

SHIRE OF WYNDHAM | EAST KIMBERLEY

# AGENDA AUDIT (FINANCE AND

10 MAY 2021

Page left intentionally blank.

## CONTENTS

1. DECLARATION OF OPENING .....	4
2. RECORD OF ATTENDANCE / APOLOGIES .....	4
3. PUBLIC QUESTION TIME / PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE .....	4
4. DECLARATION OF INTEREST .....	4
5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....	4
6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS .....	4
7. REPORTS .....	5
7.1. STANDING ITEM - RATES DEBTORS .....	5
7.2. STANDING ITEM - SUNDRY DEBTORS .....	11
7.3. STANDING ITEM - INSURANCE CLAIMS .....	15
7.4. STANDING ITEM - LEASES.....	19
7.5. STRATEGIC RISK REGISTER .....	22
7.6. REGULATION 17 STATUS REPORT .....	26
7.7. AUDIT PLANNING MEMORANDUM FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 .....	30
8. MATTERS BEHIND CLOSED DOORS .....	34
9. CLOSURE .....	34

**SHIRE OF WYNDHAM EAST KIMBERLEY  
AGENDA OF THE AUDIT (FINANCE AND RISK)  
COMMITTEE  
KUNUNURRA COUNCIL CHAMBERS  
HELD ON MONDAY 10 MAY 2021 AT 5:00 PM**

---

**1. DECLARATION OF OPENING**

Members of the Public are advised that recommendations to Council contained within this Agenda and decisions arising from the Committee 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**

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

**4. DECLARATION OF INTEREST**

- Financial Interest
- Impartiality Interest
- Proximity Interest

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 8 February 2021 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)

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

## 7. REPORTS

### 7.1. STANDING ITEM - RATES DEBTORS

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, 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.**

#### PURPOSE

To review the status of rates debtors and those rates debts that are 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

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 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**

The following Council Policies are relevant to this item:

*CP/FIN-3212 Rates and Charges Debt Collection*

*CP/FIN-3219 Covid-19 Financial Hardship - Rates and Sundry Debtors*

*CP/COM-3582 Community Grant Program*

### **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 adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Controls:

Policies updated in accordance with schedule and operational requirements.

Implementation of Long Term Financial Plan and Annual Budget.

## **COMMUNITY ENGAGEMENT**

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

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

## **COMMENTS**

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

<b>Rates &amp; Services Levied 2020/21 (including arrears) at 30 April 2021</b>	<b>Overdue at 30 April 2021</b>
<b>\$ 14,572,565</b>	<b>\$1,924,267</b>

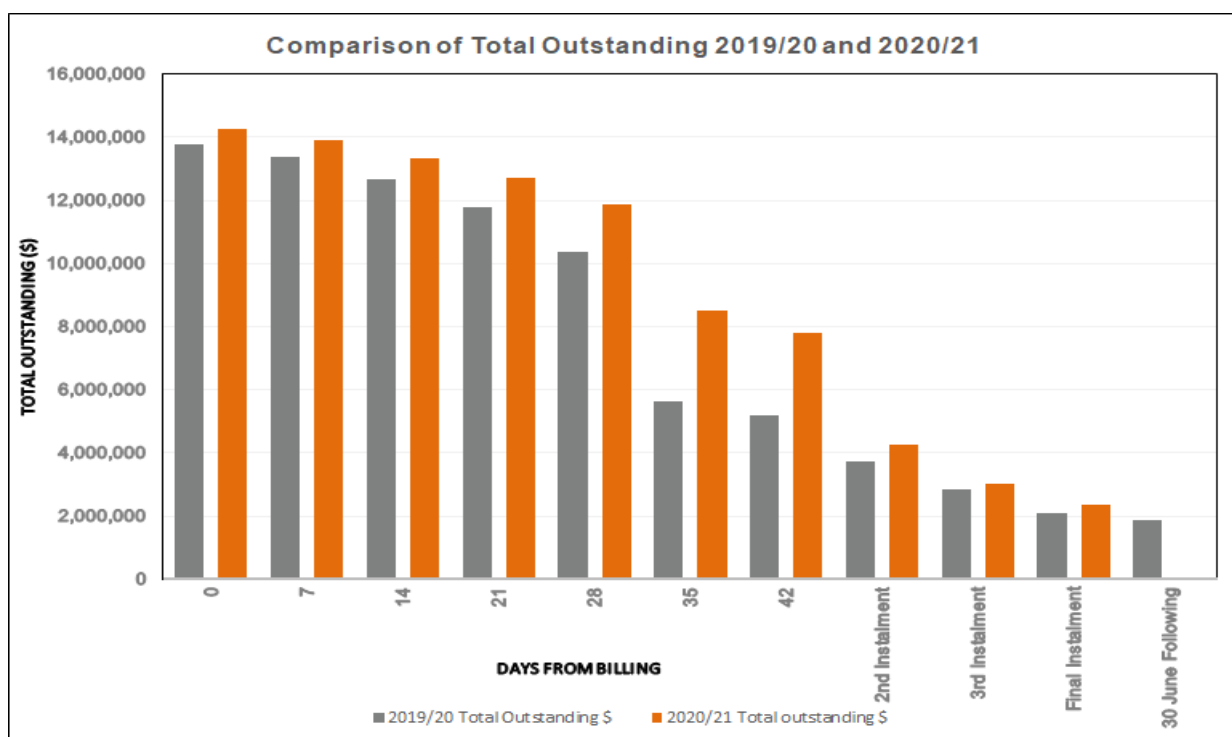
Rates for the financial year of 2020/21 were raised on 10 July 2020 and notices issued on the 17 July 2020. Interim rating occurs periodically throughout the year. The Overdue amount of \$1,924,267 is analysed in the Confidential Attachment.

