

I hereby certify that the Minutes of the Audit (Finance and Risk) Committee Meeting are a true and accurate record of the proceedings contained therein.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date



SHIRE OF WYNDHAM | EAST KIMBERLEY

# MINUTES AUDIT (FINANCE AND RISK) COMMITTEE

13 August 2018

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**SHIRE OF WYNDHAM EAST KIMBERLEY  
AGENDA OF THE AUDIT (FINANCE AND RISK)  
COMMITTEE  
KUNUNURRA COUNCIL CHAMBERS  
HELD ON TUESDAY, 13 AUGUST 2018 AT 5:00 PM**

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**1. DECLARATIONS OF OPENING**

Cr Chafer declared the meeting open at 5.01pm

The following declaration was read out:

Members of the Public are advised that recommendations to Council contained within this Agenda and decisions arising from the Council meeting can be subject to alteration.

Applicants and other interested parties should refrain from taking any action until such time as written advice is received confirming Council's decision with respect to any particular issue.

An audio and/or video record will be made of these proceedings to assist in the taking of minutes.

**2. RECORD OF ATTENDANCE/APOLOGIES**

Attendance

Cr T Chafer	Deputy Shire President	Chair of Committee
Cr G Lodge	Councillor	Deputy Chair of Committee
Cr M McKittrick	Councillor	
Cr D Menzel	Shire President	Observer

C Askew	Chief Executive Officer
V Lawrence	Director Corporate Services
N Kearns	Director Planning and Community Development
F Hamilton	Minute Taker
F Heading	Coordinator Financial Operations

G Godwin                      Auditor – Moore Stephens (by telephone)

M Northover                      Resident

**3. PUBLIC QUESTION TIME/PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

**4. DECLARATION OF INTEREST**

- Financial Interest  
Nil

- Impartiality Interest  
Nil
- Proximity Interest  
Nil

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 14 May 2018 be accepted as a true and accurate record of proceedings.**

### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC391**

**Moved: Cr M McKittrick**

**Seconded: Cr G Lodge**

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 14 May 2018 be accepted as a true and accurate record of proceedings.**

**Carried 3/0**

Note: The Minutes of the Audit (Finance and Risk) Committee are provided under separate cover via [www.swek.wa.gov.au](http://www.swek.wa.gov.au)

## 6. DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/NOTICES OF MOTIONS

Nil

## 7. REPORTS

### 7.1. FINANCIAL MANAGEMENT REVIEW - MAY 2018

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.02.15
<b>DISCLOSURE OF INTERESTS:</b>	NIL

#### VOTING REQUIREMENT

Simple Majority

#### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee recommends to the Council that it:**

- 1. Receives the report titled Financial Management Review May 2018; and**
- 2. Notes the management comments in relation to the items noted within the report.**

#### COMMITTEE RESOLUTION

**Minute No. 13/08/2018 AC392**

**Moved: Cr G Lodge**

**Seconded: Cr M McKittrick**

**That the Audit (Finance and Risk) Committee recommends to the Council that it:**

- 1. Receives the report titled Financial Management Review May 2018; and**
- 2. Notes the management comments in relation to the items noted within the report.**

**Carried 3/0**

#### PURPOSE

For the Audit (Finance and Risk) Committee to recommend to the Council that it receives the report titled "Financial Management Review May 2018" received from the Council's auditors, Moore Stephens (WA) Pty Ltd and notes the management comments within the report.

#### NATURE OF COUNCIL'S ROLE IN THE MATTER

Regulator - enforce state legislation and local laws

## **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

Moore Stephens, Council's appointed auditors, conducted an onsite interim audit in April 2018 in preparation for the 2017/18 Annual Audit. The auditors as part of this process conducted a limited assurance review in terms of *Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996* (as amended).

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

The review was conducted for the period 1 July 2017 to 31 March 2018.

## **STATUTORY IMPLICATIONS**

### **LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996 - REG 5**

#### **5. CEO's duties as to financial management**

(1) *Efficient systems and procedures are to be established by the CEO of a local government —*

(a) *for the proper collection of all money owing to the local government; and*

(b) *for the safe custody and security of all money collected or held by the local government; and*

(c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*

(d) *to ensure proper accounting for municipal or trust —*

(i) *revenue received or receivable; and*

(ii) *expenses paid or payable; and*

(iii) *assets and liabilities;*

*and*

(e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*

(f) *for the maintenance of payroll, stock control and costing records; and*

(g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*

(2) *The CEO is to —*

(a) *ensure that the resources of the local government are effectively and efficiently managed; and*

(b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*

(c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.*

### **POLICY IMPLICATIONS**

No policy implications apply in relation to this item. The Shire has undertaken to draft a work procedure to address one of the matters reported (refer Attachment 1 - paragraph 4.6).

### **FINANCIAL IMPLICATIONS**

No financial implications apply in relation to this item.

### **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

Strategy 4.4.4: Apply best practice financial management to ensure long term sustainability

### **RISK IMPLICATIONS**

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Annual Financial Audit and review policies and procedures in accordance with review schedule.

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

### **COMMENTS**

Moore Stephens in the introduction to the document request that the contents are confidential and should not be disclosed without prior consent. Moore Stephens were contacted to ask if the contents could be in a public attachment but they requested that the attachment remain confidential.



The scope of the engagement conducted by Moore Stephens examined the following 20 financial systems and procedures of Council:

- Purchases, Payments and Payables (Including Purchase Orders)
- Receipts/Receivables
- Payroll
- Rates
- Bank Reconciliations
- Trust Fund
- Fees and Charges
- Cost Allocations
- Administration Allocations
- Minutes and Meetings
- Financial Reports
- Budget
- Plan for the Future
- Fixed Assets (including acquisitions, disposals & depreciation)
- Delegations
- Registers (including Annual and Primary returns)
- Audit Committee
- Insurance
- Storage of Documents/Record Keeping
- Credit Card Procedures
- General Compliance and Other Matters

Fourteen of the 20 areas examined were found to be compliant. In the 6 areas where non-compliance was detected, 11 matters were raised. Of these 3 were moderate, one was minor and the remaining were listed as non-compliant. Management has provided comment on each of these matters and has either remedied the action or put processes in place to remedy the non-compliance.

There are two items in the report where Moore Stephens state “*As the above matters represent non-compliance with the Financial Management Regulations, it may be carried forward to our audit report for the year ended 30 June 2018.*” Shire Officers view the possibility of any matters being included in the audit report as being serious, comment therefore needs to be made on those matters in this report. One matter refers to Rates and the other to Monthly Financial Reports.

