

## 16.1 Service Review

**Manager Economic & Place Development: Georgie Birch**

**Director Planning & Place: Annaliese Battista**

### Linkage to Council Plan

#### **Direction 1: A thriving and unique place**

1.1 Identity and destination

1.2 Thriving and desirable businesses

### Purpose of Report

For Council to consider available options in relation to the future state of the Special Rate Scheme, informed by the findings and recommendations from the 2022 Special Rate Service Review and 2021-22 Financial and Governance Audit reports for the five Business Associations funded through the Special Rate Scheme.

### Officer Recommendation

#### **That the Council:**

- 1. NOTES the Service Review report prepared by Deloitte and the Financial and Governance Audit reports prepared by Grant Thornton Consulting.**
- 2. CONSIDERS three (3) options for the future of the Special Rate Scheme in the City of Stonnington, namely:**
  - a) Option 1 - Continue the scheme in its current structure for a declared period;**
  - b) Option 2 - Commence a declaration process for four years from 1 July 2023, expiring on 30 June 2027, implementing a range of appropriate reforms to improve the governance, transparency, and financial management of the Precinct Associations. Two variations of this option are presented for consideration in this Report; or**
  - c) Option 3 - Discontinue the Special Rate Scheme across the five precinct areas.**
- 3. NOTES that from 27 September 2022, each Business Association will be provided with:**
  - a copy of their individual Grant Thornton Financial and Governance Audit report, and**
  - the individualised Deloitte survey findings.**

### Executive Summary

1. The City of Stonnington's Special Rate Scheme (SRS) raises funds through a levy collected by Council in accordance with the *Local Government Act 1989* (LGA) Special Rate levy provisions. These funds are then allocated in accordance with Special Rate Funding Agreements between Council and incorporated Business Associations.

2. As the Special Rate Funding Agreements enter their final year of the period 2019-2023, Council has activated key clauses in the agreements pertaining to the evaluation of the scheme and benefit of the levy for businesses, and the capacity of the Associations to manage Special Rate monies in accordance with the Declared Purpose. Predominately, this evaluation has been via the 2022 Special Rate Service Review, with key findings of the 2021-22 Financial and Governance Audits also being referenced.
3. The findings of this comprehensive evaluation have formed the basis for the options to be considered by Council.

### Background

4. Special Rates Schemes (SRS) have been operating in the City of Stonnington for approximately 30 years. The original scheme was set up in the Chapel Street Precinct in 1992.
5. There are five (5) declared Special Rate Schemes, levying Special Rates on over 3,700 commercial properties (noting that residential and non-rateable properties are exempt from the Special Rate), including:
  - Chapel Street (2,105 properties)
  - Glenferrie Road Malvern (522 properties)
  - High Street Armadale (371 properties)
  - Toorak Road South Yarra (418 properties) and
  - Toorak Village (301 properties).
6. Special Rates are applied to all commercial properties liable to be rated within a designated geographic boundary that includes a commercial precinct or shopping centre. The SRS collects over \$1.8 million annually.
7. Five Business Associations are funded via these Special Rate levies that are collected by Council under the LGA Special Rate provisions and disbursed in accordance with a Special Rate Funding Agreement.
8. Stonnington's five (5) incorporated Business Associations are:
  - Chapel Street Precinct Association (CSPA)
  - Glenferrie Road Malvern Business Association (GRMBA)
  - High Street Armadale Business Association (HSABA)
  - Toorak Road South Yarra Business Association (TRSYBA)
  - Toorak Village Traders Association (TVTA)
9. The Funding Agreements specify that the Business Associations must spend the funds on marketing, promotion, and business development of their relevant precincts in accordance with an approved strategic/business plan.
10. The City of Stonnington's Special Rate Schemes currently operate for 4 years and are renewed simultaneously. The current SRS have run from 1 July 2019 and will expire on 30 June 2023.

11. Fundamental to the continued success and improvement of these schemes is a well governed, accountable, and engaged group of Business Associations. Equally important is the leadership, guidance, oversight and support that Council provides to the Associations.
12. It is prudent for Council to conduct a comprehensive review in the lead up to the expiry of the current agreement period and a potential renewal. This comprehensive review is the first of its kind since the inception of the schemes, and has involved:
  - The engagement of an independent auditor - Grant Thornton Consulting (GT) to conduct a review of the financial and governance operations of all five Business Associations.
  - The engagement of Deloitte to undertake a service review to evaluate the current expenditure model and value of the expenditure to Special Rate payers.

### Key Issues and Discussion

#### Financial and Governance Audit (FGA)

13. The Financial and Governance Audit (FGA) included a review of:
  - The financial management of the Associations for the previous two financial years.
  - The governance structure and operation of the Associations.
  - Membership engagement, including recruitment and management of membership details by the Associations.
14. The delivery of the FGA was conducted in two stages due to resourcing load. The Chapel Street Precinct Association was reviewed in 2021, and the remaining four Associations followed in 2022.
15. Grant Thornton has prepared an audit report for each of the five Associations (**Attachment 1**).
16. It has been identified that each of the five Associations has demonstrated varying levels of compliance in each of the three review categories. Implementing some of the recommendations will require dedicated resourcing, training and support to ensure that the Associations are compliant with the *Local Government Act*, their current Funding Agreements and any future agreements.
17. Officers have been working with CSPA since November 2021 to implement the recommendations prescribed by Grant Thornton. Officers have more recently commenced working with the other four Associations to uplift their governance and reporting as recommended by Grant Thornton.

#### Special Rate Service Review (SRSR)

18. The Deloitte service review included:
  - a) A review of the Scheme's current operating models, including commentary on their structures, rates charged and operating differences / similarities.
  - b) An evaluation of the value to rate payers of the current expenditure of Special Rate funds. This included a survey of Special Rate payers and members / non-members of the Associations to gauge satisfaction, awareness, participation and perceived value.

- c) An assessment of the effectiveness of each of the Associations in terms of delivery and value.
  - d) A comparison and benchmarking of Council's current delivery model with other precinct support programs across Australia.
  - e) A recommendation on the most appropriate / optimum model for Council to consider expending the Special Rate funds in future to ensure maximum value for those that pay the Special Rate.
  - f) A review of the current precinct boundaries, providing any recommendations for improvement. This includes an assessment of the serviceability of current Special Rate precincts by their current Associations.
19. Deloitte's overall recommendation details that the current SRS is not optimally delivering on the intended Declared Purpose, with Special Ratepayers somewhat indifferent to the value that the Associations are providing through their delivery models and policy objectives (**Attachment 2**).
20. It was identified that the broad mandate and limited performance metrics has led to some ambiguity in assessing the effectiveness and alignment of Associations' operations with objectives of the Scheme.
21. With the commencement of a renewal process for a new SRS required to be initiated in the coming months, Deloitte has identified three options available to Council:
- a) Continue the scheme in its current structure for a declared period
  - b) Two models that could be implemented exclusively or in conjunction with each other;
    - i. Commence a declaration process for four years commencing on 1 July 2023 and expiring on 30 June 2027, with a range of appropriate reforms to improve the governance, transparency and financial management of the Precinct Associations.
    - ii. Implement a new service delivery for the services delivered under the current scheme.
  - c) Discontinue the Special Rate Schemes across the five precinct areas.
22. In relation to option 21(b), Deloitte could not identify a low-risk alternative model that would be immediately fit for purpose in the current Stonnington context. In the absence of this, Deloitte's recommended pathway was to develop a bespoke best practice alternative model that suits a Stonnington environment over time (option 21(b(i)) for the first two years, followed by option 21(b(ii)) for the second two years.
23. A model of this nature would prioritise the best outcomes for Special Rate payers, while meeting Council's risk and funding profile for service delivery and business support.
24. Deloitte has recommended a timed bespoke alternative model that Council may seek to adopt. This includes:
- Commencing the renewal process and declaring the Special Rate for four years, commencing on 1 July 2023 and expiring on 30 June 2027.

- Entering a two-year refined funding agreement with each of the five Business Associations, with revised expectations and objectives regarding Business Association outputs including:
    - recommendations from the financial audits.
    - an uplift in key performance indicators, including financial and economic measurements.
    - improved reporting and engagement with Council.
  - During the initial two-year funding agreement period, Council will monitor and conduct a thorough evaluation of the refined approach as outlined above. The evaluation's scope would be to determine whether the uplift and refinements are sufficient to allow a further two-year agreement to be struck. The key being to understand the value of the Special Rate to Special Rate payers, and the effectiveness of Associations in delivering on this value, aligned to the refinements implemented.
25. Based on the outcomes of this monitoring and evaluation, a report will be prepared for Council in early 2025, detailing two options for consideration:
- a) A continuation of the refined Special Rate Scheme as delivered in the initial two-year period (Council would enter a further two-year agreement with each of the Business Associations) to see out the four-year scheme period; or
  - b) A transition to a bespoke model whereby Council would deliver the business engagement and development functions of the declared Special Rate purpose, and then enter agreements with Business Associations or other external entities to deliver on the marketing and promotion of each precinct area.
26. If option 25(b) were to be pursued, the transition of business engagement and development to being a Council activity would result in a more co-ordinated and consistent level of service across all five Special Rated precinct areas. Currently, as per the Deloitte report, this function provided by the Business Associations is viewed as inconsistent and in some cases passive in operation.
27. The monitoring and evaluation over the initial two years will confirm these sentiments and provide an appropriate pathway forward. Further reporting will be brought to Council for decision in early 2025.

## Governance Compliance

### Policy Implications

28. There are no policy implications associated with this report.

### Financial and Resource Implications

29. The SRS collects over \$1.8 million annually and redistributes these funds to the funded entities for use in the marketing, promotion and business development of the represented precincts. Council has a responsibility to ensure that the funds are being appropriately expended.
30. Current recommendations proposed by Grant Thornton in the audits will be implemented through existing resourcing in the Economic and Place Development department.

31. The administration of the Special Rate Schemes and collection process is managed by the Rates team in the Finance division, supported by the Economic and Place Development team. During the renewal period, greater resourcing is required; however, this will be managed via existing resourcing. Council currently retains 5% of the Scheme raised in each precinct to assist in the administration of the scheme or any ancillary Special Rate costs.
32. The bespoke alternative model highlighted in 25(b) and **Attachment 2** will be scoped for resource implications through the initial two-year agreement period if this recommendation is adopted.
33. It is anticipated that a higher percentage of the Scheme funds would be retained to cover this resourcing need, and the remaining funds distributed to external parties for the delivery of marketing and promotion. Maddocks has confirmed that this approach is compliant with all relevant legislation and guidelines.

#### Conflicts of Interest Disclosure

34. No Council Officer and/or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Legal / Risk Implications

35. Findings of the financial audits are being reported to Council's Audit and Risk Committee.
36. Funding Agreements are the key mechanism to manage the Special Rate process and relationship between Council and the funded entities.
37. For all Associations, the refinements that are to be undertaken will be included in any new funding agreements.
38. If Council endorses the renewal of the SRS, funding agreements will be provided to all Association Committees in November for review and signing with implementation of changes commencing 1 July 2023.
39. Council Officers have sought legal advice to confirm that the options tabled are able to be administered as detailed.

#### Community Consultation

40. Deloitte undertook a targeted consultation process with the Business Associations, businesses and commercial landlords who fell within the Special Rate Scheme areas.
41. Grant Thornton conducted targeted consultation with all five Associations' key personnel including Coordinators/General Managers, Presidents and other relevant Association contacts.
42. There was no requirement for broad community consultation.

#### Human Rights Consideration

43. Complies with the Charter of Human Rights & Responsibilities Act 2006.

#### Attachments

1. CONFIDENTIAL - Special Rate Funds Audit Reports [**16.1.1** - 182 pages]
2. CONFIDENTIAL - FINAL Deloitte Special Rate Review Report [**16.1.2** - 65 pages]

This document is confidential information under Section 66 (2) (a) of the Local Government Act 2020. The matter is deemed to be confidential under Section 3 (1) (a) Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released.

This document is confidential information under Section 66 (2) (a) of the Local Government Act 2020. The matter is deemed to be confidential under Section 3 (1) (g) private commercial information, being information provided by a business, commercial or financial undertaking that -i) relates to trade secrets; or ii) if released, would reasonably expose the business, commercial or financial undertaking to disadvantage.

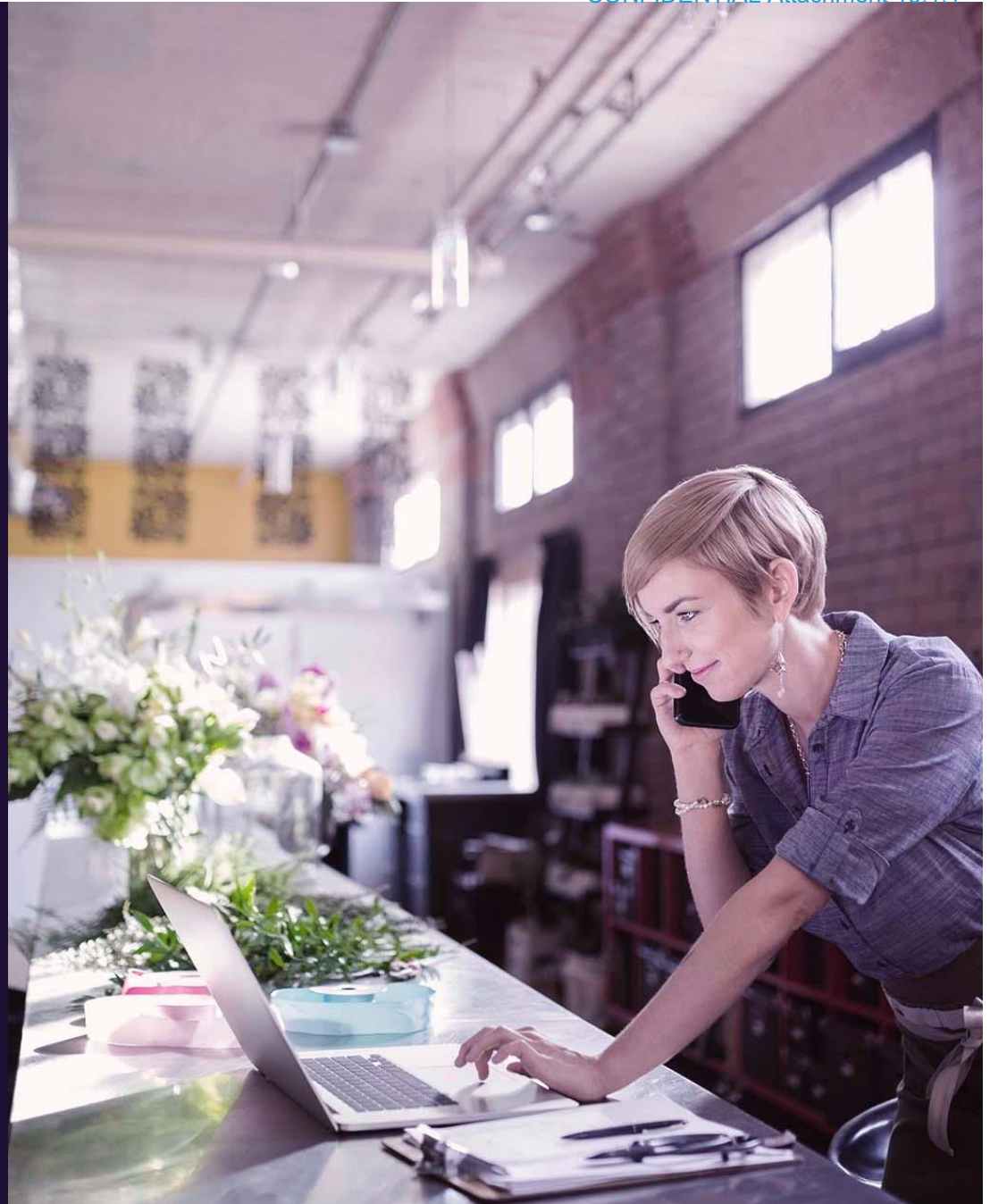




# Report: Special Rates Fund Audit: Chapel Street Precinct Association

City of Stonnington

September 2022

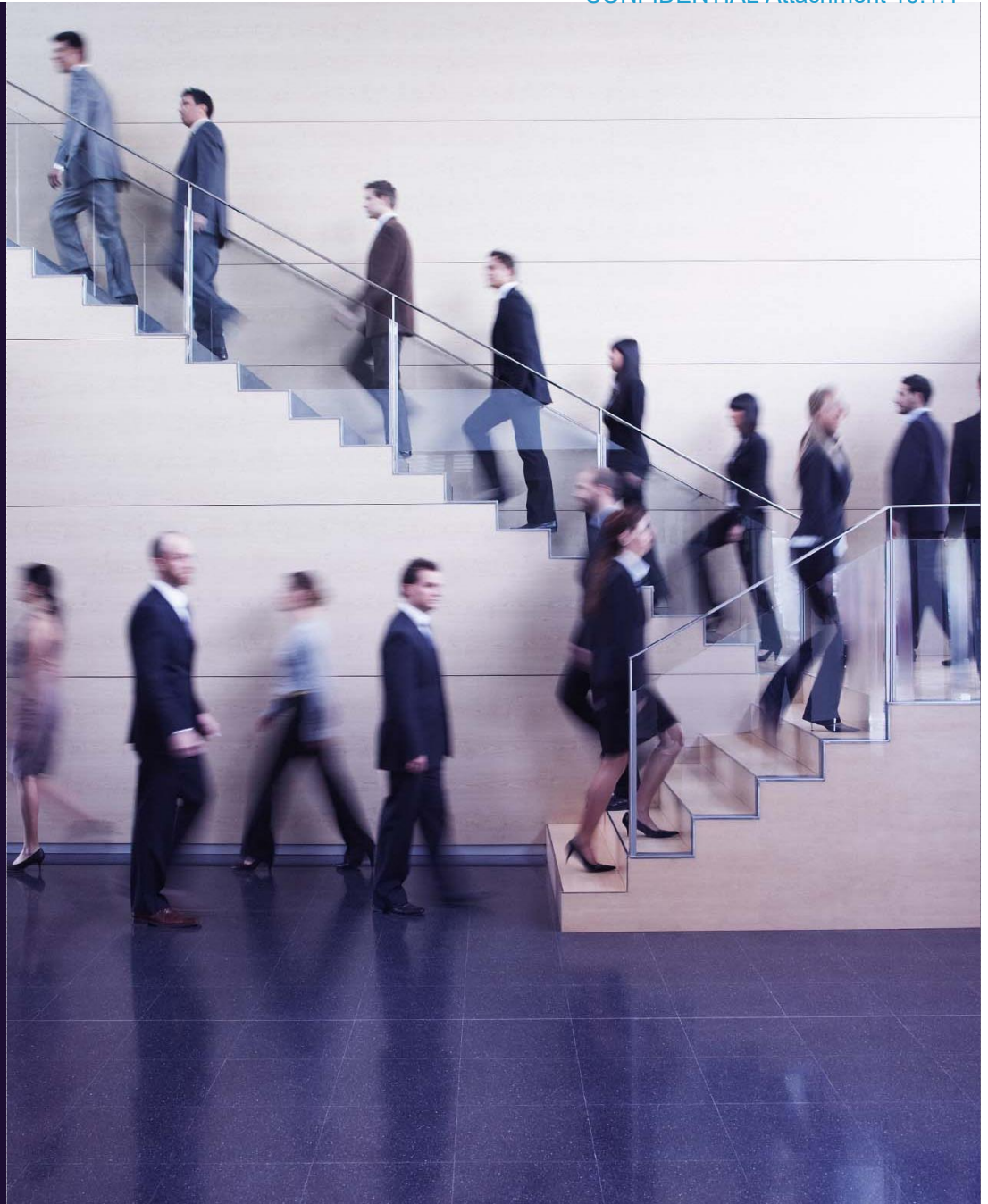




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# Executive Summary



## COVER LETTER

Julia Gallace  
Chief Financial Officer  
City of Stonnington  
PO Box 58  
Malvern Victoria 3144

13 September 2022

We refer to our appointment by the City of Stonnington ('Council'), to provide a Special Rates Fund Audit into the Chapel Street Precinct Association ('CSPA') and our report of findings and recommendations issued on 11 November 2021.

The audit was performed in order to identify areas of concern and risk to Council, and to identify areas of possible training and support to be provided to CSPA and support to be provided to the Associations by Council. The objective was to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes, engagement with stakeholders and representation of members. We provided further details of our scope of services, findings and recommendations in our Executive Summary and body of our report dated 11 November 2021. This report contains our Executive Summary and Methodology only, and should be read in conjunction with our detailed report of 11 November 2021.

The report was prepared on the basis of the limitations set out below:

The matters raised in the report came to our attention during the course of our review, as a result of our testing performed and interviews conducted. Testing was conducted on a sample basis, over the 2 year period covered by our engagement, and our report therefore provides commentary regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist or improvements that may be made where these relate to controls not tested as part of this review. We refer to these during the course of this report where applicable.

Our review is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Management should therefore not rely solely on our report to identify all weaknesses that may exist and potential instances of fraud and other irregularities.

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Melbourne Vic 3008

The procedures performed during this audit were limited exclusively to those related to the engagement and do not constitute an audit in accordance with Australian Auditing Standards and accordingly, no assurances are expressed.

Additionally, our audit did not include conducting further enquiries with third parties or performing investigations, where instances of possible fraud, conflicts of interest and misconduct may have occurred.

Our comments should be read in the context of the scope of our work. Where possible, management representations are independently verified, though some findings within this report may have been prepared on the basis of management representations which have not been independently tested.

Recommendations for improvement should be assessed by Council and the CSPA Board, for their full commercial impact before they are implemented.

This report has been prepared solely for the use of Council and CSPA, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would be pleased to meet with you to discuss our findings.

In the meantime, should you have any questions please do not hesitate to contact me direct on (03) 8663 6123 or 0416 280 708.

Yours sincerely,

Grant Thornton Australia Ltd



**Katherine Shamai**  
Partner, Risk Consulting

# Executive summary

## Background

### Context

Council collects Special Rate funds from commercial premises in five activity precincts and remits these funds via funding agreements to five Incorporated Business Associations; CSPA is one of the five Incorporated Business Associations.

Across the Associations, there is a blend of paid staff but most are volunteers. Each of these Associations manage a yearly allocation of Special Rate funding on behalf of Council. The pools of funding ranges from approx. \$1.2m per year to \$180K per annum. The funds are remitted to each Association via a signed and binding Special Rate Funding Agreement. Council is the statutory body ultimately responsible for these Special Rate funds and must ensure that the funds are being managed and expended under Best Practice fiscal management by each of the Associations.

Council required an audit of CSPA at the CSPA office situated at 2/27 Izett St, Prahran. However, due to COVID-19 work restrictions at the time, the audit could not be performed on site, and had to therefore be performed remotely. The objective is to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes, engagement with stakeholders and representation of members.

The purpose of this engagement was to conduct an audit that will identify areas of concern and risk to Council, and to identify areas of possible training and support to be provided to CSPA

## Scope of Work

Our scope of work, where applicable to the Associations, is as follows:

### 1. Financial Management

- 1) Review of debit cards expenditure, including process and sample testing.
- 2) Review of procurement / accounts payable, including process and sample testing.
- 3) Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.
- 4) Perform a comparative of the financial data provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.
- 5) Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.
- 6) Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice. Conduct interviews where required, to determine answers to any questions as a result of the testing.
- 7) Conduct interviews of matters identified across the financial management audit. This included interviewing the previous and current CSPA bookkeeper, Accountant and Auditor.

## Scope of Work (continued)

### 2. Governance

- 1) Review of Board artefacts, including but not limited to agendas, minutes, charters, and board packs.
- 2) Review of governance arrangements including Board composition, sub-committees, interaction/engagement between management and Board.
- 3) Observation at the Annual General Meeting (AGM).
- 4) Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at the AGM.

### 3. Member Engagement

- 1) Obtain an understanding of CSPA membership base and types of membership.
- 2) Obtained an understanding of the process around member engagement.
- 3) Perform a walkthrough test using a sample case study that included a member survey, responses from members, and the resulting report. Review the process undertaken, reminders and the report compiled. However, our work did not include a quality review of the survey question from a community engagement perspective.
- 4) Conduct a review of business promoted in publicly available data sources to identify special rate payers being promoted on CSPA's social media and marketing channels, and understand how businesses are selected for promotions as well as any tracking mechanisms in place to ensure an equitable rotation.
- 5) Conduct interviews with two members of CSPA, as requested by the CSPA.

# Executive summary (continued)

We summarise the Stage Assessment (% compliant) for CSPA below:

## Chapel Street Precinct Association (CSPA)

### CSPA: Stage assessment (% compliant)

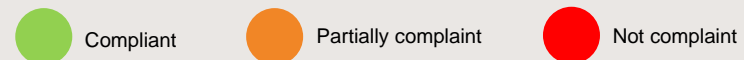
Stages	Compliant	Partially compliant	Not compliant
Financial	50%	50%	0%
Governance	75%	25%	0%
Member Engagement	33%	67%	0%

### CSPA: Overall rating



An overall rating of Partially Compliant has been applied to this review.

	Financial Management	Governance	Member Engagement	Overall Assessment
Chapel Street Precinct Association				



# Executive summary (continued)

## CSPA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<ol style="list-style-type: none"> <li>1) The fixed monthly costs on the debit card be reviewed and reasons provided as to why certain fixed monthly costs fluctuate, and then approved by the Board.</li> <li>2) All debit card transactions must have supporting invoices, required for GST claiming purposes.</li> <li>3) The CSPA perform a complete, accurate and reliable reconciliation, of all debit card transactions where reference is made to 'Chrissie Maus' and other transactions that were for her benefit but without reference to 'Chrissie Maus', for the period 1 August 2019 and 30 April 2021. This would ensure that the correct amount has been reimbursed to CSPA, and any deficiency or excess be rectified shortly thereafter. Once completed, it should be submitted to the Board for consideration and approval, and reported in the next quarterly report to Council.</li> <li>4) The CSPA Debit Card is no longer used for personal use. The Procurement Policy does not provide for personal use of the CSPA Debit Card.</li> <li>5) The Procurement Policy be amended to include who is authorised to approve the General Manager's reimbursements.</li> <li>6) Records are retained for all staff reimbursements on Xero to reflect approval by the President or General Manager, and that a tax invoice is provided in support of the reimbursement and available for inspection if required.</li> <li>7) All supporting documents for payments remitted by the CSPA are to be accurately recorded digitally in the Xero, in accordance with the Procurement Policy, and the GST legislated requirements.</li> <li>8) The CSPA consider a review of the procurement thresholds to reduce the threshold of \$10,000 and align to Council's new Procurement Policy. Any approved exemptions are reported to the CSPA Board.</li> <li>9) Amend the Procurement Policy to further define the term 'absolutely comparable' and to provide typical examples of goods and services required by the CSPA that would not fit this definition.</li> <li>10) The Procurement Policy to record the date of issue and the updated/amended date/dates. We received two different versions of the Procurement Policy: one from Council; and an updated policy from the CSPA, neither of which is dated.</li> <li>11) The cumulative annual amount spent in respect of the provision of printing services, be taken into consideration and that quotations are requested for the annual supply of printing. This will ensure the CSPA is delivering on the purpose of the Procurement Policy, namely 'acquiring goods and services through a process that is economical, effective and delivers value for money'. Currently, printing is being procured on a monthly or as and when required basis.</li> </ol>



# Executive summary (continued)

## CSPA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<p>12) Provide an explanation for the necessity of 'partnerships' in annual reports and disclose whether any funds have been received or spent as part of the relationship between such partners and the association, including in-kind partnerships.</p> <p>13) The CSPA should develop a framework for partnering/ partnerships/ sponsorships including the evaluation criteria for entering into partnerships</p> <p>14) The CSPA only submit financial statements to Council that have been reviewed and confirmed to be correct by their accountants (AP Taxation), at the end of each Quarter after balance date. The Funding Agreement requires the CSPA, unless otherwise agreed by Council in writing, to have the financial statements included with the Activity Report, to be audited by a person who is registered as an accountant or is otherwise using a recognised accounting or financial software package.</p> <p>15) The CSPA create clear lines of communication between themselves and Council, that will facilitate their reporting requirements to Council and ensure they meet their responsibilities as provided for in the Funding Agreement. Whilst the Funding Agreement requires Council and the Association to work together in a collaborative relationship based on good faith and integrity, Council retains ultimate responsibility under the LG Act for the use of Scheme Funds (the funds collected under the Special Rate). The Association is responsible to ensure that Scheme Funds are spent in accordance with the LG Act, the Declaration and the Funding Agreement.</p> <p>16) The CSPA confirm with Council what information is required to be included in the Annual Budgets, and where applicable, quarterly budgets, and the process/procedure to be followed in obtaining Council approval at the commencement of a budget period.</p> <p>17) Similarly, the CSPA confirm and agree with Council what information is required to be provided and submitted to Council with the Quarterly Activity Reports. We refer to the Checklist of Special Rate Reporting Requirements in Table 6 of our report dated 11 November 2021, that we understand is the current arrangement, but that there is uncertainty in this regard.</p> <p>18) The CSPA Board perform an improved monitoring of and reporting in the monthly Board meetings as to the reasonableness of the CSPA Debit Card spend, and that it complies with the requirements of the Procurement Policy.</p> <p>19) CSPA Board consider benchmarking the remuneration of key management personnel against similar rate payer funded entities.</p>

# Executive summary (continued)

## CSPA Recommendations per Stage Assessment

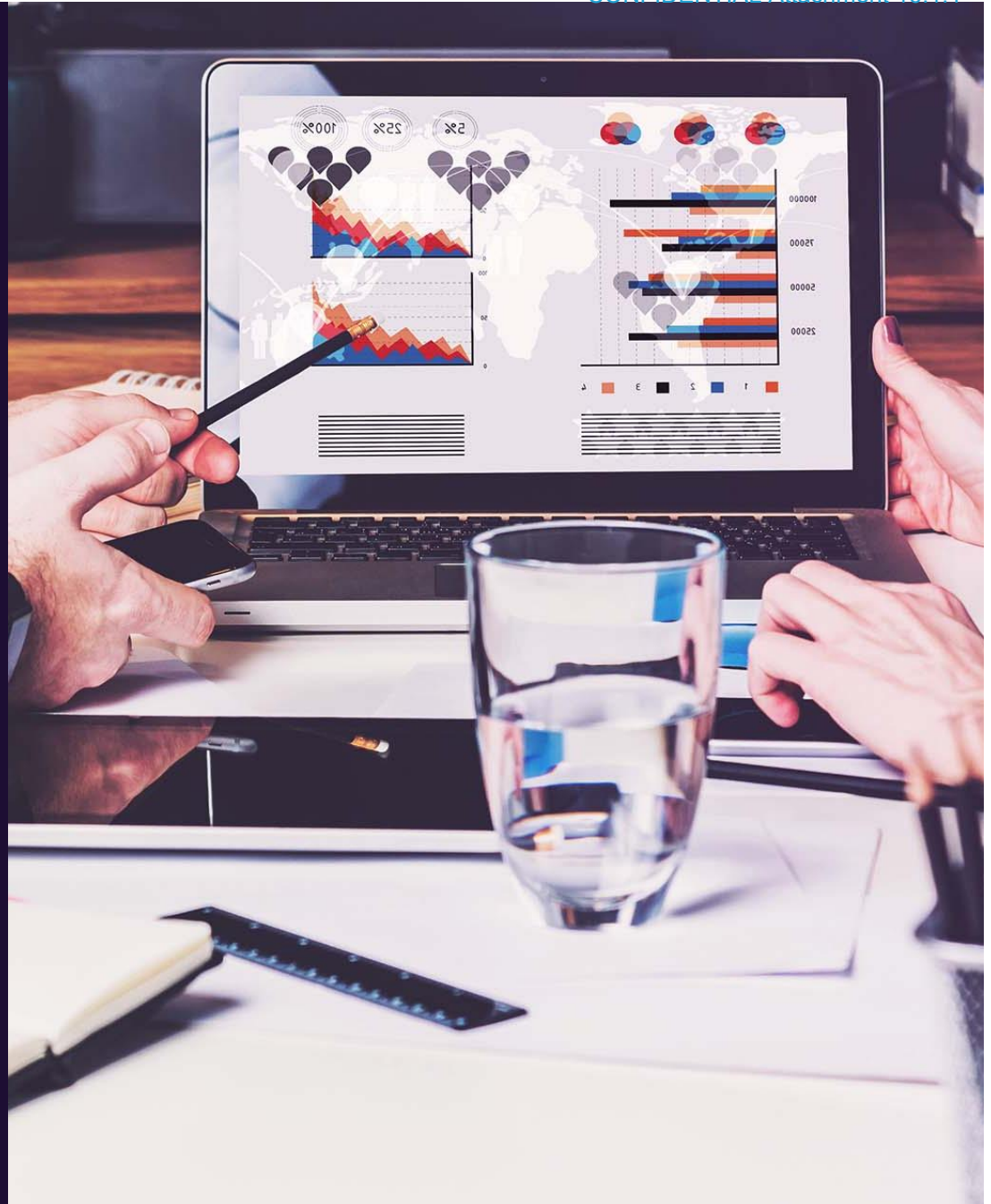
Stage Assessment	Recommendations
2. Governance	<ol style="list-style-type: none"><li>1) Ensure that office-bearers have been on the Board for more than 12 months and, preferably, have experience in a related field to their title. The Treasurer position would be best suited to someone with more of a finance background for example. This includes providing evidence of the 'skills-matrix' that is undertaken when filling office-bearer positions and for the Board to ratify it, thus ensuring that the Board has a set procedure in filling positions with the most capable individuals.</li><li>2) The creation and maintenance of a Training Policy and Register and a more formal training program for Board members. The Association makes the argument that such a policy/register is not required due to the small size of the CSPA (only 2 full time employees). However, due to the significant amount of ratepayers monies paid to the CSPA, as well as its responsibility over a large and important business precinct, relevant training for Board members is crucial. This would positively contribute to the Association fulfilling its responsibilities to its members as well as the Agreement.</li><li>3) The CSPA obtain confirmation from Council in respect of compliance/non-compliance with Clause 8.5 of the Funding Agreement, including Lobbying and Legal Fees. We have however, not reviewed the Q1 2021/2022 Report to Council or confirmed Studio Legal have received payment from the CSPA, which relates to Legal Fees.</li></ol>

# Executive summary (continued)

## CSPA Recommendations per Stage Assessment

Stage Assessment	Recommendations
3. Member Engagement	<ol style="list-style-type: none"><li>1) The CSPA to include in the Appendix to the Board minutes, where new membership is approved, details of the type of membership i.e. full membership or Associate membership and a summary of the total number of members, types of members and number of members per type of membership. This information will then flow through to Council with the Activity Reports.</li><li>2) The CSPA to inform Council of the CSPA procedure in respect of businesses that fall outside of the Special Rates area that are accepted as CSPA members, and seeking Council approval, as this type of membership is not provided for in the Funding Agreement.</li><li>3) The CSPA provide Council with the details regarding the results of the EDM, including total number of responses received, as the lack of any specifics means that it could be perceived to not be representative of the members.</li><li>4) The CSPA provide Council with access to the Register of Members in order to determine the number of members and types of membership, and that a comparative may be performed against Councils list of Special Ratepayers.</li><li>5) The CSPA provide Council with an edited version of the Register of Members, removing information of a personal nature that may be subject to privacy. This edited list of members is submitted to Council with the Activity reports.</li></ol>

# Methodology



# Overview of Methodology

We use a standard approach to our audits in accordance with better practice and standards, and is performed in a phased approach as recorded hereunder.

Phase 1: Planning	Phase 2: Detailed Audit	Phase 3: Reporting
<ul style="list-style-type: none"> <li>• Conduct an introductory/planning meeting with Council, to agree on our scope and audit plan.</li> <li>• Agree on reporting protocols to Council, during the course of the audits.</li> <li>• Agree on key deliverable dates and timelines.</li> <li>• Request all relevant information and documentation from Council where required, based on our understanding of the audit and background into CSPA, that may include:               <ul style="list-style-type: none"> <li>➢ Special Rates Fund Agreement between Council and CSPA;</li> <li>➢ Rules/ Constitution of the CSPA;</li> <li>➢ CSPA's Procurement Policy approved by Council where applicable;</li> <li>➢ Most recent financial statements and data provided to Council;</li> <li>➢ Lists of Memberships and Special Rate Payers; and</li> <li>➢ Other information relevant to our scope in possession of Council.</li> </ul> </li> <li>• Agree on introductory meetings with CSPA and our key contact persons, to kick-off the audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct introductory meeting with the CSPA Executive Chairperson/ President and the General Manager.</li> <li>• Request all relevant information and data, in addition to that provided by Council for FY 2020 and FY 2021, including but not limited to:               <ul style="list-style-type: none"> <li>➢ Associations Annual Reports;</li> <li>➢ Debit Card Expenditure, including policy/process;</li> <li>➢ Procurement/ Accounts Payable data;</li> <li>➢ Quarterly Reports &amp; Audited Financial Statements submitted to Council;</li> <li>➢ Board composition, sub-committees and Management engagement; and</li> <li>➢ Board agendas, minutes, charters, and board packs.</li> </ul> </li> <li>• Observation at the FY 2021 AGM.</li> <li>• Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at the AGM.</li> <li>• Obtain an understanding of CSPA's membership base &amp; types of membership.</li> <li>• Process around membership and becoming a member.</li> <li>• Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft comprehensive report of the factual findings of the audit, areas of better practice, areas of concern, areas of immediate attention, and possible training and support needed by CSPA.</li> <li>• The identification and immediate reporting of any Fraud, Misconduct and Irregularities to Council only.</li> <li>• The findings are to be kept confidential until investigation is completed and are only for Council purposes.</li> <li>• Recommendations which may form a framework for CSPA to meet better practices for fiscal management and governance arrangements of Special Rate funds.</li> </ul>

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discussed these when reporting on our audit of CSPA in our report dated 11 November 2021 .

## Definitions

- Activity Report** means an Activity Report to be provided by the Association to Council in accordance with clause 6 of the Agreement in the form of Attachment 3 to the Agreement.
- Annual Budget** means the annual budget for the Financial Year described in clause 7.1.1 (a).
- Association** means the 4 respective Associations (subject to this audit).
- Committee** means the Committee of the Association as defined under the Associations Incorporation Reform Act 2012 (AIR Act).
- Declared Purpose** means the encouragement of commerce in the Precinct.
- Member** means a member of the Association pursuant to the AIR Act.
- Permitted Purpose** means the purposes described at clause 8.1 of the Agreement.
- Procurement Policy** means the Procurement policy adopted by the Association in accordance with clause 11.4 of the Agreement.
- Prohibited Purpose** means any of the purposes listed as clause 8.5 of the Agreement.
- Rules** means the Rules of the Association as attached to the Agreement at Attachment 2.
- Scheme Funds** means the funds collected under the Special Rate.
- Special Rate** means the 2019-2023 Precinct Special Rate declared at the ordinary meeting of Council on 24 June 2019.

## Requirements

### Clause 6: Activity Reports & Funding Periods:

The Association must provide an Activity Report to Council in respect of each of the Funding Period by the Reporting Date set out in the below table:

Funding Period	Instalment	Reporting Period	Report Covers
Q1 of 2019/2020	25% of the Special Rate levied for 2019/2020	15 July 2019 (Due to VCAT appeal period Q1 instalment not payable till mid August 2019)	Q4 Delivered Activities Q1 Proposed Activities
Q1 of 2020/2021	25% of the Special Rate levied in that Financial Year	1 July of that Financial Year	Q4 Delivered Activities Q1 Proposed Activities
Q2 of 2020/2021	25% of the Special Rate levied in that Financial Year	1 October of that Financial Year	Q1 Delivered Activities Q2 Proposed Activities
Q3 of 2020/2021	25% of the Special Rate levied in that Financial Year	1 January of that Financial Year	Q2 Delivered Activities Q3 Proposed Activities
Q4 of 2020/2021	25% of the Special Rate levied in that Financial Year	1 April of that Financial Year	Q3 Delivered Activities Q4 Proposed Activities

### Clause 7: Additional Reporting Requirements

Unless otherwise provided in the Activity Report, the Association must, by 14 July of each year during which the Agreement is in force (excluding 19/20 Year 1), submit to Council:

- An Annual Budget, detailing how the Association proposes to use Scheme Funds;
- A Yearly Action Plan, detailing the purposes and activities for which the Association proposes use of the Scheme Funds;
- A schedule of the Association's meetings, including its annual general meeting, for the upcoming year;
- Confirmation in writing that the Association has kept a register for members and a list of Special Rate payers contact details in accordance with clause 12; and
- Copies of certificates of currency for the policies of insurance described in clause 15, and additional requirements as provided for in clauses 7.1.2 and 7.1.3.



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## Requirements (continued)

### Clause 8: Expenditure Requirements:

Clause 8.2. and 8.3 provides for what the Association must and may use the Scheme Funds for. Clause 8.5 records that the Association must not, in using Scheme Funds paid to it under the Agreement for any of the following Prohibited Purposes:

1. Lobbying, whether at local, State or Commonwealth government levels;
2. The personal interests of any member or employee of the Association, unless these interest are consistent with the Permitted Purpose; or
3. Investments or financial agreement enduring beyond the life of the Scheme.
4. Legal fees, unless such fees are necessary for the Declared Purpose, to Council's satisfaction. All legal fees must be disclosed and explained in full in the Quarterly Reporting provided by the Association.

### Clause 10 Cooperation with Council

Clause 10.3 The Association must, unless otherwise agreed by Council in writing:

1. Ensure that there at least on representative (coordinator, general manager or committee member) of the Association in attendance at coordinator ' meetings, governance training (unless evidence that the training has been provided by the Association through an accredited training provider( and business planning workshops arranged by Council; 28 days notice will be provided of these events);
2. Support and promote Council Events held within the precinct;
3. Distribute any Council information to Members and others required to pay special Rate on request by Council;
4. Invite the Council Association Officer to the AGM and at least three Committee meetings, acknowledging that they will not always attend;
5. Maintain the confidentiality of any confidential information provided by Council to the Association;
6. Not do anything to bring Council, its Councillors and staff into disrepute; and ensure that communication with Council, is copied to [precincts@stonnington.vic.gov.au](mailto:precincts@stonnington.vic.gov.au).

## Requirements (continued)

### Clause 11: Procurement Policy

1. The Association must, within 21 days of the Agreement, provide Council with a draft Procurement Policy for Council's approval.
2. The draft Procurement Policy provided to Council under clause 11.1 to the satisfaction of Council, and must specifically provide for the following matters:
  - 1) Managing conflicts of interest;
  - 2) Human resources, including a requirement that written job descriptions and employment criteria be applied for any hiring decisions;
  - 3) The Association to obtain a minimum of one quote for any purchase and a threshold that dictates when two quotes are required;
  - 4) Preference to be given to procurement from suppliers located within the City of Stonnington;
  - 5) A requirement that all suppliers be registered businesses holding an ABN;
  - 6) That the reimbursement of any Committee expenses, including office rental, must be disclosed to Council and receipted;
  - 7) That two Committee signatories are required on any financial transaction that exceed \$1,000, those signatories not to include the coordinator, general manager or equivalent of the Association; and
  - 8) That the employment of staff by the Association must be approved by a quorum or a minimum of two Committee members. Outlines a procedure for the selection and appointment of contractors showing a scale of approval levels/ criteria for varying contract payment amounts.
3. Within 21 days of receiving the draft Procurement Policy provided under clause 11.1 Council will, in writing to the Association, approve the draft Procurement Policy of notify the Association on any required amendments.
4. Within 21 days of Council's approving the draft Procurement Policy or notifying the Association of any required amendments, the Association must adopt the draft Procurement Policy including any required amendments notified by Council.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discussed these when reporting on our audit of CSPA in our report dated 11 November 2021.

## Requirements (continued)

### Clause 12: Membership and Representative Requirements

The Association must, to Council's satisfaction:

1. Keep and maintain a register of Members in accordance with the AIR Act;
2. Demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate; and
3. Compile a comprehensive list of contact details for all occupiers of those properties that are liable to pay the Special Rate irrespective of membership of the Association, to be used to distribute Association and Council information as required.

### Clause 13 Governance requirements of the Funding Agreement

The Association must, to Council's satisfaction:

1. Comply with the AIR Act, including:
  - 1) ensuring the office of Secretary is filled;
  - 2) holding an AGM within the stated period and remain incorporated.
  - 3) providing to Council a copy of the financial statements lodged with the Register if Incorporated Associations within 14 days of lodgement.
  - 4) maintaining adequate and accurate accounting records of its financial transactions in accordance with this legislation; and
  - 5) maintaining a register of members in accordance with the AIR Act.
2. Promptly notify Council of any proposed amendment or modification to the Rules and provide Council with a reasonable opportunity to comment;
3. Promptly notify Council of any significant changes to the Register of Members; and
4. Promptly notify Council if a Committee members resigns, is removed, dies, becomes insolvent under administration, or is charged with an indictable offence'.

## Requirements (continued)

### Clause 14: Accounting Requirements and Audits

1. The Association must, to Council's satisfaction:

- 1) Report on an accrual basis in accordance with generally accepted accounting principles;
  - 2) Appoint an independent bookkeeper or accountant;
  - 3) Present and endorse all financial reports at each Committee meeting;
  - 4) Use propriety financial reporting software, such as MYOB, Xero or QuickBooks, for the management of its financial affairs; and
  - 5) Provide copies of any invoices or statement of works when requested in direct relation to the expenditure of the Special Rate.
2. Council may appoint a person to investigate or audit the Associations compliance with the Agreement.
  3. If Council appoints a person under clause 14.2, the Association must:
    - 1) On request, promptly provide access to any premises or any books of account, documents or other material in the possession, custody or control of the Association; and
    - 2) Provide all reasonable cooperation and assistance.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discussed these when reporting on our audit of CSPA in our report dated 11 November 2021.

## Requirements (continued)

**Rules of the Association** as attached to the Agreement at Attachment 2, the Rules of CSPA provides for the following relevant to our scope:

1. Powers of the Association.
2. Members, Disciplinary Procedures and Grievances.
3. General Meetings of the Association.
4. The Committee.
5. Financial Matters.
6. General Matters.

## Associations Incorporation Reform Act 2012 (AIR Act)

*The main purposes of this AIR Act are—*

- a) *to establish a scheme for the incorporation and registration of voluntary associations and for the registration of other registrable bodies as incorporated associations; and*
- b) *to make provision for the corporate governance, financial accountability and other matters relating to the rules and membership of associations registered under that scheme.*

The following is relevant to our audit:

- Section 48 Rules of an Incorporated Association.
- Section 51 Membership of an Incorporated Association.
- Section 56 Register of members.
- Section 89 Obligation to keep financial records.
- Section 98 Obligation to prepare financial statements (Tier 3 Associations).
- Section 99 Audit of Financial Statements.
- Section 100 Submission of financial statements to annual general

## Requirements (continued)

### The Local Government Act 1989 (LG Act)

#### Section 163 (1): Special rate and special charge

*A Council may declare a special rate, a special charge or a combination of both only for the purposes of—*

a) *defraying any expenses; or*

b) *repaying (with interest) any advance made to or debt incurred or loan raised by the Council—*

*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*



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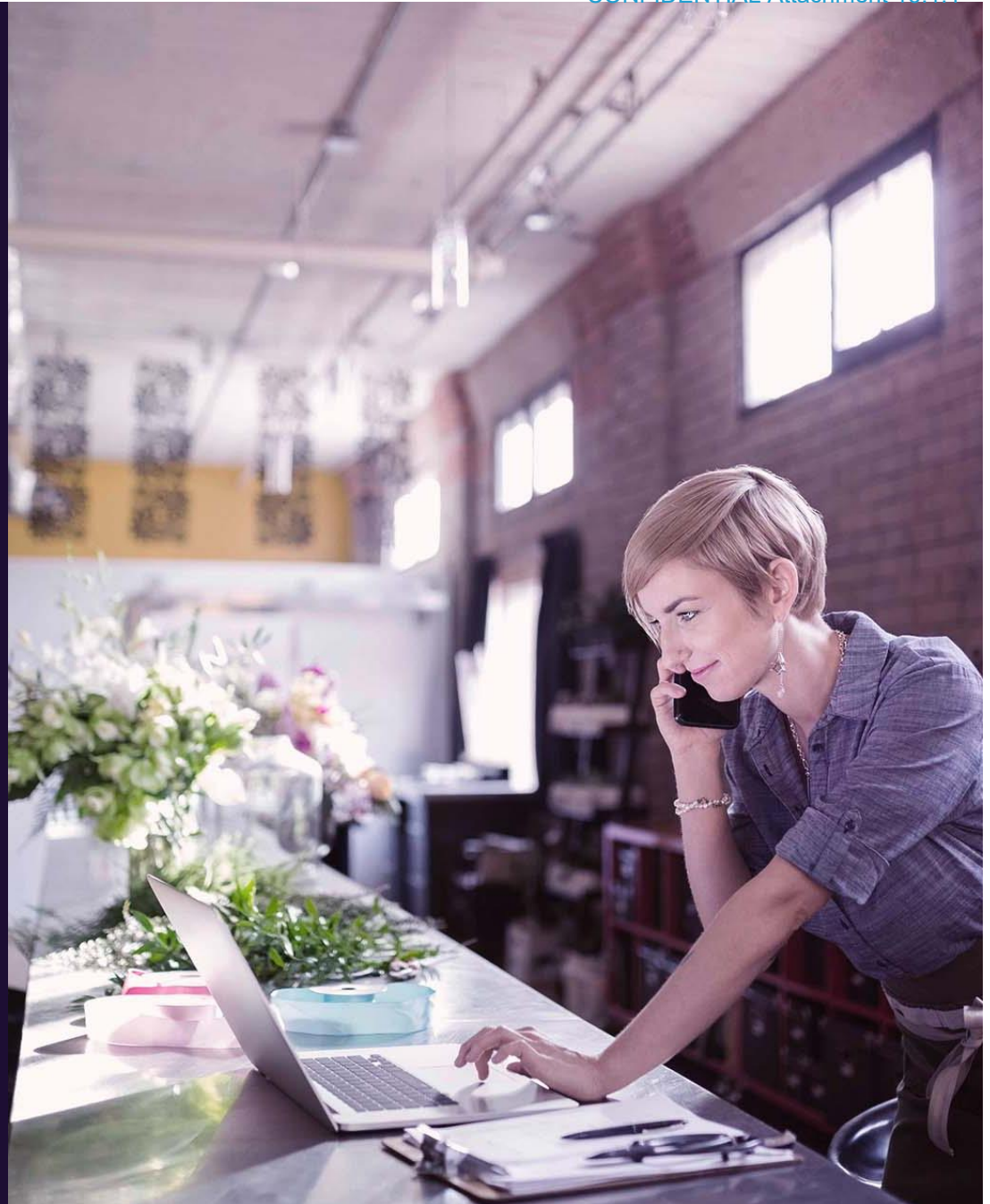
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# **Report: Special Rates Fund Audit: Glenferrie Road Malvern Business Association**

City of Stonnington

September 2022

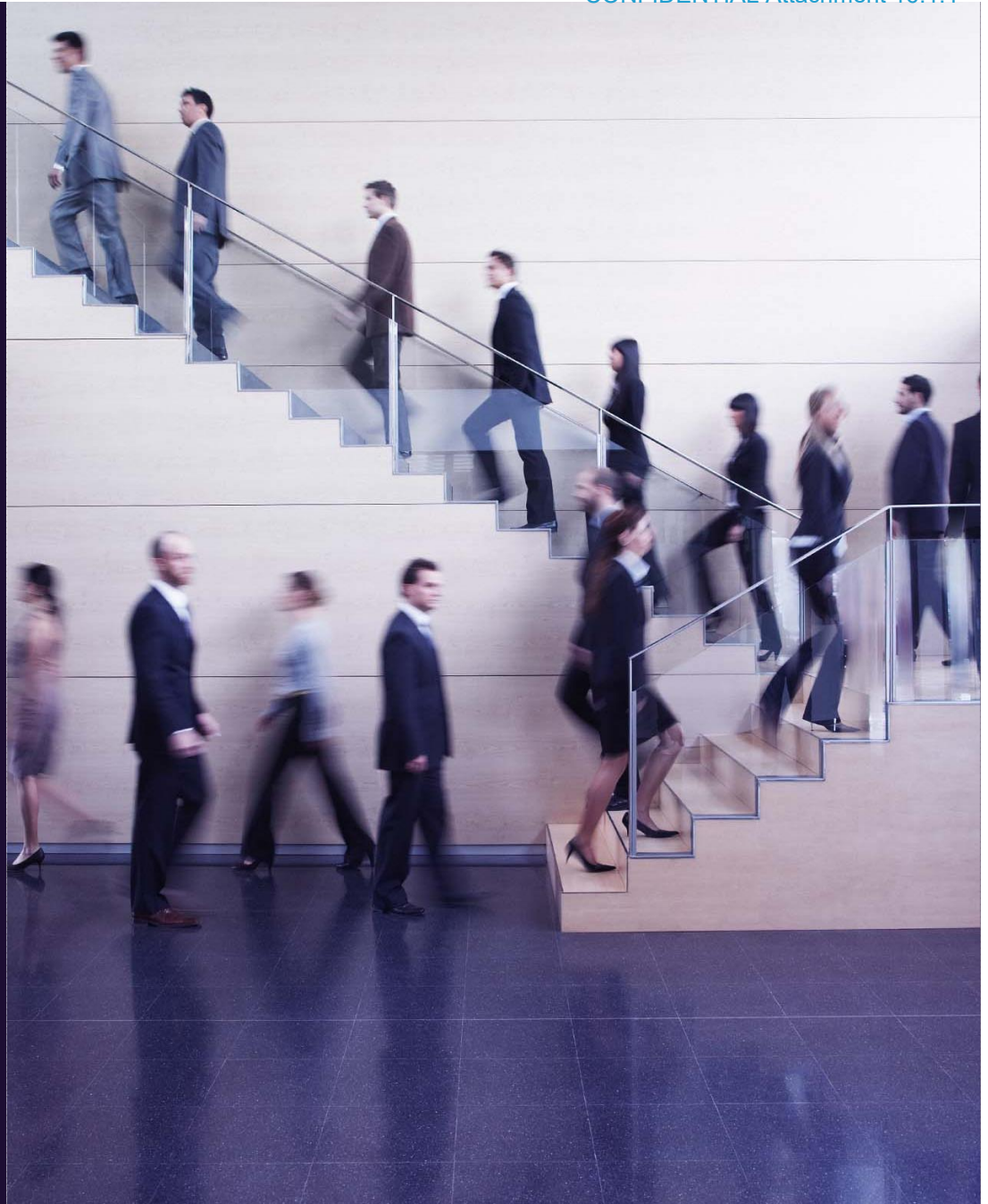


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# Executive Summary



COVER LETTER

Julia Gallace  
Chief Financial Officer  
City of Stonnington  
PO Box 58  
Malvern Victoria 3144

18 August 2022

We refer to our appointment by the City of Stonnington ('Council'), to provide a Special Rates Fund Audit into the 4 remaining Business Associations and attach our report of findings and recommendations for Glenferrie Road Malvern Business Association (GRMBA) for your consideration.

The audits were performed in order to identify areas of better financial management practice, of concern, fraud, misconduct etc. but also identified areas of possible training and support to be provided to the Associations by Council. The audits further determined the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems. We provide further details of our scope of services, findings and recommendations in our Executive Summary and body of this report.

This report is prepared on the basis of the limitations set out below:

The matters raised in this report came to our attention during the course of our review, as a result of our testing performed and interviews conducted. Testing was conducted on a sample basis, over the 2 year period covered by our engagement, and our report therefore provides commentary regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist or improvements that may be made where these relate to controls not tested as part of this review. We refer to these during the course of this report where applicable.

Our review is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Management should therefore not rely solely on our report to identify all weaknesses that may exist and potential instances of fraud and other irregularities.

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Grant Thornton Australia  
Collins Square, Tower 5  
Level 22, 727 Collins Street  
Melbourne Vic 3008

The procedures performed during this audit were limited exclusively to those related to the engagement and do not constitute an audit in accordance with Australian Auditing Standards and accordingly, no assurances are expressed.

Additionally, our audit did not include conducting further enquiries with third parties or performing investigations, where instances of possible fraud, conflicts of interest and misconduct may have occurred.

Our comments should be read in the context of the scope of our work. Where possible, management representations are independently verified, though some findings within this report may have been prepared on the basis of management representations which have not been independently tested.

Recommendations for improvement should be assessed by Council and the Associations Committees, for their full commercial impact before they are implemented.

This report has been prepared solely for the use of Council and GRMBA, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would be pleased to meet with you to discuss our findings.

In the meantime, should you have any questions please do not hesitate to contact me direct on (03) 8663 6123 or 0416 280 708.

Yours sincerely,

Grant Thornton Australia Ltd



**Katherine Shamai**  
Partner, Risk Consulting

# Executive summary

## Background

### Context

Council collects Special Rate funds from commercial premises in five activity centres and remits these funds via funding agreements to five Incorporated Business Associations.

Across the Associations, there is a blend of paid staff but most are volunteers. Each of these Associations manage a yearly allocation of Special Rate funding on behalf of Council. The pools of funding ranges from approximately \$180K to \$1.2m per annum. The funds are remitted to each Association via a signed and binding Special Rate Funding Agreement. Council is the statutory body ultimately responsible for these Special Rate funds and must ensure that the funds are being appropriately managed and expended in accordance with the Special Rate Funding Agreement by each of the Associations.

Council requires finance and governance audits of four precinct Business Associations (Chapel Street Precinct Association is not included in this scope) being:

1. Glenferrie Road Malvern Business Association (GRMBA).
2. High Street Armadale Business Association (HSABA).
3. Toorak Road South Yarra Business Association (TRSYBA).
4. Toorak Village Traders Association (TVTA).

A full financial and governance audit is required to be completed by 30 June 2022 at the Association's respective offices or mutually agreed location. The audits will identify areas of better financial management practice, of concern, fraud, misconduct etc. but also to identify areas of possible training and support to be provided to the Associations by Council. The audits are to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems.

The audits and subsequent reports will be used to support Council in delivering the statutory obligations of management of the Special Rates. Additionally, they will allow Council to understand the current operating effectiveness of the Associations and identify any breaches or areas of concern and/or any training or support that Council needs to provide to each of the Associations to reach and operate at better practice level in financial management and governance whilst expending Special Rate funds.

### Scope of Work

Our scope of work, where applicable to the Associations, is as follows:

#### 1. Financial Management

- 1) Review of credit cards expenditure, including process and sample testing.
- 2) Review of procurement / accounts payable, including process and sample testing.
- 3) Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.
- 4) Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice. Conduct interviews where required, to determine answers to any questions as a result of the testing.
- 5) Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.
- 6) Perform a comparative of the financial data provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.
- 7) Conduct interviews of matters identified across the financial management audit.

# Executive summary (continued)

## Scope of work – continued

### 2. Governance

- 1) Review of Board artefacts, including but not limited to agendas, minutes, charters, and board packs.
- 2) Review of governance arrangements including Board composition, sub-committees, interaction/engagement between management and Board.
- 3) Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.
- 4) Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.

### 3. Member Engagement

- 1) Obtain an understanding of the process around membership recruitment and becoming a member.
- 2) Obtain an understanding of each Association's membership base and types of membership.
- 3) Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.

# Executive summary (continued)

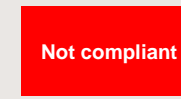
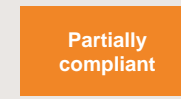
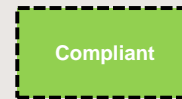
We summarise the Stage Assessment (% compliant) for GRMBA below:

## Glenferrie Road Malvern Business Association (GRMBA)

### GRMBA: Stage assessment (% compliant)

Stages	Compliant	Partially compliant	Not compliant
Financial	67%	33%	0%
Governance	100%	0%	0%
Member Engagement	100%	0%	0%

### GRMBA: Overall rating



An overall rating of Compliant has been applied to this review.

	Financial Management	Governance	Member Engagement	Overall Assessment
Glenferrie Road Malvern Business Association				



Compliant



Partially compliant



Not compliant

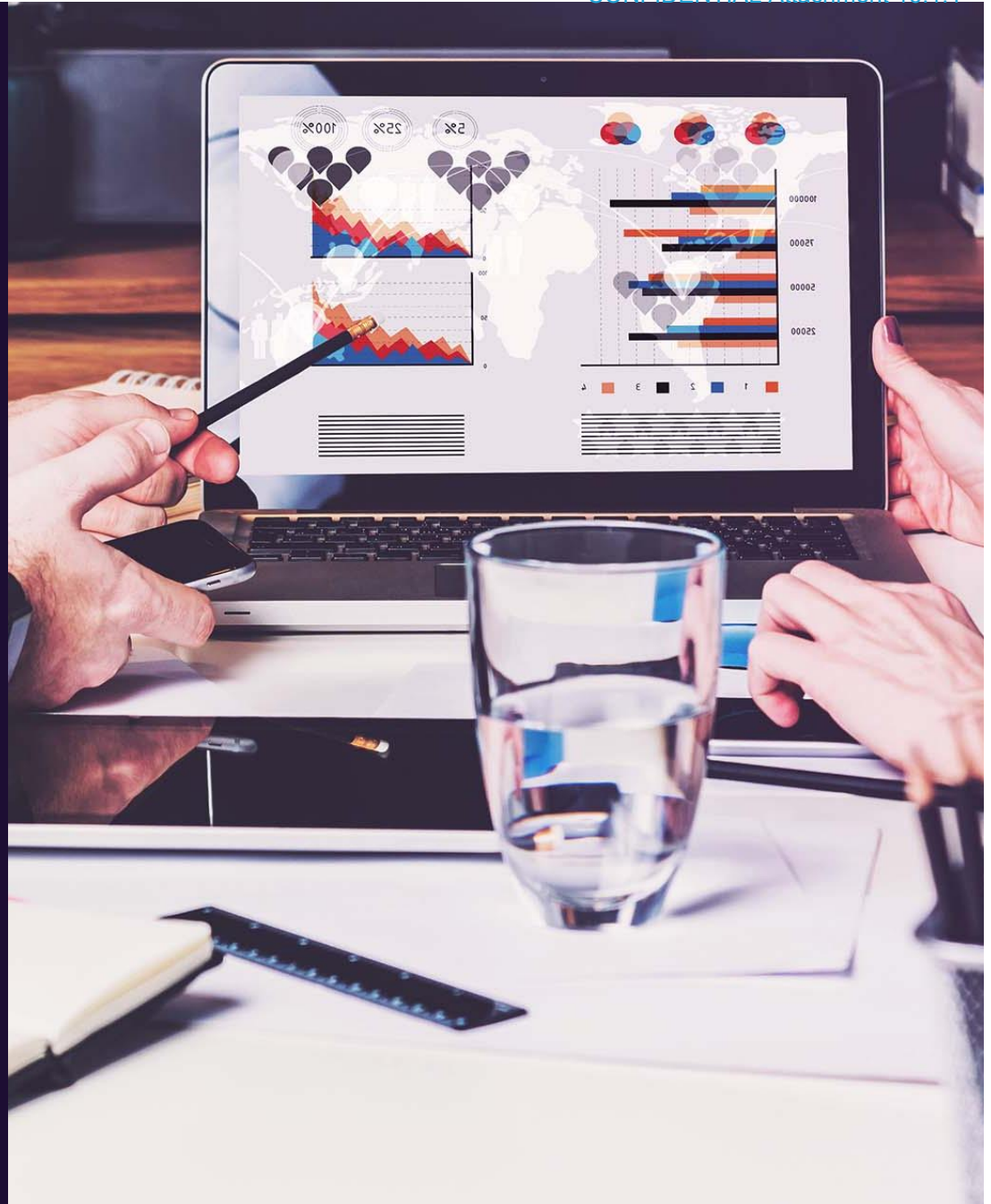
# Executive summary (continued)

## GRMBA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<ol style="list-style-type: none"> <li>1) Develop a debit card policy that outline approvals and limitations of maximum spend on the debit card. The policy is to be approved by the Committee and then submitted to Council for approval as required in terms of the Funding Agreement.</li> <li>2) Retention of all supporting documents for debit card purchases for record keeping purposes.</li> <li>3) Develop a Procurement Policy which includes all requirements outlined in section 11 of the Funding Agreement. The Debit Card policy may be included as a component of the Procurement Policy. The policy is to be approved by the Committee and then submitted to Council for approval as required in terms of the Funding Agreement. The policy must include:               <ol style="list-style-type: none"> <li>i. The Association obtain one quotation for all purchases less than \$5,000 and that this quotation, whether received in writing or verbally, be documented for record keeping purposes.</li> <li>ii. The Association obtain 2 quotations for purchases of \$5,000 and above, and that these be retained for record keeping purposes.</li> <li>iii. Where there are exceptions to the rule e.g. sole suppliers, preferred suppliers or urgent &amp; emergency cases, that this be documented for record keeping purposes.</li> </ol> </li> <li>4) Annual Reports are completed and presented at the AGM's and submitted to Council, together with the Audited Financial Reports.</li> </ol>
2. Governance	<ol style="list-style-type: none"> <li>1) Ensure a quorum is achieved at all Committee Meetings.</li> <li>2) Ensure Committee Members are aware of their respective roles and functions on the Committee, and where required attend relevant Governance training.</li> </ol>
3. Member Engagement	<ol style="list-style-type: none"> <li>1) The Association must ensure that the Register of Members is kept up to date and accurately records the member base.</li> <li>2) Ensure that Activity Reports provided to Council accurately records the number of members as per the Register of Members, including the type of membership.</li> </ol>



# Methodology



# Overview of Methodology

We use a standard approach to our audits in accordance with better practice and standards, and is performed in a phased approach as recorded hereunder. This was changed and adapted, as the operations and implementation of specific requirements of each Association differed.