### Comparison of Rates received 2019/20 and 2020/21

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

		2019/20			2020/21		
Days from Billing		Total Outstanding	Received	Total % of Billing Received	Total outstanding	Received	Total % of Billing Received
		\$	\$	%	\$	\$	%
0	Notices Issued	13,755,411			14,250,592		
7		13,387,247	368,164	2.68%	13,917,365	333,227	2.34%
14		12,670,945	1,084,466	7.88%	13,314,408	936,184	6.57%
21		11,772,160	1,983,251	14.42%	12,730,868	1,519,724	10.66%
28		10,384,303	3,371,108	24.51%	11,877,067	2,373,525	16.66%
35		5,615,165	8,140,246	59.18%	8,526,843	5,723,749	40.16%
42		5,203,347	8,552,064	62.17%	7,809,394	6,441,198	45.20%
2nd Instalment		3,744,575	10,010,837	72.78%	4,265,205	9,985,387	70.07%
3rd Instalment		2,848,867	10,906,545	79.29%	3,033,878	11,216,713	78.71%
Final Instalment		2,093,115	11,662,297	84.78%	2,350,158	11,900,434	83.51%
30 June Following		1,854,201	11,901,210	86.52%			
<b>Total</b>			<b>11,901,210</b>				





### Instalment Status Report at 30 April 2021

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 Instalment	165	5.92%	123	42	\$17,663	25.45%
4 Instalment	495	17.77%	371	124	\$64,149	25.05%
<b>All Instalment Payers</b>	<b>660</b>	<b>23.70%</b>	<b>494</b>	<b>166</b>	<b>\$81,811</b>	<b>25.15%</b>
2,785	*excluding non-rateable properties					

### Additional Information

#### Impact of COVID-19

It should be noted that in response to the COVID-19 pandemic a number of initiatives have been put in place to assist ratepayers, businesses and the community in general that impact the Shire's debt collection processes. These include the adoption of Council policy *CP/FIN-3219 COVID-19 Financial Hardship - Rates and Sundry Debtors* to allow those experiencing financial hardship to apply for debt relief including the waiver of interest and fees and charges, and minor amendments to the existing policy *CP/FIN-3212 Rates and Charges Debt Collection* to allow for extended payment arrangement terms and for greater discretion in debt collection. In addition legal action has been placed on hold for most outstanding rates debtors.

To date ten applications for Financial Hardship have been received from ratepayers. Eight of these have been approved, one is under assessment, and one is on hold at ratepayers request Outstanding balance of approved assessments totals \$46,027.

The total percentage of rates collected for this period in 2019/20 financial year was 84.78% compared to 83.51% this financial year.