With regard to the Rates matter two items were raised. The first item was that the Shire failed to provide reasons for the change between the adopted rate in the dollar and the advertised rate in the dollar for UV rates on the rates notice or information accompanying the rates notice. The circumstances for the change in the rate in the dollar were reported to Council at the Ordinary Council meeting of 13 June 2017. The Shire normally attaches an information pamphlet with the rates notice. The pamphlet shows the advertised rate in the dollar and the adopted rate in the dollar but did not provide an explanation for the change. Shire Officers have amended their work processes to ensure that the information pamphlet

now includes an explanation of any change between the advertised rate in the dollar and the adopted rate in the dollar.

The second Rates matter was instalment notices for the payment of rates did not include the valuation of land as required by Local Government (Financial Management) Regulation 57(1)(a) (not 57(1)(c) as appears in the report). The Shire's template did not provide for this in the past but it has now been amended to include it for all future notices. The instalment reminder includes all other required information.

The matter relating to the Monthly Financial Report refers to the circumstances where Council did not meet in January 2018. At the February 2018 a combined financial report was produced for December 2017 and January 2018. This is regarded as not complying with the regulations as two reports should have been produced one for December 2017 and one for January 2018. Shire Officers have noted this and will ensure that a report is produced for each month.

In the conclusion to the report Moore Stephens state that based on their work performed "nothing has come to our attention to indicate the Shire of Wyndham-East Kimberley has not established and maintained, in all material respects, appropriate and effective financial management systems and procedures during the period covered by our review being 1 July 2017 to 31 March 2018".

For future reviews it should be noted that the legislation has been changed with effect from 27 June 2018 that the reviews should be conducted every three years and not every four years as previously required.

## **ATTACHMENTS**

Confidential Attachment - Financial Management Review Report 2018

## 7.2. INSURANCE CLAIMS REPORT

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	RM.01.2
<b>DISCLOSURE OF INTERESTS:</b>	Nil

### VOTING REQUIREMENT

Simple Majority

### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee recommends to Council that it notes the Insurance Claims Report and associated attachments.**

### COMMITTEE RESOLUTION

**Minute No. 13/08/2018 AC393**

**Moved: Cr M McKittrick**

**Seconded: Cr G Lodge**

**That the Audit (Finance and Risk) Committee recommends to Council that it notes the Insurance Claims Report and associated attachments.**

**Carried 3/0**

### PURPOSE

To report to the Audit (Finance and Risk) Committee (the Committee) the insurance claims that have been lodged for the 2016/17 and 2017/18 financial year, the associated costs and the status of the claims.

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

### BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

The Committee has as one of its functions to facilitate the effective management of financial and other risks and the protection of Council assets. The last time the Shire reported on risk matters to the Committee was in August 2016 (**Minute No. AC417**). The Shire

administration is allocating more time and resources to risk management and it is appropriate that the Shires risk performance is reported to the Committee as a standard report on a quarterly basis. This report will review both the 2016/17 financial year and the 2017/18 financial year.

### **STATUTORY IMPLICATIONS**

Not applicable

### **POLICY IMPLICATIONS**

The following Shire documents are relevant to this report:

- Corporate Insurance Strategy
- Risk Management Policy

### **FINANCIAL IMPLICATIONS**

Insurance premiums have been considered in the 2017/18 budget process. There are no other financial implications arising out of the preparation of this report.

### **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

Goal: 4.3: Ensure a strong and progressive organisation delivering customer focused services

Strategy 4.3.2: Create a culture that encourages innovation, collaboration, best practice and organisational discipline to improve efficiency, effectiveness and productivity

Strategy 4.4.4: Apply best practice financial management to ensure long term sustainability

### **RISK IMPLICATIONS**

Risk: Inadequate insurance cover leading to damage of reputation and/or financial loss.

Control: Annual review of insurance cover.

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 *Community Engagement Policy* has been considered in relation to this item.

No community engagement is required.

## **COMMENTS**

The Terms of Reference for the Audit (Finance and Risk) Committee set out as one of the objectives is to facilitate the effective management of financial and other risks and the protection of Council assets. Part of the *Local Government Operational Guidelines Number 09 - Audit in Local Government* identifies that “good audit committee practices in monitoring internal control and risk management programs typically include: assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.”

The attachments detail for the financial years 2016/17 and 2017/18 the cost of claims across four categories where claims were made. These can be summarised as follows:

	<b>2017/18</b>		<b>2016/17</b>	
	<b>Estimated Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>	<b>Number of Claims</b>
Motor Vehicle	\$0	0	\$42,984	1
WorkCare	\$62,851	6	\$7,621	5
Property	\$69,738	4	\$8,869	2
Liability	\$2,000	2	\$10,363	4
Total	\$134,589	12	\$69,837	12

The table above shows no Motor Vehicle claims were made during the 2017/18 year. This is a great result for Council when compared to the 2016/17 year. The number of claims made has reduced has also reduced significantly from 2015/16 when 8 claims were made.

WorkCare costs show an increase over 2016/17. The 2017/18 amount comprises of two amounts, costs actually incurred of \$11,770 and estimated future costs of \$51,081. Shire officers believe that the estimate of future costs is excessively high and costs of \$22,000 would be more realistic. This is still however more than in 2016/17. The results in this area can be impacted by having a more rigorous OHS system in place. The Shire is looking to recruit these skills into Human Resources in filling the vacant position in that department. This should improve both the quality of reporting and make a positive financial impact.

Property Damage for 2017/18 includes an estimate of \$65,000 for damage to the Wyndham Swimming Pool. But for this claim the costs would have decreased below the prior year amount. The claims made are due to outside factors that are beyond the control of the Shire. Positive impacts can be expected to be made with the implementation of the CCTV project.

Liability claims show a reduction over the prior year. However the claims for both years are still open. For the claims in the 2016/17 year, the amount shown of \$10,000 is an estimate. The Shire is relatively confident that there will be no liability once finalised. With regard to the

two claims in the 2017/18 year the Shire considers the amounts provided to be adequate to cover the cost of settling those claims.

Overall Shire Officers consider that once the 2016/17 claims are final the total actual costs of claims will be approximately \$60k. For the 2017/18 year the final amount will approximate \$95k. While this is significantly higher than the prior year if one excludes the Wyndham Swimming Pool claim of \$65k it shows that the items where the Shire can improve systems and controls has reduced.

It should be noted that it is the opinion of the Executive that the Shire can improve the reporting of incidents with the appointment of a staff member who is responsible for OH&S matters. While these may not change the insurance claims data it will provide better data as to how the Shire is managing risk. It should be further noted that a continuing good claims record will have a positive effect on the cost of insurance.

