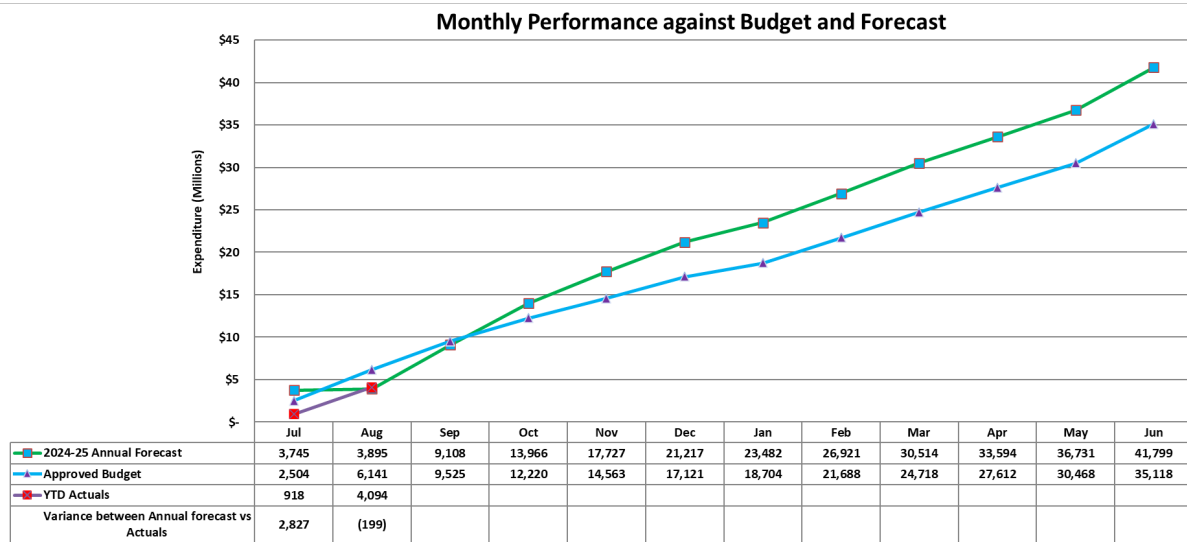
Capital Works Performance Graphs

The below graphs reflect the 2024-25 budget allocations for the main asset category and performance against budget and forecast.

Capital Spend by Asset Category

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024



Council's capital expenditure is over forecast by \$199k as of August 2024 mainly due to the timing difference of the renewal projects \$371k. This is offset by other projects' expenditure which is currently behind the forecast.

Overall, council's capital expenditure is aligned with the capital forecast.

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Capital Works Program Expenditure for period ending 31 August 2024								
Description	2024-25 Adopted Capital Budget	2024-25 Carry Forwards from 2023-24	2024-25 Budget Plus Carry Forwards	2024-25 Adjustments	2024-25 Annual Forecast	2024-25 Year To Date Actual Expenditure	2024-25 Year To Date Forecast	2024-25 Year To Date Variance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<u>STRATEGIC PROJECTS</u>								
CYCLING ACTION PLAN	150,000	-	150,000	-	150,000	-	-	-
QUEENS AVENUE CYCLING PROJECT	-	-	-	1,400,000	1,400,000	2,128	-	(2,128)
SHOPPING/ACTIVITY CENTRE IMPROVEMENT	-	423,694	423,694	-	423,694	7,082	27,550	20,468
INTEGRATED TRANSPORT STRATEGY	30,000	-	30,000	-	30,000	-	-	-
BETTER STREETS BETTER PLACES PROGRAM	120,000	-	120,000	-	120,000	-	-	-
STRUCTURE PLANNING PROJECTS	70,000	-	70,000	-	70,000	-	-	-
TOTAL STRATEGIC PROJECTS	370,000	423,694	793,694	1,400,000	2,193,694	9,210	27,550	18,340
<u>TRANSFORMATION & TECHNOLOGY</u>								
INFORMATION SYSTEMS	775,000	-	775,000	-	775,000	71,896	-	(71,896)
TOTAL TRANSFORMATION & TECHNOLOGY	775,000	-	775,000	-	775,000	71,896	-	(71,896)
<u>RECREATION AND OPENSACE</u>								
OPEN SPACE STRATEGY INITIATIVES	250,000	379,524	629,524	-	629,524	2,500	14,167	11,667
RECREATION PROGRAM	2,207,635	110,000	2,317,635	-	2,317,635	23,022	75,000	51,978
SPORTSGROUND LIGHTING UPGRADE	416,500	-	416,500	-	416,500	-	2,000	2,000
TOTAL RECREATION AND OPENSACE	2,874,135	489,524	3,363,659	-	3,363,659	25,522	91,167	65,645
<u>COMMUNITY FACILITIES</u>								
BUILDING IMPROVEMENTS	-	242,000	242,000	-	242,000	-	-	-
PARK PAVILION UPGRADE	2,500,000	-	2,500,000	-	2,500,000	10,087	10,000	(87)
CARNEGIE MEMORIAL SWIMMING POOL	11,500,000	1,200,000	12,700,000	-	12,700,000	2,374,232	2,500,000	125,768
TOTAL COMMUNITY FACILITIES	14,000,000	1,442,000	15,442,000	-	15,442,000	2,384,319	2,510,000	125,681
<u>SUSTAINABILITY</u>								
SUSTAINABILITY INITIATIVES	433,450	231,224	664,674	-	664,674	11,820	10,000	(1,820)
SOLAR POWER PANEL	156,980	-	156,980	-	156,980	-	-	-
BICYCLE PARKING IMPLEMENTATION	20,000	-	20,000	-	20,000	-	-	-
URBAN FOREST STRATEGY	400,000	-	400,000	295,000	695,000	63,073	-	(63,073)
TOTAL SUSTAINABILITY	1,010,430	231,224	1,241,654	295,000	1,536,654	74,893	10,000	(64,893)
<u>COMMUNITY SAFETY</u>								
TRANSPORT PLANNING	2,723,550	637,679	3,361,229	-	3,361,229	(8,891)	99,574	108,465
TOTAL COMMUNITY SAFETY	2,723,550	637,679	3,361,229	-	3,361,229	(8,891)	99,574	108,465

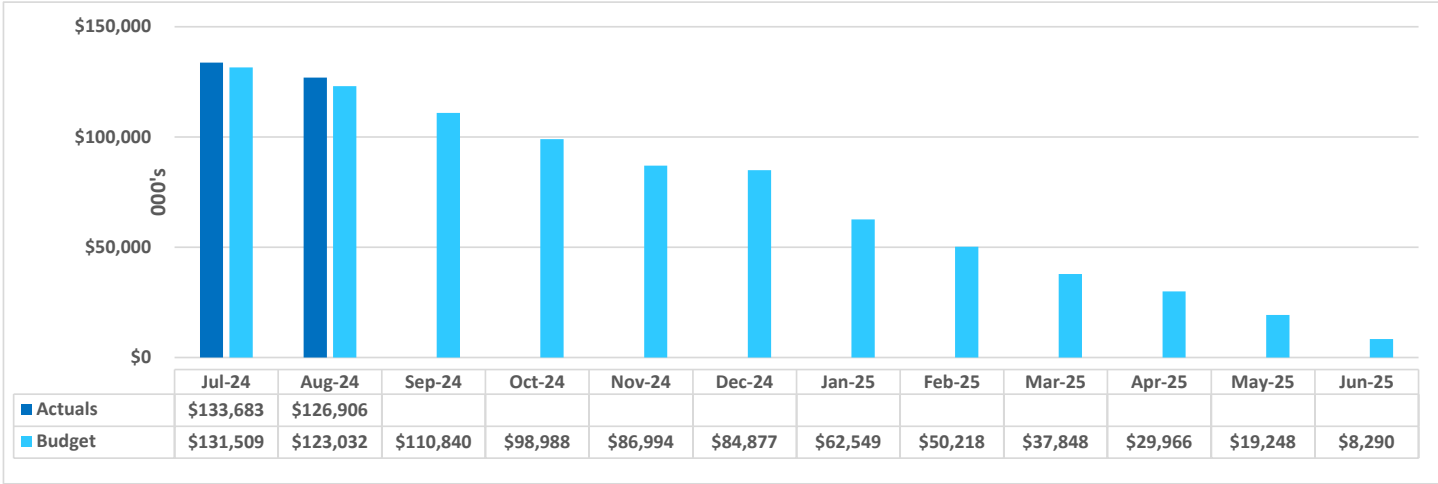
ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Capital Works Program Expenditure for period ending 31 August 2024 (continued)								
Description	2024-25 Adopted Capital Budget	2024-25 Carry Forwards from 2023-24	2024-25 Budget Plus Carry Forwards	2024-25 Adjustments	2024-25 Annual Forecast	2024-25 Year To Date Actual Expenditure	2024-25 Year To Date Forecast	2024-25 Year To Date Variance
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
RENEWALS								
INFORMATION SYSTEMS	860,000	120,000	980,000	-	980,000	22,697	-	(22,697)
VEHICLE REPLACEMENT	1,000,000	566,285	1,566,285	-	1,566,285	204,001	25,000	(179,001)
FIRE COMPONENT RENEWAL	-	172,572	172,572	-	172,572	-	-	-
BUILDING IMPROVEMENTS	825,000	-	825,000	-	825,000	8,541	4,235	(4,306)
STRUCTURAL RENEWALS	300,000	-	300,000	(19,420)	280,580	-	-	-
SENIOR CITIZEN BUILDINGS	52,020	-	52,020	-	52,020	-	-	-
LIBRARY COLLECTIONS	965,826	-	965,826	-	965,826	233,732	260,009	26,277
FOOTPATH PROGRAM	1,963,235	-	1,963,235	-	1,963,235	522,238	327,206	(195,032)
KERB & CHANNEL REPLACEMENT PROGRAM	221,899	-	221,899	-	221,899	5,611	73,966	68,355
ROAD REHABILITATION PROGRAM	1,200,000	308,355	1,508,355	-	1,508,355	48,499	-	(48,499)
DRAINAGE IMPROVEMENTS	1,255,000	38,570	1,293,570	-	1,293,570	(2,476)	-	2,476
GLENWORKS PROGRAM	1,655,719	-	1,655,719	-	1,655,719	225,323	240,000	14,677
RIGHT OF WAY IMPROVEMENTS	450,000	-	450,000	-	450,000	910	-	(910)
LOCAL AREA TRAFFIC MANAGEMENT	150,000	8,554	158,554	-	158,554	16,434	-	(16,434)
CAR PARKS RENEWAL PROGRAM	50,000	492,494	542,494	-	542,494	77,761	150,000	72,239
OPEN SPACE STRATEGY INITIATIVES	100,000	-	100,000	-	100,000	-	-	-
RECREATION PROGRAM	544,606	-	544,606	-	544,606	-	-	-
AQUATIC CENTRE REDEVELOPMENT	804,581	-	804,581	-	804,581	113,660	70,000	(43,660)
PARKS MINOR CAPITAL WORKS	700,358	-	700,358	-	700,358	44,389	-	(44,389)
SHADE STRUCTURES	17,575	-	17,575	-	17,575	-	-	-
ATHLETIC TRACK UPGRADE	80,000	-	80,000	-	80,000	-	-	-
RESIDENTIAL AGED CARE MINOR IMPROVEMENTS	170,000	55,110	225,110	-	225,110	15,939	6,200	(9,739)
PARK PAVILION UPGRADE	-	-	-	19,420	19,420	-	-	-
TOTAL RENEWALS	13,365,819	1,761,940	15,127,759	-	15,127,759	1,537,260	1,156,616	(380,644)
TOTAL CAPITAL WORKS EXPENDITURE	35,118,934	4,986,061	40,104,995	1,695,000	41,799,995	4,094,209	3,894,907	(199,302)