This financial year the Shire has seen 660 people take up the Instalment payment options compared to 731 the previous year, and 33 opting for a Special Payment Arrangement this year compared to 44 the previous year.

### **ATTACHMENTS**

*(Confidential Attachment provided under separate cover).*

Confidential Attachment - Rates Debtors May 2021

## 7.2. STANDING ITEM - SUNDRY DEBTORS

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Financial Accountant
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, 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 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 Audit (Finance and Risk) Committee (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 Audit 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**

Policies relevant to this item:

Council Policy *CP/FIN-3214 Sundry Debt Collection*

Council Policy *CP/FIN-3219 Covid-19 Financial Hardship - Rates and Sundry Debtors*

### **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 'Debt collection and 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 adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

*Control:* Policies updated in accordance with schedule and operational requirements.

### **COMMUNITY ENGAGEMENT**

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

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

## **COMMENTS**

### **Sundry Debtors (General) Summary as at 3 May 2021**

Categories	90 Days		60 Days	30 Days	Current	Total
	<u>No</u>	\$	\$	\$	\$	\$
<b>Sundry Debtors</b>	<b>33</b>	<b>327,673</b>	<b>55,401</b>	<b>62,646</b>	<b>417,806</b>	<b>863,526</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 3 May 2021**

Categories	90 Days		60 Days	30 Days	Current	Total
	<u>No</u>	\$	\$	\$	\$	\$
Kununurra Airport	13	57,147	205	59,840	83,293	200,485
Wyndham Airport	1	59	36	0	170	265
<b>Total</b>	<b>14</b>	<b>57,206</b>	<b>241</b>	<b>59,840</b>	<b>83,463</b>	<b>200,750</b>

Note: The information in the above table is provided by Avdata. The revenue is recognised on a monthly basis from invoicing details provided.

## **Additional Information**

### **Virgin Administration**

It should be noted that Virgin Australia Holdings Limited and its related entities were placed into Voluntary Administration effective from 20 April 2020. Further details are provided in confidential attachment 1.

### **Impact of COVID-19**

In response to the COVID-19 pandemic the Shire has put in place a number of initiatives to assist ratepayers, businesses and the community in general that have an impact on the Shire's debt collection processes. These include the adoption of Council policy *CP/FIN-3219*

*Financial Hardship - Rates and Sundry Debtors* to allow those experiencing financial hardship to apply for debt relief including the waiver of interest and fees and charges, and minor amendments to the existing policy *CP/FIN-3214 Sundry Debt Collection* to allow for extended payment arrangement terms. In addition to this legal action has been placed on hold all for outstanding sundry debtors.

## **ATTACHMENTS**

Confidential Attachment 1 - Sundry Debtors at 3 May 2021 (Confidential attachment provided under separate cover).

### 7.3. STANDING ITEM - INSURANCE CLAIMS

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, 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.**

#### **PURPOSE**

To report to the Audit (Finance and Risk) Committee (the Committee) the insurance claims that have been lodged for the 2019/20 and 2020/21 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 (Finance and Risk) 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**

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23.(2)(a) and Section 5.23.(2)(e)(iii) of the *Local Government Act 1995* because the item deals with a matter affecting an employee or employees, and because the item may disclose information about the business, professional, commercial or financial affairs of a person.

## **POLICY IMPLICATIONS**

The following Shire documents are relevant to this report:

- Corporate Insurance Strategy
- CP GOV-3108 Risk and Opportunity Management Policy

## **FINANCIAL IMPLICATIONS**

Insurance premiums have been considered in the 2019/20 and 2020/21 budget processes. The Shire has in terms of its insurance policy, insurance excesses that it has to absorb as a “first loss” in the event of a claim. These excesses are set out in the detailed insurance schedules accompanying the insurance policies.

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: Failure to manage the appropriateness and effectiveness of the Shire’s systems and procedures in relation to risk management, internal control and legislative compliance.

Control: Audit Regulation 17 Conducted every two years and recommendations implemented.

Annual review of insurance cover.