### **ATTACHMENTS**

Confidential Attachment - Confidential claims report 2017 - 2018

### 7.3. STANDING ITEM - RATES DEBTORS

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.11.1
<b>DISCLOSURE OF INTERESTS:</b>	Nil

#### VOTING REQUIREMENT

Simple Majority

#### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee reports to the Council that the actions being undertaken by the administration in regard to rates debtors, including rates debts in legal process, are sufficient and appropriate.**

#### COMMITTEE RESOLUTION

**Minute No. 13/08/2018 AC394**

**Moved: Cr G Lodge**

**Seconded: Cr M McKittrick**

**That the Audit (Finance and Risk) Committee reports to the Council that the actions being undertaken by the administration in regard to rates debtors, including rates debts in legal process, are sufficient and appropriate.**

**Carried 3/0**

#### PURPOSE

To review the status of rates debtors and those rates debts that are in the legal process.

#### NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

#### BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

At the Ordinary Council Meeting, 16 October 2007, Council resolved the following:

***Minute No. 7936***

***That Council direct the CEO to provide a written report to Council under confidential cover each month in regard to all debts currently in legal process.***

***Carried Unanimously 5/0***

At the Ordinary Council Meeting on 18 March 2008, Council resolved the following:

***Minute No: 8148***

***Moved: Cr J Parker    Seconded: Cr F Mills***

***That Council:***

- 1. note the confidential report provided to it in relation to debts owed to Council and under legal action.***
- 2. direct the Executive Manager Corporate Services to provide a written report to the Audit Committee under confidential cover at each Audit Committee meeting in regard to all debts currently in legal process.***
- 3. request the Audit Committee to make recommendations to Council as required and appropriate in relation to the report provided under confidential cover regarding debts currently in legal process.***
- 4. resolve that this requirement replaces the previous requirement on the CEO to report information to Council.***

***Carried Unanimously 8/0***

This requirement is now fulfilled by a combination of this report and item 5.1 Standing Item – Sundry Debtors.

The Outstanding Rates Debtors over three years report has also been incorporated into the confidential attachment to this item to give a complete picture of rates debtors.

### **STATUTORY IMPLICATIONS**

This item in a Council Meeting needs to be discussed behind closed doors in accordance with section 5.23. (2) (e) (iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person.

### **POLICY IMPLICATIONS**

Council's Policy *CP/FIN-3212 Rates and Charges Debt Collection* is relevant

### **FINANCIAL IMPLICATIONS**

Legal fees may be incurred to recover debts or revenue written off if debt recovery is considered not economically viable.



## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2012-2022*

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability

Objective 1.4: Business innovation, efficiency and improved services

Strategy 1.4.3: Maintain Council's long term financial viability

## **RISK IMPLICATIONS**

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Controls: Annual Financial Audit.

Review policies and procedures in accordance with review schedule.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item.

No community engagement is required however regular communication is had with ratepayers.

## **COMMENTS**

### **Rates and Services Debtors Summary**

<b>Rates &amp; Services Levied 2017/18 (including arrears)</b>	<b>Rates &amp; Services Debt at 30 June 2018</b>	<b>Overdue at 30 June 2018</b>
<b>\$ 13,555,885.30</b>	<b>\$1,040,091.29</b>	<b>\$1,040,091.29</b>

Rates for the financial year of 2017/18 were raised and issued on 4 August 2017.

Interim rating occurs periodically throughout the year.

## Comparison of rates received 2016/17 and 2017/18

NB: It should be noted that the table below includes rates, waste management charges, waste receptacle charges and back rates.

		2016/2017			2017/18		
Days from Billing		Total Outstanding	Received	% of Billing	Total Outstanding	Received	% of Billing
		\$	\$	%	\$	\$	%
0	Notices Issued	12,306,977			12,943,820		
7		12,138,917	168,060	1.37%	12,543,019	400,801	3.10%
14		11,537,136	601,781	4.89%	10,426,388	2,116,631	16.35%
21		9,094,993	2,442,143	19.84%	9,307,423	1,118,965	8.64%
28		7,760,833	1,334,160	10.84%	8,274,170	1,033,253	7.98%
35		4,766,442	2,994,391	24.33%	5,248,725	3,025,445	23.37%
42		4,482,442	284,000	2.31%	4,765,947	482,778	3.73%
2nd Instalment Due Date		3,178,988	1,303,454	10.59%	3,595,310	1,170,637	9.04%
Final Instalment Due Date		1,346,179	1,832,809	14.89%	1,498,563	2,097,747	16.21%
30 June Following		978,254	367,925	2.98%	1,040,091	457,472	3.53%
Total			11,328,723	92.05%		11,903,729	91.96%

## Instalment Status Report at 30 June 2018

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue** \$	% of Properties Overdue
2 instalments	184	6.69%	143	41	-4,292.41	22.28%
4 Instalments	591	21.48%	417	174	27,877.94	29.44%
<b>All instalment payers</b>	<b>775</b>	<b>28.17%</b>	<b>560</b>	<b>215</b>	<b>23,585.53</b>	<b>27.74%</b>

\*2751 excluding non-rateable properties

\*\*Instalments overdue for 2 instalments is showing a credit due to rate assessments being in credit.

**Comparison of rates debtors referred for debt collection for 2015/16, 2016/17 and 2017/18 as at 30 June 2018.**

	2015/16		2016/17		2017/18	
	Number of debtors	Total value of Debt \$	Number of debtors	Total value of Debt \$	Number of debtors	Total value of Debt \$
Debts referred for Letter of Demand	149	639,115	133	490,002	166	1,183,813
Debts proceeding to General Procedure Claim	46	154,828	20	77,260	59	373,199

**ATTACHMENTS**

Confidential Attachment - Rates Debtors at 30 June 2018

#### 7.4. STANDING ITEM - WAIVE, GRANT CONCESSIONS OR WRITE OFF DEBTS

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Governance Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	PI.02.6
<b>DISCLOSURE OF INTERESTS:</b>	Nil

#### VOTING REQUIREMENT

Simple Majority

#### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee reports to Council the Waiver, Grant Concession or Write off Debts Report for the Period 14 May 2018 to 6 August 2018**

#### COMMITTEE RESOLUTION

Minute No. 13/08/2018 AC395

Moved: Cr M McKittrick  
Seconded: Cr T Chafer

**That the Audit (Finance and Risk) Committee reports to Council the Waiver, Grant Concession or Write of Debts Report for the Period 14 May 2018 to 6 August 2018**

**Carried 3/0**

#### PURPOSE

The purpose of this report is to report to the Audit (Finance and Risk) Committee the Waiver, Grant Concession or Write off of Debts for the period 14 May 2018 to 6 August 2018.

