

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

25 February 2019

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**SHIRE OF WYNDHAM EAST KIMBERLEY  
MINUTES OF THE AUDIT (FINANCE AND RISK)  
COMMITTEE  
KUNUNURRA COUNCIL CHAMBERS  
HELD ON MONDAY 25 FEBRUARY, 2019 AT 5:00 PM**

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**1. DECLARATIONS OF OPENING**

Cr Chafer declared the meeting open at 5.01pm and read out the following disclaimer:

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 M McKittrick	Councillor	
Cr J Farquhar	Councillor	

C Askew	Chief Executive Officer
V Lawrence	Director Corporate Services
F Hamilton	Minute Taker
F Heading	SWEK

M Northover	Resident
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**APOLOGIES**

Cr G Lodge	Councillor	Deputy Chair of Committee
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**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 5 November 2018 be accepted as a true and accurate record of proceedings.**

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)

### **COMMITTEE RESOLUTION**

**Minute Number: 25/02/2019 AC415**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 5 November 2018 be accepted as a true and accurate record of proceedings.**

**Decision: 3/0**

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

Nil

## 7. REPORTS

### 7.1. AUDIT REGULATION 17 REVIEW 2018

<b>DATE:</b>	25 February 2019
<b>AUTHOR:</b>	Senior Governance Officer
<b>RESPONSIBLE OFFICER:</b>	Carl Askew, Chief Executive Officer
<b>FILE NO:</b>	CM.01.1
<b>DISCLOSURE OF INTERESTS:</b>	Nil

#### VOTING REQUIREMENT

Simple Majority

#### OFFICER'S RECOMMENDATION

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

- 1. Noted the results of the Chief Executive Officer's review on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance; and**
- 2. Noted that the implementation of the improvements outlined within the report will be prioritised and implemented in a staged approach.**

#### COMMITTEE RESOLUTION

**Minute Number: 25/02/2019 AC416**

**Moved: Cr J Farquhar  
Seconded: Cr M McKittrick**

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

- 1. Noted the results of the Chief Executive Officer's review on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance; and**
- 2. Noted that the implementation of the improvements outlined within the report will be prioritised and implemented in a staged approach.**

**Decision 3/0**

## **PURPOSE**

For the Audit (Finance and Risk) Committee to review the Chief Executive Officer's report on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance and to report to the Committee the results of the review.

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

Leader - plan and provide direction through policy and practices

Regulator - enforce state legislation and local laws

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

The Local Government (Audit) Regulations 1996, Regulation 17, requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

The **risk management** functions of the local government should manage the creation and protection of value within the Shire of Wyndham East Kimberley. Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

**Internal Control** is the systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to; conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud, and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. Internal control is a key component of a sound governance framework, which uses instruments such as policies, delegations, authorisations, audit practices, information systems and security, management and operation techniques and human resource practice to create a network of control mitigation to maintain appropriate levels of risk.

**Legislative compliance** involves monitoring compliance with legislation and regulations, reviewing the annual Compliance Audit Return, staying informed about how management is monitoring the effectiveness of its compliance, reviewing procedures which handle complaints, monitoring the local governments compliance framework, obtaining assurances against adverse trends, reviewing statutory and financial returns and other evaluating, monitoring and problem solving against significant compliance issues.

The review may relate to any or all of the matters, but each of those matters are subject to review not less than once every 3 financial years. In accordance with Regulation 16(c) of the Local Government (Audit) Regulations 1996, the Audit (Finance and Risk) Committee is required to review a report prepared by the CEO, and subsequently report to the Council the results of the Committees review, while at the same time attaching a copy of the CEO's report to the Audit (Finance and Risk) Committee.

The Shire previously commissioned an independent Regulation 17 review by Moore Stephens in December 2016 which identified areas for 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. The progress of those recommendations were reported to the Audit (Finance and Risk) Committee each quarter, with the majority of actions complete by the end of the 2018 calendar year.

