



SHIRE OF WYNDHAM | EAST KIMBERLEY

AGENDA
AUDIT (FINANCE AND
RISK) COMMITTEE

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**SHIRE OF WYNDHAM EAST KIMBERLEY
AGENDA OF THE AUDIT (FINANCE AND RISK)
COMMITTEE
KUNUNURRA COUNCIL CHAMBERS
HELD ON MONDAY 22 MAY 2017 AT 5:00 PM**

1. DECLARATIONS OF OPENING

2. RECORD OF ATTENDANCE/APOLOGIES

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

4. DECLARATION OF INTEREST

- Financial Interest
- Impartiality Interest
- Proximity Interest

5. CONFIRMATION OF MINUTES

RECOMMENDATION

That the Committee confirms the Minutes of the Audit (Finance and Risk) Committee Meeting of 27 February 2017.

Note: The Minutes of the Audit (Finance and Risk) Committee meeting of 27 February 2017 are provided under separate cover via www.swek.wa.gov.au

6. DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/NOTICES OF MOTIONS

7. REPORTS

7.1. STANDING ITEM - RATES DEBTORS

DATE:	22 May 2017
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.

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'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

Rates & Services Levied 2016/17 (including arrears)	Rates & Services Debt at 9th May 2017	Overdue at 9th May 2017
\$ 12,920,264.68	\$1,324,611.08*	\$1,336,122.28

*Includes properties in credit

Rates for the financial year of 2016/17 were raised and issued on 23 September 2016. Interim rating occurs periodically throughout the year.

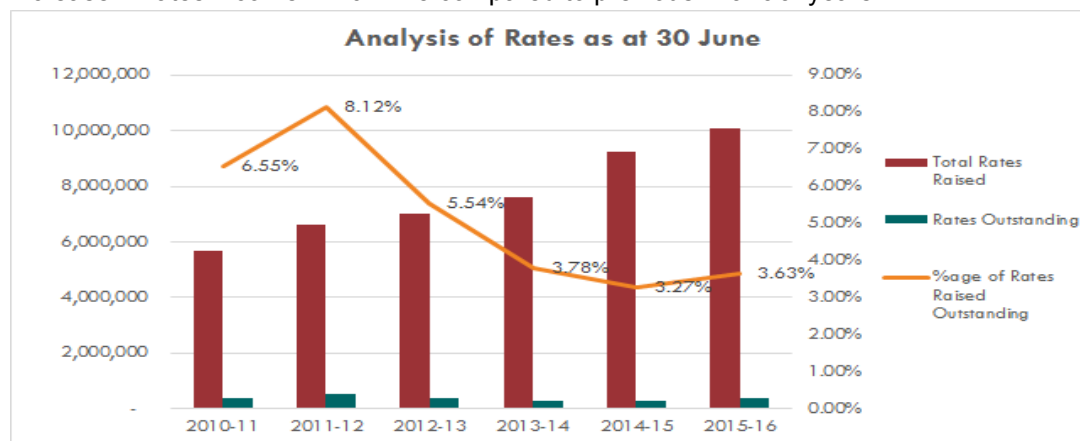
Comparison of rates received 2015/16 and 2016/17

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

		2015/16			2016/17		
Days from Billing		Total Outstanding	Received	% of Billing	Total Outstanding	Received	% of Billing
		\$	\$		\$	\$	
0	Notices Issued	11,876,722			12,306,977		
7		11,530,415	346,307	2.92%	12,138,917	16,806	1.37%
14		10,722,863	807,552	6.80%	11,537,136	601,781	4.89%
21		10,119,902	602,961	5.08%	9,094,993	2,442,143	19.84%
28		9,275,340	844,562	7.11%	7,760,833	1,334,160	10.84%
35	Rates Due date	4,704,076	4,571,264	38.49%	4,766,442	2,994,391	24.33%
42		4,383,002	321,074	2.70%	4,482,442	284,000	2.31%
2nd Instalment due date		2,974,540	1,408,462	11.85%	3,178,988	1,303,454	10.59%
Final Instalment due date		1,017,623	1,956,917	16.48%	1,346,179	1,832,809	14.89%
30 June following		580,451	437,172	3.68%			
Total			11,296,271	95.11%		10,960,798	89.06%

The figure below, highlights the trend in relation to rates debt recovery, based on the initial billing of rates only. As can be seen, there has been a significant improvement in the level of outstanding rates over the past few years irrespective of the change in the Strategic Rating Model which saw a large

increase in rates income in 2014/15 compared to previous financial years.



Instalment Status Report at 9th May 2017

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 instalments	179	6.58%	141	38	15,825	21.22%
4 Instalments	592	21.77%	368	224	326,090	37.83%
All instalment payers	771	28.35%	509	262	341,915	33.98%

*2,719 excluding non-rateable properties.