#### NATURE OF COUNCIL'S ROLE IN THE MATTER

Regulator - enforce state legislation and local laws

#### BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

At the 26 September 2017 Ordinary Council Meeting, Council adopted the revised Delegations Register for the 2017/18 financial year

**Minute No: 26/09/2017-11790**

**Commissioner resolved:**

**That Council adopt the revised Delegations Register for the 2017/2018 financial year with amendments made to Section 5 and 8.**

**Carried 1/0**

*Delegation 11: Waive, Grant Concessions or Write off Debts - delegates the authority and power to the Chief Executive Officer under section 6.12 (1)(b) and (c) authority and power to the Chief Executive to:*

- 1. Waive or grant concessions in relation to sundry debts owed to the Shire (other than rates and services charges)*
- 2. Write off money owed to the Shire*
- 3. Determine the conditions to be applied to waive, grant a concession or write off money owed to the Shire*

*Conditions:*

- a) Limited to individual debts not exceeding \$500*
- b) Write-off rates and service charges not exceeding \$200*
- c) Report to the Audit (Finance and Risk) Committee on the exercise of this delegation*

*In this delegation:*

*Waive means to provide a special concession to a person or organisation that extinguishes a debt that would have been owed to the Shire. A waiver may be provided prior to, or subsequent to the date that the debt is incurred.*

*Write Off occurs following the realisation that the asset can no longer be converted into cash (eg. a bad debt), can provide no further use to the Shire, or has no market value.*

**STATUTORY IMPLICATIONS**

Local Government Act 1995, Section 6.12(1)(b) and (c)

**POLICY IMPLICATIONS**

CP/FIN-3211 Fees and Charges Pricing

**FINANCIAL IMPLICATIONS**

The total amount of Waivers, Grant Concessions or Write off of Debts for the period 14 May 2018 to 6 August 2018 was \$458.

**STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2012-2022*

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability

Objective 1.4: Business innovation, efficiency and improved services

Strategy 1.4.3: Maintain Council's long term financial viability

### **RISK IMPLICATIONS**

*Risk:* Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

*Controls:* Annual Financial Audit.

Review policies and procedures in accordance with review schedule.

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No Community consultation is considered necessary.

### **COMMENTS**

There were three waivers of fees and charges discharged by the Chief Executive Officer under Delegation 11.

All three waivers were for the use of the facilities at White Gum Park by the NAIDOC week Organising Committee in which the Shire of Wyndham East Kimberley partnered.

### **ATTACHMENTS**

Attachment 1 - Delegation 11 Register

## 7.5. AUDIT STRATEGY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.02.15
<b>DISCLOSURE OF INTERESTS:</b>	Nil.

### VOTING REQUIREMENT

Simple Majority

### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee recommend to Council that it:**

- 1. Notes the contents of this report and the confidential attachment Audit Strategy Memorandum 30 June 2018; and**
- 2. Endorses the changes to *CP FIN 3201 Significant Accounting Policies*.**

### COMMITTEE RESOLUTION

Minute No. 13/08/2018 AC396

Moved: Cr G Lodge  
Seconded: Cr T Chafer

**That the Audit (Finance and Risk) Committee recommend to Council that it:**

- 1. Notes the contents of this report and the confidential attachment Audit Strategy Memorandum 30 June 2018; and**
- 2. Endorses the changes to *CP FIN 3201 Significant Accounting Policies*.**

**Carried 3/0**

### PURPOSE

The purpose of the report is firstly for the Audit (Finance and Risk) Committee to consider the contents of the document Audit Strategy Memorandum, in particular the audit scope, approach and key deliverables. The second purpose is for the Audit (Finance and Risk) Committee to recommend to Council that it notes the contents of this report and that of the Audit Strategy Memorandum. Finally to recommend to Council to endorse the changes to *CP FIN 3201 Significant Accounting Policies* arising out of the Regulatory and Technical Developments detailed in the Audit Strategy Memorandum.

## **NATURE OF COUNCIL'S ROLE IN THE MATTER**

Leader - plan and provide direction through policy and practices

## **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

The Terms of Reference of the Audit (Finance and Risk) Committee (the Committee) require the Committee as part of its duties and responsibilities to review the scope of the audit plan and program and its effectiveness. The Shires auditors, Moore Stephens, have compiled the Audit Strategy Memorandum which considers and documents the aspects of the Committees duties. This is an independent assessment of what is required and has been compiled with current knowledge of the Shires internal control systems.

## **STATUTORY IMPLICATIONS**

There is a significant amount of legislation relevant to the audit process and scope that it is not practical to list all in detail in this report. However the main legal requirements are contained in:

- *Part 6 of the Local Government Act, 1995*
- *Local Government (Financial Management) Regulations, 1996*
- *Local Government (Audit) Regulations, 1996*
- *Australian Accounting Standards*

## **POLICY IMPLICATIONS**

*CP FIN 3201 Significant Accounting Policies* will need to be amended as shown in Attachment 1.

## **FINANCIAL IMPLICATIONS**

There are no cost implications arising from the preparation of this report. The Shire has budgeted for the payment of audit fees during the budget process based on the estimates provided by Moore Stephens.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

Strategy 4.4.4: Apply best practice financial management to ensure long term sustainability



## **RISK IMPLICATIONS**

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Annual Financial Audit and review policies and procedures in accordance with review schedule.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

## **COMMENTS**

Moore Stephens in their introduction to the Audit Strategy Memorandum stated that the document is strictly confidential and should not be disclosed to third parties without their consent. Their consent was sought and they required the document to be kept as confidential. As a result the Audit Strategy Memorandum is listed in the confidential attachments to the agenda.

The confidential attachment is a comprehensive document that sets out the following:

- The scope of the audit
- The audit methodology and approach
- The key deliverables timetable
- Audit risks and areas of focus
- Audit resources to be used
- Auditor's responsibility to consider fraud
- Management responsibility and representations
- Materiality
- Regulatory and technical developments.

Shire Officers have considered the contents of the document and are of the opinion that it is consistent with prior years. Of particular interest for staff is the Key Audit Risks and Focus Areas. Detailed requirements in these areas is generally given to staff by the auditors so that documentation is ready for inspection when the auditors visit the administration offices. The information required for the upcoming audit has been received and staff are currently addressing the requirements.

The Audit Strategy Memorandum notes the application of AASB: 1058 Income of Not-for-Profit Entities which will be applicable for financial years ending on or after 1 January 2019. This necessitates a change to *CP FIN 3201 Significant Accounting Policies*. The application of this Standard will affect the income recognition for the Shire mainly impacting pre-paid rates and grant income. The changes mean that the Shire will no longer be able to recognise pre-paid rates as income but will have to reflect them as a refundable financial liability on the balance sheet. With respect to grant income, amounts received may in certain circumstances not be recognised as income but as a contract liability until such time as conditions under the grant are met.

