

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

14 May 2018

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SHIRE OF WYNDHAM EAST KIMBERLEY
AGENDA OF THE AUDIT (FINANCE AND RISK)
COMMITTEE

KUNUNURRA COUNCIL CHAMBERS

HELD ON MONDAY 14 MAY 2018 AT 5:00 PM

1. DECLARATIONS OF OPENING

Cr Lodge declared the meeting open at 5:43PM

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 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
K Williams	Minute Taker

Apologies

Cr T Chafer	Deputy Shire President	Chair of Committee
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3. PUBLIC QUESTION TIME/PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Public Question Time, 12 February 2018 Audit Committee Meeting

Public Question Simone Rushby, Resident

I note the statistics provided in the Agenda, Page 9, in relation to debt collection 2015. Within this period there were 117 debtors wrongly referred to debt collection. Can you tell me if these 117 wrongly referred debtors were included in the 146 debtors tabled in the agenda, and if there was ever an independent internal audit process completed which was ordered at the time.

The Chief Executive Officer provided the response as follows:

Shire Officers have reviewed Shire records for the 2015/16 financial year related to this matter including correspondence with the Shires collection agency at the time. The 149 debts referred for "LOD" in 2015/16 were debtors to whom a Letter of Demand was issued by the Shire's debt collection agency. Of these 149 debtors, 46 were then referred for a General Procedure Claim to be issued against them. An examination of the Shire records for the period did not indicate that any of the 46 referred for a General Procedure Claim were done so incorrectly. Furthermore, Shire Officers cannot find any information relating to 117 wrongly referred debtors during the 2015/16 financial year. Consequently, we believe that the data contained in the table is materially correct.

No independent internal audit process was conducted with reference to the debt collection process during the 2015/16 financial year.

Shire Officers are aware that in earlier financial years matters relating to Notices of Discontinuance were dealt with. As that situation did not directly impact on the data contained in the table no further investigation was conducted.

4. DECLARATION OF INTEREST

- Financial Interest
Nil
- Impartiality Interest
Nil
- Proximity Interest
Nil

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

The Chair drew the Committee's attention to the administration note in relation to a corrected error in the unconfirmed minutes prior to acceptance.

RECOMMENDATION

That the Minutes of the Audit (Finance and Risk) Committee meeting of 12 February 2018 be accepted as a true and accurate record of proceedings.

COMMITTEE DECISION

Minute No. 14/05/2018 AC380

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

That the Minutes of the Audit (Finance and Risk) Committee meeting of 12 February 2018 be accepted as a true and accurate record of proceedings.

Carried 2/0

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

Note: An administration error occurred in the unconfirmed Minutes displayed on the Shire Website in the Public Question Time section. The Minutes have been amended to include the word "independent" within the Public Question from Simone Rusby, Resident.

6. DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/NOTICES OF MOTIONS

Nil

7. REPORTS

7.1. STANDING ITEM - RATES DEBTORS

DATE:	14 May 2018
AUTHOR:	Senior Rates Officer
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.11.1
DISCLOSURE OF INTERESTS:	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 DECISION

Minute No. 14/05/2018 AC381

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 rates debtors, including rates debts in legal process, are sufficient and appropriate.

Carried 2/0

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

Rates & Services Levied 2017/18 (including arrears)	Rates & Services Debt at 1 May 2018	Overdue at 1 May 2018
\$ 13,555,885.30	\$1,304,123.38	\$1,277,102.27

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%			
Total			11,328,723	92.05%		9,348,510	88.43%

Instalment Status Report at 1 May 2018

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue** \$	% of Properties Overdue
2 instalments	184	6.69%	140	44	1,028.32	23.91%
4 Instalments	591	21.48%	392	199	128,045.87	33.67%
All instalment payers	775	28.17%	532	243	129,074.19	31.35%

*2751 excluding non-rateable properties

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

Comparison of rates debtors referred for debt collection for 2014/15, 2015/16 and 2016/17 as at 1 May 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	322,329

ATTACHMENTS

Confidential Attachment 1 - Rates Debtors at 1 May 2018 (Confidential Attachment provided under separate cover).