The Shire of Wyndham East Kimberley engaged Moore Stephens to provide services in relation to the requirements of Regulation 17 for the 2018 year and their staff were onsite at the Shire from 15 to 19 October 2018. The scope of the review is outlined below:

- A high-level review of the risk management systems policies, procedures and plans in place at the Shire;
- Evaluate the financial internal control systems and procedures at the Shire;
- Evaluate the operational internal control systems and procedures at the Shire;
- Assess systems and processes for maintaining legislative compliance;
- Report on gaps identified during the review and provide suggestions for improvements; and
- Prepare a report of matters identified during the review to assist the Chief Executive Officer to assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with Local Government Audit Regulation 17.

The Moore Stephens 2018 Local Government Audit Regulation 17 Review is attached to this report.

## **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 not less than once in every 3 financial years.*

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

## **POLICY IMPLICATIONS**

- Code of Conduct for Council Members, Committee Members and Employees
- CP/GOV -3108 Risk Management



## **FINANCIAL IMPLICATIONS**

The cost of Moore Stephens conducting the review and the preparation of the report was \$15,000 exc GST. Any financial implications arising from the recommendations contained within the attached report will be considered at both the mid-year budget review and within the 2019/20 budget process.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

## **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's CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

## **COMMENTS**

In summary, the report found that there were positive systems and procedures in place, coupled with a number of recommendations highlighted for the Shire to implement. The review noted that external influences create challenges for the Shire in terms of the appropriateness and effectiveness of a local government, highlighting the Shires remote location, deficiency in the attraction and retention of skilled and specialist staff, limited access to supplies leading to project delays, harsh environmental conditions and increasing compliance requirements due to new Government policies and legislation.

The review of Risk Management at the Shire highlighted a largely informal process and that this is currently under review. The Shire's current Risk and Opportunity Management Policy and draft Risk and Opportunity Management Framework require updating to align with the latest Risk Management Standard (ISO 31000:2018) and fully implemented before risk management can be considered appropriate and effective. The Shire's current risk management processes are largely dependent on risk practices established by individual managers and team leaders. A total of nine suggestions for improvement within risk management and governance have been detailed in Section 4.0 Review Objectives, Assessment and Improvements:

1. Review and update the Risk Management Policy

2. Update, finalise and implement the Shire's Risk and Opportunity Management Framework, utilising the principles, framework and process of the ISO 31000:2018 Standard for Risk Management.
3. Following the update of the Shire's Risk Management Policy and Risk and Opportunity Management Framework, the risk management process should be implemented throughout the Shire. This will include staff training on principles of risk management should be provided to embed a risk awareness culture.
4. Routine monitoring of identified risks should be undertaken to ensure risks are reduced to an acceptable level.
5. Risk reporting requirements to the Audit (Finance & Risk) Committee should be included in the Risk Management Policy and Risk and Opportunity Management Framework.
6. To support good governance, policies such as an IT Security Policy and Social Media Policy, be considered for adoption by Council.
7. Code of Conduct refresher training for all staff be conducted at least annually.
8. Finalise Disaster Recovery Plan; and Test Disaster Recovery Plan at least once a year.
9. The Business Continuity Plan should be developed as planned. The Plan should identify and outline key business continuity risks, along with the risk mitigation strategies required to reduce risks to an acceptable level. Upon review and approval, the Plan should be communicated to relevant key stakeholders.

Review of the Shire's internal control framework indicated internal controls are considered generally appropriate and operating effectively, based on the walkthroughs conducted of the key financial controls (i.e. purchasing, accounts payable, payroll, month-end accounting close and sample testing of transactions). Four recommendations for improvement to address the gaps identified are outlined in Section 4.0:

1. To provide the CEO with assurance of the effectiveness of the Shire's internal control framework, consideration be given to conducting routine independent planned reviews over key financial and operational controls. The review program can be performed by internal staff where they are not responsible for the area under review.
2. User access privileges in the IT system were reviewed as a one-off exercise in 2018. The review resulted in access privileges amended to align with job roles. For good practice, undertake review at least annually.
3. The CEO's credit card expenses and reconciliation should be presented to Council for noting as items authorised by the CEO, relating to the CEO.
4. Review the current access privileges to ABA files and grant access only to those requiring it for their role. Implement controls to ensure bank account details loaded to the bank agree to supplier or employee records. Access to external contractors should be removed and an approval process be established to control folder access (as required).