Appendix 3 to the Memorandum contains the Management Representation Letter the Shire is required to sign. The Shire Officers have considered the content and note that it is consistent with the content of prior years. The Director Corporate Services is happy to sign the letter on behalf of the Shire at the appropriate time.

### **ATTACHMENTS**

Confidential Attachment - Audit Strategy Memorandum 30 June 2018

Attachment 1 - CP FIN 3201 Significant Accounting Policies - July 2018 with track changes

## 7.6. AUDIT (FINANCE AND RISK) COMMITTEE TERMS OF REFERENCE REVIEW

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>DISCLOSURE OF INTERESTS:</b>	Nil

### VOTING REQUIREMENT

Simple Majority

### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee recommends to the Council that it adopt the revised Terms of Reference.**

### COMMITTEE RESOLUTION

Minute No. 13/08/2018 AC397

Moved: Cr G Lodge

Seconded: Cr M McKittrick

**That the Audit (Finance and Risk) Committee recommends to the Council that it adopt the revised Terms of Reference.**

**Carried 3/0**

### PURPOSE

The Audit (Finance and Risk) Committee is established in accordance with Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* which requires all local governments to establish an audit committee.

These Terms of Reference outline the Committee's objectives, powers, composition and membership, terms of membership, meetings, quorum, duties and responsibilities of both the Committee and its members. This report is for the Audit (Finance and Risk) Committee to consider the changes made after a review of the Terms of Reference and recommend to Council that it adopt the changes.

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

## **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

The Terms of Reference were last reviewed in May 2016. Two years is generally considered a best practice timeframe for the review of such policies. The Department of Local Government, Sport and Cultural Industries published “A Guide to Local Government Auditing Reforms” which necessitate the Terms of Reference being reviewed.

## **STATUTORY IMPLICATIONS**

The relevant legislation relating to the terms of reference are:

- *Local Government Act 1995*, section 5.8 - 5.25 Committees and their meetings and matters affecting council and committee meetings.
- *Local Government Act 1995* - 7.1A Audit committee; 7.1B Delegation of some powers and duties to audit committees; 7.1C Decisions of audit committees.
- *Local Government Act 1995* - 7.13(1)(ab) Regulations as to the functions of Audit Committee and 7.13(2) Regulations may be made under section 5.25 in relation to Committees.
- *Local Government (Audit) Regulations 1996*

## **POLICY IMPLICATIONS**

Nil

## **FINANCIAL IMPLICATIONS**

Nil

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire’s financial viability

Goal: 4.3: Ensure a strong and progressive organisation delivering customer focused services

Strategy 4.3.2: Create a culture that encourages innovation, collaboration, best practice and organisational discipline to improve efficiency, effectiveness and productivity

Strategy 4.4.4: Apply best practice financial management to ensure long term sustainability

## **RISK IMPLICATIONS**

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Annual Financial Audit and review policies and procedures in accordance with review schedule.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 *Community Engagement Policy* has been considered in relation to this item. No community engagement is required.

## **COMMENTS**

The Terms of Reference have been reviewed and the following changes have been made:

- The number of Council Members on the Committee has been reduced from 5 to 3 to be consistent with the number of members appointed to the Committee by Council (**Minute Number: 28/11/2017 – 117832**);
- Meetings are now required to be scheduled to ensure that matters raised at the Committee meetings can be presented at the Council briefing for that month and included in the Council Agenda for that month if necessary;
- The Terms of Reference now clarify that meetings are governed by the Meeting Procedures Local Law 2016 which states at 2.1 (3) that “This Local Law is to apply to the conduct of committee meetings” ensuring that meetings will substantially follow the same process as Council meetings;
- The quorum has reduced from 3 to 2 due to the reduction in members;
- The old Part (b), (d) and (e) of the Duties and Responsibilities has been removed as once the contract period has expired for our current contract with Moore Stephens the Auditor General will appoint the Shires next auditor;
- The old Part (c) has been deleted as this does not happen in practice. This aspect is now covered by the changes to the new Part (f);
- The changes to the legislation as detailed in Attachment 3 have changed the requirement for the review of the appropriateness and effectiveness of the Shire’s systems and procedures in regard to risk management, internal control and legislative compliance from every two years to every three years;
- The inclusion of new Parts (m), (n), (o) and (p) arise out of the publication of both the September 2017 and the June 2018 versions of “A Guide to Local Government Auditing Reforms”.

## **ATTACHMENTS**

Attachment 1 - Audit (Finance and Risk) Committee Terms of Reference July 2018 - Track Changes

Attachment 2 - A Guide to Local Government Auditing Reforms - September 2017.

Attachment 3 - A Guide to Local Government Auditing Reforms - June 2018

## 7.7. SUNDRY DEBTORS REPORT AUGUST 2018

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.07.02
<b>DISCLOSURE OF INTERESTS:</b>	NIL

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

**That the Audit (Finance and Risk) Committee reports to the Council that the actions being undertaken by the administration in regard to sundry debtors including sundry debts in legal process are sufficient and appropriate**

### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC398**

**Moved: Cr M McKittrick  
Seconded: Cr G Lodge**

**That the Audit (Finance and Risk) Committee reports to the Council that the actions being undertaken by the administration in regard to sundry debtors including sundry debts in legal process are sufficient and appropriate**

**Carried 3/0**

### **PURPOSE**

To review the status of sundry debtors, including airport debtors, and sundry debts in legal process.

### **NATURE OF COUNCIL'S ROLE IN THE MATTER**

Leader - plan and provide direction through policy and practices.

## **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

The listing of 90+ day sundry debtors was provided at the Ordinary Council Meeting on a monthly basis until March 2009 when Council resolved that the 90+ days debtor list be removed from the Council Agenda as a standing item and be presented to the then Audit Committee for consideration and to make recommended actions to Council as this falls within the scope of the committee's purpose.

In line with the more strategic focus of the new Committee the report in April 2012 only included debtor balances at 90+days and over \$500.

To further progress this strategic focus this item has been changed to provide summary information regarding all sundry debts including airport landing fees administered by Avdata on the Shire's behalf.

Further changes were recommended to the Committee at the February 2014 meeting to modify the report by removing the categories previously reported and to report sundry debtors as a whole, with airport debtors still being identified separately and that only debtors in excess of \$20,000 be provided with more detail. These changes were supported by the Committee and have been considered in the writing of this report.

## **STATUTORY IMPLICATIONS**

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23. (2) (e) (iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person and because the item also contained legal advice to the Council.