Phase 1: Planning	Phase 2: Detailed Audit	Phase 3: Reporting
<ul style="list-style-type: none"> <li>• Conduct an introductory/planning meeting with Council, to agree on our scope and audit plan.</li> <li>• Agree on reporting protocols to Council, during the course of the audits.</li> <li>• Agree on key deliverable dates and timelines.</li> <li>• Request all relevant information and documentation from Council where required, based on our understanding of the audit and background into the respective Associations, that may include:               <ul style="list-style-type: none"> <li>➢ Special Rates Fund Agreement between Council and the Associations;</li> <li>➢ Rules/ Constitution of the Associations;</li> <li>➢ Associations Procurement Policy approved by Council where applicable;</li> <li>➢ Most recent financial statements and data provided to Council;</li> <li>➢ FY2021/2022, Q3 Activity Report provided to Council where applicable;</li> <li>➢ Lists of Memberships and Special Rate Payers; and</li> <li>➢ Other information relevant to our scope in possession of Council.</li> </ul> </li> <li>• Agree on introductory meetings with the 4 Associations and our key contact persons, to kick-off the audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct introductory meeting with the 4 Associations key contact persons/ Coordinators.</li> <li>• Request all relevant information and data, in addition to that provided by Council for FY 2020 and FY 2021, including but not limited to:               <ul style="list-style-type: none"> <li>➢ Associations Annual Reports;</li> <li>➢ Credit/ Debit Card Expenditure, including policy/process;</li> <li>➢ Procurement/ Accounts Payable data;</li> <li>➢ Quarterly Reports &amp; Audited Financial Statements submitted to Council;</li> <li>➢ Board composition, sub-committees and Management engagement; and</li> <li>➢ Board agendas, minutes, charters, and board packs.</li> </ul> </li> <li>• Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.</li> <li>• Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.</li> <li>• Obtain an understanding of Associations membership base &amp; types of membership.</li> <li>• Process around membership and becoming a member.</li> <li>• Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft comprehensive report of the factual findings of the audit, areas of better practice, areas of concern, areas of immediate attention, and possible training and support needed by each Association.</li> <li>• The identification and immediate reporting of any Fraud, Misconduct and Irregularities to Council only.</li> <li>• The findings are to be kept confidential until investigation is completed and are only for Council purposes.</li> <li>• Recommendations which may form a framework for each Association to meet better practices for fiscal management and governance arrangements of Special Rate funds.</li> </ul>

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8. **Procurement Policy** means the Procurement policy adopted by the Association in accordance with clause 11.4 of the Agreement.
9. **Prohibited Purpose** means any of the purposes listed as clause 8.5 of the Agreement.
10. **Rules** means the Rules of the Association as attached to the Agreement at Attachment 2.
11. **Scheme Funds** means the funds collected under the Special Rate.
12. **Special Rate** means the 2019-2023 Precinct Special Rate declared at the ordinary meeting of Council.

## Requirements

### Clause 6: Activity Reports & Funding Periods:

The Association must provide an Activity Report to Council in respect of each of the Funding Period by the Reporting Date set out in the below table:

Funding Period	Instalment	Reporting Period	Report Covers
Q1 and Q2 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 July of that Financial Year	Q3 & Q4 Delivered Activities Q1 & Q2 Proposed Activities
Q3 and Q4 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 January of that Financial Year	Q1 & Q2 Delivered Activities Q3 & Q4 Proposed Activities

### Clause 7: Additional Reporting Requirements

Unless otherwise provided in the Activity Report, the Association must, by 14 July of each year during which the Agreement is in force (excluding 19/20 Year 1), submit to Council:

- a) An Annual Budget, detailing how the Association proposes to use Scheme Funds;
- b) A Yearly Action Plan, detailing the purposes and activities for which the Association proposes use of the Scheme Funds;
- c) A schedule of the Association's meetings, including its annual general meeting, for the upcoming year;
- d) Confirmation in writing that the Association has kept a register for members and a list of Special Rate payers contact details in accordance with clause 12; and
- e) Copies of certificates of currency for the policies of insurance described in clause 15, and additional requirements as provided for in clauses 7.1.2 and 7.1.3.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 8: Expenditure Requirements:

Clause 8.2. and 8.3 provides for what the Association must and may use the Scheme Funds for. Clause 8.5 records that the Association must not, in using Scheme Funds paid to it under the Agreement for any of the following Prohibited Purposes:

1. Lobbying, whether at local, State or Commonwealth government levels;
2. The personal interests of any member or employee of the Association, unless these interest are consistent with the Permitted Purpose; or
3. Investments or financial agreement enduring beyond the life of the Scheme.
4. Legal fees, unless such fees are necessary for the Declared Purpose, to Council's satisfaction. All legal fees must be disclosed and explained in full in the Quarterly Reporting provided by the Association.

### Clause 10 Cooperation with Council

Clause 10.3 The Association must, unless otherwise agreed by Council in writing:

1. Ensure that there at least on representative (coordinator, general manager or committee member) of the Association in attendance at coordinator ' meetings, governance training (unless evidence that the training has been provided by the Association through an accredited training provider( and business planning workshops arranged by Council; 28 days notice will be provided of these events);
2. Support and promote Council Events held within the precinct;
3. Distribute any Council information to Members and others required to pay special Rate on request by Council;
4. Invite the Council Association Officer to the AGM and at least three Committee meetings, acknowledging that they will not always attend;
5. Maintain the confidentiality of any confidential information provided by Council to the Association;
6. Not do anything to bring Council, its Councillors and staff into disrepute; and ensure that communication with Council, is copied to [precincts@stonnington.vic.gov.au](mailto:precincts@stonnington.vic.gov.au).

## Requirements (continued)

### Clause 11: Procurement Policy

1. The Association must, within 21 days of the Agreement, provide Council with a draft Procurement Policy for Council's approval.
2. The draft Procurement Policy provided to Council under clause 11.1 to the satisfaction of Council, and must specifically provide for the following matters:
  - 1) Managing conflicts of interest;
  - 2) Human resources, including a requirement that written job descriptions and employment criteria be applied for any hiring decisions;
  - 3) The Association to obtain a minimum of one quote for any purchase and a threshold that dictates when two quotes are required;
  - 4) Preference to be given to procurement from suppliers located within the City of Stonnington;
  - 5) A requirement that all suppliers be registered businesses holding an ABN;
  - 6) That the reimbursement of any Committee expenses, including office rental, must be disclosed to Council and receipted;
  - 7) That two Committee signatories are required on any financial transaction that exceed \$1,000, those signatories not to include the coordinator, general manager or equivalent of the Association; and
  - 8) That the employment of staff by the Association must be approved by a quorum or a minimum of two Committee members. Outlines a procedure for the selection and appointment of contractors showing a scale of approval levels/ criteria for varying contract payment amounts.
3. Within 21 days of receiving the draft Procurement Policy provided under clause 11.1 Council will, in writing to the Association, approve the draft Procurement Policy of notify the Association on any required amendments.
4. Within 21 days of Council's approving the draft Procurement Policy or notifying the Association of any required amendments, the Association must adopt the draft Procurement Policy including any required amendments notified by Council.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 12: Membership and Representative Requirements

The Association must, to Council's satisfaction:

1. Keep and maintain a register of Members in accordance with the AIR Act;
2. Demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate; and
3. Compile a comprehensive list of contact details for all occupiers of those properties that are liable to pay the Special Rate irrespective of membership of the Association, to be used to distribute Association and Council information as required.

### Clause 13 Governance requirements of the Funding Agreement

The Association must, to Council's satisfaction:

1. Comply with the AIR Act, including:
  - 1) ensuring the office of Secretary is filled;
  - 2) holding an AGM within the stated period and remain incorporated.
  - 3) providing to Council a copy of the financial statements lodged with the Register if Incorporated Associations within 14 days of lodgement.
  - 4) maintaining adequate and accurate accounting records of its financial transactions in accordance with this legislation; and
  - 5) maintaining a register of members in accordance with the AIR Act.
2. Promptly notify Council of any proposed amendment or modification to the Rules and provide Council with a reasonable opportunity to comment;
3. Promptly notify Council of any significant changes to the Register of Members; and
4. Promptly notify Council if a Committee members resigns, is removed, dies, becomes insolvent under administration, or is charged with an indictable offence'.

## Requirements (continued)

### Clause 14: Accounting Requirements and Audits

1. The Association must, to Council's satisfaction:

- 1) Report on an accrual basis in accordance with generally accepted accounting principles;
  - 2) Appoint an independent bookkeeper or accountant;
  - 3) Present and endorse all financial reports at each Committee meeting;
  - 4) Use propriety financial reporting software, such as MYOB, Xero or QuickBooks, for the management of its financial affairs; and
  - 5) Provide copies of any invoices or statement of works when requested in direct relation to the expenditure of the Special Rate.
2. Council may appoint a person to investigate or audit the Associations compliance with the Agreement.
  3. If Council appoints a person under clause 14.2, the Association must:
    - 1) On request, promptly provide access to any premises or any books of account, documents or other material in the possession, custody or control of the Association; and
    - 2) Provide all reasonable cooperation and assistance.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

**Rules of the Association** as attached to the Agreement at Attachment 2, generally the Rules of the Association across the 4 Associations provides for the following relevant to our scope:

1. Membership.
2. General Meetings of the Association.
3. The Committee.
4. Financial Matters.
5. General Matters.

## Associations Incorporation Reform Act 2012 (AIR Act)

*The main purposes of this AIR Act are—*

- a) *to establish a scheme for the incorporation and registration of voluntary associations and for the registration of other registrable bodies as incorporated associations; and*
- b) *to make provision for the corporate governance, financial accountability and other matters relating to the rules and membership of associations registered under that scheme.*

The following is relevant to our audit:

- Section 48 Rules of an Incorporated Association.
- Section 51 Membership of an Incorporated Association.
- Section 56 Register of members.
- Section 89 Obligation to keep financial records.
- Section 98 Obligation to prepare financial statements (Tier 3 Associations).
- Section 99 Audit of Financial Statements.
- Section 100 Submission of financial statements to annual general

## Requirements (continued)

### The Local Government Act 1989 (LG Act)

#### Section 163 (1): Special rate and special charge

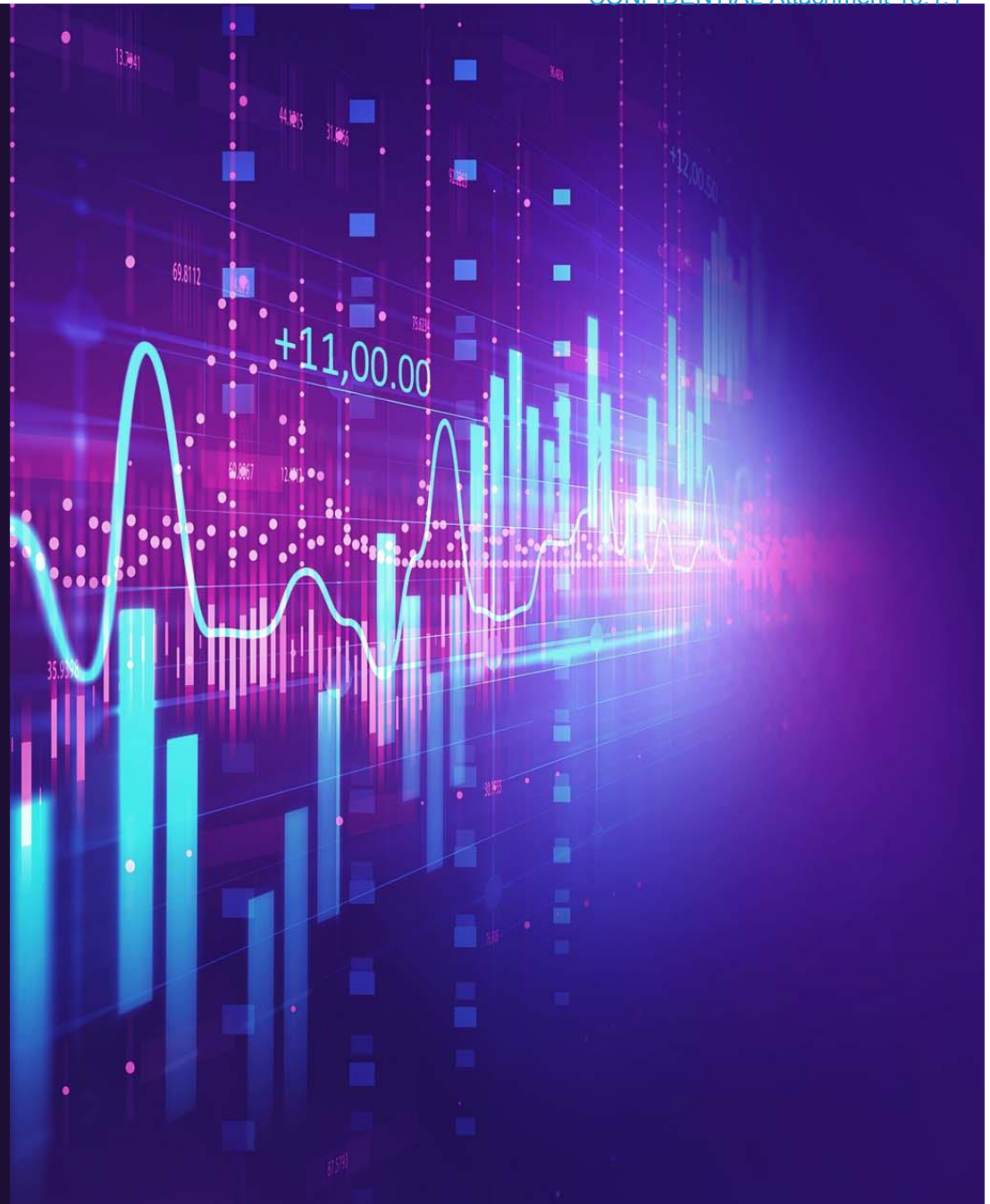
*A Council may declare a special rate, a special charge or a combination of both only for the purposes of—*

- a) *defraying any expenses; or*
- b) *repaying (with interest) any advance made to or debt incurred or loan raised by the Council—*

*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*



# Glenferrie Road Malvern Business Association Evaluation





# Glenferrie Road Malvern Business Association

**Date of Incorporation:** 24<sup>th</sup> March 1997.

**Registered address:** P.O. Box 30 Malvern VIC 3144.

**Coordinator:** Alex Hume, email: [info@glenferrieroadmalvern.com.au](mailto:info@glenferrieroadmalvern.com.au), mobile 0410 504 994.

**Staff:** GRMBA do not employ any full time staff.

**Committee:** Comprises a President, Vice-President, Treasurer, Secretary and 5 Ordinary members (elected at the Annual General Meeting). The Committee members during the audit period (excluding the 5 Ordinary members) are listed below:

	Name	Business Name	Position	Period
1	Greg Davis	Aussie Home Loans	President	2019 – 2020
2	Kate Perlstein	Orthotic Plus	President	2020 - 2021
3	Kate Perlstein	Orthotic Plus	Vice President	2019 - 2020
4	Kylie Gordon	Malvern Central	Vice President	2020 - 2021
5	Linda Aydin	OHM Chartered Accountants	Treasurer	2019 - 2020
6	Jamie-lee Sherriff	Vital Effect	Treasurer	2020 - 2021
7	Linda Tassone	Jeffreys Books	Secretary	2019- 2021

**Bookkeepers / Accountants:** Jeremy Liston, Liston Newton Advisory, 246 Glenferrie Road Malvern VIC 3144, Phone: 03 9069 2605.

**Independent Auditors:** Terry Quirk, CA, email: [tgsupremo@hotmail.com](mailto:tgsupremo@hotmail.com), phone: 03 9819 5840.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment								
1. Review of credit / debit cards expenditure, including process and sample testing.	GRMBA holds 2 bank accounts: 1. Business Account # 69098 7622. 2. Debit Card Account # 90893 5500.									
	GRMBA does not have a debit card policy. The Coordinator informed us that the debit card is used by the Coordinator to pay for expenses not payable via EFT and for subscriptions, including Mailchimp, Xero and Apple. This was confirmed in subsequent interviews with the Associations Bookkeepers, Liston Newton and that they perform monthly reconciliations.									
	Furthermore, all transfers from the Business Account to the debit card are approved by GRMBA dual authorisation. However, not all supporting documents for debit card purchases were made available during our sample testing.									
	The Funding Agreement in Clause 11, Procurement Policy is silent on whether the Association is required to have a debit card policy.									
	In FY2019/2020 17.24% of GRMBA's total spend were inter account transfers from the Business Account to the Debit Card, which increased in FY2020/2021 to 32.74%, which was also the highest category spend for FY2020/2021. We will comment further on this in our analysis of the Business Account.									
	The breakdown of spend per FY on the debit card, is illustrated in the table below:									
	<table><tr><th>FY</th><th>Sum of transactions</th></tr><tr><td>2019/2020</td><td>\$9,672.44</td></tr><tr><td>2020/2021</td><td>\$98,182.72</td></tr><tr><td>Total</td><td>\$107,855.16</td></tr></table>	FY	Sum of transactions	2019/2020	\$9,672.44	2020/2021	\$98,182.72	Total	\$107,855.16	
FY	Sum of transactions									
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Debit Card: Summary findings

- GRMBA does not have a documented debit card policy.
- All transfers from the Business Bank Account are authorised by the Association's Bookkeepers.
- There is no record of approvals and the limitations of maximum spend on the Debit Card.
- In FY2020/2021, \$74,426 was spent on the Debit Card for the purchase of gift cards, which is recorded in the Annual Report and Audited Financial Report, for MalvernKeeper.
- GRMBA does not retain all supporting documents for debit card purchases.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

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# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>The Monthly spend per month in each FY is illustrated below:</p> <p>Monthly Spend Comparison for FY19-20</p> <p>Monthly Spend Comparison in FY20-21</p>	

### Stage assessment

Stages	Assessment
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Member Engagement	

### Overall rating

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# Glenferrie Road Malvern Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																																												
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>The primary reason for the huge increase in spending on the Debit Card in FY 2020/2021 is due to payments made against 'Malvern Keeper'. The Annual Report records that Malvern Keeper is a program developed by the Association to provide supplementary support to businesses in the Malvern area financially affected by the pandemic. This financial support is facilitated by the Association purchasing \$100 gift cards and distributing them to other businesses to use on one another. The scheme was launched in July 2020 and has since undergone multiple rounds due to its success, with the Committee agreeing to run the program each quarter. The initial round in July 2020 saw 101 businesses register for the scheme. The following months saw Round 2 launching with 60 businesses participating and round 3 and 4 with around 50-60 and 56 businesses respectively.</p> <p>In FY2020/2021, \$74,426 was spent on the Debit Card for the purchase of gift cards. This is further recorded in the Annual Report and Audited Financial Report, where the expenditure is categorised as a 'Promotional Activity- MalvernKeeper'. We selected 10 samples across all spending (not limited to gift cards) for testing in each of the financial years:</p> <p><b>FY2019/2020</b></p> <table><tr><th></th><th>Date</th><th>Description</th><th>Amount</th></tr><tr><td>1</td><td>09/07/2019</td><td>Winter Malvern Malvern</td><td>\$122.41</td></tr><tr><td>2</td><td>04/09/2019</td><td>Pho55 Malvern</td><td>\$474.40</td></tr><tr><td>3</td><td>02/10/2019</td><td>Wilson Self Storage Malvern</td><td>\$545</td></tr><tr><td>4</td><td>08/10/2019</td><td>Brumbys Bakery Malvern</td><td>\$23</td></tr><tr><td>5</td><td>30/10/2019</td><td>Caffe La Via Malvern</td><td>\$698.74</td></tr><tr><td>6</td><td>14/11/2019</td><td>The Wrapping Paper Co. Ptbraeside</td><td>\$390</td></tr><tr><td>7</td><td>26/11/2019</td><td>Consumer Affairs Vic Melbourne</td><td>\$118.50</td></tr><tr><td>8</td><td>19/12/2019</td><td>Officeworks 0345 Carnegie Au</td><td>\$236.68</td></tr><tr><td>9</td><td>12/02/2020</td><td>Peter Cat Café Malvern</td><td>\$89</td></tr><tr><td>10</td><td>26/04/2020</td><td>Queen Glenferrie Rose Mal</td><td>\$25</td></tr></table>		Date	Description	Amount	1	09/07/2019	Winter Malvern Malvern	\$122.41	2	04/09/2019	Pho55 Malvern	\$474.40	3	02/10/2019	Wilson Self Storage Malvern	\$545	4	08/10/2019	Brumbys Bakery Malvern	\$23	5	30/10/2019	Caffe La Via Malvern	\$698.74	6	14/11/2019	The Wrapping Paper Co. Ptbraeside	\$390	7	26/11/2019	Consumer Affairs Vic Melbourne	\$118.50	8	19/12/2019	Officeworks 0345 Carnegie Au	\$236.68	9	12/02/2020	Peter Cat Café Malvern	\$89	10	26/04/2020	Queen Glenferrie Rose Mal	\$25	
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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- GRMBA does not retain all supporting documents for debit card purchases.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
1. Review of credit / debit cards expenditure, including process and sample testing.	<b>FY2020/2021</b>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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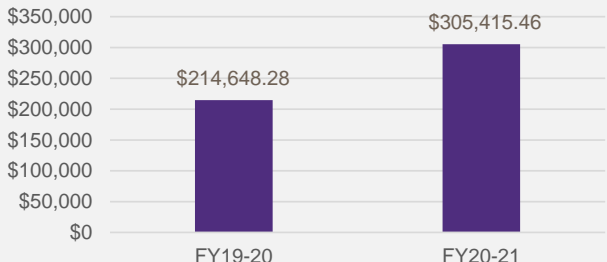
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# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment						
2. Review of procurement / Accounts Payable, including process and sample testing.	The AP data records the following total spend per Financial Year:							
	<table><thead><tr><th>Financial Year</th><th>Total spend</th></tr></thead><tbody><tr><td>2019/2020</td><td>\$214,648.28</td></tr><tr><td>2020/2021</td><td>\$305,415.46</td></tr></tbody></table>	Financial Year	Total spend	2019/2020	\$214,648.28	2020/2021	\$305,415.46	
	Financial Year	Total spend						
	2019/2020	\$214,648.28						
	2020/2021	\$305,415.46						
This is illustrated below:								
								
	GRMBA provided us with a 'Procurement Statement of Commitment' which is identical to an 'Accounts Payable Policy' provided to us by Council. These documents provide for amongst others: <ul style="list-style-type: none"><li>• Commitment to purchase from membership, within the City of Stonnington or from small business.</li><li>• Obtaining quotations from 3 suppliers for purchases &lt;\$5,000.</li><li>• 2 signatories to authorise all payments. There are currently 4 authorised signatories: the Coordinator, Bookkeeper and two Committee members. In October 2021, GRMBA authorised Liston Newton (Bookkeeper) to countersign all payments.</li></ul>							

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings


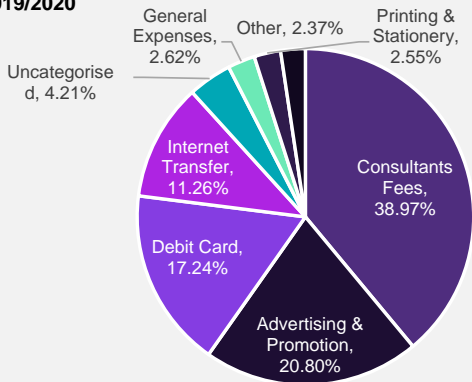

- GRMBA does not have a Procurement Policy *per se*, that includes all the requirements provided for in their Rules.
- GRMBA's 'Procurement Statement of Commitment' requires quotations from 3 suppliers for purchases >\$5,000 and is silent on the requirement to obtain 1 quotation for all (other order). The Funding Agreement does not specify whether the quotations must be written or verbal quotations.
- The increase in spend in FY2020/2021 is attributed to transfers to the Debit card for MalvernKeeper. \$100,000 was transferred to the debit card in FY 2020/2021, of which \$74,426 was subsequently spent on MalvernKeeper. In total \$137,000 was transferred to the Debit Card in FY 2019/2020 and FY 2020/2021.






# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>The 'Procurement Statement Commitment/ Accounts Payable Policy' does not satisfy all the requirements of the Procurement Policy provided for in Clause 11 of the Agreement. Significantly they do not address managing conflicts of interest and obtaining at least 1 quotation for any (all) purchases. The Funding Agreement does not specify whether the quotations must be written or verbal quotations.</p> <p>However, the Rules of the Association and GRMBA Committee Members Code of Conduct, provide for Conflicts of Interest &amp; Declaration of Interests, respectively. Neither of these 2 documents specify where conflicts of interest are recorded e.g. in a COI Register and how COIs are managed.</p> <p>The documents are not dated and there is no indication as to when they were approved by Council and adopted.</p>	
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>The Breakdown of Accounts Payable by Category per FY is illustrated below:</p> <p><b>FY2019/2020</b></p> 	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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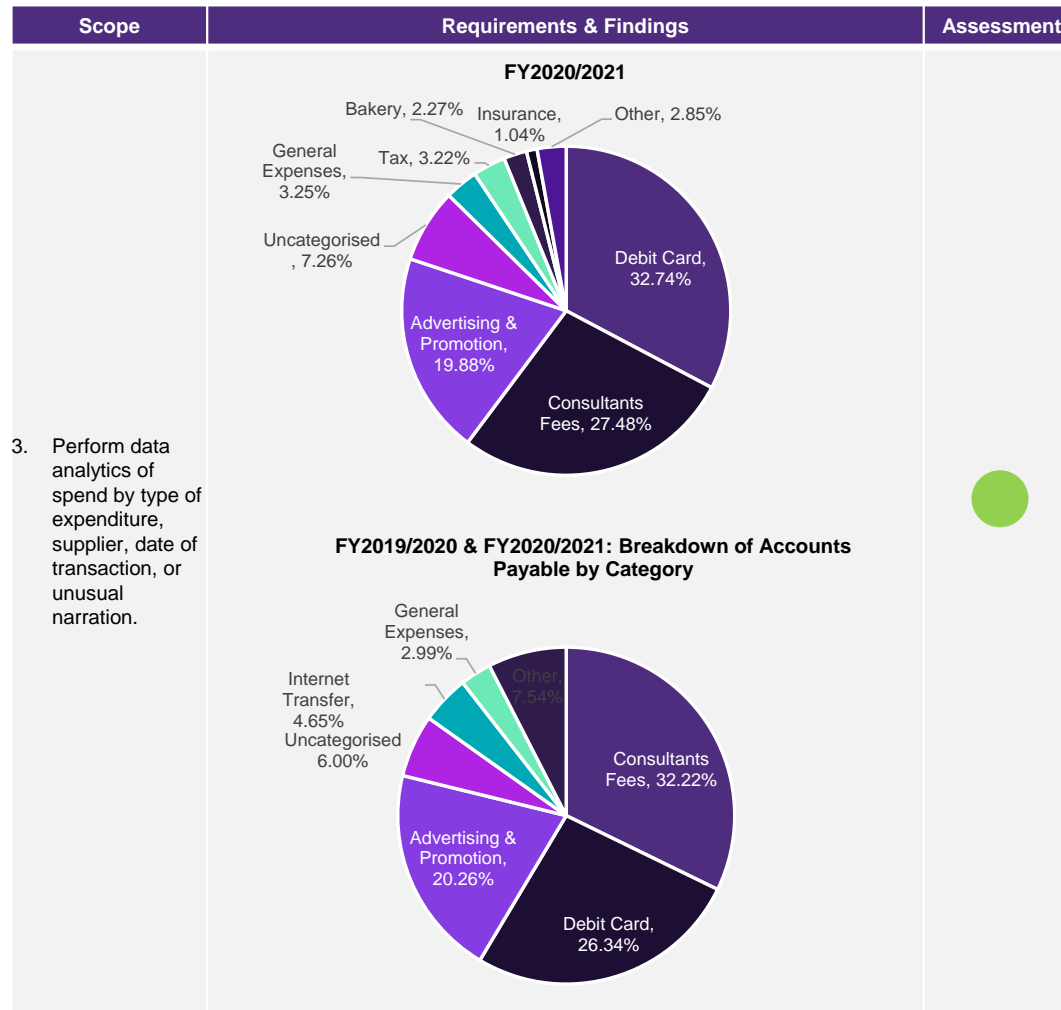
### Financial Management - Procurement & Accounts Payable: Summary findings

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- The increase in spend in FY2020/2021 is attributed to transfers to the Debit card for MalvernKeeper. \$100,000 was transferred to the debit card in FY 2020/2021, of which \$74,426 was subsequently spent on MalvernKeeper. In total \$137,000 was transferred to the Debit Card in FY 2019/2020 and FY 2020/2021.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the GRMBA spend over the two financial years, did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In FY 2020/2021, the highest spend was transfers to the debit card, for payments to fund MalvernKeeper.
- Consultants Fees and the costs of Advertising & Promotions was fairly consistent over both financial years.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment																											
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	The top categories of spend per FY is summarised below:  <b>FY2019/2020</b>																												
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Consultants Fees largely consisted of payments made to Alex Hume Consulting. Two other immaterial payments were also included in this category relating to a payment made to Deep End Services and a payment made to “consulting” with no additional context.																													

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the GRMBA spend over the two financial years, did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In FY 2020/2021, the highest spend was transfers to the debit card, for payments to fund MalvernKeeper.
- Consultants Fees and the costs of Advertising & Promotions was fairly consistent over both financial years.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings		Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	FY2020/2021		

## Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

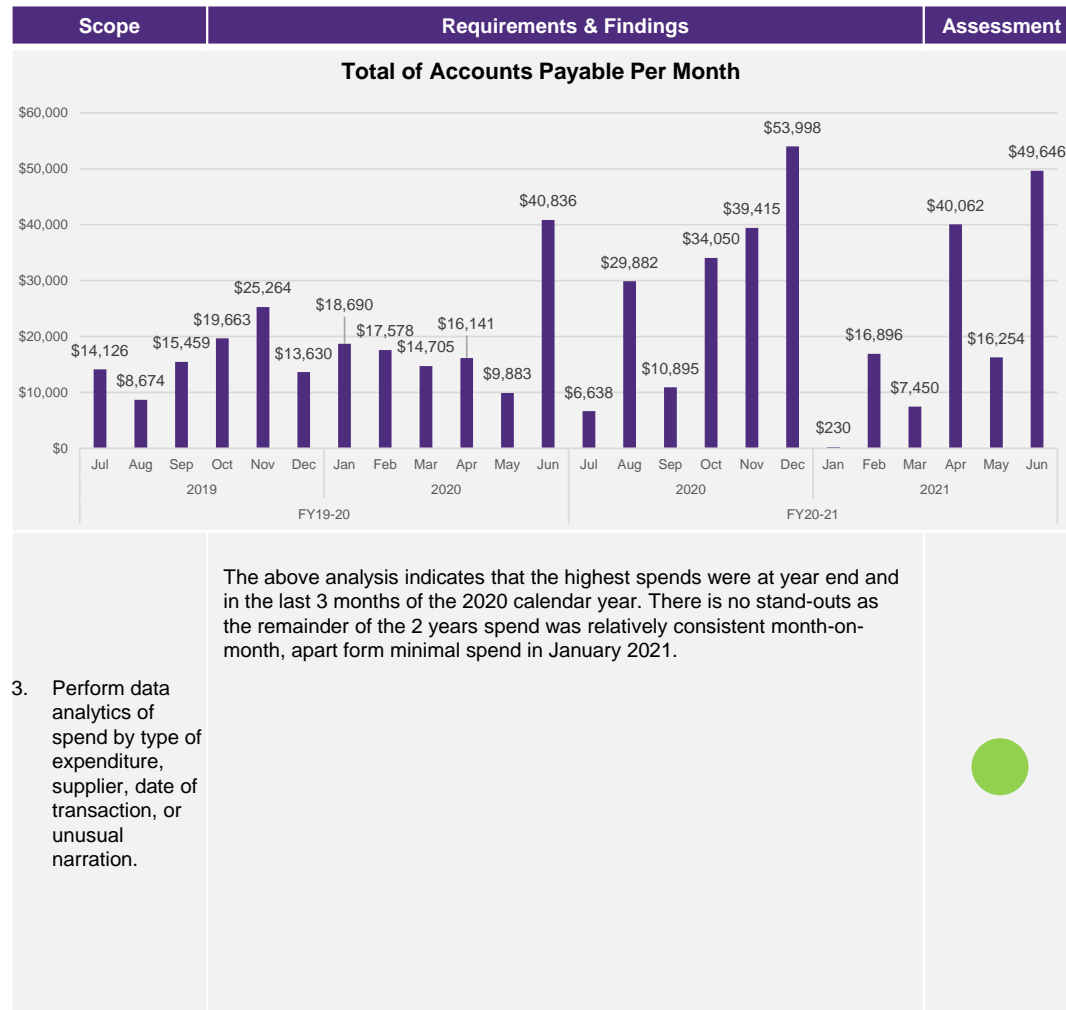
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# Glenferrie Road Malvern Business Association

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## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

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# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment																																												
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Sample Testing: Summary Findings

- We received 10 of the 10 invoices for samples selected in FY 2019/2020.
- We received 9 of 10 invoices for samples selected in FY 2020/2021. The exception was cash paid to casual staff (children to perform Christmas wrapping) amounting to \$6,255.00 on 22 December 2020. We received a spreadsheet listing the names of 9 children who each received \$695.
- We did not receive quotations for any of the 10 samples selected in each of the of the FY 2019/2020 FY 2020/2021. The Funding Agreement requires 1 quotation for all purchases & HSABA's *Procurement Statement of Commitment* requires 3 quotations for purchases >\$5,000.00.
- The Coordinator informed us that she obtains quotations through market research to ensure value for money, but she does not retain the records of this.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	<p>We received 10 of the 10 invoices for samples selected in FY 2020/2021. We did not receive quotations for any of the 10 samples selected in FY 2020/2021. The Funding Agreement requires 1 quotation for all purchases &amp; HSABA's <i>Procurement Statement of Commitment</i> requires 3 quotations for purchases &gt;\$5,000.00. 1 of the 10 samples exceeded \$5,000, for the purchase of Hand Sanitiser 250ml gel pump bottles.</p> <p>We received 9 of the 10 invoices for samples selected in FY 2020/2021. The exception was cash paid to casual staff (children to perform Christmas wrapping) amounting to \$6,255.00 on 22 December 2020. We received a spreadsheet listing the names of 9 children who each received \$695 for 34.75 hours work performed over a period of 6 days.</p> <p>We did not receive quotations for any of the 10 samples selected in FY 2020/2021. The Funding Agreement requires 1 quotation for all purchases &amp; HSABA's <i>Procurement Statement of Commitment</i> requires 3 quotations for purchases &gt;\$5,000.00. 3 of the 10 samples exceeded \$5,000 (excluding the payment for casual staff referred to above).</p> <p>The Coordinator informed us that 1 of the 3 payments made to Peros, amounting to \$9,041.45 on 29 October 2020, was for branded umbrellas that were purchased post Covid as part of outdoor activation, and that funds received from the State Government were used to activate outdoor space. The Coordinator further informed us that she contacted up to 10 suppliers, and that Peros was the supplier who could provide the stock in the 4 week timeframe. She did not receive any quotations as the other suppliers could not provide the required stock.</p> <p>We note that GRMBA is required in terms of Rule 14 of their Rules and Section 89 of the AIR Act to retain financial records, as previously reported. In the absence of written quotations, the Coordinator informed that the Association does not obtain any quotations for any purchases under \$5,000. She reviews the market for the best deal and purchases based on what she determines. An example provided is that she had recently been pricing portable toilets for an event but she does not retain the email quotations she received. She selects the most appropriate and in the vast majority of cases the cheapest.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Sample Testing: Summary Findings


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# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
5. Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.	<p>We note the absence of the retention of supporting documents for the debit card samples selected both FY 2019/2020 and FY2020/2021, as well as the absence of quotations for AP data samples selected, as previously discussed.</p> <p>The Coordinator and Bookkeeper confirmed that all payments have to be approved by two signatories, regardless of the amount to be paid. The 'Procurement Statement of Commitment' records that 2 signatories are required to approve all payments.</p> <p>Based on our review of the Association's Business and Debit Card accounts, the AP data, our data analytics performed and sample testing, the expenditure appears to be aligned to the LG Act, that is to use the funds for the defraying of any expense, despite the absence of supporting documents reported in our sample testing.</p> <p>This was further determined on the basis that MalvernKeeper was reported to as it was included in the relevant Activity Reports sent to Council.</p> <p>Further, the expenditure is in compliance with Clause 8.5 of the Funding Agreement – the Association has not, in using Scheme Funds paid to it under the Agreement, used any of the funds for Prohibited Purposes. We did not identify any obvious spend that may be defined as for Prohibited Purposes. The spend further appears to be for the Declared Purpose as defined in the Funding Agreement.</p> <p>We received confirmation during our interviews conducted that no funding was used for Prohibited Purposes.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Expenditure aligned to LG Act & Funding Agreement: Summary Findings:

- Based on available records and our analysis of same, the expenditure appears to be aligned with:
  - Section 163 (1) of the LG Act - funds were used to defray expenses;
  - Clause 8.5 of the Funding Agreement - funds were not used for 'Prohibited Purposes';
  - The 'Declared Purpose' as defined - means the encouragement of commerce in the Precinct; and
  - MalvernKeeper is deemed to be for the 'Declared Purpose'.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment																
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>The Audited Financial Reports for both FY 2019/2020 and FY 2020/2021, were provided to us by the Association. They were prepared by Lister Newton Advisory and the Auditors Report is signed off by Terry Quirk, CA.</p> <p>They have been prepared on an accrual basis and based on historical costs, as well as the AIR Act. We did not receive the Audited Financial Reports that were presented to the respective AGMs for FY 2019/2020 and FY 2020/2021, but the minutes of the AGMs held on 14 October 2020 and 19 October 2021 respectively, reflect that the Audited Financial Reports were presented and adopted.</p> <p>The Annual Report FY 2020/2021 contains a section named 'Treasurers Report', that records the Audit Report is attached. The amounts recorded for various expenses by the Treasurer, reasonably reconcile to that recorded in the Audited Financial Report.</p> <p>However, Council provided us with the Profit and Loss account for the 12 months ended 30 June 2021 and some of the amounts recorded differ to that provided in the Income and Expenditure Statement for year ended 30 June 2021, which is included in the Audited Financial Report. This may be attributed to adjustments made by the Auditor and reallocations where deemed necessary. The noticeable differences are recorded below:</p>																	
	<table border="1"> <thead> <tr> <th>Expense</th><th>Audit Report- Income &amp; Expenditure</th><th>Profit &amp; Loss Account</th></tr> </thead> <tbody> <tr> <td>Advertising &amp; Promotion</td><td>\$55,147</td><td>\$38,359</td></tr> <tr> <td>General Expenses</td><td>\$6,797</td><td>\$15,301</td></tr> <tr> <td>Promotional Activity</td><td>\$6,300</td><td>\$0</td></tr> <tr> <td>Promotional Activity- Events</td><td>\$20,684</td><td>\$14,499</td></tr> <tr> <td>Promotional Activity- MalvernKeeper/ Gift Vouchers</td><td>\$74,426</td><td>\$77,886</td></tr> </tbody> </table>		Expense	Audit Report- Income & Expenditure	Profit & Loss Account	Advertising & Promotion	\$55,147	\$38,359	General Expenses	\$6,797	\$15,301	Promotional Activity	\$6,300	\$0	Promotional Activity- Events	\$20,684	\$14,499	Promotional Activity- MalvernKeeper/ Gift Vouchers
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Promotional Activity- MalvernKeeper/ Gift Vouchers	\$74,426	\$77,886																

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Comparative between financial data: Summary Findings

- The Audited Financial Reports provided by the Association to us is consistent with financial data that provided to Council by the Association.
- There were minor adjustments and reallocations performed by the Auditor at year end 30 June 2021.
- The Association did not compile a separate document Annual Report for FY 2019/2020, as they only commenced with this in FY 2020/2021, however the minutes of the AGM for FY 2019/2020 held on 14 October 2020 records the Annual Report was presented with the required information being provided.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>The above resulted in a net deficit of -\$22,111 recorded in the Audited Financial Report and a net deficit of -\$26,716 recorded in the Profit and Loss Account.</p> <p>We did not receive the Annual Report for FY 2019/2020, as the Association informed us that they only commenced compiling an Annual Report in FY 2020/2021. They instead relied on the Minutes of the AGM to record the reporting of their activities.</p> <p>We examined the Minutes of the FY 2019/2020 AGM held on 14 October 2020. It records that the President, Kate Perlstein presented the Annual Report, that included detailed information covering: Marketing; Communication; Community Development; Physical Improvements; Administrator/ Co-Ordinator; Council Partnerships; and COVID-19. This serves to confirm the Annual Report was presented to the AGM, as recorded in the minutes.</p>	
7. Conduct interviews of matters identified across the financial management audit.	<p>We conducted interviews with the President, Coordinator and Bookkeeper to seek additional information and discuss matter identified across the financial management audit.</p> <p>We determined the following:</p> <ol style="list-style-type: none"> <li>1. The President engages primarily with the Coordinator, who engages directly with the Bookkeeper and Auditor on financial matters. The Bookkeeper does not engage with the Auditor, as this is the Coordinator's role.</li> <li>2. All financial matter go through the Coordinator, that are discussed with Committee members and implemented by the Coordinator where applicable.</li> <li>3. The Bookkeeper was of the view that the Coordinator 'ran a tight ship' and there has never been a hint of irregular or unauthorised expenditure.</li> <li>4. Confirmed by the parties that the Debit Card is used by the Coordinator only, authorised by the Coordinator and Bookkeeper, and reconciled by the Bookkeeper on a quarterly basis.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Comparative between financial data: Summary Findings

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- There were minor adjustments and reallocations performed by the Auditor at year end 30 June 2021.
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# Glenferrie Road Malvern Business Association

GRMBA are compliant with the majority of requirements for the Financial Management audit. However, the retention of debit card transaction supporting documents and a documented procedure requires attention.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews of matters identified across the financial management audit.	<p>5. The Bookkeeper confirmed that the Debit Card is topped up on a regular basis and is used by the Coordinator to make payments. The majority of payments on the debit card are made in Malvern – catering for events or meetings.</p> <p>6. The Bookkeeper confirmed that all transfers from the Business Account to the debit card are approved by him.</p> <p>7. The Bookkeeper advised that he retains all supporting payment documents on the debit card (we did not receive the majority of supporting documents for our sample debit card testing, as previously reported).</p> <p>8. The Bookkeeper stated that there may be an improved method of tracking debit card spend, and made reference to an app to record receipts.</p> <p>9. The parties confirmed that funds received from Council have not been used for prohibited purposes.</p> <p>10. The Members Code of Conduct, provide for Conflicts of Interest &amp; Declaration of Interests. However, it was argued that there cannot be a COI (which we do not agree with), and there have not been any to manage as such. If it did arise, the Committee would address it and manage it.</p> <p>11. The Bookkeeper informed us that he was appointed in October 2020 and that there is a written agreement between the him and the Association.</p>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Interviews Conducted: Summary Findings:

- No adverse or contradictory information was provided.
- All funds have been dispersed in terms of the Funding Agreement.
- Generally there is effective and efficient handing of Council funds, despite shortcoming identified in the retention of debit cards transaction receipts/ invoices.
- There is sufficient separation & segregation of duties from an approval and payment process perspective.
- The management of COI has not been required, as it has not occurred. The Members Code of Conduct makes provision for COI & declarations of interest.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.




## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>The GRMBA Rules of the Association sets out the rules and powers of the Association as well as defining its purpose. The current edition of the Rules is dated 14 October 2020. This includes proposed changes to the Rules that were ratified by Special Resolution at the FY2019/2020 AGM held on the same day 14 October 2020. We understand that changes to the Rules have to be approved by Council, however we were not provided with evidence confirming this.</p> <p>The Rules are relatively generic for all 4 Associations covered by this audit, apart from changes as described above, and ratified by special resolution of a general meeting of the association, as provided for in Rule 77.</p> <p>The GRMBA Rules includes the following relevant to Governance issues covered by our audit:</p> <ol style="list-style-type: none"> <li>Part 4- General Meetings of the Association.</li> <li>Part 5 – Committee.</li> </ol> <p>We received Committee meeting agendas and the minutes of the respective meeting from the Association. Rule 58 (1) requires the Committee to meet at least 4 times in each year at the dates, times and places determined by the Committee. Rule 59 (1) requires written notice of each committee meeting to be given to each committee meeting no later than 7 days before the date of the meeting. Rule 66 requires the recording of minutes of meetings and specific information to be included in the minutes. We confirmed during our interview with the Treasurer and the Coordinator that committee meeting are held on the 2<sup>nd</sup> Tuesday of every month.</p> <p>We received the minutes of meeting held during the period of our audit as summarised hereunder:</p> <ol style="list-style-type: none"> <li>1 July 2019 to 31 December 2019, 7 meetings including the AGM.</li> <li>1 January 2020 to 31 December 2020, 12 meetings including the AGM.</li> <li>1 January 2021 to 30 June 2021, 6 meetings (including the AGM for FY 2020/2021 held on 19 October 2021).</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were updated per Special Resolution at the FY 2019/2020 AGM on 14 October 2020.
- The Committee artefacts: agendas, reports to the Committee, minutes and packs distributed to Committee members are detailed and reliable.
- Committee meeting are scheduled for the 2<sup>nd</sup> Tuesday of each month.
- The AGM's were held within 5 months after the end of the financial year as provided for in Rule 30 (1).
- The Associations' Committee is bound by a Members Code of Conduct.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.




## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>We received the agendas for each of the said meetings, apart from 3 of 5 meetings held in the first half of 2021.</p> <p>We examined the minutes of the meetings and confirmed they meet the recording requirements outlined in Rule 66.</p> <p>Rule 63 (2) requires 4 committee members to be present to constitute a quorum. We noted 1 exception, at a special meeting held on 13 August 2019, where only 3 members were in attendance.</p> <p>Rule 46 requires the President, or in the absence of the President, the Vice-President, as Chairperson for any committee meeting. If both are absent then a member must be elected by others present for both general and committee meetings. We noted 1 exception, at the above special meeting held on 13 August 2019.</p> <p>The AGMs for both FY2019/2020 and FY2020/2021, were held within 5 months after the end of the financial year as provided for in Rule 30 (1); on 14 October 2020 and 19 October 2021 respectively.</p> <p>We examined the minutes of the AGMs and confirmed they comply with the requirements of Rule 30 (2) to (5), namely:</p> <ul style="list-style-type: none"> <li>The Committee may determine the date, time and place of the annual general meeting.</li> <li>Confirmed the minutes of the previous annual general meeting and of any special general meeting held since then.</li> <li>To receive and consider the annual report of the Committee on the activities of the Association during the preceding financial year and the financial statements for the preceding year.</li> <li>To elect the members of the Committee.</li> </ul>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were updated per Special Resolution at the FY 2019/2020 AGM on 14 October 2020.
- The Committee artefacts: agendas, reports to the Committee, minutes and packs distributed to Committee members are detailed and reliable.
- Committee meeting are scheduled for the 2<sup>nd</sup> Tuesday of each month.
- The AGM's were held within 5 months after the end of the financial year as provided for in Rule 30 (1).
- The Associations' Committee is bound by a Members Code of Conduct.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.

## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>We were not provided with the complete Committee packs as distributed to members by the Coordinator prior to the meeting. The Agendas for the meetings however, record that the agenda includes a Treasurer's Report, President's Report and Co-Ordinator's Report.</p> <p>The Association's Committee Members Code of Conduct describes the code of conduct expected of Committee members. This policy was developed as part of discussions with Patrick Moriarty, who was referred to the Association by Council to improve governance, around the time of the FY 2019/2020 AGM. It records, amongst others, that Committee members are expected to attend and participate at a minimum of 6 Committee meeting per year. This conflicts with the Rules of the Association, that requires the Committee to meet at least 4 times per year.</p> <p>The Code of Conduct provides for, amongst others inappropriate behaviour, including bullying, harassment or discrimination against any other members or member of the public. We have examined the minutes and there has been no discussion or reference to contraventions of the Code of Conduct.</p> <p>The Code of Conduct further makes reference to Conflicts of Interest and that the Rules of the Association addresses Conflict Resolution. We previously referred to these 2 documents and that they do not specify where conflicts of interest are recorded e.g. in a COI Register and how COIs are managed. The minutes of the meeting do not record any conflicts of interest were declared by Committee members. We confirmed during our interview with the President that no COIs had been declared and they have not encountered a potential COI.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings


- The Rules of the Association were updated per Special Resolution at the FY 2019/2020 AGM on 14 October 2020.
- The Committee artefacts: agendas, reports to the Committee, minutes and packs distributed to Committee members are detailed and reliable.
- Committee meeting are scheduled for the 2<sup>nd</sup> Tuesday of each month.
- The AGM's were held within 5 months after the end of the financial year as provided for in Rule 30 (1).
- The Associations' Committee is bound by a Members Code of Conduct.



# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.

## Governance Assessment

Scope	Requirements & Findings	Assessment
2. Review of governance arrangements including Committee composition, sub-committees, interaction/ engagement between management and Committee.	<p>We previously reported that the GRMBA Rules includes Part 5: Committee, which is relevant to our audit of the Association's Governance. This includes:</p> <ol style="list-style-type: none"> <li>1. Powers of the Committee.</li> <li>2. Composition of Committee and duties of members.</li> <li>3. Election of Committee members and tenure of office.</li> <li>4. Meetings of the Committee (already discussed in this report when reviewing minutes of meetings) .</li> </ol> <p>Our audit confirmed the following has been complied with:</p> <ol style="list-style-type: none"> <li>1. The business of the Association is managed under the direction of the Committee – Rule 42.</li> <li>2. The Composition of the Committee has been constituted in provided for in Rule 44.</li> <li>3. Members are aware of the Rules of the Association and that this is achieved as provided for in Rule 45.</li> <li>4. Members have been elected to their positions as provided for in Rules 50- 54, and this included the committee being elected at the AGM.</li> <li>5. The vacation of office and filling of vacant positions has been conducted as provided for in Rule 56 – 57.</li> </ol> <p>The above was determined based on our review of relevant documents, primarily minutes of committee meetings. The minutes record resignations where applicable, but does not state whether this was done in writing.</p> <p>It was reported to us that no Committee members have undertaken training relevant to their respective positions on the Committee. We further did not identify any payments made to professional business training providers, upon our examination of the AP and debit card data.</p> <p>It was reported to us that the Coordinator attended Governance Training presented or facilitated by Council in 2020, in Kooyong, Victoria.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------


### Governance - Committee composition and engagement with management (the Coordinator): Summary Findings

- The Committee membership was passed by Resolution at the Associations AGM and they were elected as provided for in Rules 50-54.
- The composition of the Committee complies with the requirements of Rule 44 and the Association is effectively managed under the Direction of the Committee as provided for in Rule 44.
- The Committee has regular monthly meeting and has effective interaction/ engagement with the Coordinator, who in turn engages with the Associations Bookkeeper.




# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.




## Governance Assessment

Scope	Requirements & Findings	Assessment
3. Observation at a Committee meeting where deemed necessary.	<p>We did not consider attending a Committee meeting based on findings into our review of the Committee artefacts and related documents, as well as our interviews conducted. The last committee meeting was held 10 May 2022, which was when we first commenced reviewing documents received from GRMBA. The next Committee meeting is scheduled for 12 July 2022.</p> <p>The Coordinator advised us that they usually have monthly meetings on the 2<sup>nd</sup> Tuesday of each month.</p> <p>We further determined that Minutes are distributed following the committee meetings via email (normally the same day) then distributed again with the Agenda for the following month's meeting. When the Coordinator emails the notification of the meeting, she asks the committee to contact her if they are unable to attend. The Association then adopts the minutes of the previous meeting at the monthly meeting in the following month, and it is on the agenda.</p>	
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review.	<p>We conducted an interview with the President and Coordinator to clarify any issue identified during our review of the governance assessment. In saying this, we communicated at regular intervals with the Coordinator throughout the audit, when issues arose including during the governance assessment. As a result, there were minimal issues that required clarification. For ease of reference, we confirmed the following during our interview:</p> <ol style="list-style-type: none"> <li>Any changes to the rules happen from discussions with Council. Patrick Moriarty was brought in to look through the Rules and recommend changes. Changes were supported by Council and made by Patrick Moriarty.</li> <li>All committee members are aware of the Funding Agreement &amp; the Rules, as well as changes to the rules. All changes went out in AGM invitation to every single special rate payer.</li> <li>The Committee Members' Code of Conduct was developed as a result of discussions with Patrick Moriarty in 2019/2020.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Governance - Observation at Committee meeting: Summary Findings

- We did not deem it necessary to attend a Committee meeting and the next meeting is scheduled for 12 July 2022.
- The meetings are managed by the Coordinator including agendas and confirmation of attendance by members.
- Minutes are distributed by the Coordinator following the meeting, usually on the same day.
- The minutes are accurate and reliable.

# Glenferrie Road Malvern Business Association

GRMBA are compliant with all requirements for the Governance audit.

## Governance Assessment

Scope	Requirements & Findings	Assessment
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review.	<p>4. Council arranged a training session in Kooyong in 2020 with some of the other traders associations (not attended by all associations). This was related specifically to governance and changes recommended by Patrick Moriarty. The Coordinator attended this training session.</p> <p>5. There was mention in the minutes of 12 May 2020 of a matter with VCAT. A Property Owner Tony Phillips opposed the special rate. He decided to take the matter to VCAT. Council held 50% of funding in FY 2019/2020, until the matter at VCAT was concluded. This impacted the Association's marketing plan and went on for around 10 months.</p>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------

### Governance - Committee composition and engagement with management (the Coordinator): Summary Findings

- The Committee membership was passed by Resolution at the Associations AGM and they were elected as provided for in Rules 50-54.
- The composition of the Committee complies with the requirements of Rule 44 and the Association is effectively managed under the Direction of the Committee as provided for in Rule 44.
- The Committee has regular monthly meeting and has effective interaction/ engagement with the Coordinator, who in turn engages with the Associations Bookkeeper.

# Glenferrie Road Malvern Business Association

GRMBA are compliant the majority of requirements for the Member Engagement audit.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
1. Obtain an understanding of the process around membership recruitment and becoming a member.	<p>Rule 8 of the Rules of Association:</p> <ul style="list-style-type: none"> <li>defines any company, organisation or person that occupies property subject to the special rate or charge levied by Council for the Glenferrie Road Malvern precinct as being eligible to be a member of the Association.</li> <li>Anyone fitting this criteria who wishes to become a member must submit a written application form with the Secretary of the Association (Linda Tassone during the review period).</li> <li>Within their application, the applicant must state that they wish to become a member of the Association; that they support the purposes of the Association; and, that they agree to comply with the Rules and the Code of Conduct adopted by the Association.</li> </ul> <p>Applications for membership are decided by the committee via a resolution. The Rules state that special rate membership applications are only rejected if the applicant does not meet the eligibility criteria. This means that generally all applications for membership will be accepted if the applicant occupies a property that pays the rate. If the applicant is approved by the committee, the Secretary will notify the applicant in writing and enter the applicant's name in the Register of Members.</p> <p>A company, organisation or person is considered a member of the Association, and is entitled to exercise their rights as a member from the date on which the committee approves the membership.</p> <p>When examining the minutes of the Committee we did not observe any resolutions that had been taken regarding acceptance or rejection of membership applications. We understand that no applications for membership was rejected. It appears that memberships were accepted but not minuted.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------

### Member Engagement - Membership recruitment & becoming a member: Summary Findings

- Membership is defined in Rule 8 of the Rules of the Association.
- Membership is obtained by written application, submitted to the Secretary and approval by the Committee.
- Applications are only rejected if the applicant does not meet the eligibility requirement.

# Glenferrie Road Malvern Business Association

GRMBA are compliant the majority of requirements for the Member Engagement audit.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
	<p>There are two types of memberships within the GRMBA:</p> <ol style="list-style-type: none"> <li>Special rate members that consist of businesses that pay the GRMBA Special Rate Levy. These are known as Voting Members who have the following rights: <ul style="list-style-type: none"> <li>to receive notice of general meetings and of proposed special resolutions in the manner and time prescribed by these Rules;</li> <li>to submit items of business for consideration at a general meeting;</li> <li>to attend and be heard at general meetings;</li> <li>to vote at a general meeting;</li> <li>to have access to the minutes of general meetings and other documents of the Association; and</li> <li>to inspect the register of members.</li> </ul> </li> </ol> <p>Any requests by members to view documents of the Association, or to inspect the register of members, are announced during the subsequent board meeting as part of the Coordinators Report. An example of this was seen in the Committee Minutes of 14 July 2020, where there were two requests for information from members with Raffi Saffars (Saffars Rugs) requesting the Rules of Association and Ben Hill (About Sight) requesting the membership list. It was confirmed during our interview with Committee members, that the said requests were compiled with, but in respect of the membership list the personal details of the members were omitted.</p> <ol style="list-style-type: none"> <li>Associate membership. This type of membership consists of NFP Community Organisations who, due to their status, do not contribute to the GRMBA Special Rates Levy but are part of the GRMBA. Associate members do not have voting rights within the Association but may have other rights including the ability to attend and be heard at general meetings as well as other rights that may arise by resolution at a general meeting.</li> </ol>	
2. Obtain an understanding of each Association's membership base and types of membership.		

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------

### Member Engagement - Membership base & type of membership: Summary Findings

- The Association has 2 types of membership: Voting members and Associate members.
- The respective rights of both of these membership types is sufficiently documented and enforced.
- Voting members rights includes having access to the minutes of meetings of the committee and other documents of the Association, and the right to inspect the Register of Members. This was illustrated in the minutes of the meeting held on 14 July 2020, where 2 members of the Association requested access to the Associations records.

# Glenferrie Road Malvern Business Association

GRMBA are compliant the majority of requirements for the Member Engagement audit.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>The Glenferrie Road Malvern Special Rates area encompasses approximately 513 properties along Glenferrie Road between High Street and Dandenong Road including all incoming side streets together with the Station Street and Claremont Ave precinct.</p> <p>According to the Rules of the Association, the Register of Members must include the name and address of each member and the date on which each member's name was entered into the register.</p> <p>We were provided with two versions of the GRMBA Membership List, each contained in a Microsoft Excel spreadsheet. The first version was an up-to-date membership list dated 20 April 2022, the second version was an older list that dated to 18 June 2020. Both versions were identical in formatting with six columns appearing from left to right as follows: the name of the member; their business; the business address; the date of joining; the date their membership ceased if applicable; and, the category of member being SR (Special Rates) or NFP (Not-For-Profit).</p> <p>Upon comparing the two lists, it appeared that the older version was missing the details of four members who joined prior to 18 June 2020. The details of these members were entered into the newer version of the member list.</p> <p>The four members missing from the older version were:</p> <ul style="list-style-type: none"> <li>Kylie Gordon (Malvern Central Management) – joined 10 October 2018</li> <li>Claudia Lau (Fortunes) – joined 10 June 2020</li> <li>Nikki Porter (Rubi Hair) – joined 10 June 2020</li> <li>Shlomi Chen (Cafe Claremont) – joined 11 June 2020.</li> </ul>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------

### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The Register of members is maintained in the form of an excel listing, that complies with the majority of the requirements of the Rules of the Association.
- We were provided with 2 versions of the Listing, dated 20 April 2020 and 18 June 2022, the latter being an updated version.
- There are inconsistencies in terms of the number of members recorded on the Membership List and that recorded in the Activity Reports prepared by the Association and submitted to Council.

# Glenferrie Road Malvern Business Association

GRMBA are compliant the majority of requirements for the Member Engagement audit.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>Based on the updated membership list, at the end of our audit period at 30 June 2021 there were 141 active members in the GRMBA. Only one of the 141 active member is an Associate Member (a NFP member) and the balance of 140 are Voting Members (Special Rates payers). 4 of the 141 members were listed as having ceased membership in 2021. It is unclear whether these members ceased before or after 30 June 2021. The minutes of the meetings did not record details of members who resigned from the Association. We are unsure whether the register includes past members.</p> <p>The updated Membership List records that, from 7 October 2014 to 30 June 2021, there were 171 approved members with only 2 of them being Associate Members (NFP members). This includes any members who ceased membership during that period. The GRMBA 2021 Annual Report lists the Association as having increased their membership to 'over 170 business operators' at the end of the FY 2020-2021. During the audit period, 101 members joined the Association. Conversely, 13 members left the Association in that period. This was determined based on the information provided in the List of Membership.</p> <p>However, the Association's latest Activity Report (subject to our audit) for the period of January to June 2021 records that the Association has 167 active members, which differs to the 141 active members at June 2021 listed in the Membership List.</p> <p>Council advised us that there were 522 special rate payers as at 30 June 2021. Clause 12: Membership and Representative Requirements, of the Funding Agreement, records that the Association must, to Council's satisfaction, demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate. We were not provided with evidence as to how the Association has attempted to achieve this.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------

### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The Register of members is maintained in the form of an excel listing, that complies with the majority of the requirements of the Rules of the Association.
- We were provided with 2 versions of the Listing, dated 20 April 2020 and 18 June 2022, the latter being an updated version.
- There are inconsistencies in terms of the number of members recorded on the Membership List and that recorded in the Activity Reports prepared by the Association and submitted to Council.





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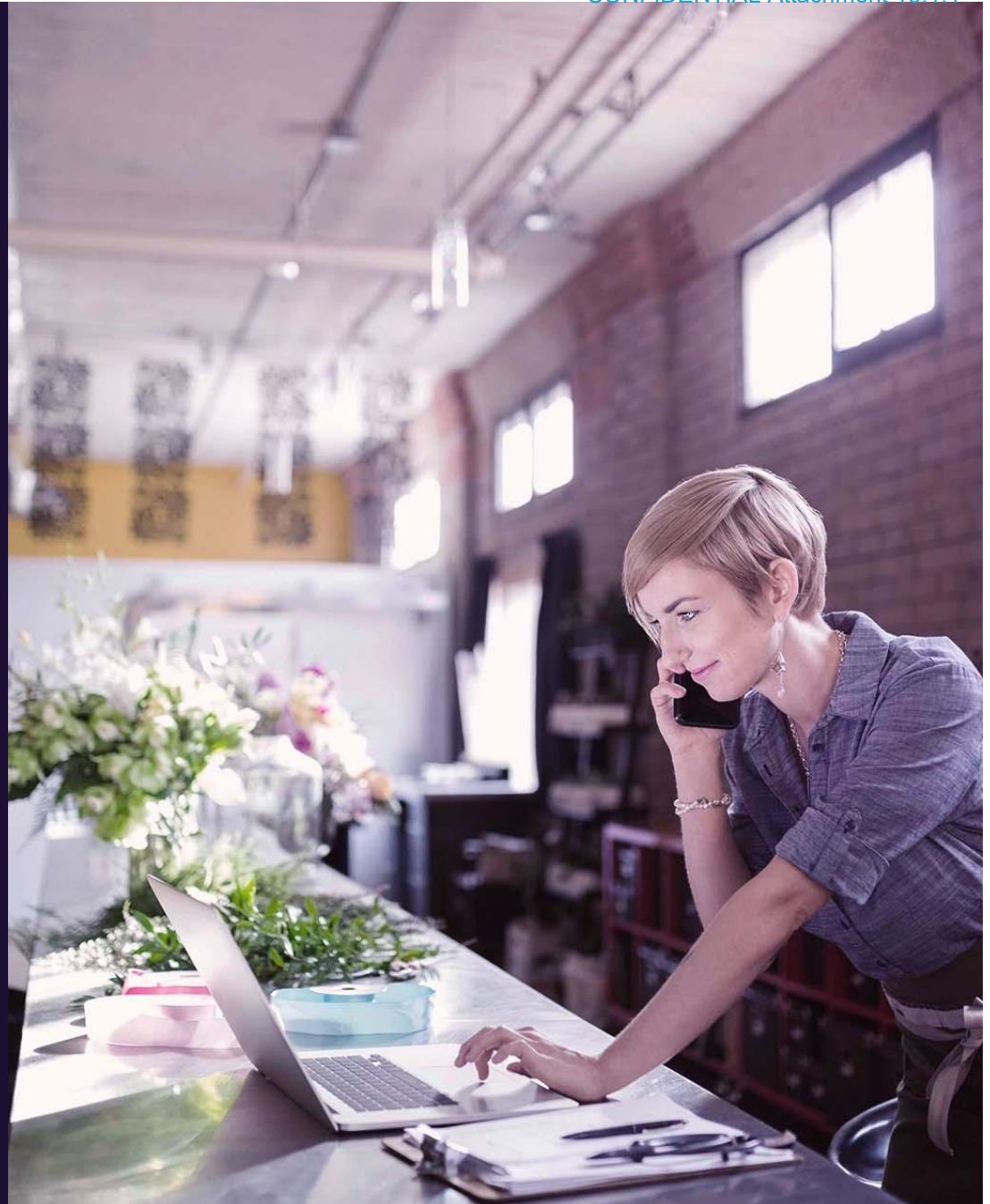
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# **Report: Special Rates Fund Audit: High Street Armadale Business Association**

City of Stonnington

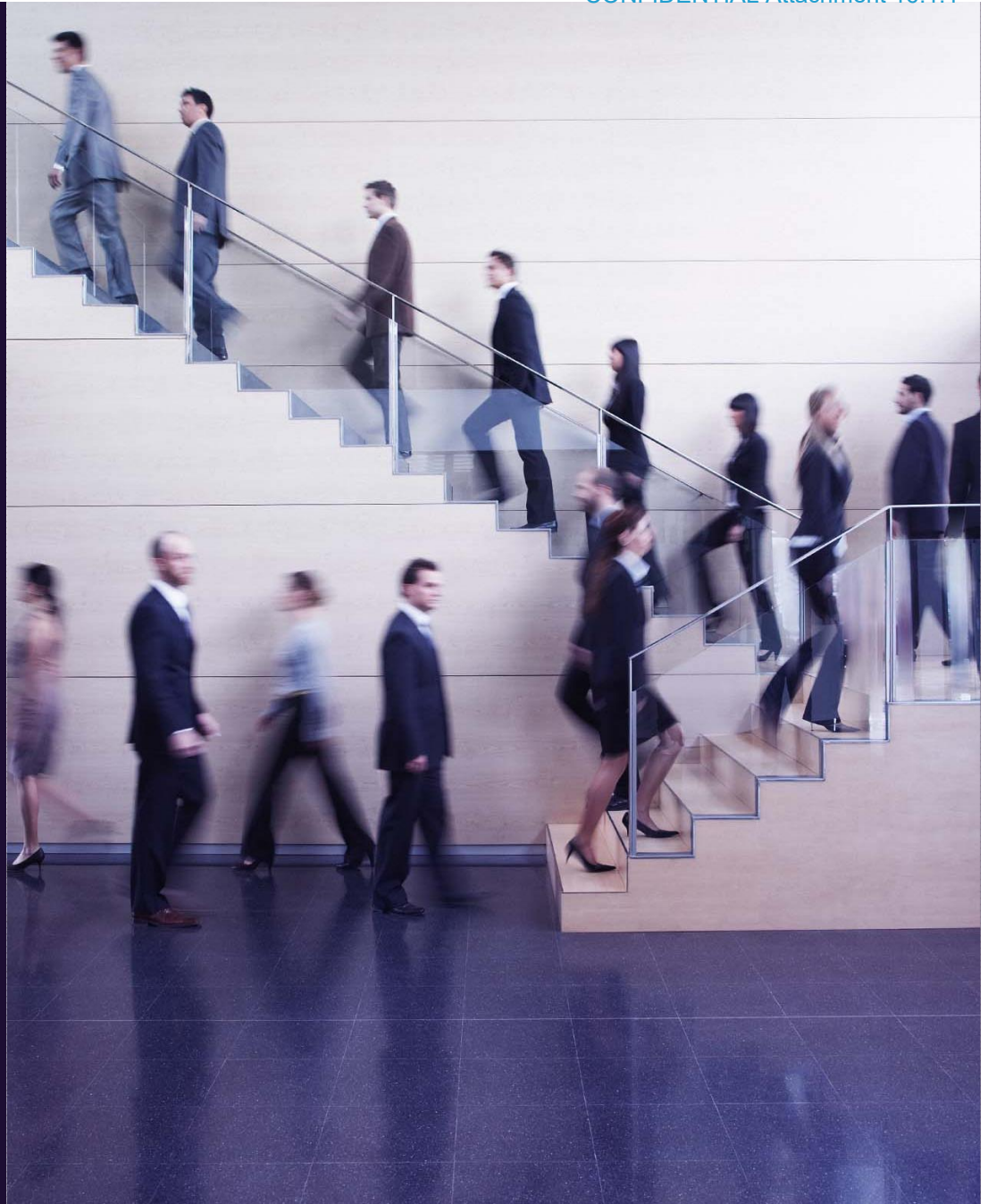
September 2022



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# Executive Summary



COVER LETTER

Julia Gallace  
Chief Financial Officer  
City of Stonnington  
PO Box 58  
Malvern Victoria 3144

18 August 2022

We refer to our appointment by the City of Stonnington ('Council'), to provide a Special Rates Fund Audit into the 4 remaining Business Associations and attach our report of findings and recommendations for High Street Armadale Business Association (HSABA) for your consideration.