The review of the Shire's management systems and processes to support compliance with legislative requirements indicated good practices. This review did not identify any non-compliance issues through walkthroughs and inspections of supporting documentation. The Shire has appropriate and effective systems and processes in place to help minimise the risk

of non-compliance with legislative requirements and there were no recommendations for improvement.

In conclusion this year's audit showed largely a strong improvement within the requirements of Regulation 17 with only a limited number of improvements and recommendations from the independent auditor. The 13 recommendations will be prioritised and implemented where appropriate, whilst the Shire will continue to adapt where necessary systems and procedures which improve risk management, internal control and legislative compliance functions within the Shire.

## **ATTACHMENTS**

Attachment 1 – Shire of Wyndham East Kimberley - Audit Reg 17 Final Report

## 7.2. RISK & OPPORTUNITY MANAGEMENT POLICY AND FRAMEWORK

<b>DATE:</b>	25 February 2019
<b>AUTHOR:</b>	Senior Governance Officer
<b>RESPONSIBLE OFFICER:</b>	Carl Askew, Chief Executive Officer
<b>FILE NO:</b>	RM.07.1
<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:**

- 1. Adopt the Draft Policy CP/GOV-3108 Risk and Opportunity Management as contained in the attachment to this report**
- 2. Note the Risk and Opportunity Management Framework as a supporting administrative document to the Risk and Opportunity Management Policy attached to this report.**

### COMMITTEE RESOLUTION

**Minute Number: 25/02/2019 AC417**

**Moved: Cr M McKittrick**

**Seconded: Cr J Farquhar**

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

- 1. Adopt the Draft Policy CP/GOV-3108 Risk and Opportunity Management as contained in the attachment to this report**
- 2. Note the Risk and Opportunity Management Framework as a supporting administrative document to the Risk and Opportunity Management Policy attached to this report.**

**Decision 3/0**

### PURPOSE

To provide clear direction to Council and the Administration to assume responsibility for Risk Management through consistent risk management practices. This policy will form the base of

an enterprise-wide Risk Management strategy to identify, mitigate and review areas of potential risk where appropriate and practical within the Shire.

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

Leader - plan and provide direction through policy and practices

Regulator - enforce state legislation and local laws

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

There is no legislative provision that specifically requires Councils to implement a risk management process. However there are references within *the Local Government Act 1995* that require Councils to adopt appropriate policies, practices and procedures that ensure their assets are protected through sound administrative management.

In addition, each Council's Audit Committee is responsible for reviewing the adequacy of accounting and internal controls, as well as reporting on other financial management systems and practices to the Council on a regular basis. Specifically, under Regulation 17 of the *Local Government (Audit) Regulations 1996* it is a responsibility of the Audit & Risk Committee to receive the CEO reviews conducted on the appropriateness of systems and procedures in relation to risk management, internal control and legislative compliance.

The amended policy aims to act as an instrument for a solid risk management strategy, giving the Administration guiding measures and principles to manage risk at the Shire of Wyndham East Kimberley. Risk Management falls on all levels of the organisation including Council, the Executive Management Team (EMT), staff and persons who perform functions or deliver services on behalf of the Shire. This policy ensures that all levels of the organisation are involved in Risk and Opportunity Management.

Following the AS ISO 31000: 2018 Risk Management Guidelines, the policy focuses on principles which are integrated, structured, comprehensive, inclusive, dynamic and informative. The Shires Risk Management Policy is customised to the organisation, incorporates culture and human resource practice and has an emphasis on regular reporting to achieve continuous improvement in the organisation.