## **POLICY IMPLICATIONS**

Council Policy *CP/FIN-3214 Sundry Debt Collection* is relevant to this item.

## **FINANCIAL IMPLICATIONS**

Legal fees may be incurred to recover debts or revenue written off if debt recovery is considered not economically viable.

It should be noted however, that as outlined in section 9.1 of the *CP/FIN-3214 Sundry Debt Collection Policy*, when possible 'legal fees associated with the recovery of outstanding debts will be recovered from the sundry debtor to the extent allowable under legislation and will be assessed on a case by case basis'.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2012-2022*

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability

Objective 1.4: Business innovation, efficiency and improved services

Strategy 1.4.3: Maintain Council's long term financial viability

### **RISK IMPLICATIONS**

*Risk:* Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

*Control:* Review policies and procedures in accordance with review schedule

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item.

No community engagement is required however there is regular contact with debtors generally.

### **COMMENTS**

#### **Sundry Debtors (General) Summary as at 3 August 2018**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	23	125,733	3,375	120,482	602,426	852,016

Note: The information in the above table is from the Shire's Debtors System, the revenue is recognised when the debt is raised.

#### **Sundry Debtors (Airport Landing Fees) Summary as at 3 August 2018**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	19	23,695	32,279	28,610	142,173	226,757
Wyndham Airport	2	258	892	1,624	1,757	4,531
<b>Total</b>	<b>21</b>	<b>23,953</b>	<b>33,171</b>	<b>30,234</b>	<b>143,930</b>	<b>231,288</b>



Note: The information in the above table is provided by Avdata.

**ATTACHMENTS**

Confidential Attachment 1 - Sundry Debtors at 3 August 2018

## 7.8. REGULATION 17 STATUS REPORT

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Governance Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.02.8
<b>DISCLOSURE OF INTERESTS:</b>	Nil

### VOTING REQUIREMENT

Simple Majority

### OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee:

1. notes the quarterly reporting for Regulation 17 actions
2. reports the quarterly reporting for Regulation 17 actions to Council for endorsement.

### COMMITTEE RESOLUTION

Minute No. 13/08/2018 AC399

Moved: Cr T Chafer

Seconded: Cr G Lodge

That the Audit (Finance and Risk) Committee:

1. notes the quarterly reporting for Regulation 17 actions
2. reports the quarterly reporting for Regulation 17 actions to Council for endorsement.

Carried 3/0

### PURPOSE

To review the progress of actions undertaken in respect of the Local Government (Audit) Regulations 1996, Regulation 17 review of 2016

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

## **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

Department of Local Government Circular No. 05-2013 of February 2013 detailed amendments to the Local Government (Audit) Regulations 1996 which would come into effect on 9 February 2013. These amendments require a local government's Chief Executive Officer to review the local government's systems and procedures in regard to risk management, internal control and legislative compliance on a periodic basis and provide a report of that review to the Audit (Finance and Risk) Committee for their consideration. This expansion of the responsibilities for the Audit (Finance & Risk) Committee should provide for enhanced management of risk and legislative compliance within the Shire, increasing transparency and involvement for elected members.

Council has previously made resolutions in respect of the Regulation 17 review including AC432-20 of December 2016 which committed the Audit (Finance & Risk) Committee to reporting the results of the review quarterly to Council and providing Council a copy of the report.

The Shire of Wyndham East Kimberley commissioned an independent review of Risk Management, Legislative Compliance and Internal Controls under Regulation 17 of the *Local Government (Audit) Regulations 1996* by Moore Stephens in December 2016 which identified areas for possible improvement. Of the 35 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley prioritised the development and review of 31 recommendations in the following two year period. These recommended actions were included as actions in the Corporate Business Plan 2017/16 and 2017/18 and are contained within the below table (highlighted in bold);

*(ID contained in bold represent committed actions)*

ID	Strategy	Action Title
<b>523</b>	R17.6.2	Amend <i>CP/FIN-3204 Purchasing Policy</i> for extension or variation of a contract's scope after a contract is signed
<b>518</b>	R17.6.2	Remove <i>E9 Traffic Signs Policy</i> from the Shire website
<b>522</b>	R17.6.2	Ensure <i>CP/FIN-3201 Significant Accounting Policy</i> is reviewed annually
<b>521</b>	R17.6.2	Review <i>CP/FIN-3200 Strategic Rating Policy</i> - amended to remove any defined rates in the dollar and minimum payment levels
<b>520</b>	R17.6.2	Review the policies in the Local Planning Policy Manual and update if required
<b>519</b>	R17.6.2	Review <i>E10 Roadside Advertising Policy</i>

<b>524</b>	R17.6.2	Review <i>F20 Fixed Assets Policy</i> and incorporated within the broader Asset Management Policy
<b>516</b>	R17.6.2	Development of an Insurance Strategy and Policy
<b>515</b>	R17.6.2	Develop an Occupational Safety and Health Policy
<b>514</b>	R17.6.2	Develop a Record Keeping Compliance Policy
513	R17.6.2	Develop a Legislative Compliance Policy
512	R17.6.2	Develop an Internal Control Policy
<b>510</b>	R17.6.2	Develop a Risk Management Policy and present to Council
<b>517</b>	R17.6.2	Amend Alcohol Management Policy
<b>526</b>	R17.7.2	Asset Management Plan - Develop and adopt an Asset Management Plan
<b>525</b>	R17.7.2	Workforce Management - Review, update and present to Council for consideration and adoption
<b>530</b>	R17.7.2	Develop Cyclone Procedures
<b>529</b>	R17.7.2	Records Disaster Management Plan - The Plan be amended
<b>528</b>	R17.7.2	Business Continuity Management Plan - Finalise and present to Council for consideration and adoption
<b>527</b>	R17.7.2	Long Term Financial Plan - Develop and adopt a Long-Term Financial Plan
531	R17.7.2	Internal Controls Policy - A policy developed reflecting Council's commitment to risk based internal controls throughout the organisation
<b>535</b>	R17.7.3	Staff Training - Development of a training matrix
<b>536</b>	R17.7.3	Staff Qualifications - Documented procedures developed to ensure staff qualifications are current and copies are maintained on file

<b>537</b>	R17.7.3	Ensure all contractors and volunteer staff undergo induction before commencing
<b>534</b>	R17.7.3	Establish a process to re-induct employees so they are aware of ongoing changes
<b>532</b>	R17.7.3	Review the Code of Conduct to include volunteers and contractors in the scope
<b>533</b>	R17.7.3	Ensure The Occupational Health and Safety Committee commence regular meetings
<b>540</b>	R17.7.4	Develop Procedures to ensure contractors have appropriate insurance cover
<b>541</b>	R17.7.5	Develop IT Disaster Recovery Plan and IT Security Plan
<b>542</b>	R17.8.2	Minutes of Executive Management Team meetings be maintained
<b>543</b>	R17.8.3	Develop Strategic and Operational Risk Register
<b>544</b>	R17.8.3	Develop Occupational Health and Safety Incidents register
<b>545</b>	R17.8.3	Develop Litigation/Claims Register
<b>547</b>	R17.8.5	Develop a Community Complaints Handling procedure
<b>546</b>	R17.8.5	Improve Employee Complaints/Grievance Handling

Of the remaining four (4) recommendations 512 and 531 appear to be similar and of the remaining two, 513 was considered to have been addressed in the Reg 17 process and recommendations above, and 530 applies only to Wyndham and has been considered as part of the Shire's Emergency Response Plan.