Comparison of rates debtors referred for debt collection for 2014/15, 2015/16 and 2016/17 as at 9th May 2017

	2014/15		2015/16		2016/17	
	Number of debtors	Total value of Debt \$	Number of debtors	Total value of Debt \$	Number of debtors	Total value of Debt \$
Debts referred for NOI*	59	438,136	149	639,115	133	490,002
Debts proceeding to GPC**	12	31,840	46	154,828	N/A	N/A

*NOI – letter sent to debtor by debt collection agency advising of intention to take legal action.

**GPC – General Procedure Claim lodged at court to be served on debtor.

2016/17 Rate debtors proceeding to GPC currently in progress with debt collectors as at 9th May 2017.

ATTACHMENTS

Confidential Attachment 1 - Rates Debtors - Detailed Report

7.2. STANDING ITEM - INSURANCE CLAIMS

DATE:	22 May 2017
AUTHOR:	Asset Management Accountant
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	RM.01.2
DISCLOSURE OF INTERESTS:	Nil

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee reports to the Council that:-

- 1. The actions being undertaken by the administration in regard to insurance claims in progress are sufficient and appropriate;**
- 2. the Confidential Insurance Claims Register has been noted by the Audit (Finance and Risk) Committee.**

PURPOSE

To report to the Audit (Finance and Risk) Committee the insurance claims that are either current, or have been finalised for the 2016/2017 financial year.

NATURE OF COUNCIL'S ROLE IN THE MATTER

Leader - plan and provide direction through policy and practices

BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

In February 2015, the "Report on a review of risk management, legislative compliance and internal controls" by UHY Haines Norton was presented to Council (through the Audit (Finance and Risk) Committee). It has been recognised that risk management is an area where there is minimal communication between Shire officers and the Committee members, particularly in relation to insurance-related matters.

As part of monitoring internal controls and risk, the insurance claims report will be presented on a regular basis to the Audit (Finance and Risk) Committee. This report identifies the risks/incidents that been reported as an insurance claim, and assists to assess the status

and effectiveness of risk management systems, to ensure that identified risks are monitored and new risks are identified and mitigated.

STATUTORY IMPLICATIONS

Nil

POLICY IMPLICATIONS

There is a clear requirement for the Shire to develop a Risk Management Framework and associated policies which is currently being drafted.

FINANCIAL IMPLICATIONS

The insurance premiums are contained within the 2016/2017 Annual Budget. There are no further implications from 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 1.4.4 : Deliver cost effective and efficient corporate services

RISK IMPLICATIONS

Strategic Risk: Death or injury of an employee(s) resulting in substantial claim(s) from unsafe work practices.

Controls: Implementation of OH&S policy and procedures.

Training of OS&H Committee.

Training of staff in risk assessment and OS&H policy and 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's CP/GOV-3100 Community Engagement Policy has been considered in relation to this item.

No community engagement is required.

COMMENTS

Risk management is embedded in the processes, systems, procedures that officers work within on a daily basis. While this is the case, there has not been any formal reporting to the Committee or the Council on either strategic or operational risks since around November 2013, until the Committee Meeting held in May 2015.

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." This report is considered to be the first step in involving the Committee directly in insurance-related matters.

The Insurance Claims Report contains a list of current claims all lodged in 2016/17 and with claims pending for previous years in relation to motor vehicle, property, public liability.

ATTACHMENTS

Confidential Attachment 1 - Insurance Claims Report as at 04/05/2017.

7.3. STANDING ITEM - SUNDRY DEBTORS

DATE:	22 May 2017
AUTHOR:	Debtors 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.

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

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'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 10 May 2017

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	30	144,186	5,428	46,942	315,785	512,341

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 11 May 2017

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	24	40,620	81,894	100,958	125,390	348,862
Wyndham Airport	5	3,722	227	298	1,463	5,710
Total	29	44,342	82,121	101,256	126,853	354,572

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

ATTACHMENTS

Confidential Attachment 1 - Sundry Debtors detailed report as at 10 May 2017

7.4. STANDING ITEM - LEASES

DATE:	22 May 2017
AUTHOR:	Asset Management Accountant
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.

PURPOSE

To consider the attached Confidential Lease Report as at 05 May 2017.

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'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 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 by at least during the last quarter of 2017. While there are some leases that remain outstanding, it demonstrates a positive move forward in relation to overall lease management.

ATTACHMENTS

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

8. MATTERS BEHIND CLOSED DOORS

8.1. CONFIDENTIAL ITEM - UPDATE ON THE RECOVERY OF OUTSTANDING RATES - ASSESSMENTS A2574, A2569 AND A411

DATE:	22 May 2017
AUTHOR:	Coordinator Financial Operations
RESPONSIBLE OFFICER:	Vernon Lawrence, Director Corporate Services
FILE NO:	FM.11.94, A2574D, A2569D, A411D
DISCLOSURE OF INTERESTS:	Nil

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

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 Assessments A2574, A2569, and A411 in accordance with relevant legislation.

9. DATE OF NEXT MEETING

10. CLOSURE