On 18 July 2017 the Commissioner resolved to adopted the Council Policy CP/GOV 3101 Risk Management, which this policy seeks to amend;

### **COUNCIL DECISION**

**Minute No: 18/07/2017-11719**

**Commissioner resolved:**

**That Council adopt the amended Council Policy CP/GOV 3101 Risk Management as detailed in Attachment 1.**

**Carried 1/0**

Through recommendations contained in the Regulations Audit 17 Review November 2018, the Administration determined the current Risk Management Policy to be not effective in reaching all of the organisational levels whilst the application and accountability measures are difficult to report on and analyse. Moore Stephens surmised that considering the size, resources, operations and environment that the Shire of Wyndham East Kimberley operates in, a documented risk management strategy to provide for the management of risk in a holistic, systematic, structured and proactive manner is considered appropriate. A sustainable risk management process requires transparent and formal risk reporting and monitoring, both bottom up and top down. This policy achieves this by following an Australian standard best practice which is customised to fit the organisations needs. The reporting structure ensures transparency through accurate reporting which focuses on risk mitigation and escalation strategies to quickly and effectively control risk.

Following an update of the Shires Risk and Opportunity Management Policy, and in line with the recommendations contained within the recent Regulation 17 Audit Report, the Administration will ensure that the Policy and Risk and Opportunity Framework are integrated throughout the Shire. The updated policy will aid in ensuring that the principles of risk management are embedded in the culture of the organisation and that the value of risk is communicated within the organisation and to stakeholders. Systematic reporting of risks upwardly through the various levels of the organisation will ensure there is transparency, as well as ensure the organisation is effective in addressing both internal and external influences.

## **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 not less than once in every 3 financial 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; amended in Gazette 26 Jun 2018 p. 2387.]*

## **POLICY IMPLICATIONS**

This policy would amend Risk Management Policy CP/GOV 3108

## **FINANCIAL IMPLICATIONS**

There are no financial implications arising from this report.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's 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's CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

## **COMMENTS**

This policy represents the formal policy and expected standards of the Shire of Wyndham East Kimberley in relation to the management of risk. The Risk and Opportunity framework outlines in detail the operation of risk within the organisation, which gives direction to staff and contractors on the management of risk at the Shire.

## **ATTACHMENTS**

Attachment 1 - Risk and Opportunity Management Policy

Attachment 2 - Risk and Opportunity Management Framework

### 7.3. COMPLIANCE AUDIT RETURN 2018

<b>DATE:</b>	25 February 2019.
<b>AUTHOR:</b>	Senior Governance Officer
<b>RESPONSIBLE OFFICER:</b>	Carl Askew, Chief Executive Officer
<b>FILE NO:</b>	CM.13.2
<b>DISCLOSURE OF INTERESTS:</b>	Nil

#### VOTING REQUIREMENT

Absolute Majority

#### OFFICER'S RECOMMENDATION

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

- 1. Note the 2018 Compliance Audit Return has been completed**
- 2. Authorise the Shire President and the CEO to certify the 2018 Compliance Audit Return**
- 3. Authorise the Chief Executive Officer to submit the 2018 Compliance Audit Return to the Department of Local Government by 31 March 2019**

#### COMMITTEE RESOLUTION

**Minute Number: 25/02/2019 AC418**

**Moved: Cr J Farquhar**

**Seconded: Cr M McKittrick**

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

- 1. Note the 2018 Compliance Audit Return has been completed**
- 2. Authorise the Shire President and the CEO to certify the 2018 Compliance Audit Return**
- 3. Authorise the Chief Executive Officer to submit the 2018 Compliance Audit Return to the Department of Local Government by 31 March 2019**

**Decision 3/0**

#### PURPOSE

The Chief Executive Officer is required to complete and submit a Compliance Audit Return to the Director General of the Department of Local Government together with a copy of the



relevant Minute as approved by Council at an Ordinary Council Meeting, by 31 March each year.