## **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 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 the cost of claims across four categories where claims were made for the financial years 2019/20 and 2020/21. These can be summarised as follows:

	<b>2019/20 (Q1 - Q4)</b>		<b>2020/21 (Q1 - Q3)</b>	
	<b>Estimated Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>	<b>Number of Claims</b>
WorkCare	\$111,249	10	\$172,869	7
Property	\$22,792	3	\$83,164	6
Liability	\$0	0	\$1,500	1
Motor Vehicle	\$12,502	4	\$1,405	1
<b>Total</b>	<b>\$146,543</b>	<b>17</b>	<b>\$258,938</b>	<b>15</b>

Ten WorkCare claims were lodged during the 2019/20 year, of which three are listed as current on the attached report. These claims have all been rejected. The total paid to date for accepted claims is \$111,249 and there are no further costs anticipated for these claims. There have been seven claims submitted to date in 2020/21 with the total paid to date of \$14,504 and estimated total costs of \$172,869.

The Shire recruited a Safety and Wellbeing Officer in 2019 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. The Shire has also been working closely with its insurers, LGIS, to provide training to all staff on their responsibilities for maintaining a safe workplace. This has resulted in more instances of reporting but has not changed the number of claims made. Incident reporting has provided valuable data to enable the Shire to better manage its risk. This has positive implications for the cost of insurance.

There were three claims for property damage lodged during the 2019/20 year totalling \$22,792. There have been six claims lodged to date in 2020/21 with the total paid to date of \$24,664 and estimated total costs of \$83,164.

There was one liability claim lodged for the 2019/20 year with estimated total costs of \$1,500. There have been no claims lodged to date in 2020/21.

Four Motor Vehicle claims were lodged for the 2019/20 year with costs totaling \$12,502. There has been one claim to date in 2020/21 with total costs of \$1,405.

**ATTACHMENTS**

*(Confidential Attachments provided under separate cover).*

Attachment 1 - LGIS WorkCare Claims Report

Attachment 2 - LGIS Property Claims Report

Attachment 3 - LGIS Liability Claims Report

Attachment 4 - LGIS Motor Vehicle Claims Report

## 7.4. STANDING ITEM - LEASES

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Financial Accountant
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, 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 Council that it notes the Confidential Lease Schedule and the New and Renewal Lease Schedule attached.**

### **PURPOSE**

To consider the attached Confidential Lease Schedule and New and Renewal Lease Schedule.

### **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 including airport leases, commercial leases and leases to community organisations.

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**

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.

### **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 direct financial implications from the preparation of this report however a number of lessees have applied for financial hardship relief either under the Shire's Covid-19 Financial Hardship Policy or through requests for deferment or waivers of lease fees. Council approved waivers of lease fees and other charges for three lessees in the ordinary council meeting held on 27 October 2020 totalling \$24,041.44. The Annual Budget process estimated that the revenue from lease income is expected to reduce by approximately \$48,700, which is approximately half of the regular lease income.

### **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

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

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

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

### **RISK IMPLICATIONS**

Risk: Failure to provide community services which meet the needs and expectations of the community to support social cohesion and participation.

Control: Review policies and procedures in accordance with review schedule

Risk: Failure to secure land which promotes heritage and meets the operational and service delivery requirements of the Shire.

Control: The Shire will be required to develop a Heritage List, which will replace the previous Municipal Heritage Inventory.

### **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**

Shire officers are currently working on five outstanding new and renewal leases. While the Shire is making every attempt to finalise the remaining leases as soon as possible, control over the timeline in progressing the leases is not vested entirely in the Shire. Details of outstanding leases are contained in Attachment 2.

Due to Covid-19 restrictions on movement and gatherings some organisations have not been able to meet in order to pass resolutions. This has affected Shire Officers in being able to progress aspects of those leases that are not as yet finalised.

As stated above there is an expectation that lease revenue for the financial year will be halved due to the impact of Covid-19.

### **ATTACHMENTS**

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

## 7.5. STRATEGIC RISK REGISTER

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Chief Executive Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Chief Executive Officer
<b>FILE NO:</b>	RM.02.1
<b>DISCLOSURE OF INTERESTS:</b>	NIL

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

**That the Audit (Finance and Risk) Committee note the Strategic Risk Report for the period ended 31 March 2021.**

### **PURPOSE**

For the Audit (Finance and Risk) Committee note the Strategic Risk Report as attached in Attachment 1.