Item 528, 529 and 541 were consolidated into one action, as were 547 and 546. 522 and 524 were also consolidated as the review of accounting policies and is considered complete.

Prior to this Council endorsed via resolution 11555 of December 2016 the CEO's review of systems and procedures under Regulation 17. Reporting is further noted as an action in support of strategy 1.4.1 of the Corporate Business Plan, that being that a quarterly Regulation 17 status report for Audit (Finance and Risk) Committee is developed and maintained.

A matter to note is that an amendment to Regulation 17(2) is being prepared by the Department of Local Government Sport and Cultural Industries that will require the CEO to undertake a review of audit systems and procedures no less than once in every three financial years as opposed to once every two years as is currently the case. The Shire will, once the amendment is passed, conduct the reviews of risk management, internal controls and legislative compliance no less than once in every three financial years.

## **STATUTORY IMPLICATIONS**

*Local Government (Audit) Regulations 1996 specifically regulation 17 stipulate that:*

*(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*

*(a) risk management; and*

*(b) internal control; and*

*(c) legislative compliance.*

*(2) The review may relate to any or all of the matters referred to in subregulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*

*(3) The CEO is to report to the audit committee the results of that review.*

*[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]*

Additionally, the Shire's Risk Management Policy commits the Shire to demonstrating consideration of the Shire's Risk Management Framework in the development of local laws.

There are no mandatory or minimum requirements for conducting the Regulation 17 CEO review.

## **POLICY IMPLICATIONS**

- Risk Management Policy - committing the Shire to incorporating Risk Management in any plan for the future and demonstrating consideration of the Shire's Risk Management Framework in the development of council policies and plans;
- Roadside Advertising Signage - providing for enhanced management of roadside signage such that the hazard to road users or impact on the visual amenity of the roadside environment due to signage is minimised.
- Strategic Rating Policy - removing any defined rates in the dollar and minimum payment amounts in the Policy in order that the Policy need not be amended annually when the rate in the dollar changes but only when there is a change in policy;
- Significant Accounting Policies - in consideration of latest Australian Accounting Standards particularly in respect of remaining useful life, componentisation of assets and residual value;
- Purchasing Policy - to include guidance where there is an extension or variation of a contract's scope after a contract is signed;

- Alcohol Management Policy - to require a formal risk assessment to be undertaken before granting a permit and for all events rated above medium risk to provide a risk management plan detailing risk treatment to reduce risk
- Insurance Strategy or Policy - to provide clarity on issues such as the level of self-insurance, the adequacy of cover and the basis of valuation of insured assets.

Policies repealed or redesignated include:

- E9 Traffic Signs, redesignated.
- E10 Roadside advertising, redesignated CP/OPS-3658 Roadside Advertising Signage.
- Fixed Assets Policy - This policy is no longer in use as the detail is incorporated in the Significant Accounting Policies policy.

### **FINANCIAL IMPLICATIONS**

There are no financial implications arising from the preparation of this report. All matters relating to the Regulation 17 review have been accommodated within the Shires budget process in the relevant years.

### **STRATEGIC IMPLICATIONS**

Strategic Community Plan 2012-2022

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability objective

1.4: Business innovation, efficiency and improved services Strategy

1.4.1: Ensure legislative compliance and follow best practice principles in planning and service delivery

### **RISK IMPLICATIONS**

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Review policies and procedures in accordance with review schedule

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No engagement is required at this time.

### **COMMENTS**

Of the 35 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley prioritised the development and review of 32 recommendations in the following

two year period. Of the 32 recommendations, there are 22 items complete, 8 items at 50 percent or more completion with the remaining 2 actions at less than 50 percent.

The next review will commence with Moore Stephens in October 2018, with new and existing actions updated to reflect the governance and risk position moving forward. It is expected that a new report, containing recommendations to assist with development of the local government's systems and procedures will be received in late November 2018 with action on the recommendations commencing in 2019.

## **ATTACHMENTS**

Attachment 1: Regulation 17 Status Report Q4



## 7.9. STANDING ITEM - LEASES

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	CP.07 and CP.16
<b>DISCLOSURE OF INTERESTS:</b>	Nil

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

**That the Committee recommends to the Council that it notes the Confidential Lease Schedule and the New and Renewal Lease Schedule attached.**

### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC400**

**Moved: Cr G Lodge**

**Seconded: Cr M McKittrick**

**That the Committee recommends to the Council that it notes the Confidential Lease Schedule and the New and Renewal Lease Schedule attached.**

**Carried 3/0**

### **PURPOSE**

To consider the attached Confidential Lease Report as at 30 January 2018.

### **NATURE OF COUNCIL'S ROLE IN THE MATTER**

Provider - provide physical infrastructure and essential services.

### **BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE**

The Shire of Wyndham East Kimberley administers over thirty five leases ranging from airport leases, community and commercial leases.

In December 2007 the Audit (Risk and Finance) Committee resolved:

**Minute No. A066**

**Moved: Cr Keith Wright**

**Seconded Cr Frederic Mills**

- 1. That the Audit Committee note that the responsibility for the management of leases and periodical contracts is that of the Executive Manager Corporate Services.**
- 2. That the Audit Committee note that the Executive Manager Corporate Services monitors the leases and coordinates the lease database and reporting to Executive Managers, the Audit Committee and Council.**
- 3. That the Audit Committee request staff to present an updated Lease Spreadsheet certified by Executive Manager Corporate Services to each Audit Committee meeting as a standing item.**

**Carried Unanimously 4/0**

## **STATUTORY IMPLICATIONS**

**Local Government Act 1995**

**Part 5, Division 2**

### **5.23. Meetings generally open to public**

- (2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —*
- (a) *a matter affecting an employee or employees; and*
  - (b) *the personal affairs of any person; and*
  - (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
  - (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
  - (e) *a matter that if disclosed, would reveal —*
    - (i) *a trade secret; or*
    - (ii) *information that has a commercial value to a person; or*
    - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and*
  - (f) *a matter that if disclosed, could be reasonably expected to —*
    - (i) *impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
    - (ii) *endanger the security of the local government's property; or*
    - (iii) *prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*
  - (g) *information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
  - (h) *such other matters as may be prescribed.*

- (3) *A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

### **POLICY IMPLICATIONS**

CP/PMG-3780 Leasing of Council Managed Reserve Land – Community is relevant.  
CP/PMG-3781 Leasing of Council Managed/Owned Land – Commercial is relevant.