Performance Graphs

Financial Performance
for the period ending 31 August 2024



The August 2024 year to date financial performance was \$3.87m higher than the year-to-date budget mainly due to:

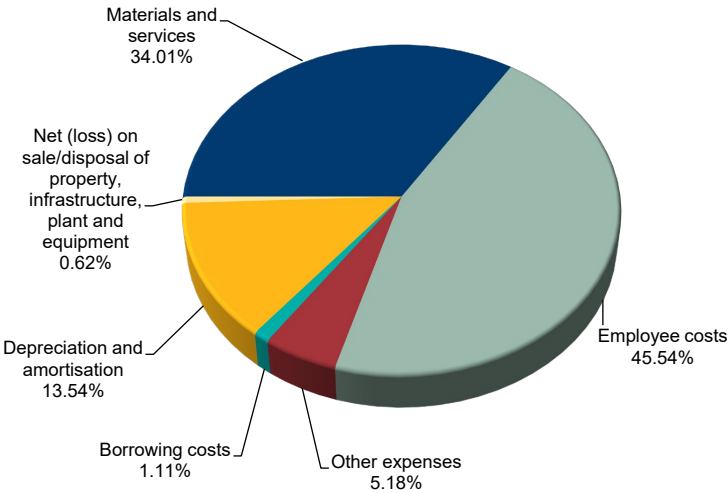
- Better than anticipated income received for Grants \$1.51m, User Fees \$916k and Interest Received \$186k.
- Favourable variances in expenditure items including Contractor Payments \$1.2m.

ORDINARY COUNCIL MEETING

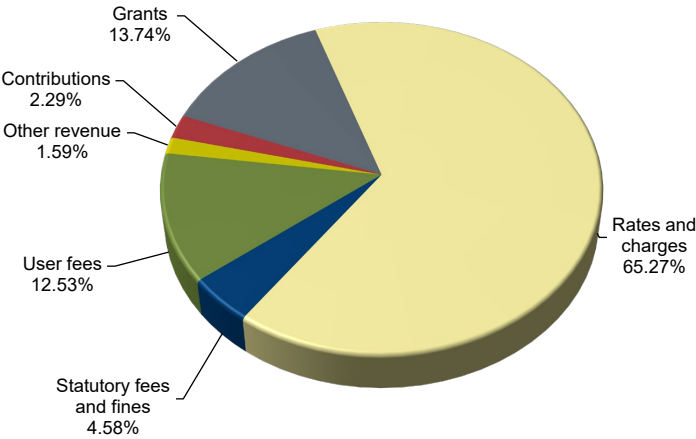
17 SEPTEMBER 2024

Financial Performance
for the period ending 31 August 2024

2024-25 Forecast categories of expenditure



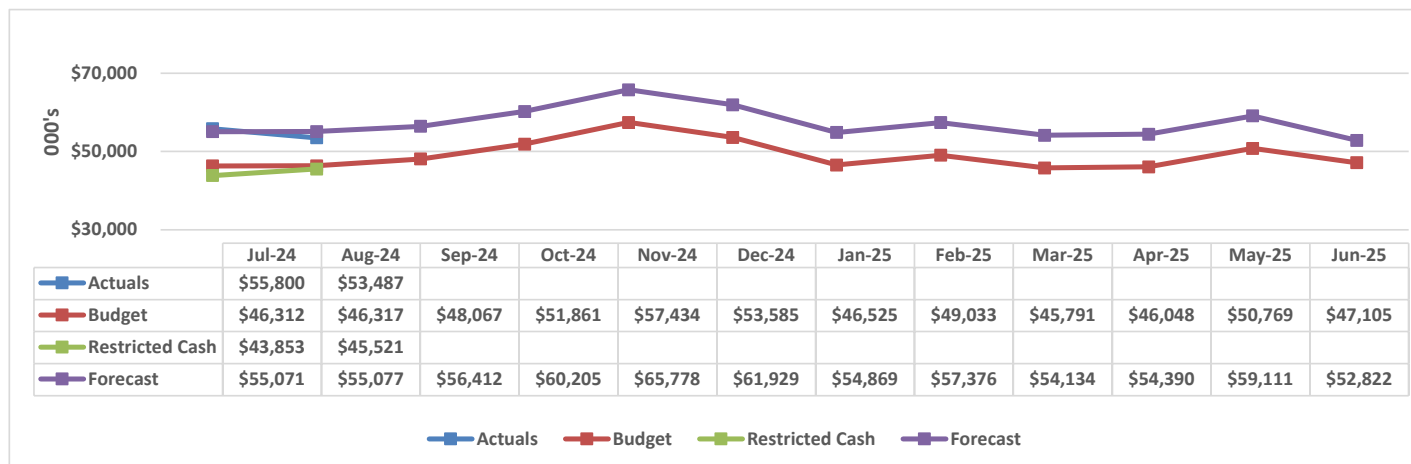
2024-25 Forecast sources of income



ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Cash and Investments
for the period ending 31 August 2024



- Cash Balance – Council's year to date cash balance of \$53.49m is above budget for the current month. Council's forecast position to June 2025 of \$52.82m has been adjusted to reflect the movements in Council's Income Statement and Capital Works Program forecast adjustments.
- Restricted Cash – Council has cash assets that are subject to restrictions. Restricted funds as at 31 August 2024 in total is \$45.52m, this includes: residential aged care deposits of \$14.72m, trust funds and deposits of \$7.34m (including asset protection permits), open space reserve of \$22m and fire services property levy of \$1.46m. Noting that the open space (\$22m) is not held in cash reserve.
- Return on Investments – Council has achieved an average return on investments of 4.35% for the month of August 2024.

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Rates Income and Debtors
for the period ending 31 August 2024

Rate Income – is an important source of revenue, accounting for approximately 65 per cent of the total revenue received by Council annually.

Rate Capping – The Victorian Government's *Fair Go Rates System* (FGRS) limits the maximum increase in Councils' average rates. The amount is calculated by dividing total revenue from general rates by the total number of rateable properties in the municipality.

Each year the Minister for Local Government sets the average rate cap increase for Councils.

The cap for 2024-25 was set at forecast CPI of 2.75% (3.5% for 2023-24).

Rate Payments – Rates are paid in four instalments during the year: February, May, September, and November. Council's cash flow is impacted by the timing of rate payments. The following table reflects the rate debtors balance as at 31 August 2024.

Rate Debtors	2024-2025 Year to date
	\$'000
Arrears Brought Forward	15,597
Credits Brought Forward	(1,448)
2024-25 Rates & Garbage Generated	140,598
2024-25 Fire Services Property Levy	19,795
Total Rates & Charges	174,542
Payments/Adjustments:	
Glen Eira Pension Rebate	(62)
State Government Rebate	(1,540)
Fire Services Property Levy Rebate	(297)
Receipts	(9,422)
Interest	7
Supplementary Valuations	1,209
Adjustments	(436)
Total Payments/Adjustments	(10,542)
Rates & Charges Balance at Month End	164,000

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Financial Strategy

Each year, the Auditor-General of Victoria performs an audit of the Local Government sector and produces a report to Parliament of the results of those audits. As part of this process, the Auditor-General assesses the financial sustainability of Councils. In 2021-22 the Auditor-General assessed the financial sustainability risk at an individual Council level. The following pages explain and present the Auditor-General's financial sustainability risks and criteria and page 18 provides indicators for Glen Eira City Council.

Financial sustainability risk indicator

Indicator	Formula	Description
Net result margin (%)	Net result/Total revenue	<p>A positive result indicates a surplus, and the larger the percentage, the stronger the result.</p> <p>A negative result indicates a deficit. Operating deficits cannot be sustained in the long term.</p> <p>The net result and total revenue are obtained from the comprehensive operating statement.</p>
Adjusted underlying result (%)	Adjusted underlying surplus (or deficit)/ Adjusted underlying revenue	<p>This measures an entity's ability to generate surplus in the ordinary course of business—excluding non-recurrent capital grants, non-monetary asset contributions, and other contributions to fund capital expenditure from net result.</p> <p>A surplus or increasing surplus suggests an improvement in the operating position.</p>
Liquidity (ratio)	Current assets/ Current liabilities	<p>This measures the ability to pay existing liabilities in the next 12 months.</p> <p>A ratio of one or more means that there are more cash and liquid assets than short-term liabilities.</p>
Internal financing (%)	Net operating cashflow/Net capital expenditure	<p>This measures the ability of an entity to finance capital works from generated cashflow.</p> <p>The higher the percentage, the greater the ability for the entity to finance capital works from their own funds.</p> <p>Net operating cashflows and net capital expenditure are obtained from the cashflow statement.</p> <p>Note: The internal financing ratio cannot be less than zero. Where a calculation has produced a negative result, this has been rounded up to 0 per cent.</p>
Indebtedness (%)	Non-current liabilities/Own-sourced revenue	<p>This assesses an entity's ability to pay the principal and interest on borrowings, as and when they fall due, from the funds it generates.</p> <p>The lower the ratio, the less revenue the entity is required to use to repay its total debt.</p> <p>Own-sourced revenue is used, rather than total revenue, because it does not include grants or contributions.</p>
Capital replacement (ratio)	Cash outflows for the addition of new infrastructure, property, plant and equipment/ Depreciation	<p>Comparison of the rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate.</p> <p>This is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations and borrowing is not an option. Cash outflows for infrastructure are taken from the cashflow statement. Depreciation is taken from the comprehensive operating statement.</p>
Renewal gap (ratio)	Renewal and upgrade expenditure/Depreciation	<p>This compares the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation.</p> <p>Ratios higher than 1.0 indicate that spending on existing assets is faster than the depreciation rate.</p>