7.2. SUNDRY DEBTORS REPORT MAY 2018

DATE:	14 May 2018
AUTHOR:	Senior Finance Officer
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.07.02
DISCLOSURE OF INTERESTS:	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 DECISION

Minute No. 14/05/2018 AC382

**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 2/0

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 1 May 2018

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	28	120,057	18,578	16,550	349,426	504,611

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 1 May 2018

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	19	43,797	6,061	89,247	105,804	244,909
Wyndham Airport	2	1,472	442	1,481	1,317	4,712
Total	21	45,269	6,503	90,728	107,121	249,621

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

ATTACHMENTS

Confidential Attachment 1 - Sundry Debtors at 1 May 2018 (Confidential attachment provided under separate cover).

7.3. STANDING ITEM - LEASES

DATE:	3 May 2018
AUTHOR:	Senior Finance Officer
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	CP.07 and CP.16
DISCLOSURE OF INTERESTS:	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 DECISION

Minute No. 14/05/2018 AC 383

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

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

Carried 2/0

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

7.4. REGULATION 17 STATUS REPORT

DATE:	14 May 2018
AUTHOR:	Governance Officer
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.02.8
DISCLOSURE OF INTERESTS:	Nil

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That 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 DECISION

Minute No. 14/05/2018 AC384

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

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

Carried 2/0

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 local Agenda 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, as for 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 a review of Risk Management, Legislative Compliance and Internal Controls under Regulation 17 of the *Local Government (Audit) Regulations 1996*. An independent review conducted by Moore Stephens December 2016, identified areas for possible improvement. Of the 35 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley committed to the development and review of 31 recommendations in the 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;

(ID contained in bold represent committed actions)

ID	Strategy	Action Title
523	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
518	R17.6.2	Remove <i>E9 Traffic Signs Policy</i> from the Shire website
522	R17.6.2	Ensure <i>CP/FIN-3201 Significant Accounting Policy</i> is reviewed annually
521	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
520	R17.6.2	Review the policies in the Local Planning Policy Manual and update if required
519	R17.6.2	Review <i>E10 Roadside Advertising Policy</i>
524	R17.6.2	Review <i>F20 Fixed Assets Policy</i> and incorporated within the broader Asset Management Policy

516	R17.6.2	Development of an Insurance Strategy and Policy
515	R17.6.2	Develop an Occupational Safety and Health Policy
514	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
510	R17.6.2	Develop a Risk Management Policy and present to Council
517	R17.6.2	Amend Alcohol Management Policy
526	R17.7.2	Asset Management Plan - Develop and adopt an Asset Management Plan
525	R17.7.2	Workforce Management - Review, update and present to Council for consideration and adoption
530	R17.7.2	Develop Cyclone Procedures
529	R17.7.2	Records Disaster Management Plan - The Plan be amended
528	R17.7.2	Business Continuity Management Plan - Finalise and present to Council for consideration and adoption
527	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
535	R17.7.3	Staff Training - Development of a training matrix
536	R17.7.3	Staff Qualifications - Documented procedures developed to ensure staff qualifications are current and copies are maintained on file

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

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

Development of the risk management framework is ongoing, toward facilitating the remaining goal of a risk register by the end of the financial year.

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. Community engagement may be undertaken for Community Complaints handling procedure.

COMMENTS

A complete review has been undertaken to determine the position of the Shire's Reg 17 status against the improvement suggestions made within the December 2016 Review of Risk Management, legislative compliance and internal controls report presented to the Shire by Moore Stephens.

Of the 36 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley committed to the development and review of 31 recommendations in the two year period. Of 31 recommendations, there are 20 items complete, 8 items at 50 percent or more completion with the remaining 3 actions at less than 50 percent.

The progress by the third quarter is sufficient to suggest that the Shire will complete a review of the Reg 17 status and associated actions by the final quarter. The review and implementation of the actions is ongoing and prioritised and could vary with the organisation's needs.

ATTACHMENTS

Attachment 1: Regulation 17 Status Report

7.5. INSURANCE STRATEGY

DATE:	14 May 2018
AUTHOR:	Director Corporate Services
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	RM.03.13
DISCLOSURE OF INTERESTS:	NIL

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee receive the report and endorse the Corporate Insurance Strategy as a strategy of Council.