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

Leader - plan and provide direction through policy and practices

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

Each local government is required to carry out a Compliance Audit for the period 1 January to 31 December against the requirements of the Compliance Audit Return. The return is completed online.

After the Compliance Audit Return has been presented to the Audit Committee, it is then presented to Council for adoption. A certified copy of the return along with the relevant section of the minutes and any additional information explaining or qualifying the Compliance Audit is to then be submitted to the Director General of the Department of Local Government.

The Compliance Audit is one of the tools that allows Council to monitor how the organisation is functioning in regard to compliance with the various legislation that pertains to local government administration and decision making. The Department of Local Government Compliance Framework is aimed at providing transparency about the Shire's approach to compliance as well as giving the sector and the public certainty about its approach to managing complaints made against the sector (or individuals within it).

### **STATUTORY IMPLICATIONS**

*Local Government Act (1995)*

*Part 7, Division 4*

#### **7.13. Regulations as to audits**

*(1) Regulations may make provision —*

*(i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*

*(i) of a financial nature or not; or*

*(ii) under this Act or another written law.*

*Local Government (Audit) Regulations 1996*

#### **14. Compliance audits by local governments**

*(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*

- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
  - (a) *presented to the council at a meeting of the council; and*
  - (b) *adopted by the council; and*
  - (c) *recorded in the minutes of the meeting at which it is adopted.*

*[Regulation 14 inserted in Gazette 23 Apr 1999 p. 1724- 5; amended in Gazette 30 Dec 2011 p. 5580-1.]*

**15. Compliance audit return, certified copy of etc. to be given to Executive Director**

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
  - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
  - (b) *any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*

*certified in relation to a compliance audit return means signed by —*

  - (a) *the mayor or president; and*
  - (b) *the CEO.*

**POLICY IMPLICATIONS**

No policy implications apply in preparation of this report.

**FINANCIAL IMPLICATIONS**

There are no financial implications associated with this item.

**STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

## **RISK IMPLICATIONS**

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

**Control:** The review of system and procedures in relation to internal control, risk management and legislative compliance.

## **COMMUNITY ENGAGEMENT**

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

## **COMMENTS**

There were two exceptions noted in the disclosure of interest section of the Compliance Audit Return. Both instances were with regard to completing Primary and Annual Returns within the specified timeframes. Both instances were reported to and investigated by the relevant agencies and action taken.

## **ATTACHMENTS**

Attachment 1 - Draft Compliance Audit Return 2018

Cr T Chafer advised the Committee that whilst there were no confidential reports, there were a number of confidential attachments in relation to reports 7.4 – 7.7. For the benefit of any members of the public he suggested that if any committee members needed to raise matters related to any of the confidential attachments, Committee move into camera “once” and deal with all items before re-opening the meeting to deal with all remaining reports. Committee agreed with this process and indicated a need to discuss a number of matters within the confidential items.

**COMMITTEE RESOLUTION**

**Minute Number: 25/02/2019 AC419**

**Moved: Cr T Chafer**

**Seconded: Cr M McKittrick**

**That the Committee move in-camera to discuss confidential attachments at 5.12pm.  
Officers to remain.**

**Decision 3/0**

**COMMITTEE RESOLUTION**

**Minute Number: 25/02/2019 AC420**

**Moved: Cr M McKittrick**

**Seconded: Cr J Farquhar**

**That the Committee move out of camera at 5.28pm.**

**Decision 3/0**

Members of the public were invited to return to Council Chambers.

#### 7.4. STANDING ITEM - RATES DEBTORS

<b>DATE:</b>	25 February 2019
<b>AUTHOR:</b>	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 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 Number: 25/02/2019 AC421**

**Moved: Cr J Farquhar  
Seconded: Cr M McKittrick**

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

**Decision 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. Should debts become not recoverable it affects the cash position of the Shire. Provision is made for debts that are not recoverable at the end of each financial year.