The audits were performed in order to identify areas of better financial management practice, of concern, fraud, misconduct etc. but also identified areas of possible training and support to be provided to the Associations by Council. The audits further determined the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems. We provide further details of our scope of services, findings and recommendations in our Executive Summary and body of this report.

This report is prepared on the basis of the limitations set out below:

The matters raised in this report came to our attention during the course of our review, as a result of our testing performed and interviews conducted. Testing was conducted on a sample basis, over the 2 year period covered by our engagement, and our report therefore provides commentary regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist or improvements that may be made where these relate to controls not tested as part of this review. We refer to these during the course of this report where applicable.

Our review is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Management should therefore not rely solely on our report to identify all weaknesses that may exist and potential instances of fraud and other irregularities.

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Collins Square, Tower 5  
Level 22, 727 Collins Street  
Melbourne Vic 3008

The procedures performed during this audit were limited exclusively to those related to the engagement and do not constitute an audit in accordance with Australian Auditing Standards and accordingly, no assurances are expressed.

Additionally, our audit did not include conducting further enquiries with third parties or performing investigations, where instances of possible fraud, conflicts of interest and misconduct may have occurred.

Our comments should be read in the context of the scope of our work. Where possible, management representations are independently verified, though some findings within this report may have been prepared on the basis of management representations which have not been independently tested.

Recommendations for improvement should be assessed by Council and the Associations Committees, for their full commercial impact before they are implemented.

This report has been prepared solely for the use of Council and HSABA, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would be pleased to meet with you to discuss our findings.

In the meantime, should you have any questions please do not hesitate to contact me direct on (03) 8663 6123 or 0416 280 708.

Yours sincerely,

Grant Thornton Australia Ltd



**Katherine Shamai**  
Partner, Risk Consulting

# Executive summary

## Background

### Context

Council collects Special Rate funds from commercial premises in five activity centres and remits these funds via funding agreements to five Incorporated Business Associations.

Across the Associations, there is a blend of paid staff but most are volunteers. Each of these Associations manage a yearly allocation of Special Rate funding on behalf of Council. The pools of funding ranges from approximately \$180K to \$1.2m per annum. The funds are remitted to each Association via a signed and binding Special Rate Funding Agreement. Council is the statutory body ultimately responsible for these Special Rate funds and must ensure that the funds are being appropriately managed and expended in accordance with the Special Rate Funding Agreement by each of the Associations.

Council requires finance and governance audits of four precinct Business Associations (Chapel Street Precinct Association is not included in this scope) being:

1. Glenferrie Road Malvern Business Association (GRMBA).
2. High Street Armadale Business Association (HSABA).
3. Toorak Road South Yarra Business Association (TRSYBA).
4. Toorak Village Traders Association (TVTA).

A full financial and governance audit is required to be completed by 30 June 2022 at the Association's respective offices or mutually agreed location. The audits will identify areas of better financial management practice, of concern, fraud, misconduct etc. but also to identify areas of possible training and support to be provided to the Associations by Council. The audits are to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems.

The audits and subsequent reports will be used to support Council in delivering the statutory obligations of management of the Special Rates. Additionally, they will allow Council to understand the current operating effectiveness of the Associations and identify any breaches or areas of concern and/or any training or support that Council needs to provide to each of the Associations to reach and operate at better practice level in financial management and governance whilst expending Special Rate funds.

### Scope of Work

Our scope of work, where applicable to the Associations, is as follows:

#### 1. Financial Management

- 1) Review of credit cards expenditure, including process and sample testing.
- 2) Review of procurement / accounts payable, including process and sample testing.
- 3) Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.
- 4) Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice. Conduct interviews where required, to determine answers to any questions as a result of the testing.
- 5) Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.
- 6) Perform a comparative of the financial data provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.
- 7) Conduct interviews of matters identified across the financial management audit.



# Executive summary (continued)

## Scope of work – continued

### 2. Governance

- 1) Review of Board artefacts, including but not limited to agendas, minutes, charters, and board packs.
- 2) Review of governance arrangements including Board composition, sub-committees, interaction/engagement between management and Board.
- 3) Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.
- 4) Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.

### 3. Member Engagement

- 1) Obtain an understanding of the process around membership recruitment and becoming a member.
- 2) Obtain an understanding of each Association's membership base and types of membership.
- 3) Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.



# Executive summary (continued)

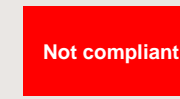
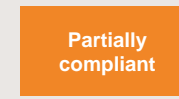
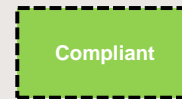
We summarise the Stage Assessment (% compliant) for HSABA below:

## High Street Armadale Business Association (HSABA)

### HSABA: Stage assessment (% compliant)

Stages	Compliant	Partially compliant	Not compliant
Financial	83%	17%	0%
Governance	67%	33%	0%
Member Engagement	100%	0%	0%

### HSABA: Overall rating



An overall rating of Compliant has been applied to this review.

	Financial Management	Governance	Member Engagement	Overall Assessment
High Street Armadale Business Association				



Compliant



Partially compliant



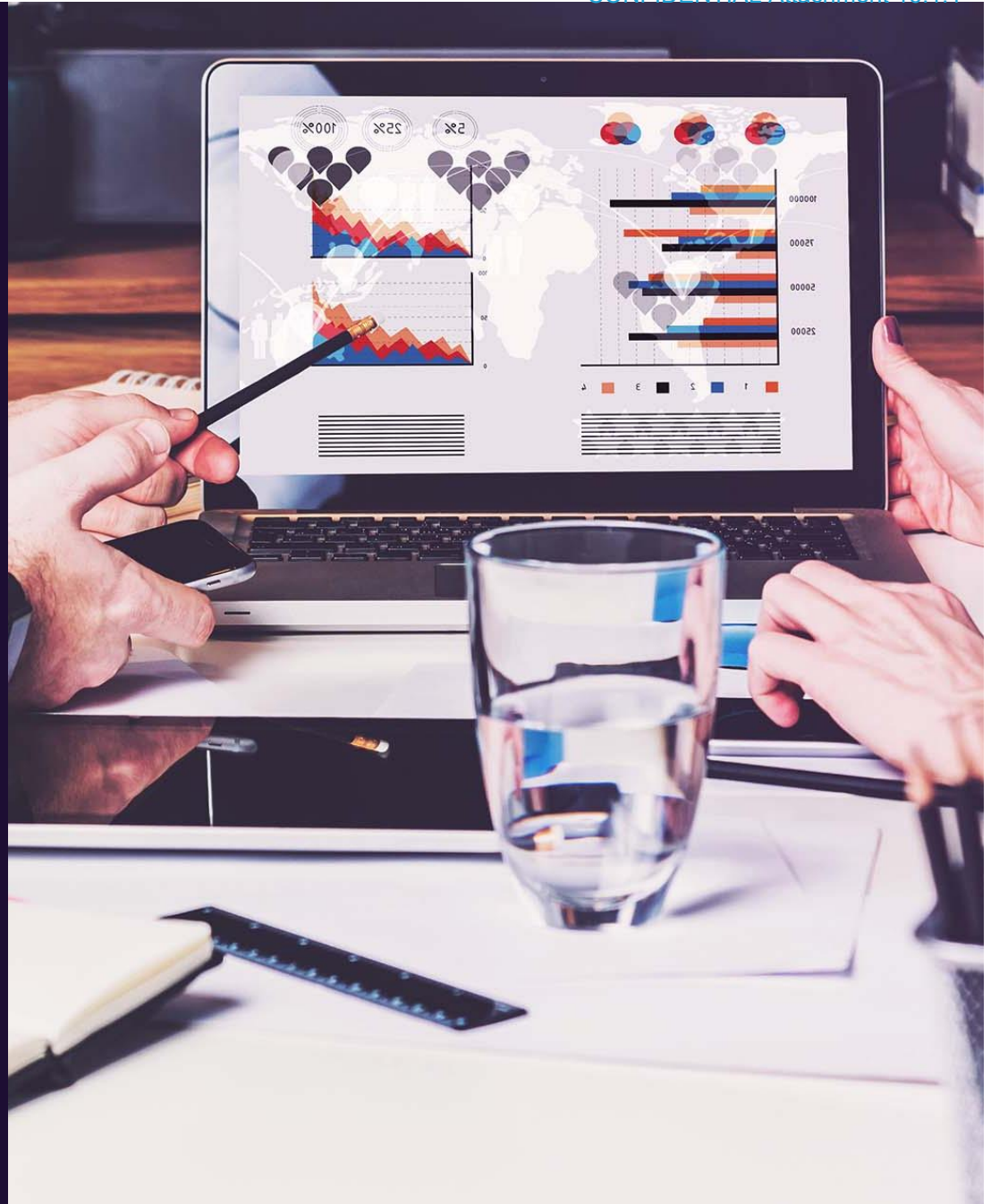
Not compliant

# Executive summary (continued)

## HSABA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<p>1) The Procurement Policy currently requires 2 quotations for purchases over \$10,000 for items that are comparable. In terms of the Funding Agreement, the policy should be expanded to include:</p> <ul style="list-style-type: none"> <li>i. The Association obtain one quotation for all purchases less than \$5,000 and that this quotation, whether received in writing or verbally, be documented for record keeping purposes.</li> <li>ii. The Association obtain 2 written quotations for purchases of \$5,000 and above, and that these be retained for record keeping purposes.</li> <li>iii. Where there are exceptions to the rule e.g. items are not comparable, sole suppliers, preferred suppliers or urgent &amp; emergency cases, that this be documented for record keeping purposes.</li> </ul>
2. Governance	<p>1) Ensure that Committee meetings are held at least 4 times a year and that AGMs are held within 5 months of the end of the financial year, as provided for in the HSABA Rules of the Association.</p>
3. Member Engagement	<p>1) The Association must ensure that the Register of Members is kept up to date and accurately records the member base, notably the date of acquiring membership, date of cease of membership, and type of membership.</p>

# Methodology



# Overview of Methodology

We use a standard approach to our audits in accordance with better practice and standards, and is performed in a phased approach as recorded hereunder. This was changed and adapted, as the operations and implementation of specific requirements of each Association differed.

Phase 1: Planning	Phase 2: Detailed Audit	Phase 3: Reporting
<ul style="list-style-type: none"> <li>• Conduct an introductory/planning meeting with Council, to agree on our scope and audit plan.</li> <li>• Agree on reporting protocols to Council, during the course of the audits.</li> <li>• Agree on key deliverable dates and timelines.</li> <li>• Request all relevant information and documentation from Council where required, based on our understanding of the audit and background into the respective Associations, that may include:               <ul style="list-style-type: none"> <li>➢ Special Rates Fund Agreement between Council and the Associations;</li> <li>➢ Rules/ Constitution of the Associations;</li> <li>➢ Associations Procurement Policy approved by Council where applicable;</li> <li>➢ Most recent financial statements and data provided to Council;</li> <li>➢ FY2021/2022, Q3 Activity Report provided to Council where applicable;</li> <li>➢ Lists of Memberships and Special Rate Payers; and</li> <li>➢ Other information relevant to our scope in possession of Council.</li> </ul> </li> <li>• Agree on introductory meetings with the 4 Associations and our key contact persons, to kick-off the audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct introductory meeting with the 4 Associations key contact persons/ Coordinators.</li> <li>• Request all relevant information and data, in addition to that provided by Council for FY 2020 and FY 2021, including but not limited to:               <ul style="list-style-type: none"> <li>➢ Associations Annual Reports;</li> <li>➢ Credit/ Debit Card Expenditure, including policy/process;</li> <li>➢ Procurement/ Accounts Payable data;</li> <li>➢ Quarterly Reports &amp; Audited Financial Statements submitted to Council;</li> <li>➢ Board composition, sub-committees and Management engagement; and</li> <li>➢ Board agendas, minutes, charters, and board packs.</li> </ul> </li> <li>• Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.</li> <li>• Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.</li> <li>• Obtain an understanding of Associations membership base &amp; types of membership.</li> <li>• Process around membership and becoming a member.</li> <li>• Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft comprehensive report of the factual findings of the audit, areas of better practice, areas of concern, areas of immediate attention, and possible training and support needed by each Association.</li> <li>• The identification and immediate reporting of any Fraud, Misconduct and Irregularities to Council only.</li> <li>• The findings are to be kept confidential until investigation is completed and are only for Council purposes.</li> <li>• Recommendations which may form a framework for each Association to meet better practices for fiscal management and governance arrangements of Special Rate funds.</li> </ul>

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Definitions

1. **Activity Report** means an Activity Report to be provided by the Association to Council in accordance with clause 6 of the Agreement in the form of Attachment 3 to the Agreement.
2. **Annual Budget** means the annual budget for the Financial Year described in clause 7.1.1 (a).
3. **Association** means the 4 respective Associations (subject to this audit).
4. **Committee** means the Committee of the Association as defined under the Associations Incorporation Reform Act 2012 (AIR Act).
5. **Declared Purpose** means the encouragement of commerce in the Precinct.
6. **Member** means a member of the Association pursuant to the AIR Act.
7. **Permitted Purpose** means the purposes described at clause 8.1 of the Agreement.
8. **Procurement Policy** means the Procurement policy adopted by the Association in accordance with clause 11.4 of the Agreement.
9. **Prohibited Purpose** means any of the purposes listed as clause 8.5 of the Agreement.
10. **Rules** means the Rules of the Association as attached to the Agreement at Attachment 2.
11. **Scheme Funds** means the funds collected under the Special Rate.
12. **Special Rate** means the 2019-2023 Precinct Special Rate declared at the ordinary meeting of Council.

## Requirements

### Clause 6: Activity Reports & Funding Periods:

The Association must provide an Activity Report to Council in respect of each of the Funding Period by the Reporting Date set out in the below table:

Funding Period	Instalment	Reporting Period	Report Covers
Q1 and Q2 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 July of that Financial Year	Q3 & Q4 Delivered Activities Q1 & Q2 Proposed Activities
Q3 and Q4 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 January of that Financial Year	Q1 & Q2 Delivered Activities Q3 & Q4 Proposed Activities

### Clause 7: Additional Reporting Requirements

Unless otherwise provided in the Activity Report, the Association must, by 14 July of each year during which the Agreement is in force (excluding 19/20 Year 1), submit to Council:

- a) An Annual Budget, detailing how the Association proposes to use Scheme Funds;
- b) A Yearly Action Plan, detailing the purposes and activities for which the Association proposes use of the Scheme Funds;
- c) A schedule of the Association's meetings, including its annual general meeting, for the upcoming year;
- d) Confirmation in writing that the Association has kept a register for members and a list of Special Rate payers contact details in accordance with clause 12; and
- e) Copies of certificates of currency for the policies of insurance described in clause 15, and additional requirements as provided for in clauses 7.1.2 and 7.1.3.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 8: Expenditure Requirements:

Clause 8.2. and 8.3 provides for what the Association must and may use the Scheme Funds for. Clause 8.5 records that the Association must not, in using Scheme Funds paid to it under the Agreement for any of the following Prohibited Purposes:

1. Lobbying, whether at local, State or Commonwealth government levels;
2. The personal interests of any member or employee of the Association, unless these interest are consistent with the Permitted Purpose; or
3. Investments or financial agreement enduring beyond the life of the Scheme.
4. Legal fees, unless such fees are necessary for the Declared Purpose, to Council's satisfaction. All legal fees must be disclosed and explained in full in the Quarterly Reporting provided by the Association.

### Clause 10 Cooperation with Council

Clause 10.3 The Association must, unless otherwise agreed by Council in writing:

1. Ensure that there at least on representative (coordinator, general manager or committee member) of the Association in attendance at coordinator ' meetings, governance training (unless evidence that the training has been provided by the Association through an accredited training provider( and business planning workshops arranged by Council; 28 days notice will be provided of these events);
2. Support and promote Council Events held within the precinct;
3. Distribute any Council information to Members and others required to pay special Rate on request by Council;
4. Invite the Council Association Officer to the AGM and at least three Committee meetings, acknowledging that they will not always attend;
5. Maintain the confidentiality of any confidential information provided by Council to the Association;
6. Not do anything to bring Council, its Councillors and staff into disrepute; and ensure that communication with Council, is copied to [precincts@stonnington.vic.gov.au](mailto:precincts@stonnington.vic.gov.au).

## Requirements (continued)

### Clause 11: Procurement Policy

1. The Association must, within 21 days of the Agreement, provide Council with a draft Procurement Policy for Council's approval.
2. The draft Procurement Policy provided to Council under clause 11.1 to the satisfaction of Council, and must specifically provide for the following matters:
  - 1) Managing conflicts of interest;
  - 2) Human resources, including a requirement that written job descriptions and employment criteria be applied for any hiring decisions;
  - 3) The Association to obtain a minimum of one quote for any purchase and a threshold that dictates when two quotes are required;
  - 4) Preference to be given to procurement from suppliers located within the City of Stonnington;
  - 5) A requirement that all suppliers be registered businesses holding an ABN;
  - 6) That the reimbursement of any Committee expenses, including office rental, must be disclosed to Council and receipted;
  - 7) That two Committee signatories are required on any financial transaction that exceed \$1,000, those signatories not to include the coordinator, general manager or equivalent of the Association; and
  - 8) That the employment of staff by the Association must be approved by a quorum or a minimum of two Committee members. Outlines a procedure for the selection and appointment of contractors showing a scale of approval levels/ criteria for varying contract payment amounts.
3. Within 21 days of receiving the draft Procurement Policy provided under clause 11.1 Council will, in writing to the Association, approve the draft Procurement Policy of notify the Association on any required amendments.
4. Within 21 days of Council's approving the draft Procurement Policy or notifying the Association of any required amendments, the Association must adopt the draft Procurement Policy including any required amendments notified by Council.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 12: Membership and Representative Requirements

The Association must, to Council's satisfaction:

1. Keep and maintain a register of Members in accordance with the AIR Act;
2. Demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate; and
3. Compile a comprehensive list of contact details for all occupiers of those properties that are liable to pay the Special Rate irrespective of membership of the Association, to be used to distribute Association and Council information as required.

### Clause 13 Governance requirements of the Funding Agreement

The Association must, to Council's satisfaction:

1. Comply with the AIR Act, including:
  - 1) ensuring the office of Secretary is filled;
  - 2) holding an AGM within the stated period and remain incorporated.
  - 3) providing to Council a copy of the financial statements lodged with the Register if Incorporated Associations within 14 days of lodgement.
  - 4) maintaining adequate and accurate accounting records of its financial transactions in accordance with this legislation; and
  - 5) maintaining a register of members in accordance with the AIR Act.
2. Promptly notify Council of any proposed amendment or modification to the Rules and provide Council with a reasonable opportunity to comment;
3. Promptly notify Council of any significant changes to the Register of Members; and
4. Promptly notify Council if a Committee members resigns, is removed, dies, becomes insolvent under administration, or is charged with an indictable offence'.

## Requirements (continued)

### Clause 14: Accounting Requirements and Audits

1. The Association must, to Council's satisfaction:

- 1) Report on an accrual basis in accordance with generally accepted accounting principles;
  - 2) Appoint an independent bookkeeper or accountant;
  - 3) Present and endorse all financial reports at each Committee meeting;
  - 4) Use propriety financial reporting software, such as MYOB, Xero or QuickBooks, for the management of its financial affairs; and
  - 5) Provide copies of any invoices or statement of works when requested in direct relation to the expenditure of the Special Rate.
2. Council may appoint a person to investigate or audit the Associations compliance with the Agreement.
  3. If Council appoints a person under clause 14.2, the Association must:
    - 1) On request, promptly provide access to any premises or any books of account, documents or other material in the possession, custody or control of the Association; and
    - 2) Provide all reasonable cooperation and assistance.



# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

**Rules of the Association** as attached to the Agreement at Attachment 2, generally the Rules of the Association across the 4 Associations provides for the following relevant to our scope:

1. Membership.
2. General Meetings of the Association.
3. The Committee.
4. Financial Matters.
5. General Matters.

## Associations Incorporation Reform Act 2012 (AIR Act)

*The main purposes of this AIR Act are—*

- a) *to establish a scheme for the incorporation and registration of voluntary associations and for the registration of other registrable bodies as incorporated associations; and*
- b) *to make provision for the corporate governance, financial accountability and other matters relating to the rules and membership of associations registered under that scheme.*

The following is relevant to our audit:

- Section 48 Rules of an Incorporated Association.
- Section 51 Membership of an Incorporated Association.
- Section 56 Register of members.
- Section 89 Obligation to keep financial records.
- Section 98 Obligation to prepare financial statements (Tier 3 Associations).
- Section 99 Audit of Financial Statements.
- Section 100 Submission of financial statements to annual general

## Requirements (continued)

### The Local Government Act 1989 (LG Act)

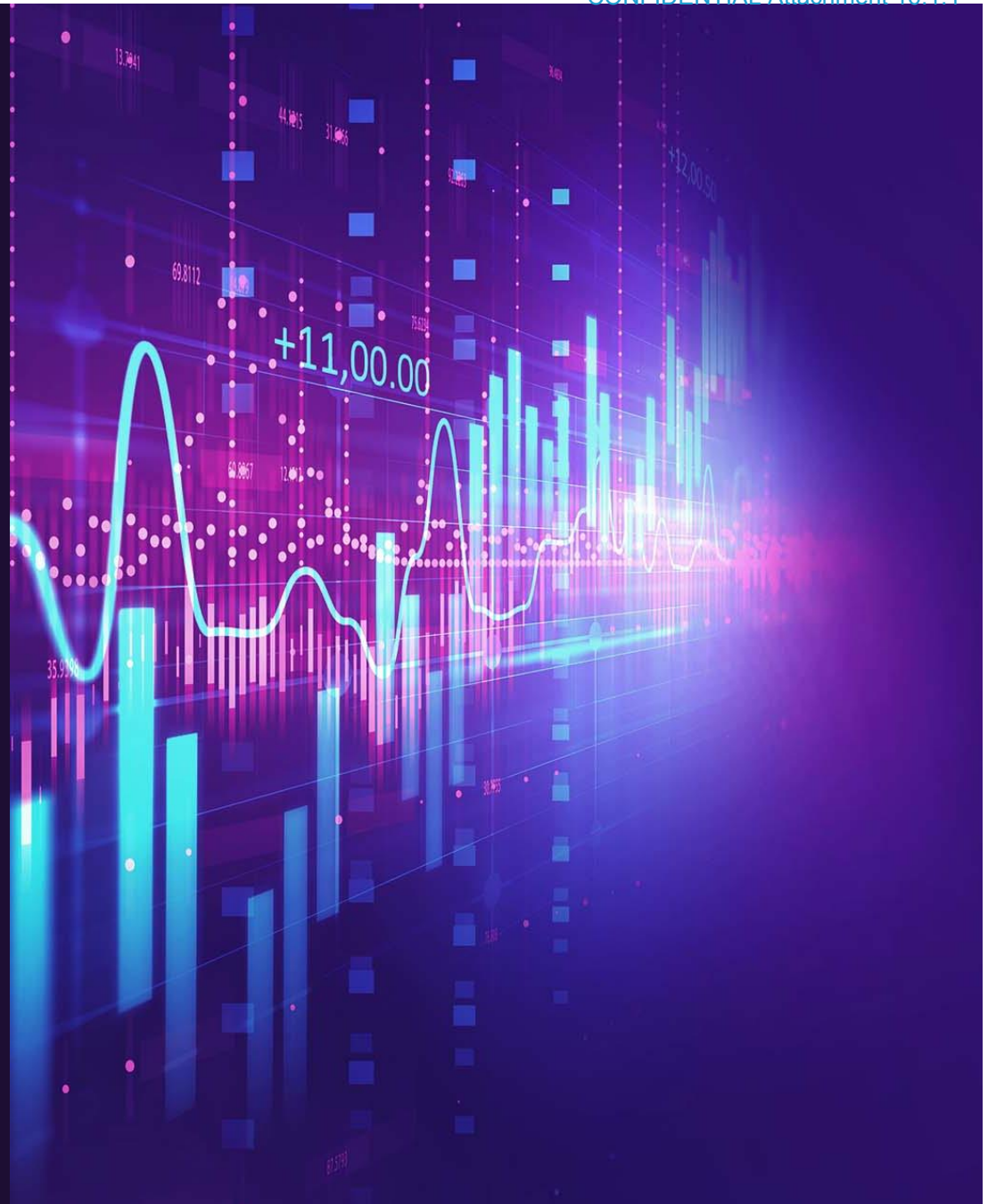
#### Section 163 (1): Special rate and special charge

*A Council may declare a special rate, a special charge or a combination of both only for the purposes of—*

- a) *defraying any expenses; or*
- b) *repaying (with interest) any advance made to or debt incurred or loan raised by the Council—*

*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*

# High Street Armadale Business Association Evaluation



# High Street Armadale Business Association

**Date of Incorporation:** 1<sup>st</sup> November 1999.

**Registered address:** P.O. Box 8606, Armadale VIC 3143.

**Coordinator/ Consultant:** Steve Williams, Creative Community Enterprises, email: [steve@creativecommunity.net.au](mailto:steve@creativecommunity.net.au), mobile 0434 182 843.

**Staff:** HSABA do not employ any full time staff.

**Committee:** Comprises a President, Vice-President, Treasurer, Secretary and 3 Ordinary members (elected at the Annual General Meeting & increased to 7 in FY 2021/2022). The Committee members during the audit period (excluding the 3 Ordinary members) are listed below:

	Name	Business Name	Position	Period
1	Omid Master	Master's Persian Carpets	President	2019 - 2020
2	Angelina Veljanoski	Skin Angel	Secretary, Vice President & President	2019, 2020 & 2021
3	Paul Higgins	Paul Higgins	Vice President	2019
4	Peter Frankel	Luci DiBella	Vice President	2021
5	Emily Anthon	The Paper Empire	Treasurer	2019
6	John Caldwell	Absolute Heath & Performance	Treasurer	2020 - 2021
7	Doron Gafni	Plant One On Me	Secretary	2020 – 2021


**Bookkeepers / Accountants:** Leonie Beckett, Creative Community Enterprises, email [leonie@creativecommunity.net.au](mailto:leonie@creativecommunity.net.au), mobile 0416 160 365 (forms part of the Consulting Services Agreement entered into between HSABA & Creative Community Enterprises on 20 July 2020, signed by Steve Williams for Creative Community Enterprises).

**Independent Auditors:** David Petersen, Quality Financial Solutions Pty Ltd, email: [david@qfsasccountants.com.au](mailto:david@qfsasccountants.com.au), mobile: 0419 115 575.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>HSABA held 5 bank accounts during the period covered by our audit:</p> <ol style="list-style-type: none"> <li>1. CBA Cheque Account # 10082980</li> <li>2. CBA Savings Account # 10107543</li> <li>3. Westpac Cheque Account # 033 034 757934</li> <li>4. Westpac Cash Reserve # 033 034 757942</li> <li>5. Westpac Debit Card # 033 034 757926.</li> </ol> <p>The 3 Westpac bank accounts were opened on 1 March 2021. The 2 CBA bank accounts are now closed and were only kept open for a period whilst HSABA migrated fully across to Westpac. We were provided with access to their Xero on-line accounting software dashboard and confirmed the last transactions on the CBA Cheque Account # 10082980 and the CBA Savings Account # 10107543, was on 27 May 2021 and 9 August 2021 respectively.</p>	
	<p>The 3 Westpac bank accounts operate as follows:</p> <ol style="list-style-type: none"> <li>1. Cash Reserve: Currently used to receive special rates monies. Primarily used to transfer funds to other accounts and not to make payments. This account operates similarly to the previous CBA Savings Account.</li> <li>2. Cheque Account: Used as the Association's everyday transaction account. Receives monies from the Cash Reserve account which is then used for payments via EFT for goods and services.</li> <li>3. Debit Card: Used in place of the CBA Cheque Account for payments where EFT payments are not available in line with the Association's Procurement Policy. According to the Association, the debit card is mainly used to pay subscriptions, gift cards and smaller items where EFT is not practicable. This was confirmed upon our examination of the transactions in Xero - the Debit Card history consists mainly of payments to Xero, Mailchimp and other small payments. The largest payment using the debit card within the audit period, by a significant margin, is a \$3,007.50 payment to Waivpay, one of Australia's largest provider of digital and physical gift cards.</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Debit Card: Summary findings

- HSABA holds a debit card with Westpac, however there are minimal transactions on the debit card over the two financial years.
- The HSABA Procurement Policy & Payment Guidelines states that suppliers are only paid via Electronic Fund Transfer or the debit card.
- It records further that the debit card is only to be used to cover incidental expenses or to make payment to suppliers where they only take debit card as a means of payment. The debit card can only be used when a payment via EFT is not practicable or economical.
- A limit of \$2,000 is the maximum amount that can be deposited/transferred onto the HSABA debit card.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>The HSABA Procurement Policy &amp; Payment Guidelines, to be discussed in more detail when reporting on the AP data and transaction testing in this report, makes provision for the use of the debit card. The policy appears to have been reviewed in August 2021. The policy was developed in FY 2020/2021 and has not been approved according to the Coordinator.</p> <p>In terms thereof, Suppliers are only paid via EFT or the debit card. It records that the debit card is only to be used to cover incidental expenses or to make payment to suppliers where they only take debit card as a means of payment. The debit card can only be used when a payment via EFT is not practicable or economical. A limit of \$2,000 is the maximum amount that can be deposited/transferred onto the HSABA debit card. It is reconciled as it is used. We confirmed this as we received the 30 June 2021 bank reconciliation. The Association does not hold a credit card.</p> <p>There were only 11 transactions amounting to \$3,925.94 on the debit card from opening date 1 March 2021 to 30 June 2021. The account balance as at 30 June 2021 was \$74.06 (2 receipts from the CBA Cheque account and Westpac Cash Reserve account amounting to \$4,000 during the same period). As a result, we did not perform sample testing of debit card transactions.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 <b>Compliant</b>	 <b>Partially compliant</b>	 <b>Not compliant</b>
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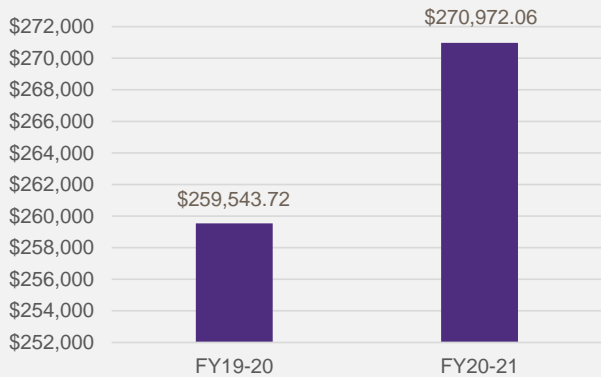
### Financial Management - Debit Card: Summary findings

- HSABA holds a debit card with Westpac, however there are minimal transactions on the debit card over the two financial years.
- The HSABA Procurement Policy & Payment Guidelines states that suppliers are only paid via Electronic Fund Transfer or the debit card.
- It records further that the debit card is only to be used to cover incidental expenses or to make payment to suppliers where they only take debit card as a means of payment. The debit card can only be used when a payment via EFT is not practicable or economical.
- A limit of \$2,000 is the maximum amount that can be deposited/transferred onto the HSABA debit card.

# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment						
2. Review of procurement / Accounts Payable, including process and sample testing.	The AP data records the following total spend per Financial Year:							
	<table><tr><th>Financial Year</th><th>Total spend</th></tr><tr><td>2019/2020</td><td>\$259,543.72</td></tr><tr><td>2020/2021</td><td>\$270,972.06</td></tr></table>		Financial Year	Total spend	2019/2020	\$259,543.72	2020/2021	\$270,972.06
	Financial Year		Total spend					
	2019/2020		\$259,543.72					
	2020/2021		\$270,972.06					
This is illustrated below:								
								
Based on the Association's AP data it is evident that spending remained fairly consistent across both financial years.								

### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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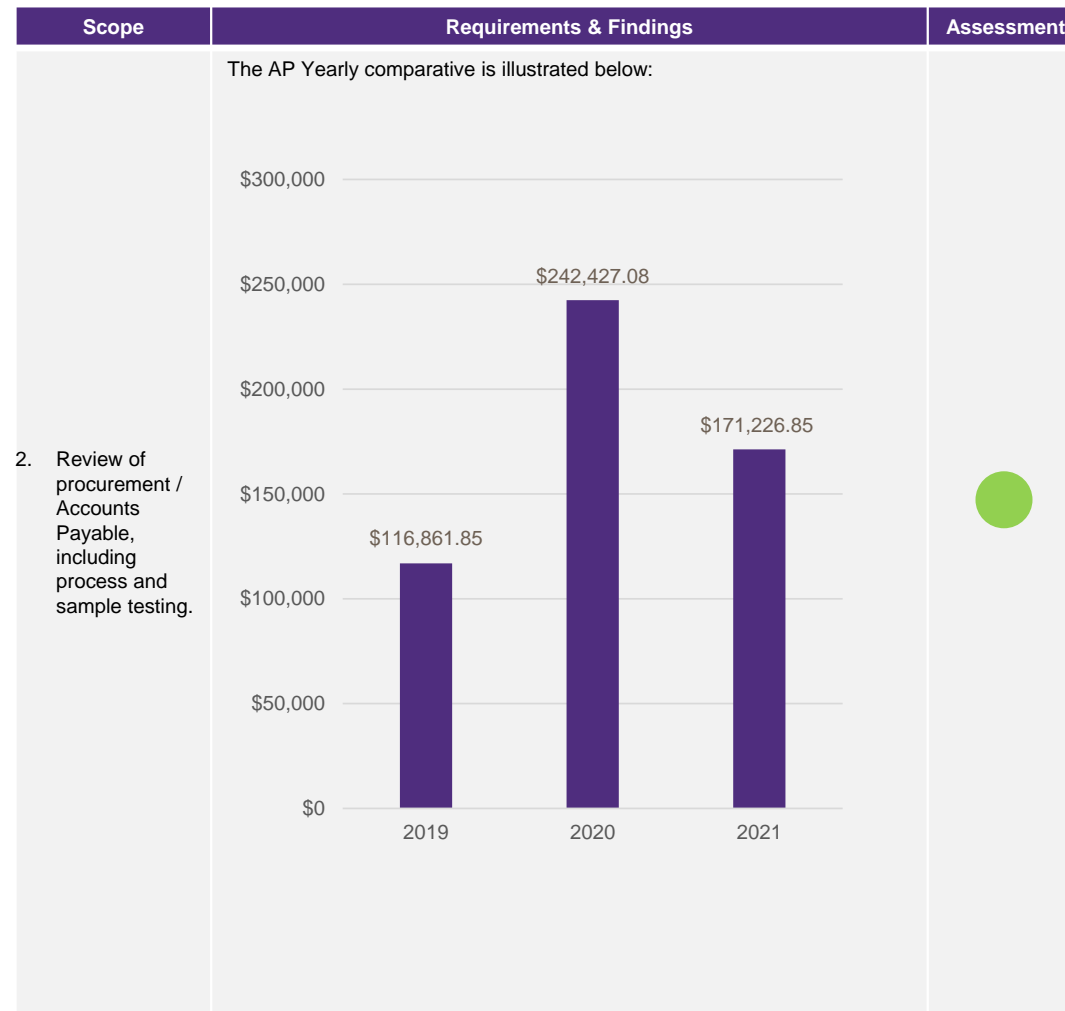
### Financial Management - Procurement & Accounts Payable: Summary findings

- The HSABA Procurement Policy & Payment Guidelines satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement.
- In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.
- Additionally, when two items are comparable, two quotes are required if the value of the purchases are over \$10,000.
- However, it is silent on obtaining at least 1 quotation for any (all) purchases.

# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings

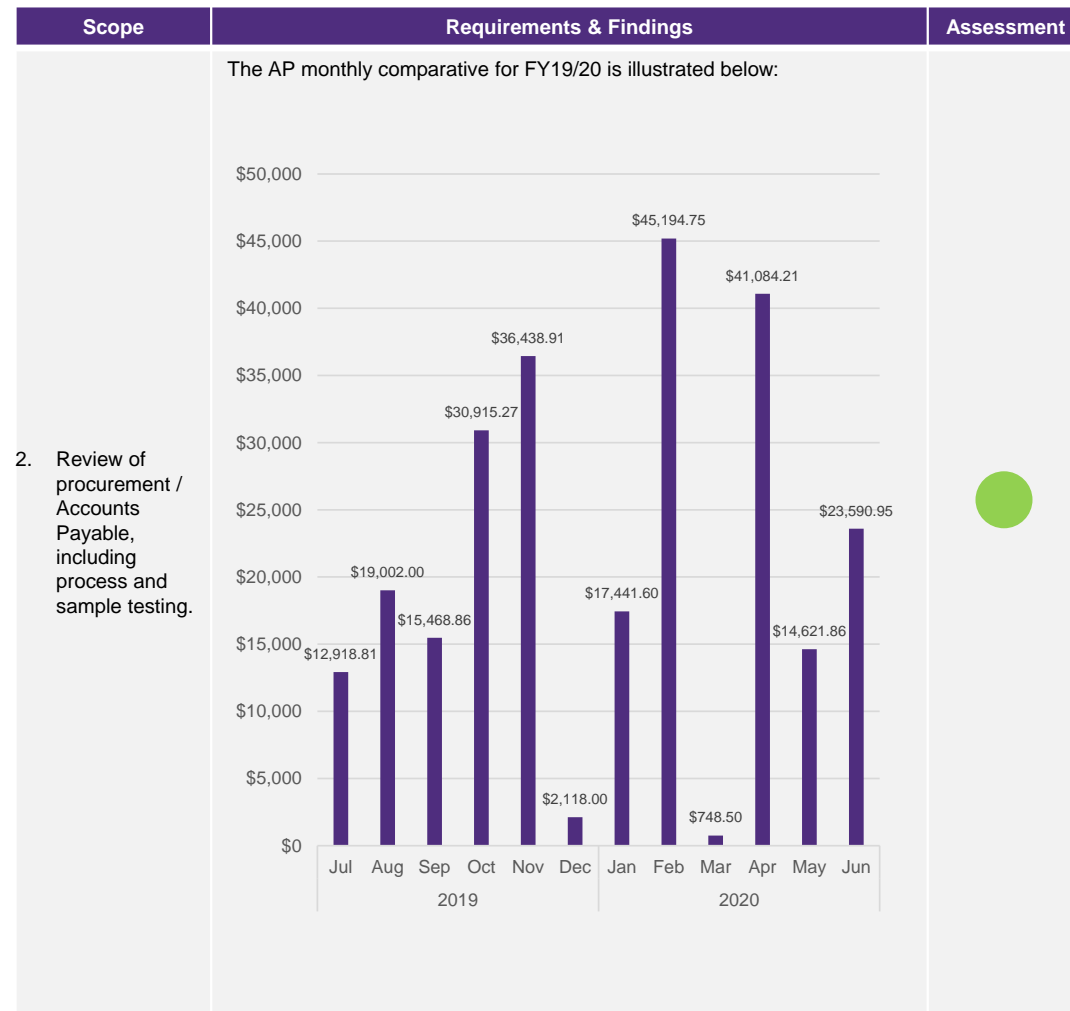
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# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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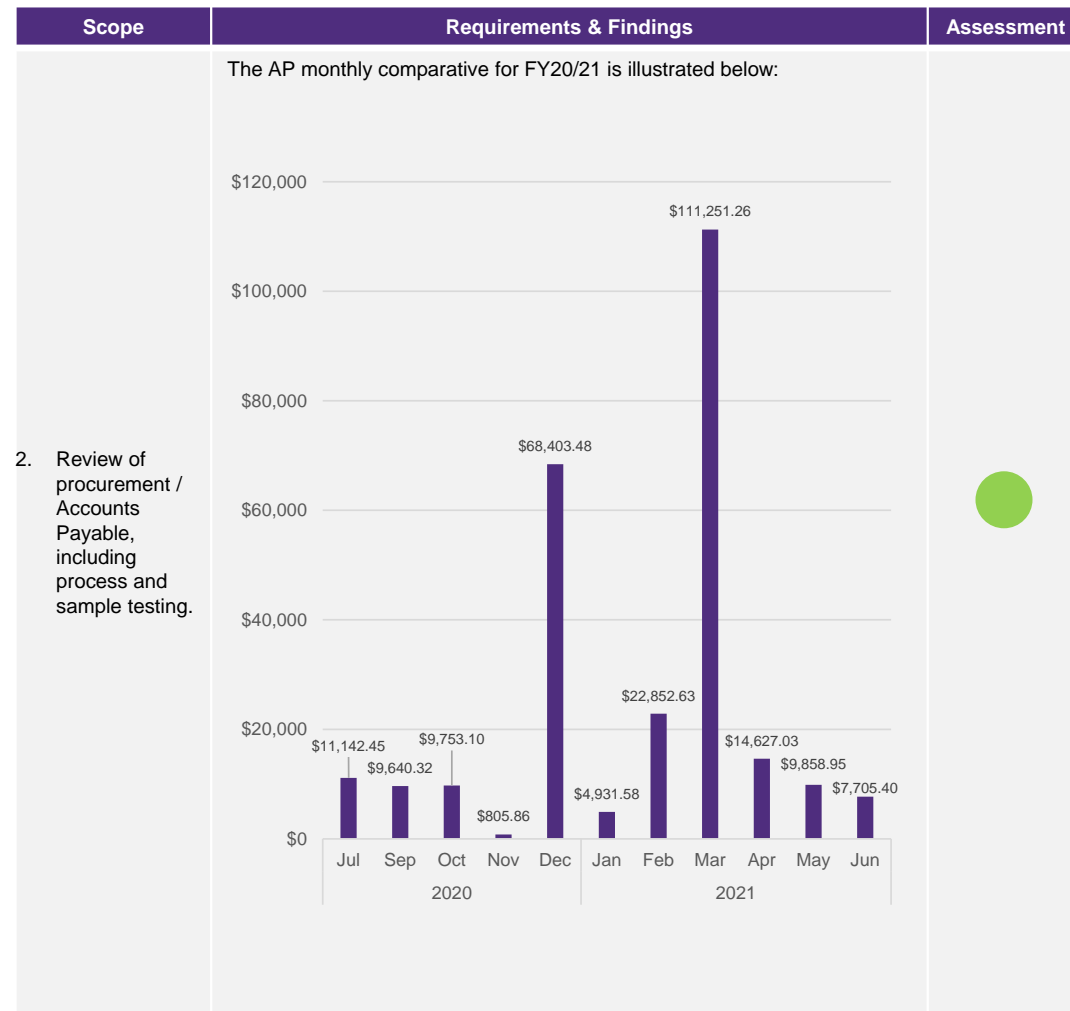
### Financial Management - Procurement & Accounts Payable: Summary findings

- The HSABA Procurement Policy & Payment Guidelines satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement.
- In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.
- Additionally, when two items are comparable, two quotes are required if the value of the purchases are over \$10,000.
- However, it is silent on obtaining at least 1 quotation for any (all) purchases.

# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings

- The HSABA Procurement Policy & Payment Guidelines satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement.
- In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.
- Additionally, when two items are comparable, two quotes are required if the value of the purchases are over \$10,000.
- However, it is silent on obtaining at least 1 quotation for any (all) purchases.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>The HSABA Procurement Policy &amp; Payment Guidelines, covers a number of elements of procurement &amp; payments, including:</p> <ol style="list-style-type: none"> <li>Conflicts of Interest.</li> <li>The procurement of goods and services;</li> <li>Supplier evaluation criteria;</li> <li>Approving payments and expenses; and</li> <li>Director and staff reimbursements.</li> </ol> <p>The said policy satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement, as summarised hereunder:</p> <ol style="list-style-type: none"> <li>All HSABA suppliers must have a registered ABN.</li> <li>In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.</li> <li>Additionally, when two items are absolutely comparable, two quotes are required if the value of the purchases are over \$10,000. However, it is silent on obtaining at least 1 quotation for any (all) purchases.</li> <li>All purchases are approved by the General Manager of the Association in line with ratified budget and itemised campaign. The payment is then approved by two ratified directors/signatories. Any purchases or quotes that sit outside of the ratified budget are present to the directors to be voted on.</li> <li>The policy outlines the method in which the Association's suppliers are selected. In line with the Funding Agreement, the Association preferences local suppliers, specifically HSABA members. New prospective suppliers/contractors are selected in line with a decision framework, that comprises six guidelines.</li> <li>Each payment made by the Association is recorded digitally through the Xero accounting system. Two signatories are required for any vendor payments prior to the amount being released from the nominated Westpac bank account. Any payments made on the debit card do not require two signatories.</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings

- The HSABA Procurement Policy & Payment Guidelines satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement.
- In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.
- Additionally, when two items are comparable, two quotes are required if the value of the purchases are over \$10,000.
- However, it is silent on obtaining at least 1 quotation for any (all) purchases.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>7. Directors and staff of the Association can use their own funds while purchasing goods and services on behalf of the Association. The cost must be known and approved by the Chairperson and a tax invoice provided before any reimbursement is made. Reimbursements are only to be made via a direct deposit in a nominated bank account, never by cash. We did identify any reimbursements when examining the AP data.</p> <p>The Policy provides for the management of Conflicts of Interest consistent with the Funding Agreement. It appears that committee members of the Association that own a business have the ability to quote for work related to the Association. In the situation in which a committee member wishes to submit a quote for an HSABA activity, they are subject to the same terms and conditions and reviews applied to all other suppliers. They further cannot see other quotations before submitting their own and are excluded from receiving confidential information that may assist them in securing the business. The policy stresses that in such a circumstance, the director in question cannot receive any special treatment.</p> <p>During committee meetings directors have the option to declare any conflicts of interest in relation to the ownership of or affiliation with a business that has submitted a quote for goods or services to the Association. Such a declaration is an agenda item that is minuted as part of monthly committee meetings. We did not observe any COI declared in the minutes of meetings.</p> <p>We were not provided with a conflict of interest register <i>per se</i> that serves to records any declarations of conflicts of interest and how they were managed.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Procurement & Accounts Payable: Summary findings

- The HSABA Procurement Policy & Payment Guidelines satisfies the majority of the requirements of the Procurement Policy provided for in Clause 11 of the Agreement.
- In procuring a goods or services and there is a decision to be made between two items that are absolutely comparable, priority is given to local HSABA businesses and members.
- Additionally, when two items are comparable, two quotes are required if the value of the purchases are over \$10,000.
- However, it is silent on obtaining at least 1 quotation for any (all) purchases.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment																					
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	The top categories of spend per FY is summarised hereunder:																						
	<b>FY2019/2020</b>																						
	<table><tr><th></th><th>Category</th><th>Amount</th></tr><tr><td>1</td><td>Advertising</td><td>\$213,543.58</td></tr><tr><td>2</td><td>Marketing</td><td>\$18,030.00</td></tr><tr><td>3</td><td>IT Expenses</td><td>\$15,106.94</td></tr><tr><td>4</td><td>Bookkeeping</td><td>\$2,970.80</td></tr><tr><td>5</td><td>Insurance</td><td>\$2,764.00</td></tr><tr><td>6</td><td>Other*</td><td>\$7,128.40</td></tr></table>			Category	Amount	1	Advertising	\$213,543.58	2	Marketing	\$18,030.00	3	IT Expenses	\$15,106.94	4	Bookkeeping	\$2,970.80	5	Insurance	\$2,764.00	6	Other*	\$7,128.40
			Category	Amount																			
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	4		Bookkeeping	\$2,970.80																			
	5		Insurance	\$2,764.00																			
	6		Other*	\$7,128.40																			
<b>*Other includes:</b> Printing, Stationery and Postage; Catering; Audit Fees; Talent Hire; Promotion Expenses; Photography; and Computer Software Subscriptions.																							
The Advertising category related primarily to payments made to the previous Coordinators, Tracktion Sales and Marketing. Marketing fees consisted of the first set of payments made to Creative Community Enterprises and other lesser marketing related purchases.																							

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Data Analytics: Summary findings

- Our review of the FY 2019/2020 spend identified that 82% or \$213,543 of the spend was on Advertising and 71% of this was paid to Traktion Sales & Marketing Pty Ltd. We determined Traktion was paid \$151,767 in FY 2019/2020.
- We requested a copy of the Agreement with the Association from Traktion, and copies of their 28 paid invoices, as the Association is not in possession of these documents.
- We have not received the above from Traktion at the date of issue of this report.
- Creative Community Enterprises were appointed in July 2020 to take over the Consulting Services provided by Traktion in FY 2019/2020 (and prior to that). As a comparative, Creative Community Services received payments amounting to \$71,099.53 in FY 2020/2021, allocated to Marketing.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings		Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<b>FY2020/2021</b>		
	<b>Category</b>	<b>Amount</b>	
	1 Melbourne Fashion Festival	\$109,110.28	
	2 Marketing	\$79,215.20	
	3 Promotional Expenses	\$23,131.49	
	4 Other creditors	\$17,612.40	
	5 IT Expenses	\$9,983.06	
	6 Gift Cards	\$9,387.87	
	7 ATO	\$8,765.62	
	8 Photography	\$4,166.37	
	9 Audit Fees	\$4,112.26	
	10 Other*	\$5,059.17	
*Other includes: Insurance, Computer Software Subscriptions; Advertising; Bookkeeping; Utilities; Catering; Retail; and Consumer Affairs Victoria.			

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Data Analytics: Summary findings

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# High Street Armadale Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment														
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>The Breakdown of Accounts Payable by Category for FY2019/2020 is illustrated below:</p> <table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Advertising</td><td>82%</td></tr><tr><td>Marketing</td><td>7%</td></tr><tr><td>IT Expenses</td><td>6%</td></tr><tr><td>Other</td><td>3%</td></tr><tr><td>Insurance</td><td>1%</td></tr><tr><td>Bookkeeping</td><td>1%</td></tr></tbody></table>	Category	Percentage	Advertising	82%	Marketing	7%	IT Expenses	6%	Other	3%	Insurance	1%	Bookkeeping	1%	
Category	Percentage															
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

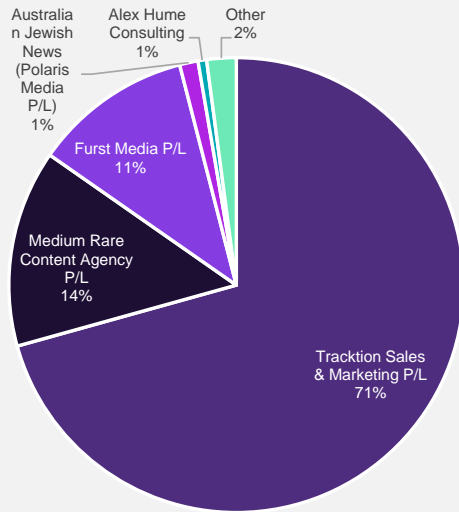
- Our review of the FY 2019/2020 spend identified that 82% or \$213,543 of the spend was on Advertising and 71% of this was paid to Tracktion Sales & Marketing Pty Ltd. We determined Tracktion was paid \$151,767 in FY 2019/2020.
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# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>The Breakdown of <b>Advertising</b> for FY2019/2020 is illustrated below:</p>  <p>Tracktion Sales &amp; Marketing is an Advertising Agency that provided HSABA with a comprehensive marketing strategy involving print, media, bill boards, digital advertising, influencer marketing and website design, according to their website. We do not know what services they provided as we were not provided with their Agreement with HSABA.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

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# High Street Armadale Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																						
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>The Breakdown of Accounts Payable by Category for FY2020/2021 is illustrated below:</p> <table><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Melb Fashion Festival</td><td>40.33%</td></tr><tr><td>Marketing</td><td>29.28%</td></tr><tr><td>Promotion Expenses</td><td>8.55%</td></tr><tr><td>Other Creditors</td><td>6.51%</td></tr><tr><td>IT Expenses</td><td>3.69%</td></tr><tr><td>Gift Cards</td><td>3.47%</td></tr><tr><td>ATO</td><td>3.24%</td></tr><tr><td>Photography</td><td>1.54%</td></tr><tr><td>Audit Fees</td><td>1.52%</td></tr><tr><td>Other</td><td>1.87%</td></tr></tbody></table>	Category	Percentage	Melb Fashion Festival	40.33%	Marketing	29.28%	Promotion Expenses	8.55%	Other Creditors	6.51%	IT Expenses	3.69%	Gift Cards	3.47%	ATO	3.24%	Photography	1.54%	Audit Fees	1.52%	Other	1.87%	
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### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the FY 2019/2020 spend identified that 82% or \$213,543 of the spend was on Advertising and 71% of this was paid to Tracktion Sales & Marketing Pty Ltd. We determined Tracktion was paid \$151,767 in FY 2019/2020.
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# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment																																												
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	We selected 10 samples for testing in each of the financial years, across different suppliers and categories of spend.																																													
	<b>FY2019/2020</b>																																													
	<table><tr><th></th><th>Date</th><th>Description</th><th>Amount</th></tr><tr><td>1</td><td>16/10/2019</td><td>Mama Zuzu – Jasmin Howell</td><td>\$4,950.00</td></tr><tr><td>2</td><td>16/10/2019</td><td>Payment: Furst Media P/L</td><td>\$12,564.25</td></tr><tr><td>3</td><td>28/11/2019</td><td>Payment: Matilda Cafe</td><td>\$1,850.00</td></tr><tr><td>4</td><td>31/01/2020</td><td>Payment: Medium Rare Content Agency P/L</td><td>\$12,491.60</td></tr><tr><td>5</td><td>28/02/2020</td><td>Payment: Calligraphy by Moya</td><td>\$600.00</td></tr><tr><td>6</td><td>3/04/2020</td><td>Payment: Madinat Coco Louise</td><td>\$440.00</td></tr><tr><td>7</td><td>22/04/2020</td><td>Payment: Cheryl Law</td><td>\$450.00</td></tr><tr><td>8</td><td>22/04/2020</td><td>Payment: Bud Flowers</td><td>\$2,000.00</td></tr><tr><td>9</td><td>7/05/2020</td><td>Payment: Tracktion Sales &amp; Marketing P/L</td><td>\$11,962.50</td></tr><tr><td>10</td><td>25/06/2020</td><td>Payment: MollyRuth Media</td><td>\$200.00</td></tr></table>			Date	Description	Amount	1	16/10/2019	Mama Zuzu – Jasmin Howell	\$4,950.00	2	16/10/2019	Payment: Furst Media P/L	\$12,564.25	3	28/11/2019	Payment: Matilda Cafe	\$1,850.00	4	31/01/2020	Payment: Medium Rare Content Agency P/L	\$12,491.60	5	28/02/2020	Payment: Calligraphy by Moya	\$600.00	6	3/04/2020	Payment: Madinat Coco Louise	\$440.00	7	22/04/2020	Payment: Cheryl Law	\$450.00	8	22/04/2020	Payment: Bud Flowers	\$2,000.00	9	7/05/2020	Payment: Tracktion Sales & Marketing P/L	\$11,962.50	10	25/06/2020	Payment: MollyRuth Media	\$200.00
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### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Sample Testing: Summary Findings

- We received 6 of the 10 invoices for samples selected in FY 2019/2020 from Elizabeth Zeuschner and Associates, the Bookkeepers at the time.
- We did not receive quotations for any of the 10 samples selected in FY 2019/2020. Based on our interviews with the Committee members interviewed, the general consensus is that the sourcing of quotations was the responsibility of Tracktion Sales & Marketing. However, we have not received the Agreement entered into between Tracktion and the Association, in order to confirm this.
- We received 10 of 10 invoices for samples selected in FY 2020/2021 from Creative Community Enterprises, the Bookkeepers appointed in July 2020 (and current).
- We received at least one quotation for each the 9 remaining samples selected from Creative Community Enterprises.




# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Financial Management Assessment

Scope	Requirements & Findings	Assessment
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	The results of our testing for FY 2019/2020 is recorded below.	
	We encountered difficulties in obtaining supporting documents for our sample selection. Elizabeth Zeuschner and Associates were the appointed Bookkeepers for FY 2019/2020. We have not been provided with any documents confirming their appointment.	
	Creative Community Enterprises were appointed as Marketing Coordinators by HSABA as provided for in a Consulting Agreement dated 20 July 2020, that includes bookkeeping services. They informed us that the handover to them occurred during Covid lockdown, and it was a difficult task securing the cooperation of the previous bookkeepers and marketing coordinators. They did not receive any finance related documents for FY 2019/2020 during the handover.	
	We determined upon examination of the AP data that payments were made to Elizabeth Zeuschner and Associates for Bookkeeping services during the period August 2019 and July 2020. The changeover of bookkeeper from Elizabeth Zeuschner and Associates to Creative Community Enterprises, is confirmed in the minutes of the committee meeting held on 29 July 2020.	
	We contacted Elizabeth Zeuschner and requested the status of financial records still in her possession. She informed us that there was a hasty changeover from MYOB to XERO when the new bookkeepers took over and some of the records may have been lost as a result. She no longer has access to MYOB. She provided us with what she was able to trace in a file retained by her.	
	We received 6 of the 10 invoices selected for sample testing in FY 2019/2020. We did not receive any quotations for the samples selected. Elizabeth Zeuschner informed us that she was not aware of any quotations and nothing was handed to her. Based on our interviews conducted with members of the committee, the general consensus was that the request for quotations would have been the responsibility of Tracktion Sales & Marketing. We also examined the Letter of Engagement of Elizabeth Zeuschner and Associates with HSABA dated November 2011 and confirm that procurement, including obtaining quotations was not within the scope of services.	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Sample Testing: Summary Findings

- We received 6 of the 10 invoices for samples selected in FY 2019/2020 from Elizabeth Zeuschner and Associates, the Bookkeepers at the time.
- We did not receive quotations for any of the 10 samples selected in FY 2019/2020. Based on our interviews with the Committee members interviewed, the general consensus is that the sourcing of quotations was the responsibility of Tracktion Sales & Marketing. However, we have not received the Agreement entered into between Tracktion and the Association, in order to confirm this.
- We received 10 of 10 invoices for samples selected in FY 2020/2021 from Creative Community Enterprises, the Bookkeepers appointed in July 2020 (and current).
- We received at least one quotation for each the 9 remaining samples selected from Creative Community Enterprises.

# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	<p>The results of our testing for FY 2020/2021 is recorded below.</p> <p>We received 10 of the 10 invoices for samples selected in FY 2020/2021. We confirmed 9 of the 10 payments had been approved in terms of policy, namely that the Coordinator had obtained authority from 2 authorised committee approvers. The exception was a payment made on the debit card in the amount of \$97.60 on 22 February 2021. We determined this was a payment for a coffee bill for a committee meeting, that according to the Association was authorised in terms of Rule 69 (3) of the Rules, namely <i>'The Committee may authorise the Treasurer to expend funds on behalf of the Association (including by electronic funds transfer) up to a specified limit without requiring approval from the Committee for each item on which the funds are expended'</i>. We also did not receive a quotation for this purchase, which is reasonably understandable.</p> <p>We received at least one quotation for each the 9 remaining samples selected. On 2 occasions, a written quotation from the winning supplier was not sighted, however on both occasions competitive benchmarking quotations were obtained. On both occasions, the suppliers were well known trusted suppliers to Creative Community Enterprises.</p> <p>HSABA's Procurement Policy &amp; Payment Guidelines, requires that when two items are absolutely comparable, two quotes are required if the value of the purchases are over \$10,000. 2 of the 10 payments exceeded \$10,000, and on both occasions only 1 quotation was obtained. The reasons for not obtaining two quotations, namely that the suppliers were well known and trusted and competitive benchmarking quotations were obtained, appears to be reasonably explained by Creative Community Enterprises. In addition based on this, they may not fall into the category of being absolutely comparable.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Sample Testing: Summary Findings

- We received 6 of the 10 invoices for samples selected in FY 2019/2020 from Elizabeth Zeuschner and Associates, the Bookkeepers at the time.
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# High Street Armadale Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
5. Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.	<p>Based on our review of the Association's Business bank accounts, the AP data, our data analytics performed and sample testing, the expenditure for FY 2020/2021 appears to be aligned to the LG Act.</p> <p>Further, the expenditure for FY 2020/2021 is in compliance with Clause 8.5 of the Funding Agreement – the Association has not, in using Scheme Funds paid to it under the Agreement, used any of the funds for Prohibited Purposes. We did not identify any obvious spend that may be defined as for Prohibited Purposes. The spend further appears to be for the Declared Purpose as defined in the Funding Agreement.</p> <p>We were not able to perform a full assessment for FY 2019/2020 as we were provided with limited documents for the financial year. The only documents we received were from Council. As previously reported, the previous bookkeepers were not able to provide us with any additional financial related documents. However, based on our data analysis of the payments made during FY 2019/2020, we did not identify any irregular payments that are inconsistent with the LG Act and the Funding Agreement.</p> <p>We received confirmation during our interviews conducted that no funding was used for Prohibited Purposes.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Expenditure aligned to LG Act & Funding Agreement: Summary Findings:

- Based on available records and our analysis of same, the expenditure appears to be aligned with:
  - Section 163 (1) of the LG Act- funds were used to defray expenses;
  - Clause 8.5 of the Funding Agreement- funds were not used for 'Prohibited Purposes'; and
  - The 'Declared Purpose' as defined- means the encouragement of commerce in the Precinct.

# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
	<p>The Audited Financial Reports for both FY 2019/2020 and FY 2020/2021, were provided to us by the Association. They were prepared by Quality Financial Solutions Pty Ltd and the Auditor's Report is signed off by David Petersen, CA.</p> <p>They have been prepared on an accrual basis and based on historical costs, as well as the AIR Act. We did not receive the Audited Financial Reports that were presented to the respective AGMs for FY 2019/2020 and FY 2020/2021, but the minutes of FY 2019/2020 AGM held on 7 October 2020 and FY 2020/2021 Notice of the AGM held on 22 April 2022, reflect that the Audited Financial Reports were presented, and adopted in the case of the FY 2019/2020. We did not receive the minutes of the FY 2020/2021 AGM.</p>	
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>We did not receive the Annual Report for either FY2019/2020 or FY 2020/2021. As reported above, the minutes of the FY 2019/2020 AGM held on 7 October 2020 and the FY 2020/2021 Notice of the AGM held on 22 April 2022, reflect that the Annual Report was presented / to be presented to the respective AGM's.</p> <p>Council provided us with the Audited Financial Reports for both FY 2019/2020 and FY 2020/2021. They are the same as those provided to us by the Association. For completeness we examined a Profit and Loss account year on year for FY 2019/2020 and FY 2020/2021, dated 9 September 2021, provided to us by Council. Some of the amounts recorded differ / have been reallocated in the Profit and Loss to that provided in the Income and Expenditure Statement for both financial years, which is included in the Audited Financial Report. The net profit or loss however, is consistent in both the Profit and Loss and Audited Financial Reports, for both financial years, namely: FY 2019/2020 net loss -\$7,451 and FY 2020/2021 net profit \$78,266.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Comparative between financial data: Summary Findings

- The Audited Financial Reports provided by the Association to us is the same as that provided to Council by the Association.
- For completeness we examined the Profit and Loss account year on year for FY 2019/2020 and FY 2020/2021, dated 9 September 2021, provided to us by Council. Some of the amounts recorded differ/ have been reallocated in the Profit and Loss to that provided in the Income and Expenditure Statement for both financial years, which is included in the Audited Financial Report.
- The net profit or lose however, is consistent in both the Profit and Loss and Audited Financial Reports, for both financial years.