### **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 10 August 2020 Audit (Finance and Risk) Committee resolved to adopt the Strategic Risk Report for Quarter 2:

### **COMMITTEE RESOLUTION**

***Minute Number: 10/08/2020 AC472***

***Moved: Cr M McKittrick***

***Seconded: Cr G Lodge***

***That the Audit (Finance and Risk) Committee Note the Quarterly Strategic Risk Report for Quarter 4.***

***Decision: 3/0***

At the 26 February 2019 Ordinary Council meeting, Council resolved to adopt CP GOV-3108 Risk and Opportunity Management Policy, endorsing the accompanying Risk and Opportunity Management Framework. Risk Management processes are encouraged in local governments to effectively manage business systems and processes, achieve an appropriate balance between realising opportunities for gain, while minimising adverse impacts, an essential element of sound corporate governance. The Risk and Opportunity Policy and Framework, requires all Elected Members and Officers to use an interactive process consisting of several steps, that when undertaken in sequence, enable a sound basis for decision-making and facilitate continuous improvement in performance.

As recommended in the Framework, and in consistency with advice delivered within the Audit Regulation 17 Review in 2019, Strategic Risk should be reported on from the Administration to the Audit (Finance and Risk) Committee once per quarter.

In May 2019 the Audit (Finance and Risk) Committee workshopped the risk information developed by the Administration, whereby several individual business unit registers were integrated to identify both the Shires corporate wide operational, and strategic risks. These strategic risks were then circulated to Council Officers to perform a risk assessment to develop a risk rating and tolerance level. This data was then consolidated into the Strategic Risk Register .

By integrating information from Councils forward planning documents, policies, local laws, objectives in the Corporate Business Plan and other strategic information, the administration highlighted 21 strategic risks associated with achieving the organisation's long term strategic objectives. These Strategic Risks are presented in Attachment 1 of this report.

The Strategic Risk Register (Attachment 1), links each risk to the meaningful goals created in the Strategic Community Plan. Each risk belongs to one of the nine risk categories outlined in the Risk and Opportunity Framework, and is analysed against the risk rating matrix for evaluation. Current implemented Council controls are listed in the risk mitigation section of the register. There is a comments section provided for information on current controls, interim updates, or operational issues exceeding the risk tolerance of the Administration which need to be referred to the Audit finance and Risk Committee. Where risk exceeds the tolerance level of the Administration, additional remediations will be recommended in the Officer's Recommendation to the Audit (Finance and Risk) Committee.

The remediation section of the Register contains actions from Council to the Administration which manage the strategic risks, with status updates every quarter for consideration by the Audit Finance and Risk Committee. The Audit Finance and Risk Committee may task additional strategic remediations to the Council to resolve, as well as agree to re-evaluate risks where necessary by way of amendment to the recommendation. Residual risks, quarter to quarter, which are rated high or extreme and require significant investment of time and money, should be captured in the Corporate Business Plan.

## **STATUTORY IMPLICATIONS**

Local Government (Audit) Regulations 1996 - Reg 17

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**

The Strategic Risk Register implements various policies, local laws, forward planning documents and informing strategies to mitigate the Shires Strategic Risk. The Strategic Risk Register is informed by the CPGOV-3108 Risk and Opportunity Management Policy

## **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

## **STRATEGIC IMPLICATIONS**

Strategic Community Plan 2012-2022

Focus Area 1: Healthy vibrant active communities

Focus Area 2: Enhancing the environment

Focus Area 3: Economic Prosperity

Focus Area 4: Civic Leadership

Goal 1.1: Bring community together and promote our rich culture and heritage

Goal 1.2: Increase participation in sporting, recreation and leisure activities

Goal 1.3: Promote quality education, health, childcare, aged care and youth services

Goal 2.1: Conserve the Shire's unique natural environment for the enjoyment of current and future generations

Goal 2.2: Provide sustainable public infrastructure that serves the current and future needs of the community

Goal 2.3: Make towns safe and inviting for locals and visitors

Goal 3.1: To deliver the critical infrastructure that will create the conditions for economic growth across the Shire



Goal 3.2: To be business friendly and the Shire of choice for inward investment in the Kimberley