## **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.

**Controls:** Annual Financial Audit.

Review policies and procedures in accordance with review schedule.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley's 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 2018/19 (including arrears)</b>	<b>Overdue at 24 January 2019</b>
<b>\$ 13,600,091</b>	<b>\$1,651,613</b>

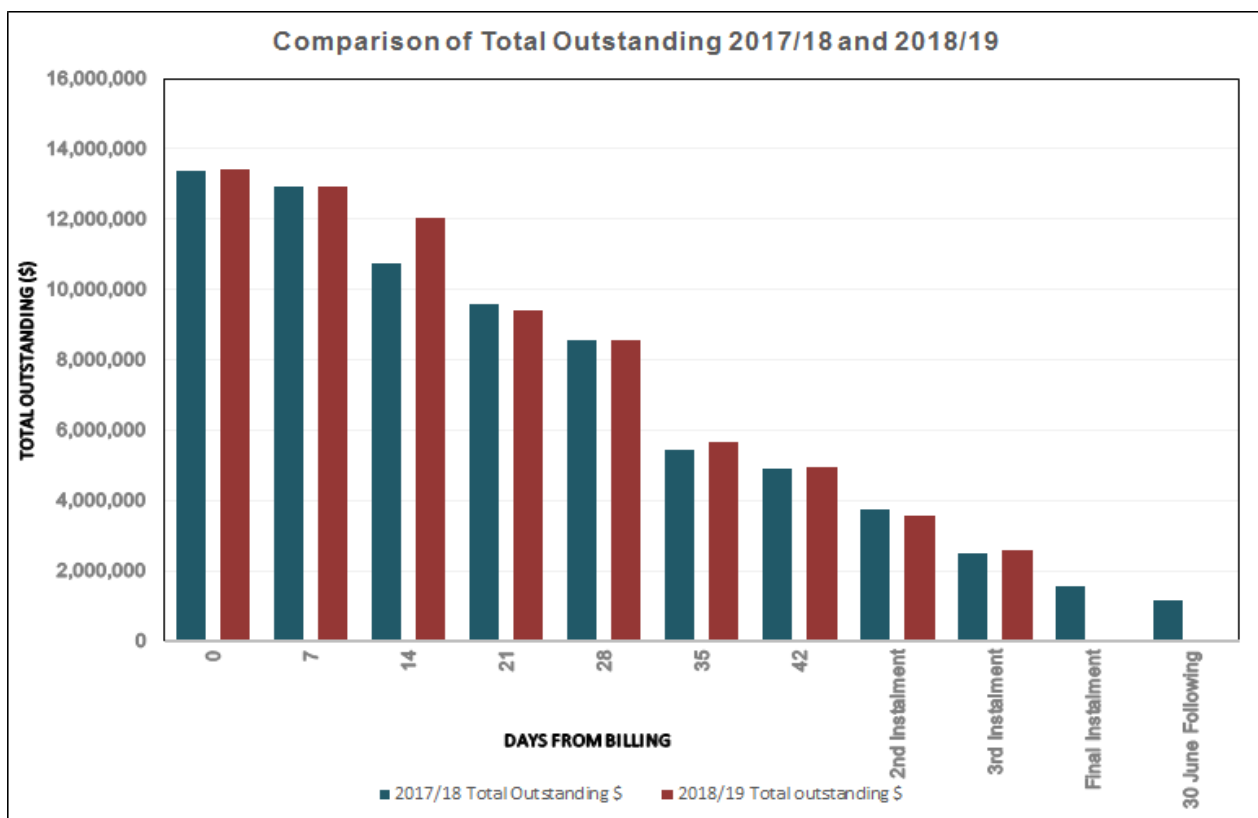
Rates for the financial year of 2018/19 were raised on 5 July 2018 and issued on the 13 July 2018. Interim rating occurs periodically throughout the year. The Overdue amount of \$1,651,613 is analysed in the Confidential Attachment 1.