# High Street Armadale Business Association

HSABA are compliant with all requirements for the Financial Management audit, apart from the sample testing of transactions for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews where required, to determine answers to any questions as a result of the testing.	<p>We conducted interviews with the Vice - President, Secretary, Coordinator and Bookkeeper to seek additional information and discuss matter identified across the financial management audit.</p> <p>We determined the following:</p> <ol style="list-style-type: none"> <li>1. There were clearly issues with the performance of Tracktion Sales &amp; Marketing, the previous Marketing Coordinators and to a lesser extent with the performance of Elizabeth Zeuschner and Associates, the previous Bookkeepers.</li> <li>2. The Committee was dissatisfied with the services provided by Tracktion and there were a lot of businesses who were also unhappy with Tracktion.</li> <li>3. The Committee members stated that there was clear night and day between the services provided by Tracktion and the services now provided by Creative Community Enterprises, and the Committee had made the right decision in appointing Creative Community Enterprises.</li> <li>4. The Committee members felt that the Association had been overcharged by Tracktion and that they had not received value for money.</li> <li>5. It was confirmed that the Association has two committee member approvers for all transactions on their Westpac bank account and that Leonie Beckett is the administrator. She also retains the debit card and there are tight controls around the use thereof, which is primarily used for the payment of subscriptions.</li> <li>6. Members of the Committee do not use their own funds for Association purchases and then submit a claim for reimbursement.</li> <li>7. It was confirmed that the Procurement Policy &amp; Payment Guidelines was developed by Creative Community Enterprises, but not approved by Council. There was no policy prior to this.</li> <li>8. Quotations are obtained, often via interview. e.g. a conversation with suppliers to determine whether they can provide services at market related prices. They are changing processes and improving procurement process in order to strive for more competitive pricing.</li> <li>9. It was confirmed that Council funds have not been used for Prohibited Purposes.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	Compliant
Governance	Partially compliant
Member Engagement	Compliant

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Interviews Conducted: Summary Findings:

- All funds have been dispersed in terms of the Funding Agreement.
- There is now (and in particular in FY 2020/2021) effective and efficient handing of Council funds.
- The Committee and businesses were not satisfied with the performance of Tracktion Sales & Marketing, and it is felt that they overcharged the Association.
- There is strict controls over and minimal use of the debit card.
- There is sufficient separation & segregation of duties from an approval and payment process perspective.
- COI are managed with caution and all purchasing is done for the betterment of the whole street and no part left behind. It has been necessary to refer to the clauses in the rules to manage conflicts.

# High Street Armadale Business Association

HSABA are compliant with a number of requirements for the Governance audit, apart from the Committee artefacts/ Committee agendas and minutes of meetings for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>The HSABA Rules of the Association sets out the rules and powers of the Association as well as defining its purpose. The current edition of the Rules is dated 16 October 2013. The Rules are relatively generic for all 4 Associations covered by this audit, unless there are changes to the Constitution, and ratified by special resolution of a general meeting of the association, as provided for in Rule 77.</p> <p>The HSABA Rules includes the following relevant to Governance issues covered by our audit:</p> <ol style="list-style-type: none"> <li>1. Part 4 - General Meetings of the Association.</li> <li>2. Part 5 - Committee.</li> </ol> <p>We received Committee meeting agendas and the minutes of the respective meeting from the Association. Rule 58 (1) requires the Committee to meet at least 3 times in each year at the dates, times and places determined by the Committee. Rule 59 (1) requires written notice of each committee meeting to be given to each committee meeting no later than 7 days before the date of the meeting. Rule 66 requires the recording of minutes of meetings and specific information to be included in the minutes. We were not provided with a schedule of meetings of the Committee.</p> <p>We received the minutes and agendas of meeting held during the period of our audit as summarised hereunder:</p> <ol style="list-style-type: none"> <li>1. 1 July 2019 to 31 December 2019, 1 meeting which was FY 2018/2019 AGM.</li> <li>2. 1 July 2020 to 31 December 2020, 5 meetings including FY 2019/2020 AGM.</li> <li>3. 1 January 2021 to 30 June 2021, 3 meetings, including the FY 2020/2021 AGM.</li> </ol> <p>We did not receive the minutes of Special Meetings held in FY 2019/2020. We were informed by Creative Community Services, that they assumed the role of the Associations Consultant in July 2020, and no records were handed over to them, either digital or hard copy by Tracktion Sales &amp; Marketing.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were not changed during the period covered by our audit.
- The Committee artefacts: agendas, reports to the Committee, and minutes are detailed and reliable, for FY 2020/2021. We did not receive these documents for FY 2019/2020.
- There is no evidence that Committee meetings were held from 1 July 2019 to 31 December 2019, other than the FY 2018/2019 AGM.
- The FY 2020/2021 AGM was not held within 5 months after the end of the financial year as provided for in Rule 30 (1); it was held on 22 April 2022.




# High Street Armadale Business Association

HSABA are compliant with a number of requirements for the Governance audit, apart from the Committee artefacts/ Committee agendas and minutes of meetings for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>We examined the minutes of the meeting and confirmed they comply with the requirements as provided for in Rule 66, in that they are correctly recorded and contain the required information.</p> <p>Rule 63 (2) requires 4 committee members to be present to constitute a quorum. We did not note any exceptions.</p> <p>Rule 46 requires the President, or in the absence of the President, the Vice-President, as Chairperson for any committee meeting. If both are absent then a members must be elected by others present for both general and committee meetings. We did not note any exceptions.</p> <p>Rule 30 (1) requires an AGM to be held within 5 months after the end of the financial year. FY 2019/2020 AGM was held within the said period on 7 October 2020. However, FY 2020/2021 was held approximately 9 months after end of financial year. We were informed by Creative Community Services that the AGM was postponed, as the Committee wanted to have an in person event to try and get more engagement from the membership as they had not had an opportunity to engage as a group due to COVID.</p> <p>We examined the minutes of FY 2019/2020 AGM held on 7 October 2020 and confirmed they comply with the requirements of Rule 30 (2) to (5), namely:</p> <ul style="list-style-type: none"> <li>The Committee may determine the date, time and place of the annual general meeting.</li> <li>Confirmed the minutes of the previous annual general meeting and of any special general meeting held since then.</li> <li>To receive and consider the annual report of the Committee on the activities of the Association during the preceding financial year and the financial statements for the preceding year</li> <li>To elect the members of the Committee.</li> </ul> <p>As previously reported we received FY 2020/2021 Notice of the AGM held on 22 April 2022, but not the minutes of the AGM.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were not changed during the period covered by our audit.
- The Committee artefacts: agendas, reports to the Committee, and minutes are detailed and reliable, for FY 2020/2021. We did not receive these documents for FY 2019/2020.
- There is no evidence that Committee meetings were held from 1 July 2019 to 31 December 2019, other than the FY 2018/2019 AGM.
- The FY 2020/2021 AGM was not held within 5 months after the end of the financial year as provided for in Rule 30 (1); it was held on 22 April 2022.




# High Street Armadale Business Association

HSABA are compliant with a number of requirements for the Governance audit, apart from the Committee artefacts/ Committee agendas and minutes of meetings for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>We were not provided with the complete Committee packs as distributed to members by the Coordinator prior to the meeting. The Agendas for the meetings however, record that the agenda includes Finance, Marketing &amp; Promotions and Social Media.</p> <p>Creative Community Services informed us that HSABA does not have a Committee Members' Code of Conduct.</p> <p>We have examined the minutes of meetings of the Committee and there has been no discussion or reference to inappropriate behaviour by Committee members.</p> <p>Rule 65 of the Rules of the Association addresses Conflict of Interest and that a Committee member who has a material personal interest in a matter being considered at a committee meeting must disclose the nature and extent of that interest to the Committee. The minutes of the meeting do not record any conflicts of interest were declared by Committee members. As previously reported, the HSABA Procurement Policy &amp; Payment Guidelines details how COIs are managed and recorded in the Minutes as an agenda item.</p> <p>We previously reported that the HSABA Rules includes Part 5: Committee, which is relevant to our audit of the Associations Governance. This includes:</p> <ol style="list-style-type: none"> <li>1. Powers of the Committee.</li> <li>2. Composition of Committee and duties of members.</li> <li>3. Election of Committee members and tenure of office.</li> <li>4. Meetings of the Committee (already discussed in this report when reviewing minutes of meetings).</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were not changed during the period covered by our audit.
- The Committee artefacts: agendas, reports to the Committee, and minutes are detailed and reliable, for FY 2020/2021. We did not receive these documents for FY 2019/2020.
- There is no evidence that Committee meetings were held from 1 July 2019 to 31 December 2019, other than the FY 2018/2019 AGM.
- The FY 2020/2021 AGM was not held within 5 months after the end of the financial year as provided for in Rule 30 (1); it was held on 22 April 2022.

# High Street Armadale Business Association

HSABA are compliant with a number of requirements for the Governance audit, apart from the Committee artefacts/ Committee agendas and minutes of meetings for FY 2019/2020 which was attributed to the previous Marketing Coordinators.

## Governance Assessment

Scope	Requirements & Findings	Assessment
	<p>Our audit confirmed the following has been complied with:</p> <ol style="list-style-type: none"> <li>1. The business of the Association is managed under the direction of the Committee – Rule 42.</li> <li>2. The Composition of the Committee has been constituted as provided for in Rule 44.</li> <li>3. Members are aware of the Rules &amp; the Act.</li> <li>4. Members have been elected to their positions as provided for in Rules 50 - 54, and this includes the committee being elected at the AGM.</li> <li>5. The vacation of office and filling of vacant positions has been conducted as provided for in Rule 56 - 57.</li> </ol>	
2. Review of Committee arrangements including Committee composition, sub-committees, interaction/ engagement between management and Committee.	<p>The above was determined based on our review of relevant documents, primarily minutes of committee meetings.</p> <p>It was reported to us that no Committee members have undertaken training relevant to their respective positions on the Committee and as volunteers they are not requested to provide details of their professional memberships or qualifications.</p> <p>We further did not identify any payments made to professional business training providers, upon our examination of the AP data. Further, no member of the Committee is entitled to any remuneration, as they act in an honorary capacity, and we did not identify payments made to Committee members, upon our examination of the AP data.</p> <p>There is no evidence that the Coordinator (or Committee members) have attended Governance Training as provided for in Clause 10.3, provided by Council. We were informed during our interview with Committee members that they had requested training during the time Tracktion was the appointed Marketing Coordinators (FY 2019/2020), but nothing had transpired and Council does not communicate this currently.</p> <p>It is evident that there has been improved and regular interaction and engagement between the Committee, the Coordinator and the Bookkeeper (in-house part of the Coordinators business) in FY 2020/2021 and continuing into FY 2021/2022. This was confirmed in the interviews conducted.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Committee composition and engagement with management (the Coordinator): Summary Findings

- The Committee membership was passed by Resolution at the Associations AGM and they were elected as provided for in Rules 50-54.
- The composition of the Committee complies with the requirements of Rule 44 and the Association is effectively managed under the Direction of the Committee as provided for in Rule 44.
- There has been improved and regular interaction and engagement between the Committee, the Coordinator and the Bookkeeper (in-house part of the Coordinators business) in FY 2020/2021 and continuing into FY 2021/2022, following the appointment of Creative Community Enterprises in July 2020.




# High Street Armadale Business Association

HSABA are compliant with a number of requirements for the Governance audit, apart from the Committee artefacts/ Committee agendas and minutes of meetings for FY 2019/2020 which was attributed to the previous Marketing Coordinators.




## Governance Assessment

Scope	Requirements & Findings	Assessment
3. Observation at a Committee meeting where deemed necessary.	<p>We did not consider attending a Committee meeting based on findings into our review of the Committee artefacts and related documents, as well as our interviews conducted. The last committee meeting was held on 6 June 2022.</p> <p>As previously reported, we determined that the Committee artefacts: agendas, reports to the Committee, and minutes are detailed and reliable, for FY 2020/2021, once it was managed by Creative Community Enterprises.</p>	
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review.	<p>We conducted interviews with the Vice - President, Secretary, Coordinator and Bookkeeper to seek additional information and discuss in particular the absence of documentation for FY 2010/2020 at which time Tracktion were appointed.</p> <p>It is apparent that Tracktion did not hand over governance related documents for the said period to Creative Community Enterprises. We also reported that we have, to date, not received the Tracktion Agreement after we requested it from Tracktion, in order to determine their scope of services. We further have not examined their paid invoices in order to determine the services provided and whether this included governance related services, particularly the management of committee meetings, preparation and retention of documents. The current Bookkeeper does not have copies of the Tracktion invoices as they were not handed over to them.</p>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee composition and engagement with management (the Coordinator): Summary Findings

- The Committee membership was passed by Resolution at the Associations AGM and they were elected as provided for in Rules 50-54.
- The composition of the Committee complies with the requirements of Rule 44 and the Association is effectively managed under the Direction of the Committee as provided for in Rule 44.
- There has been improved and regular interaction and engagement between the Committee, the Coordinator and the Bookkeeper (in-house part of the Coordinators business) in FY 2020/2021 and continuing into FY 2021/2022, following the appointment of Creative Community Enterprises in July 2020.

# High Street Armadale Business Association

HSABA are compliant with the majority of requirements for the Member Engagement audit. However, the membership register requires additional information and updating.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
1. Obtain an understanding of the process around membership recruitment and becoming a member.	<p>Rule 8 to 11 of the Rules of Association:</p> <ul style="list-style-type: none"> <li>defines any company, organisation or person that occupies property subject to the special rate or charge levied by Council for the Glenferrie Road Malvern precinct as being eligible to be a member of the Association.</li> <li>Anyone fitting this criteria who wishes to become a member must submit a written application form with the Secretary of the Association (Doron Gafni during the review period).</li> <li>Within their application, the applicant must state that they wish to become a member of the Association; that they support the purposes of the Association; and, that they agree to comply with the Rules and the Code of Conduct adopted by the Association.</li> </ul> <p>Applications for membership are decided by the committee via a resolution. The Rules state that special rate membership applications are only rejected if the applicant does not meet the eligibility criteria. This means that generally all applications for membership will be accepted if the applicant occupies a property that pays the rate. If the applicant is approved by the committee, the Secretary will notify the applicant in writing and enter the applicant's name in the Register of Members.</p> <p>A company, organisation or person is considered a member of the Association, and is entitled to exercise their rights as a member from the date on which the committee approves the membership.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Member Engagement - Membership recruitment & becoming a member: Summary Findings


- Membership is defined in Rule 8 of the Rules of the Association.
- Applications for membership are decided by the committee via a resolution. The Rules state that special rate membership applications are only rejected if the applicant does not meet the eligibility criteria. This means that generally all applications for membership will be accepted if the applicant occupies a property that pays the special rate.
- A company, organisation or person is considered a member of the Association, and is entitled to exercise their rights as a member from the date on which the committee approves the membership.






# High Street Armadale Business Association

HSABA are compliant with the majority of requirements for the Member Engagement audit. However, the membership register requires additional information and updating.




## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
2. Obtain an understanding of each Association's membership base and types of membership.	<p>There are two types of memberships within the HSABA Rules:</p> <ol style="list-style-type: none"> <li>Special rate members that consist of businesses that pay the HSABA Special Rate Levy. These are known as Voting Members who have the following rights: <ul style="list-style-type: none"> <li>to receive notice of general meetings and of proposed special resolutions in the manner and time prescribed by these Rules;</li> <li>to submit items of business for consideration at a general meeting;</li> <li>to attend and be heard at general meetings;</li> <li>to vote at a general meeting;</li> <li>to have access to the minutes of general meetings and other documents of the Association; and</li> <li>to inspect the register of members.</li> </ul> </li> <li>Honorary Members are described as being a member of the Association who must not vote but may have other rights as determined by the Committee or by resolution. It appears that "Community" members as described on the HSABA website - see below, would be considered honorary members as they do not have voting privileges.</li> </ol> <p>The HSABA website lists two types of membership:</p> <ol style="list-style-type: none"> <li>Business Membership; and</li> <li>Community Membership.</li> </ol> <p>It further records that that the Business Membership has two tiers:</p> <ol style="list-style-type: none"> <li>An online member – non HSABA business membership that grants benefits such as: preferential web search results; industry and promotional information from HSABA and other such offers (we are not able to determine whether these are special rates payers).</li> <li>A fully-fledged member of the HSABA with full voting rights.</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 <b>Compliant</b>	 <b>Partially compliant</b>	 <b>Not compliant</b>
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### Member Engagement - Membership recruitment & becoming a member: Summary Findings

- There are 2 types of membership: Voting members and Honorary members.
- The Associations website lists 2 types of membership: Business members and Community members. Business members in turn have 2 tiers: an on-line member which is a non-voting member; and a fully fledged member with voting rights, which is consistent with the voting membership type referred to in bullet 1 above.
- There are no roadblocks to people becoming members, it's an easy process and the Association is an open forum, which may not have been the case in FY 2019/2020.




# High Street Armadale Business Association

HSABA are compliant with the majority of requirements for the Member Engagement audit. However, the membership register requires additional information and updating.




## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>The High Street Business Precincts runs east – west along High Street Armadale between Orrong and Glenferrie Roads. According to the Association's website, the precinct consists of roughly 300 businesses. The minutes of the FY 2020/2021 AGM held on 4 April 2022 records that 290 businesses were listed in the new customer facing website &amp; directory in July 2021.</p> <p>According to Rule 18 of the Association, the Secretary of the Association must keep and maintain a register of members that includes: the names of each member; the address of each member; the dates of becoming a member; and, a note to the effect of whether the member is an honorary member or a special rate member.</p> <p>We were provided with the HSABA Membership Register as at 21 June 2021. The register contains 5 columns:</p> <ol style="list-style-type: none"> <li>1. Business Name.</li> <li>2. Address.</li> <li>3. Email.</li> <li>4. First name.</li> <li>5. Surname (of member).</li> </ol> <p>We note that the register does not contain the date of becoming a member and the type of member. The register contains details of 51 members. It does not record whether the members are active (i.e. those that may have terminated their membership is not disclosed). The Association's website maintained by Coordinator contains 307 registered businesses, which is an increase from 210 when Creative Community Enterprises were engaged in July 2020. These are not all members though, according to the Coordinators.</p> <p>The register also contains a table with 10 Membership Types, however it is incomplete &amp; the type is also not recorded alongside each members name/ details.</p> <p>We were provided with a current (that we understand to be 2022) copy of the register. It contains the same information as described above as at 21 June 2021, but records the names and details of 78 members. It does not record the type of membership.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The register of members is maintained by the Coordinator, that complies with the majority of the requirements of the Rules of the Association. However, it requires additional information to be provided, noticeably the date of becoming a member and the type of membership.
- We understand from the Coordinator that the above information is contained in the database of membership.
- There were 51 Voting members as at 21 June 2021. Council informed us that there were 371 Special Rate Payers in the HSABA as at 30 June 2021. The Association's website records 307 registered businesses, but not all of these are members, and 290 as at 30 June 2021 according to the minutes of the FY 2020/2021 AGM.




# High Street Armadale Business Association

HSABA are compliant with the majority of requirements for the Member Engagement audit. However, the membership register requires additional information and updating.




## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>We requested clarity from the Coordinator on the lack of content in the Register provided to us, that is type of membership and date of acquiring membership. We received the following explanation:</p> <ol style="list-style-type: none"> <li>The register of members is held as part of their data -base which they download at the end of each Financial Year .</li> <li>Each membership has a date and time of joining. We note that this was not included in either of the 2 copies of the registers provided to us.</li> <li>Membership types are listed 1-8, who operate a business in the defined area of the precinct, 9 Associate member (we assume this to be Honorary, non Voting members). They currently do not have any Associate Members. We note that this was not included in either of the 2 copies of the registers provided to us. As previously reported, there is a table of 10 Membership Types, however it is incomplete &amp; the type is also not recorded alongside each members name / details.</li> <li>Confirmed the list containing 51 members names, is the list of members as at the 21 June 2021.</li> <li>Confirmed the 2<sup>nd</sup> list is the the current membership list. However, this will be updated at their next meeting (that was held on Monday 6 June 2022) as they have new members.</li> <li>They have had members who have terminated their membership. They do not have a formal process where they are notified of a member's intention to terminate their membership. They usually remove these members from the list when their business changes hands or their business physically leaves the precinct.</li> </ol> <p>Based on this explanation and our examination of the Register, there were 51 Voting members as at 21 June 2021. We do not have a record of what and how many members terminated their membership during the period covered by our audit. Council informed us that there were 371 Special Rate Payers in the HSABA as at 30 June 2021. The Associations website records 307 registered businesses, but not all of these are members.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The register of members is maintained by the Coordinator, that complies with the majority of the requirements of the Rules of the Association. However, it requires additional information to be provided, noticeably the date of becoming a member and the type of membership.
- We understand from the Coordinator that the above information is contained in the database of membership.
- There were 51 Voting members as at 21 June 2021. Council informed us that there were 371 Special Rate Payers in the HSABA as at 30 June 2021. The Association's website records 307 registered businesses, but not all of these are members, and 290 as at 30 June 2021 according to the minutes of the FY 2020/2021 AGM.




# High Street Armadale Business Association

HSABA are compliant with the majority of requirements for the Member Engagement audit. However, the membership register requires additional information and updating.




## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	Clause 12: Membership and Representative Requirements, of the Funding Agreement, records that the Association must, to Council's satisfaction, demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate. We were not provided with evidence as to how the Association has attempted to achieve this.	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The register of members is maintained by the Coordinator, that complies with the majority of the requirements of the Rules of the Association. However, it requires additional information to be provided, noticeably the date of becoming a member and the type of membership.
- We understand from the Coordinator that the above information is contained in the database of membership.
- There were 51 Voting members as at 21 June 2021. Council informed us that there were 371 Special Rate Payers in the HSABA as at 30 June 2021. The Association's website records 307 registered businesses, but not all of these are members, and 290 as at 30 June 2021 according to the minutes of the FY 2020/2021 AGM.



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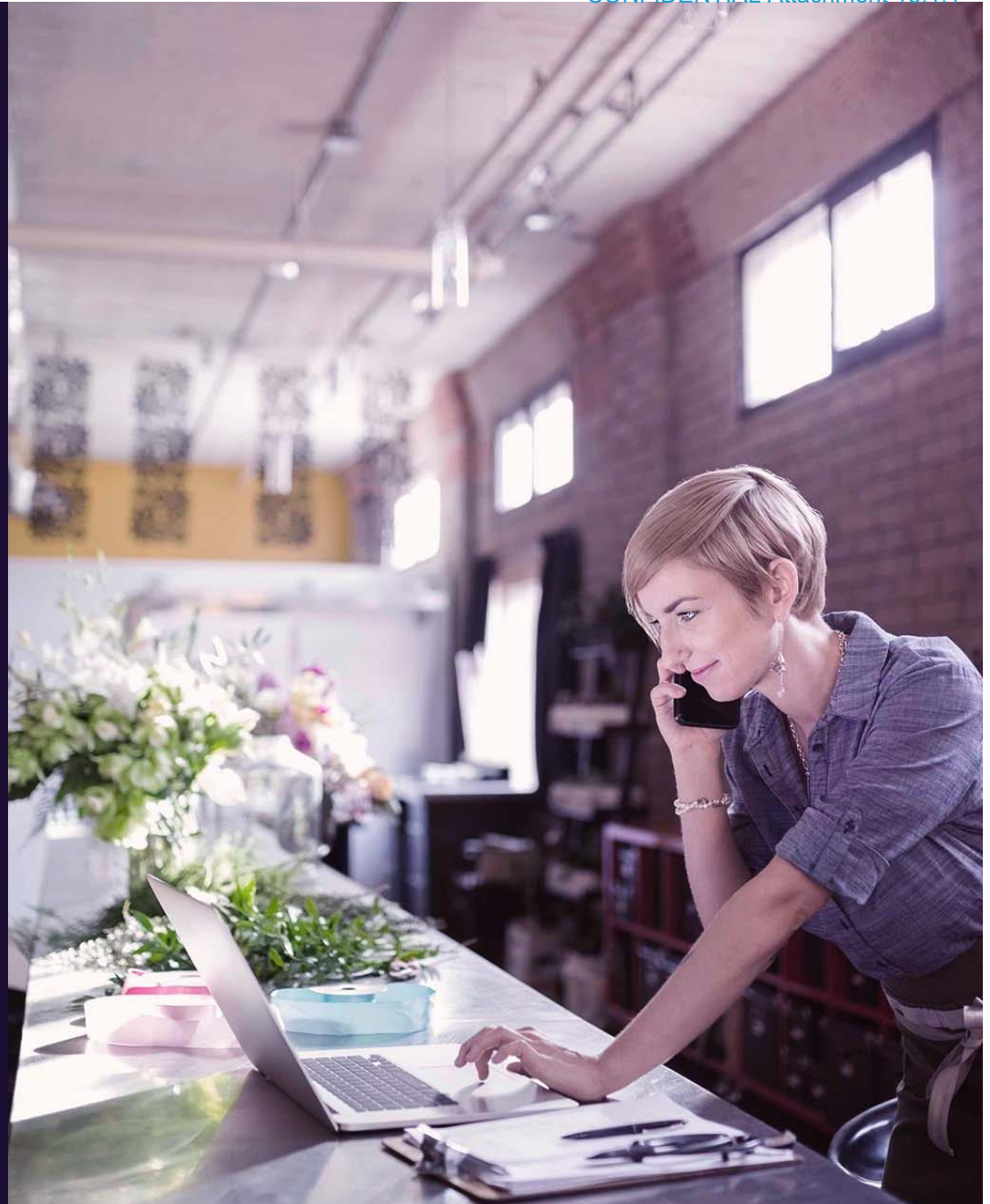
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# **Report: Special Rates Fund Audit: Toorak Road South Yarra Business Association**

City of Stonnington

September 2022

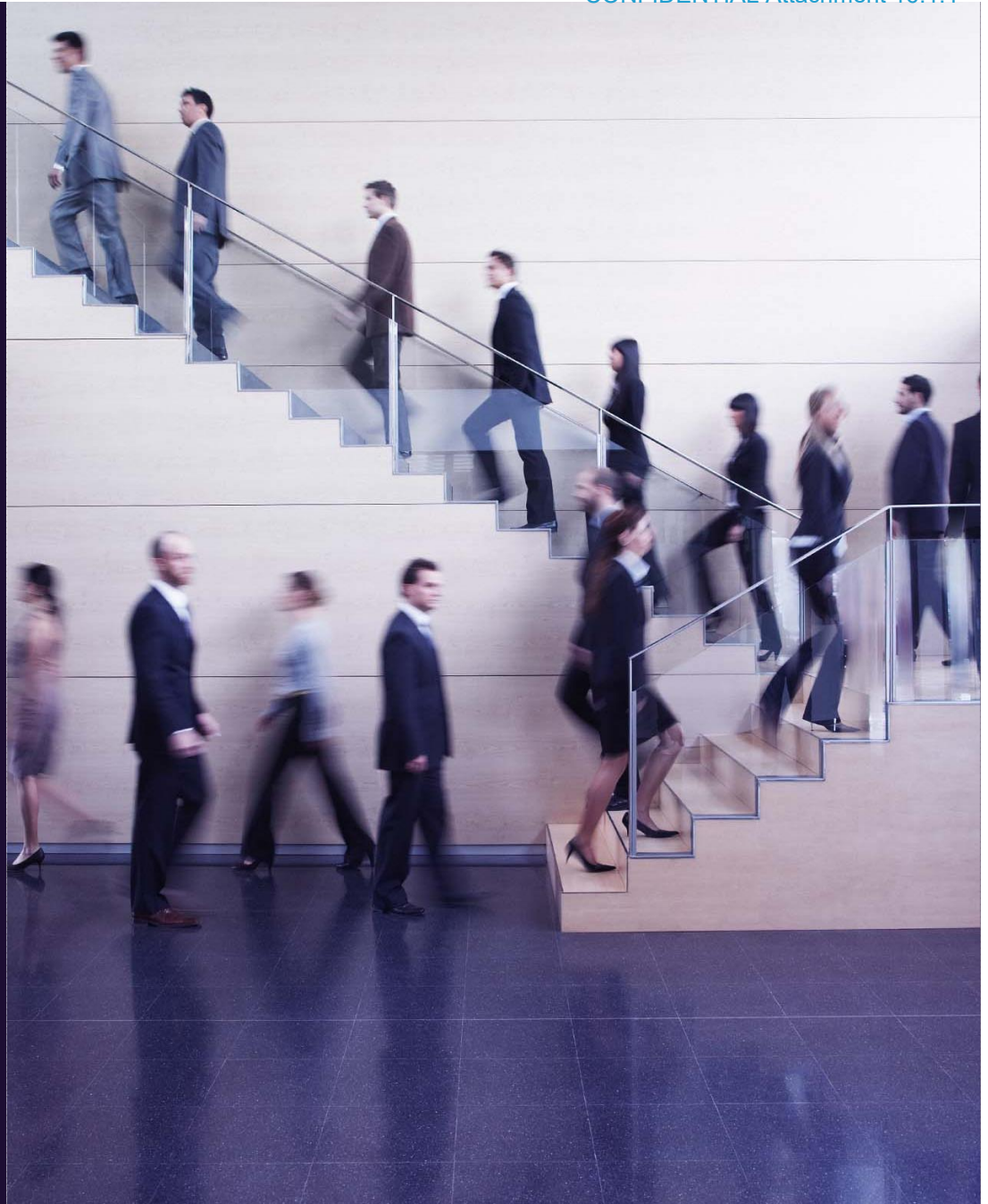


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# Executive Summary



COVER LETTER

Julia Gallace  
Chief Financial Officer  
City of Stonnington  
PO Box 58  
Malvern Victoria 3144

18 August 2022

We refer to our appointment by the City of Stonnington ('Council'), to provide a Special Rates Fund Audit into the 4 remaining Business Associations and attach our report of findings and recommendations for Toorak Road South Yarra Business Association (TRSYBA) for your consideration.

The audits were performed in order to identify areas of better financial management practice, of concern, fraud, misconduct etc. but also identified areas of possible training and support to be provided to the Associations by Council. The audits further determined the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems. We provide further details of our scope of services, findings and recommendations in our Executive Summary and body of this report.

This report is prepared on the basis of the limitations set out below:

The matters raised in this report came to our attention during the course of our review, as a result of our testing performed and interviews conducted. Testing was conducted on a sample basis, over the 2 year period covered by our engagement, and our report therefore provides commentary regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist or improvements that may be made where these relate to controls not tested as part of this review. We refer to these during the course of this report where applicable.

Our review is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Management should therefore not rely solely on our report to identify all weaknesses that may exist and potential instances of fraud and other irregularities.

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Grant Thornton Australia  
Collins Square, Tower 5  
Level 22, 727 Collins Street  
Melbourne Vic 3008

The procedures performed during this audit were limited exclusively to those related to the engagement and do not constitute an audit in accordance with Australian Auditing Standards and accordingly, no assurances are expressed.

Additionally, our audit did not include conducting further enquiries with third parties or performing investigations, where instances of possible fraud, conflicts of interest and misconduct may have occurred.

Our comments should be read in the context of the scope of our work. Where possible, management representations are independently verified, though some findings within this report may have been prepared on the basis of management representations which have not been independently tested.

Recommendations for improvement should be assessed by Council and the Associations Committees, for their full commercial impact before they are implemented.

This report has been prepared solely for the use of Council and TRSYBA, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would be pleased to meet with you to discuss our findings.

In the meantime, should you have any questions please do not hesitate to contact me direct on (03) 8663 6123 or 0416 280 708.

Yours sincerely,

Grant Thornton Australia Ltd



**Katherine Shamai**  
Partner, Risk Consulting

# Executive summary

## Background

### Context

Council collects Special Rate funds from commercial premises in five activity centres and remits these funds via funding agreements to five Incorporated Business Associations.

Across the Associations, there is a blend of paid staff but most are volunteers. Each of these Associations manage a yearly allocation of Special Rate funding on behalf of Council. The pools of funding ranges from approximately \$180K to \$1.2m per annum. The funds are remitted to each Association via a signed and binding Special Rate Funding Agreement. Council is the statutory body ultimately responsible for these Special Rate funds and must ensure that the funds are being appropriately managed and expended in accordance with the Special Rate Funding Agreement by each of the Associations.

Council requires finance and governance audits of four precinct Business Associations (Chapel Street Precinct Association is not included in this scope) being:

1. Glenferrie Road Malvern Business Association (GRMBA).
2. High Street Armadale Business Association (HSABA).
3. Toorak Road South Yarra Business Association (TRSYBA).
4. Toorak Village Traders Association (TVTA).

A full financial and governance audit is required to be completed by 30 June 2022 at the Association's respective offices or mutually agreed location. The audits will identify areas of better financial management practice, of concern, fraud, misconduct etc. but also to identify areas of possible training and support to be provided to the Associations by Council. The audits are to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems.

The audits and subsequent reports will be used to support Council in delivering the statutory obligations of management of the Special Rates. Additionally, they will allow Council to understand the current operating effectiveness of the Associations and identify any breaches or areas of concern and/or any training or support that Council needs to provide to each of the Associations to reach and operate at better practice level in financial management and governance whilst expending Special Rate funds.

### Scope of Work

Our scope of work, where applicable to the Associations, is as follows:

#### 1. Financial Management

- 1) Review of credit cards expenditure, including process and sample testing.
- 2) Review of procurement / accounts payable, including process and sample testing.
- 3) Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.
- 4) Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice. Conduct interviews where required, to determine answers to any questions as a result of the testing.
- 5) Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.
- 6) Perform a comparative of the financial data provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.
- 7) Conduct interviews of matters identified across the financial management audit.

# Executive summary (continued)

## Scope of work – continued

### 2. Governance

- 1) Review of Board artefacts, including but not limited to agendas, minutes, charters, and board packs.
- 2) Review of governance arrangements including Board composition, sub-committees, interaction/engagement between management and Board.
- 3) Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.
- 4) Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.

### 3. Member Engagement

- 1) Obtain an understanding of the process around membership recruitment and becoming a member.
- 2) Obtain an understanding of each Association's membership base and types of membership.
- 3) Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.

# Executive summary (continued)

We summarise the Stage Assessment (% compliant) for TRSYBA below:

## Toorak Road South Yarra Business Association (TRSYBA)

### TRSYBA: Stage assessment (% compliant)

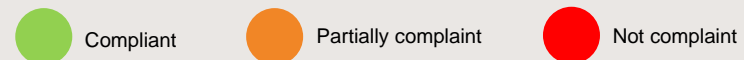
Stages	Compliant	Partially compliant	Not compliant
Financial	50%	50%	0%
Governance	33%	67%	0%
Member Engagement	0%	33%	67%

### TRSYBA: Overall rating



An overall rating of Partially Compliant has been applied to this review.

	Financial Management	Governance	Member Engagement	Overall Assessment
Toorak Road South Yarra Business Association				



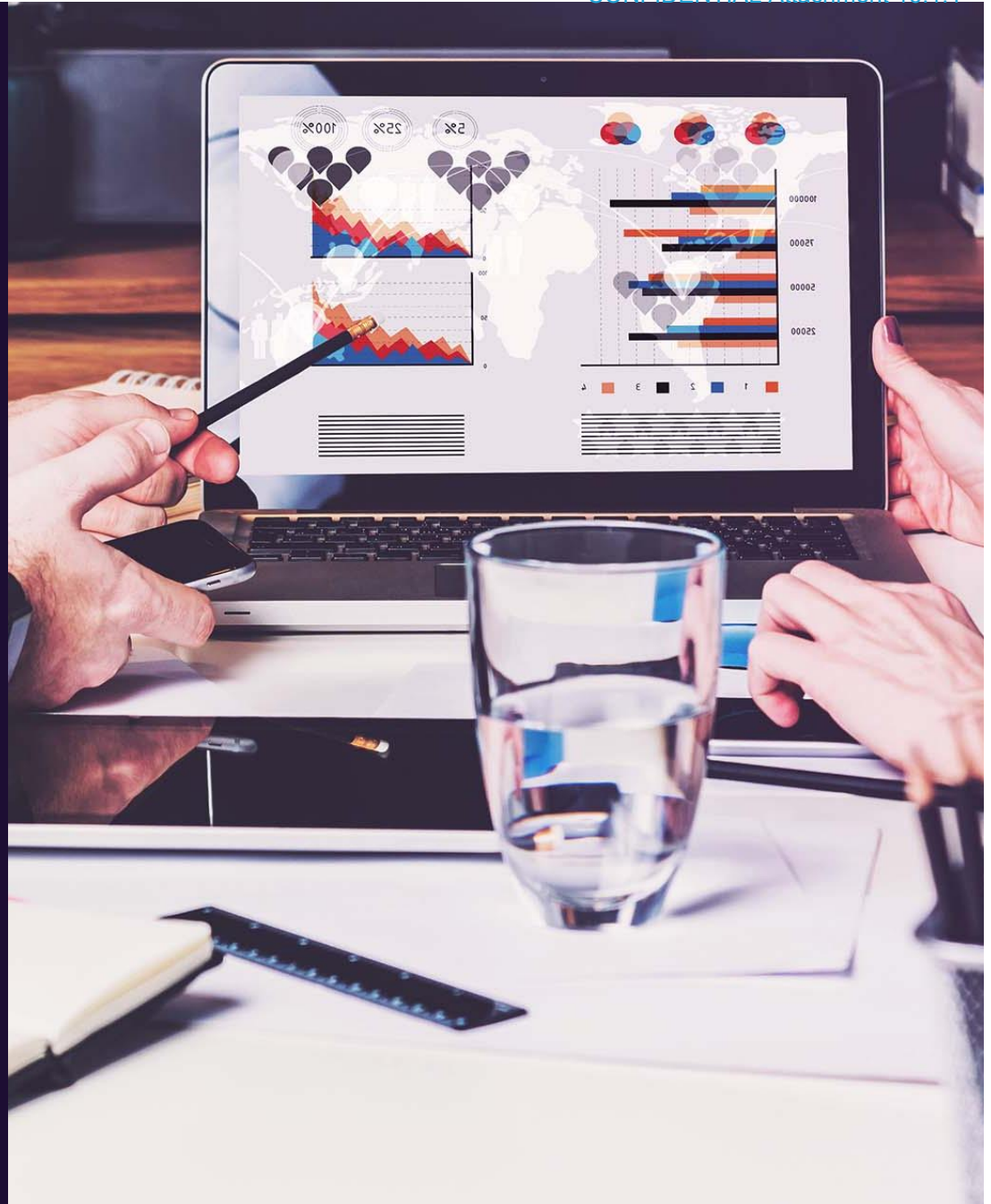
# Executive summary (continued)

## TRSYBA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<ol style="list-style-type: none"> <li>1) Develop a Procurement Policy which includes all requirements outlined in section 11 of the Funding Agreement. The policy is to be approved by the Committee and then submitted to Council for approval as required in terms of the Funding Agreement. The policy must include, relevant to the TRSYBA:               <ol style="list-style-type: none"> <li>i. Managing conflicts of interest.</li> <li>ii. The Association obtain one quotation for all purchases less than \$5,000 and that this quotation, whether received in writing or verbally, be documented for record keeping purposes.</li> <li>iii. The Association obtain 2 written quotations for purchases of \$5,000 and above, and that these be retained for record keeping purposes.</li> <li>iv. Where there are exceptions to the rule e.g. sole suppliers, preferred suppliers or urgent &amp; emergency cases, that this be documented for record keeping purposes.</li> <li>v. Preference to be given to procurement from suppliers located within the City of Stonnington.</li> <li>vi. A requirement that all suppliers be registered businesses holding an ABN.</li> <li>vii. Reimbursements to the Coordinator and Committee members if applicable, including the process of approvals and limitations.</li> </ol> </li> <li>2) Retention of all supporting documents for payments, including receipts, invoices &amp; other supporting documents.</li> <li>3) Annual Reports are completed each year and submitted to Council, and that they include the required level of detail.</li> </ol>
2. Governance	<ol style="list-style-type: none"> <li>1) Ensure that Committee meetings are held at least 4 times a year.</li> <li>2) Committee artefacts, including agendas, minutes of committee meetings and reports to the Committee to contain a higher level of detail. This includes details on resolutions which should be clearly recorded in their respective minutes.</li> </ol>
3. Member Engagement	<ol style="list-style-type: none"> <li>1) Develop a Register of Members in accordance with the Funding Agreement and the Associations Incorporation Reform Act 2012 (AIR Act).</li> <li>2) Document a procedure on how they engage with businesses in the precinct specifically relating to Part 3 of the Rules (Members, Disciplinary Procedures and Grievances). The Association to comply with the Rules on member eligibility, member application, the general rights of members and the register of members.</li> </ol>



# Methodology





# Overview of Methodology

We use a standard approach to our audits in accordance with better practice and standards, and is performed in a phased approach as recorded hereunder. This was changed and adapted, as the operations and implementation of specific requirements of each Association differed.

Phase 1: Planning	Phase 2: Detailed Audit	Phase 3: Reporting
<ul style="list-style-type: none"> <li>• Conduct an introductory/planning meeting with Council, to agree on our scope and audit plan.</li> <li>• Agree on reporting protocols to Council, during the course of the audits.</li> <li>• Agree on key deliverable dates and timelines.</li> <li>• Request all relevant information and documentation from Council where required, based on our understanding of the audit and background into the respective Associations, that may include:               <ul style="list-style-type: none"> <li>➢ Special Rates Fund Agreement between Council and the Associations;</li> <li>➢ Rules/ Constitution of the Associations;</li> <li>➢ Associations Procurement Policy approved by Council where applicable;</li> <li>➢ Most recent financial statements and data provided to Council;</li> <li>➢ FY2021/2022, Q3 Activity Report provided to Council where applicable;</li> <li>➢ Lists of Memberships and Special Rate Payers; and</li> <li>➢ Other information relevant to our scope in possession of Council.</li> </ul> </li> <li>• Agree on introductory meetings with the 4 Associations and our key contact persons, to kick-off the audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct introductory meeting with the 4 Associations key contact persons/ Coordinators.</li> <li>• Request all relevant information and data, in addition to that provided by Council for FY 2020 and FY 2021, including but not limited to:               <ul style="list-style-type: none"> <li>➢ Associations Annual Reports;</li> <li>➢ Credit/ Debit Card Expenditure, including policy/process;</li> <li>➢ Procurement/ Accounts Payable data;</li> <li>➢ Quarterly Reports &amp; Audited Financial Statements submitted to Council;</li> <li>➢ Board composition, sub-committees and Management engagement; and</li> <li>➢ Board agendas, minutes, charters, and board packs.</li> </ul> </li> <li>• Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.</li> <li>• Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.</li> <li>• Obtain an understanding of Associations membership base &amp; types of membership.</li> <li>• Process around membership and becoming a member.</li> <li>• Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft comprehensive report of the factual findings of the audit, areas of better practice, areas of concern, areas of immediate attention, and possible training and support needed by each Association.</li> <li>• The identification and immediate reporting of any Fraud, Misconduct and Irregularities to Council only.</li> <li>• The findings are to be kept confidential until investigation is completed and are only for Council purposes.</li> <li>• Recommendations which may form a framework for each Association to meet better practices for fiscal management and governance arrangements of Special Rate funds.</li> </ul>

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Definitions

1. **Activity Report** means an Activity Report to be provided by the Association to Council in accordance with clause 6 of the Agreement in the form of Attachment 3 to the Agreement.
2. **Annual Budget** means the annual budget for the Financial Year described in clause 7.1.1 (a).
3. **Association** means the 4 respective Associations (subject to this audit).
4. **Committee** means the Committee of the Association as defined under the Associations Incorporation Reform Act 2012 (AIR Act).
5. **Declared Purpose** means the encouragement of commerce in the Precinct.
6. **Member** means a member of the Association pursuant to the AIR Act.
7. **Permitted Purpose** means the purposes described at clause 8.1 of the Agreement.
8. **Procurement Policy** means the Procurement policy adopted by the Association in accordance with clause 11.4 of the Agreement.
9. **Prohibited Purpose** means any of the purposes listed as clause 8.5 of the Agreement.
10. **Rules** means the Rules of the Association as attached to the Agreement at Attachment 2.
11. **Scheme Funds** means the funds collected under the Special Rate.
12. **Special Rate** means the 2019-2023 Precinct Special Rate declared at the ordinary meeting of Council.

## Requirements

### Clause 6: Activity Reports & Funding Periods:

The Association must provide an Activity Report to Council in respect of each of the Funding Period by the Reporting Date set out in the below table:

Funding Period	Instalment	Reporting Period	Report Covers
Q1 and Q2 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 July of that Financial Year	Q3 & Q4 Delivered Activities Q1 & Q2 Proposed Activities
Q3 and Q4 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 January of that Financial Year	Q1 & Q2 Delivered Activities Q3 & Q4 Proposed Activities

### Clause 7: Additional Reporting Requirements

Unless otherwise provided in the Activity Report, the Association must, by 14 July of each year during which the Agreement is in force (excluding 19/20 Year 1), submit to Council:

- a) An Annual Budget, detailing how the Association proposes to use Scheme Funds;
- b) A Yearly Action Plan, detailing the purposes and activities for which the Association proposes use of the Scheme Funds;
- c) A schedule of the Association's meetings, including its annual general meeting, for the upcoming year;
- d) Confirmation in writing that the Association has kept a register for members and a list of Special Rate payers contact details in accordance with clause 12; and
- e) Copies of certificates of currency for the policies of insurance described in clause 15, and additional requirements as provided for in clauses 7.1.2 and 7.1.3.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 8: Expenditure Requirements:

Clause 8.2. and 8.3 provides for what the Association must and may use the Scheme Funds for. Clause 8.5 records that the Association must not, in using Scheme Funds paid to it under the Agreement for any of the following Prohibited Purposes:

1. Lobbying, whether at local, State or Commonwealth government levels;
2. The personal interests of any member or employee of the Association, unless these interest are consistent with the Permitted Purpose; or
3. Investments or financial agreement enduring beyond the life of the Scheme.
4. Legal fees, unless such fees are necessary for the Declared Purpose, to Council's satisfaction. All legal fees must be disclosed and explained in full in the Quarterly Reporting provided by the Association.

### Clause 10 Cooperation with Council

Clause 10.3 The Association must, unless otherwise agreed by Council in writing:

1. Ensure that there at least on representative (coordinator, general manager or committee member) of the Association in attendance at coordinator ' meetings, governance training (unless evidence that the training has been provided by the Association through an accredited training provider( and business planning workshops arranged by Council; 28 days notice will be provided of these events);
2. Support and promote Council Events held within the precinct;
3. Distribute any Council information to Members and others required to pay special Rate on request by Council;
4. Invite the Council Association Officer to the AGM and at least three Committee meetings, acknowledging that they will not always attend;
5. Maintain the confidentiality of any confidential information provided by Council to the Association;
6. Not do anything to bring Council, its Councillors and staff into disrepute; and ensure that communication with Council, is copied to [precincts@stonnington.vic.gov.au](mailto:precincts@stonnington.vic.gov.au).

## Requirements (continued)

### Clause 11: Procurement Policy

1. The Association must, within 21 days of the Agreement, provide Council with a draft Procurement Policy for Council's approval.
2. The draft Procurement Policy provided to Council under clause 11.1 to the satisfaction of Council, and must specifically provide for the following matters:
  - 1) Managing conflicts of interest;
  - 2) Human resources, including a requirement that written job descriptions and employment criteria be applied for any hiring decisions;
  - 3) The Association to obtain a minimum of one quote for any purchase and a threshold that dictates when two quotes are required;
  - 4) Preference to be given to procurement from suppliers located within the City of Stonnington;
  - 5) A requirement that all suppliers be registered businesses holding an ABN;
  - 6) That the reimbursement of any Committee expenses, including office rental, must be disclosed to Council and receipted;
  - 7) That two Committee signatories are required on any financial transaction that exceed \$1,000, those signatories not to include the coordinator, general manager or equivalent of the Association; and
  - 8) That the employment of staff by the Association must be approved by a quorum or a minimum of two Committee members. Outlines a procedure for the selection and appointment of contractors showing a scale of approval levels/ criteria for varying contract payment amounts.
3. Within 21 days of receiving the draft Procurement Policy provided under clause 11.1 Council will, in writing to the Association, approve the draft Procurement Policy of notify the Association on any required amendments.
4. Within 21 days of Council's approving the draft Procurement Policy or notifying the Association of any required amendments, the Association must adopt the draft Procurement Policy including any required amendments notified by Council.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 12: Membership and Representative Requirements

The Association must, to Council's satisfaction:

1. Keep and maintain a register of Members in accordance with the AIR Act;
2. Demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate; and
3. Compile a comprehensive list of contact details for all occupiers of those properties that are liable to pay the Special Rate irrespective of membership of the Association, to be used to distribute Association and Council information as required.

### Clause 13 Governance requirements of the Funding Agreement

The Association must, to Council's satisfaction:

1. Comply with the AIR Act, including:
  - 1) ensuring the office of Secretary is filled;
  - 2) holding an AGM within the stated period and remain incorporated.
  - 3) providing to Council a copy of the financial statements lodged with the Register if Incorporated Associations within 14 days of lodgement.
  - 4) maintaining adequate and accurate accounting records of its financial transactions in accordance with this legislation; and
  - 5) maintaining a register of members in accordance with the AIR Act.
2. Promptly notify Council of any proposed amendment or modification to the Rules and provide Council with a reasonable opportunity to comment;
3. Promptly notify Council of any significant changes to the Register of Members; and
4. Promptly notify Council if a Committee members resigns, is removed, dies, becomes insolvent under administration, or is charged with an indictable offence'.

## Requirements (continued)

### Clause 14: Accounting Requirements and Audits

1. The Association must, to Council's satisfaction:

- 1) Report on an accrual basis in accordance with generally accepted accounting principles;
  - 2) Appoint an independent bookkeeper or accountant;
  - 3) Present and endorse all financial reports at each Committee meeting;
  - 4) Use propriety financial reporting software, such as MYOB, Xero or QuickBooks, for the management of its financial affairs; and
  - 5) Provide copies of any invoices or statement of works when requested in direct relation to the expenditure of the Special Rate.
2. Council may appoint a person to investigate or audit the Associations compliance with the Agreement.
  3. If Council appoints a person under clause 14.2, the Association must:
    - 1) On request, promptly provide access to any premises or any books of account, documents or other material in the possession, custody or control of the Association; and
    - 2) Provide all reasonable cooperation and assistance.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

**Rules of the Association** as attached to the Agreement at Attachment 2, generally the Rules of the Association across the 4 Associations provides for the following relevant to our scope:

1. Membership.
2. General Meetings of the Association.
3. The Committee.
4. Financial Matters.
5. General Matters.

## Associations Incorporation Reform Act 2012 (AIR Act)

*The main purposes of this AIR Act are—*

- a) *to establish a scheme for the incorporation and registration of voluntary associations and for the registration of other registrable bodies as incorporated associations; and*
- b) *to make provision for the corporate governance, financial accountability and other matters relating to the rules and membership of associations registered under that scheme.*

The following is relevant to our audit:

- Section 48 Rules of an Incorporated Association.
- Section 51 Membership of an Incorporated Association.
- Section 56 Register of members.
- Section 89 Obligation to keep financial records.
- Section 98 Obligation to prepare financial statements (Tier 3 Associations).
- Section 99 Audit of Financial Statements.
- Section 100 Submission of financial statements to annual general

## Requirements (continued)

### The Local Government Act 1989 (LG Act)

#### Section 163 (1): Special rate and special charge

*A Council may declare a special rate, a special charge or a combination of both only for the purposes of—*

- a) *defraying any expenses; or*
- b) *repaying (with interest) any advance made to or debt incurred or loan raised by the Council—*  
  
*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*

## An abstract digital background featuring a complex overlay of financial data. It includes a prominent blue line graph with multiple peaks and troughs, a bar chart with blue and orange bars, and various floating numerical values such as '13.4641', '44.1015', '31.0065', '69.8112', '75.6324', '12.4015', '60.0067', '35.9930', '11.0000', '12.0000', '13.0000', '14.0000', '15.0000', '16.0000', '17.0000', '18.0000', '19.0000', '20.0000', '21.0000', '22.0000', '23.0000', '24.0000', '25.0000', '26.0000', '27.0000', '28.0000', '29.0000', '30.0000', '31.0000', '32.0000', '33.0000', '34.0000', '35.0000', '36.0000', '37.0000', '38.0000', '39.0000', '40.0000', '41.0000', '42.0000', '43.0000', '44.0000', '45.0000', '46.0000', '47.0000', '48.0000', '49.0000', '50.0000', '51.0000', '52.0000', '53.0000', '54.0000', '55.0000', '56.0000', '57.0000', '58.0000', '59.0000', '60.0000', '61.0000', '62.0000', '63.0000', '64.0000', '65.0000', '66.0000', '67.0000', '68.0000', '69.0000', '70.0000', '71.0000', '72.0000', '73.0000', '74.0000', '75.0000', '76.0000', '77.0000', '78.0000', '79.0000', '80.0000', '81.0000', '82.0000', '83.0000', '84.0000', '85.0000', '86.0000', '87.0000', '88.0000', '89.0000', '90.0000', '91.0000', '92.0000', '93.0000', '94.0000', '95.0000', '96.0000', '97.0000', '98.0000', '99.0000', '100.0000'. The background is a deep blue with a subtle grid pattern.

# Toorak Road South Yarra Business Association

**Date of Incorporation:** 1 July 2000.

**Registered address:** 26 Toorak Road, South Yarra, VIC 3141.

**Coordinator:** Ruth Speedy, RMS Marketing Services Pty Ltd, mobile 0402 144 222.

**Staff:** TRSYBA do not employ any full time staff.

**Committee:** Comprises a President, Vice-President, Treasurer, Secretary and 7-8 General Committee members (1 stood down in each financial year due to COVID related reasons). Key Committee members during the audit period are listed below:

	Name	Business Name	Position	Period
1	Ian Sharp	Ian Sharp Jewellery and Craftsmanship	President	2019 - 2021
2	Bill Cook	William Batters	Vice President	2019 - 2021
3	Tom Tancredi	Bank of Queensland	Treasurer	2019 - 2021
4	Maurizio Borgobello	Como Travel	Secretary	2019- 2021

**Bookkeepers / Accountants:** Barbara Ford, Set Price Books, mobile 0414 778 683.



**Independent Auditors:** David Petersen, Quality Financial Solutions Pty Ltd, email [David@gfsaccountants.com.au](mailto:David@gfsaccountants.com.au), mobile 0419 115 575.






# Toorak Road South Yarra Business Association

TRSYBA are compliant with most of the requirements for the Financial Management audit. However, they do not have a procurement policy, nor do they obtain quotations for purchases that provides evidence of value for money.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment						
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>TRSYBA held 2 bank accounts during the period covered by our audit:</p> <ol style="list-style-type: none"><li>1. Bank of Queensland (BOQ) Business Account # 69476 1102.</li><li>2. National Australia Bank (NAB) Cheque Account # 694761102.</li></ol> <p>However, the NAB Cheque Account was closed in July 2020, and was dormant in the preceding period covered by our audit (1 July 2019 to July 2020). The Association does not hold a credit card or debit card. The BOQ Business Account is used for all purchasing of goods and services, and other banking transactions, via internet banking.</p> <p>The Association does not pay any supplier without an invoice. There are occasional situations in which the Coordinator may pay for an item with her personal bank card and seek reimbursement via cheque. We noted one of these payments in the Association's account transaction on 24 July 2020 for \$327.33. This payment was classified as "Meeting Expenses" and was paid via cheque. There does not appear to be a policy covering reimbursements. In the interview it was recorded that the Coordinator does not use her personal bank card for payments for the Association.</p>							
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>We extracted data from the Association's BOQ Business Account to determine the categorisation and spend for both financial years. We used this approach as we did not receive the AP data after requesting it from the Association. The total spend per financial year is recorded below:</p> <table><tr><th>Financial Year</th><th>Total spend</th></tr><tr><td>2019/2020</td><td>\$180,737.94</td></tr><tr><td>2020/2021</td><td>\$246,060.98</td></tr></table> <p>We performed further analysis as recorded on the subsequent slides.</p>	Financial Year	Total spend	2019/2020	\$180,737.94	2020/2021	\$246,060.98	
Financial Year	Total spend							
2019/2020	\$180,737.94							
2020/2021	\$246,060.98							

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Debit Card: Summary findings

- TRSYBA does not hold an official credit or debit card.
- The Association's Coordinator occasionally pays for an item with her personal bank card and seek reimbursement via cheque.
- TRSYBA does not have a documented reimbursement policy. However, no payments are made without dual approval/signatories.
- Should it be necessary for the Associations Coordinator to use her private debit card for occasional payments, this may be convenient and fit for purpose, based on the size and operations of the Association, provided it is effectively managed and approved.

# Toorak Road South Yarra Business Association

TRSYBA are compliant with most of the requirements for the Financial Management audit. However, they do not have a procurement policy, nor do they obtain quotations for purchases that provides evidence of value for money.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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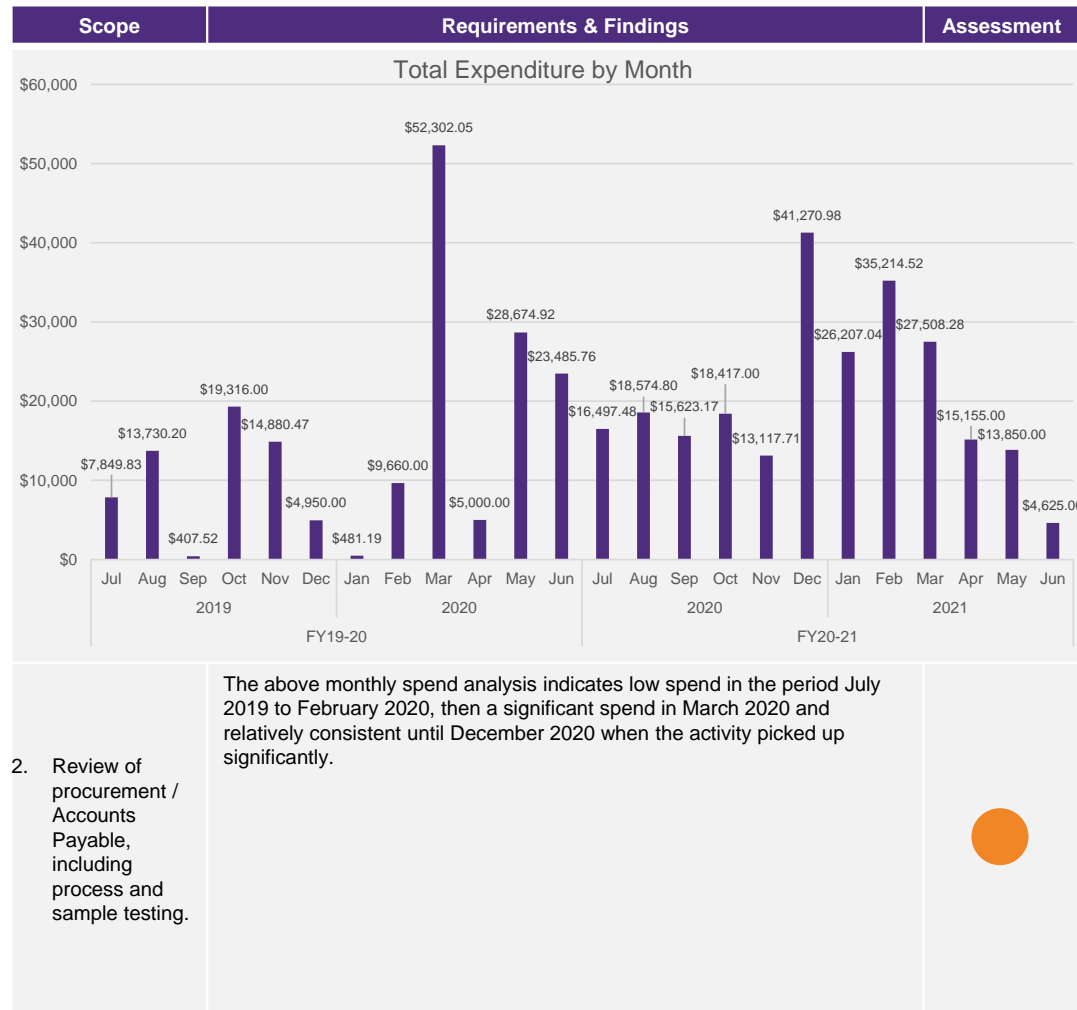
### Financial Management - Procurement & Accounts Payable: Summary findings

- The TRSYBA does not have a Procurement Policy.
- There is no requirement to obtain competitive written quotations, and none were on file.
- During the interview process, it was explained to us that the Association has not had any new suppliers in the last 3 years, and therefore does not obtain quotations. When questioned on this, the President and Coordinator explained that the Association relies on a small pool of trusted suppliers and utilises Council's preferred suppliers if necessary.
- When purchasing, the Association seeks value for money and does not prioritise businesses involved with members of the committee.

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## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

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Compliant	Partially compliant	Not compliant
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# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>TRSYBA does not have a Procurement Policy, which is required in terms of Clause 11 of the Funding Agreement. We were informed by the Association that they do not have a policy due to the relative (small) size of the organisation and the time required to enforce quotation and procurement requirements i.e. effective management of such a process. The Association further does not have a documented procedure in respect of the management of conflicts of interest and that it requires two committee members as signatories to any financial transaction, that is required to be included in the Procurement Policy as provided for in the Funding Agreement.</p> <p>Clause 65 of the Rules of the Association provides for Conflicts of Interest &amp; Declaration of Interests. It does not however, specify where conflicts of interest are recorded and how they are managed.</p> <p>When purchasing, the Association seeks value for money and does not prioritise businesses involved with Committee members. However, no evidence has been provided to ascertain this.</p> <p>During the interview process, it was explained to us that the Association has not had any new suppliers in the last 3 years and therefore does not obtain quotations. When questioned on this, the President and Coordinator explained that the Association relies on a small pool of trusted suppliers and utilises Council's preferred suppliers if necessary.</p> <p>Clause 69 (4) in The Rules records that all cheques, drafts, bills of exchange, promissory notes and other negotiable instruments must be signed by 2 Committee members. The Rules are dated 20 November 2013 and we have not been provided with any information that the Rules have been updated.</p> <p>We selected 10 samples per financial year across different suppliers and categories of spend. We provide the results of our transaction testing in section 4 of our financial assessment.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings

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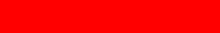
# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																											
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	We list the categories of spend per Financial Year below.																												
	<b>FY2019/2020</b>																												
	<table><tr><th></th><th>Category</th><th>Total spend</th></tr><tr><td>1</td><td>Sculptures at Cost</td><td>\$74,800.00</td></tr><tr><td>2</td><td>Advertising and Tourism</td><td>\$31,069.03</td></tr><tr><td>3</td><td>Coordinator + Admin</td><td>\$20,695.00</td></tr><tr><td>4</td><td>Web Site Management</td><td>\$11,275.00</td></tr><tr><td>5</td><td>Insurance</td><td>\$7,374.00</td></tr><tr><td>6</td><td>Out Door Decorations</td><td>\$7,034.40</td></tr><tr><td>7</td><td>General Expenses</td><td>\$5,250.00</td></tr><tr><td>8</td><td>Other*</td><td>\$23,240.51</td></tr></table>			Category	Total spend	1	Sculptures at Cost	\$74,800.00	2	Advertising and Tourism	\$31,069.03	3	Coordinator + Admin	\$20,695.00	4	Web Site Management	\$11,275.00	5	Insurance	\$7,374.00	6	Out Door Decorations	\$7,034.40	7	General Expenses	\$5,250.00	8	Other*	\$23,240.51
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<b>*Other includes:</b> ATO Integrated Client Account; Street Entertainment; Cleaning and Maintenance (Graffiti); Meeting Expenses; Rent and Storage; Digital Marketing; Retail Communications; and Subscriptions.																													

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the TRSTBA spend over the two financial years did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In both FY 2019/2020 and FY 2020/2021, the highest spends were on Sculptures at Cost, COVID Promotions, Advertising & Tourism and Coordinator administration.
- It is accepted that the purchase of sculptures and COVID promotions is deemed to be for the Declared Purpose.



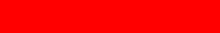
# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																								
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	<table><tr><th></th><th>Category</th><th>Total Spend</th></tr><tr><td>1</td><td>Sculptures at Cost</td><td>\$112,800.00</td></tr><tr><td>2</td><td>Covid Promotions</td><td>\$46,922.20</td></tr><tr><td>3</td><td>Coordinator + Admin</td><td>\$30,649.35</td></tr><tr><td>4</td><td>Out Door Decorations</td><td>\$27,210.00</td></tr><tr><td>5</td><td>ATO Integrated Client Account</td><td>\$11,885.00</td></tr><tr><td>6</td><td>Advertising and Tourism</td><td>\$6,874.00</td></tr><tr><td>7</td><td>Other*</td><td>\$9,720.43</td></tr></table>			Category	Total Spend	1	Sculptures at Cost	\$112,800.00	2	Covid Promotions	\$46,922.20	3	Coordinator + Admin	\$30,649.35	4	Out Door Decorations	\$27,210.00	5	ATO Integrated Client Account	\$11,885.00	6	Advertising and Tourism	\$6,874.00	7	Other*	\$9,720.43
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<b>*Other includes:</b> Digital Marketing; Cleaning and Maintenance (Graffiti); Retail Communications; Street Entertainment; and Meeting Expenses.																										
It is evident that the biggest spend in both financial years was related to ‘Sculptures at Cost’; approximately 41% and 45% of total spend in the respective financial years. This category relates to the Association’s regular purchasing of sculptures from ‘Sculptura’, an Australian sculpture gallery that offers sculptures for sale and for rent.																										
Other sculpture related costs fell into the ‘Out Door Decoration’ category which included sculpture transport, sculpture installation and payments to artists David Polasek and Blair Martin.																										
We were informed that following the 2018 AGM, the precinct was experiencing a high level of vacancy and visual deterioration. The Committee decided that they would create a point of difference in the area by establishing the precinct as a ‘lifestyle destination’. Part of this included the installation of sculptures. The Committee discussed and agreed that the expenditure on these ‘iconic’ pieces were in line with the lifestyle destination theme.																										