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Financial Strategy (continued)**Financial sustainability risk assessment criteria**

The financial sustainability risk of each local council is assessed using the criteria outlined below:

Risk	Net result	Adjusted underlying result	Liquidity	Internal financing	Indebtedness	Capital replacement	Renewal gap
High	Less than negative 10% Insufficient revenue is being generated to fund operations and asset renewal.	Less than 0% Insufficient surplus being generated to fund operations	Less than 0.75 Immediate sustainability issues with insufficient current assets to cover liabilities.	Less than 75% Limited cash generated from operations to fund new assets and asset renewal.	More than 60% Potentially long-term concern over ability to repay debt levels from own-source revenue.	Less than 1.0 Spending on capital works has not kept pace with consumption of assets.	Less than 0.5 Spending on existing assets has not kept pace with consumption of these assets.
Medium	Negative 10%–0% A risk of long-term run down to cash reserves and inability to fund asset renewals.	0%–5% Surplus being generated to fund operations	0.75–1.0 Need for caution with cashflow, as issues could arise with meeting obligations as they fall due.	75–100% May not be generating sufficient cash from operations to fund new assets.	40–60% Some concern over the ability to repay debt from own-source revenue.	1.0–1.5 May indicate spending on asset renewal is insufficient.	0.5–1.0 May indicate insufficient spending on renewal of existing assets.
Low	More than 0% Generating surpluses consistently.	More than 5% Generating strong surpluses to fund operations	More than 1.0 No immediate issues with repaying short-term liabilities as they fall due.	More than 100% Generating enough cash from operations to fund new assets.	40% or less No concern over the ability to repay debt from own-source revenue.	More than 1.5 Low risk of insufficient spending on asset renewal.	More than 1.0 Low risk of insufficient spending on asset base.

Source: VAGO.

ORDINARY COUNCIL MEETING

17 SEPTEMBER 2024

Financial Strategy (continued)

Monthly Report Relative to Financial Strategy

Financial Sustainability Risk Indicators	Objective	Unaudited 2023-2024 Actuals	Unaudited Risk 2023-2024	2024-2025 Annual Budget as at 30 June 2025	2024-2025 Annual Forecast as at 30 June 2025	2024-2025 Risk based on Annual Forecast as at 30 June 2025	Comment
(1) Net Result	To generate surpluses consistently greater than 0%.	4.08%	Low	3.84%	3.46%	Low	Council is generating surpluses.
(2) Underlying Result (%)	Ability to generate surplus in the ordinary course of business, excluding non-recurrent capital grants and non-monetary asset contributions to fund capital expenditure from net result. Low risk indicator to be more than 5%.	0.05%	Medium	-0.30%	-0.67%	High	Council anticipates a low underlying result during 2024-25.
(3) Liquidity	To measure Council's ability to repay short-term liabilities as they fall due. Low risk - indicator is to be greater than 1.0.	1.47	Low	1.22	1.37	Low	Council's forecast to 30 June 2025 indicates a Liquidity Ratio above 1.0.
(4) Internal Financing	Generating enough cash from operations to fund new assets. Low risk indicator is to be greater than 100%.	56%	High	99%	93%	Medium	Council is restricted in generating cash to fund new assets.
(5) Indebtedness	Lower than 40% relates to the ability to repay debt from own-source revenue.	37.72%	Low	34.21%	34.43%	Low	Council is operating at a ratio of lower than 40%, therefore has the ability to repay debt from own-source revenue.
(6) Capital Replacement	To ascertain the level of risk of insufficient spending on asset renewal. Low risk indicator is to be more than 1.5.	2.82	Low	1.51	1.47	Medium	Council operates at a low level of risk with respect to capital replacement.
(7) Renewal Gap	To ensure there is sufficient spending on Council's asset base. Low risk indicator is to be greater than 1.0.	2.15	Low	1.24	1.24	Low	Council spends sufficient funds on its asset base.

10.2 AUDIT & RISK COMMITTEE BIENNIAL REPORT

Author: John Vastianos, Chief Financial Officer

Director: Rebecca McKenzie, Chief Executive Officer

Trim No: 24/1162286

Attachments: 1. Committee Biannual Report [↓](#)

EXECUTIVE SUMMARY

This report meets the reporting requirements to Council as mandated by the *Local Government Act 2020 (Act)* pursuant to section 54(5), and importantly provides Council with a summary of the matters that the Audit and Risk Committee has addressed in the reporting period in discharging its responsibilities under its Charter.

Council's Audit and Risk Committee is required under the Act to prepare a report to Council on the Committee's activities twice per annum.

The purpose of this report is for Council to note the Audit and Risk Committee activities for the period March 2024 to August 2024.

The agendas for the meetings are driven by the Committee's Annual Work Plan.

At the meetings held in this reporting period, the key matters considered are summarised below:

- **Financial and Performance Reporting** – the Committee monitored the 2023-24 financial and performance reporting process, reviewed the draft 2023-24 Financial and Performance Statements and year-end VAGO reports including interim and final management letters.
- **Risk Management, Fraud, and Internal Control** – the Committee received updates to the Strategic Risks, Council's Risk Assurance Map, Directorate and business unit risk reports. Other updates included information technology on the Digital and Technology Roadmap, finance system, long-term financial sustainability, and the landfill.
- **Compliance** – the Committee noted Council's continuation of work in implementing the requirements of the Act, and other updates were considered on regulatory compliance on Corporate Governance and Councillor Expenses.
- **Internal Audit** – Council's internal auditors tabled the findings from the Planning Enforcement Processes review and presented the scope of the Internal Audit Plan for the 2024-25 year.
- **External Audit** – VAGO representatives briefed the Committee on sector developments and progress in planning for Council's 2023-24 external audit.

RECOMMENDATION

That Council notes the Audit and Risk Committee's Biannual Report for the period March 2024 to August 2024 (Attachment 1 to this report) in accordance with the provisions of the *Local Government Act 2020*.

BACKGROUND

In accordance with Audit and Risk Committee Charter (section 6 on ‘Reporting’) and sections 53 and 54 of the *Local Government Act 2020*, the Chairperson will prepare a report to Council through the Chief Executive Officer on the Committee’s activities twice per annum.

One of these reports will be prepared after the meeting at which the annual Financial Report and the annual Performance Statement have been considered and recommended to Council for adoption. This report will indicate how the Committee has discharged its responsibilities as set out in this Charter for the previous year.

ISSUES AND DISCUSSION

The Audit and Risk Committee considered and approved a report on its work for the period March 2024 to August 2024 at the meeting held on 23 August 2024, and recommended the report be considered at Council for endorsement (refer to Attachment 1).

CLIMATE EMERGENCY RESPONSE STRATEGY IMPLICATIONS

There are no climate emergency response strategy implications to this report.

FINANCIAL, RESOURCE, RISK AND ASSET MANAGEMENT IMPLICATIONS

The Committee meets for approximately five times per year.

POLICY AND LEGISLATIVE IMPLICATIONS

- Local Government Act 2020:
 - Division 8—Audit and Risk Committee
 - Section 53: Council must establish an Audit and Risk Committee
 - Section 54: Audit and Risk Committee Charter
- Glen Eira City Council Audit & Risk Committee Charter (endorsed 11 August 2020).

COMMUNICATION AND ENGAGEMENT

Not applicable.

LINK TO COUNCIL PLAN

Strategic Direction 1: Well informed, transparent decisions and highly valued services. We build trust through engaging with our community, delivering quality services and making evidence-based decisions.

OFFICER DECLARATION OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflicts of interest in this matter.

CONCLUSION

The Audit and Risk Committee is an important part of Council’s commitment to good governance and probity. The actions outlined in this report ensure that Council’s approach remains consistent with leading practice.

GLEN EIRA CITY COUNCIL

AUDIT & RISK COMMITTEE BIANNUAL REPORT

For the period March 2024 to August 2024

Ordinary Council Meeting: 17 September 2024

BENTLEIGH
BENTLEIGH EAST
BRIGHTON EAST
CARNEGIE
CAULFIELD
ELSTERNWICK
GARDENVALE
GLEN HUNTLY
MCKINNON
MURRUMBEENA
ORMOND
ST KILDA EAST

1. Introduction

The Audit & Risk Committee (Committee) was established in accordance with section 53 of the *Local Government Act 2020*. The main role of the Committee is to monitor and advise Council in the areas of financial and performance reporting, risk management and internal control environment, fraud prevention systems and controls; compliance including policies, procedures, laws, and regulations; internal audit; and external audit. The Committee is supported in its role by the advice of internal and external audit, and other assurance providers that may be appointed by management or Council from time to time.

The Glen Eira Audit and Risk Committee Charter and *Local Government Act 2020* requires the Committee to:

- prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and
- provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

The last report of the Committee to Council was on 19 March 2024, and covered activities of the Committee in its meetings held from September 2023 to February 2024. This report of the Committee covers activities from March 2024 to August 2024.

2. Committee Members

From March 2024 to August 2024, the Committee membership included:

Independent Members

- Craig Geddes
- Menchi Schneier
- Lisa Tripodi

Councillor Representatives (appointed 22 November 2022 to 20 November 2023)

- Cr Jim Magee
- Cr Sue Pennicuik
- Cr Sam Parasol (Substitute Member)
- Cr Simone Zmood (Substitute Member)

Councillor Representatives (appointed 21 November 2023 to current)

- Cr Anne-Marie Cade
- Cr Sue Pennicuik
- Cr Sam Parasol (Substitute Member)
- Cr Simone Zmood (Substitute Member)

3. Committee Meetings

The Committee meets for approximately three to four hours five times per year. The number of Committee meetings held, and the number of meetings attended by each Committee member from March 2024 to August 2024 are as follows:

Committee Member	Position	31 May 2024	23 August 2024
Craig Geddes	Independent Member Chairperson	1	1
Menchi Schneier	Independent Member	1	1
Lisa Tripodi	Independent Member	1	1
Cr Anne-Marie Cade	Councillor Representative	1	1 (in-camera only)
Cr Sue Pennicuik	Councillor Representative	1	1
Cr Sam Parasol *	Councillor Substitute Representative	N/A	1
Cr Simone Zmood *	Councillor Substitute Representative	N/A	N/A

**Councillors not required to attend*

The CEO and CFO attended all meetings as did representatives from the Council's internal and external auditors.