## Comparison of rates received 2017/18 and 2018/19

NB: It should be noted that the table below includes Rates, Waste Management Charges, Waste Receptacle Charges, Back Rates, ESL & Deferred Rates.

		2017/18			2018/19		
Days from Billing		Total Outstanding	Received	% of Billing	Total Outstanding	Received	% of Billing
		\$	\$	%	\$	\$	%
0	Notices Issued	13,393,566			13,418,076		
7		12,934,235	459,311	3.43%	12,910,025	508,051	3.79%
14		10,755,682	2,178,553	16.27%	12,042,246	867,779	6.47%
21		9,602,576	1,153,106	8.61%	9,409,788	2,632,457	19.62%
28		8,535,427	1,067,149	7.97%	8,558,338	851,450	6.35%
35		5,416,19	3,119,232	23.29%	5,654,622	2,903,716	21.64%
42		4,918,936	497,258	3.71%	4,957,835	696,786	5.19%
2nd Instalment		3,746,280	1,172,656	8.76%	3,564,154	1,393,681	10.39%
3rd Instalment		2,478,654	1,267,626	9.46%	2,570,784	993,370	7.40%
Final Instalment		1,551,611	927,043	6.92%	0	0	0.00%
30 June Following		1,136,540	415,071	3.10%	0	0	0.00%
<b>Total</b>			<b>12,257,026</b>	<b>91.51%</b>	<b>0</b>	<b>10,847,292</b>	<b>80.84%</b>





### Instalment Status Report at 24 January 2019

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 Instalments	189	6.83%	144	45	\$ 58,276	23.81%
4 Instalments	514	18.57%	360	154	\$ 54,237	29.96%
<b>All instalment Payers</b>	<b>703</b>	<b>25.40%</b>	<b>504</b>	<b>199</b>	<b>\$ 112,513</b>	<b>28.31%</b>

\*2768 excluding non-rateable properties

### ATTACHMENTS

Rates Debtors at 24 January 2019 (Confidential Attachment provided under separate cover).

## 7.5. STANDING ITEM - LEASES

<b>DATE:</b>	25 February 2019
<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 Number: 25/02/2019 AC422**

**Moved: Cr M McKittrick  
Seconded: Cr T Chafer**

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

**Decision 3/0**

### PURPOSE

To consider the attached Confidential Lease Report as at 31 January 2019.

### 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 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:** Loss of corporate knowledge with staff turnover.

**Control:** Documentation of service procedures.

**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's CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

## **COMMENTS**

The Shire has finalised numerous outstanding leasing issues over the past 24 months. Shire staff are following up on three remaining outstanding lease issues on a regular basis and

also for renewal of three existing lease. While it would be good if the remaining leases can be finalised before the end of the financial year, control over the timeline in progressing the leases is not vested in the Shire. Two of the three leases are now in the last stages of being finalised and officers anticipate these to be finalised before the financial year end. Details on outstanding issues are contained in Attachment 2.

## **ATTACHMENTS**

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

## 7.6. STANDING ITEM - SUNDRY DEBTORS

<b>DATE:</b>	25 February 2019
<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 Number: 25/02/2019 AC423**

**Moved: Cr T Chafer**

**Seconded: Cr J Farquhar**

**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.**

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

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley's 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 30 January 2019**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
<b>Sundry Debtors</b>	<b>22</b>	<b>137,071</b>	<b>2,949</b>	<b>10,263</b>	<b>433,784</b>	<b>584,067</b>

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 30 January 2019**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	26	19,496	5,434	99,225	100,018	224,173
Wyndham Airport	2	132	382	1,504	2,644	4,662
<b>Total</b>	<b>28</b>	<b>19,628</b>	<b>5,816</b>	<b>100,729</b>	<b>102,662</b>	<b>228,835</b>



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

## **ATTACHMENTS**

Confidential Attachment 1 - Sundry Debtors at 30 January 2019 (Confidential attachment provided under separate cover).