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Data Analytics: Summary findings

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# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>During the interview process, these costs were further explained to us by the President of the Association. The concept of introducing sculptures into the precinct was determined by the Committee and business in the area as being an effective drawcard to Toorak Rd and would help market the area. The President explained that instead of spending large amount on advertising, the Association's money would be better spent on tangible objects that can bring prestige to the precinct.</p> <p>When questioned on Council's approval of this expenditure the Association stated that the sculpture concept was included within their business plan which was approved by Council. We confirmed that sculptures were included as an activity in the draft business plan activities in October 2020 and in the minutes of the FY 2020/2020 AGM held on 28 March 2022.</p> <p>For FY 2020-2021 "Covid Promotions" made up approximately 20% of the total spend. This category related to a promotion ran by the Association in which they paid local cafes to provide customers with free coffee and cake from 7am to 11am for a week as a means to encourage customers back to the precinct. Participating cafes were paid by the Association based on the amount of coffee and cake that they distributed. This was recorded via a form sent directly to the Coordinator. Additionally, the costs of this promotion involved the distribution of promotional materials, a social media campaign, and fees relating to the coordination of the promotion by RMS Marketing.</p>	

### Stage assessment

Stages	Assessment
Financial	
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# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																		
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>We illustrate the percentage breakdown of spend per category below:</p> <p><b>FY2019/2020: Breakdown of Accounts Payable</b></p> <table><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Sculptures at Cost</td><td>41%</td></tr><tr><td>Advertising and Tourism</td><td>17%</td></tr><tr><td>Coordinator + Admin</td><td>12%</td></tr><tr><td>Other</td><td>13%</td></tr><tr><td>Web Site Management</td><td>6%</td></tr><tr><td>Insurance</td><td>4%</td></tr><tr><td>Out Door Decorations</td><td>4%</td></tr><tr><td>General Expenses</td><td>3%</td></tr></tbody></table>	Category	Percentage	Sculptures at Cost	41%	Advertising and Tourism	17%	Coordinator + Admin	12%	Other	13%	Web Site Management	6%	Insurance	4%	Out Door Decorations	4%	General Expenses	3%	
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

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Compliant	Partially compliant	Not compliant
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

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Compliant	Partially compliant	Not compliant
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# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings			Assessment	
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	We selected 10 samples for testing in each of the financial years, across different suppliers and categories of spend.				
	FY2019/2020				
		Date	Description		Amount
	1	05/07/2019	La Mer		\$994.40
	2	05/07/2019	Can Design		\$1,954.03
	3	27/08/2019	Sculptura		\$5,000.00
	4	29/10/2019	Elonera		\$2,300.00
	5	14/11/2019	BeeDee Bags		\$4,549.50
	6	27/02/2020	Ian Sharp		\$3,120.00
	7	27/03/2020	Blair Martin		\$2,784.00
	8	15/05/2020	Supply Ministry		\$7,920.00
	9	01/06/2020	Right on Target		\$3,158.50
	10	29/06/2020	UMS		\$280.26
	FY2020/2021				
		Date	Description		Amount
	1	14/07/2020	Kwik Kopy		\$537.15
	2	27/07/2020	David Polasek		\$3,000.00
	3	07/09/2020	Urban Maintenance Services		\$516.97
	4	01/10/2020	Installation of Sculptures		\$4,750.00
	5	02/10/2020	Set Price Books		\$218.00
	6	30/12/2020	Sculptura		\$15,000.00
	7	05/01/2021	Cultivate Digital		\$203.50
	8	18/01/2021	Hotel Claremont		\$450.00
	9	04/03/2021	The Templar Group		\$1,210.00
	10	27/04/2021	Sculpture Transport		\$460.00

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Financial Management - Sample Testing: Summary Findings

- We received 9 of the 10 invoices for samples selected in FY 2019/2020.
- We received 10 of 10 invoices for samples selected in FY 2020/2021.
- We did not receive quotations for any of the 10 samples selected in each of the of the FY 2019/2020 and FY 2020/2021.
- TRSYBA does not have a Procurement Policy. The President and Coordinator informed us that they do not have a Procurement Policy due to the relative (small) size of the organisation and the time required to enforce quotation and procurement requirements.
- In addition, the Association has not had any new suppliers in the last 3 years. The Association often utilises Council preferred suppliers if necessary and communicates with Council on preferred suppliers.




# Toorak Road South Yarra Business Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	<p>The results of our testing for FY 2019/2020 is recorded below.</p> <p>We received 9 of the 10 invoices selected for sample testing in FY 2019/2020. The exception is sample 2, \$1,954.03 paid to Can Design on 5 July 2019.</p> <p>Sample 6 relates to a payment in the amount of \$3,120 on 27 February 2020 to the Association's President Ian Sharp for a 6-month office rental and storage space for TRSYBA. Note that the Association does not have a conflict of interest policy or register, and it was explained to us that no conflicts of interest have ever been declared.</p> <p>Sample 7 relates to a payment in the amount of \$2,784 on 27 March 2020 to Blair Martin, who we understand is an international student working as a street performer/magician/mime artist. This purchase was categorised in "Out Door Decorations". The paid invoice describes the provided service as including the supply of lighting.</p> <p>We did not receive any quotations for the samples selected in FY 2019/2020.</p> <p>The results of our testing for FY 2020/2021 is recorded below.</p> <p>We received 10 of the 10 invoices selected for sample testing in FY 2020/2021.</p> <p>Sample 2 relates to a payment in the amount of \$3,000 on 27 July 2020 to Australian sculptor David Polasek. He is a featured sculptor at Sculptura, but this payment appears to be directly to Mr Polasek.</p> <p>Sample 4 relates to a part payment in the amount of \$4,750 on 27 October 2020 (over three invoices) to David Polasek for sculpture related services.</p> <p>We did not receive any quotations for the samples selected in FY 2020/2021.</p> <p>As previously reported, the Coordinator informed us that they do not have a Procurement Policy due to the relative (small) size of the organisation and the time required to enforce quotation and procurement requirements.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
Compliant	Partially compliant	Not compliant


### Financial Management - Sample Testing: Summary Findings

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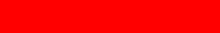
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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
5. Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.	<p>Based on our review of the Association's Business bank account (BOQ business account), information provided on the bank statements, our data analytics performed and sample testing, the expenditure for FY 2019/2020 and FY 2020/2021 appears to be aligned to the LG Act.</p> <p>Further, the expenditure is in compliance with Clause 8.5 of the Funding Agreement – the Association has not, in using Scheme Funds paid to it under the Agreement, used any of the funds for Prohibited Purposes. We did not identify any obvious spend that may be defined as for Prohibited Purposes. The spend further appears to be for the Declared Purpose as defined in the Funding Agreement. This is based on our understanding that the expenses on 'Sculpture at Cost' and 'COVID Promotions' supports the encouragement of commerce in the Precinct.</p> <p>The Association provided the following additional information:</p> <ol style="list-style-type: none"> <li>1. There is a paid independent Bookkeeper Set Price books who reconciles all the accounts and prepares the BAS statements for payment.</li> <li>2. The Accounts are audited by Quality Financial Services.</li> <li>3. Procurement Policy: following the AGM in 2018, it was decided that the Committee would focus on installing sculptures on the topiary trees to create a point of difference and commence establishing the Precinct as a "Lifestyle destination". At the time, each sculpture package was quoted at \$100k for 8 sculptures, ongoing. As payment for these would need to be spread out over many months, it was understood that payments would be made on a monthly basis. It was discussed and agreed that the expenditure on these "icon" pieces were in line with the Lifestyle destination theme. This program has continued with now 24 pieces in place and an asset value of \$300K.</li> <li>4. All other expenditure has been managed in line with the business plans for the years.</li> </ol> <p>Based on our data analysis of the payments made during FY 2019/2020 &amp; FY 2020/2021, we did not identify any irregular payments that are inconsistent with the LG Act and the Funding Agreement. We received confirmation during our interviews conducted that no funding was used for Prohibited Purposes.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Expenditure aligned to LG Act & Funding Agreement: Summary Findings:

- Based on available records and our analysis of same, the expenditure appears to be aligned with:
  - Section 163 (1) of the LG Act- funds were used to defray expenses;
  - Clause 8.5 of the Funding Agreement- funds were not used for 'Prohibited Purposes'; and
  - The 'Declared Purpose' as defined - means the encouragement of commerce in the Precinct, provided the purchasing of sculpture is deemed to fit the said definition.

# Toorak Road South Yarra Business Association

TRSYBA are compliant with most of the requirements for the Financial Management audit. However, they do not have a procurement policy, nor do they obtain quotations for purchases that provides evidence of value for money.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>The Audited Financial Reports for both FY 2019/2020 and FY 2020/2021, were provided to us by the Association. They were prepared by Quality Financial Solutions Pty Ltd and signed off by the auditor David Petersen.</p> <p>They have been prepared on an accrual basis and are based on historical costs, and does not take into account changing money values or, except where stated, current valuations of non-current assets, as well as the AIR Act.</p> <p>In both financial years it was further reported that the principle activities of the Association during the course of the relevant financial year remained unchanged and consisted of: Working within the items of the four year Strategic Plan, Developing Annual Activity Plans and Quarterly Activity and Financial Reports for Council.</p> <p>We did not receive the Annual Report for either FY2019/2020 or FY2020/2021. Due to having not received the Annual reports for either year, we cannot confirm that the Audited Financial Reports provided to us by the Association were the same ones that were presented at the AGM.</p> <p>The minutes of the FY 2019/2020 AGM held on 20 August 2021 and FY 2020/2021 AGM held on 28 March 2022 records that the Audited Financial Reports had been completed.</p> <p>We did not receive TRSYBA's Audited Financial Reports for FY 2019/2020 from Council, and are therefore not able to determine whether Council's copy of the reports are the same as that provided to Grant Thornton by the Association.</p> <p>We received the Audited Financial Reports for FY 2020/2021 for the Association from Council, and confirm they are the same as that provided to Grant Thornton by the Association.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Comparative between financial data: Summary Findings

- The Audited Financial Reports provided by the Association to us were prepared by Independent Auditors.
- We confirmed that the FY 2020/2021 Financial Reports provided to us by the Association are the same as that received by us from Council. We were unable to perform a comparative for FY 2019/2020, as we did not receive these from Council.
- We further did not receive the respective Annual Reports to confirm the Audited Financial Reports presented to the AGMs were the same as those provided to us by the Association.
- The minutes of the respective AGMs however confirm the Audited Financial Reports had been completed.

# Toorak Road South Yarra Business Association

TRSYBA are compliant with most of the requirements for the Financial Management audit. However, they do not have a procurement policy, nor do they obtain quotations for purchases that provides evidence of value for money.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews of matters identified across the financial management audit.	<p>We received the following additional information when we interviewed the President and the Coordinator:</p> <ol style="list-style-type: none"> <li>Confirmation that the Coordinator, Ruth Speedy, RMS Marketing Services Pty Ltd has been involved with the Association for a considerable number of years, as has the President who has had this position for approximately 10 years.</li> <li>The President and the Coordinator work closely together in ensuring financial compliance and segregation of duties. Invoices are signed off by the Coordinator and President before being sent to the bookkeeper.</li> <li>The Bookkeeper is confirmed as Barbara Ford, Set Price Books, with whom we have communicated and obtained documentation during the course of the audit.</li> <li>The Bookkeeper receives invoices from the President and Coordinator, checks GST/ABN and returns invoice for payment. The Bookkeeper does pursue any issues identified by her, with them, if applicable.</li> <li>The Auditor is confirmed as David Petersen, Quality Financial Solutions Pty Ltd.</li> <li>The Auditor has recently let Association know that all future suppliers must have GST/ABN and has directed the Association to a "Hobby Form" from ATO that must be used for suppliers without an ABN e.g., international students dancing in precinct.</li> <li>In terms of an absence of a Procurement Policy:               <ol style="list-style-type: none"> <li>The Association has not had any new suppliers in the last 3 years.</li> <li>It was impossible to get new people to do work in the Precinct due to Covid.</li> <li>The Association often utilises Council preferred suppliers if necessary and communicates with Council on preferred suppliers.</li> <li>A lot of work is done to get to the stage of invoicing. The Committee discusses all suppliers.</li> <li>The Association only utilises a very small pool of suppliers.</li> </ol> </li> <li>In terms of the spend on 'Sculptures at Cost':               <ol style="list-style-type: none"> <li>The Association has a long-term relationship with Sculptura.</li> <li>They are based in Byron Bay but were previously based in the Precinct.</li> <li>They are not members of the Association.</li> <li>The Association continues to do business with them as they provide a competitive price and understand what the Association needs, according to the President and Coordinator.</li> </ol> </li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Interviews Conducted: Summary Findings:

- All funds have been dispersed in terms of the Funding Agreement.
- There is effective and efficient handing of Council funds, that includes the purchasing of sculptures, that Council is aware of.
- There is sufficient separation & segregation of duties from an approval and payment process perspective, as the independent Bookkeeper overseas all payments and the Association's bank account that requires 2 signatories at all times.
- COI have not arisen. Sculptura is not a member of the Association, and despite moving out of the Precinct, the Association continues to do business with them as they provide a competitive price and understand what the Association needs.



# Toorak Road South Yarra Business Association

TRSYBA are compliant with most of the requirements for the Financial Management audit. However, they do not have a procurement policy, nor do they obtain quotations for purchases that provides evidence of value for money.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews of matters identified across the financial management audit.	9. In terms of the spend on 'Out Door Decoration': <ol style="list-style-type: none"> <li>1) The Committee decided that creating landmarks in the area would be an effective way to market Toorak Rd as a destination.</li> <li>2) When the sculpture concept was developed, it was based on what small businesses wanted: a draw card to the area that set Toorak Rd apart.</li> <li>3) The Committee decided that spending money on tangible things that would bring prestige to the Precinct was better value for money than an advert in a magazine.</li> <li>4) Around \$400,000 in sculptures are now in the area. The concept has been considered a success by the Committee and business owners.</li> <li>5) During our interview with the President, he noted that Council is aware of the sculpture concept as it was included in the approved Business Plan. However, he explained that the Committee feels that Council does not necessarily have a feeling for the street or what small business wants, and that not everything can be approved by Council as they do not understand or see what happens on the ground within the Precinct.</li> <li>6) Council has since indicated an understanding that the Association puts emphasis on the visuals of the Precinct and has given money for additional lighting to beautify the road.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Interviews Conducted: Summary Findings:

- All funds have been dispersed in terms of the Funding Agreement.
- There is effective and efficient handing of Council funds, that includes the purchasing of sculptures, that Council is aware of.
- There is sufficient separation & segregation of duties from an approval and payment process perspective, as the independent Bookkeeper overseas all payments and the Association's bank account that requires 2 signatories at all times.
- COI have not arisen. Scupltura is not a member of the Association, and despite moving out of the Precinct, the Association continues to do business with them as they provide a competitive price and understand what the Association needs.

# Toorak Road South Yarra Business Association

TRSYBA are partially compliant with most of the requirements for the Governance audit. Committee meeting are held infrequently and there is limited records of minutes of meetings.

## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>The TRSYBA Rules of Association sets out the rules and powers of the Association as well as defining its purpose. The current edition of the Rules is dated 20 November 2013, and from the meeting with the Marketing Coordinator, she has confirmed that the Rules are currently being reviewed for any changes to be made however changes have not yet been made.</p> <p>The TRSYBA Rules includes the following relevant to Governance issues covered by our audit:</p> <p>Part 4 - General Meetings of the Association Part 5 - Committee</p> <p>We received a limited number of Committee meetings minutes and notices of meetings. The Marketing Coordinator has communicated that she distributes agendas before every meeting. Rule 58 (1) requires the Committee to meet at least 4 times in each year at the dates, times and places determined by the Committee. However, from the documents received we have not observed the Committee meeting at least 4 times in each year of the audit.</p> <p>From discussion with the Marketing Coordinator, they have struggled to coordinate meetings in the last 3 years, although she does make an effort to schedule meetings every 4-6 weeks. Rule 59 (1) requires written notice of each committee meeting to be given to each committee meeting no later than 7 days before the date of the meeting. From the notices received, it is noted that written notice is given in the 7 day time frame. Rule 66 requires the recording of minutes and specific information to be included in the minutes.</p> <p>We provide the status of the minutes of meeting or notices of minutes of meeting held during the period of our audit as summarised hereunder:</p> <ol style="list-style-type: none"> <li>1 July 2019 to 31 December 2019, 2 meetings.</li> <li>1 January 2020 to 31 December 2020, 2 meetings.</li> <li>1 January 2021 to 30 June 2021, 1 meeting.</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The current edition of the Rules is dated 20 November 2013, and from the meeting with the Marketing Coordinator, she has confirmed that the Rules are currently being reviewed for any changes to be made, however, changes have not yet been made.
- The Committee artefacts: agendas, reports to the Committee, and minutes are limited and contain minimal information, particularly Resolutions which are not recorded in minutes provided to us.
- The Associations Committee has not met at least 4 times a year as provided for in Rule 59 (1) (taking into account that we assessed 6 months for each of the calendar years 2019 and 2021). We understand that COVID restrictions had an impact on this.




# Toorak Road South Yarra Business Association

TRSYBA are partially compliant with most of the requirements for the Governance audit. Committee meeting are held infrequently and there is limited records of minutes of meetings.

## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>We examined the limited minutes of the meeting provided to us and confirmed they reasonably comply with some of the requirements as provided for in Rule 66. They are however, extremely brief and do not provide evidence of resolutions taken, but only business considered.</p> <p>The AGM for FY 2019/2020 was held on 2 August 2021 and the AGM for FY 2020/2021 was held on 28 March 2022. The latter falls beyond 5 months after the end of the financial year as provided for in Rule 30(1). The Association has communicated that the AGMs date had been changed due to COVID and lockdowns.</p>	
2. Review of Governance arrangements including Committee composition, sub-committees, interaction/engagement between management and board.	<p>Rule 65 of the Rules of the Association addresses Conflict of Interest and that a Committee member who has a material personal interest in a matter being considered at a Committee meeting must disclose the nature and extent of that interest to the Committee. The minutes of the meeting do not record any conflicts of interest were declared by Committee members, as provided for in Clause 66 (2) (d). TRSYBA does not have an individual COI policy.</p> <p>The TRSYBA Rules includes Part 5: Committee, which is relevant to our audit of the Associations Governance. This includes:</p> <ol style="list-style-type: none"> <li>1. Powers of the Committee.</li> <li>2. Composition of Committee and duties of members.</li> <li>3. Election of Committee members and tenure of office.</li> <li>4. Meetings of the Committee (already discussed in this report when reviewing minutes of meetings).</li> </ol> <p>We confirm that the limited minutes of the meetings and confirmed in interviews conducted that TRSYBA has complied with the requirements of the Committee. It is further evident that there is reasonable engagement between the Coordinator and the Committee, however COVID and related restrictions has according to the Association impacted on the interaction. Additionally we note that the President has been appointed for more than 10 years.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The current edition of the Rules is dated 20 November 2013, and from the meeting with the Marketing Coordinator, she has confirmed that the Rules are currently being reviewed for any changes to be made, however, changes have not yet been made.
- The Committee artefacts: agendas, reports to the Committee, and minutes are limited and contain minimal information, particularly Resolutions which are not recorded in minutes provided to us.
- The Associations Committee has not met at least 4 times a year as provided for in Rule 59 (1) (taking into account that we assessed 6 months for each of the calendar years 2019 and 2021). We understand that COVID restrictions had an impact on this.




# Toorak Road South Yarra Business Association

TRSYBA are partially compliant with most of the requirements for the Governance audit. Committee meeting are held infrequently and there is limited records of minutes of meetings.




## Governance Assessment

Scope	Requirements & Findings	Assessment
3. Observation at a Committee meeting where deemed necessary.	<p>We did not consider it necessary attending a Committee meeting. The last Committee meeting was on 6 June 2022 at Cafe Republic. The next meeting will not be until late July 2022 according to the Coordinator, in order to present the annual audited accounts. The Bookkeeper is currently away on leave and the Treasurer has resigned due to ill health (and is away in Greece).</p> <p>It is evident that the Committee meeting are quite informal, based on the content of the available minutes and notices of meetings provided to us. We note that where Resolutions are passed, that these must be recorded in the minutes of meetings, but they are not.</p>	
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review.	<p>We received the following information in a document provided to us by the Association regarding Committee members:</p> <ol style="list-style-type: none"> <li>1. The TRSY Committee has always been and continues to be managed by volunteers, there are no paid office bearers or committee members.</li> <li>2. The Committee meets approximately every 6 – 8 weeks depending on the economics/COVID etc .</li> <li>3. There are a number of businesses who have offered their time for specific situations in preference to sitting on a regular committee. To manage this it is usually a case of a conversation for support or not support for a specific activity.</li> <li>4. There is no Calendar of Meetings as to keep business operators involved and TRSYBA are prepared for meetings to be flexible to ensure there is a quorum at meetings.</li> <li>5. The Articles (Rules) of Association state the association has 4 meetings annually.</li> <li>6. However the past two years with COVID and lockdowns has meant that meetings were reduced and there was no appetite for Zoom meetings.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Governance - Observation at Committee meeting: Summary Findings and interviews conducted

- We did not deem it necessary to attend a Committee meeting and the next meeting is scheduled for the end of July 2022.
- The meetings are managed by the Coordinator including agendas. The meeting appear to be quite informal.
- There is sufficient participation by Committee members at the meeting, according to our interviews conducted, however this is not recorded in the minutes provided to us, which lacks details.
- One needs to be cognisant of the fact that the TRSYBA Committee has always been and continues to be managed by volunteers, there are no paid office bearers or committee members.
- All special rate payers are invited to Committee meetings and invitation is not based on membership of the Association.

# Toorak Road South Yarra Business Association

TRSYBA are partially compliant with most of the requirements for the Governance audit. Committee meeting are held infrequently and there is limited records of minutes of meetings.

## Governance Assessment

Scope	Requirements & Findings	Assessment
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Committee meeting.	<p>During our interview with the President and Coordinator, they provided additional information:</p> <ol style="list-style-type: none"> <li>Although there are no explicit Committee packs as such, the Coordinator does try to keep the Committee prepared for upcoming meetings by providing agendas, bulletins and newsletters to invite Committee members and outline topics of discussion.</li> <li>Committee meetings tend to be an open forum and the President prefers the members to voice their concerns through these meetings to tackle how the Association can do better and develop solutions to issues.</li> <li>All special rate payers are invited to Committee meetings and invitation is not based on membership of the Association.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Observation at Committee meeting: Summary Findings and interviews conducted

- We did not deem it necessary to attend a Committee meeting and the next meeting is scheduled for the end of July 2022.
- The meetings are managed by the Coordinator including agendas. The meeting appear to be quite informal.
- There is sufficient participation by Committee members at the meeting, according to our interviews conducted, however this is not recorded in the minutes provided to us, which lacks details.
- One needs to be cognisant of the fact that the TRSYBA Committee has always been and continues to be managed by volunteers, there are no paid office bearers or committee members.
- All special rate payers are invited to Committee meetings and invitation is not based on membership of the Association.



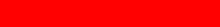
# Toorak Road South Yarra Business Association

TRSYBA are not compliant with the requirements for the Member Engagement audit. There is no Register of Members maintained by the Association.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
1. Obtain an understanding of each Association's membership base and types of membership.	<p>We were informed that the Association does not differentiate between types of membership. The Association defines their membership base in a different way to Council. All special rate payers are considered members of the TRSYBA regardless of whether they have applied for membership.</p> <p>However, the Rules of the Association outline that in order to become a member of the Association an application must be made. It further provides for 2 types of membership: Voting members; and Associate members, that includes commercial property owners in the special rate or charge area and any other organisation or person deemed to be an associate member by the Committee, who have no voting rights. Hence, there is a difference in terms of the Rules.</p>	
2. Obtain an understanding of the process around membership recruitment and becoming a member.	<p>Despite the Association's acceptance of all special rate payers as members, it was explained to us that a membership form is still circulated with the AGM papers. This is the official method of obtaining an Association membership. When a new business arrives in the Precinct, the membership form is distributed to the business owner's email address. However, the Association explained that these forms are often forgotten about and not much priority is given to getting businesses to complete and return these forms.</p> <p>Any business within Toorak Road South Yarra can still attend meetings as Special Rate payers, with Council-defined membership meaning "very little".</p> <p>The TRSYBA website includes a section where businesses can "sign up" by inputting their contact details. The website includes a categorised directory of local businesses. The "About Us" section of the website states: <i>"All Toorak Road South Yarra businesses are invited to attend any Committee Meeting. A notice of Meeting is emailed to all businesses prior to the meeting date" and "Businesses are encouraged to be involved as much as possible, as the meetings are open".</i></p> <p>It was revealed to us that the Association has at most 3 to 5 business owners who are officially signed up as TRSYBA members via the official method outlined in the Rules.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Member Engagement - Membership base, type of membership and recruitment & becoming a member: Summary Findings

- The Association does not differentiate between types of membership.
- All special rates payers within the precinct are considered by TRSYBA as "members" of the Association and are eligible to attend committee meetings.
- The Coordinator often circulates membership forms, but they are never completed. It appears not much priority is given in making businesses sign up for membership due to a lack of perceived benefit.
- The TRSYBA website allows businesses to sign up and be included within the online directory. However, Association "membership" is not referenced anywhere on the website.



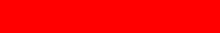
# Toorak Road South Yarra Business Association

TRSYBA are not compliant with the requirements for the Member Engagement audit. There is no Register of Members maintained by the Association.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>Clause 12 of the Special Rates Fundings Agreement requires the Association to keep and maintain a register of Members in accordance with the AIR Act. Furthermore, Rule 18 of the Association's Rules state that the Secretary must maintain a register of members and outlines the standards for recording membership details. Clause 12.2 also states that the Association must demonstrate that they have used their best efforts to achieve and maintain membership of the Association to at least 50% of the properties liable to pay the Special Rate. There were 418 special rate payers within the Toorak Road South Yarra Precinct at 30 June 2021.</p> <p>Based on our initial review it appeared that the Association did not maintain a Membership Register that meets the requirement of clause 12 of the Special Rates Agreement, or their own Rules. There is a "data base" which includes details of businesses in the precinct. This database outlines businesses who receive regular newsletters/general information/regular visits from the Coordinator/involvement in activities, irrespective of membership with the Association.</p> <p>This database has been built by the Coordinator of the Association and details are only used for Association communications. They declined us access to this database, claiming that the information contained within it is protected under the Privacy Act.</p> <p>During the interview process it was confirmed to us that the Association does not maintain a Membership Register. Instead, any Special Rate payer within the Precinct is automatically considered a de facto member of the Association. This means that all business owners within the precinct are eligible to attend Committee meetings and become involved with the Association.</p> <p>Due to the current relationship between the Association and Special Rate payers, the Coordinator believes that developing and maintaining a membership register will not bring any further benefit to the Association.</p> <p>Due to the absence of a members' register, it is clear that the Association is not meeting the requirements of the Agreement as per clause 12.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Member Engagement - Membership base, type of membership and recruitment & becoming a member: Summary Findings

- Rule 18 of the Associations Rules outline the requirement to maintain a Register of Members.
- The Association does not maintain a Register of Members.
- The Coordinator maintains an ad hoc database which includes the details of businesses located within the Toorak Road South Yarra Precinct – we were not granted access.
- Businesses within the Precinct are automatically considered members of the Association.
- There were 418 special rate payers within the Toorak Road South Yarra precinct at 30 June 2021.





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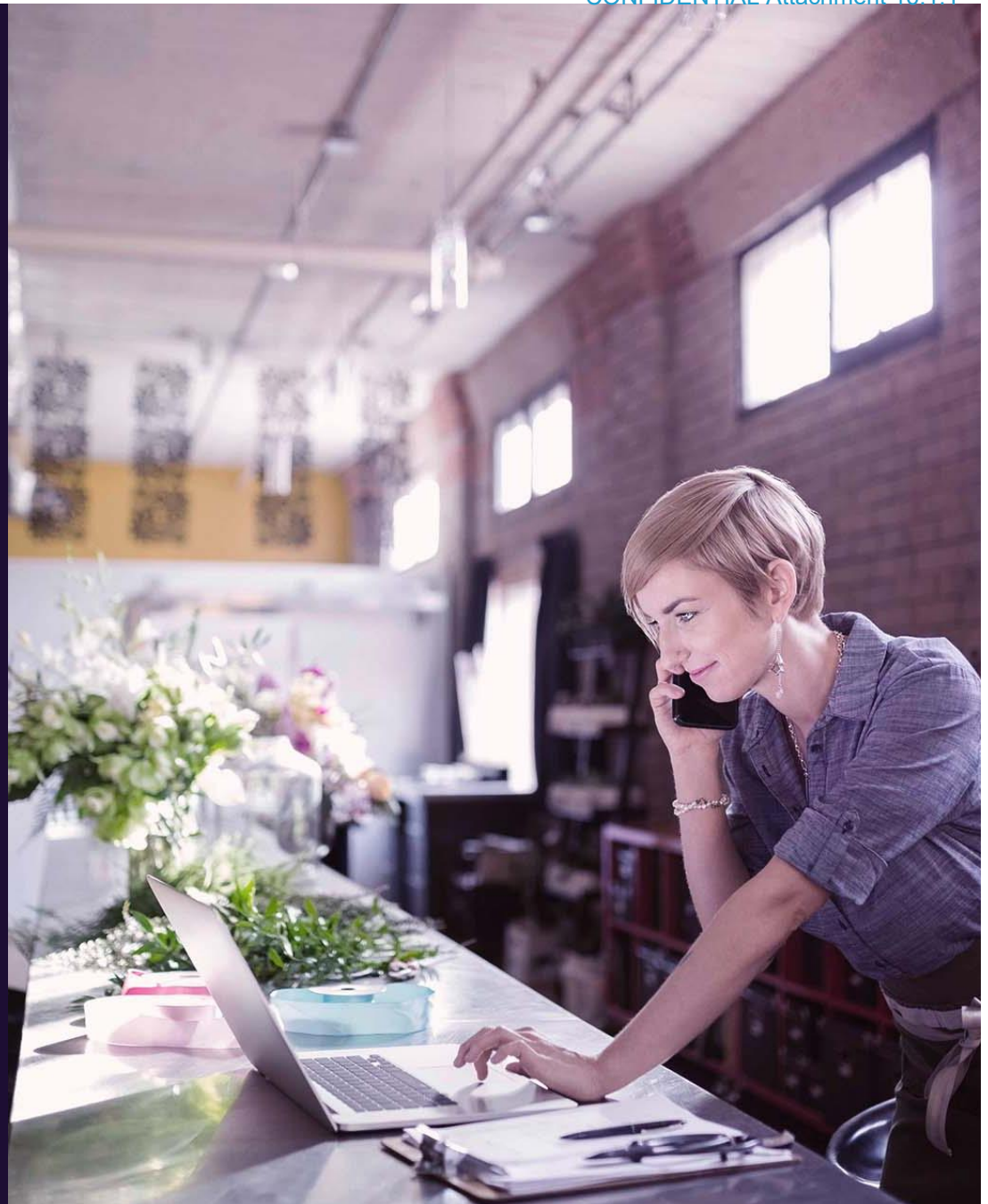
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# Report: Special Rates Fund Audit: Toorak Village Traders Association

City of Stonnington

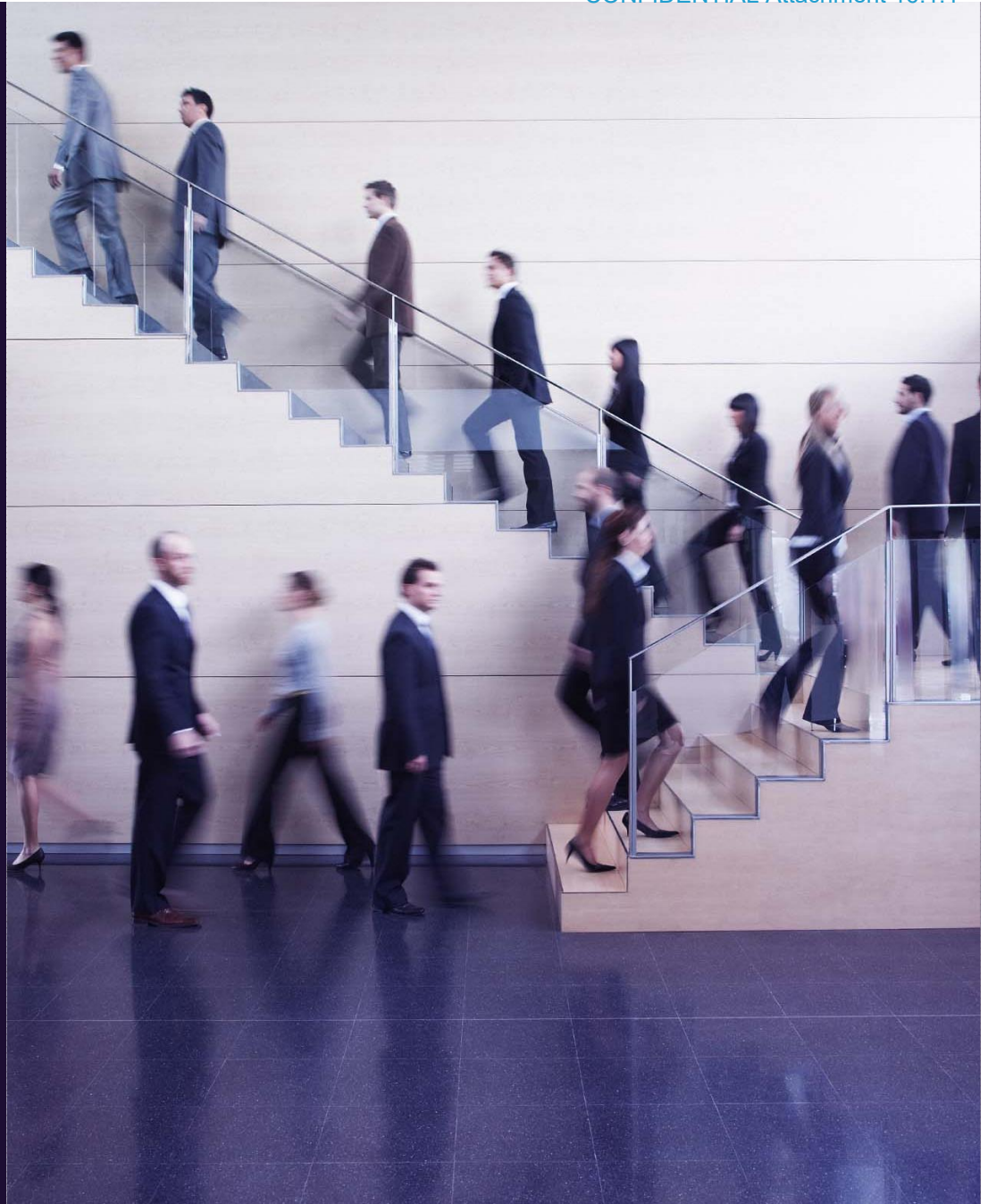
September 2022



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# Executive Summary



COVER LETTER

Julia Gallace  
Chief Financial Officer  
City of Stonnington  
PO Box 58  
Malvern Victoria 3144

18 August 2022

We refer to our appointment by the City of Stonnington ('Council'), to provide a Special Rates Fund Audit into the 4 remaining Business Associations and attach our report of findings and recommendations for Toorak Village Traders Association (TVTA) for your consideration.

The audits were performed in order to identify areas of better financial management practice, of concern, fraud, misconduct etc. but also identified areas of possible training and support to be provided to the Associations by Council. The audits further determined the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems. We provide further details of our scope of services, findings and recommendations in our Executive Summary and body of this report.

This report is prepared on the basis of the limitations set out below:

The matters raised in this report came to our attention during the course of our review, as a result of our testing performed and interviews conducted. Testing was conducted on a sample basis, over the 2 year period covered by our engagement, and our report therefore provides commentary regarding the operating effectiveness of the actual controls tested. The possibility therefore exists that our report may not include all weaknesses that exist or improvements that may be made where these relate to controls not tested as part of this review. We refer to these during the course of this report where applicable.

Our review is not a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Management should therefore not rely solely on our report to identify all weaknesses that may exist and potential instances of fraud and other irregularities.

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Collins Square, Tower 5  
Level 22, 727 Collins Street  
Melbourne Vic 3008

The procedures performed during this audit were limited exclusively to those related to the engagement and do not constitute an audit in accordance with Australian Auditing Standards and accordingly, no assurances are expressed.

Additionally, our audit did not include conducting further enquiries with third parties or performing investigations, where instances of possible fraud, conflicts of interest and misconduct may have occurred.

Our comments should be read in the context of the scope of our work. Where possible, management representations are independently verified, though some findings within this report may have been prepared on the basis of management representations which have not been independently tested.

Recommendations for improvement should be assessed by Council and the Associations Committees, for their full commercial impact before they are implemented.

This report has been prepared solely for the use of Council and TVTA, and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose.

We would be pleased to meet with you to discuss our findings.

In the meantime, should you have any questions please do not hesitate to contact me direct on (03) 8663 6123 or 0416 280 708.

Yours sincerely,

Grant Thornton Australia Ltd



**Katherine Shamai**  
Partner, Risk Consulting

# Executive summary

## Background

### Context

Council collects Special Rate funds from commercial premises in five activity centres and remits these funds via funding agreements to five Incorporated Business Associations.

Across the Associations, there is a blend of paid staff but most are volunteers. Each of these Associations manage a yearly allocation of Special Rate funding on behalf of Council. The pools of funding ranges from approximately \$180K to \$1.2m per annum. The funds are remitted to each Association via a signed and binding Special Rate Funding Agreement. Council is the statutory body ultimately responsible for these Special Rate funds and must ensure that the funds are being appropriately managed and expended in accordance with the Special Rate Funding Agreement by each of the Associations.

Council requires finance and governance audits of four precinct Business Associations (Chapel Street Precinct Association is not included in this scope) being:

1. Glenferrie Road Malvern Business Association (GRMBA).
2. High Street Armadale Business Association (HSABA).
3. Toorak Road South Yarra Business Association (TRSYBA).
4. Toorak Village Traders Association (TVTA).

A full financial and governance audit is required to be completed by 30 June 2022 at the Association's respective offices or mutually agreed location. The audits will identify areas of better financial management practice, of concern, fraud, misconduct etc. but also to identify areas of possible training and support to be provided to the Associations by Council. The audits are to review and determine the adequacy and effectiveness of the Association's governance, fiscal management processes and expenditure and their risk management systems.

The audits and subsequent reports will be used to support Council in delivering the statutory obligations of management of the Special Rates. Additionally, they will allow Council to understand the current operating effectiveness of the Associations and identify any breaches or areas of concern and/or any training or support that Council needs to provide to each of the Associations to reach and operate at better practice level in financial management and governance whilst expending Special Rate funds.

### Scope of Work

Our scope of work, where applicable to the Associations, is as follows:

#### 1. Financial Management

- 1) Review of credit cards expenditure, including process and sample testing.
- 2) Review of procurement / accounts payable, including process and sample testing.
- 3) Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.
- 4) Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice. Conduct interviews where required, to determine answers to any questions as a result of the testing.
- 5) Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.
- 6) Perform a comparative of the financial data provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.
- 7) Conduct interviews of matters identified across the financial management audit.



# Executive summary (continued)

## Scope of work – continued

### 2. Governance

- 1) Review of Board artefacts, including but not limited to agendas, minutes, charters, and board packs.
- 2) Review of governance arrangements including Board composition, sub-committees, interaction/engagement between management and Board.
- 3) Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.
- 4) Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.

### 3. Member Engagement

- 1) Obtain an understanding of the process around membership recruitment and becoming a member.
- 2) Obtain an understanding of each Association's membership base and types of membership.
- 3) Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.



# Executive summary (continued)

We summarise the Stage Assessment (% compliant) for TVTA below:

## Toorak Village Traders Association (TVTA)

### TVTA: Stage assessment (% compliant)

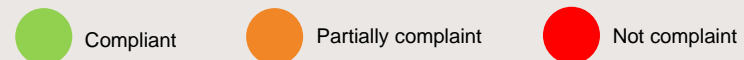
Stages	Compliant	Partially compliant	Not compliant
Financial	17%	83%	0%
Governance	33%	67%	0%
Member Engagement	0%	100%	0%

### TVTA: Overall rating



An overall rating of Partially Compliant has been applied to this review.

	Financial Management	Governance	Member Engagement	Overall Assessment
Toorak Village Traders Association				

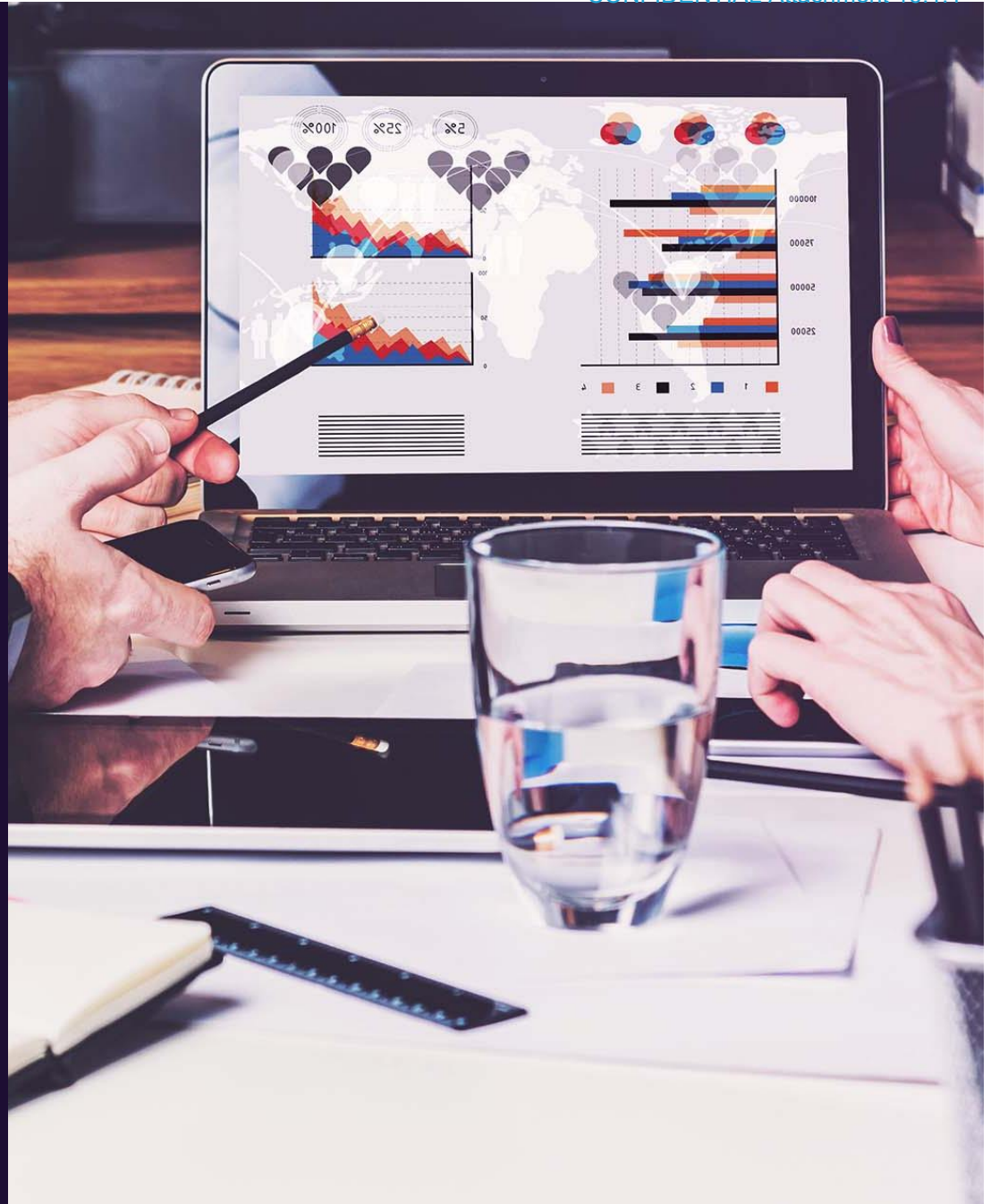


# Executive summary (continued)

## TVTA Recommendations per Stage Assessment

Stage Assessment	Recommendations
1. Financial	<ol style="list-style-type: none"> <li>1) Develop a Procurement Policy which includes all requirements outlined in section 11 of the Funding Agreement. The policy is to be approved by the Committee and then submitted to Council for approval as required in terms of the Funding Agreement. The policy must include, relevant to the TVTA:               <ol style="list-style-type: none"> <li>i. Managing conflicts of interest.</li> <li>ii. The Association obtain one quotation for all purchases less than \$5,000 and that this quotation, whether received in writing or verbally, be documented for record keeping purposes.</li> <li>iii. The Association obtain 2 written quotations for purchases of \$5,000 and above, and that these be retained for record keeping purposes.</li> <li>iv. Where there are exceptions to the rule e.g. sole suppliers, preferred suppliers or urgent &amp; emergency cases, that this be documented for record keeping purposes.</li> <li>v. Preference to be given to procurement from suppliers located within the City of Stonnington.</li> <li>vi. A requirement that all suppliers be registered businesses holding an ABN.</li> <li>vii. Reimbursements to the Coordinator and Committee members if applicable. Including the process of approvals and limitations.</li> </ol> </li> <li>2) Retention of all supporting documents for payments, in particular all quotations, whether received in writing or verbally.</li> <li>3) The Coordinator shift from the retention of manual hard copy records only, to electronic records where practical and reasonable to do so.</li> <li>4) Annual Reports are completed each year and submitted to Council, and that they include the required level of detail.</li> </ol>
2. Governance	<ol style="list-style-type: none"> <li>1) Committee artefacts, including agendas, minutes of committee meetings and reports to the Committee to contain a higher level of detail.</li> <li>2) An AGM is to be held annually and within 5 months of the end of the financial year, as provided for in the TVTA Rules of the Association.</li> </ol>
3. Member Engagement	<ol style="list-style-type: none"> <li>1) Improve the quality and content of the Register of Members in accordance with the Funding Agreement and the AIR Act, in particular the number of current members, types of members and termination of membership including the dates of termination.</li> </ol>

# Methodology



# Overview of Methodology

We use a standard approach to our audits in accordance with better practice and standards, and is performed in a phased approach as recorded hereunder. This was changed and adapted, as the operations and implementation of specific requirements of each Association differed.

Phase 1: Planning	Phase 2: Detailed Audit	Phase 3: Reporting
<ul style="list-style-type: none"> <li>• Conduct an introductory/planning meeting with Council, to agree on our scope and audit plan.</li> <li>• Agree on reporting protocols to Council, during the course of the audits.</li> <li>• Agree on key deliverable dates and timelines.</li> <li>• Request all relevant information and documentation from Council where required, based on our understanding of the audit and background into the respective Associations, that may include:               <ul style="list-style-type: none"> <li>➢ Special Rates Fund Agreement between Council and the Associations;</li> <li>➢ Rules/ Constitution of the Associations;</li> <li>➢ Associations Procurement Policy approved by Council where applicable;</li> <li>➢ Most recent financial statements and data provided to Council;</li> <li>➢ FY2021/2022, Q3 Activity Report provided to Council where applicable;</li> <li>➢ Lists of Memberships and Special Rate Payers; and</li> <li>➢ Other information relevant to our scope in possession of Council.</li> </ul> </li> <li>• Agree on introductory meetings with the 4 Associations and our key contact persons, to kick-off the audits.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct introductory meeting with the 4 Associations key contact persons/ Coordinators.</li> <li>• Request all relevant information and data, in addition to that provided by Council for FY 2020 and FY 2021, including but not limited to:               <ul style="list-style-type: none"> <li>➢ Associations Annual Reports;</li> <li>➢ Credit/ Debit Card Expenditure, including policy/process;</li> <li>➢ Procurement/ Accounts Payable data;</li> <li>➢ Quarterly Reports &amp; Audited Financial Statements submitted to Council;</li> <li>➢ Board composition, sub-committees and Management engagement; and</li> <li>➢ Board agendas, minutes, charters, and board packs.</li> </ul> </li> <li>• Observation at a Board meeting where deemed necessary; to be agreed with Council based on the results of our review above.</li> <li>• Conduct interviews with Board members, within reason, to clarify any issues identified during our review and, where applicable, our observations at a Board meeting.</li> <li>• Obtain an understanding of Associations membership base &amp; types of membership.</li> <li>• Process around membership and becoming a member.</li> <li>• Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft comprehensive report of the factual findings of the audit, areas of better practice, areas of concern, areas of immediate attention, and possible training and support needed by each Association.</li> <li>• The identification and immediate reporting of any Fraud, Misconduct and Irregularities to Council only.</li> <li>• The findings are to be kept confidential until investigation is completed and are only for Council purposes.</li> <li>• Recommendations which may form a framework for each Association to meet better practices for fiscal management and governance arrangements of Special Rate funds.</li> </ul>

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Definitions

1. **Activity Report** means an Activity Report to be provided by the Association to Council in accordance with clause 6 of the Agreement in the form of Attachment 3 to the Agreement.
2. **Annual Budget** means the annual budget for the Financial Year described in clause 7.1.1 (a).
3. **Association** means the 4 respective Associations (subject to this audit).
4. **Committee** means the Committee of the Association as defined under the Associations Incorporation Reform Act 2012 (AIR Act).
5. **Declared Purpose** means the encouragement of commerce in the Precinct.
6. **Member** means a member of the Association pursuant to the AIR Act.
7. **Permitted Purpose** means the purposes described at clause 8.1 of the Agreement.
8. **Procurement Policy** means the Procurement policy adopted by the Association in accordance with clause 11.4 of the Agreement.
9. **Prohibited Purpose** means any of the purposes listed as clause 8.5 of the Agreement.
10. **Rules** means the Rules of the Association as attached to the Agreement at Attachment 2.
11. **Scheme Funds** means the funds collected under the Special Rate.
12. **Special Rate** means the 2019-2023 Precinct Special Rate declared at the ordinary meeting of Council.

## Requirements

### Clause 6: Activity Reports & Funding Periods:

The Association must provide an Activity Report to Council in respect of each of the Funding Period by the Reporting Date set out in the below table:

Funding Period	Instalment	Reporting Period	Report Covers
Q1 and Q2 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 July of that Financial Year	Q3 & Q4 Delivered Activities Q1 & Q2 Proposed Activities
Q3 and Q4 of each Financial Year	50% of the Special Rate levied in that Financial Year	14 January of that Financial Year	Q1 & Q2 Delivered Activities Q3 & Q4 Proposed Activities

### Clause 7: Additional Reporting Requirements

Unless otherwise provided in the Activity Report, the Association must, by 14 July of each year during which the Agreement is in force (excluding 19/20 Year 1), submit to Council:

- a) An Annual Budget, detailing how the Association proposes to use Scheme Funds;
- b) A Yearly Action Plan, detailing the purposes and activities for which the Association proposes use of the Scheme Funds;
- c) A schedule of the Association's meetings, including its annual general meeting, for the upcoming year;
- d) Confirmation in writing that the Association has kept a register for members and a list of Special Rate payers contact details in accordance with clause 12; and
- e) Copies of certificates of currency for the policies of insurance described in clause 15, and additional requirements as provided for in clauses 7.1.2 and 7.1.3.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 8: Expenditure Requirements:

Clause 8.2. and 8.3 provides for what the Association must and may use the Scheme Funds for. Clause 8.5 records that the Association must not, in using Scheme Funds paid to it under the Agreement for any of the following Prohibited Purposes:

1. Lobbying, whether at local, State or Commonwealth government levels;
2. The personal interests of any member or employee of the Association, unless these interest are consistent with the Permitted Purpose; or
3. Investments or financial agreement enduring beyond the life of the Scheme.
4. Legal fees, unless such fees are necessary for the Declared Purpose, to Council's satisfaction. All legal fees must be disclosed and explained in full in the Quarterly Reporting provided by the Association.

### Clause 10 Cooperation with Council

Clause 10.3 The Association must, unless otherwise agreed by Council in writing:

1. Ensure that there at least on representative (coordinator, general manager or committee member) of the Association in attendance at coordinator ' meetings, governance training (unless evidence that the training has been provided by the Association through an accredited training provider( and business planning workshops arranged by Council; 28 days notice will be provided of these events);
2. Support and promote Council Events held within the precinct;
3. Distribute any Council information to Members and others required to pay special Rate on request by Council;
4. Invite the Council Association Officer to the AGM and at least three Committee meetings, acknowledging that they will not always attend;
5. Maintain the confidentiality of any confidential information provided by Council to the Association;
6. Not do anything to bring Council, its Councillors and staff into disrepute; and ensure that communication with Council, is copied to [precincts@stonnington.vic.gov.au](mailto:precincts@stonnington.vic.gov.au).

## Requirements (continued)

### Clause 11: Procurement Policy

1. The Association must, within 21 days of the Agreement, provide Council with a draft Procurement Policy for Council's approval.
2. The draft Procurement Policy provided to Council under clause 11.1 to the satisfaction of Council, and must specifically provide for the following matters:
  - 1) Managing conflicts of interest;
  - 2) Human resources, including a requirement that written job descriptions and employment criteria be applied for any hiring decisions;
  - 3) The Association to obtain a minimum of one quote for any purchase and a threshold that dictates when two quotes are required;
  - 4) Preference to be given to procurement from suppliers located within the City of Stonnington;
  - 5) A requirement that all suppliers be registered businesses holding an ABN;
  - 6) That the reimbursement of any Committee expenses, including office rental, must be disclosed to Council and receipted;
  - 7) That two Committee signatories are required on any financial transaction that exceed \$1,000, those signatories not to include the coordinator, general manager or equivalent of the Association; and
  - 8) That the employment of staff by the Association must be approved by a quorum or a minimum of two Committee members. Outlines a procedure for the selection and appointment of contractors showing a scale of approval levels/ criteria for varying contract payment amounts.
3. Within 21 days of receiving the draft Procurement Policy provided under clause 11.1 Council will, in writing to the Association, approve the draft Procurement Policy of notify the Association on any required amendments.
4. Within 21 days of Council's approving the draft Procurement Policy or notifying the Association of any required amendments, the Association must adopt the draft Procurement Policy including any required amendments notified by Council.

# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

### Clause 12: Membership and Representative Requirements

The Association must, to Council's satisfaction:

1. Keep and maintain a register of Members in accordance with the AIR Act;
2. Demonstrate that it has used best efforts to achieve and maintain membership of the Association to and at a level of at least 50% of the properties liable to pay the Special Rate over a four-year term of the Special Rate; and
3. Compile a comprehensive list of contact details for all occupiers of those properties that are liable to pay the Special Rate irrespective of membership of the Association, to be used to distribute Association and Council information as required.

### Clause 13 Governance requirements of the Funding Agreement

The Association must, to Council's satisfaction:

1. Comply with the AIR Act, including:
  - 1) ensuring the office of Secretary is filled;
  - 2) holding an AGM within the stated period and remain incorporated.
  - 3) providing to Council a copy of the financial statements lodged with the Register if Incorporated Associations within 14 days of lodgement.
  - 4) maintaining adequate and accurate accounting records of its financial transactions in accordance with this legislation; and
  - 5) maintaining a register of members in accordance with the AIR Act.
2. Promptly notify Council of any proposed amendment or modification to the Rules and provide Council with a reasonable opportunity to comment;
3. Promptly notify Council of any significant changes to the Register of Members; and
4. Promptly notify Council if a Committee members resigns, is removed, dies, becomes insolvent under administration, or is charged with an indictable offence'.

## Requirements (continued)

### Clause 14: Accounting Requirements and Audits

1. The Association must, to Council's satisfaction:

- 1) Report on an accrual basis in accordance with generally accepted accounting principles;
  - 2) Appoint an independent bookkeeper or accountant;
  - 3) Present and endorse all financial reports at each Committee meeting;
  - 4) Use propriety financial reporting software, such as MYOB, Xero or QuickBooks, for the management of its financial affairs; and
  - 5) Provide copies of any invoices or statement of works when requested in direct relation to the expenditure of the Special Rate.
2. Council may appoint a person to investigate or audit the Associations compliance with the Agreement.
  3. If Council appoints a person under clause 14.2, the Association must:
    - 1) On request, promptly provide access to any premises or any books of account, documents or other material in the possession, custody or control of the Association; and
    - 2) Provide all reasonable cooperation and assistance.



# Guidelines of Policy Framework

For purposes of completing our scope of work, we identified relevant and applicable mandatory requirements that the Associations need to comply with in terms of the Special Rate Funding Agreement (the Funding Agreement), the Associations' Constitution, Local Government Act (LG Act) and Associations Incorporation Reforms Act (AIR Act). We list these requirements and definitions below, for ease of reference. We discuss these when reporting on our audits of the Associations later in this report.

## Requirements (continued)

**Rules of the Association** as attached to the Agreement at Attachment 2, generally the Rules of the Association across the 4 Associations provides for the following relevant to our scope:

1. Membership.
2. General Meetings of the Association.
3. The Committee.
4. Financial Matters.
5. General Matters.

## Associations Incorporation Reform Act 2012 (AIR Act)

*The main purposes of this AIR Act are—*

- a) *to establish a scheme for the incorporation and registration of voluntary associations and for the registration of other registrable bodies as incorporated associations; and*
- b) *to make provision for the corporate governance, financial accountability and other matters relating to the rules and membership of associations registered under that scheme.*

The following is relevant to our audit:

- Section 48 Rules of an Incorporated Association.
- Section 51 Membership of an Incorporated Association.
- Section 56 Register of members.
- Section 89 Obligation to keep financial records.
- Section 98 Obligation to prepare financial statements (Tier 3 Associations).
- Section 99 Audit of Financial Statements.
- Section 100 Submission of financial statements to annual general

## Requirements (continued)

### The Local Government Act 1989 (LG Act)

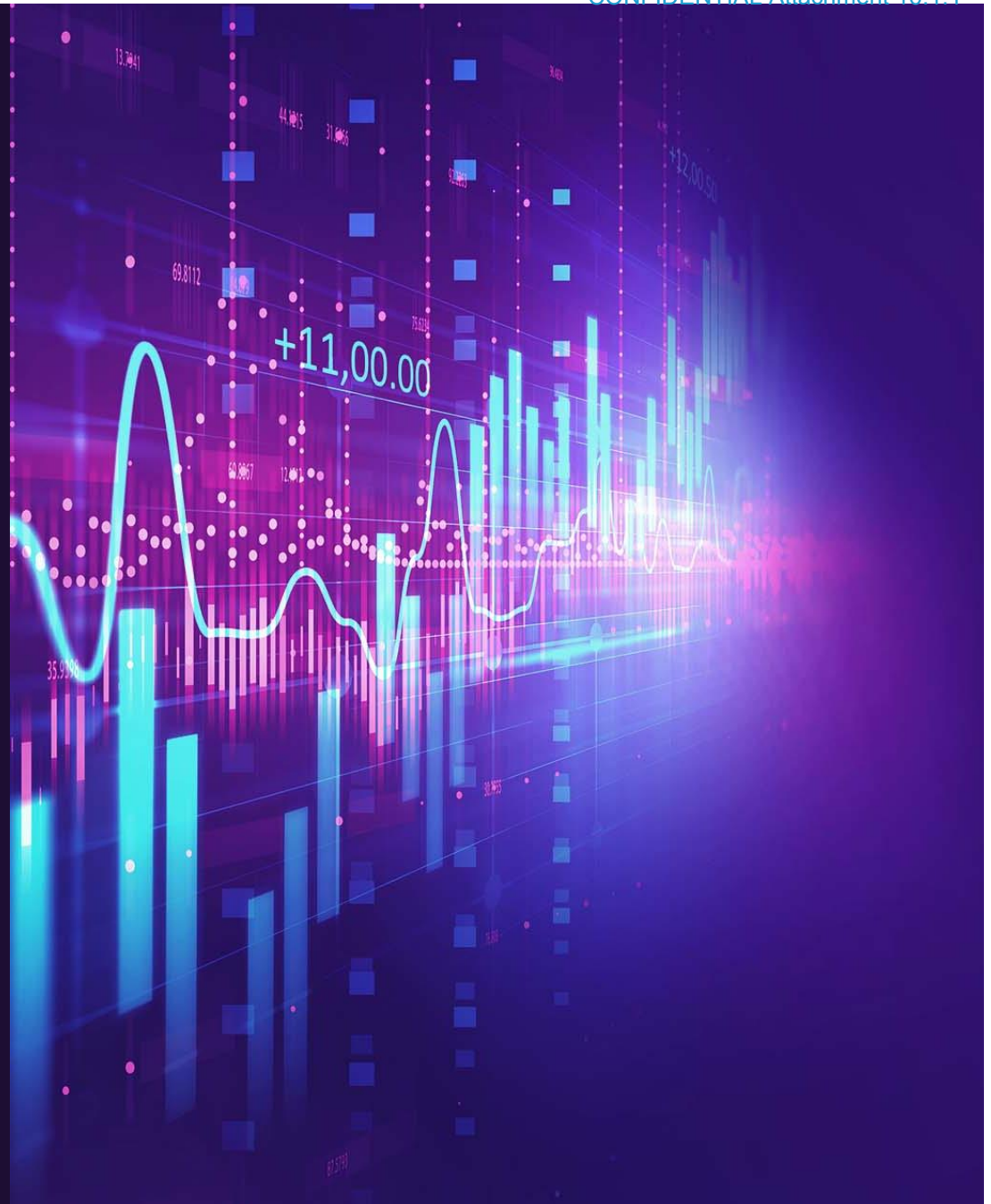
#### Section 163 (1): Special rate and special charge

*A Council may declare a special rate, a special charge or a combination of both only for the purposes of—*

- a) *defraying any expenses; or*
- b) *repaying (with interest) any advance made to or debt incurred or loan raised by the Council—*

*in relation to the performance of a function or the exercise of a power of the Council, if the Council considers that the performance of the function or the exercise of the power is or will be of special benefit to the persons required to pay the special rate or special charge.*

# Toorak Village Traders Association Evaluation



# Toorak Village Traders Association

**Date of Incorporation:** 22 May 2000.

**Registered address:** PO Box 14, Toorak, VIC 3142.

**Coordinator:** Tracey Cammock, mobile 0455 0455 45.

**Staff:** TVTA do not employ any full time staff.

**Committee:** Comprises a President, Vice-President, Treasurer, Secretary and 4 General Committee members. Key Committee members during the audit period are listed below:

	Name	Business Name	Position	Period
1	Tony Fialides	Imp Jewellery	President	2019 - 2020
2	Don Gurr	Traffic	President	2021
3	Don Gurr	Traffic	Vice President	2019 - 2020
4	Amanda Robinson	Deva Shoes	Vice President	2021
5	Debra Green	Villique	Treasurer	2019 - 2020
6	Julie Poumès	Toorak Travel	Secretary	2019 - 2021

**Bookkeepers / Accountants:** Daniel Poll, email danpostie64@hotmail.com.

**Independent Auditors:** Paul Marc Masons Pty Ltd.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
1. Review of credit / debit cards expenditure, including process and sample testing.	<p>During the audit period, the TVTA held three bank accounts:</p> <ol style="list-style-type: none"> <li>1. Bank of Melbourne Society Cheque Account #46727 5139.</li> <li>2. Bank of Melbourne Business Access Saver #41174 1090.</li> <li>3. Westpac Community Solutions One #499 105.</li> </ol> <p>During the audit period, the Association utilised the BOM cheque account as their primary business account. This account was also used to receive the special rate from Council. The Association conducts its spending via physical cheque.</p> <p>The BOM Business Access Saver was used to retain excess funds. This account was not used to make payments during our audit period other than to transfer and receive monies from the cheque account.</p> <p>At the tail end of our audit period, the Association began to transition their banking to Westpac. This was explained as being due to BOM leaving the Precinct and the Association's wish to utilise a local bank. The Westpac account was opened in June 2021 and there were transactions / payments in the month, during the audit period. The decision to move to Westpac from BOM was discussed at Committee meetings as well as signatories/approvers and changes where applicable.</p> <p>The Association's Coordinator holds a personal Commonwealth Bank Credit Card that was used to purchase incidentals and was then reimbursed via cheque from the BOM Cheque Account. We refer to this in more detail when discussing the accounts payable data.</p> <p>There is no documented policy that covers expense reimbursements, but an agreed procedure that provides for the Coordinator to claim approved expenses. It appears to be convenient and fit for purpose, based on the size and operations of the Association.</p> <p>The TVTA does not hold an official credit or debit card.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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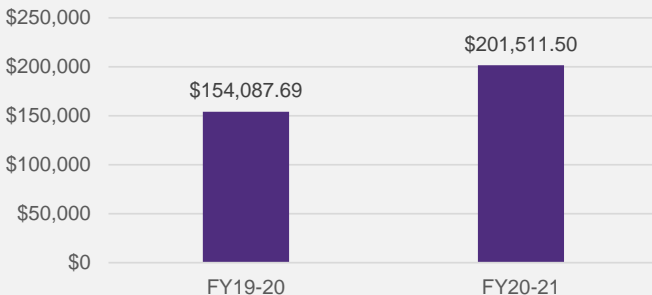
### Financial Management - Debit Card: Summary findings

- TVTA does not hold an official credit or debit card.
- The Association's Coordinator holds a personal Commonwealth Bank Credit Card that is used to purchase incidentals and then reimbursed upon application via cheque from the BOM Cheque Account.
- TVTA does not have a documented reimbursement policy. This is however reconciled by the Associations Bookkeeper, who also ensures he receives a receipt for all purchases that require a reimbursement.
- The Reimbursement process appears to be convenient and fit for purpose, based on the size and operations of the Association, provided it is effectively managed and approved.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment						
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>We captured the payment data from the Association's hard copy records and created an excel document, in order to perform an analysis of their spend over the two financial years. We used this approach, as we had requested the AP data from the Association, however did not receive it.</p> <p>Total spend for each financial year:</p> <table><tr><th>Financial Year</th><th>Total spend</th></tr><tr><td>2019/2020</td><td>\$154,087.69</td></tr><tr><td>2020/2021</td><td>\$201,511.50</td></tr></table> <p>As illustrated below:</p>  <p>Clause 11 of the Special Rates Agreement outlines the requirement for TVTA to have procurement policy. The Association does not currently have a procurement or purchasing policy. Further to this, the Funding Agreement states that the Association must obtain one quotation for each purchase and dictate a threshold for when two quotations are required. We were informed by the Coordinator that the Association does not generally obtain written quotations for purchases from suppliers. The Coordinator acknowledged that should the outcome of the audit require the Association to develop and implement a Procurement Policy, then this will be complied with.</p>	Financial Year	Total spend	2019/2020	\$154,087.69	2020/2021	\$201,511.50	
	Financial Year	Total spend						
	2019/2020	\$154,087.69						
	2020/2021	\$201,511.50						

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Procurement & Accounts Payable: Summary findings

- The TVTA does not have a Procurement Policy.
- There is no requirement to obtain competitive written quotations, and none were on file.
- We were informed by the Coordinator that the Association does not generally obtain written quotations for purchases from suppliers.
- Despite the absence of written quotations, the Association often obtains 3 quotations in the form of enquiries and testing the market with known / reputable suppliers, according to the President.




# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
2. Review of procurement / Accounts Payable, including process and sample testing.	<p>The Coordinator further informed us that the last time the Association utilised quotations during the procurement process was about ten years ago. The reason given for this was due to the Coordinator and Association not having available time to gather quotations, so they rely on trusted suppliers and previous experience instead. The Coordinator does not sign off on any transactions; two members of the Committee function as signatories for all purchases, hence sufficient segregation of duties.</p> <p>During the interview process, the President of the Association explained to us that the Association does occasionally gather quotes for certain services. None of these are on file, however so we did not review them. We note that the Funding Agreement does not specify whether quotations have to be written or verbal. One would expect there would be a permanent record whether written or verbal quotations were obtained.</p> <p>Further, the Association does not hold a conflict of interest policy or register, nor is there any clause within the Rules of Association which outlines the management of conflicts.</p>	
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>Unlike the other Associations subject to this audit who rely on electronic records, TVTA maintains all of its financial documents in hard copy form and uses cheques as their primary form of payment. We were provided with two binders for each financial year, both with the audited financial reports, bank statements, paid invoices, cheque stubs and other assorted financial related documents.</p> <p>In order to complete an analysis of the Association's spend over the two financial years, we were required to manually extract and duplicate their hard copy bank statements into an Excel spreadsheet after which each transaction was categorised and graphed. We adopted this approach as we had requested the AP data from the Association, but never received it. We would expect the Association's bookkeeper to hold electronic copies of the Association's ledgers and accounts however this is not the case.</p> <p>Due to the use of cheques, the Association's bank statements only reference cheque numbers in each transaction description. The coordinator had provided some descriptions in handwritten pencil, however, for many transactions we were required to refer to the enclosed cheque stubs for context on the payment.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the TVTA spend over the two financial years did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In both FY 2019/2020 and FY 2020/2021, the highest spends were on Marketing and Sculpture Exhibition.
- Other spend including: Social Media, Xmas promotions, Voice Magazine and Directory Services were fairly consistent over both financial years.
- The category of spend was determined by Grant Thornton as the bank statements lacked sufficient detail and we were not provided with the AP Data by the Association. This was due to the Association and bookkeeper lacking any electronic records or accounts.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment																						
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>A matching exercise of these semi-ambiguous descriptions were ultimately used to categorise the Association's spend by GT.</p> <p>There was some inconsistency in the recording of suppliers within the bank statements. Due to this, the analysis was done via category of spend rather than by supplier. The below categories are based directly on what was included within the provided binders. As the information was written in pencil, we have taken care to group together any instances of spelling mistakes or abbreviations used into their respective categories. It goes without saying that the accuracy of our data analysis is limited to the level of detail that could be ascertained from the provided binders.</p> <p>A breakdown of the TVTA's Accounts Payable by supplier category is illustrated below:</p>																							
	<p><b>FY2019/2020</b></p> <table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Marketing</td><td>27.54%</td></tr><tr><td>Sculpture Exhibition</td><td>9.95%</td></tr><tr><td>Incidentals</td><td>9.13%</td></tr><tr><td>Xmas</td><td>7.66%</td></tr><tr><td>Social Media</td><td>7.61%</td></tr><tr><td>Directory</td><td>6.80%</td></tr><tr><td>Advertising</td><td>6.26%</td></tr><tr><td>ATO</td><td>4.38%</td></tr><tr><td>Rent</td><td>3.38%</td></tr><tr><td>Other</td><td>17.30%</td></tr></tbody></table>	Category	Percentage	Marketing	27.54%	Sculpture Exhibition	9.95%	Incidentals	9.13%	Xmas	7.66%	Social Media	7.61%	Directory	6.80%	Advertising	6.26%	ATO	4.38%	Rent	3.38%	Other	17.30%	
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

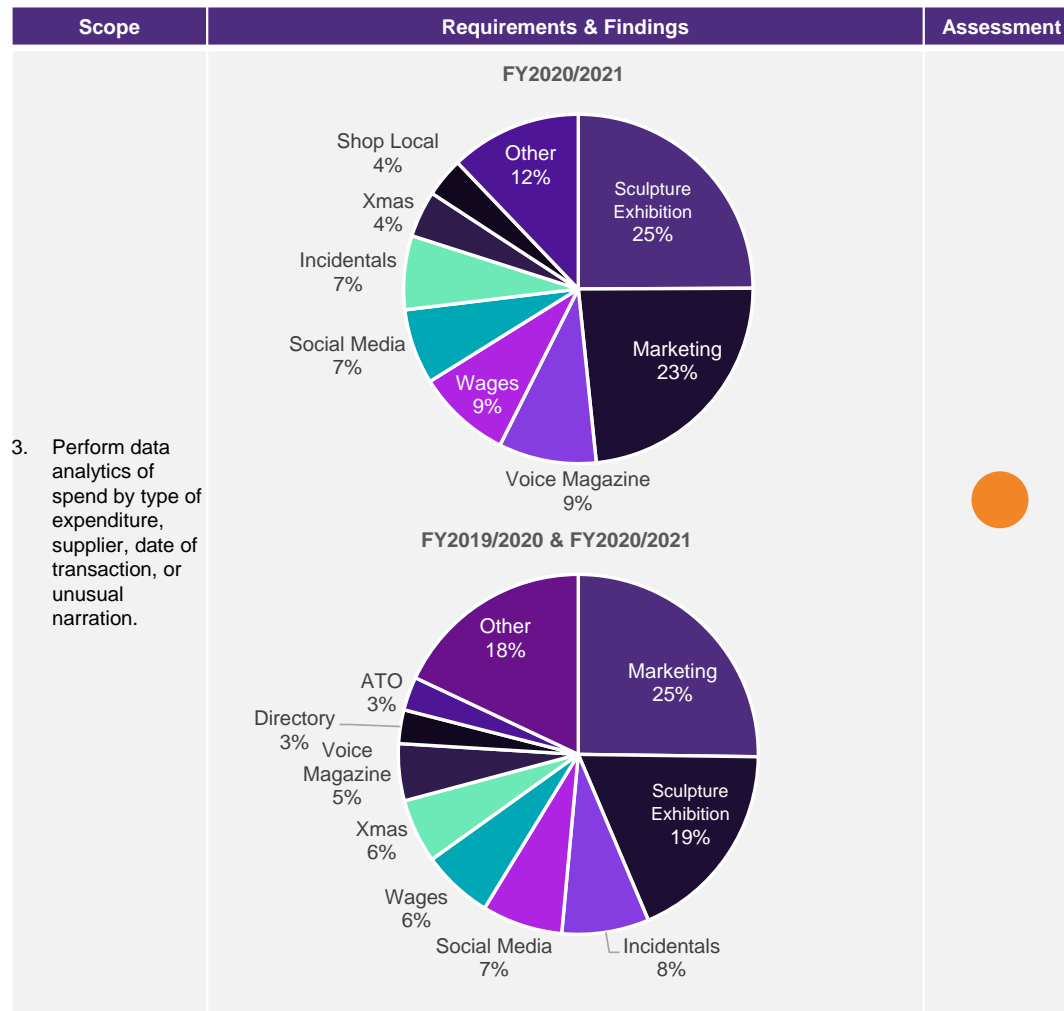
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- Other spend including: Social Media, Xmas promotions, Voice Magazine and Directory Services were fairly consistent over both financial years.
- The category of spend was determined by Grant Thornton as the bank statements lacked sufficient detail and we were not provided with the AP Data by the Association.



# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment



### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating




### Financial Management - Data Analytics: Summary findings

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# Toorak Village Traders Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																																	
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	The top categories of spend per FY is summarised below:  <b>FY2019/2020</b>																																		
	<table><tr><th></th><th>Category</th><th>Amount</th></tr><tr><td>1</td><td>Marketing</td><td>\$42,372.65</td></tr><tr><td>2</td><td>Sculpture Exhibition</td><td>\$15,311.19</td></tr><tr><td>3</td><td>Incidentals</td><td>\$14,038.87</td></tr><tr><td>4</td><td>Xmas</td><td>\$11,783.71</td></tr><tr><td>5</td><td>Social Media</td><td>\$11,700.01</td></tr><tr><td>6</td><td>Directory</td><td>\$10,465.40</td></tr><tr><td>7</td><td>Advertising</td><td>\$9,625</td></tr><tr><td>8</td><td>ATO</td><td>\$6,735</td></tr><tr><td>9</td><td>Rent</td><td>\$5,196</td></tr><tr><td>10</td><td>Other*</td><td>\$26,609</td></tr></table>			Category	Amount	1	Marketing	\$42,372.65	2	Sculpture Exhibition	\$15,311.19	3	Incidentals	\$14,038.87	4	Xmas	\$11,783.71	5	Social Media	\$11,700.01	6	Directory	\$10,465.40	7	Advertising	\$9,625	8	ATO	\$6,735	9	Rent	\$5,196	10	Other*	\$26,609
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<b>*Other includes:</b> Wages; Accountant; Craig Lawson; Halloween; Website; Insurance; Printing' Bookkeeping; Eftpos Fee; Not Categorised (could not find cheque stub); Post Box; Banking Fees; and Interest.																																			

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the TVTA spend over the two financial years did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In both FY 2019/2020 and FY 2020/2021, the highest spends were on Marketing and Sculpture Exhibition.
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# Toorak Village Traders Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																														
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	<table><tr><th></th><th>Category</th><th>Amount</th></tr><tr><td>1</td><td>Sculpture Exhibition</td><td>\$49,972.79</td></tr><tr><td>2</td><td>Marketing</td><td>\$46,945.75</td></tr><tr><td>3</td><td>Voice Magazine</td><td>\$18,133.32</td></tr><tr><td>4</td><td>Wages</td><td>\$17,497.75</td></tr><tr><td>5</td><td>Social Media</td><td>\$13,950</td></tr><tr><td>6</td><td>Incidentals</td><td>\$13,713.78</td></tr><tr><td>7</td><td>Xmas</td><td>\$8,590.64</td></tr><tr><td>8</td><td>Shop Local</td><td>\$7,301.70</td></tr><tr><td>9</td><td>Other*</td><td>\$24,330.77</td></tr></table>			Category	Amount	1	Sculpture Exhibition	\$49,972.79	2	Marketing	\$46,945.75	3	Voice Magazine	\$18,133.32	4	Wages	\$17,497.75	5	Social Media	\$13,950	6	Incidentals	\$13,713.78	7	Xmas	\$8,590.64	8	Shop Local	\$7,301.70	9	Other*	\$24,330.77
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

- Our review of the TVTA spend over the two financial years did not identify any anomalies, and the category of spend appears to be in terms of the Declared Purpose.
- In both FY 2019/2020 and FY 2020/2021, the highest spends were on Marketing and Sculpture Exhibition.
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# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>Across both financials years, the majority of the Association's spend went towards Marketing and costs relating to the "Sculpture Exhibition" (which was categorised within the binders as "S/Ex" or "S/E"). The marketing spend consisted of payments to Tracey Cammock for her services as Coordinator. She was paid on average \$4,700 a month for her services. However, this amount varied with the highest payment being \$6,100 in April 2021 and the lowest being \$2,574 in April 2020. She was paid on an hourly basis for her services with her rate being \$40 an hour until October 2019 where it was raised to \$45 per hour. Her hourly rate was further increased in February 2021 to \$50 per hour. She was paid on a contractor basis via tax invoice. We are of the view that these rates are reasonable.</p> <p>The Toorak Village Traders Association also spends a considerable amount on sculpture related expenses. It was explained to us that the Association has held an annual Sculpture Exhibition in the Precinct since 2002. The process of the Sculpture Exhibition as provided to us, is as follows:</p> <ol style="list-style-type: none"> <li>1. Artists apply to enter into the Sculpture Exhibition by paying a \$35 fee.</li> <li>2. Appropriate sculptures are selected by a curator and put on display within the Precinct.</li> <li>3. The sculptures are displayed within local businesses for around 6 weeks and are available to purchase by the general public.</li> <li>4. If a sculpture is purchased, the Association takes 33% of the sale and reimburses the artist the remaining 67%.</li> </ol> <p>The expenditure relating to the Sculpture Exhibition relates mainly to artist reimbursements; advertising and marketing; installation and maintenance; and a single \$8,040 sculpture purchase by the Association for permanent display in the Precinct.</p> <p>According to the Coordinator, the Sculpture Exhibition brings a lot of visitations to the Precinct and provides businesses owners with a sense of pride of community. It was also explained to us that the Association uses their commission from exhibitions to purchase permanent sculptures for the Precinct and to help fund future exhibitions.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant

Partially compliant

Not compliant

### Financial Management - Data Analytics: Summary findings

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment
3. Perform data analytics of spend by type of expenditure, supplier, date of transaction, or unusual narration.	<p>Another substantial expense during both financial years was categorised within the binders as "Incidentals". Incidentals are purchased on the Coordinator's personal Commonwealth Bank credit card which is reimbursed via cheques made out to the coordinator. These purchases include TVTA meeting refreshments; office supplies; and other miscellaneous goods that cannot be easily paid via cheque. Some incidentals also included payments relating to some of the Association's events.</p> <p>For example, payments relating to the Sculpture Exhibition and the "Xmas" TVTA Christmas campaign were often included within the incidentals. Some specific examples of these from the FY2021 binder included:</p> <ul style="list-style-type: none"> <li>13/01/21 S/E – ArtsHub annual renew subscription - \$117.00</li> <li>19/04/21 S/Ex – Taxi of sculpture to village - \$80.00</li> <li>16/12/20 Xmas – 3AW advertising- \$4,253.86</li> <li>20/12/20 Xmas – Candy canes for Santa - \$102.00</li> </ul> <p>Within both binders the Coordinator had stapled the original receipts/invoices on each corresponding page of incidentals often with an approved signature or annotation that it had been reimbursed, that serves as a record of supporting documents and authorisation of the transactions.</p> <p>Incidentals in terms of our category of purchases accounted for 8% or \$27,753 of the total spend over both financial years. The individual expense reimbursement amounts ranged from \$91.60 to \$5,497.86.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Data Analytics: Summary findings

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# Toorak Village Traders Association

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## Financial Management Assessment

Scope	Requirements & Findings	Assessment																																												
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	Using the Association's hard copy bank statements, we were able to select 10 samples from each financial year.																																													
	<b>FY2019/2020</b>																																													
	<table><tr><th>Date</th><th>Cheque Number</th><th>Written Description</th><th>Value</th></tr><tr><td>13/08/2019</td><td>1900</td><td>Website</td><td>\$720</td></tr><tr><td>20/09/2019</td><td>1927</td><td>Incidentals</td><td>\$1,068.49</td></tr><tr><td>13/12/2019</td><td>1964</td><td>Incidentals</td><td>\$3,380</td></tr><tr><td>24/12/2019</td><td>1970</td><td>TV Advertising</td><td>\$1,650</td></tr><tr><td>31/12/2019</td><td>1968</td><td>Sculptures</td><td>\$701.25</td></tr><tr><td>06/01/2020</td><td>1971</td><td>Social Media</td><td>\$1,430</td></tr><tr><td>08/01/2020</td><td>1973</td><td>Xmas Printing</td><td>\$1,260.82</td></tr><tr><td>13/02/2020</td><td>1990</td><td>S/E Advertising</td><td>\$1,650</td></tr><tr><td>14/03/2020</td><td>2009</td><td>TV Advertising</td><td>\$632.50</td></tr><tr><td>23/03/2020</td><td>2007</td><td>Directory Design</td><td>\$780</td></tr></table>		Date	Cheque Number	Written Description	Value	13/08/2019	1900	Website	\$720	20/09/2019	1927	Incidentals	\$1,068.49	13/12/2019	1964	Incidentals	\$3,380	24/12/2019	1970	TV Advertising	\$1,650	31/12/2019	1968	Sculptures	\$701.25	06/01/2020	1971	Social Media	\$1,430	08/01/2020	1973	Xmas Printing	\$1,260.82	13/02/2020	1990	S/E Advertising	\$1,650	14/03/2020	2009	TV Advertising	\$632.50	23/03/2020	2007	Directory Design	\$780
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### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Sample Testing: Summary Findings

- We received 10 of the 10 invoices for samples selected in FY 2019/2020.
- We received 10 of 10 invoices for samples selected in FY 2020/2021.
- We did not receive quotations for any of the 10 samples selected in each of the of the FY 2019/2020 and FY 2020/2021.
- TVTA does not have a Procurement Policy.
- Where quotations were obtained, these are not retained in hard copy form or documented for audit purposes.




# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.


## Financial Management Assessment

Scope	Requirements & Findings	Assessment
4. Conduct testing of transactions, which will be sampled based on the data analytics results and traced back to invoice.	<p>The binders were examined for the corresponding invoice and cheque stub for each sample, and other supporting documents if applicable.</p> <p>For each of the 20 samples, a cheque stub and invoice were found that matched the payment. No quotations were found for any of the samples nor were any included within the provided binders.</p> <p>As previously reported, the Association does not have a Procurement Policy and where quotations were obtained, these are not retained in hard copy form for audit purposes.</p>	
5. Determine whether expenditure is aligned to the requirements in the Local Government Act and consistent with the Funding Agreement.	<p>Based on our review of the Association's Business bank account (BOM cheque account), information provided on the bank statements, our data analytics performed and sample testing, the expenditure for FY 2019/2020 and FY 2020/2021 appears to be aligned to the LG Act.</p> <p>Further, the expenditure is in compliance with Clause 8.5 of the Funding Agreement – the Association has not, in using Scheme Funds paid to it under the Agreement, used any of the funds for Prohibited Purposes. We did not identify any obvious spend that may be defined as for Prohibited Purposes. The spend further appears to be for the Declared Purpose as defined in the Funding Agreement. This is based on our understanding that the expenses on 'Sculpture Exhibition' supports the encouragement of commerce in the Precinct.</p> <p>Based on our data analysis of the payments made during FY 2019/2020 &amp; FY 2020/2021, we did not identify any irregular payments that are inconsistent with the LG Act and the Funding Agreement.</p> <p>We received confirmation during our interviews conducted that no funding was used for Prohibited Purposes.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Financial Management - Expenditure aligned to LG Act & Funding Agreement: Summary Findings:


- Based on available records and our analysis of same, the expenditure appears to be aligned with:
  - Section 163 (1) of the LG Act - funds were used to defray expenses;
  - Clause 8.5 of the Funding Agreement - funds were not used for 'Prohibited Purposes'; and
  - The 'Declared Purpose' as defined - means the encouragement of commerce in the Precinct, provided 'Sculpture Exhibition' is deemed to fit the said definition.



# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>The Audited Financial Reports for both FY 2019/2020 and FY 2020/2021 were provided to us by the Association. They were prepared by Paul Marc Masons Pty Ltd, certified practicing accountants.</p> <p>Neither of the 2 copies of the reports provided to us, have been signed off by the auditor. However, a Cover letter from the Auditor Stephane Majman, dated 10 December 2021, confirmed the audited financial statements for year end 30 June 2021 have been prepared and attached. They have been prepared on an accrual basis and are based on historical costs, and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets, as well as the AIR Act.</p> <p>We did not receive the Audited Financial Reports that were presented to the respective AGMs for FY 2019/2020 and FY 2020/2021. The minutes of FY 2019/2020 AGM held on 24 February 2021 records that the Audited Financial Reports had been completed &amp; was available for viewing.</p> <p>We did not receive the minutes of the FY 2020/2021 AGM and do not know the date on which it was held. We did not receive the Annual Report for either FY2019/2020 or FY 2020/2021.</p> <p>We did not receive TVTA's Audited Financial Reports for both FY 2019/2020 and FY 2020/2021 from Council, and are therefore not able to determine whether they are the same as that provided to Grant Thornton by the Association. We are unsure if this is due to the Association having not submitted the reports to Council or the reports not being on file.</p> <p>Council provided GT with several other financial reports prepared by the Association over the 2 year period covered by our audit, including: profit &amp; loss; income and expenditure; balance sheet; and general ledgers. As these documents were not prepared at year end, we were unable to compare them to the Audited Financial Reports.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant

Partially  
compliantNot  
compliant

### Financial Management - Comparative between financial data: Summary Findings

- The Audited Financial Reports provided by the Association to us were prepared by Independent Auditors.
- Council was unable to provide us with their copy of the Audited Financial Reports for TVTA. Therefore, we were unable to perform a comparative between the Audited Financial Reports provided to us by the Association, to that provided by the Association to Council.
- We further did not receive the respective Annual Reports to confirm the Audited Financial Reports presented to the AGMs were the same as those provided to us by the Association.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
6. Perform a comparative of the financial data to be provided by the Associations to the appointed Auditor and the financial reports provided to Council by each Association.	<p>We noted that in addition to the Special Rate payers levy received from Council, the Association received additional income from the following sources:</p> <ol style="list-style-type: none"> <li>1. Sculpture Exhibition artist fees;</li> <li>2. Advertising &amp; sponsorship income;</li> <li>3. Sculpture Commissions;</li> <li>4. Directory Income;</li> <li>5. COVID Recovery Grant;</li> <li>6. Traders Group Program Grant; and</li> <li>7. Façade Upgrade Grant.</li> </ol> <p>We also received a letter from the Association on a SMSF Analysts and Auditors Pty Ltd, dated 6 December 2021. Although this is outside of our audit period, the letter references the Finalisation Report for TVTA Audit for Year Ended 30 June 2021. The letter has been signed by Jean-Marcel Majman. In terms thereof, they completed the audit for year end 30 June 2021, and made a number of recommendations.</p> <p>It is our understanding that Paul Marc Masons Pty Ltd prepares the year end financial statements and that SMSF Analysts and Auditors Pty Ltd sign off as the Auditors. The Coordinator informed us that SMSF Analysts and Auditors Pty Ltd, is the Associations auditor.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant

Partially  
compliantNot  
compliant

### Financial Management - Comparative between financial data: Summary Findings

- The Audited Financial Reports provided by the Association to us were prepared by Independent Auditors.
- We were unable to perform a comparative between the Audited Financial Reports provided to us by the Association, to that provided by the Association to Council, as we did not receive these from Council.
- We further did not receive the respective Annual Reports to confirm the Audited Financial Reports presented to the AGMs were the same as those provided to us by the Association.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews of matters identified across the financial management audit.	<p>We conducted interviews with the President, Coordinator (including a face to face meeting at the Association's office in order to take possession of the hard copy files of the Association) and the Bookkeeper to seek additional information and discuss further issues identified.</p> <p>We determined the following:</p> <ol style="list-style-type: none"> <li>1. Activity Reports including financial reports are provided to Council every 6 months (consistent with the Funding Agreement).</li> <li>2. There is no documented procurement and purchasing policy, expense reimbursement policy and accounts payable policy.</li> <li>3. The Association relies on the Rules of the Association when managing COI.</li> <li>4. The Association does not make use of a debit or credit card and all payments are made via cheque.</li> <li>5. The cheque books are the primary source of records of financial transaction, which is retained by the Coordinator, however she is not a signatory. The cheque books are handed to the Bookkeeper and Auditor when required to complete their relevant scope of services.</li> <li>6. Despite the absence of written quotations, the Association often obtains 3 quotations in the form of enquiries and testing the market with known / reputable suppliers.</li> <li>7. The Association has experienced a lot of teething problems with their new bankers Westpac, and this needs to be debated at Committee level to ensure they are receiving appropriate and value for money service.</li> <li>8. COI issues have never been raised.</li> <li>9. The Committee has not considered obtaining a debit card, but this may be worthwhile going forward if deemed necessary.</li> <li>10. Obtained confirmation that funding was not used for prohibited purposes. They, as far as possible, include a legal person / lawyer as a Committee member to address legal issues should they arise.</li> <li>11. There has never been an incident of suspected mismanagement of funds or irregular financial transactions.</li> <li>12. The Bookkeeper Daniel Poll has been providing services to the Association since approximately 2010. He does not have a written agreement with the Association.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Financial Management - Interviews Conducted: Summary Findings:

- All funds have been dispersed in accordance with the Funding Agreement.
- There is effective and efficient handing of Council funds.
- There is adequate controls over the reimbursements claimed by the Coordinator, despite the absence of a documented policy.
- There is sufficient separation & segregation of duties from an approval and payment process perspective, as the Coordinator is not an approver / signatory on the Associations bank account that requires 2 signatories at all times.
- COI have not been raised and we are therefore unable to assess the management of COI by the Association.

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Financial Management audit. We are however, unable to confirm that the Audited Financial Statements provided to us are the same as that provided to Council.

## Financial Management Assessment

Scope	Requirements & Findings	Assessment
7. Conduct interviews of matters identified across the financial management audit.	<p>13. The Bookkeeper confirmed that his services includes: reconciling bank statements; lodging of quarterly BAS returns; providing adhoc assistance to the Coordinator; and preparing the profit &amp; loss and balance sheet.</p> <p>14. The Bookkeeper does not retain any financial records - he collects the binders from the Coordinator, review same and then returns them.</p> <p>15. The Bookkeeper has a procedure for reconciling the incidentals purchased on the Coordinators credit card and reimbursed to her - he does this by ensuring he received a receipt for all purchases from the Coordinator.</p> <p>16. It was confirmed with the Bookkeeper that the Association's auditor is Paul Marc Masons. The Bookkeeper is not aware of who SMSP Analysts and Auditors (Jean-Marcel Majman) are and is not aware of any recommendations made by them.</p> <p>17. The Bookkeeper deals only with the Coordinator and not with the Committee directly.</p>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
-----------	---------------------	---------------


### Financial Management - Interviews Conducted: Summary Findings:

- All funds have been dispersed in accordance with the Funding Agreement.
- There is effective and efficient handing of Council funds.
- There is adequate controls over the reimbursements claimed by the Coordinator, despite the absence of a documented policy.
- There is sufficient separation & segregation of duties from an approval and payment process perspective, as the Coordinator is not an approver / signatory on the Associations bank account that requires 2 signatories at all times.
- COI have not been raised and we are therefore unable to assess the management of COI by the Association.




# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Governance audit. However, we were not provided with the Annual Reports.

## Governance Assessment

Scope	Requirements & Findings	Assessment
1. Review of Committee artefacts, including but not limited to agendas, minutes, charters, and Committee packs.	<p>The TVTA Rules of the Association sets out the rules and powers of the Association as well as defining its purpose. The current edition of the Rules is dated 19 March 2014. The minutes of the Committee meeting held on 19 July 2019, records that Clause 8 (1) was changed to reflect that only one voting member for each property address subject to the special rate or charge is eligible for membership. We were informed by the President that this was not subsequently updated and as such remained the same.</p> <p>The Rules are relatively generic for all 4 Associations covered by this audit, unless there are changes to the Constitution, and ratified by special resolution of a general meeting of the association, as provided for in Rule 77.</p> <p>The TVTA Rules includes the following relevant to Governance issues covered by our audit:</p> <ol style="list-style-type: none"> <li>Part 4 - General Meetings of the Association.</li> <li>Part 5 - Committee.</li> </ol> <p>We received Committee meeting agendas and the minutes of the respective meeting from the Association. Rule 58 (1) requires the Committee to meet at least 4 times in each year at the dates, times and places determined by the Committee. Rule 59 (1) requires written notice of each committee meeting to be given to each committee meeting no later than 7 days before the date of the meeting. Rule 66 requires the recording of minutes of meetings and specific information to be included in the minutes. We were not provided with a schedule of meeting of the Committee.</p> <p>We received the minutes of Committee meeting held during the period of our audit as summarised hereunder and the agenda for the FY2019/2020 AGM only:</p> <ol style="list-style-type: none"> <li>1 July 2019 to 31 December 2019, 3 meetings.</li> <li>1 January 2020 to 31 December 2020, 6 meetings.</li> <li>1 January 2021 to 30 June 2021, 3 meetings.</li> </ol>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

		
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### Governance - Committee artefacts and procedures for meetings: Summary Findings

- The Rules of the Association were not changed during the period covered by our audit, despite a Committee resolution for change on 19 July 2019.
- The Committee artefacts: agendas, reports to the Committee, and minutes are not sufficiently detailed, whilst taking into consideration the size of the Association, for both financial years.
- The Associations Committee met at least 4 times a year as provided for in Rule 59 (1) (taking into account that we assessed 6 months for each of the calendar years 2019 and 2021).

# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Governance audit. However, we were not provided with the Annual Reports.

## Governance Assessment

Scope	Requirements & Findings	Assessment
2. Review of Governance arrangements including Committee composition, sub-committees, interaction/engagement between management and board.	<p>The respective AGMs were held on 6 December 2019 (FY 2018/2019- out of our scope), 24 February 2021 (FY 2019/2020 which was delayed due to COVID restrictions &amp; which was communicated to Council). The AGM for FY2020/2021 has not yet been held according to the Coordinator. We were not provided with the complete Committee packs as distributed to members by the Coordinator prior to the meeting, however the minutes of the meetings and in particular the AGM for FY2019/2020 records they included the Presidents Report, Financial Report and election of the Committee.</p> <p>We have examined the minutes of meetings of the Committee and there has been no discussion or reference to inappropriate behaviour by Committee members.</p> <p>Rule 65 of the Rules of the Association addresses Conflict of Interest and that a Committee member who has a material personal interest in a matter being considered at a committee meeting must disclose the nature and extent of that interest to the Committee. The minutes of the meeting do not record any conflicts of interest were declared by Committee members. TVTA does not have an individual COI policy.</p> <p>We previously reported that the TRVA Rules includes Part 5: Committee, which is relevant to our audit of the Associations Governance. This includes:</p> <ol style="list-style-type: none"> <li>1. Powers of the Committee.</li> <li>2. Composition of Committee and duties of members.</li> <li>3. Election of Committee members and tenure of office.</li> <li>4. Meetings of the Committee (already discussed in this report when reviewing minutes of meetings).</li> </ol> <p>We confirm that the minutes of the meetings and through interviews conducted that TVTA has complied with the requirements of the Committee. It is further evident that there is regular and effective engagement between the Coordinator and the Committee. It was reported to us that Coordinator meetings with Council has dropped and are less frequent since the previous Council Coordinating Officer moved to Prahran Market. We noted that the said Council Coordinating Officer also attended Committee meetings and hosted the meeting held on 21 September 2020.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant	Partially compliant	Not compliant
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### Governance - Committee composition and engagement with management (the Coordinator): Summary Findings

- The Committee membership was passed by Resolution at the Association's AGM and they were elected as provided for in Rules 50-54, in FY 2019/2021.
- The composition of the Committee complies with the requirements of Rule 44 and the Association is effectively managed under the Direction of the Committee as provided for in Rule 44.
- There has been regular interaction and engagement between the Committee, the Coordinator and the Bookkeeper.
- The FY 2019/2020 AGM was not held within 5 months after the end of the financial year as provided for in Rule 30 (1); it was held on 24 February 2021, due to COVID restrictions. The AGM for FY 2020/2021 has not been held.




# Toorak Village Traders Association

TVTA are compliant with most of the requirements for the Governance audit. However, we were not provided with the Annual Reports.

## Governance Assessment

Scope	Requirements & Findings	Assessment
3. Observation at a Committee meeting where deemed necessary.	We did not consider attending a Committee meeting as there were a number of delays in obtaining the required information from the Association, in order to examine same, and we only completed our interviews of the Coordinator, Bookkeeper and President in the week ending 1 July 2022. We further did not deem it necessary to attend a Committee meeting as the Governance assessment did not identify any significant issues or matters that needed to be clarified by attending a Committee meeting. The last Committee meeting was held 6 April 2022 and the meeting is planned for 6 July 2022 but to be confirmed closer to the date.	
4. Conduct interviews with Committee members, within reason, to clarify any issues identified during our review.	<p>We conducted interviews with the President, Coordinator (including a face to face meeting at the Associations office) and the Bookkeeper to seek additional information and discuss Governance issues in general.</p> <ol style="list-style-type: none"> <li>1. The Coordinator has not attended any Council offered governance training (she referred to one that was recently held, however she did not attend).</li> <li>2. The extent of governance related documents (minutes, agendas and reports) was provided to us for the period covered by the audit.</li> <li>3. Tony Fialides was the President for the Association for approximately 20 years until the start of FY 2020/2021. We were informed that he operated in isolation of the Committee and made decisions on his own.</li> <li>4. Committee members receive notification of meetings via email from the Coordinator with the Agenda.</li> <li>5. Committee meeting packs / reports to be presented &amp; discussed are made available at the meeting.</li> <li>6. All Committee members are provided with sufficient opportunities to raise issues and ask questions, with strong opinions demonstrated, across a quality level of discussion.</li> </ol>	N/A

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Governance - Observation at Committee meeting: Summary Findings and interviews conducted



- We did not deem it necessary to attend a Committee meeting and the next meeting is scheduled for 6 July 2022.
- The meetings are managed by the Coordinator including agendas and confirmation of attendance by members.
- Minutes are distributed by the Coordinator following the meeting. The minutes are accurate and reliable for purposes of the size of the Association.
- All records are retained in hard copy files and not electronically, however the records are reasonably complete.
- There is sufficient participation by Committee members at the meeting, and to raise opinions.






# Toorak Village Traders Association

TVTA are partially compliant with most of the requirements for the Member Engagement audit. The membership register has not been updated and it is not clear how membership applications are received and approved with consistency.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
1. Obtain an understanding of each Association's membership base and types of membership.	We were informed that the Association does not differentiate between types of membership. Any Special Rate payers in the Toorak Village precinct are eligible to become members of the Association. However, the Rules of the Association defines a member as a special rate or charge member of the Association. It further provides for 2 types of membership: Voting members; and Associate members, that includes commercial property owners in the Special Rate or charge area and any other organisation or person deemed to be an associate member by the Committee, who have no voting rights. Hence, there is a difference in terms of the Rules.	
2. Obtain an understanding of the process around membership recruitment and becoming a member.	<p>We were provided with a copy of the TVTA's membership application form. The form states that becoming a registered member of the Association gives business owners the chance to have a say in the running of the TVTA's marketing and promotion plans, to become an elected Officer of the Committee, to vote at the AGM and to receive all correspondence from the Association. The forms states one voting member is permitted per property in the Special Rates area, being the person responsible for the payment of the Special Rate.</p> <p>The Association's website does not include a section relating to membership. The website contains a Directory page which displays a list of businesses in the Precinct. There is an option to "Add Your Toorak Village Business Here" which gives the user the option to fill in details on their business including the opening hours, description, category, images, and social media links. However, it does not appear that this gives applicants membership to the Association. The bottom of the page has a signable agreement that states: "I agree to Toorak Village Traders Association (TVTA) Uploading These Details to the TVTA Website and to Receiving Periodic Communication Emails Related To TVTA".</p> <p>It was explained to us that the majority of membership recruitment is done by the Coordinator reaching out to and meeting with new businesses as they open in the precinct. The Coordinator spends a lot of time on the ground in Toorak Village and regularly communicates with business owners including running mini recruitment drives.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

 Compliant	 Partially compliant	 Not compliant
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### Member Engagement - Membership base, type of membership and recruitment & becoming a member: Summary Findings

- Membership is defined in Rule 12 and 14 of the Rules of the Association - there are 2 types: Voting and Associate members who have no voting rights.
- Applications for membership are decided by the Committee via a resolution and recorded in the minutes, in terms of Rule 11. We noted this in minutes of the Committee where new membership applications were discussed and approved.
- The Association's website does not include membership, but a Directory page which displays a list of businesses in the Precinct.
- Recruitment of members is mainly performed by the Coordinator who actively visits new businesses in an effort to recruit them as members of the Association. The minutes of the Committee recorded discussion around membership in a continuous effort to get new members.

# Toorak Village Traders Association

TVTA are partially compliant with most of the requirements for the Member Engagement audit. The membership register has not been updated and it is not clear how membership applications are received and approved with consistency.

## Member Engagement Assessment

Scope	Requirements & Findings	Assessment
3. Inspect the members register for accuracy, completeness and total number of members. Compare this to the Special Rate register to ascertain if they are special rate payers.	<p>The Association provided us with a spreadsheet titled "New Toorak Members 2021" which listed 84 members within the Precinct. This spreadsheet included details of the name and address of each member as well as their business and email. A column titled 'Reg' was also included within the register. This column appeared to list different years ranging from 2006 to 2021 and appeared to show the year in which members registered. The list does not specify which members were current and does not include a column which specifies if an individual had ceased membership.</p> <p>When questioned on the accuracy of the provided register, the Coordinator could not confirm how many members on the provided "New Toorak Members 2021" were current members. She estimated that around one third of the list may consist of past members that are no longer signed up. 75 of the individuals on the provided list signed up for membership prior to 2015 with only 5 members being added in the 2019, 2020, and 2021 years.</p> <p>At June 2021, there were 301 businesses within the precinct that paid the Special Rate. In their June 2021 Activity Report, the Association reported that they had 293 business contacts on their email database and 181 on their postal database. This clearly differs from the provided membership list (84 members) and it appears that the majority consist of businesses who are not members of the Association i.e. neither Voting nor Associate members.</p> <p>Based on the provided list, it appears that the Association has not met council's requirement, as per clause 12 of the Funding Agreement, to achieve and maintain membership at 50% of the eligible rate payers in the precinct. Furthermore, due to the lack of context of whether a member is current, the membership register guidelines set out in section 18 of the Rules of Association have not been fully provided for.</p>	

### Stage assessment

Stages	Assessment
Financial	
Governance	
Member Engagement	

### Overall rating

Compliant

Partially compliant

Not compliant

### Member Engagement - Register of Members & comparison to special rate payers register: Summary Findings

- The register of members is maintained by the Coordinator, that complies with most of the requirements of the Rules of the Association. However, it does not specify which members are current or include a column which specifies if an individual had ceased membership.
- The register is not updated, and the Coordinator informed us that approximately one third of the members listed in the register are no longer members.
- At June 2021 there were 301 businesses within the precinct that paid the Special Rate. In their June 2021 Activity Report the Association reported that they had 293 business contacts on their email database and 181 on their postal database. This clearly differs from the provided membership list (84 members) and it appears that the majority consist of businesses who are not members of the Association i.e. neither Voting nor Associate members.



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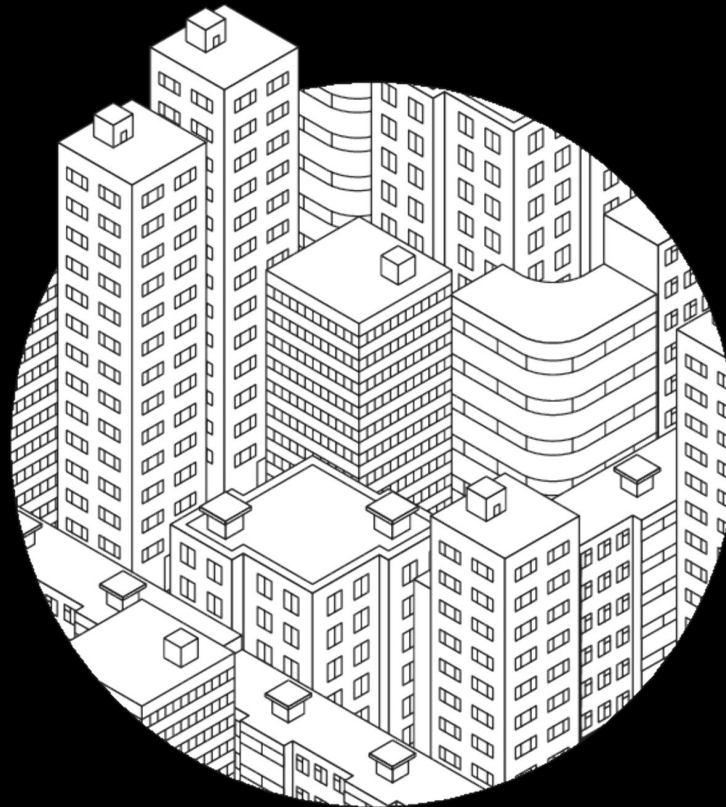
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**Deloitte.**

Special Rate Expenditure  
Service Review  
Final Report for Stonnington  
Council

13 September 2022



**Deloitte.**

COVER LETTER

Introduction, Scope and  
limitations

A Executive summary

B Report to  
Stonnington Council

C Appendices

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13 September 2022

Dear Matthew

**Special Rate Expenditure Service Review – Stonnington Council**

Further to our proposal dated 11 March 2022, please find enclosed a copy of our Final Report.

The purpose of this Report is to provide you with a summary of our assessment of the model in which Special Rates are collected and remitted in the City of Stonnington. This Report should be considered in the context of our 'Scope and Limitations' section set out on pages 3-4.

We would be pleased to discuss the content of this Report with you at your convenience.



**Aaron Timoney**  
Partner | Deloitte Touche Tohmatsu

## Scope and Approach

Stonnington City Council has engaged Deloitte to undertake an assessment of the model under which Special Rates are collected and remitted, to ensure value for its users and provide recommendations (if any) to optimise the model.

Introduction, Scope and limitations

A Executive summary

B Report to Stonnington Council

C Appendices

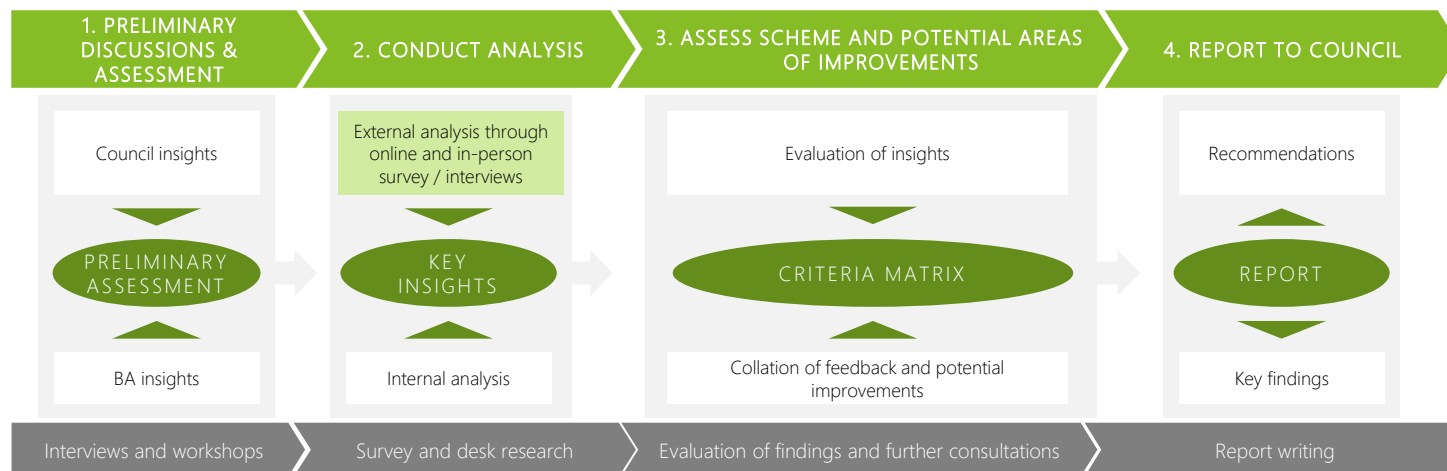
### ENGAGEMENT SCOPE

In accordance with the Special Rate Expenditure Service Review RFP and through consultation with Stonnington City Council ("Council"/"Stonnington"), our scope of works included:

- A review of the Scheme's current operating models, including commentary on their structures, rates charged and operating differences / similarities;
- An evaluation of the value to rate payers of the current expenditure of special rate funds. This includes a survey of special rate payers to gauge satisfaction, awareness, participation and perceived value;
- Assessing the effectiveness of each of the special rate Associations in terms of delivery and value;
- Compare and benchmark Council's current delivery model with other Special Rate delivery programs across Australia.
- Provide a recommendation on the most appropriate/optimum model for Council to consider to expend the special rate funds to ensure maximum value for Council and those that pay the special rate.
- A review of the current boundaries, providing any recommendations for improvement. This includes an assessment of the serviceability of current Special Rate precinct boundaries by their current Associations.

These findings and analysis are outlined in this Report to Council.

### ENGAGEMENT APPROACH



## Limitations and Key considerations

Stonnington City Council has engaged Deloitte to undertake an assessment of the model under which Special Rates are collected and remitted, to ensure value for its users and provide recommendations (if any) to optimise the model.

### LIMITATIONS AND KEY CONSIDERATIONS

- Our work has been undertaken over 8-10 weeks and was based on the information provided to us, made available in the public domain or through consultation with stakeholders. It is assumed that the Information provided by Council and other stakeholders (notably Associations) is true, correct and complete and not misleading. If the Information is untrue, incorrect, incomplete or misleading then our work may be incorrect or inappropriate to you.
- The Information provided, did not include:
  - Most up to date financial extracts
  - The FY21 rate charged per property
  - Current Council review of the Activity plans and submissions
  - Historical special rate scheme documentation implemented prior to FY19.
- In addition, we have not had the opportunity to formally interview the management of Toorak Village Traders Association, or the businesses within Chapel Street or Toorak, South Yarra Special Rate Areas due to unavailability or time restrictions.
- We are also wholly reliant on the findings and information provided to us by Council in regards to the Supplemental Phone Interviews as part of the survey process. Deloitte is not able to attest the accuracy of this data, however it is noted that this data collation was undertaken by a professional, third party agency.

### LIMITATIONS AND KEY CONSIDERATIONS (CONT)

- We have not performed a legal review of the information and financial documents provided, nor have we undertaken an audit or verified any information provided to us.
- We have relied upon the assessment and advice from Council and Associations on the current remittance model and the frameworks of how they interact with ratepayers and other stakeholders.
- In undertaking our work, we have considered COVID-19 impacts at a high level only, by relying upon advice / public disclosures made by Council and key stakeholders or other relevant industry companies / Councils in relation to the effect COVID-19 had and may have on the future special rate model. At the time of the services, the situation is continuing to evolve, and many uncertainties remain as to the effect the COVID-19 crisis will have on model and the broader domestic economies. Accordingly, it is not possible for our work to identify and quantify the impact of all COVID-19 related uncertainties and implications. Changes to market conditions could substantially affect Council and our work. These COVID-19 related uncertainties, and the difficulties associated with using historical performance to gauge likely future financial performance throughout a global pandemic should be kept front of mind when reading this report.
- Unless requested, and in line with our engagement terms, we will not update our work for any subsequent information or events.

*Further details on these limitations is outlined in Appendix 5: Statement of Responsibility*



**Deloitte.**

# A Executive Summary of Findings

## Special Rate Expenditure Service Review – Summary of Findings

The Special Rate Scheme is currently not delivering effectively on the intent of the Declared Purpose, with special ratepayers indifferent to the current value that the Associations are providing through their delivery models and policy objectives. The broad mandate and limited performance metrics lead to ambiguity in assessing the effectiveness and alignment of Associations operations with objectives of the Scheme.

Introduction, Scope and limitations

**A Executive summary**

B Report to Stonnington Council

C Appendices

### DECLARED PURPOSE

The Special Rate Scheme is intended to deliver on three key areas for special rate-payers within the five defined commercial Precincts.

Special Rate Scheme for the **marketing and promotion** of the Precinct and **business engagement** and **business development** of the members in the Precinct.  
*Declaration of Special Rate Scheme (2019)*

### Current State Assessment

#### GOVERNANCE & OPERATING STRUCTURE

The current governance and operating models of the five Associations are very different, with varying approaches and levels of sophistication in delivering on the broad Purpose of the Scheme.

- While most Associations maintain positive relationships with Council, others have devolved to an adversarial position which appears to hinder positive collaboration and outcomes for the benefit of all stakeholders.
- There is an observed need for improved communication and oversight to enhance the working relationships and delivery on the intent of the Scheme.
- The current boards / committees of Associations are predominantly volunteer based, with challenges observed around the quality of governance approaches and representative decision making. This is compounded by the difficulty in attracting willing, competent rate-payers for these positions.

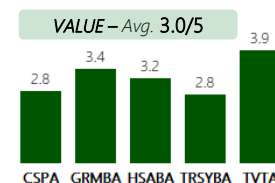
#### POLICY OBJECTIVES

The broad mandate of the Declared Purpose has led to Associations interpreting the three key delivery areas of the Scheme in a number of ways. This has seen a range of Activities across the five Precincts be delivered, with varying levels of focus and service being experienced for special rate-payers across these areas.

- The current authorising environment (i.e. Funding Agreement, Declaration) provides limited formalised direction to align Council and Associations in delivering on each parties intended purpose of the Scheme.
- This leads to a range of roles being undertaken by Associations which are at odds to Council's expectations; Advocacy is a notable example.
- Additionally, there are limited performance measures assessed by both Council and / or the Associations to evaluate the quantitative effectiveness of the chosen set of activities / focus areas of each Association.

#### SPECIAL RATEPAYER SURVEY FINDINGS

- The overall value of Associations efforts in delivering the Scheme in their Precincts was relatively neutral (3.0/5). There was also positively skewed views of the importance of continuing the scheme in some form (3.5/5), with this rating consistent across all Precincts.
- There is a perceived gap in special rate-payers satisfaction with current service delivery of activities relative to their importance to them.



#### ASSOCIATION EVALUATION – MULTI-CRITERIA ASSESSMENT

- The broad mandate and lack of objective and informative performance measures lead to difficulty in assessing the performance of the Associations in delivering on the Declared Purpose of the Scheme. There are, however, significant opportunities to refine and improve performance under the current model to better measure the value to special ratepayers of the Scheme.
- Key areas of improvement may come from increasing *transparency* through expectation setting and performance measures, promoting membership to encourage *equitable access* and input into Associations and improving communication channels and approaches to increase *engagement*.

#### COUNCIL PERSPECTIVES

- While there are differing views around the current Scheme's effectiveness, it is accepted that each of the three core objectives of the Scheme (Business Engagement, Business Development, Promotion & Marketing) could be performed better. A refined or alternative model which addresses governance concerns and aligns the outputs of the Scheme to the objectives of Council will likely realise better economic benefits to rate-payers.

## Special Rate Expenditure Service Review – Summary of Findings (cont.)

There are multiple options for Council to consider in determining the best path forward for the Special Rate Scheme, with an opportunity to refine the current state model to improve outcomes or implement an alternative bespoke model most appropriate for the municipality.

Introduction, Scope and limitations

**A** Executive summary

**B** Report to Stonnington Council

**C** Appendices

### DECLARED PURPOSE

The Special Rate Scheme is intended to deliver on three key areas for special rate-payers within the five defined commercial Precincts.

Special Rate Scheme for the **marketing and promotion** of the Precinct and **business engagement** and **business development** of the members in the Precinct.

*Declaration of Special Rate Scheme (2019)*

### Future State Options

#### OPTIONS FOR COUNCIL TO CONSIDER

With the activities and process to renew and declare a new special rate scheme required to be initiated towards the back end of Q2 FY22 (for subsequent implementation / declaration prior to July 2023), Council should consider the practical implications of any renewal or refinements to the current Scheme delivery model. These four options are noted below as part of assessing the pathway forward and recommended option.

**A**

*Cease special rate scheme and service delivery across the five Precincts*

**B**

*Implement a new service delivery model for the services performed under the current scheme*

**C**

*Renew a refined version of the current state model which addresses some of the current limitations and improvement areas*

**D**

*Renewal and continuation of the special rate scheme as-is*

#### FUTURE STATE MODEL OPTIONS

In the absence of a standout, low-risk alternative model to deliver on the objectives of the special rate, Council may need to develop a more bespoke, best practice alternative model. Such a model should prioritise the best outcomes for special ratepayers of a scheme, while meeting Council's risk and funding profile for service delivery and business support.

##### BUSINESS DEVELOPMENT & ENGAGEMENT

*Council could look to leverage a 'concierge' model which places internal Council staff as the point of call for all special ratepayers within each of the Precincts.*

##### PROMOTION & MARKETING

*Council could seek a role with oversight and policy direction to inform the commissioning of promotional and marketing activity within the five Precincts. This activity could be delivered by external agencies to an agreed plan / funded amount.*

#### RECOMMENDED TRANSITION APPROACH

In the absence of an alternative model which could be implemented and readily and reliably deliver on the objectives of the Special Rate scheme prior to the current renewal period, Council may seek to adopt a multi-stage approach to improving outcomes. This process would include:

**1**

*Renewal of the current state model with refinements to better align the service delivery of the current Associations with the overarching objectives of Council*

**2**

*A thorough evaluation of the refined Special Rate scheme to determine if it is delivering on the agreed objectives and requirements outlined in the funding agreement.*

**3**

*Based on the outcome of the evaluation, Council could make a value-based assessment and decision between either:*

**A**

*Continuing with the refined current state model, or*

**B**

*Transitioning to the bespoke, best practice alternative model (as noted left) at an appropriate time.*

**Deloitte.**

## B Report to Stonnington Council

**Deloitte.**

## B.1 Current State Assessment

**Deloitte.**

CONSOLIDATED REPORT TO COUNCIL

## Overview of the Special Rate Scheme

The Special Rate Scheme is intended to support the economic development of five key commercial Precincts within the City of Stonnington. The Scheme is currently delivered by five Incorporated Associations, tasked with delivering marketing and promotion, business engagement and business development support to special rate-payers in the designated geographic Precincts.

### DECLARED PURPOSE

Special Rate Scheme for the **marketing and promotion** of the Precinct and **business engagement** and **business development** of the members in the Precinct.

*Declaration of Special Rate Scheme (2019)*

### Governance & Operating Structure

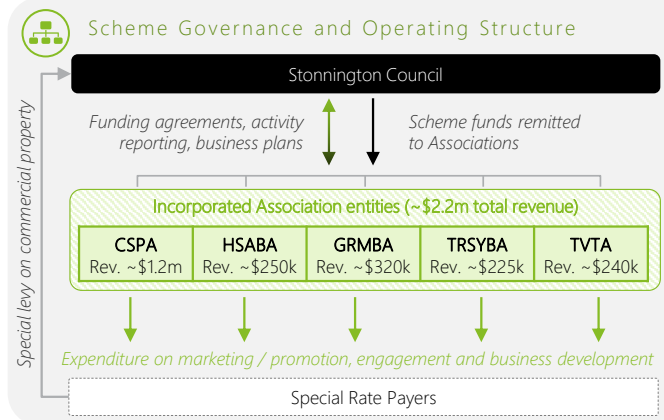
#### OVERVIEW

- To support the economic development of five key commercial precincts within the City of Stonnington (Council), Council collects special rate funds, in addition to general rates and charges, to support the marketing and promotion and business engagement and business development for those commercial rate-payers within the five nominated special rate boundaries (the Special Rate Scheme / Purpose).
- This Scheme was initially instituted in the early 2000's, with the five current Business / Trader / Precinct Associations (the Associations) set up as Incorporated Associations to deliver on the Purpose of the Scheme.
- In FY21, the Council collected and distributed ~\$2.2m p.a. (FY21 est.) in special rate revenues, in line with its most recent Declaration to rates-payers for the period of 2019-2023.

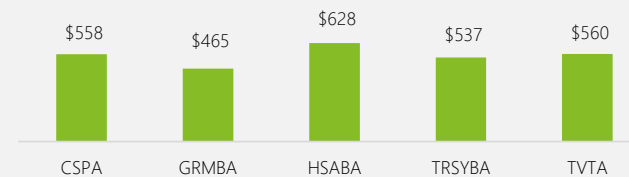
#### DECLARATION PROCESS AND SPECIAL RATE CONTRIBUTIONS

- The Declaration process outlines how Council and the Associations determine the amount and manner in which the Special Rate Scheme will be delivered in line with the Purpose; this centres around the Associations developing a 'Strategic Plan' to identify the scale of services delivered and the quantum of reasonable funds required to meet this.
- This budget for each Association is assessed and approved by Council, with the rate declared and the benefit ratio applied to each commercial special ratepayer to advise of their contribution to the Council for the Scheme.
- This contribution is rated on commercial property owners based on % of Capital Improved Value of their property; while maximum caps exist (upto \$5,000), **~92% of special ratepayers are estimated to pay less than \$1,000 p.a.**, with only **~0.1% of special ratepayers (32 properties overall) estimated to pay the maximum threshold** for their Precinct.

### Policy Objectives



#### Est. Average Annual Special Rate Levy per Property



See Appendix 2 for further analysis the current fee structures

**Deloitte.**

CONSOLIDATED REPORT TO COUNCIL

## Overview of the Special Rate Scheme (cont.)

The current governance and operating models of the five Associations are very different, with varying approaches and levels of sophistication in delivering on the broad Purpose of the Scheme. The Associations interactions with Council differ greatly, with an observed need for improved communication and oversight to enhance the working relationships and delivery on the intent of the Scheme.

### Governance & Operating Structure

### Policy Objectives

#### OPERATING MODEL OBSERVATIONS

AREA	OBSERVATIONS												
OPERATING MODEL STRUCTURES	<ul style="list-style-type: none"> <li>There are two distinct models adopted across the five Associations in regards to the way they are set up to oversee and deliver on the service requirements and overarching mandate of the Special Rate scheme for the various precincts: in-house staff (CSPA) vs. outsourced special rate contractors (all other Associations).</li> <li>While each of these models include oversight by an incorporated Association board / committee, the decision making frameworks are very different, with the estimated costs of both models roughly comparative relative to overall revenues received (see right).</li> </ul> <p><i>Est. Administrative costs as a % total revenues received</i></p> <table border="1"> <thead> <tr> <th>Association</th> <th>Est. Administrative costs as a % total revenues received</th> </tr> </thead> <tbody> <tr> <td>CSPA</td> <td>30.3%</td> </tr> <tr> <td>GRMBA</td> <td>33.9%</td> </tr> <tr> <td>HSABA</td> <td>28.8%</td> </tr> <tr> <td>TRSYBA</td> <td>24.4%</td> </tr> <tr> <td>TVTA</td> <td>31.8%</td> </tr> </tbody> </table>	Association	Est. Administrative costs as a % total revenues received	CSPA	30.3%	GRMBA	33.9%	HSABA	28.8%	TRSYBA	24.4%	TVTA	31.8%
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GOVERNANCE AND OVERSIGHT ARRANGEMENTS	<ul style="list-style-type: none"> <li>Through our discussions with the Associations, a common concern was the attraction and management of the Committees / Boards who are generally required to govern and provide strategic input into the actions and decisions of the Associations. Finding willing, competent local business people who were invested in the broader precincts aims, rather than just promoting their own businesses, appeared to be the most difficult challenge for Associations.</li> <li>This has led to a number of potential advocacy and oversight issues, with a lack of representation of certain industries across each of the Precincts, as well as potential instances of governance non-compliance in overseeing staff / contractors in delivering on the aims of the scheme.</li> <li>The current boards / committees are predominantly volunteer-based, however the CSPA chooses to pay its President a wage for his contribution and oversight to the strategic direction of the Association.</li> </ul>												
INTERACTION AND COMMUNICATION WITH COUNCIL	<ul style="list-style-type: none"> <li>Interaction and communication between the Council and Associations varies greatly across each of the five Precincts, in turn affecting the working relationship between the Co-Ordinators / General Managers and both Economic and service delivery areas of Council (e.g. traffic and transport, events).</li> <li>While most Associations maintain positive relationships with Council, with a range of informal and formal communication channels to support collaboration and decision making of both parties, others have devolved to an adversarial position which appears to hinder positive collaboration and outcomes for the benefit of all stakeholders, including special rates payers.</li> </ul>												
COVID-19 IMPACTS	<ul style="list-style-type: none"> <li>The recent COVID-19 pandemic had a profound impact on the business plans and operations of each of the Associations within their Precincts, with many having to modify their previous approaches to servicing and delivering on their mandate and purpose.</li> <li>With the value of Promotion &amp; Marketing activity diminished by Government restrictions, the focus of Associations switched to more of a Business Engagement and Support / Development role, with a range of practical communications and assurance programs (e.g. wellbeing support) delivered to varying levels across the Precincts.</li> <li>It was noted through the survey and in-person feedback that this hands-on support was highly valued by businesses within the Precincts.</li> </ul>												



## Key policy objectives of the Scheme

The broad mandate of the Declared Purpose has led to Associations interpreting the three key delivery areas of the Scheme in a number of ways. This has seen a range of Activities across the five Precincts be delivered, with varying levels of focus and service being experienced for special rate-payers across these areas.

### Governance & Operating Structure

### Policy Objectives

#### PURPOSE AND MANDATE OF THE SPECIAL RATE ASSOCIATIONS

- As outlined in the *Declaration of Special Rate Scheme (2019)*, the Purpose of the Special Rate Scheme can be summarised in three key focus areas:

#### MARKETING & PROMOTION

'Destination marketing' and the promotion of the Precincts and its special ratepayer businesses to support greater levels of dwell time, activation and spend.

#### BUSINESS ENGAGEMENT

Two-way communications with Precinct businesses to understand concerns and desires, as well as disseminate and facilitate engagement with Council, to support economic development activities of the Precinct.

#### BUSINESS DEVELOPMENT

Liaising, collaborating and convening local businesses together for the benefit of the broader Precinct. This includes efforts to upskill, support and enhance the operations of these businesses.

- The Declared Purpose of the Scheme is broad in its direction; the Funding Agreements and other documents (e.g. Activity Reports etc...) do not specify how Associations are required to interpret this nor specify the types of activities expected or required to be undertaken by the Associations
- As such, each of the five Association's develop their 'Strategic Plans' differently and outline their chosen business activities and focus areas for delivering value to the special rate-payers within that Precinct. These business activities have been summarised into the following ten categories for the purpose of outlining the activities undertaken and for assessing the perceived value they generate for rates-payers (i.e. as identified through survey questions and findings).
- Based on our interactions with the Associations, feedback from surveys (see following section of report) and interviews with Council representatives, these observations of the focus areas of the five Associations are outlined below:

ACTIVITY / FOCUS	DESCRIPTION	PRECINCT FOCUS LEVELS – OBSERVATIONS				
		CSPA	GRMBA	HSABA	TRSYBA	TVTA
AMENITIES / APPEARANCE	Promotion to Council of maintaining an inviting, appealing and accessible Precinct (e.g. beautification, other Precinct enhancements)	Medium	Medium	Limited	Medium	High
PRECINCT ADVOCACY	Promoting the precinct within and beyond its current boundaries through engaging with Government and other prominent stakeholders (e.g. tourism advertising, government relations, advocating community interests)	Medium	High	High	Limited	Limited
INTERNAL BUSINESS DEVELOPMENT	Developing and strengthening business relationships within the Precinct to provide knowledge and experience for their promotional and operational benefit (e.g. skill development sessions)	Limited	High	Medium	Limited	Limited
PHYSICAL MARKETING	Use of printed materials that are distributed and / or displayed to attract people to the Precinct (e.g. brochures, street window displays, Precinct signage)	High	Medium	Medium	High	Medium

**Key** – Observation of the effort / delivery of services that an Association has for the particular activity area

Limited focus on activity

Medium focus on activity

High focus on activity

## Key policy objectives of the Scheme (cont.)

## Governance &amp; Operating Structure

## Policy Objectives

## PURPOSE AND MANDATE OF THE SPECIAL RATE ASSOCIATIONS (cont.)

- Based on our interactions with the Associations, feedback from surveys (see following section of report) and interviews with Council representatives, these observations of the focus areas of the five Associations are outlined below:

ACTIVITY / FOCUS	DESCRIPTION	PRECINCT FOCUS LEVELS – OBSERVATIONS				
		CSPA	GRMBA	HSABA	TRSYBA	TVTA
DIGITAL MARKETING	Use of online tools and social media platforms to strengthen the Precinct's online presence and attract people to it (e.g. website content, Facebook page, Instagram page, emails)	High	Limited	Medium	Limited	Medium
TANGIBLE MARKETING	Tangible offerings provided to benefit the individual businesses, improve customer experience and contribute to the promotion of the overall Precinct (e.g. hand sanitiser and umbrellas for outdoor dining with Business Association branding, Precinct branded bags)	Limited	Limited	Limited	Medium	Medium
COMMUNICATION	Focus on creating and developing meaningful relationships with all traders within the Precinct to remain attentive to their needs, preferences and concerns (e.g. regular business owner / trader contact, networking opportunities)	Medium	High	Medium	High	Medium
PUBLIC ENGAGEMENT	Effective communication and engagement with members of the community to elicit feedback and an informed understanding of overall community perceptions (e.g. stakeholder forums, shopper surveys)	Limited	High	Limited	Medium	Limited
PRECINCT EVENTS / ACTIVATIONS	Coordination of Precinct events/activations designed to strengthen intra-Precinct business relationships and attract visitation and spend (e.g. street / social events, music events)	High	High	Medium	Limited	High
STRATEGIC INTENT	Awareness and consideration of Precinct members and customers feedback to inform strategic decisions of the Business Associations efforts (e.g. strategic plan, campaign strategies)	High	Medium	Medium	Limited	Limited

**Key** – Observation of the effort / delivery of services that an Association has for the particular activity area

Limited focus on activity

Medium focus on activity

High focus on activity

## Key policy objectives of the Scheme (cont.)

The varied levels of service experienced by special rate-payers across the five Precincts appears to be a function of both the broad mandate and environmental factors associated with the current Governance and Operational models. In addition, limited objective measures of performance and uncertainty over the Advocacy role of Associations leads to a misalignment on the objectives of the Scheme between Council and the Associations.