The minutes of the meetings of the Committee were included in the next available Ordinary Council Meeting agenda and were noted as part of the public proceedings of the Council.

4. Committee Activities

a) Financial and Performance Reporting

During the period, the Committee monitored the 2023-24 financial and performance reporting process including:

- Council financial position and the status of the VAGO financial sustainability indicators forecasted to 30 June 2024.
- Management reports on expected financial reporting issues such as the impact of asset revaluations and areas requiring judgement or estimate.
- The interim and final management letters which outline findings by VAGO from the 2023–24 audit work completed – there were no open high or moderate risk rated findings at year end.
- 2023-24 VAGO Closing Report which outlines the final audit results.

At the August 2024 meeting, management briefed the Committee on the 2023-24 Financial and Performance Statements and VAGO confirmed their expectation that unmodified audit opinions would be issued on these statements.

Key areas of the 2023-24 Financial Report discussed by the Committee included Council's operating performance, capital works program, asset valuations and the Local Government Performance Indicators.

Other year-end reporting matters were discussed including the Clayton South Regional Landfill draft accounts, the Local Government Performance Reporting Framework Governance (LGPRF) and Management Checklist and the status of funding acquittals and other statutory reporting obligations.

b) Risk Management, Fraud, and Internal Control

The Council continues to strengthen its risk management framework. The Committee received business unit risk management reports at each meeting, in line with the rolling risk program, and provided information on how Council's risk management framework is working in practice. Complementing this rolling program has been a focus on:

- Updates to the Strategic Risks and treatment plan and Council's Risk Assurance Map.
- Directorate Risk Report for Sustainability, Assets and Leisure and a detailed risk review for the Parks Services area.
- Information Technology update on the development of the Digital and Technology Roadmap and the response and impacts of a recent third-party data breach.
- Updates on the Finance System Project and configuration and progress to date.
- Long-Term Financial Sustainability review and Council's progress to date including the efficiency dividend review, approach to capital works and revenue opportunities review.
- Clayton Landfill update on the status of Environmental Action Notices and other notices, site management and construction updates, 2024-25 financial contributions and governance review.
- Ministerial Guidelines on Service Charges and the financial impact on Council for future years.

The Committee received information and advice on the internal control environment from multiple sources including management reviews, internal and external audit as outlined in this report.

The Committee also received updates on the work of integrity agencies e.g., VAGO and discusses management's assessment of applicable learnings.

c) Compliance

The Committee noted the Council's continuation of work in implementing the requirements of the *Local Government Act 2020*. Across the period other updates were considered on regulatory compliance such as:

- Corporate Governance; and
- Councillor expenses.

d) Internal Audit

At the May meeting, the Committee considered the:

- Review of Council's Planning Enforcement processes in accordance with Council's 2023-24 Internal Audit Plan.
- Internal Audit Plan for the 2024-25 year, and recommended the CEO approve the 2024-25 Plan.
- Council's Internal Audit Charter to determine that it provided an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively.

At the August meeting, the Committee considered draft scopes for the following internal audits:

- Fraud and Corruption (AS 8001:2021 Fraud and Corruption Control Standard and staff awareness).
- Compliance Review (Focus on Animal and Food Safety).

The status of implementation of actions by management to address internal audit findings continued to be monitored at each meeting of the Committee.

e) External Audit - Victorian Auditor-General's Office (VAGO)

At the May meeting, Mr Yau from VAGO briefed the Committee on the interim audit and the stages of Council's 2023-24 audit. Mr Yau presented a summary of the audit findings in the VAGO Interim Management Letter which included the 4 recommendations from VAGO's *Results of 2022-23 Audits: Local Government* report which were tabled in Parliament on 7 March 2024.

A further briefing was provided by Mr Yau at the August 2024 meeting in relation to the final audit outcomes.

These briefings have been valuable to the Committee as an input to the development of the Internal Audit Program and, to management, to identify areas of focus in management's ongoing monitoring of the risk and internal control framework.

5. Acknowledgements

The Committee acknowledges the work of management, internal audit, external audit, and others in supporting it to fulfill its role during the year. The Chairperson also acknowledges the significant contribution of independent and Councillor members both at, and between Committee meetings.

10.3 AUDIT & RISK COMMITTEE MINUTES

Author: John Vastianos, Chief Financial Officer

Director: Rebecca McKenzie, Chief Executive Officer

Trim No: 24/1161101

Attachments: 1. Committee Minutes (23 August 2024) [↓](#)
2. Questions/Responses from Independent Members [↓](#)

EXECUTIVE SUMMARY

Council is required under the *Local Government Act 2020* and the Audit and Risk Committee Charter, that minutes will be provided to Council at the first available opportunity after clearance by the Committee Chairperson.

The purpose of this report is to present to Council for approval the Audit and Risk Committee minutes from the meeting held on 23 August 2024.

At the meeting held on 23 August 2024, the key topics considered included:

- The draft 2023-24 Financial Report (including the Financial Report and Performance Statement).
- End of Year Audit Reports from the Victorian Auditor-General's Office.
- The draft 2023-24 accounts for the Clayton Landfill.
- Biannual Report of activities of the Committee.

The August Committee meeting focused solely on the draft 2023-24 Financial Report and questions from Committee members were emailed prior to the meeting. Responses were circulated by the CFO well in advance of the meeting. These questions and responses are provided in Attachment 2 to the report.

RECOMMENDATION

That Council adopts the minutes of the Audit and Risk Committee meeting held on 23 August 2024 as shown in Attachment 1 to the report.

BACKGROUND

The City of Glen Eira has established an Audit and Risk Committee (the Committee) pursuant to Section 53 of the *Local Government Act 2020* to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, Council's performance with regard to compliance with its policies and legislative and regulatory requirements, maintenance of a sound internal control environment, and assurance activities including internal and external audit. It acts in this capacity by monitoring, reviewing, endorsing, and advising on the above matters as set out in its Charter.

The Committee has no executive authority and no delegated financial responsibilities and is therefore independent of management.

The Committee is not a delegated committee but is directly responsible to Council for discharging its responsibilities as set out in the Charter. The Committee has no delegated authority from Council unless specifically provided by Council from time to time and any such authority shall be temporary and may only relate to specific matters as directed by Council.

ISSUES AND DISCUSSION

In accordance with the Committee's Charter (section 4.6) and sections 53 and 54 of the *Local Government Act 2020*, minutes will be prepared for all meetings and provided to Council at the first available opportunity after clearance by the Committee Chairperson. The draft minutes will be formally tabled and confirmed by the Committee at the following Committee meeting.

CLIMATE EMERGENCY RESPONSE STRATEGY IMPLICATIONS

Not applicable.

FINANCIAL, RESOURCE, RISK AND ASSET MANAGEMENT IMPLICATIONS

The Committee meets five times per year.

POLICY AND LEGISLATIVE IMPLICATIONS

1. Local Government Act 2020:
 - Division 8—Audit and Risk Committee
 - Section 53: Council must establish an Audit and Risk Committee
 - Section 54: Audit and Risk Committee Charter
2. Glen Eira City Council Audit & Risk Committee Charter (endorsed 11 August 2020).

COMMUNICATION AND ENGAGEMENT

Not applicable.

LINK TO COUNCIL PLAN

Strategic Direction 1: Well informed, transparent decisions and highly valued services.
We build trust through engaging with our community, delivering quality services and making evidence-based decisions.

OFFICER DECLARATION OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflicts of interest in this matter.

CONCLUSION

The Audit and Risk Committee is an important part of Council's commitment to good governance and probity. The actions outlined in this report ensure that Council's approach remains consistent with legislation and leading practice.



GLEN EIRA
CITY COUNCIL

GLEN EIRA CITY COUNCIL AUDIT AND RISK COMMITTEE

Minutes of Friday, 23 August 2024

Yarra Yarra Room

8am

Committee Attendees:

Committee Members

Independent Members

- Lisa Tripodi, Independent Member
- Craig Geddes, Chairperson
- Menchi Schneier, Independent Member

Councillors

- Cr Anne-Marie Cade (*present for in-camera session*)
- Cr Sam Parasol
- Cr Sue Pennicuik

External (Victorian Auditor-General's Office - VAGO)

- Jung Yau, Manager Financial Audit

Council Officers

- Rebecca McKenzie, Chief Executive Officer
- John Vastianos, Chief Financial Officer
- Jing Song, Acting Corporate Accountant

Apologies

- Travis Derricott, Sector Director, Financial Audit
- Cr Anne-Marie Cade (*after in-camera session*)

Minutes

- Alon Milstein, Financial Accountant

The Committee met at 8am in-camera in discussion of broad issues facing Council and the risk elements thereof. Mr Yau from the Victorian Auditor-General's Office (VAGO) joined the in-camera discussion at 8:15am. Ms Cade left the meeting at 8:30am.

AUDIT AND RISK COMMITTEE MEETING MINUTES

23 AUGUST 2024

AUDIT AND RISK COMMITTEE
Friday, 23 August 2024
8am (Yarra Yarra Room)
MINUTES

1. ACKNOWLEDGEMENT OF COUNTRY, WELCOME AND APOLOGIES

At 8:30am, the Chairperson opened the meeting with an Acknowledgement of Country and welcomed Cr Parasol and noted apologies from Mr Derricott and Ms Cade.

2. DISCLOSURE OF INTERESTS, CONFLICTS, BREACHES OF ANY ACT**2.1 DISCLOSURE OF INTERESTS, CONFLICTS, BREACHES OF ANY ACT**

The Chairperson asked if there were any further updates to the register to be declared and whether any person present was aware of any breaches of any Local Government Act 2020, or any other irregularity or matters which should be brought before the Committee.

Ms Tripodi informed the Committee of her appointment as Chairperson to the Adult Community and Further Education (ACFE) Board.

Mr Schneier mentioned his appointment to the Victorian Curriculum and Assessment Authority (VCAA).

No breaches, irregularities or matters were reported.

The Committee noted the Register of Interests of independent members, and that the table would be updated in future to address any specific *Local Government Act 2020* guidance.