## 7.7. STANDING ITEM - INSURANCE CLAIMS

<b>DATE:</b>	25 February 2019
<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 Number: 25/02/2019 AC424**

**Moved: Cr M McKittrick  
Seconded: Cr J Farquhar**

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

**Decision 3/0**

### PURPOSE

To report to the Audit (Finance and Risk) Committee (the Committee) the insurance claims that have been lodged for the 2017/18 and 2018/19 financial years, 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 Audit Committee has as one of its functions to facilitate the effective management of financial and other risks and the protection of Council assets. The Shire administration is

currently allocating time and resources to risk management and it is appropriate that the Shire's risk performance is reported to the Committee as a standard report on a quarterly basis.

### **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 2018/19 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 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 year 2017/18 and first half of the 2018/19 financial year to date the cost of claims across four categories where claims were made. These can be summarised as follows:

	<b>2017/18 (Q1 - Q4)</b>		<b>2018/19 (Q1 and Q2)</b>	
	<b>Estimated Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>	<b>Number of Claims</b>
Motor Vehicle	\$0	0	\$0	0
WorkCare	\$26,678	9	\$10,630	3
Property	\$69,738	4	\$3,077	3
Liability	\$363	2	\$5,000	1
Total	\$96,779	15	\$18,707	7

The table above shows no Motor Vehicle claims were made during the 2017/18 year and in 2018/19 year to date.

Three WorkCare claims have been lodged year to date in 2018/19. One claim is finalised for \$280. There are two claims that are in process one which has an estimated cost of \$350 and the other an estimated total cost of \$10,000 of which \$5,984 has already been incurred.

The number and the quantum of claims for WorkCare matters in the prior year can be attributed to having a more rigorous Occupational Safety and Health (OSH) system in place. Shire Officers consider that the reporting of incidents will improve significantly with the appointment of a dedicated staff member who is responsible for OHS matters. This may not change the number of insurance claims made, but incident reporting will provide data to enable the Shire to better manage its risk. This will have positive implications for the cost of insurance. The Shire is continuing the recruitment process to employ a Safety and Wellbeing Officer to assist in the development, implementation and management of the Shire’s Workplace OSH processes, procedures, as well as coordinating health and wellbeing programs and initiatives. This should improve both the quality of reporting and make a positive financial impact.

There have been three claims for property damage in the first half of 2018/19. One claim is related to vandalism at the Kununurra Airport, another for lightning damage to Shire IT equipment and the final one was for a minor lost property claim.

2017/18 includes an estimate of \$65,000 for damage to the Wyndham Swimming Pool and this claim is still not finalised as yet. The Shire has been settled \$52,311 to date and the remainder of the claim is for damage to some play equipment that will be finalised before the next Audit(Finance and Risk) Committee meeting.

There has been one Liability claim made for the 2018/19 half year. This is a provision made by the insurer in respect of water damage to hire vehicles parked at the airport. The Shire received one claim for \$500 and this has been subsequently settled. The Shire does not expect any further claims in this respect. All claims relating to prior years have been finalised. There is the possibility of two claims being reopened if responses are received from the claimants.

## **ATTACHMENTS**

(Confidential Attachments provided under separate cover).

Attachment 1 - Shire of Wyndham East Kimberley - LGIS Work Care

Attachment 2 - Shire of Wyndham- East Kimberley - LGIS Property Claims

Attachment 3 - Shire of Wyndham- East Kimberley - LGIS Liability Claims

Attachment 4 - Shire of Wyndham- East Kimberley - Motor Vehicle 3 Year Summary

## **8. MATTERS BEHIND CLOSED DOORS**

Nil

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

Monday 13 May, 2019 at 5pm in the Kununurra Council Chambers.

## **10. CLOSURE**

Cr T Chafer declared the meeting closed at 5:31pm.