### Governance & Operating Structure

### Policy Objectives

#### PURPOSE AND OBJECTIVES OBSERVATIONS

AREA	OBSERVATIONS
ASSOCIATION FOCUS AREAS AND SERVICE LEVELS	<ul style="list-style-type: none"> <li>The focus areas of the Associations vary greatly, resulting in different experiences and exposures to the special rate scheme for special rate-payers across the municipality.</li> <li>This variation in delivery is driven by two major factors:               <ul style="list-style-type: none"> <li><b>Limited formalised direction through the Declaration process:</b> the broad mandate of the Scheme and limited direction outlined in the Declaration, Funding Agreement and other key documents allowing for interpretation to occur at the Association level around what is considered the best value for special rate-payers in that Precinct.</li> <li><b>Environmental factors associated with the Association Governance and Operating model choices:</b> while Associations are required to present Strategic Plans prior to the Declaration period and Business Plans throughout the agreement period, these plans are not currently measured and assessed by Council relative to the original Strategic Plan. This results in Associations developing campaigns and activities with limited input from Council, with Committees and Co-Ordinators / General Managers developing these with varied levels of input and consultation with their Precinct rate-payers. This issue has developed over time (i.e. not just within the latest renewal period / cycle), with limited intervention from Council to direct potential activities or focus areas which are not aligned with Council expectations.</li> </ul> </li> <li>As a result of this limited guidance, the service levels of each of the Associations are heavily guided by the Association Committees and Co-Ordinators / General Managers. It has been observed that changes in these Committee and Operational roles have had a material impact on the focus of the Associations and service levels delivered across the spectrum of activities. Similarly the competencies of these operational roles has led to greater variation in service levels, with some Associations tending to 'specialise' in one or two activity areas where they excel.</li> </ul>
LIMITED MEASURES OF PERFORMANCE	<ul style="list-style-type: none"> <li>As a whole, there are limited measures of performance assessed by both Council or the Associations to evaluate the quantitative effectiveness of the chosen activities / focus areas of each Association</li> <li>While there are significant positive benefits of the activities undertaken by the Associations, as highlighted by the survey feedback, it is difficult to objectively determine if the strategic focus areas and choices made by each Association are economically benefiting the Precincts.</li> </ul>
ADVOCACY ROLE FOR RATES-PAYERS	<ul style="list-style-type: none"> <li>During discussions with Council, there were queries raised around how much of an advocacy role the Associations should play in regards to representing the views of the special rate-payers in their Precinct.</li> <li>While advocacy is not explicitly noted in the Declaration, some Associations are more vocal in expressing their views to Council on a number of service delivery areas (e.g. Traffic, Transport, Events); it was noted by Council delivery areas that at times these views appeared to not be reflective of the whole (i.e. not representative of all Precinct rate-payers), but rather those most vocal and outspoken in the area, leading to a distortion of impacts and sub-optimal engagement and outcomes.</li> </ul>

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## Current state assessment: Our analysis and evaluation framework

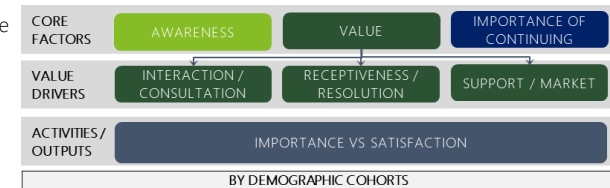
In assessing the performance of the current special rate scheme, we sought to understand and evaluate the views of special ratepayers against core drivers of value, performance of the Associations against design principles and experience of Council in delivering on the intent of the Declared Purpose. This evaluation framework helps us to consider and contrast the views of each stakeholder group in a number of ways to assess the overall performance of the current model.

### EVALUATION FRAMEWORK: THREE STAKEHOLDER DIMENSIONS

- In order to assess the performance of the current special rate scheme, we collected information from each of the three key stakeholder groups (Rate-payers, Associations and Council) and evaluated this by using a framework which allows us to consider these across a number of dimensions
- Different approaches for each stakeholder were necessary given the methods available for engaging and eliciting performance feedback, with each framework tailored to outline clear areas of value or concern in the current model

#### SPECIAL RATEPAYERS

- As part of our anonymous survey of Special ratepayers, we sought to receive quantitative feedback on three key areas:
  - Core Factors** / elements of the current Scheme, including their Awareness of, Value placed in and Importance of Continuing (i.e. renewing) in some form going forward,
  - Their satisfaction of the Association in three key **Drivers of Value**, and
  - Their **Satisfaction with and Importance** of the group of **Activities delivered**.
- These findings were also analysed against key **Demographic dimensions**, notably the Precinct, Respondent Type and Business Category



#### ASSOCIATIONS

- To assess the performance of the Associations, we adopted a multi-criteria assessment approach against five key design principles of the Scheme, which helped us evaluate how well they deliver to Ratepayers (and in turn Council) on these principles
- Given the broad mandate of the Scheme and varied activities which could and are undertaken by each Association, these principles help assess the way in which the Associations deliver value to Rate-payers in line with their interpretation of the Purpose of the Scheme



#### COUNCIL

- Through a series of discussions, we sought to summarise the various perspectives of Council representatives across a number of thematic areas relating to the oversight, administration and delivery of the Scheme
- These discussion included conversations with Councillors, the Economic Development and Communications teams, as well as direct Service Delivery areas (e.g. Traffic / Transport, Capital Works, Events), to understand their views and interactions with the Associations and Scheme.



## Current state assessment: Ratepayer survey findings

Despite multiple approaches to engaging with special rate-payers over the life of the engagement, there was a limited level of engagement relative to the estimated rateable special property base, reflecting a potential disconnect between the importance of the Scheme to this population. Of those who responded, the overall sentiment was relatively neutral in terms of the current value, but a positive view of its future importance.

### SURVEY PROCESS & LEVEL OF RESPONSE

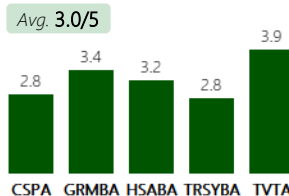
- As outlined in the Scope and Approach, Deloitte sought to engage with special rate-payers from across the five Associations to understand their perceptions on their individual Associations performance against a range of core factors, value drivers and activities delivered.
- This was initially undertaken by Deloitte through an anonymous online survey as well as with in-person interviews in three Precincts (TVTA, HSABA, GRMBA). These responses were then supplemented by phone interviews conducted by a third-party agency to bolster the initial response rate.
- Overall, through this combined process, we were able to engage with **~9.5% of the estimated rateable property base across the five Precincts**

Despite the multi-staged approach, the sample size of this feedback is potentially a reflection of the value and effectiveness that special rate-payers derive from the current Scheme.

### KEY SURVEY PROCESS FINDINGS

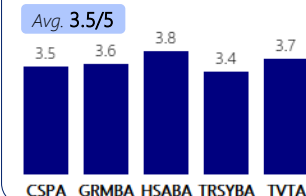
#### The overall value of Associations efforts in delivering the Scheme in their Precincts was relatively neutral

While the overall value of the current Associations efforts were assessed as neutral (Avg Rating = 3/5), these results were mixed across the five Precincts, with two of the five (CSPA, TRSYBA) recording negatively skewed assessments of value.



#### There was a positively skewed level of importance from special rate-payers of continuing the special rate scheme in some form.

Special rate-payers across each of the Precincts believed there was positive value (i.e. Avg Rating > 3) in the continuation of the Scheme in some form. This result was consistent across member and non-member distributions as well as within most business categories.



#### There was a materially higher level of value and importance attributed by members of Associations than non-members

It was observed that members of Associations were more favourable in their assessment of current performance and future scheme importance than non-members. This is attributed to their involvement in Association decision making and ability to potentially influence the direction of service delivery activities and spend.

	Member	Non-Member
Awareness	2.8	2.3
Value	3.8	2.8
Importance	4.2	3.3

Awareness (x/3); Value / Importance (x/5)

#### There is a perceived gap in the special ratepayers satisfaction with Associations current delivery of activities relative to their importance to them.

There is a material gap in the performance of current services by Associations relative to importance to rate-payers. This could be either an **'underperformance'** relative to the perceived standards of ratepayers within that area, or an **'expectation gap'** of what is reasonably able to be delivered by the Associations in these delivery areas. The biggest gap was observed in the delivery of advocacy efforts to improve the **'Amenities / Appearance'** of each precinct.

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## Current state assessment: Association evaluation findings

The broad mandate as outlined in the Funding Agreement and lack of objective and informative performance measures lead to some difficulty in assessing the performance of the Associations in delivering on the Declared Purpose of the Scheme. There are, however, significant opportunities to refine and improve performance under the current model to better measure the value to special ratepayers of the Scheme.

### SPECIAL RATE MULTI-CRITERIA ASSESSMENT

PRINCIPLES	CSPA	GRMBA	HSABA	TRSYBA	TVTA
 TRANSPARENCY	Medium	High	Medium	Medium	Medium
 COMPLIANCE	Yes / High	Yes / High	Yes / High	Yes / Medium	Yes / Low-Medium
 EQUITY	Medium	Medium	Medium	Medium	Medium
 VALUE FOR MONEY	Medium	Medium	Medium	Medium	Medium
 ENGAGEMENT	Medium	High	Low-Medium	Medium	Medium

### OVERALL OBSERVATIONS

#### TRANSPARENCY

Transparency relates to the extent to which information relating to the use of funds and the characteristics of the Association's operating model is clearly and openly communicated to key stakeholders (i.e. rate payers / businesses within the precinct, Council).

- Sufficient documentation of events/activities across all five Associations
  - CSPA and TRSYBA submit their own modified versions of the Activity report which captures the required information, with CSPA's report incorporating more detailed and valuable measures and commentary related to their marketing activities
- The current Activity report used by all of the Associations incorporates limited indicators, commentary around performance and links to the underlying economic benefits, with report structures limiting the capture of additional information, including:
  - KPIs to measure success
  - Breakdown of costs by staff, direct and support costs
  - Intended impact on businesses from Associations activity / direction
- Lack of regular and formal correspondence with Council and the other Associations.
- Lack of transparency of Council strategic intent and own activities that may impact or influence Association efforts

#### REFINEMENT OPTIONS

Refined activity reporting content; Statement of Expectations; introduction of formal and regular Council meetings and co-Association forums.

#### COMPLIANCE

Compliance relates to the extent to which the expenditure of special rate funds is consistent with approved budgets and yearly activity plans, and in line with funding agreement terms.

- All five Associations complied with submitting the Activity Reports across the Special Rate Period, however there was a disparity in the structure and information provided (as noted above)
- 4 of the 5 Associations complied with the survey and interview process, with the exception of TVTA due to conflicting priorities
- The Activities organised by the 5 Associations were relatively in line with funding agreement guidelines, however there was an increase need of direct support for the businesses due to COVID-19. Whilst, this falls out of the funding agreement intention, it assisted with maintaining community sentiment and supporting the Precinct.

#### REFINEMENT OPTIONS

Review of funding agreement terms to allow Association activities to provide practical supports; statement of expectations

## Current state assessment: Association evaluation findings (cont.)

## OVERALL OBSERVATIONS (cont.)



## EQUITY

Equity relates to the extent to which the direction of effort and expenditure by Associations is allocated, to ensure all rate-payers benefit equitably from their contributions in their precincts.

- Based on the survey results, there is a general lack of value / satisfaction observed from non-members in 4 of the 5 Associations Precincts. This gap between Member and Non-Member satisfaction is also quite evident across all Associations.
- The survey findings from Business Types were varied across Associations, with no observed biases in particular Associations / Precincts.
- There are opportunities to promote greater diversity in the composition of most of the Association Committees to more accurately reflect the Businesses in their precinct

## REFINEMENT OPTIONS

Promote membership;  
promote committee  
involvement and diversity



## VALUE FOR MONEY

Value for money relates to the extent to which funds are being used efficiently and in line with perceptions of value / benefit for the rate payers / businesses within the precinct.

- There was no material difference in the respondents overall sentiments of value, that being their perceived satisfaction with the activities being undertaken by the Associations, between Precincts
- As noted by the level of importance of continuing the Scheme, there appears to be broad sentiment of support for the activities and the special rate scheme in each of the Precincts.
- Based on the conversations with the Associations, it was noted that due to the COVID-19 pandemic, there was a larger emphasis on more practical support and communication for businesses which led to modified service delivery approaches from Associations; these were generally perceived as valuable by ratepayers through the survey.
- There are materially different assessments of the level of satisfaction with current performance, and the relative importance of these activities as part of the future delivery profile of Associations; these levels of satisfaction and importance are not consistent across Associations, with each varying by Precinct.

## REFINEMENT OPTIONS

Promote involvement from  
various business categories  
ratepayers in the committees  
and decision making of  
Associations; develop and  
monitor Economic Value and  
Financial KPIs



## ENGAGEMENT

Engagement is the extent to which Associations are actively engaging with Council and those who pay the special rate within their precinct, providing confidence around the allocation of funds and intent behind the services delivered in line with annual plans.

- Associations largely engage through direct channels with their ratepayers (e.g. in-person, bulletins), however this level of service varies across Precincts in line with the availability of the Associations Co-Ordinators / Staff
- There is a lack of formalised feedback structures between Associations, Council and Ratepayers (e.g. surveys, precinct ratepayer forums etc...). These structures may promote greater value in the support of businesses / marketing in the future.

## REFINEMENT OPTIONS

Formalised communication  
structures between Council,  
Associations and Ratepayers;  
regular performance surveys

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## Current state assessment: Council perspectives

While there are differing views around the current Scheme's effectiveness, it is accepted that each of the three core objectives of the Scheme (Business Engagement, Business Development, Promotion & Marketing) could be performed better. A refined or alternative model which addresses governance concerns and aligns the outputs of the Scheme to the objectives of Council will likely realise better economic benefits to rate-payers.

THEMES	COUNCIL PERSPECTIVES
<b>CORE OBJECTIVES OF THE SCHEME / SPECIAL RATE FOR COUNCIL</b>	<ul style="list-style-type: none"> <li>The open-ended mandate under the current Funding Agreement and Declaration makes it difficult to align Council's objectives and economic value outcome measures for the Scheme (i.e. increasing dwell time, spend and activation) with those of the Associations</li> <li>The lack of definition in the activity remit enables Associations to make choices around how they choose to deliver value across the three major objectives; given their scale and size, this can lead to trade-offs which are not considered desirable from Council's perspective (i.e. focussing on some objectives at the expense of others) and leads to variability in service levels and user experience across Precincts.</li> <li>Various Council stakeholders acknowledge that there has been a number of impediments to revise or implement a more stringent or detailed Funding Agreement to define the scope of desired activities or enforce poor performance of Associations; should this position change, it is expected that greater resources and effort would be required from to support a more proactive Council governance position.</li> </ul>
<b>BUSINESS ENGAGEMENT</b>	<ul style="list-style-type: none"> <li>Advocacy is not considered by Council as being part of the underlying mandate of the Associations, despite it being included in many Associations own constitutions. However this view is not shared by all within Council, with the desire for Associations to provide a representative and unified voice of the Precinct to support more effective engagement and efficient Council consultation.</li> <li>At present, Advocacy and Engagement through the Associations is perceived as being supportive of the 'loudest voices in the room' rather than representative of all Precinct views; this is noted as sometimes hindering the most effective outcomes from being developed on behalf of the whole Precinct. This has however sometimes benefited Precincts, especially in interactions with non-Council entities (e.g. State Government: Grant programs)</li> <li>There is the perspective from some that the limited interaction of ratepayers in surveys (including this renewal survey) potentially reflects the low levels of connection of the Precincts broader ratepayer populations with the Association, and in-turn the administration of the Scheme.</li> </ul>
<b>BUSINESS DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>There appears to be limited activity by Associations (with some exceptions) in fostering individual industry and business -to-business connection within Precincts; these interactions and activities tend to be passive rather than pro-active, with the support provided to businesses through the COVID period seen as a good example of the practical support that should be delivered throughout.</li> <li>There are potentially benefits for Council to combine this type of development and business upskilling activity (e.g. training, education, investment attraction etc...) across Precincts / the broader Municipality to realise scale benefits and communities of practice (rather than to limit this ask to individual Precincts).</li> <li>View of some in Council that Associations should play a greater role in 'Placemaking' and shaping their Precincts given their relationship with the local businesses and knowledge of their areas.</li> </ul>
<b>PROMOTION &amp; MARKETING</b>	<ul style="list-style-type: none"> <li>There are varying levels of capability and focus across the five Associations in delivering valuable destination marketing and other forms of meaningful promotional support for businesses; these activities are valued by rate-payers across all Precincts (in line with survey findings)</li> <li>It is noted by many within Council that the Associations (or other external parties) are potentially better placed to deliver these types of activities than if Council co-ordinated / delivered this; it is assumed that an external entity would have greater flexibility, freedom and commercial sensibilities to adopt more modern, agile marketing and promotional approaches than Council</li> <li>It is questioned by many within Council how best to measure and track marketing and promotional efforts, with the current Activity reporting and metrics adopted by Associations and Council not adequately capturing the link between the activity and economic value outcomes (i.e. increasing dwell time, spend and activation); Council may need to play a role, leveraging data capabilities and connections (e.g. Foot traffic, SpendMapp economic information) to help the less sophisticated Associations with this monitoring and measuring performance.</li> </ul>

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Current state assessment: Council perspectives (*cont.*)

THEMES	COUNCIL PERSPECTIVES
GOVERNANCE & OVERSIGHT OF ASSOCIATIONS	<ul style="list-style-type: none"> <li>It is noted that findings from previous financial audits and other investigations have highlighted instances of poor governance and oversight amongst Association Committees and Boards; it is assumed that Association Committee and Board members do not have appropriate governance training (e.g. Directors duties courses) to support effective oversight arrangements and limit potential conflict of interest issues from arising (e.g. where Associations promote the individual's business / personal interests above those of the Precinct).</li> <li>Council doesn't appear to have any formal (i.e. through the Funding Agreement or other contractual measures) or informal mechanisms (i.e. through more direct discussion and consultation) to financially penalise Associations for not complying with performance standards of the Associations or not delivering on their Strategic and Business plans.</li> <li>There are also a number of communications issues between Council and some Associations, which has hindered collaboration on outcomes and led to a generally adversarial starting point for most operational or policy discussions. These issues are considered by many in Council to be manageable through more structured and open communication channels, as well as clearer definitions of roles, responsibilities and expectations of all parties to the Scheme.</li> </ul>
ADMINISTRATIVE REQUIREMENTS	<ul style="list-style-type: none"> <li>It is contended that Council is not fully recovering the costs of administering and managing the Scheme; the renewal process alone would likely consume a large proportion of the current 5% retention, with the level of consultation and effort in determining the benefit ratio and other changes (e.g. changes to boundaries) taking up significant time and effort both at the declaration stage and throughout the rate period.</li> <li>The strained relationships between Council and some of the Associations has also led to higher 'soft' engagement costs across Council's policy, service delivery and governance layers; these 'soft' costs include the extra engagement and intervention required by senior figures within Council to respond to queries and concerns from Association Co-Ordinators and Committees.</li> </ul>
OPERATIONAL IMPACTS	<ul style="list-style-type: none"> <li>It was viewed, particularly by service delivery areas, that involving Associations in any engagement and advocacy role can be onerous and difficult in practice, with this involvement sometimes impacts on achieving positive outcomes for the Precinct. This is largely due to more outspoken, subjective member views being promoted by Associations ahead of more holistic and representative Precinct perspectives. This leads to more 'situational' uses of Association engagement by these teams to avoid unnecessary or prolonged impacts on their engagement and project timeline, which may not always align with best practice consultation.</li> <li>There are however instances where Associations liaise well with service delivery areas to support consultation from the Precincts, ensuring a more unified and structured voice is brought to discussions with Council on specific initiatives and requirements (e.g. traffic and precinct development initiatives)</li> <li>The current communication channels between Council and some of the Associations are either too structured and do not allow for effective and efficient ways to collaborate, or overly informal and not conducive to strategic decision making, as minor issues and concerns are raised too frequently with senior Council stakeholders.</li> <li>It was noted by some in Council that Associations do not always follow standard rules of engagement / operations across some service delivery areas, however this non-compliance has historically not been acted on by Council.</li> </ul>

## Overall Current state assessment: Special Rate Scheme evaluation and options

The current model for delivering on the Declared Purpose of the Special Rate Scheme does not appear to be optimally delivering economic value for the benefit of its ratepayers and Council, despite support for the Scheme continuing in some form from all key stakeholders. This presents a range of potential options for Council to consider as part of its forward planning for the Scheme.

Based on the analysis of the three stakeholder dimensions, we have noted below the key findings associated with each of the approaches, along with potential options to address the issues faced and raised by each.

### SPECIAL RATEPAYERS

- The limited level of engagement of special ratepayers in the survey process, in addition to the relatively neutral perceptions of value of the current Associations efforts, potentially indicate a disconnect in the effectiveness of the current model in delivering on the Declared Purpose.
- Of the responses received, there were distinct differences in the value perceived by members of Associations (i.e. more positive than the view of non-members) as well as in the current delivery of services relative to their importance to ratepayers in an effective delivery model.
- There was positively skewing support from special rate-payers for the continuation of the Scheme in some form going forward.

### OPTIONS TO ADDRESS KEY RATEPAYER ISSUES

- Refinements to the current model to promote activities and services of importance and value to special rate-payers. This includes a potential realignment of expectations relative to the Declared Purpose and permitted activities.
- Promoting the involvement that special rate-payers should have with their Association and with Council to improve the feedback loop.

### ASSOCIATIONS

- Given the limited objective and informative performance measures in place (either through Activity Reporting or the Funding Agreement) and the broad mandate of the Special Rate Scheme, it is difficult to distinguish and measure the relative effectiveness of the Association in line with the Declared Purpose.
- We have however observed significant differences between the level of Transparency, Engagement and Compliance across the five Associations, with the potential for a number of refinements to be made to better regulate and monitor performance in the future under the current model. Should an alternative model be sought, these principles should be considered in its design and development.

### OPTIONS TO ADDRESS KEY ASSOCIATION ISSUES

- A series of potential refinements to the current model could be made to better align expectations and performance measurement criteria / objectives, restructure the Funding Agreement to be more definitive and guide Association activity, improve communications between parties and promote the interaction of rate-payers with their Associations.

### COUNCIL

- While there are a range of views amongst Council stakeholders of the relative performance of the Associations in the current model, these are holistically noting that the current Scheme does not operate efficiently and effectively for the economic benefit of the special rate-payer populations across the five Associations.
- In particular, the governance and oversight, from both Associations and within Council, are both:
  - not effective in delivering on the intent of the Scheme, and
  - not operating efficiently given current resource effort and inputs to justify a continuation of the model in its current form without any refinements.
- It is believed by Council that the current model could be delivered more effectively and innovatively to deliver greater economic value to special ratepayers and the broader Stonnington municipality.

### OPTIONS TO ADDRESS KEY COUNCIL ISSUES

- Refining the current model to more effectively and efficiently deliver value of benefit to special ratepayers
- Adoption of potential alternative models which leverage best practice approaches to delivering economic value to commercial rate-payers
- Developing a bespoke model for the City of Stonnington's special rate Precincts, which builds on best practice approaches but is customised for the unique commercial and operating environment.

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## Overall Current state assessment: Other specific scope areas

In addition to the Scheme evaluation, Council asked Deloitte to review two specific areas of concern in regards to the sufficiency of the current Scheme Boundaries and the capability of Associations to service the current scale and size of their Precinct areas.

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### PRECINCT BOUNDARIES

SCOPE ITEM: "Provide recommendations on a best practice model to determine special rate boundaries, particularly in circumstances where boundaries intersect, to ensure serviceability, equity to the business partner and value to those that pay the special rate".

To assess the optimal methodology and provide a recommendation of adjustments to the current boundaries, we used four key principles to inform our thinking and analysis. These principles, were considered along with quantitative analysis of the impacted areas (e.g. estimated fee revenue, number of properties), to outline practical and commercial solutions for consideration by Council:

- Council policy rationale
  - Geographic alignment
  - Associations self-determination and impact
  - Ratepayers self-determination and impact
- We would recommend that this methodology, along with more comprehensive consultation of relevant stakeholders, could be leveraged for future decisions of a similar nature. Through our analysis we noted two potential Boundary Review scenarios:
- Chapel St and Toorak Rd (CSPA & TRSYBA),
  - High St, Armadale – West end of High St (HSABA)

### OPTIONS TO ADDRESS BOUNDARY ISSUES

- We recommend that given potential broader and more structural changes to the Scheme's operating and delivery models, it may not be worth considering any changes to Precinct boundaries until these more material considerations are first resolved.
- While we have proposed Geographic alignment solutions for both of the noted Boundary Review scenarios (see left), we do note that further analysis should be conducted by Council to:
  - Consult with impacted Associations to understand their views on the proposed changes / impacts.
  - Refine and update the analysis of the estimated financial impact.
  - Test any potential re-distribution changes with affected ratepayers and stakeholders.

### SERVICEABILITY

SCOPE ITEM: "Assess the current Special Rate precinct boundaries and determine whether the property numbers and boundaries are serviceable by one organisation".

There were views from Council about the relative scale and size of some Associations and their Precincts, and feedback from individual ratepayers about the un-representative nature of the Committees and Boards governing these areas.

While survey findings suggested no material dis-satisfaction with Associations ability to service their particular scale and size of areas, given the sample size of this feedback, Council should seek to engage in a more detailed engagement and feedback process with special rate-payers across the Precincts to better gauge their levels of satisfaction and effectiveness prior to making any material changes to the size of any of the Precinct boundaries.

### OPTIONS TO ADDRESS SERVICEABILITY ISSUES

- As with above, given potential broader and more structural changes to the Scheme's operating and delivery models, it may not be worth considering any changes to Precinct boundaries until these more material considerations are first resolved.

**Deloitte.**

## B.2 Future State Options

**Deloitte.**

CONSOLIDATED REPORT TO COUNCIL

## Alternative model options

There is unlikely to be one singular holistic model option which could easily be established, with limited implementation risk to Council, to replicate the service offerings and values of the Special Rate Scheme and the work of the existing Associations. There are however elements of these alternative models which could be leveraged for future benefit under a revised, bespoke special rate model for Stonnington.

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ALTERNATIVE MODELS

## CITY OF MELBOURNE (COM)

The CoM oversees the 'Business Precinct Program' which provides financial support to recognised and incorporated associations who represent individual traders within the municipality.

While such a program would promote self-determination of invested local businesses, it may potentially diminish the community presence and value of the currently established Stonnington Precincts.

## CENTRAL GEELONG

The City of Greater Geelong Council funds the marketing and activation of central Geelong through its general rate collections (i.e. designated funds through its ordinary rate). As such, Ratepayers are not directly charged a 'Special Rate', with this funding repurposed from general rate revenues.

Council would assume complete control over the operations and direction of investment into the Precincts under this model. This would place increasing operational risk on Council to deliver on these aims, as well as have financial / budget implications to support this activity. *This model was discontinued in May 2021.*

## TOWN TEAM

The Town Team Movement (TTM) is an 'under-arching', non-profit organisation helping to create a network of community based teams which support positive economic development to benefit the local precinct / community.

The success of TTMs are heavily dependent on the level of investment by individual, concerned businesses into the local Precinct. Given the uncertain economic conditions and limited involvement in the current Scheme, it may be difficult to garner this level of support from locals (particularly financially).

## BUSINESS IMPROVEMENT DISTRICT (BIDS)

BIDs are defined areas within which businesses contribute a levy in order to fund agreed projects within the district's boundary. Although BIDs are primarily funded through the levy, they can also draw on other public and private funding streams and support (e.g. supporting legislation).

While BIDs would remove any Council interaction in the fund-raising and distribution process, it may not lead to positive or economic outcomes aligned with Council's broader goals should arrangements fail to materialise or investment not be received from other public and private funding streams.

LEVY OPTIONS

## INFRASTRUCTURE LEVY

Ratepayers are charged an annual 'infrastructure' levy in addition to current rates that is directed to enhancing and / or upgrading a precinct's amenities and appearance.

This option is more likely to be used to supplement existing revenue collections for specific purpose investments rather than replace the current Scheme.

## OPT-IN LEVY

Relevant landlords and / or businesses have the option to contribute to an 'opt-in' levy that will be used to fund the marketing and promotional activities within their precinct.

Given current economic conditions facing commercial rate-payers and their limited involvement in the current scheme, it is not expected the quantum of opt-in funding would be sufficient to deliver material economic value.

## TOURISM / ECONOMIC DEVELOPMENT LEVY

A levy imposed by local Councils on its ratepayers to contribute towards the development of the broader Council's tourism profile in the wider community.

It is not expected that a broad-based levy would be supported by ratepayers from outside the five Precincts, raising issues of equity for Council.

## Special Rate Scheme renewal – Options for Council to consider

With the activities and process to renew and declare a new special rate scheme required to be initiated towards the back end of Q2 FY22 (for subsequent implementation / declaration prior to July 2023), Council should consider the practical implications of any renewal or refinements to the current Scheme delivery model. These options are noted below as part of assessing the pathway forward and recommended option.

DETAIL	OBSERVATIONS	IMPLEMENTATION CONSIDERATIONS
<b>CEASE SPECIAL RATE SCHEME AND SERVICE DELIVERY ACROSS THE FIVE PRECINCTS</b>  Council may seek to cease the Special Rate scheme as at June 2023 as part of re-assessing the future service delivery model for the Scheme at a later date (or ceasing it altogether).	<ul style="list-style-type: none"> <li>This option may be required if a more wholesale change to the structure and refinement of the scheme is desired, but not enough time is available to develop and implement the preferred model by July 2023</li> <li>Should the Scheme be ceased, it may be difficult to 'reinstate' from the ground up (i.e. a 'new' Special Rate Scheme is developed) given the procedural requirements associated with endorsing and developing a scheme.</li> </ul>	<ul style="list-style-type: none"> <li>Requisite internal / external approvals for any cessation of current arrangements, including notification requirements for Associations</li> <li>Residual financial implications of ceasing the rate (e.g. Council potentially assuming any contractual obligations entered into by Associations)</li> <li>Operational and service impacts for special rate-payers in the area as a result of the cessation of the Association</li> <li>Council's alternative service delivery options, including the funding model for delivering these (e.g. general rates, other sources)</li> </ul>
<b>NEW SERVICE DELIVERY MODEL</b>  Council may seek to implement a preferred alternative service delivery model either through the special rate Scheme in July 2023, or at a different time if more broadly applied within the Municipality (i.e. not through the special rate)	<ul style="list-style-type: none"> <li>This option would be utilised should Council have the inclination to pursue implementation of a new delivery model as part of the renewal and declaration period.</li> <li>As with above, this may require cessation of the current Scheme and 'reinstatement' of a new model if the changes are material (subject to procedural requirements)</li> <li>Alternatively, if the new model is not reliant or related to the existing Precincts, this may require different approval pathways</li> </ul>	<ul style="list-style-type: none"> <li>Council should consider the time and resources required to develop / establish the new delivery model for implementation in July 2023</li> <li>Requisite internal / external approvals for any cessation of current arrangements, including notification requirements for Associations</li> <li>Council would need to consider if it has the commercial and operational capability and capacity to implement and deliver the proposed model in line with the declaration timeline</li> </ul>
<b>RENEWAL OF REFINED CURRENT STATE MODEL</b>  Council may seek to implement refinements and changes to the current delivery model ahead of the declaration and renewal of the Scheme in July 2023.	<ul style="list-style-type: none"> <li>Should Council seek to adopt any refinements to the current scheme and interactions with Associations, these should ideally be developed and discussed ahead of the forthcoming 'Strategic plan' stage of the renewal process to ensure that Associations have awareness of different obligations</li> </ul>	<ul style="list-style-type: none"> <li>Requisite internal / external approvals for any changes to agreements (e.g. Funding Agreement, reporting structures), including the flow on impacts on Associations strategic / business plan development</li> <li>Capacity of Council to implement and oversee potential refinements to Funding Agreements and other day-to-day operational elements, and Associations to meet the new / revised operational expectations and day-to-day delivery requirements</li> </ul>
<b>CONTINUE SCHEME AS-IS</b>  Council may seek to renew the current funding agreements and operating arrangements in July 2023.	<ul style="list-style-type: none"> <li>This option would seek to retain 'status-quo' with limited changes to the current scheme's delivery model and operating arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>Limited impact on current state operations for Council or Associations, with identified issues being unresolved.</li> </ul>



## Potential model options – Bespoke alternative model

In the absence of a standout, low-risk alternative model to deliver on the objectives of the special rate, Council may need to develop a more bespoke best practice alternative model. Such a model should prioritise the best outcomes for special ratepayers of a scheme, while meeting Council's risk and funding profile for service delivery and business support.

Based on our analysis of the alternative models as well as discussions with Council and other stakeholders, we outline below a potential bespoke model structure which could better deliver on the key objectives of the Scheme for the benefit of special ratepayers. This structure would need to be further developed by Council, particularly around the manner in which it is costed, declared and / or funded and developed from an operational perspective to service the needs of the Precincts.

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### KEY OBJECTIVES

#### BUSINESS DEVELOPMENT

Liaising and bringing together local businesses to upskill, support and enhance the operations of these businesses and their owners in order to benefit the broader Precinct.

#### BUSINESS ENGAGEMENT

Communicating with local businesses to disseminate information, advise of events and activities and check in with them to understand both business and Precinct challenges and requirements.

#### PROMOTION & MARKETING

'Destination marketing' and the promotion of the Precincts and its special ratepayer businesses to support greater levels of dwell time, activation and spend.

### POTENTIAL DELIVERY MODEL

#### Council led and operated

To improve the connection between Council and the businesses within the Precincts, Council could look to leverage a 'concierge' model which places internal Council staff as the point of call for all special ratepayers within each of the Precincts. This nominated Precinct Manager could be dedicated to specific Precincts and areas, liaise with ratepayers and help triage and navigate issues and concerns, as well as inform the effective delivery of economic development activities of Council and externally managed parties (see right).

Insights and awareness of the issues being faced by Precinct businesses could be translated into broader business development services across the five Precincts (and / or whole Municipality). This broader scale could enable more industry-specific learning and development which is otherwise limited in a smaller scale setting.

Having a more direct presence and communication channel with businesses and property owners within the Precincts could enable Council to better understand and resolve ratepayer issues, in a more timely manner. This direct engagement could also assist rate-payers in better navigating internal Council decision frameworks / structures.

#### Council commissioned / externally delivered

Similar to models adopted by major economic development and tourism agencies (e.g. Visit Victoria, Tourism Australia), Council could seek a role with oversight and policy direction to inform the commissioning of promotional and marketing activity within the five Precincts.

This activity could be delivered by external agencies to an agreed plan / funded amount (dependent on the method and rate collected), enabling Council to leverage local insights and buying power, but maximising external commercial competencies in the marketing and promotions field.

### RISKS TO COUNCIL

- Developing a commercially viable model, which balances equity considerations of individual business types, Precincts and contributions (particularly if not funded by a Special Rate)
- Council bears a greater risk by assuming a much greater and more 'direct' role in the engagement with rates-payers and administration of economic development.
- Council's delivery model for these services may or may not meet the expected service level and requirements of special ratepayers.

- Ability to retain and promote uniqueness of individual Precincts under a large-scale promotion model
- Ability to demonstrate value in the chosen direction of this activity

## Recommended pathway

In the absence of an alternative model which could be implemented and readily and reliably deliver on the objectives of the Special Rate scheme prior to the current renewal period, Council may seek to adopt a refined current state model in the short term which would be critically evaluated through the initial agreement period. This review would be the decision point for any future change, with any alternative model developed around bespoke models of each scheme objective.

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### 1 RENEWAL OF CURRENT STATE MODEL WITH REFINEMENTS

**Refinements to better align the service delivery of Associations with the overarching objectives of Council** should be made to improve the quality of outcomes for special ratepayers against the three key delivery objectives of the scheme.

The declaration for the renewal of the Special Rate is made on **either a two or four year period** to allow time for refinements to be implemented and mature in practice, but still provide flexibility for Council to reassess Scheme performance (see 'Mid-Period Evaluation' stage) in a timely manner

#### Recommended Refinements

- **Funding Agreement improvements** to explicitly articulate objectives and expected performance requirements of Associations
- Develop a **Statement of Expectations** to support the delivery on key objectives and increase alignment between parties
- Implement **structured communication channels** between Council and Associations to improve strategic and value-additive conversation
- Embed **key engagement, economic and financial KPIs** in an updated Activity Reporting structure
- Promote **greater Council interaction with special ratepayers** through surveys and other feedback mechanisms (e.g. forums)

### 2 MID-PERIOD EVALUATION

After the refined agreement has been in operation for 12 months, Council should **undertake a thorough evaluation** of the refined Special Rate scheme to determine if it is delivering on the **agreed objectives and requirements outlined in the declaration**.

This evaluation should be based on a **clear set of objectives and key-performance indicators / measures** which are ideally made aware to the Associations prior to the renewal of the refined current state model. This evaluation should be completed within six months to enable a timely decision regarding the future agreement.

#### Scope of Evaluation

- **Value of the special rate to special ratepayers;** Council should seek to engage with special ratepayers throughout the period to raise the level of feedback so that a robust sample of these opinions are gathered
- **Effectiveness of Associations in delivering on agreed objectives and engagement,** economic and financial performance measures; these evaluation measures should ideally align with those in the Activity Reporting structure for greater visibility through the renewal period
- If required, a clear **articulation of any alternative special rate model** and how this would be expected to deliver greater value to special ratepayers than the current model

Based on the outcomes of the mid-period Evaluation, Council could make a value-based decision between two different pathways for the future of the Special Rate scheme for the remainder of the renewal period (and beyond):

#### 3A – Continuation of Refined Current State model

This would seek to retain 'status-quo', with the refined current state model to continue for the remainder of the period.

or

#### 3B.1 – Transition / Wind-down of Current State model

#### 3B.2 – Development / Implementation of bespoke model

Council could seek to further develop the proposed new 'bespoke' special rate model (similar to that recommended on previous page) and transition existing arrangements with the Associations over the remainder of the renewal period.

**Deloitte.**

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- 1: Association overviews
- 2: Council declaration process and Current rate model
- 3: Special rate-payer survey and in-person feedback
- 4: Glossary of terms
- 5: Statement of responsibility

**Deloitte.**

## Appendix 1: Association overviews

## Chapel Street Precinct Association (CSPA)

CSPA is an independent, not-for-profit, membership based, incorporated association representing over ~2,086 commercial properties. CSPA has been operating since 1999 and comprises of members who are business owners, property owners and operators. The Chapel Street Precinct runs from the Yarra River to Dandenong Road, through the metropolitan suburbs of South Yarra, Prahran & Windsor.

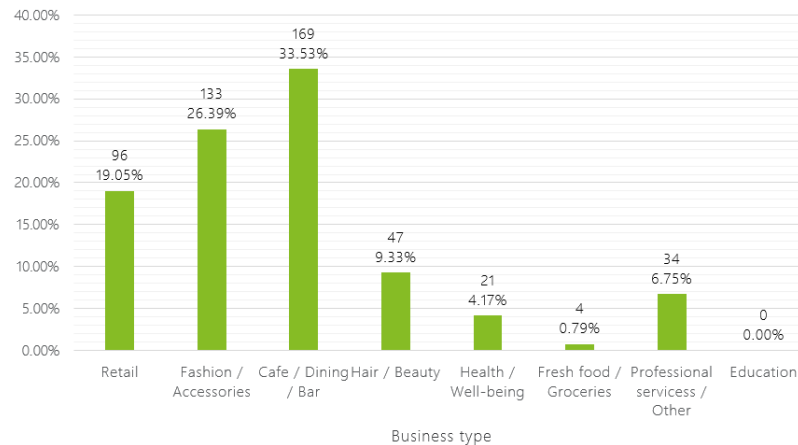
504<sup>1</sup>

BUSINESSES

2,086<sup>2</sup>RATEABLE  
PROPERTIES1,463<sup>3</sup>MEMBERS  
as at 29  
September 2021

- As at February 2021, CSPA had approximately **16%**<sup>4</sup> vacancy of all rateable properties.
- The **Retail** and **Fashion / Accessories** sectors account for approximately half of all businesses within this precinct (~**45.4%**).
- The **Café / Dining / Bar** sector accounts for approximately one third of all businesses within this precinct (~**33.5%**).

Business breakdown (CSPA)



## Chapel Street Precinct Association (CSPA) | Precinct Focus

**Vision:** To strengthen and future proof the Chapel Street Precinct economy through world-class marketing and united advocacy.

**Mission:** To be the independent and trusted voice for businesses advocacy and to deliver stand-out destination marketing to enhance the prosperity of Melbourne's Chapel Street Precinct

1

*Increased member engagement and collaboration*

2

*Greater value for the special rate payment*

3

*Fairer spread of special rate funds across all suburbs*

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## CSPA COMMITTEE AND STAFF

President

Justin O'Donnell  
Business Services

Vice President

Andrew Szoek  
Business Services

Secretary &amp; Treasurer

Jonathon Somers  
HealthCarlie Lansdown  
Beauty

Associate Board Members

Jack Hall  
HealthMatt Lanigan  
Hospitality

General Board Members

Kerry Kalendra  
Business ServicesChris Voyias  
Business Services

CSPA Officers

Chrissie Maus  
General ManagerMichelle Fifi  
Project Manager

## OPERATIONAL / GOVERNANCE STRUCTURE

## Governance:

- President is employed to oversee and manage CSPA's responsibilities; FY21 payments to the President were ~\$56k, inclusive of salary and superannuation.
- Elected and voluntary committee, comprising of Precinct business owners
- Operations are run by two full-time staff (CSPA Officers, Chrissie Maus and Michelle Fifi).

**Committee representation:** 50% professional services, 25% health / well-being, 12.5% hospitality, 12.5% beauty

- The Retail and Fashion / Accessories sectors are unrepresented on the committee relative to business representation in the precinct (~45.4% of businesses within the Precinct).

## Operating structure:

- Given the large number of businesses in the Precinct, CSPA primarily initiates and delivers large-scale marketing campaigns that include a large number of businesses and benefit the wider community.
- Strategic focus is to represent members as a united front and enhance the economic prosperity of the Precinct via guerrilla focussed, destination marketing; this marketing approach centres around leveraging low or no-cost, novel / unconventional methods to promote the Chapel Street Precinct as a viable tourism destination, instead of the product or service that an individual business offers.

## COVID-19 Impact and Approach:

- Through the pandemic, CSPA communicated with members via online meetings and electronic mail to provide timely updates regarding government guidelines and relief opportunities.
- As they were unable to engage in large-scale campaigns during this period, CSPA used online social media platforms to maintain communication with business owners / operators, members and the wider community.

## Chapel Street Precinct Association (CSPA) | Precinct Financials

\$	FY19 Actual	% SR \$	FY20 Actual	% SR \$	FY21 Actual	% SR \$
Special Rate Scheme funds	754,035	100%	1,141,661	100%	1,084,708	100%
Other incomes	106,627	14%	28,411	2%	118,519	11%
<b>Total Revenue</b>	<b>860,662</b>	<b>114%</b>	<b>1,170,072</b>	<b>102%</b>	<b>1,203,227</b>	<b>111%</b>
<b>Operating Expenditure</b>						
Direct	(724,559)	(96%)	(812,283)	(71%)	(841,280)	(78%)
Association Staff / Contractors	-	0%	(244,631)	(21%)	(250,019)	(23%)
Support	(289,531)	(38%)	(89,656)	(8%)	(96,489)	(9%)
<b>Total Expenditure</b>	<b>(1,014,090)</b>	<b>(134%)</b>	<b>(1,146,570)</b>	<b>(100%)</b>	<b>(1,187,788)</b>	<b>(110%)</b>
<b>Net profit/(loss)</b>	<b>(153,428)</b>	<b>(20%)</b>	<b>23,502</b>	<b>2%</b>	<b>15,439</b>	<b>1%</b>
Association Costs (Staff and Support) % Special Rate funds	34%		29%		29%	

## 2 DIRECT EXPENDITURE (\$841k in FY21, 78% of special rate funds)

In recent times, CSPA has placed significant focus on protecting the health and safety of staff, members and visitors while supporting business owners and operators in navigating business disruptions and economic difficulties.

In developing initiatives, particularly digital and social media campaigns, CSPA employs 'guerrilla marketing'; the use of distinctive methods to boost business and attract interest in the precinct. Typically, these methods are low-cost and achieve a widespread reach, often through personal interaction and viral social media engagement. CSPA particularly recognised the importance of these strategies over the past two years, given the unavoidable restrictions on larger in-person events and campaigns engaging in campaigns like 'Paw on the Door' and precinct animations to attract visitors to the area.

CSPA concentrated expenditure on Digital and Social Media advertisements and promotions (~25.4%) and Printed Marketing and Advertising materials (~44.6%), including an overhaul of their website and social media pages. Campaigns were designed to encourage the support of local traders, even when in lockdowns. In addition, CSPA announced a number of larger innovative and online marketing campaigns (e.g. 'Kate Langbroek rediscovers Chapel' and 'Leave Lockdown Behind') to help further promote and support local businesses. The Association also placed focus on delivering innovative campaigns that involve and benefit both local traders and the wider community (~13.9%) including their unique initiative 'Double Jabbed and Ready to Chap' and 'Two Words: Support Local' to encourage collaboration and attract the local community to the precinct, ultimately providing security to individual businesses.

## 1 OTHER INCOME (\$118k in FY21)

FY19: 12.4% of total revenue (ATO CF Boost ~49.2%, Additional revenue from precinct activities ~48.0%, Billboard revenue ~2.8%, Interest ~0.1%)

FY20: 2.4% of total revenue (Sponsorship revenue ~88.0%, Billboard revenue ~11.8%, Interest ~0.2%)

FY21: 9.9% of total revenue (Ticket sales ~44.0%, Sponsorship / Grants ~18.7%, Additional revenue from precinct activities ~16.1%, CoS seed funding ~16.0%, Advertising revenue ~5.0%, Interest ~0.1%)

## 3 COSTS OF STAFF (\$250k in FY21, 23%)

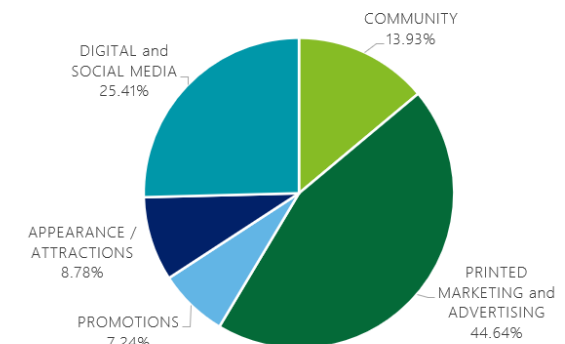
**President** – Remunerated position

**General manager / Project manager** – Employed positions

**Committee members** – Voluntary positions

## Activity breakdown (CSPA)

FY21 (Q2, Q3, Q4) and FY22 (Q1)





## Glenferrie Road Malvern Business Association (GRMBA)

GRMBA is an independent, not-for-profit membership based incorporated association, and the overarching organisation that manages, markets and promotes the Glenferrie Road Malvern precinct, which extends from Dandenong Road to the Malvern Town Hall.

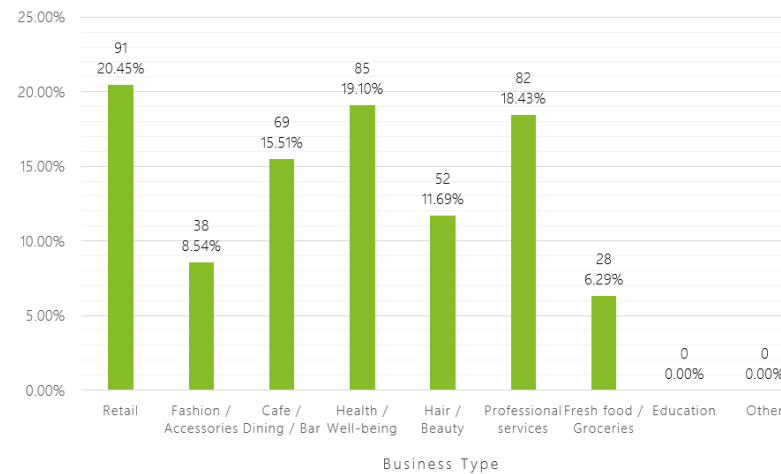
445<sup>1</sup>

BUSINESSES

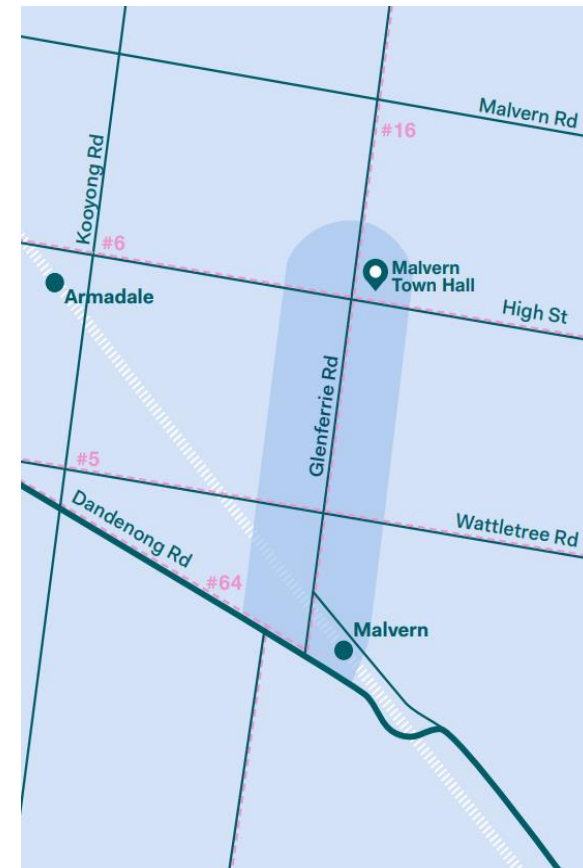
516<sup>2</sup>RATEABLE  
PROPERTIES170<sup>3</sup>MEMBERS  
as at 31 December  
2021

- As at December 2021, GRMBA had approximately **13%<sup>3</sup>** vacancy of all rateable properties.
- The **Health / well-being, Hair / Beauty** and **Professional services** sectors account for approximately half of all businesses within this precinct (~**49.2%**).
- The **Retail** and **Fashion / Accessories** sectors account for approximately one third of all businesses within this precinct (~**29.0%**).

Business breakdown (GRMBA)



Sources: (1) [GRMBA Business Directory](#); (2) CIV Extract, 23 May 22; (3) GRMBA Activity Report, Jul – Dec 2021



## Glenferrie Road Malvern Business Association (GRMBA) | Precinct Focus

**Vision:** To advocate and strengthen the Glenferrie Road Malvern Precinct through coordinated promotional and marketing activities.

**Mission:** To coordinate a supportive and inclusive precinct that encourages all members and businesses to engage with each other to drive collaboration and ensure precinct prosperity.

1

*Increased engagement and collaboration, both with current and new businesses*

2

*Create an inviting precinct with inclusive features and activities*

3

*Continue supporting local business owners, both directly and via the local community*

## GRMBA COMMITTEE AND STAFF

President

Kate  
Perlstein  
Health /  
Well-being

Vice President

Kylie  
Gordon  
Retail

Secretary &  
Treasurer

Jason  
Belzycki  
Fashion

Jamie Lee  
Shirrieff  
Beauty

General  
Board  
Members

Flick Davis  
Retail

Claire  
Hipkins  
Retail

James  
Robertson  
Retail

Benny Hill  
Health /  
Well-being

GRMBA Staff

Alex Hume  
Coordinator

## OPERATIONAL / GOVERNANCE STRUCTURE

## Governance:

- Elected and voluntary committee, comprising of Glenferrie Road Malvern business owners
- Coordinated by a paid external contractor, Alex Hume (freelance marketing coordinator), who also co-ordinates other special rate schemes across greater Melbourne (Glen Waverley Traders Association)

**Sector representation:** 50% retail, 25% health / well-being, 12.5% fashion / accessories, 12.5% hair / beauty

- The Professional services sector is unrepresented, despite accounting for ~18.5% of all businesses within the Precinct.
- The Hospitality (Café / Dining / Bar) sector is unrepresented, despite accounting for ~15.5% of all businesses within the Precinct.

## Operational structure:

- Prepare a business plan for a 4-year period and action plans yearly (including a review of the business plan).
- To inform these plans, the Coordinator collaborates and communicates regularly with business owners and operators to understand their needs and preferences.
- Continually engage businesses, both current and new, to develop the precinct's profile and attract the wider community to the area.
- Following COVID-19, changed the operational and business structure to focus on all types of marketing, rather than just large events (e.g. MalvernKeeper).

## COVID-19 Impacts and Approach:

- GRMBA sought assistance from the State Government through recovery grants to stimulate business and encourage visitors to return to the precinct.
- Provided local traders with regular updates regarding restrictions, lease negotiation requirements and other relief or assistance programs.

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## Glenferrie Road Malvern Business Association (GRMBA) | Precinct Financials

\$	FY19		FY20		FY21	
	Actual	% SR \$	Actual	% SR \$	Actual	% SR \$
Special Rate Scheme funds	278,183	100%	237,906	100%	236,635	100%
Other incomes	44	0%	22	0%	10,723	5%
<b>Total Revenue</b>	<b>278,227</b>	<b>100%</b>	<b>237,928</b>	<b>100%</b>	<b>247,358</b>	<b>105%</b>
<b>Operating Expenditure</b>						
Direct	(231,977)	(83%)	(76,962)	(32%)	(191,547)	(81%)
Association Staff / Contractors	-	0%	-	0%	-	0%
Support	(81,743)	(29%)	(92,627)	(39%)	(82,529)	(35%)
<b>Total Expenditure</b>	<b>(313,720)</b>	<b>(113%)</b>	<b>(169,589)</b>	<b>(71%)</b>	<b>(274,076)</b>	<b>(116%)</b>
<b>Net profit/(loss)</b>	<b>(35,493)</b>	<b>(13%)</b>	<b>68,339</b>	<b>29%</b>	<b>(26,718)</b>	<b>(11%)</b>
Association Costs (Staff and Support) % Special Rate funds	29%		39%		33%	

## 1 OTHER INCOME (c.\$11k in FY21)

FY19: 0.02% of total revenue (Interest income 100%)

FY20: 0.01% of total revenue (Interest income 100%)

FY21: 4.34% of total revenue (Business Recovery Grants ~93.3%, ATO Interest ~6.7%, Interest income ~0.1%)

## 3 COSTS OF STAFF (incorporated in Support costs)

President – Voluntary position

Coordinator – Paid contractor (freelance Marketing Consultant)

Committee members – Voluntary positions

## 2 DIRECT EXPENDITURE (c.\$192k in FY21, 81%)

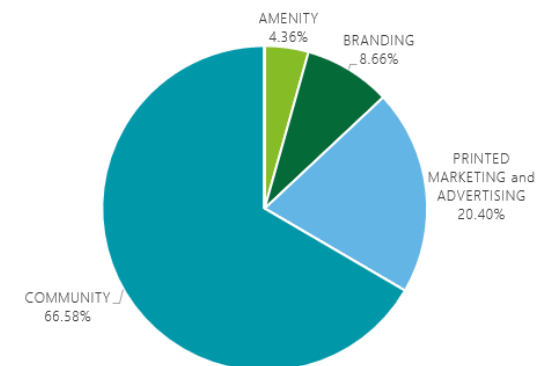
In preparing their annual plans for proposed marketing campaigns and community events, GRMBA develops activities in accordance with eight key focus areas; Amenity, Branding, Printed Marketing & Advertising, Directory / Website & Social Media, Community, Communication, Monitoring & Evaluation and Administration & Coordination. Many of these focus areas are of minimal or no cost and conducted on an ongoing basis (i.e. maintaining an online / social media presence, administration tasks) while others are the forefront of GRMBA's major marketing campaigns.

The impacts of COVID-19, particularly the restrictions on public meetings, introduced a need to develop and deliver initiatives that did not rely on in-person activity. This encouraged GRMBA to strategize beyond large-scale events and, as a result, they adjusted their business model to begin moving towards alternative forms of marketing (i.e. tangible marketing and incentive marketing)

The past two reporting periods have seen GRMBA place a particular focus on engaging both local business owners / operators and the broader community in social events to encourage members to engage with one another. In addition, they have developed and delivered a variety of campaigns to stimulate support for local businesses; for example, the 'Shop Malvern' promotion and additional advertising methods.

## Activity breakdown (GRMBA)

FY21 (Q3, Q4) and FY22 (Q1, Q2)



## High Street Armadale Business Association (HSABA)

High Street Armadale Business Association is an independent, not-for-profit membership based Incorporated Association and is responsible for managing, marketing and promoting the High Street Armadale Precinct, which runs east to west along High Street Armadale, between Orrong Road and Glenferrie Road.

291<sup>1</sup>

BUSINESSES

371<sup>2</sup>RATEABLE  
PROPERTIES254<sup>3</sup>MEMBERS  
as at 31 December  
2021

- As at December 2021, HSABA had approximately **6.2%**<sup>3</sup> vacancy of all rateable properties.
- The **Retail** and **Fashion / Accessories** sectors account for approximately half of all businesses within this precinct (~52.6%).
- The **Health / Well-being**, **Hair / Beauty** and **Professional services** sectors account for approximately one third of all businesses within this precinct (~31.9%).

Business breakdown (HSABA)



## High Street Armadale Business Association (HSABA) | Precinct Focus

**Vision:** To support the implementation of ambitious, innovative and fresh strategies in the High Street Armadale Precinct.

**Mission:** To highlight and build the brand and value of High Street Armadale as a shopping destination and attract people to the precinct through special initiatives and efforts, feasible thanks to the special rate scheme.

1

*Increase the perceived value of High Street Armadale through target advertising and brand-building*

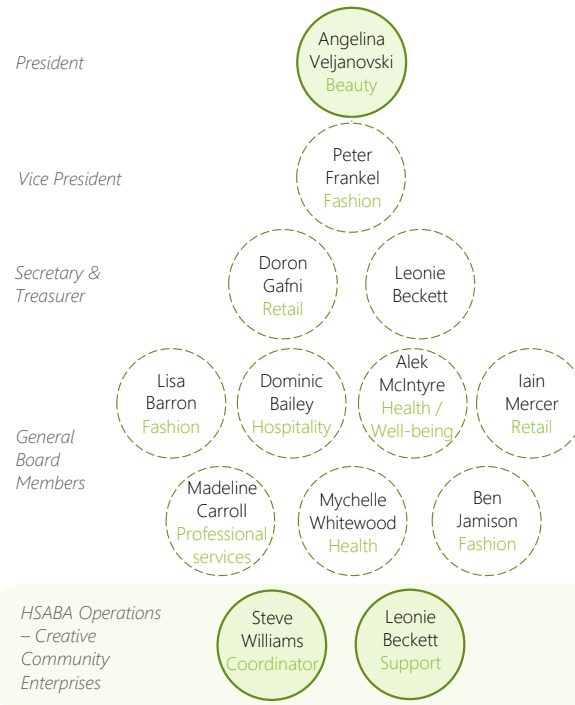
2

*Develop campaigns that represent all business sectors equally*

3

*Deliver signature events and initiatives to build and define a visible and strong precinct Brand*

## HSABA COMMITTEE AND STAFF



## OPERATIONAL / GOVERNANCE STRUCTURE

**Governance:**

- Elected and voluntary committee (excl. the Treasurer who is a paid contractor from Marketing Group, Creative Community Enterprises)
- Committee comprises of High Street Armadale business owners
- Coordinated by a paid contractor (Marketing Group, Creative Community Enterprises), who also represent other trader Associations across metro Melbourne (Bentleigh Traders Ass.)

**Sector representation:**

- 37.5% Fashion / Accessories, 25% Professional services, 25% Retail, 25% Health / well-being, 12.5% Hospitality, 12.5% Hair / Beauty

**Operational structure:**

- Drive a sustainable business model that ensures precinct prosperity and advocates for the benefit of individual businesses
- Create equal and fair representation for all business categories to ensure that future initiatives, activities and the strategic direction are characteristic of all traders
- Operational focus on developing the precinct's Business, Community and Tourism profiles

**COVID-19 Impacts and Approaches:**

- HSABA focussed on providing traders with accurate and timely information on restrictions and Government support measures
- Recovery has been slow; many businesses struggling with staffing availability and it took time to implement COVID-safe measures to all stores to ensure the safety of both traders and precinct visitors
- Through the State Government recovery grant, able to improve the website and social media pages to solidify their online presence

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## High Street Armadale Business Association (HSABA) | Precinct Financials

\$	FY19		FY20		FY21	
	Actual	% SR \$	Actual	% SR \$	Actual	% SR \$
Special Rate Scheme funds	270,718	100%	221,333	100%	228,388	100%
Other incomes	178	0%	92	0%	88,208	39%
<b>Total Revenue</b>	<b>270,896</b>	<b>100%</b>	<b>221,425</b>	<b>100%</b>	<b>316,596</b>	<b>139%</b>
<b>Operating Expenditure</b>						
Direct	(152,009)	(56%)	(159,237)	(72%)	(132,936)	(58%)
Association Staff / Contractors	(48,125)	(18%)	(46,125)	(21%)	(78,000)	(34%)
Support	(10,741)	(4%)	(23,514)	(11%)	(27,394)	(12%)
<b>Total Expenditure</b>	<b>(210,875)</b>	<b>(78%)</b>	<b>(228,876)</b>	<b>(103%)</b>	<b>(238,330)</b>	<b>(104%)</b>
<b>Net profit/(loss)</b>	<b>60,021</b>	<b>22%</b>	<b>(7,451)</b>	<b>(3%)</b>	<b>78,266</b>	<b>34%</b>
Association Costs (Staff and Support) % Special Rate funds	22%		31%		33%	

## 1 OTHER INCOME

FY19: 0.1% of total revenue (Interest income 100%)

FY20: 0.1% of total revenue (Interest income 100%)

FY21: 27.9% of total revenue (Grants ~77.3%, Other revenue ~22.7%, Interest income ~0.1%)

## 3 COSTS OF STAFF (c.\$78k in FY21, 34%)

President – Voluntary position

Coordinator – Paid contractor (Marketing Group, *Creative Community Enterprises*)

Committee members – Voluntary positions, excluding the position of Treasurer, who is also a paid contractor

## 2 DIRECT EXPENDITURE (c.\$133k in FY21, 58%)

HSABA continue to focus on servicing the precinct's Special Rate payers to ensure the perceived value of the Scheme and to showcase High Street as a unique, innovative and evolving precinct. Following the changeover of Coordinators in 2020, the Association has placed particular attention on promoting all sectors within the precinct, rather than the previous long-term focus on fashion and large retailers, to provide a strong representation for all traders and implement a fairer spread of Special Rate funds across all business categories. Namely, HSABA are directing expenditure towards promoting the professional service sector and independent boutiques who lack the ability to market effectively to a wide audience, compared to High Street's larger retailers.

Following COVID-19, HSABA concentrated their spending on rebuilding a community network between local traders and the wider community. These activities included visual Christmas promotions / decals and a 'Virtual Santa' to encourage foot traffic and foster High Street as an inclusive and family-friendly location. With this, the Association seeks to encourage greater collaboration between local traders to ultimately build a precinct network and ensure that promotional and marketing campaigns develop with evolving community needs.

Through improved marketing strategies, HSABA continue to concentrate on increasing the number of people visiting the precinct and walking past businesses. Small initiatives, such as online and social media competitions, have helped to define HSABA's online presence and increase activity both on and off the street. In addition to developing events and marketing campaigns to benefit smaller and independent businesses, HSABA have placed a focus on further engaging the businesses at the west-end of High Street to improve the area's foot traffic; the Association are currently initiating and developing activities to achieve this, including target promotions and store vouchers.

In the upcoming year, HSABA will continue to direct a larger focus on improving the marketing of individual businesses, to ensure fair representation and appropriate advertisements for the traders (i.e. reposting promotions in a timely manner, improving website interface). Specifically, HSABA aim to hold a variety of events, some with a broad focus and others targeting individual business categories.

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## Toorak Road South Yarra Business Association (TRSYBA)

TRSYBA is an independent, not-for-profit membership based incorporated Association and the overarching organisation that manages, markets and promotes the Toorak Road South Yarra Precinct, which covers Punt Road to Rockley Gardens and adjoining side streets.

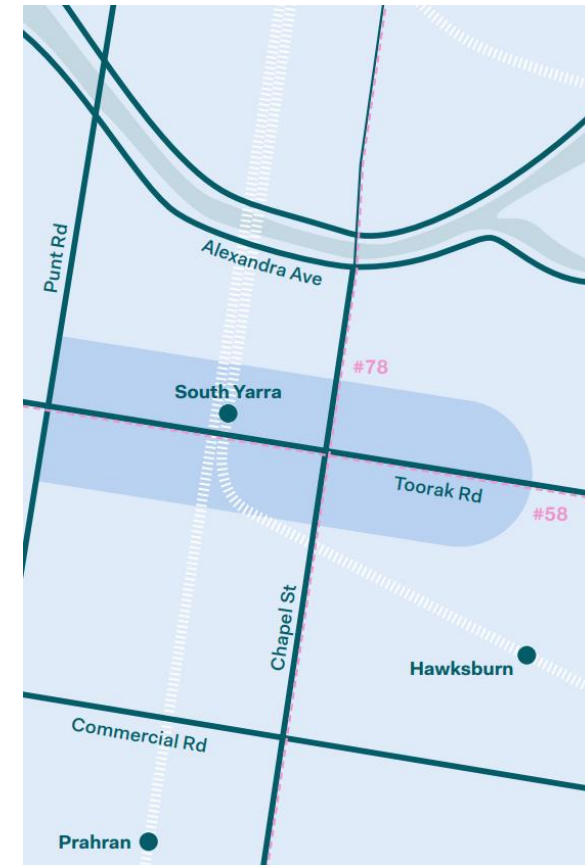
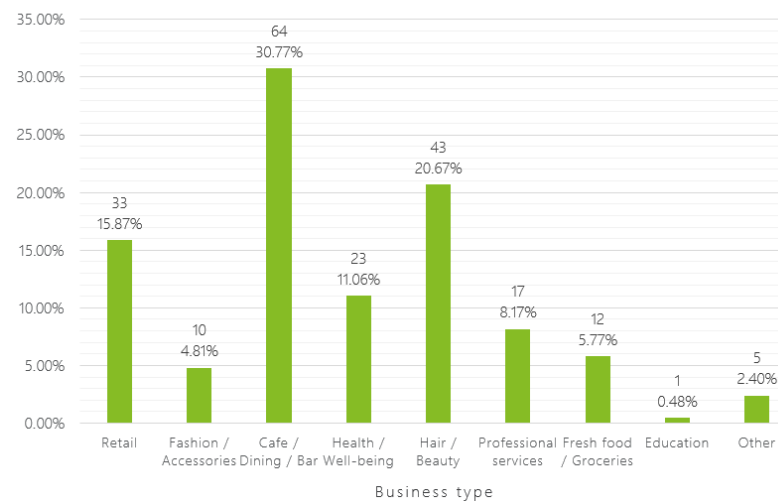
208<sup>1</sup>

BUSINESSES

419<sup>2</sup>RATEABLE  
PROPERTIES285<sup>3</sup>MEMBERS  
as at 31 December  
2021

- As at June 2021, TRSYBA had approximately **1.7%**<sup>4</sup> vacancy of all rateable properties.
- The **Hair / Beauty** and **Café / Dining / Bar** sectors account for approximately half of all businesses within this precinct (~51.4%).
- The **Retail** and **Fashion / Accessories** sectors account for ~20.6% of all businesses within this precinct.