COMMITTEE DECISION

Minute No. 14/05/2018 AC385

**Moved: Cr McKittrick
Seconded: Cr Lodge**

That the Audit (Finance and Risk) Committee receive the report and endorse the Corporate Insurance Strategy as a strategy of Council.

Carried 2/0

PURPOSE

The purpose of this report is to table the Corporate Insurance Strategy document prepared by the Shire so it can be used to guide the decisions of the administration in matters relating to insurance.

NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

The Shire engaged its Auditors, Moore Stephens to provide services in relation to the requirements of Regulation 17 of the *Local Government (Audit) Regulations, 1996*. This involved a review of Risk Management, Internal Controls and Legislative compliance. They undertook the review and provided the Shire with a report containing recommendations and improvements. One of the improvements that were suggested was to develop an Insurance

Strategy or Policy. The aim of having this was to provide clarity on matters such as the adequacy of cover, the basis of asset valuation and self insurance levels.

STATUTORY IMPLICATIONS

Local Government (Audit) Regulations, 1996.

17. CEO to review certain systems and procedures

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

(a) *risk management; and*

(b) *internal control; and*

(c) *legislative compliance.*

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

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

POLICY IMPLICATIONS

There are no other policy implications resulting from this report.

FINANCIAL IMPLICATIONS

Insurance premiums for the Shire for the 2017/18 financial year amounted to \$647,438 (2016/17 - \$751,124) for the LGIS Scheme Fund and \$110,041 (2016/17 - \$114,735) for non scheme funds (all amounts are including GST).

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

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: Review policies and procedures.

Risk: Inability to deliver levels of service expected by the community.

Control: Current budget and service levels.

COMMUNITY ENGAGEMENT

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

COMMENTS

As stated above, there was an improvement recommendation arising out of the Regulation 17 report to the Shire from its auditors, Moore Stephens, that an Insurance Strategy or Policy be developed. The development of the Corporate Insurance Strategy (the Strategy) is to satisfy this recommendation, but also to examine the Shires processes and procedures around the mitigation of risk and provide guidelines on important aspects of insurance and risk mitigation.

The introduction to the Strategy sets out the rationale for the Shire to have a Corporate Insurance Strategy. It states:

“This strategy outlines the Shire’s overall approach to risk retention and transfer including the procurement of corporate insurance cover through relevant policies of insurance. The purpose of this insurance strategy is to help stakeholders understand the Shire’s future requirements in this key business area.

The Shire has purchased a wide range of insurance policies to protect its assets, its people and its reputation. In recent years with the development of better risk management processes and a softening of the insurance market there has been the opportunity to look for better value for money in using insurance as a mitigating factor in reducing the risk of loss.

There has been a move towards more self-insurance as a strategy where organisations have better risk management and where there is a risk of a gradual hardening of the external insurance markets causing premiums to increase and more restrictions being placed on the cover available.

This strategy enhances the Shire’s ability to:

- *Maintain an optimum balance between internal “self-insurance” and the procurement of external insurance.*
- *Safeguard the Shire’s assets and protect the Shire’s reputation.*
- *Determine whether the Shire should consider an Insurance Reserve to provide an “insurance fund” to meet potential and contingent liabilities as mechanism towards the development of a self-insurance fund.*
- *Proactively manage and investigate insurance claims including appropriate mechanisms for the detection and prevention of fraud and claim settlements.”*

It should be noted that the Shire performs many of these processes and procedures in the course of normal operations but had not as yet formalised its strategy. The Strategy sets out in detail the strategic vision, insurance objectives, insured risk, self insurance, risk appetite, operational aspects, an insurance reserve and reporting. Highlighted below are some important aspects of the Strategy.

The Strategy provides three strategic aims:

Strategic aim 1: To maintain an insurance programme that provides the optimal balance between insurance and risk retention;

Strategic aim 2: To maintain appropriate operational policies for the handling of insurance claims, recharging to services and presentation of risks to insurers; and

Strategic aim 3: To maintain an adequate insurance reserve to meet potential and contingent liabilities and to support the Shire's insurance programme.