3. CONFIRMATION OF AGENDA

The Committee noted the following agenda items be taken as read and recommendations accepted as recorded:

- 12.1 – Draft Scope – Review of Fraud and Corruption
- 12.2 – Draft Scope - Review of Animal and Food Safety
- 12.3 – Internal Audit Plan

4. MINUTES OF PREVIOUS MEETING 31 MAY 2024

The minutes of the previous Audit Committee meeting held on 31 May 2024 were confirmed.

5. PROBITY DECLARATION**5.1 PROBITY DECLARATION REPORT**

The Committee noted the Probity Declaration Report.

AUDIT AND RISK COMMITTEE MEETING MINUTES**23 AUGUST 2024**

6. ACTION ITEMS ARISING FROM MINUTES**6.1 ACTION ITEMS ARISING FROM MINUTES**

The Committee approved items that have been actioned to be removed from the list and any outstanding issues carried over to the Committee meeting.

7. FINANCIAL AND PERFORMANCE REPORTING**7.1 2023-24 DRAFT FINANCIAL REPORT**

The CFO provided an overview of the 2023-24 draft Financial Report including:

- Key variances between Council's actual results for 2023-24 and the adopted Budget including one-off transactions;
- Level of investment in Council's Capital Works Program for the year including the Carnegie Memorial Swimming Pool;
- Borrowings, liquidity and cash position;
- Treatment of Council's interest in the Regional Landfill Clayton South Joint Venture and associated disclosures;
- Disclosures relating to residential aged care facilities and industry challenges;
- Public Open Space contributions and reserve;
- Value of Council's Property, Infrastructure, Plant and Equipment and assurance of valuations as recommended by VAGO;
- VAGO financial sustainability indicators; and
- Local Government Performance Reporting Framework.

Following the CFO's overview, the VAGO year-end reports were considered, and the Chairperson led a page review of the statements.

The Committee considered the 2023-24 draft Financial Statements and Performance Statement in detail and noted the questions emailed from members before the meeting. Responses were circulated by the CFO prior to the Committee meeting and available via Council's Agenda Management System (BigTinCan) and will be attached to the Minutes.

The Committee discussed areas requiring further clarification with management or VAGO including the reasons for variances to budget and/or the prior year, accounting treatments and disclosures for new or changed items, various other disclosures and Council's approach to new areas compared with others in the sector. The Committee suggested some editorial changes to the 2023-24 year-end Financial Statements.

Cr Parasol thanked the CEO and CFO for their excellent efforts on focusing on Council's financial sustainability journey.

The Chairperson expressed the Committee's appreciation to both the CFO and the finance team and to VAGO for their efforts in completing the Financial Statements and Performance Statement, and audit processes. The CFO thanked VAGO for their collaborative approach to the audit and professional working relationship with Council.

Following a review of the 2023-24 Draft Annual Financial Statements and Performance Statement the Committee recommended that Council adopts, in principle, the Financial Statements and Performance Statement, subject to adjustments requested by the Committee at its meeting held on Friday, 23 August 2024 and subject to no significant

AUDIT AND RISK COMMITTEE MEETING MINUTES**23 AUGUST 2024**

changes by the Victorian Auditor-General's Office (VAGO).

ACTION

Management is to provide a response to VAGO and the Committee on its review of any subsequent events and any material impacts on the 2023-24 draft Financial Report prior to the signing of the accounts scheduled for the 3 September 2024 Ordinary Council Meeting. A further version of the Financial Report is to be provided off-line to Committee members, detailing the changes.

7.2 VAGO CLOSING REPORT

Mr Yau presented the Closing Report for the year-end audit. The Closing Report confirmed the status of completion of audit work and the expectation that, subject to finalisation of minor outstanding matters as listed in the report, unmodified opinions will be issued on the Financial and Performance Statements. The Committee noted the 2023-24 VAGO draft Closing Report.

Mr Yau highlighted the accounting treatment of the Carnegie Memorial Swimming Pool Redevelopment Grant. Mr Yau noted a difference in the interpretation of *AASB 1058 Income of Not-for-profit Entities* and its application to the grant. Given the amount is immaterial and Management confirmed it was comfortable with the accounting treatment, it was agreed that it would be treated as an unadjusted audit difference.

Mr Yau noted how smooth this year's audit was, which has been consistent for the last few years. Mr Yau noted how comfortable Management are with their figures in Council's statements, which resulted in an efficient audit process.

The Committee also asked VAGO whether they were satisfied that the Committee had discharged its responsibilities with regard to the valuation of Council's assets. It was confirmed that the requirements had been met.

ACTION

Mr Yau confirmed that VAGO will review the wording of the Government Funding comment in the Closing Report and recirculate an updated version to the Committee before the signing of the 2023-24 Draft Financial Report.

7.3 CLAYTON LANDFILL (2023-24 DRAFT ACCOUNTS)

The Committee noted the 2023-24 draft accounts of the Regional Landfill Clayton South Joint Venture, and that officers will advise the committee of any material changes to the final set of accounts, together with any impact on Council's financial statements prior to signing Council's accounts.

The CFO advised the Committee that an amended set of accounts had been distributed noting changes to the provision for rehabilitation works and other minor changes. The Committee agreed these changes will not be incorporated into the draft statements due to immateriality.

AUDIT AND RISK COMMITTEE MEETING MINUTES**23 AUGUST 2024****7.4 OTHER YEAR END REPORTING MATTERS**

The Committee noted the year reporting matters including the 2023-24 Local Government Performance Reporting Framework Governance and Management checklist and the status of Council's acquittals and other statutory returns.

The Committee took a break from 10:00am to 10:05am.

8. RISK MANAGEMENT**8.1. ORGANISATIONAL RISKS**

Nil

8.2. KEY STRATEGIC RISK FOCUS AREAS

Nil

9. FRAUD PREVENTION SYSTEMS AND CONTROLS

Nil

10. COMPLIANCE MANAGEMENT

Nil

11. INTERNAL CONTROL ENVIRONMENT

Nil

12. INTERNAL AUDIT**12.1 REVIEW OF FRAUD & CORRUPTION (DRAFT SCOPE) ***

The Committee reviewed and recommended the proposed scope for the Fraud and Corruption Framework, subject to amendments discussed.

The CFO stated that the internal review had commenced and was well underway.

12.2 REVIEW OF ANIMAL & FOOD SAFETY (DRAFT SCOPE) *

The Committee reviewed and recommended the proposed scope for the Animal and Food Safety Review subject to amendments discussed.

12.3 INTERNAL AUDIT PLAN *

That the Committee noted the updates to the Internal Audit Plan for the 2024-25 financial year.

AUDIT AND RISK COMMITTEE MEETING MINUTES**23 AUGUST 2024**

13. EXTERNAL AUDIT**13.1 VAGO MANAGEMENT LETTERS**

The Committee noted the 2023-24 VAGO Management Letters including the draft Final Management Letter and draft Management Representation Letter.

14. AUDIT AND RISK COMMITTEE ITEMS**14.1 2024 COMMITTEE WORK PLAN ***

The Committee noted the Committee's Work Plan for the 2024 calendar year subject to any amendments.

14.2 COMMITTEE BIENNIAL REPORT

The CFO presented the Biannual Report for the Committee noting key activities for the period and the requirement under the LGA 2020.

The Committee considered and approved the report on its work for the period covering March 2024 to August 2024 (subject to any amendments) and recommended the CEO to include the draft report for consideration by Council at the next practicable Ordinary Council Meeting.

15. INFORMATION & UPDATE ON ITEMS (INFORMATION ONLY, NOT ACTION)

Nil

16. GENERAL BUSINESS**16.1 GENERAL BUSINESS**

The Committee noted and discussed any General Business Agenda Items and noted the next meeting is scheduled for Friday, 20 September 2024.

The Chairperson congratulated the extension of Mr Schneier, Independent Member of Council's Audit and Risk Committee, for a further three-year extension from 1 January 2025 to 1 January 2028.

Mr Schneier thanked the Councillors for their commitment and contribution to the Audit and Risk Committee.

The Committee noted the efficiency of the meeting and how smooth the process was for members to receive responses out-of-session to year-end questions in advance of the meeting. The Committee thanked the CFO and team for their hard work in preparing the year-end accounts and Financial Report.

17. AUDIT AND RISK COMMITTEE (MEMBERS ONLY)

Nil

AUDIT AND RISK COMMITTEE MEETING MINUTES

23 AUGUST 2024

18. CLOSURE OF MEETING

The meeting concluded at 10:20am.

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

RESPONSES TO QUERIES: 2023-24 DRAFT ACCOUNTS**Author:** John Vastianos, Chief Financial Officer**TRIM No.** 24/1237346**BACKGROUND**

The 2023-24 Draft Financial Report is included in the agenda for the Audit & Risk Committee meeting scheduled for 23 August 2024.

Independent Committee Members have provided queries in relation to the 2023-24 Draft Financial Report ahead of our discussion at the meeting.

Please find below responses / comments in relation to each of the queries.

1) Executive Summary – p23

‘This operating surplus is not a “cash” profit as it recognises all revenue and spending for Council to operate and includes one off and non-cash items.’

Q: What’s the purpose of this comment?

Response:

The comment about the Income Statement Result not being a cash surplus is to communicate to the reader that the reported operating surplus should not be interpreted as the amount of cash the council has available.

Instead, it includes various accounting adjustments and non-recurring items that do not impact Council's cash flow directly. This helps the community, and our stakeholders understand that the operating surplus figure may be higher or lower than the actual cash available to the Council. The wording is consistent with Council's Financial Management Reports.

2) Executive Summary - p24

‘Grants — capital was favourable to budget by \$803,000 due to the timing of delayed grants for the Roads to Recovery Program (\$423,000) received during 2023-24. Other favourable variances related to the Local Roads and Community Infrastructure Program (\$186,000) and Digital Planning Reform Program (\$300,000).’

Q: How has delayed grants been favourable?

Response:

Roads to Recovery Program – \$423k of the R2R program relates to the delayed payment in 2020-21. The delayed payment was not budgeted, hence favourable.

Local Roads and Community Infrastructure Program – Council received the first payment of LRCI Phase 4 of \$254k which relates to the Local Activity Centre Improvement Projects and the final payment of LRCI phase 3 of \$423k that relates to roads reconstruction.

Digital Glen Eira (\$300k) – The Digital Planning Reform program's funding was to deliver an easy-to-use digital planning system to access guidance, information, and services. The grant was treated as prepaid income in 2022-23 and as a result was not budgeted in 2023-24.

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

3) Executive Summary – p25

‘Employee costs — were under budget by \$3.75 million mainly due to vacancies in various business units, which have been offset by increased agency costs.’