### **FINANCIAL IMPLICATIONS**

There are no financial implications from the preparation of this report.

### **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2012-2022*

Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability

Objective 1.4: Business innovation, efficiency and improved services

Strategy 1.4.1: Ensure legislative compliance and follow best practice principles in planning and service delivery

Strategy 1.4.2: Improve the efficiency and productivity of Shire services

Strategy 1.4.3: Maintain Council's long term financial viability

### **RISK IMPLICATIONS**

Strategic Risk: Loss of corporate knowledge with staff turnover.

Control: Documentation of service procedures.

Strategic Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Review policies and procedures in accordance with review schedule.

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item.

No community engagement is required.

### **COMMENTS**

The Shire has finalised several outstanding leasing issues over the past 12 months. Shire staff are following up on outstanding leases on a regular basis and aim to resolve the remaining leases before the end of the financial year. While there are some leases that

remain outstanding, it demonstrates a positive move forward in relation to overall lease management.

## **ATTACHMENTS**

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

## 8. MATTERS BEHIND CLOSED DOORS

### COMMITTEE RESOLUTION

Minute No: 13/08/2018 AC401

Moved: Cr M McKittrick

Seconded: Cr G Lodge

That the Committee move into camera with relevant staff to remain.  
5.31pm

## 8.1. UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENT A2574

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.11.94, A2574D
<b>DISCLOSURE OF INTERESTS:</b>	Nil

This item is to be considered behind closed doors as per the *Local Government Act 1995*:

### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC402**

**Moved: Cr M McKittrick  
Seconded: Cr G Lodge**

**That the Audit (Finance and Risk) Committee report to the Council that negotiations are continuing with the relevant administrators and ratepayer representatives of assessment A2574 and a further updated report will be included in the next Audit (Finance and Risk) Committee Agenda.**

**Carried 3/0**

### **5.23. Meetings generally open to public**

(2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —*

- (a) *a matter affecting an employee or employees; and*
- (b) *the personal affairs of any person; and*
- (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
- (e) *a matter that if disclosed, would reveal —*
  - (i) *a trade secret; or*
  - (ii) *information that has a commercial value to a person; or*
  - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and*
- (f) *a matter that if disclosed, could be reasonably expected to —*

- (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
    - (ii) endanger the security of the local government's property; or*
    - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*
  - (g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
  - (h) such other matters as may be prescribed.*
- (3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

### **VOTING REQUIREMENT**

Simple Majority

### **PURPOSE**

For the Audit (Finance and Risk) Committee to report to the Council the further investigations and actions undertaken regarding options for the recovery of outstanding rates for Assessment A2574 in accordance with relevant legislation.

## 8.2. UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENT A2569

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.11.94 A2569D
<b>DISCLOSURE OF INTERESTS:</b>	Nil

This item is to be considered behind closed doors as per the *Local Government Act 1995*:

### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC403**

**Moved: Cr G Lodge**

**Seconded: Cr T Chafer**

**That the Audit (Finance and Risk) Committee report to the Council that negotiations are continuing with the relevant administrators and ratepayer representatives of assessment A2569 and a further updated report will be included in the next Audit (Finance and Risk) Committee Agenda.**

**3/0**

### **5.23. Meetings generally open to public**

(2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —*

- (a) *a matter affecting an employee or employees; and*
- (b) *the personal affairs of any person; and*
- (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
- (e) *a matter that if disclosed, would reveal —*
  - (i) *a trade secret; or*
  - (ii) *information that has a commercial value to a person; or*
  - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and*
- (f) *a matter that if disclosed, could be reasonably expected to —*



- (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
    - (ii) endanger the security of the local government's property; or*
    - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*
  - (g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
  - (h) such other matters as may be prescribed.*
- (3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

### **VOTING REQUIREMENT**

Simple Majority

### **PURPOSE**

For the Audit (Finance and Risk) Committee to report to the Council the further investigations and actions undertaken regarding options for the recovery of outstanding rates for Assessment A2569 in accordance with relevant legislation.

### 8.3. UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENT A411

<b>DATE:</b>	13 August 2018
<b>AUTHOR:</b>	Senior Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Director Corporate Services
<b>FILE NO:</b>	FM.11.94, A411D
<b>DISCLOSURE OF INTERESTS:</b>	Nil

This item is to be considered behind closed doors as per the *Local Government Act 1995*:

#### **COMMITTEE RESOLUTION**

**Minute No. 13/08/2018 AC404**

**Moved: Cr M McKittrick  
Seconded: Cr G Lodge**

**That the Audit (Finance and Risk) Committee report to the Council that Officers have commenced the process required to sell the property of a deregistered company for assessment A411 and a further updated report will be included in the next Audit (Finance and Risk) Committee Agenda.**

**Carried 3/0**

#### **5.23. Meetings generally open to public**

(2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —*

- (a) *a matter affecting an employee or employees; and*
- (b) *the personal affairs of any person; and*
- (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
- (e) *a matter that if disclosed, would reveal —*
  - (i) *a trade secret; or*
  - (ii) *information that has a commercial value to a person; or*
  - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and*
- (f) *a matter that if disclosed, could be reasonably expected to —*

- (i) *impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
  - (ii) *endanger the security of the local government's property; or*
  - (iii) *prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*
  - (g) *information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
  - (h) *such other matters as may be prescribed.*
- (3) *A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

### **VOTING REQUIREMENT**

Simple Majority

### **PURPOSE**

For the Audit (Finance and Risk) Committee to report to the Council the further investigations and actions undertaken regarding options for the recovery of outstanding rates for Assessment A411 in accordance with relevant legislation.

### **COMMITTEE RESOLUTION**

**Minute No: 13/08/2018 AC405**

**Moved: Cr G Lodge**

**Seconded: Cr M McKittrick**

**That the Committee move out of camera 5.43pm**

**Carried 3/0**

## **9. DATE OF NEXT MEETING**

Monday 5<sup>th</sup> November 2018 at 5.00pm

## **10. CLOSURE**

The Chair declared the meeting closed at 5.44pm