Goal 3.3: Develop and retain skilled people that business need to succeed

Goal 4.2: Good decision making through engagement with the community

Goal 4.4: Sustainably maintain the Shire's financial viability

Goal: 4.1: Effective representation through advocacy at a regional, state and national level

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

### **RISK IMPLICATIONS**

**Risk:** Failure to manage the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance

**Control:** Audit Regulation 17 Review conducted by external Auditor

### **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 considered necessary.

### **COMMENTS**

A range of comments in the register refer to some impact from the COVID-19 Pandemic, and the effects of the pandemic on the Shire's strategic goals will likely continue to create pressure. A number of residual risk ratings have been increased to high. This increase is where corporate business plan actions that were required to mitigate the risk have not been finalised or did not commence.

The actions in the corporate Business Plan mitigate the strategic risks of the Shire to a significant degree. There are only 5 risks regarded as high and one as extreme.

### **ATTACHMENTS**

Attachment 1 - Strategic Risk Register 2020-21 Q3

Attachment 2 - Strategic Risk Register - High And Extreme Risk Areas

## 7.6. REGULATION 17 STATUS REPORT

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Chief Executive Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Chief Executive Officer
<b>FILE NO:</b>	FM.02.8
<b>DISCLOSURE OF INTERESTS:</b>	Nil

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

**That Audit (Finance and Risk) Committee:**

- 1. Notes the Regulation 17 actions report; and**
- 2. Recommends report of the Regulation 17 actions to Council for endorsement.**

### **PURPOSE**

To review the progress of actions undertaken in respect of the Local Government (Audit) Regulations 1996, Regulation 17 review of December 2018

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

Leader - plan and provide direction through policy and practices

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

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

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

The Shire of Wyndham East Kimberley commissioned an independent review of Risk Management, Legislative Compliance and Internal Controls under Regulation 17 of the *Local Government (Audit) Regulations 1996* by Moore Stephens in December 2018 which identified areas for possible improvement. Of the 20 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley prioritised the development and review of 13 recommendations in the following three year period. These recommended actions have been included in actions in the Corporate Business Plan and in individual staff members Key Performance Indicators. The full list of recommendations and actions are contained in Attachment 1.

### **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 3 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; amended: Gazette 26 Jun 2018 p. 2387.]*

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 and Framework - 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;
- Significant Accounting Policies - in consideration of latest Australian Accounting Standards particularly in respect of remaining useful life, componentisation of assets and residual value. Closely associated to this is the Shires internal control system that is audited by the Shires external auditors on an annual basis;
- Insurance Strategy or Policy - to provide clarity on issues such as the level of self-insurance, the adequacy of cover, risk management and mitigation and the basis of valuation of insured assets.
- Business continuity Plans and Disaster Recovery Plans - the Shire will need to update and amend these Plans to ensure that all processes are in place to meet the need should it arise.
- Codes of Conduct - The Shire has implemented a separate Code of Conduct for Elected Members and is currently developing a new Code of Conduct for Employees.
- 

## **FINANCIAL IMPLICATIONS**

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

## **STRATEGIC IMPLICATIONS**

Strategic Community Plan 2012-2022

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

1.4: Business innovation, efficiency and improved services Strategy

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

## **RISK IMPLICATIONS**

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

Control: Review policies and procedures in accordance with review schedule

## **COMMUNITY ENGAGEMENT**

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

## **COMMENTS**

Of the 20 recommendations made by Moore Stephens the Shire of Wyndham East Kimberley prioritised the development and review of 13 recommendations in the following three year period. Of the 13 recommendations, there are 10 items complete, 1 item at 50 percent or more completion with the remaining 2 actions at less than 50 percent. Items that are listed as complete also have ongoing obligations and this has been indicated in Attachment 1.

The next review will commence with Moore Stephens in October 2021, with new and existing actions updated to reflect the governance and risk position moving forward. It is expected that a new report, containing recommendations to assist with development of the local government's systems and procedures will be received in late November 2021 with action on the recommendations commencing in 2022.