Q: Should this say partially offset?

Response:

The decrease in Employee Costs of \$3.75m were fully offset by the increase in Agency Costs of \$4.46m.

4) Executive Summary – p26

‘Library books, materials and equipment — the variance is due to digital library resources relating to eBooks, audiobooks, eMagazines, online resources and subscriptions that were budgeted as capital at the time of setting the 2023-24 budget.’

Q: What was the variance for computers and library?

Response:

Computers and telecommunications variance is \$2.81m and Library books, materials and equipment is \$442k.

5) Executive Summary – p28

‘Our fixed assets decreased in value from \$2,794 million to \$2,704 million. The movement in our property, infrastructure, plant and equipment value is due to the impact of our assets revaluation; the net result of the Capital Works Program; asset depreciation; and the sale of property, plant and equipment.’

Q: \$2.793m?

Response:

Correct figure is \$2,794m (made up of \$2,792,520 + \$1,725). Refer to Balance Sheet extract below.

Balance Sheet as at 30 June 2024		Page 5	
	Notes	2024 \$ '000	2023 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	58,627	61,331
Trade and other receivables	5.1 (c)	22,083	21,907
Prepayments		2,595	2,092
Other assets	5.2 (a)	3,468	914
Total current assets		86,773	86,244
Non-current assets			
Other financial assets	5.1 (b)	5	5
Investments in joint operations	6.1 (a)	282	273
Property, infrastructure, plant and equipment	6.2	2,703,210	2,792,520
Right-of-use assets	5.8	1,776	2,208
Intangible assets	5.2 (b)	907	1,725
Total non-current assets		2,706,181	2,796,731

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

6) Executive Summary – p28

'We spent \$2.81 million on projects and the rest were transferred to the Open Space Reserve for future projects.'

Q: "was" transferred

Response:

Noted will change in next version.

7) Executive Summary – p29

'We should hold enough cash to cover restricted assets, such as residential aged care deposits, Public Open Space Reserve, contract deposits and the Fire Services Property Levy.'

Q: Should this be a more positive statement?

Response:

Council's current cash as at 30 June 2024 covered restricted assets, but with no additional buffer, so not an overly positive statement. Council is working towards cash backing its reserves, and that is one of our main goals as part of our financial sustainability work. Our 10-year plan indicates that greater intervention is required to cash back our reserves in future years to build the resilience necessary to respond to risk and unknown factors – many of which are outside of Council's control.

8) Financial Statements – p47

'Employee costs — includes all labour related expenditure and on-costs such as allowances, leave entitlements, employer superannuation and WorkSafe. Employee costs were under budget by \$3.75m mainly due to vacancies in various business units, which have been offset by increased agency costs.'

Q: Partially offset?

Response:

The decrease in Employee Costs of \$3.75m are fully offset by the increase in Agency costs of \$4.46m.

9) Financial Statements – p48

Total new capital works expenditure	63,450	55,744	7,705	12%
Carried forward projects from previous year	17,840	7,652	10,188	57%
Total capital works expenditure (including carry forwards)	81,289	63,396	17,893	22%

Q: I dont understand this line - wouldn't previous years projects that are budgeted be actually delivered in this year? what is still delayed?

Response:

At the time of setting the 2023-24 Budget, Council estimated carry forward expenditure of approximately \$17.8m which related mainly to Carnegie Pool. Council revised its carry forward projections due to the payment of invoices resulting in a lower carry forward spend for 2023-24. The actual carry forward amounts are finalised and determined after the year-end process. The Capital Works Statement is to be presented in accordance with Council's adopted budget.

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

10) Financial Statements – p49

- (k) **Computers and telecommunications** — the variance in capital relates to IT / digital projects that were originally budgeted for as capital when setting the 2023-24 Budget. These projects included: the replacement of the finance system, telephony system, transformation initiatives and cyber security uplift. The spend on these projects has been transferred to operating due to the accounting treatment for these projects.

Q: Has there been a change in accounting treatment? any restatement of amounts required?

Response:

No change in accounting treatment. Cloud-based software like the Finance system (Oracle) is provided as a service (referred to as SaaS - Software as a Service). At the time of setting the 2023-24 Budget, Council assumed that the budget provision for the finance system would be capital expenditure, however after the tender was submitted and evaluated, a cloud-based software was selected and as such needed to be treated as operating expenditure rather than capital expenditure. This means they are expensed as incurred on the income statement rather than being capitalised and amortised over time.

11) Financial Statements – p50**2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program**

2024	Income / revenue	Expenses	Surplus / (deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
City Management	123,344	47,837	75,507	9,257	91,406
Community Wellbeing	22,790	42,985	(20,195)	17,954	252,830
Customer and Corporate Affairs	1,929	22,487	(20,558)	306	3,997
Planning and Place	18,647	18,971	(324)	854	6,877
Sustainability, Assets and Leisure	44,605	70,406	(25,801)	183	2,437,844
Total	211,315	202,686	8,629	28,554	2,792,954

To ensure our organisation continues to be structured to meet the challenges of the evolving work program set out in the *Council Plan 2021-2025*, an organisational review was undertaken in August 2023. Following consultation with staff, a new structure was introduced in February 2024. The objectives of the new structure were to improve organisational effectiveness and customer experience, to leverage and build on employee engagement, meet community priorities under the financial sustainability plan and give greater clarity to roles, systems, functions and accountability across services. The changes included moving from five to four directorates and include the following changes:

- The roles of Chief Financial Officer and Chief People Officer now form part of the Executive and report to the Chief Executive Officer.
- The Customer and Community Experience directorate was renamed Customer and Corporate Affairs and the functions of information services, leasing and licencing, corporate performance and digital and information services formed part of this directorate. A new Organisational Strategy Department was established to form part of this directorate.
- Some of the functions within the Sustainability, Assets and Leisure directorate and Planning and Place directorate were realigned.
- The Community Wellbeing directorate remained largely unaffected.

Q: Hasn't corporate services been moved into City Management now

Response:

The People and Culture and Finance Business areas now form part of the City Management Directorate. The other Corporate Service functions such as IT services and Risk and Governance were transferred to the Customer and Corporate Affairs Directorate. We shall amend the wording in the accounts to make it clearer.

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

12) Financial Statements – p53

Total recurrent operating grants	18,836	22,972
<i>Non-Recurrent — State Government</i>		
COVID Relief Program	60	109
Pathway to Cladding Remediation Partnership Program	290	-
Streamlining business support	-	50
Total non-recurrent operating grants	350	159
Total operating grants	19,186	23,131

Q: What is this one about - any major risks and liabilities for council?

Response:

The Department and Cladding Safety Victoria (CSV) worked in partnership with councils to reduce cladding risks on residential apartment buildings. The Partnership Program aimed to:

- support the Organisation through CSV's advice and assistance to the Municipal Building Surveyor (MBS) and building owners;
- provide financial and/ or in-kind support to the Organisation over two years to increase its capacity and capability to address the remaining cladding risk in the community;
- ensure all buildings have a pathway to cladding remediation and that building owners are supported throughout this process; and
- enable the staged return of MBS responsibilities from the Victorian Building Authority (VBA) to councils (including the Organisation) for 332 buildings.

Council's key obligations under the agreement was to:

- review remediation proposals drafted by CSV;
- undertake the function of the MBS;
- issue and review enforcement and related correspondence; and
- engage with building owners and owners' committees to seek practicable resolution of the cladding risk.

13) Financial Statements – p55

3.5 Other income		
Interest	2,443	1,830
Rentals and leases	1,278	1,146
Other income	501	523
Licences and permits *	301	763
Volunteer services — delivered meals	164	169
Total other income	4,687	4,431

Q: How has interest income increased when rates are falling and borrowings increasing?

Response:

The cash balance remained high throughout 2023-24 due to the proceeds of Council's borrowings during the year of \$33.7m and staggered capital expenditure in accordance with payment schedules. In addition, the cash rate increased to 4.35% during the year.

AUDIT & RISK COMMITTEE

FRIDAY, 23 AUGUST 2024

14) Financial Statements – p57

Notes to the Financial Report for the year ended 30 June 2024		Page 22
	2024 \$ '000	2023 \$ '000
4.2 Materials and services		
Waste management contract services	22,144	21,038
Corporate contract services	8,900	7,020
Maintenance	7,695	7,320
Materials and consumables	5,728	5,404
Parks and grounds contract maintenance	5,701	3,936
Agency staff contract services	5,043	3,398
Utilities	4,485	4,381
Other contract services	3,945	3,578
Traffic and parking contract services	3,054	3,368
Insurance	2,215	1,567
Community wellbeing contract services	1,412	1,454
Community grants and subsidies	1,332	1,286
Training and development	1,105	906
Roads and engineering contract services	928	718
Transformation and corporate reporting contract services	725	246
Building and urban planning contract services	479	654
Library collections — eBooks and subscriptions	449	-
Total materials and services	75,340	66,274

Q: Why big increase in Agency Staff?**Response:**

Increase in Agency Staff is mainly in Residential Aged Care Services due to a shortage of skilled employees within the labour market.

Q: Why increase in Transformation and corporate contract services?**Response:**

Transformation and corporate contract services includes the telephone and call centre technology replacement, finance system and transformation initiatives. Cloud-based software like the Finance system (Oracle) is provided as a service (referred to as SaaS - Software as a Service). At the time of setting the 2023-24 Budget, Council assumed that the budget provision for the finance system would be capital expenditure, however after the tender was submitted and evaluated, a cloud-based software was selected and as such needed to be treated as operating expenditure rather than capital expenditure. This means they are expensed as incurred on the income statement rather than being capitalised and amortised over time.

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Write off due to change in accounting treatment?**Response:**

The purchasing model for Library Collections eBooks and subscriptions has changed from 2022-23. The Collections were previously purchased outright and capitalised whereas in 2023-24, they were subscription based resulting in Council not having access to the rights.

15) Financial Statements – p61

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	14,139	13,639
Parking infringement debtors — Council	1,704	962
Parking infringement debtors — Fines Victoria	12,152	11,274
Allowance for expected credit loss — infringements	(11,107)	(10,243)
Net GST Receivable	1,916	2,709
Fire Services Property Levy	1,527	1,509

Non-statutory receivables

Other trade receivables *	1,767	2,067
Allowance for expected credit loss — other trade receivables	(15)	(10)
Total trade and other receivables	22,083	21,907

Q: Can you explain what this allowance is and why the monies are not recoverable?**Response:**

Parking infringements can be challenging debts to recover. The increase in bad and doubtful debts for parking is a combination of movement in DCA and Fines Victoria debtors and the subsequent increase in parking revenue. Provision for doubtful debts for DCA are provided at 10% of the outstanding balance and Fines Victoria debtors are provided for at 90%.