Business breakdown (TRSYBA)





## Toorak Road South Yarra Business Association (TRSYBA) | Precinct Focus

**Vision:** To strengthen the operations and inclusivity of the Toorak Road South Yarra Precinct.

**Mission:** To remain an independent and trusted body that advocates for the benefit of the precinct to ultimately uphold the prestige of Toorak Road and strengthen its prosperity.

1

*Increased focus on the local community, particularly small business owners*

2

*Greater value for the special rate payment through increased precinct attractions and facilities*

3

*Strategize broadly to provide the utmost benefit to individual retailers*

## TRSYBA COMMITTEE AND STAFF

President

Ian Sharp  
Accessories  
/ Retail

Vice President

Bill Cook  
Professional  
Services

Secretary &amp; Treasurer

Maurizio  
Borgobello  
Travel /  
Retail

Tom  
Tancredi  
Professional  
Services

General Board Members

Rowina  
Thomas  
Well-being

Sara  
Borgobello  
Fashion

Giacomo  
Pietrantuono  
Hospitality

Omar Ek  
Deeke  
Hospitality

Michael  
Pena-Rees  
Professional  
services

Justin  
Riazaty  
Professional  
services

David  
Travaskis  
Retail

Tina  
Liccardio  
Property  
Owner

TRSYBA Staff

Ruth Speedy  
Coordinator

## OPERATIONAL / GOVERNANCE STRUCTURE

## Governance:

- Elected and voluntary committee
- Committee comprises of Toorak Road business owners and one property owner
- Coordinated by a paid contractor (freelance marketing coordinator), Ruth Speedy

**Committee representation:** 33.3% Professional services, 25% Retail, 16.7% Hospitality, 8.3% Health / Well-being, 8.3% Fashion / Accessories, 8.3% Other (Property Owner)

- The Hair / Beauty sector is unrepresented, despite accounting for ~20.7% of all businesses within the precinct

## Operational structure:

- E-bulletins for succinct issues, e-newsletters for monthly updates and face-to-face conversations
- Face-to-face conversations and committee meetings largely inform marketing activities to ensure that TRSYBA's direction is representative of traders and the wider community
- To further benefit local business owners, TRSYBA are beginning to place focus on permanent unique pieces and attractions to drive visitors to the precinct which, in turn, will increase foot traffic to businesses

## COVID-19 Impact and Approaches:

- Most noticeably, businesses still feeling the detrimental effects of COVID-19; many have to close at short notice due to limited staff availability
- This period reiterated the importance of focussing on and supporting local traders, with the Coordinator providing regular updates regarding government guidelines, restrictions, rental relief and grant opportunities
- Difficulty recovering pre-COVID precinct visit rates following the lockdowns and recent PTV works on the street have further exasperated these difficulties

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## Toorak Road South Yarra Business Association (TRSYBA) | Precinct Financials

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*Consistent / complete Audited or Management financial accounts were unable to be provided.*

## 1 OTHER INCOME

FY19: [xx]% of total revenue

FY20: [xx]% of total revenue

FY21: [xx]% of total revenue

## 3 COSTS OF STAFF

**President** – Voluntary position**Coordinator** – Paid contractor (freelance Marketing Consultant)**Committee members** – Voluntary positions

## 2 DIRECT EXPENDITURE

Over the past year, given the occurrence of local tram stop works and ongoing lockdowns, TRSYBA moved away from organising community events and business gatherings and instead focussed their expenditure predominantly on the local community; both in supporting local business owners and encouraging individuals to return to the precinct. To ensure that visitors felt safe, the Association implemented COVID-safe measures, including providing TRSYBA branded hand sanitiser to all stores and introduced their 'Carry Bag' campaign, in addition to supporting the vaccination rollout amongst traders and visitors.

To ensure that local traders were benefitting more directly from the Scheme, TRSYBA drove the development of their website and social media pages to equip them in providing timely updates on the evolving rules / requirements about also to create an inviting page showcasing the precinct's offerings moving forward. They focussed on creating a user-friendly interface that clearly detailed the type of businesses located within the precinct based on feedback from local traders who previously struggled to find their business online.

As businesses have expressed difficulty in operations, TRSYBA focussed on regularly visiting them and supporting each trader where possible. To further encourage visitors to the precinct and to support these businesses further with return visitors, TRSYBA delivered postcards to the local community noting their thanks for the ongoing support over the past two years.

Following the easing of restrictions and the conclusion of tram / street works, TRSYBA has shifted their focus back to resuming the development of on-street initiatives (e.g. Sculptures, light work projects, Christmas decals) to stimulate foot traffic within the precinct and support local businesses while enjoying the precinct attractions and features.

## ASSOCIATION OVERVIEWS

## Toorak Village Traders Association (TVTA)

Toorak Village Traders Association is an independent, not-for-profit membership based Incorporated Association responsible for managing, marketing and promoting the Toorak Village precinct, which is situated along Toorak Road between Wallace Avenue and Grange Road.

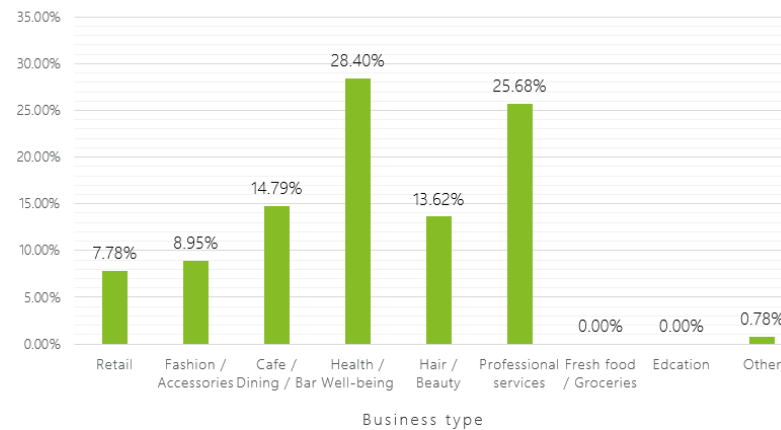
257<sup>1</sup>

BUSINESSES

259<sup>2</sup>RATEABLE  
PROPERTIES274<sup>3</sup>MEMBERS  
as at 31 December  
2021

- As at December 2021, TVTA had approximately **1.9%**<sup>3</sup> vacancy of all rateable properties.
- The **Health / Well-being** and **Professional services** sectors account for approximately half of all businesses within this precinct (~**54.1%**).
- The **Retail** and **Fashion / accessories** sectors account for ~**16.7%** of all businesses within this precinct.

Business Breakdown (TVTA)



Sources: (1) [TVTA Business Directory](#); (2) CIV Extract, 23 May 22; (3) TVTA Activity Report, Jul – Dec 2021



## Toorak Village Traders Association (TVTA) | Precinct Focus

**Vision:** To strengthen Toorak Village economy through the delivery of inviting and unique marketing initiatives.

**Mission:** To develop Toorak Village as an innovative and modern precinct, known for the unique collaboration of local artists and businesses.

1

*Continue to engage new businesses to further diversify precinct sectors*

2

*Encourage the local, and broader, community to continue supporting local businesses and initiatives*

3

*Define the precinct as an arts and business destination*

## TVTA COMMITTEE AND STAFF

President

Don Gurr  
Retail

Vice President

Amanda Robinson  
Fashion

Secretary &amp; Treasurer

Julie Poumes  
Travel / RetailDebra Green  
Fashion

General Board Members

David Welner  
Professional servicesTon Strijker  
RetailNadia Aber  
RetailUrsula Donoghue  
Retail

TVTA Staff

Tracey Cammock  
Coordinator

## OPERATIONAL / GOVERNANCE STRUCTURE

## Governance:

- Elected and voluntary committee, comprising of Toorak Village business owners
- Coordinated by a paid contractor (freelance marketing coordinator), Tracey Cammock who also represents other business associations across metro Melbourne (Sunshine Business Ass.)

**Committee representation:** 62.5% Retail, 25% Fashion / Accessories, 12.5% Professional services

- The Health / Well-being sector is unrepresented, despite accounting for ~28.4% of all businesses within the precinct
- The Hair / Beauty and Hospitality (Café / Dining / Bar) sectors are unrepresented, despite accounting for ~28.4% of all businesses within the precinct

## Operational structure:

- Given the smaller area and number of businesses, TVTA focus primarily on structural attractions that will improve precinct visitation rates and, as a result, improve foot traffic to the individual businesses.
- TVTA periodically communicates and collaborates with the Toorak Residents Group to help inform decision-making and communications with Stonnington Council to ensure the delivery of an inviting, cleaner and safer precinct for all local traders, community members and external visitors.
- Recent initiatives include a community 'Christmas in Toorak Village' event, the precinct's annual 'Sculpture Exhibition' and a 'Shop Local to Keep Local Shops' marketing campaign aimed at supporting precinct traders through simulating the local community to shop within the precinct.

## COVID-19 Impacts:

- Over the past two years, TVTA has shifted focus to supporting businesses and communicating government guidelines, restrictions, rental relief and grant opportunities.

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## Toorak Village Traders Association (TVTA) | Precinct Financials

\$	FY19		FY20		FY21	
	Actual	% SR \$	Actual	% SR \$	Actual	% SR \$
Special Rate Scheme funds	168,671	100%	134,904	100%	134,956	100%
Other incomes	46,101	27%	19,829	15%	107,110	79%
<b>Total Revenue</b>	<b>214,772</b>	<b>127%</b>	<b>154,733</b>	<b>115%</b>	<b>242,066</b>	<b>179%</b>
<b>Operating Expenditure</b>						
Direct	(129,129)	(77%)	(70,769)	(52%)	(46,985)	(35%)
Association Staff / Contractors	(52,760)	(31%)	(43,156)	(32%)	(59,140)	(44%)
Support	(16,168)	(10%)	(13,319)	(10%)	(5,581)	(4%)
<b>Total Expenditure</b>	<b>(198,056)</b>	<b>(117%)</b>	<b>(127,243)</b>	<b>(94%)</b>	<b>(111,706)</b>	<b>(83%)</b>
<b>Net profit/(loss)</b>	<b>16,716</b>	<b>10%</b>	<b>27,490</b>	<b>20%</b>	<b>130,360</b>	<b>97%</b>
Association Costs (Staff and Support) % Special Rate funds	32%		36%		27%	

## 2 DIRECT EXPENDITURE

Over the last two years, and in addition to undertaking more formal marketing campaigns, TVTA has placed significant focus on providing direct support to businesses through the COVID-19 pandemic. Their primary unreported activity was to regularly communicate with business owners and operators to provide updates on the evolving guidelines and restrictions, as well as available funding and financial support opportunities initiated by the State Government.

Following the easing of restrictions, TVTA promoted the importance of once again supporting local businesses to ensure that they could remain open in the precinct. They initiated community Christmas events (10.9%) to invite visitors of all ages to the precinct.

The Association also engaged in a 'Shop Local to Keep Local Shops' Campaign, using this phrasing on window decals, coffee cups and shopping bags. The use of printed marketing and advertising accounted for 24.9% of their activity expenditure over 2021.

Precinct attractions accounted for 64.1% of TVTA's activity expenditure, with the Association again promoting and delivering their 'Sculpture Exhibition' to provide a unique cultural experience to the wider community. This inclusive and free event seeks to attract outside visitors, increasing foot traffic and supporting precinct businesses and local artists by providing them with an opportunity to showcase their work.

## 1 OTHER INCOME

**FY19:** 21.5% of total revenue (Grants ~37.9%, Exhibition fees / commissions ~37.6%, Directory ~17.3%, Advertising / Sponsorships ~6.5%, Interest ~0.3%, Other ~0.2%)

**FY20:** 12.8% of total revenue (Exhibition fees / commissions ~28.4%, Directory ~44.1%, Advertising / Sponsorships ~25.2%, Interest ~0.2%, Other ~0.3%)

**FY21:** 44.3% of total revenue (Grants ~73.8%, Exhibition fees / commissions ~8.3%, Advertising / Sponsorships ~17.8%, Interest ~0.1%)

## 3 COSTS OF STAFF

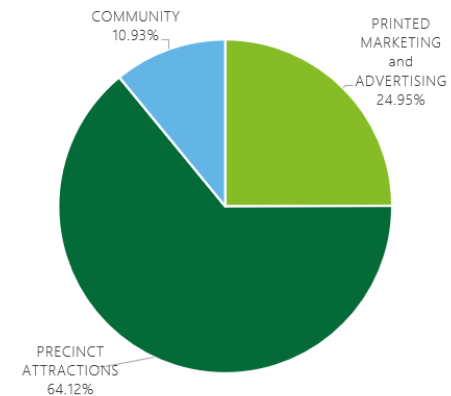
**President** – Voluntary position

**Coordinator** – Paid contractor (freelance Marketing Consultant)

**Committee members** – Voluntary positions

## Activity breakdown (TVTA)

FY21 (Q3, Q4) and FY22 (Q1, Q2)



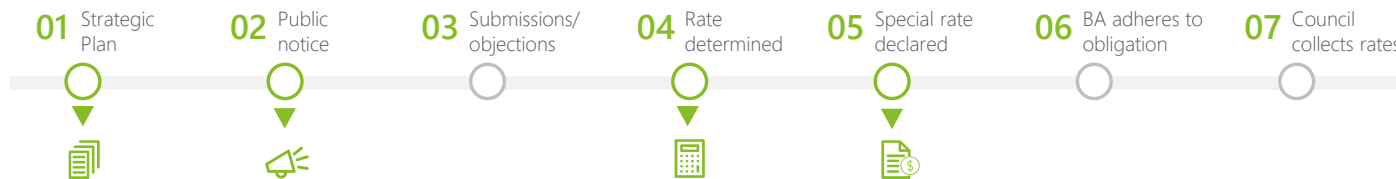
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## Appendix 2: Council declaration process and Current rate model

## COUNCIL DECLARATION PROCESS AND CURRENT RATE MODEL

## Declaration and rate process

In FY19, Council declared the special rate for the purposes of raising funds from commercial properties within the 5 defined shopping precinct boundaries. This Declaration process involved a series of steps prior to the rate being implemented, to adhere to their own obligations with the Public.



## DECLARATION PROCESS

The Declaration process, involves seven main steps:

1. **Strategic Plan:** At the time of renewal, Associations are required to submit a strategic plan to Council for assessment. This plan outlines how the Associations intend to spend the funds raised, including the objectives and proposed activities for the duration of the proposed scheme. Council assesses the Plan to determine whether the amount of funds is reasonable and appropriate for carrying out the purpose of the Scheme.
2. **Public notice:** Council is required to notify all owners and occupiers of properties within the Precinct who are involved in the Special rate scheme of the proposed Scheme reintroduction
3. **Submissions/Objections:** Council must review and consider all submissions and objections received
4. **Benefit ratio:** Council determines a Benefit Ratio and employs Australian valuation property classification code ("AVPCC") to evaluate applicable properties and determine the applicable rate. The Benefit Ratio is the estimated proportion of the total benefits of the scheme (including special and community benefits) that will accrue as special benefits to all those liable to pay the Special Rate. Council then determines which properties are liable to pay the special rate and will receive the special benefit, which are excluded on the basis that they will not derive a special benefit and how the Special Rate will be assessed and levied.
5. **Special rate declared:** proposed scheme is declared, a funding agreement will be entered into between the Associations and Council to govern Scheme implementation
6. **Association adheres to obligations:** Associations are required to submit documents to Council, including a quarterly/half-yearly Activity Plans, audited financial statements, meeting minutes and compliance with legislative requirements over the 4-year term in order for Council to approve the instalment payments during this term.
7. **Council collects rates:** Council collects the specified rate as calculated in Step 4 from applicable properties and this rate is increased on an annual basis in each subsequent years, with the increase amount equivalent to the State Government rate cap for general rates.

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## Special Rate Fee Structures

The current special rate is based on a calculated percentage of the Capital Improved Value (CIV) of the property, limited by a minimum and maximum threshold based on the property classification type. The current special rate structure is unique to each Precinct, with the percentage calculated as a function of the annual budget of the Association, which also accounts for the levy thresholds that the Association also requests.

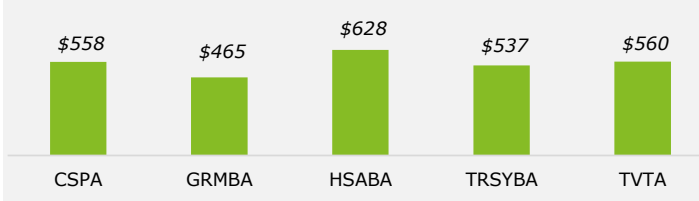
### CURRENT SPECIAL RATE STRUCTURE

- The current special rate is calculated based on a % of the CIV of each property in the Precinct, unless a minimum or maximum cap applies.
- The CIV % charged to each special ratepayer is a function of the annual amount requested by the Association within their submission plans, plus an additional 5% that is retained by Council to offset the estimated costs of administering the proposed scheme.
- The derived CIV % is then augmented by both:
  - the minimum and maximum levy thresholds (by Precinct), and
  - Assessed across up to four benefit types, Primary, Secondary, Tertiary and Quaternary, determined by the Australian Property Valuation Classification Code (APVCC) for that rateable property.
- Council advised that under the current structure, the levy thresholds per benefit level is subject to the discretion of the Association, however the classification of properties under the APVCC is determined by Council.

### ASSOCIATION COMPARISON

- Based on the Special rate declaration dated December 2019, the maximum and minimum rates vary significantly across the five Associations, with CSPA with the highest minimum and maximum for Primary and Secondary benefit properties.
- Despite this, the percentage of CIV is not materially different as a result of the requested Associations budgets
- On face value, the budget for CSPA appears to be greatly larger than the other Associations, however comparing the amounts as a function of the number of properties each Association services\*, CSPA is relatively consistent (**\$558 per property** compared to the total average of \$550 excluding the amount attained by Council).
- Overall, **~92% of Special Ratepayers** across all Associations pay **less than \$1,000 p.a.**

### ANNUAL AVERAGE AMOUNT PER PROPERTY\*



### > PRIMARY BENEFIT PROPERTIES

Association	% of CIV	Minimum levy	Maximum levy
CSPA	0.046%	300	5,000
GRMBA	0.039%	-	3,500
HSABA	0.039%	-	3,000
TRSYBA	0.049%	200	2,000
TVTA	0.053%	50	2,500

### > SECONDARY BENEFIT PROPERTIES

Association	% of CIV	Minimum levy	Maximum levy
CSPA	0.023%	150	2,500
GRMBA	0.019%	-	1,750
HSABA	0.019%	-	1,500
TRSYBA	0.025%	100	1,000
TVTA	0.027%	50	1,250

### > TERTIARY BENEFIT PROPERTIES

Association	% of CIV	Minimum levy	Maximum levy
GRMBA	Flat rate	200	200

### > QUATERNARY BENEFIT PROPERTIES

Association	% of CIV	Minimum levy	Maximum levy
GRMBA	Flat rate	175	175

\*The number of properties is based on a Council extract dated 24 May 22 which detailed the current properties liable to pay the special rate per Association. As such this is an estimate only.

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## Current Special Rate comparison

An estimate has been calculated per Association, to illustrate the span of rates charged across the 5 Associations. This has been based on the 2019 Declaration ratios applied to the current number of properties liable to pay the special rate\*.

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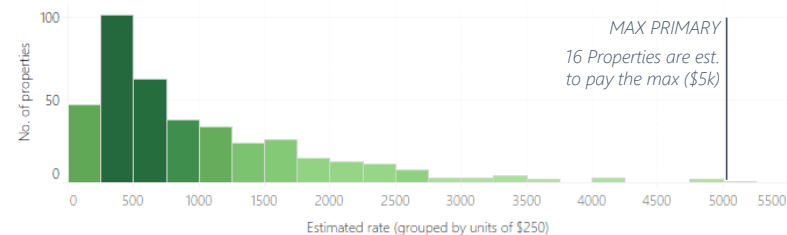
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### CSPA



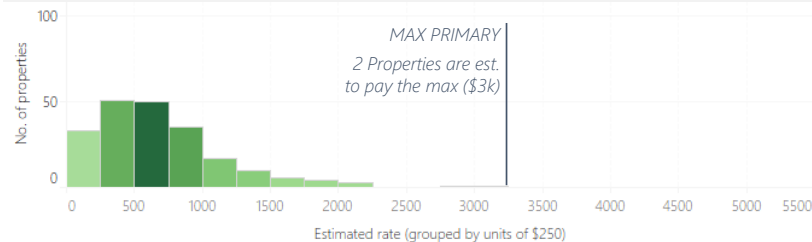
- ~\$1.2m is raised from 2,086 properties located in Chapel Street precinct. This estimate is inclusive of the 5% Council rate of ~\$60.7k
- On average, this equates to ~\$582 per property, with the minimum rate charged being \$150 and a max of \$5k
- ~91% of precinct ratepayers are estimated to pay **less than \$1,000 p.a.**

### GRMBA



- ~\$249k is raised from 516 properties located Glenferrie Road, Malvern precinct. This estimate is inclusive of the 5% council rate of ~\$12.5k
- On average, this equates to ~\$483 per property, with a minimum rate charged based on \$39 and a max of \$3.5k
- ~95% of precinct ratepayers are estimated to pay **less than \$1,000 p.a.**

### HSABA



- ~\$245k is raised from 371 properties located High Street precinct. This estimate is inclusive of the 5% council rate of ~\$12.3k
- On average, this equates to ~\$660 per property, with a minimum rate charged based on \$49 and a max of \$3.0k
- ~92% of precinct ratepayers are estimated to pay **less than \$1,000 p.a.**

**Deloitte.**COUNCIL DECLARATION PROCESS AND CURRENT RATE  
MODEL

## Current Special Rate comparison (cont.)

An estimate has calculated to illustrate the span of rates charged across the 5 Associations. This has been based on the 2019 Declaration ratios applied to the current number of properties liable to pay the special rate\*.

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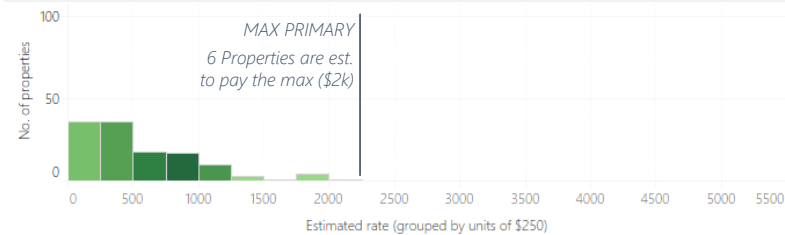
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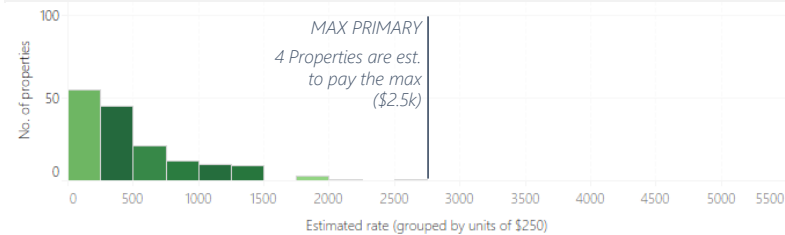
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### TRSYBA



- ~\$240k is raised from 419 properties located in Toorak Road South Yarra precinct. This estimate is inclusive of the 5% council rate of ~\$12.0k
- On average, this equates to ~\$572 per property, with the minimum rate charged being \$100 and a maximum of \$2k
- ~93% of precinct ratepayers are estimated to pay **less than \$1,000 p.a.**

### TVTA



- ~\$158k is raised from 259 properties located in Toorak Road precinct. This estimate is inclusive of the 5% council rate of ~\$7.9k.
- On average, this equates to ~\$609 per property, with the minimum rate charged being \$50 and a maximum of \$2.5k
- ~88% of precinct ratepayers are estimated to pay **less than \$1,000 p.a.**

\*Based on a Council extract dated 24 May 22 which detailed the current properties liable to pay the special rate per Association. As such this is an estimate only.

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COUNCIL DECLARATION PROCESS AND CURRENT RATE MODEL

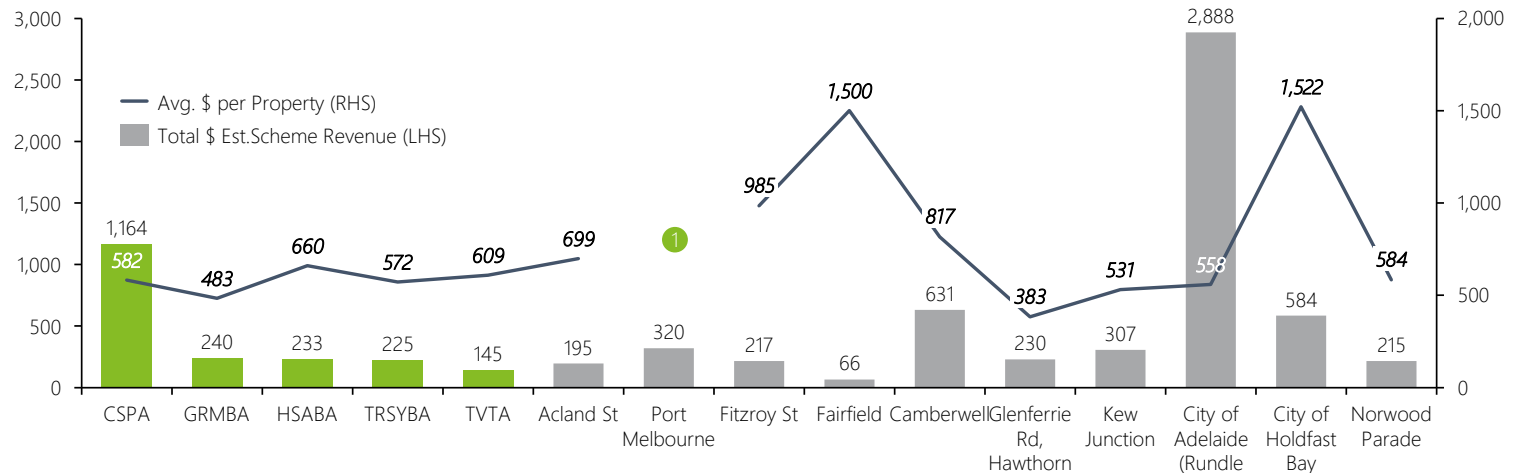
## Cross Jurisdictional Special Rate comparison

From our review of other marketing and promotional rate models within Australia, it is difficult to directly compare the individual rates charged across jurisdictions given they are largely set based on the overall budget / activity plan required amounts. The average special rates per property collected within Stonnington's precincts do however appear to align with other similar models within Victoria and NSW.

### OBSERVATIONS

- CSPA appears to be one of the largest special rate property areas within Victoria, with its Revenues and Est. Rateable Properties almost double that of the second largest area (Camberwell Centre Association).
- The average rate paid by properties in Stonnington's Associations appear broadly in line with other special rate precincts, indicating the scale of desired services and output (as determined by the budgeted funding required) appears to be consistent with other similar jurisdictions.

Est. Scheme Revenue \$'000



# Est. Prop.	2,086	516	371	419	259	279	1	220	44	772	600	577	5,172	384	368
CIV / \$*	0.00046	0.00039	0.00039	0.00049	0.00053	0.00029	0.00042	0.00056	0.00067	0.00225	0.00105	0.00250	0.00179		
NAV / \$						0.00572	0.00830	0.01112		0.04500	0.02100	0.05000	0.03582		

\* All information sourced from publicly available data provided by each of the Council / Jurisdictions; NAV / \$ converted to CIV / \$ in line with VIC Gov. land valuation advice (i.e. NAV = 20x CIV)

1 Property numbers not available for Port Melbourne Business Association

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## Appendix 3: Special rate-payer survey and in-person feedback

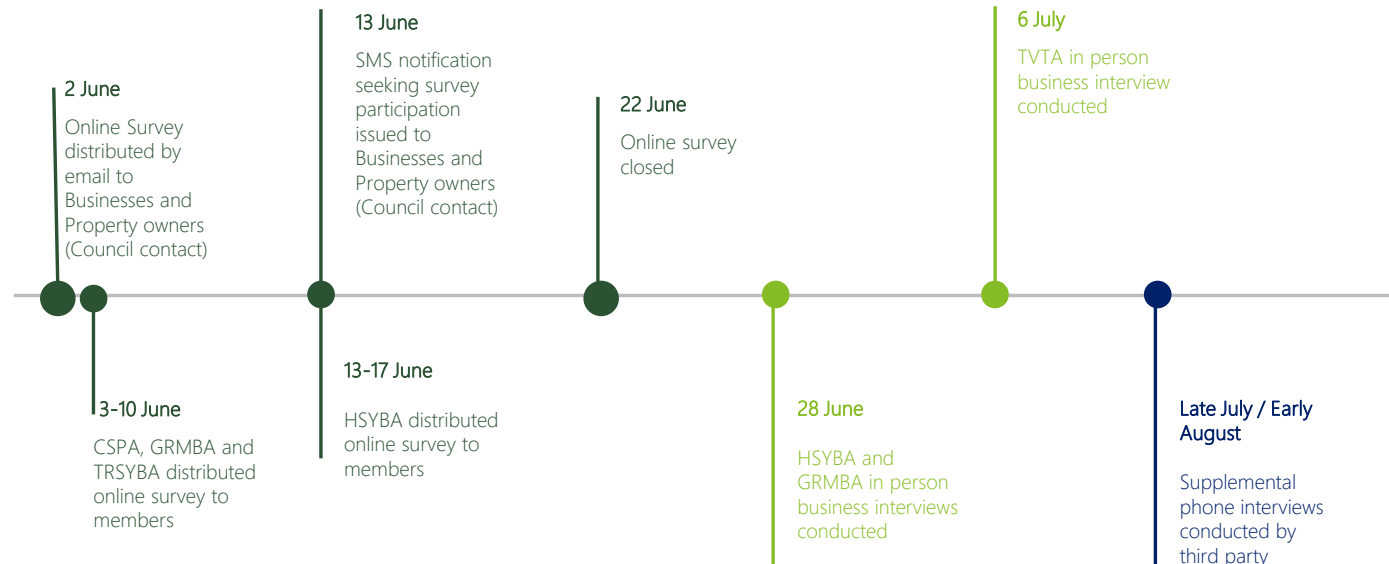
## Survey Process

In order to evaluate the special rate scheme, feedback was collected from Businesses and Property owners that fall within the boundaries of the special rate, to better understand their needs & satisfaction in relation to the services funded by the Special Rate, and methods to improve the Scheme.

### PROCESS AND TIMELINE

The surveying was conducted through three phases:

1. **AN ONLINE SPECIAL RATE SURVEY** was distributed to businesses and property owners by email, SMS and through the Association\* membership lists. This Survey was anonymous.
2. **DIRECT, IN PERSON INTERVIEWS** with traders that were willing to provide additional insight into the value of the Association and the special rate scheme. This was conducted in precincts with a low participation response rate.
3. **SUPPLEMENTAL PHONE INTERVIEWS** were conducted in response to limited feedback received from the initial survey methods to ensure as close to a 10% response rate was achieved across each Precinct. This was conducted by a third party engaged by Council (i.e. not Deloitte), on the same basis as the previous survey methods (i.e. same question set) with the quantitative responses incorporated into the survey findings



\* Association refers to only CSPA, GRMBA, TRSYBA and HSYBA. TVTA did not support the surveying of traders and did not confirm whether they distributed the survey through their membership list.

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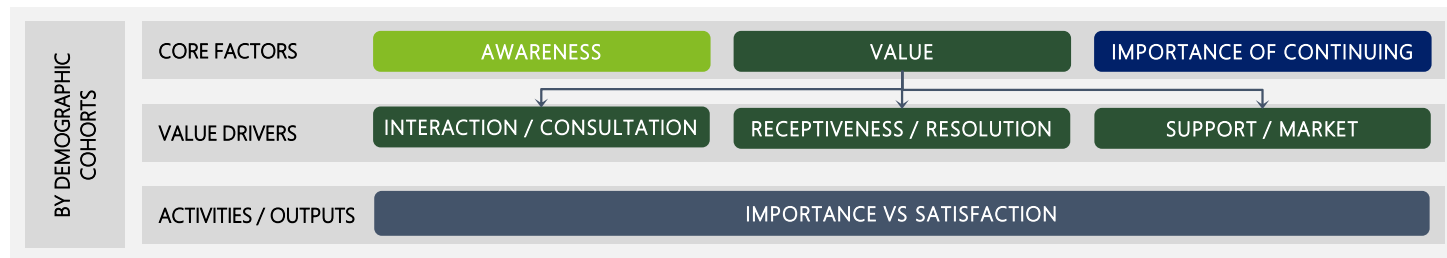
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## Survey question methodology | Cross tabulation

The survey questions were structured to seek feedback on 3 core factors (i.e. awareness, value and importance), that would provide insight into the current performance of the Special Rate Scheme. For the purposes of evaluation, the survey questions have been categorised and compared based on three demographics being Association, Respondent Type and Business Category in order to identify any possible links between the respondents.



### EVALUATION

#### 1. Core Factors:

- Awareness: level of familiarity with the efforts of the Association in engaging and promoting the special rate precinct, based on a rating of No (Not aware), Somewhat aware, to Yes (Aware).
- Value: the level of how the participant feels that the special rate program, and in turn the activity of the association is of value to them, based on a rating of no value to significant value (five point scale).
- Importance of continuing: the level of how important the participant believes the continuation of the Special Rates program is to support successful future marketing and management of the Precinct as a whole (five point rating scale).

#### 2. Value Drivers:

- Interaction / Consultation: the level of satisfaction with the Associations interaction/consultation with them / the precinct
- Receptiveness / Resolution: the level of satisfaction with how the Associations receive and response to any business/owner queries and issues.
- Support / Market: rate of how effective business/owners view how the Association supports/markets individual businesses through its promotional activity.

#### 3. Activities / Outputs:

- Importance vs Satisfaction: The comparison of 8 different core activities / objectives delivered by the Associations by level of satisfaction with the current performance of these activities to the level of importance from businesses and owners.

### DEMOGRAPHIC COHORTS

1. **Association:** Business/Precinct Association of the Precinct that the respondent's business/property is located within.
2. **Respondent type:** Distinction between members and non-members of the Associations
3. **Business category:** The type of business that is operating at the property that falls within the special rate bounds.

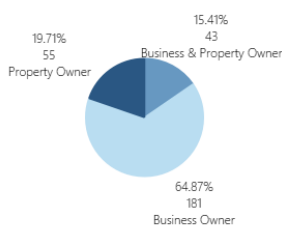
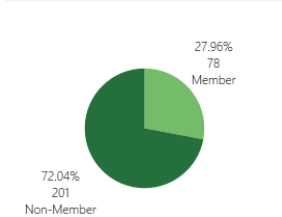


## Survey results | Response Rate and Demographics

The Special Rate Survey asked Business/Property owners of 3,651 properties\* that currently fall within the special rate boundaries, for their feedback on the benefit of the current special rate scheme. Over this period, 354 Business and / or Property owners participated in the survey, primarily from the retail, hospitality and professional service industries.

### Response rate of Survey

Association	No. of respondents	No. of rateable properties*	Total property %
CSPA	193	2,086	9.25%
GRMBA	65	516	12.60%
HSABA	32	371	8.63%
TRSYBA	43	419	10.26%
TVTA	21	259	8.11%
<b>Grand Total</b>	<b>354</b>	<b>3,651</b>	<b>9.70%</b>



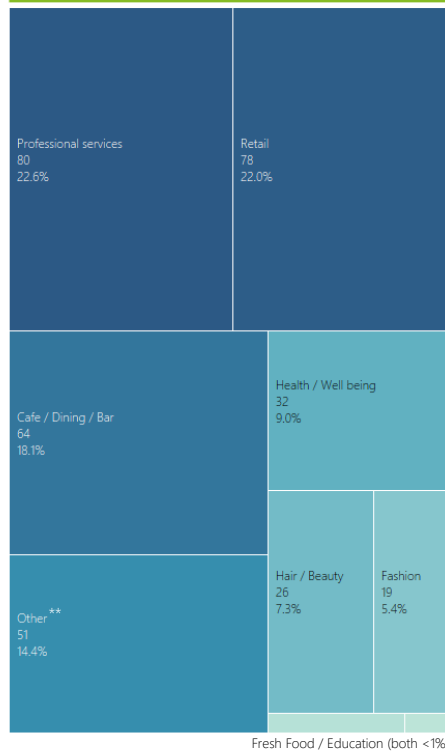
### Breakdown by Respondent – Membership and Ownership profile

	CSPA	GRMBA	HSABA	TRSYBA	TVTA	Total
<b>Member ***</b>	40	18	10	10		<b>78</b>
<b>Non-Member</b>	97	47	11	25	21	<b>201</b>
<b>Total</b>	<b>137</b>	<b>65</b>	<b>21</b>	<b>35</b>	<b>21</b>	<b>279</b>

	CSPA	GRMBA	HSABA	TRSYBA	TVTA	Total
<b>Business Owner</b>	89	49	14	22	7	<b>181</b>
<b>Business &amp; Property Owner</b>	21	6	5	10	1	<b>43</b>
<b>Property Owner</b>	27	10	2	3	13	<b>55</b>
<b>All</b>	<b>137</b>	<b>65</b>	<b>21</b>	<b>35</b>	<b>21</b>	<b>279</b>

### Breakdown by Business category



### SUMMARY

- Over the survey period, the Special rate Survey received a total of 354 responses. Of these, 229 (65%) were elicited from the Online Survey with the remainder from the in-person and supplemental phone interviews
- As a function of the number of special rate properties\*, equates to a response rate of 9.70% (of which, Council advised aligns with levels of participation in similar, previous surveys).
- At an Association level, GRMBA received the greatest number of responses with a rate of 12.6%, with TVTA receiving the lowest response rate of 8.11%, potentially due to the delay in membership distribution. Notably, only non-members provided feedback for TVTA which may also be a result of TVTA not issuing the survey through their channels.

\*Rateable properties refers to the estimated number of properties liable to pay the special rate as at May 22

\*\*Other relates predominantly to Property owners (who didn't specify their tenants business categories), as well as more niche business categories including Accommodation, Manufacturing, Arts / Entertainment

\*\*\*Members include both committee members and members of the Association



SPECIAL RATE-PAYER SURVEY AND IN-PERSON FEEDBACK

## Core Factors | by Association

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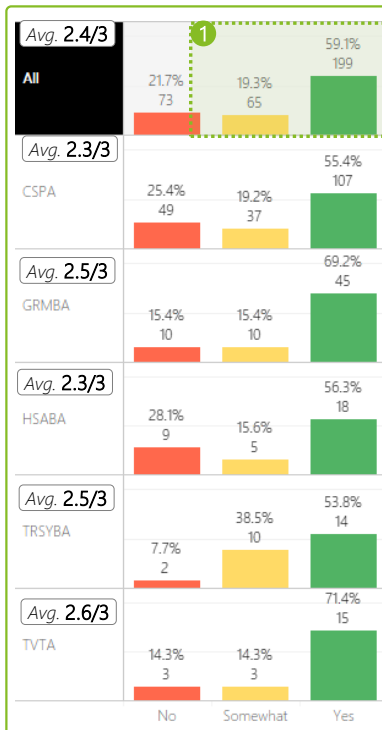
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## AWARENESS

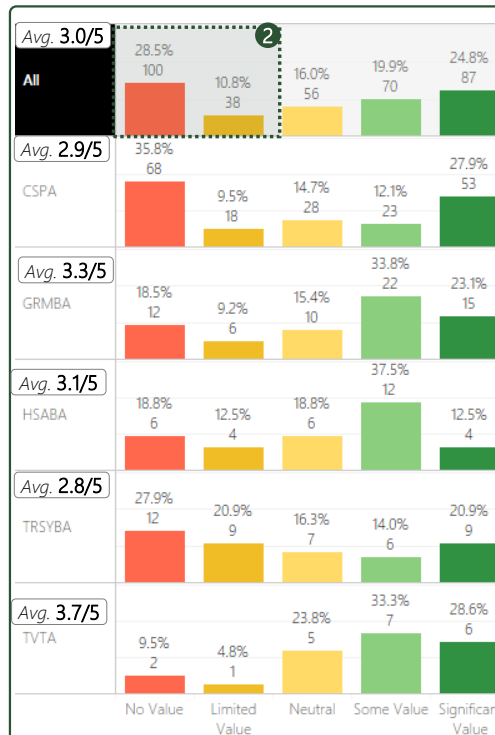
of Association and its efforts



<sup>1</sup> ~78% of survey respondents were somewhat/aware of the activities of their Association. HSABA was rated the lowest of the Associations, with an average score of 2.3/3, ~72% of respondents somewhat/aware.

## VALUE

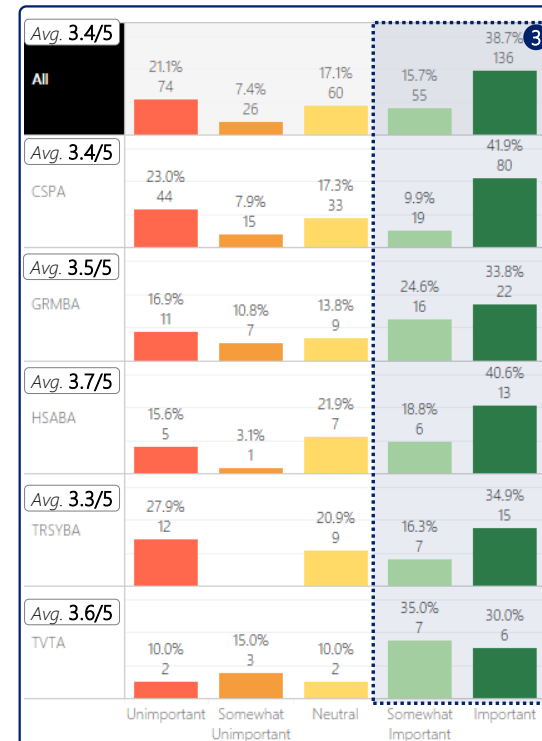
of Associations efforts in the Precinct



<sup>2</sup> ~39% of survey respondents viewed the actions of Associations to be of limited or no value; this level of perceived value was most variable in TRSYBA (2.8/5) and CSPA (2.9/5) with just under half of respondents noting this view.

## IMPORTANCE OF CONTINUING

the special rate program of the Precinct



<sup>3</sup> ~54% of survey respondents believe the scheme is of importance to them in supporting the efforts of the Precincts and should be continued. Across the Associations, respondents perceived the special rate program to be on average 3.4/5 (neutral to somewhat important) based on level of importance.



SPECIAL RATE-PAYER SURVEY AND IN-PERSON FEEDBACK

## Core Factors | by Respondent type: Membership

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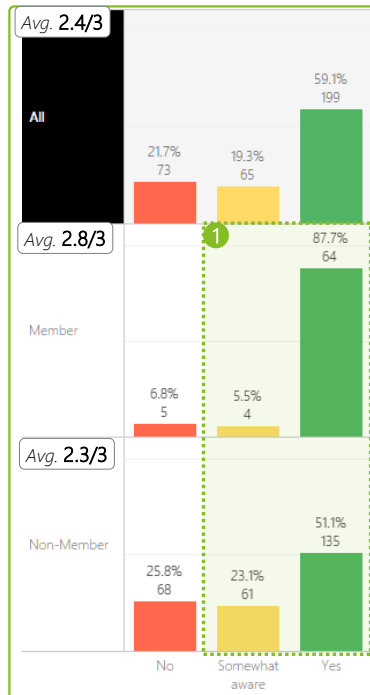
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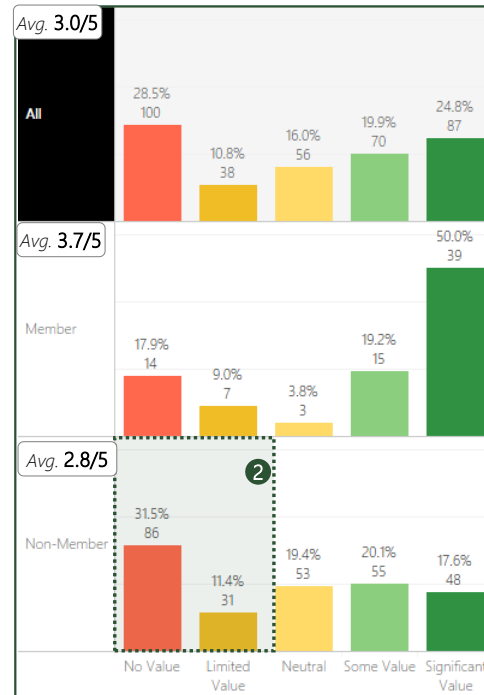
of Association and its efforts



<sup>1</sup> Membership did not significantly impact the level of awareness based on the sample group. ~ **74% of non-members** were somewhat/aware of the Association compared to ~ **93% of members**.

## VALUE

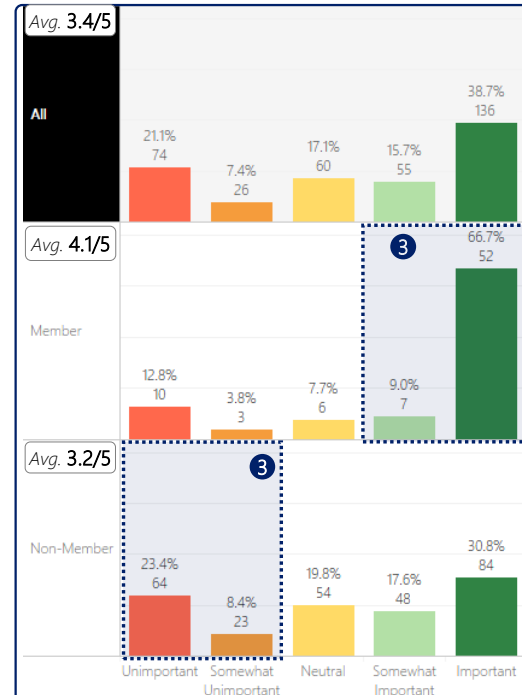
of Associations efforts in the Precinct



<sup>2</sup> On average, non-members perceived the value of the associations to be less compared to members (2.8 compared to 3.7 out of 5). This indicates that members of the Associations or Committee members rated the Associations efforts largely positive, where as non-members were divided with a ~ **43% to ~38% split** based on the level of value (remaining 19.4% neutral).

## IMPORTANCE OF CONTINUING

the special rate program of the Precinct



<sup>3</sup> Members rated the special rate program as significantly more important (average rate of 4.1/5) compared to the non-member respondents (average rate of 3.2/5). This suggests, non-members were divided on the special rate program with a ~ **32% to ~48%** split based on the level of importance (remaining 19.8% neutral).



SPECIAL RATE-PAYER SURVEY AND IN-PERSON FEEDBACK

## Core Factors | by Business Category

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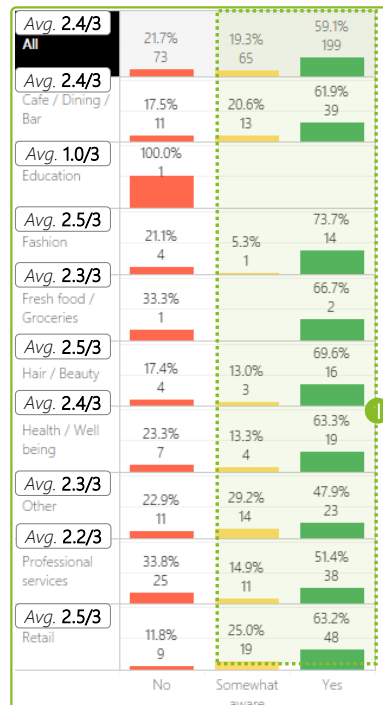
C.4 Glossary

C.5 Statement of Responsibility

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## AWARENESS

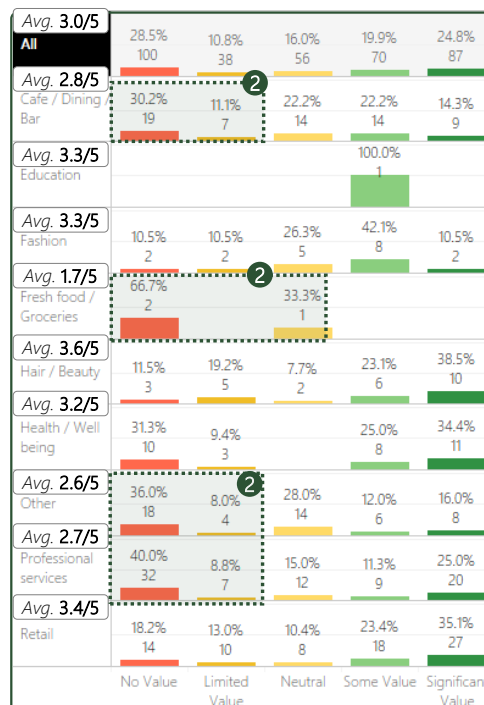
of Association and its efforts



1. Despite the different business categories, majority of survey respondents were somewhat/aware of the activities of their Association; with Education being an outlier with a rating of 1/3.

## VALUE

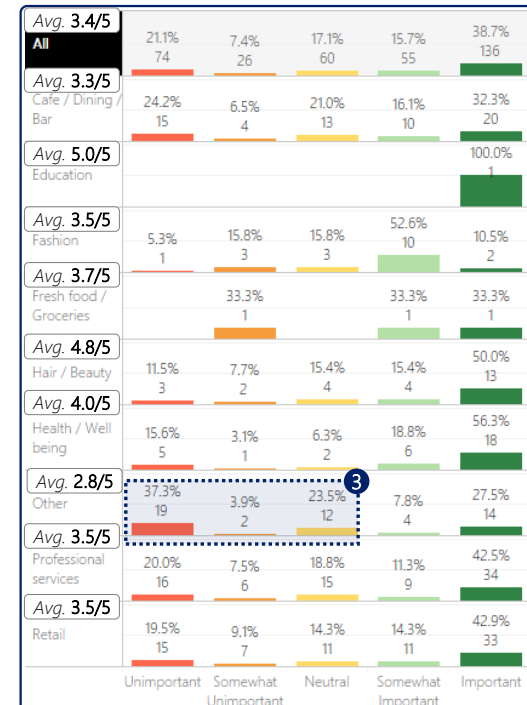
of Associations efforts in the Precinct



2. Based on the average survey results across the business categories, there are conflicting views based on the level of value the Association provides (average rate of 3/5). Café/dining/bar, Fresh food/Groceries, Professional services and others, viewed the actions of the Associations materially lower, and of limited or no value.

## IMPORTANCE OF CONTINUING

the special rate program of the Precinct



3. On average all business categories rated the program between somewhat important to important. With businesses categorised as Other, viewing it relatively less important to the total sample on average.

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SPECIAL RATE-PAYER SURVEY AND IN-PERSON FEEDBACK

## Value Drivers | By Association

Survey respondents rated the level of interaction/consultation and receptiveness/resolution of the Associations between 3 to 4, which ranges between a neutral position to somewhat satisfied. Where as, the level of support/marketing had a larger range in responses across the Associations, with HSABA and TRSYBA viewed as somewhat ineffective when it comes to their promotional activity for individual businesses.

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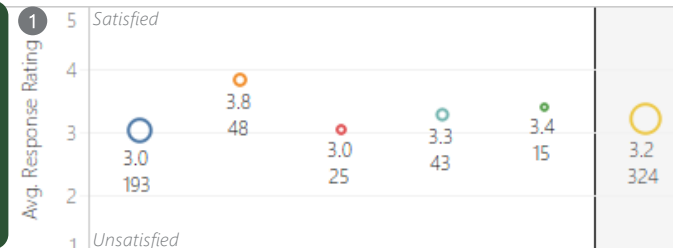
C.2 Declaration &amp; Rate model

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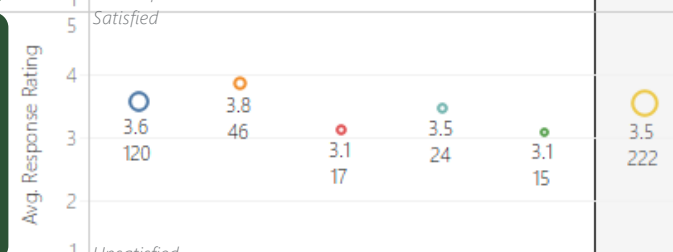
Satisfaction with level of **INTERACTION / CONSULTATION** of Association with Businesses / Owners



## KEY THEMES

- The level of **Interaction/Consultation** across all 5 Associations ranges between neutral to somewhat satisfied, suggesting no significant indication of underperformance.
- Respondents within GRMBA were on average the most satisfied, with a score of 3.8 that falls just below 'somewhat satisfied'
- HSABA and CSPA returned the lowest rating of 3.0 which is "neutral"

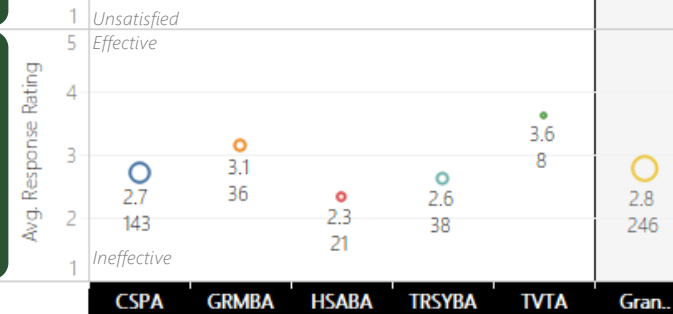
Satisfaction with **RECEPTIVENESS / RESOLUTION** of Association in responding to any Business / Owner queries and issues.



## KEY THEMES

- The level of **Receptiveness/Resolution** on average ranges between neutral to somewhat satisfied across all 5 Associations, suggesting no significant indication of underperformance.
- On average, GRMBA received the highest score of 3.8, with HSABA and TVTA receiving the lowest of 3.1.

Does the Association adequately **SUPPORT / MARKET** your individual Business through its promotional activity?



## KEY THEMES

- The level of **Support/Market** received by all businesses/owners were rated on average a 2.8 ("just below Neutral").
- TVTA, and GRMBA were slightly more effective, with an average rating between neutral to somewhat effective.
- Where as, HSABA, CSPA, and TRSYBA respondents rated the level of support/marketing as somewhat ineffective.

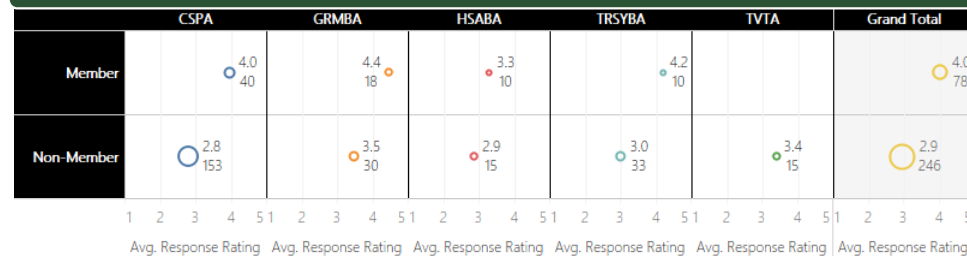
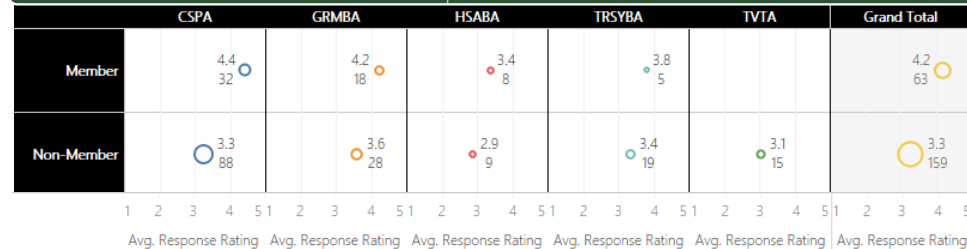
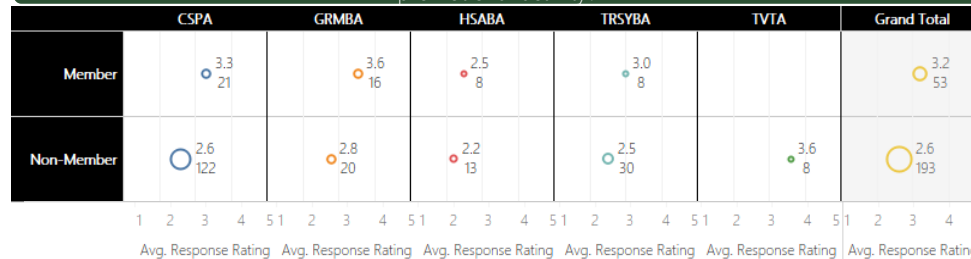
Total average rate

CSPA 3.1 GRMBA 3.6 HSABA 2.8 TRSYBA 3.1 TVTA 3.3 Gran. 3.2

1 The Average Rating is calculated based on converting the survey responses from their initial five-point scale (e.g. Satisfaction / Effectiveness scale) into a quantitative value which can be compared. For each of the above, a 5.0 is considered Satisfied / Effective, whereas a 1.0 is considered Unsatisfied / Ineffective.

## Value Drivers | By Membership

Across all three value drivers, members on average rated the Association efforts to be higher in satisfaction and efficiency compared to non-members.

Satisfaction with level of **INTERACTION / CONSULTATION** of Association with Businesses / OwnersSatisfaction with **RECEPTIVENESS / RESOLUTION** of Association in responding to any Business / Owner queries and issues.Does the Association adequately **SUPPORT / MARKET** your individual Business through its promotional activity?

## KEY THEMES

- Based on the level of satisfaction, members were more satisfied with the **interaction/consultation** of the Associations compared to non-members.
- This has positively skewed the overall scores for each association, however noting that non-members were on average impartial, it has not materially impacted the results/recommendations.

## KEY THEMES

- Survey results indicate that on average members were relatively satisfied with the level of **receptiveness/resolution** from the Associations.
- Compared to non-members, they were less broadly impartial, but rated the level of receptiveness/resolution lower to members.

## KEY THEMES

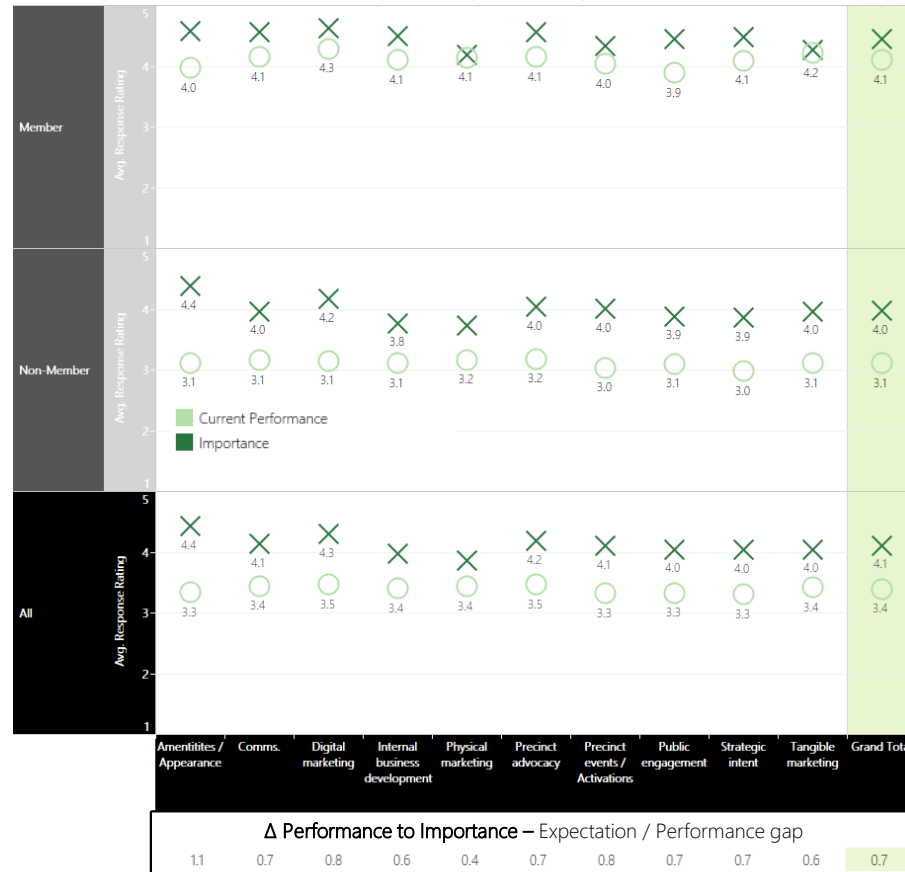
- On average, members rated the level of **support/marketing** higher than non-members.
- However, unlike the other 2 value drivers, members/non-members for HSABA and TRSYBA rated the support/marketing to be less than 3 (i.e. neutral to inefficient).



## SPECIAL RATE-PAYER SURVEY AND IN-PERSON FEEDBACK

## Activities: Importance vs. Satisfaction

The survey asked respondents to rate the different activities that have been previously provided by Associations by level of satisfaction of the current performance and the level importance perceived by them as a business and or property owner.



## KEY THEMES

Based on the survey results, there is a small gap in actual performance and importance (delta of 0.7), however more notably no activities were rated poorly based on level of satisfaction.

## Current performance (satisfaction)

- To review the performance of the Associations, survey participants were asked how satisfied they were with the Associations delivery of 10 key activities.
- Based on an average rating out of 5, respondents broadly held a positive view of the Associations efforts across all activity types, with an average rating of 3.6 out of 5 (Neutral to somewhat satisfied). This rating was positively skewed by members with an average rating of 4.1 out of 5, however notably non-members on average were not unsatisfied with the Associations efforts (average rating of 3.1 out of 5).
- Digital marketing, Precinct Advocacy and Tangible marketing was rated the highest (average rating of 3.7 out of 5).

## Importance (future):

- Compared to the level of importance, on average, all 10 activities were ranked as somewhat important, ranging between 3.8 to 4.4.
- Amenities/Appearance and Digital marketing received the highest average ratings of 4.5 and 4.4 consecutively, where as Physical marketing was rated the lowest in comparison, with a score of 3.9.
- Based on the performance/expectation gap, Amenities/Appearance resulted in the largest gap between importance and satisfaction with a delta of 1.1, followed by Digital marketing and Precinct Events/activations with a gap of 0.8.

**Note:** The Average Rating is calculated based on converting the survey responses from their initial five-point scale (e.g. Satisfaction / Importance scale) into a quantitative value which can be compared. For each of the above, a 5.0 is considered Satisfied / Importance, whereas a 1.0 is considered Unsatisfied / Unimportant. (N.B. N/A responses have been removed). The findings above relate to the Q6 and Q8.

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## Appendix 4: Glossary of terms



## Glossary of terms

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Abbreviation	Description
\$'k	Thousands of Dollars
\$'m	Million of Dollars
AGM	Annual General Meeting
ATO	Australian Taxation Office
AVPCC	Australian Valuation Property Classification Code
B2B	Business to Business
BA	Business Analyst
BAU	Business As Usual
BID	Business Improvement District
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditures
CAV	Consumer Affairs Victoria
CIV	Capital Improved Value
CoM	City of Melbourne
CSPA	Chapel Street Precinct Association
Declared Purpose	Special Rate Scheme for the <b>marketing and promotion</b> of the Precinct and <b>business engagement</b> and <b>business development</b> of the members in the Precinct.
FY	Fiscal Year
GM	General Manager
HSABA	High Street Armadale Business Association
KPI	Key Performance Indicator
p.a.	Per annum

Abbreviation	Description
Member	A special ratepayer business or property owner who is a member of their precinct Association. Membership is not a mandatory requirement of the special rate scheme but may allow greater involvement with Associations.
PM	Project Manager
Precinct	The geographical grouping of properties in line with the declared boundaries of the current special rate scheme
PT	Part Time
SR	Special Rate
TRSYBA	Toorak Road South Yarra Business Association
TTM	Town Team Movement
TVTA	Toorak Village Traders Association

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## Appendix 5: Statement of Responsibility

## Statement of responsibility

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We hereby take responsibility for this report, which is prepared on the basis of the limitations set out below and within the Overview and Approach section of this report on pages 3-4.

Deloitte Touche Tohmatsu.  
Chartered Accountants  
477 Collins Street  
Melbourne, VIC 3000

13 September 2022

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### Basis of our work and confidentiality

This report and any related advice we provide has been prepared for the sole purpose of assisting and advising Stonnington Council in accordance with our proposal dated 11 March 2022.

Key personnel from Stonnington Council and the five business associations listed on page 5 have provided the information we have used to prepare our report. Our procedures did not include verification work, detailed activity analysis of roles or constitute an audit in accordance with auditing standards.

### Limitation of information and our work

The scope of our work to date has been limited by the information made available to us and the time available for us to complete our work. In the circumstances, our report may not be comprehensive as we may not have become aware of all facts or information that you may regard as relevant.

### Forecasts

The assumptions behind forecasts used in this report have been based on Management information, we therefore accept no responsibility for, or the ultimate realisation of the forecasts. It is possible there will be differences between forecast and actual results due to circumstances not occurring as expected, and these differences may be material.

### Confidentiality

This report is private and confidential to Stonnington Council. The report may not be relied upon, referred to, reproduced or quoted from, in whole or in part, for any other purpose than that set out in our Proposal, or by any other person, for any purpose whatsoever.

### Liability

We shall not under any circumstances whatsoever be under any liability to any party other than Stonnington Council, for whatever Stonnington Council may or may not do in reliance on the report or any other information, opinions or advice given to Stonnington Council by us. Any further work done or advice given in relation to the engagement will be on this basis.

### Post date events

This report is issued on the understanding that Management have drawn our attention to all matters of which they are aware concerning the financial position of the organisation which may have an impact on our report up to 17 August 2022. We have no responsibility to update this report for events and circumstances occurring after the date of this report.



This document and the information contained in it is confidential and should not be used or disclosed in any way without our prior consent.

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