## **ATTACHMENTS**

Attachment 1: Regulation 17 - Action Plan May - Audit Committee

Attachment 2: Shire of Wyndham East Kimberley - Regulation 17 Report - December 2018

## **7.7. AUDIT PLANNING MEMORANDUM FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

<b>DATE:</b>	10 May 2021
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	FM.02.20
<b>DISCLOSURE OF INTERESTS:</b>	NIL

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

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

- **Notes the contents of this report and the confidential attachment Audit Planning Memorandum 30 June 2021.**

### **PURPOSE**

The purpose of the report is firstly for the Audit (Finance and Risk) Committee to consider the contents of the document Audit Planning Memorandum 30 June 2021, in particular the audit scope, approach and key deliverables. The second purpose is for the Audit (Finance and Risk) Committee to recommend to Council that it notes the contents of this report and that of the Audit Planning Memorandum June 2021.

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

Leader - plan and provide direction through policy and practices.

Regulator - Responsible for the enforcement of statutory requirements.

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

In accordance with the *Local Government Act 1995* and the *Local Government Amendment (Auditing) Act 2017* (the Act) the auditing of all local governments in Western Australia is undertaken by the Auditor General. At the time the changes to the Act were introduced the Shire had appointed Moore Australia as its Auditor for a term of 5 years. This term expired upon completion of the 2019-20 financial year audit. The Auditor General has appointed

RSM Australia Pty Ltd (RSM) to undertake the Shire's Audit on behalf of the OAG for a period of three years commencing from the 2020-21 financial year.

The Terms of Reference of the Audit (Finance and Risk) Committee (the Committee) require the Committee as part of its duties and responsibilities to review the scope, methodology and approach of the audit plan and program and its effectiveness in addressing key risk areas. The OAG and the appointed Auditors RSM Australia Pty Ltd (RSM), have compiled the Audit Planning Memorandum which considers and documents this aspect of the Committee's duties.

### **COMMITTEE RESOLUTION**

**Minute Number: 11/05/2020 AC463**

**Moved: Cr T Chafer**

**Seconded: Cr G Lodge**

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

- 1. Notes the contents of this report and the confidential attachment Audit Strategy Memorandum 30 June 2020; and***
- 2. Endorses the changes to CP/FIN-3201 Significant Accounting Policies.***

***Carried 3/0***

### **STATUTORY IMPLICATIONS**

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

- *Part 6 of the Local Government Act, 1995*
- *Local Government (Financial Management) Regulations, 1996*
- *Local Government Amendment (Auditing) Act 2017*
- *Local Government (Audit) Regulations, 1996*
- *Australian Accounting Standards*

### **POLICY IMPLICATIONS**

*CP/FIN-3201 Significant Accounting Policies* will need to be amended as shown in attachment 2.

### **FINANCIAL IMPLICATIONS**

There are no cost implications arising from the preparation of this report. The Shire has budgeted for the payment of audit fees during the budget process.

## **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 adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

**Control:** Annual Financial Audit.

Policies updated in accordance with schedule and operational requirements.

## **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**

As in prior years the Audit Strategy Memorandum document is strictly confidential and should not be disclosed to third parties without the consent of the Office of the Auditor General and RSM Australia. The document is to be kept as confidential and is therefore listed in the confidential attachments to this agenda.

The confidential attachment is a comprehensive document that details among other items the following:

- Purpose of the Audit Planning Memorandum
- Key Deliverables and milestones
- Terms of engagement and Key engagement information
- Role of the Auditor General and RSM Australia
- Current year developments
- Audit Approach
- Materiality
- Significant risk areas
- Critical disclosures
- Controls
- Sampling and testing methodologies

Shire Officers have considered the contents of the document and are of the opinion that whilst there are changes from the Audit Strategy Memorandum provided previously by Moore Australia, the scope of the audit is consistent with prior years. Of particular interest for staff are the significant risk areas and critical disclosures. Detailed requirements in these



areas are generally given to staff by the auditors so that documentation is ready for inspection when the auditors visit the administration offices.

The Audit Entrance meeting is being held on 10 May 2021 immediately prior to the Audit (Finance and Risk) Committee meeting, with key personnel from the OAG, RSM, the Audit Committee and Shire staff to be in attendance. The OAG and RSM will address the Audit Committee at this meeting. Shire Officers will make note of particular areas of interest to the Auditors and will address them as part of the preparation for the annual audit.

## **ATTACHMENTS**

Confidential Attachment 1 - Audit Planning Memorandum 30 June 2021

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

## **9. CLOSURE**