Parking debtors are not written off by Fines Victoria, however it is unlikely that the older debts will be recovered.

The four stages of the infringement lifecycle are as follows:

- 1) Parking fine issued - 28 days to respond.
- 2) Penalty reminder notice issued - 28 days to respond.
- 3) Enforcement order issued by the Infringement Court - 28 days to respond.
- 4) Infringement warrant issued by the Infringement Court - 7 days to respond.

The income raised for parking infringements for 2023-24 was \$6.8m which is a slight increase from the previous year (refer to note 3.2).

16) Financial Statements – p63

5.3 Payables, trust funds and deposits and contract and other liabilities

(a) Trade and other payables

Current

Non-statutory payables

Trade payables	7,298	18,553
Accrued expenses	6,328	6,703
Total current trade and other payables	13,626	25,256

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Q: Why significant decline this year in AP?**Response:**

As at 30 June 2023, payables totalled \$18.55m representing invoices for both operating and capital expenditure.

Included in the amount due as at 30 June 2023, were \$10m in capital invoices mainly relating to ADCO Group Pty Limited who are the appointed construction company for the redevelopment of the Carnegie Memorial Swimming Pool. These payables were paid in the 2024-25 financial year, hence the increase in payment for capital in the cash flow statement.

17) Financial Statements – p82

'Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from two years to 140 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets'.

Q: What asset is expected to last 140 years?**Response:**

Roads Surfaces have a remaining useful life of 140 years based on the revaluation in 2022.

18) Financial Statements – p97**The 2024 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 106.3% as at 31 March 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns XX %pa

Salary information XX %pa

Price inflation (CPI) XX %pa

Council was notified of the 30 June 2024 VBI during XXXXXX 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

Q: To be confirmed?**Response:**

Information regarding the Defined Benefits Superannuation Fund is normally released by Vision Super towards the end of August. Officers will advise VAGO and the members of the Audit and Risk Committee once the numbers are released.

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19) Financial Statements – p98

Income Statement for residential aged care facility (Warrawee) for the year ended 30 June 2024	2024 \$ '000	2023 \$ '000
Income		
Resident charges	1,950	1,518
Government grants	7,009	5,621
Investment income	633	378
Total income	9,592	7,517
Expenses		
Wages and superannuation — care	5,362	5,081
Wages and superannuation — administration	460	501
Wages and superannuation — other	2,097	2,010
Staff on-costs	1,454	1,047
Training	25	27
Agency costs	2,270	1,300
Materials and consumables	789	800
Contractor payments	182	247
Pandemic prevention expenses	47	87
Maintenance	446	1,023
Utility services	156	218
Other expenses	161	220
Management fees	820	901
Indirect overheads	1,003	816
Depreciation on property, plant and equipment	739	740
Total expenses	16,011	15,018

Q: Why large staff/salary increases**Response:**

Increased use of agency staff for Residential Aged Care Services due to a shortage of skilled employees within the labour market.

20) Performance Statements – p106

Service / Indicator / Measure	Results				
	2021 Actual	2022 Actual	2023 Actual	2024 Target as per budget	Actual
Aquatic facilities					
<i>Utilisation</i>					
Utilisation of aquatic facilities	2	4	11	N/A	12
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
<i>Health and safety</i>					
Animal management prosecutions	100%	100%	100%	N/A	100%

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Q: Why no budget/target?

Response:

The target setting column is included due to a new change in the Local Government Better Practice Guide – Model performance statement. Local Government Victoria have only requested target settings for the four service performance indicators.

21) Closing Report – p131

Other audit findings

Fraud, irregularities, or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud. Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance.

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity, and financial prudence but we may detect these matters. Our audit procedures did not identify any material issues concerning waste, probity, or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

Disagreements with management

No issues noted.



Difficulties encountered in performing the audit

Q: Previously said "agree to disagree"

Response:

VAGO to discuss during the ARC Meeting.

22) Executive Summary – p25

**Q: Is the executive summary to be used for other purposes? (public visibility)
I don't want to provide language feedback on this section if not necessary?**

Response:

The Executive Summary is used for the Audit and Risk Committee as well as providing an overview within the 2023-24 Annual Report. The Public Affairs Department and Management will provide oversight for language. No need for further feedback.

23) Executive Summary - p25

'Plant, machinery and equipment — were under budget due to manufacturing and delivery delays in ordered fleet and plant and new equipment (\$511,000).'

Q: Will be incorporated in next years' budget?

Response:

The underspend in budget for plant, machinery and equipment will be carried forward to the 2024-25 financial year and will be spent as part of Council's Fleet

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and Plant Renewal Program. This Program details the replacement, maintenance, and upgrading of Council's vehicles (fleet) and equipment (plant).

24) Executive Summary – p26

'Footpath — were overspent by \$516,000 as at 30 June 2024 due to Council's proactive responsive approach to improving footpaths. The additional costs were funded by underspends in car park works.'

Q: Is this uplift in footpath expenditure expected to reflect in any performance reporting? (e.g. reduction in trips and falls?)?

Response:

Council's budget for footpaths ensures the continuation of the critical footpath renewal program, which is identified through Council's inspection programs. The allocation towards footpaths renewal includes removal of asphalt wedges, grinding program to remove minor deformities and a review of contract specifications for the delivery of concreting works. The revised proactive approach has seen an improvement in Council's overall footpath condition and has increased our ability to respond promptly to any urgent footpath requests.

25) Executive Summary – p32

Q: Would be good to have a comment about going concern and the key factors for conclusion as to going concern. Also to confirm that at this point in time whether there are any foreseeable or potential post balance date events?

Response:

Council adopted its 10 Year Financial Plan in June 2024. The updated Financial Plan focused on providing Council with an honest and transparent assessment of our current situation, modelling of future scenarios, and identification of options to ensure that Council has the best possible information to help inform future decision making and manage risk. Council's current position has achieved:

- operational surpluses throughout the 10-year period.
- a working capital ratio (liquidity) greater than 100 per cent for the majority of the 10-year period to meet our financial obligations.
- an increased ability to fund capital works in general as required in asset planning.
- an improvement in the capacity to meet borrowing obligations.
- an improvement in our ability to cash back our reserves.

Whilst Council is a going concern, there are still several decisions and unknowns that will impact our financial position directly. These include:

- Ministerial best practice guidelines on waste charge calculation which to exclude street cleaning, street bins and education costs.
- Outcome of advocacy to the Minister to develop a Local Government Cost Index in the annual rate cap calculation and to simplify the application of rate variation is still unknown.

There are several other unknown risks that cannot be validated because we cannot control these:

- Future Enterprise Agreement provisions.
- Further cost shifting from the other levels of government.

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- Infrastructure renewal, upgrade and new infrastructure requirements based on improved condition assessment data.
- The optimum service mix, service level, service delivery options and operation models, and any associated operational savings or expenditure.
- The timing and impact of emergency events.
- The potential call on the Defined Benefit Plan scheme.

We continue to carefully manage Council's finances in order to deliver good outcomes for the Community. Council is proactively identifying and mitigating the risks arising from the dynamic and unpredictable economic environment and the implications for Council's financial sustainability.

At this stage, management do not envisage any post balance date events, however, will notify the Audit and Risk Committee prior to signing the accounts if there are any significant events.

26) Financial Statements – p43

'Includes the redevelopment of the Carnegie Memorial Swimming Pool (\$38m in 2023-24 and \$17m in 2022-23). Construction commenced in early 2023 and is scheduled to be completed in time for a summer 2024 opening'

Q: Confirming the GECC are confident with this timing??

Response:

Yes, the latest Carnegie Project Control Group report confirms the practical completion date as 12 November 2024, with a potential opening to the public late December 2024 or early January 2025.

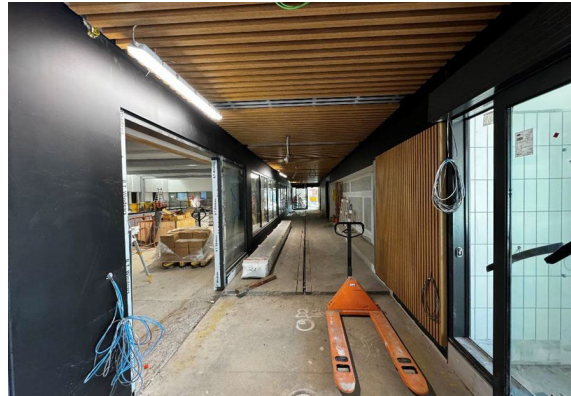


50m Pool above and aerial shot of site below



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The main corridor taking shape above

27) Financial Statements – p46

'Share of net surplus of joint operations — is favourable to budget by \$55k.'

Q: Perhaps wording of higher than budget (given the explanation, not sure this would be considered 'favourable')

Response:

Noted - will change in next version.

28) Financial Statements – p47

'Net loss on sale / disposal of property, infrastructure, plant and equipment — was unfavourable to budget by \$2.5m.'

Q: Stay consistent with wording of "higher than budget"? (positive project result).

Response:

Noted will change in next version.

29) Financial Statements – p48

Infrastructure				
Roads	4,433	4,466	(33)	(1%)
Footpaths	1,982	2,498	(516)	(26%) (m)
Drainage	1,100	1,056	44	4%
Open space	2,506	2,081	425	17%
Car parks	870	132	738	85%
Streetscape works	424	15	409	96% (n)
Total infrastructure	11,315	10,249	1,066	9%

Q: Why are we calling out these 2 and not movement in car parks??

Response:

We refer to Carparks as part of the Footpaths comment:

AUDIT & RISK COMMITTEE

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'Footpaths — were overspent by \$516k as at 30 June 2024 due to Council's proactive responsive approach to improving footpaths. The additional costs were funded by underspends in car park works.'

30) Financial Statements – p49

'Buildings were underspent by \$2.9m mainly due to in-progress projects including the redevelopment of the Carnegie Memorial Swimming Pool and building renewal works.'

Q: "timing of"?

Response:

Noted - will change next version.