The Strategy further details the objectives of the strategy and how those objectives will be addressed. Two items of note in the Strategy objectives are that the Shire maintain the optimum balance between self insurance and external insurance, and the possibility of setting up an Insurance Fund (reserve).

Maintaining the optimal balance between risks we insure and those that we self insure is a question of practicality, perceived value and appetite for risk. If as a Shire we were totally risk averse we would fully insure all assets just to be safe. This would not be economically efficient. The same is true for the opposite view. Practically the answer lies somewhere in between the two extremes. The Shire generally assumes risk (self insures) by deciding whether a particular asset is covered by insurance, the extent of cover taken out and the level of excesses (self insurance) it assumes. This is currently performed as an annual process at the time of the insurance renewal and is incorporated into the budget process.

At this stage the Shire does not have an Insurance Fund. The Strategy does however allow for the formation of such a fund. The formation of such a fund would technically be a "Reserve" and would have to follow the legislative requirements to be set up. The advantages of having an Insurance Fund are set out in the Strategy. Establishing an Insurance Fund is an incremental process that is achieved over a number of years. Once established, the size of the fund at any one point in time is generally indicative of the amount of risk that the Shire will have self insured. Typically the establishment of the fund would be generated from saving on premiums and a budget allocation. The Shire is not in a position to consider an Insurance Fund at this time but will investigate and make a recommendation to the Audit (Finance and Risk) Committee in the 2018/19 financial year.

The key benefits of having this Strategy and our approach to insurance can be summarised as:

- Greater focus on managing risk;
- Cost effective risk mitigation;
- Facilitating self-insurance and an Insurance Fund;
- Protection of the Shires assets and reputation; and
- Effective claims management and reporting.

Appendix A to the Corporate Insurance Strategy details the Shires current insurance arrangements. The amounts involved in insurance on both the premium side and any potential reimbursement for loss are significant. It is important therefore to have this Strategy to guide Shire Officers in their decision making.

ATTACHMENTS

Attachment 1 - Corporate Insurance Strategy

8. MATTERS BEHIND CLOSED DOORS

COMMITTEE DECISION

Minute No. 14/05/2018 AC386

Moved: Cr M McKittrick
Seconded: Cr G Lodge

That the Audit (Finance and Risk) Committee move behind closed doors with Officers to remain.

Carried 2/0

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

DATE:	14 May 2018
AUTHOR:	Coordinator Financial Operations
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.11.94, A2574D
DISCLOSURE OF INTERESTS:	Nil

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

COMMITTEE DECISION

Minute No. 14/05/2018 AC387

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 2/0

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. CONFIDENTIAL ITEM - UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENT A2569

DATE:	14 May 2018
AUTHOR:	Coordinator Financial Operations
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.11.94, A2569D
DISCLOSURE OF INTERESTS:	Nil

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

<p><u>COMMITTEE DECISION</u></p> <p>Minute No. 14/05/2018 AC388</p> <p>Moved: Cr M McKittrick Seconded: Cr G Lodge</p> <p>That the Audit (Finance and Risk) Committee report to the Council:</p> <p>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.</p> <p style="text-align: right;">Carried 2/0</p>

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. CONFIDENTIAL ATTACHMENT - UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENT A411

DATE:	14 May 2018
AUTHOR:	Coordinator Financial Operations
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.11.94, A411D
DISCLOSURE OF INTERESTS:	Nil

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

<p><u>COMMITTEE DECISION</u></p> <p>Minute No. 14/05/2018 AC389</p> <p>Moved: Cr M McKittrick Seconded: Cr G Lodge</p> <p>That the Audit (Finance and Risk) Committee report to the Council:</p> <p>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.</p> <p style="text-align: right;">Carried 2/0</p>
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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 DECISION

Minute No. 14/05/2018 AC390

Moved: Cr M McKittrick

Seconded: Cr G Lodge

That the Audit (Finance and Risk) Committee move out from behind closed doors.

Carried 2/0

9. DATE OF NEXT MEETING

Monday 13 August 2018 at 5.00pm

10. CLOSURE

The Chair declared the meeting closed at 6.05pm