31) Financial Statements – p49

2023	Income / revenue	Expenses	Surplus / (deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
City Management	-	621	(621)	-	75
Community Wellbeing	21,891	38,706	(16,815)	16,761	204,061
Corporate Services	119,155	52,609	66,546	10,546	92,959
Customer and Community Experience	6	7,871	(7,865)	-	2,402
Planning and Place	21,301	28,661	(7,360)	605	7,694
Sustainability, Assets and Leisure	40,300	58,519	(18,219)	164	2,575,784
Total	202,653	186,987	15,666	28,076	2,882,975

Q: What is the change in revenue under "City management" btw 23 and 24?

Response:

Finance business areas including the Rates and Valuations function now forms part of the City Management Directorate. Revenue in 2023-24 includes all rate and charges revenue.

32) Financial Statements – p56

	Notes	2024 \$ '000	2023 \$ '000
Note 4 The cost of delivering services			
4.1 Employee costs			
Wages and salaries		70,760	65,575
Superannuation (refer to note 4.1(a))		8,191	7,444
Annual leave		6,039	5,747
Long service leave		2,144	1,910
WorkSafe		1,534	780
Other employee costs		881	760
Fringe benefits tax		92	112
Total gross employee costs		89,641	82,328

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Q: What is the 8% increase in salaries related to?

Response:

EBA increase for 2023-24 was 3.25%.

In addition, there were additional salary costs relating to the closure of the Early Learning Centres and Regional Assessment Service during the year.

Glen Eira Leisure had substantial staffing increases due to the high service demand. These expenses were offset by an increase in User Fees and Charges, refer to Note 3.3.

33) Financial Statements – p61

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	14,139	13,639
Parking infringement debtors — Council	1,704	962
Parking infringement debtors — Fines Victoria	12,152	11,274
Allowance for expected credit loss — infringements	(11,107)	(10,243)
Net GST Receivable	1,916	2,709
Fire Services Property Levy	1,527	1,509

Non-statutory receivables

Other trade receivables *	1,767	2,067
Allowance for expected credit loss — other trade receivables	(15)	(10)
Total trade and other receivables	22,083	21,907

**Q: Is this in relation to parking infringements? (if so significantly high %)
Are some of these very long outstanding?**

Response:

- Parking infringements can be challenging debts to recover. The increase in bad and doubtful debts for parking is a combination of movement in DCA and Fines Victoria debtors and the subsequent increase in parking revenue. Provision for doubtful debts for DCA are provided at 10% of the outstanding balance and Fines Victoria debtors are provided for at 90%.

Parking debtors are not written off by Fines Victoria, however it is unlikely that the older debts will be recovered.

- The four stages of the infringement lifecycle are as follows:
 - 1) Parking fine issued - 28 days to respond.
 - 2) Penalty reminder notice issued - 28 days to respond.
 - 3) Enforcement order issued by the Infringement Court - 28 days to respond.
 - 4) Infringement warrant issued by the Infringement Court - 7 days to respond.
- The income raised for parking infringements for 2023-24 was \$6.8m which is a slight increase from the previous year (refer to note 3.2).

Ageing of Fines Victoria parking infringements are as follows:

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Age	Glen Eira \$
0 to 1 Months	191,277
1 to 2 Months	190,326
2 to 3 Months	140,916
3 to 6 Months	612,084
6 to 12 Months	824,871
1 to 2 Years	1,769,245
2 to 3 Years	923,054
3 to 4 Years	538,569
4 to 5 Years	2,098,666
Greater than 5 Years	4,863,256
	\$ 12,152,265

34) Financial Statements – p66**5.5 Provisions**

2024	Annual leave	Long service leave	Sick leave	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	5,245	10,915	3	16,163
Additional provisions	5,979	1,877	-	7,856
Amounts used	(6,132)	(1,989)	-	(8,121)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	55	-	55
Balance at the end of the financial year	5,092	10,858	3	15,953

Q: what is this in relation to, seems unusual?**Response:**

It was the former City of Caulfield's policy to make payments equivalent to 50 per cent of unused sick leave to some sections of its workforce on their retirement due to age or disability. This became payable after completing five years of service. There are no new entrants into the scheme since award restructuring in 1991.

35) Financial Statements – p79

Asset recognition depreciation periods	Depreciation/ amortisation period	Threshold limit
Property		
Buildings	(12–128 years)	\$10,000
Land	(indefinite)	-
Land under roads	(indefinite)	-
Leasehold improvements	(20 years)	\$500
Plant and equipment		
Computer equipment	(3–5 years)	\$500
Furniture and equipment	(5–10 years)	\$10,000
Motor vehicles and trucks	(5–8 years)	\$500
Plant and equipment	(3–15 years)	\$500
Sports equipment (leased)	(4 years)	-
Art collection and municipal regalia		
Art collection	(indefinite)	-
Municipal regalia	(indefinite)	-
Infrastructure		
Car parks	(30–34 years)	\$15,000
Drains	(100 years)	\$1,500
Footpaths	(41–65 years)	-
Kerbs and channels	(101–120 years)	\$1,000

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Q: Is there an industry standard for amortisation periods? are these comparable to other councils??

Response:
Depreciation and amortisation periods can vary slightly between councils, especially when considering local conditions, asset management strategies, and financial policies. Each Municipality is different in terms of the type of assets held, and their valuation cycles. Depreciation and amortisation rates and methods are reviewed annually by Council.

36) Financial Statements – p83

Chief Executive Officer and other key management personnel		
John Vastianos *	Chief Financial Officer	5 February 2024—30 June 2024
Kirsty James *	Chief People Officer	5 February 2024—30 June 2024
Kellie Vise	Director Customer and Corporate Affairs	1 July 2023—30 June 2024
Mark Saunders	Director Community Wellbeing	1 July 2023—30 June 2024
Harley Moraitis	(Acting) Director Community Wellbeing	26 February 2024—30 June 2024
Niall McDonagh	Director Sustainability, Assets and Leisure	1 July 2023—30 June 2024
Rebecca McKenzie	Chief Executive Officer	1 July 2023—30 June 2024
Ron Torres	Director Planning and Place	1 July 2023—1 September 2023
Paul Wood	(Acting) Director Planning and Place	1 September 2023—1 March 2024
Rosa Zouzoulas	Director Planning and Place	26 February 2024—30 June 2024

Q: should these not be in some sort of logical order (e.g. alphabetical)?

Response:
VAGO’s recommendation was to have the previous Director first, followed by acting and then the current employee.

37) Financial Statements – p97

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 106.3% as at 31 March 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns XX %pa
Salary information XX %pa
Price inflation (CPI) XX %pa

Council was notified of the 30 June 2024 VBI during XXXXXX 2024.
Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category’s funding arrangements from prior years.

Q: when is this data expected to be finalised??

Response:
This has now been updated with a VBI at 30 June 2024 of 105.4%.

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The 2024 interim actuarial investigation
An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.
The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:
Net investment returns 5.6% pa
Salary information 3.5% pa
Price inflation (CPI) 2.7% pa
Council was notified of the 30 June 2024 VBI during August 2024.
Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

38) Performance Statements – p113

Asset renewal and upgrade											
Asset renewal and upgrade compared to depreciation	89%	112%	167%	270%	215%	124%	84%	56%	86%	Actuals for 2023-24 includes the construction of the Carnegie Memorial Swimming Pool redevelopment (\$38m). The project is expected to be completed during 2024-25. The actual result for 2023-24 was lower than target, as Council anticipated a higher level of carry forward projects when setting the 2023-24 Budget.	
[Asset renewal and upgrade expenses / Asset depreciation] x100											

Q: isn't this specific to Carnegie??**Response:**

Yes, mainly relates to Carnegie.

At the time of setting the 2023-24 Budget, Council estimated carry forward expenditure of approximately \$17.8m which related mainly to Carnegie Pool. Council revised its carry forward projections due to the payment of invoices resulting in a lower carry forward spend for 2023-24.

39) Executive Summary – p25

'Net loss on sale / disposal of property, infrastructure, plant and equipment — were higher than budget by \$2.54 million due to: the demolition of Council's Rosstown Nursing Home (\$2.9 million) which will be converted to open space during 2023-24.'

Q: Has this been converted during FY2024?**Response:**

Rosstown Aged Care Facility and the adjacent property (10 Ames Avenue Carnegie, acquired by Council) has now been demolished. The site will now be prepared for tree planting and hydroseeding (lawn) so that the space will be ready for springtime community use as an open grassed area.

Funds have been carried forward to this financial year to complete detailed design. Council will advocate to State and Federal Governments to secure funds to construct the park. Works will commence once funding can be secured.

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**40) Financial Statements – p49**

(k) **Computers and telecommunications** — the variance in capital relates to IT / digital projects that were originally budgeted for as capital when setting the 2023-24 Budget. These projects included: the replacement of the finance system, telephony system, transformation initiatives and cyber security uplift. The spend on these projects has been transferred to operating due to the accounting treatment for these projects.

(l) **Library books, materials and equipment** — includes the purchase of library collections for Council's Library and Learning Centres.

The favourable variance is due to digital library resources relating to eBooks, audiobooks, eMagazines, online resources and subscriptions that were budgeted as capital at the time of setting the 2023-24 budget. The spend on these projects has been transferred to operating due to the accounting treatment.

Q: It may be useful to make mention that is expensed due to being SaaS - Software as a Service for context.?

Response:

[Noted. Will add comment.](#)

41) Performance Statements – p104

Q: I believe there is an opportunity to provide some further context to performance indicators especially where there is a good story for Council even if there is no material variance. Something to consider.

Response:

[VAGO and Local Government Victoria have already reviewed the Performance Statement. In addition, the Local Government better practice guide for the model performance statement is quite prescriptive in terms of requirements for commentary on variances.](#)

42) Closing Report – p127

Q: I note the difference in accounting treatment of the Carnegie Memorial Swimming Pool Grant, albeit not material, and look forward to the discussion with VAGO.

Response:

[VAGO to discuss in the Meeting.](#)

AUDIT & RISK COMMITTEE

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43) Closing Report – p136

Q: If the Committee could please have an update of the closing of Outstanding Audit matters on Friday.

Response:
VAGO to discuss in the Meeting.

44) LGPRF Checklist – p161

GC22	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Risk reports prepared and presented	YES	124/11/2022 23/02/2024
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Q: GC22 - Risk Management Reporting - should the year be 2023 instead of 2022?

Response:
This is a typo. It was November 2023 then Feb 2024. The Annual Report has been updated.

11. URGENT BUSINESS

12. ORDINARY BUSINESS

12.1 Requests for reports from a member of Council staff

12.2 Right of reply

12.3 Notice of Motion / Notice of Rescission

12.4 Councillor questions

13. CONFIDENTIAL ITEMS

Nil

14. CLOSURE OF MEETING