



SHIRE OF WYNDHAM | EAST KIMBERLEY

# AGENDA

## AUDIT (FINANCE AND RISK) COMMITTEE

13 JUNE 2023

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**SHIRE OF WYNDHAM EAST KIMBERLEY**  
**AGENDA OF THE**  
**AUDIT (FINANCE AND RISK) COMMITTEE**  
**KUNUNURRA COUNCIL CHAMBERS**  
**HELD ON MONDAY, 12 JUNE 2023 AT 5:00 PM**

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**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 13 March 2023 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>	12 June 2023
<b>AUTHOR:</b>	Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	FM.11.166
<b>DISCLOSURE OF INTERESTS:</b>	Nil
<b>VOTING REQUIREMENT:</b>	Simple Majority
<b>NATURE OF COUNCIL'S ROLE IN THE MATTER:</b>	Leader - plan and provide direction through policy and practices

### **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.

### **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 Secoded: 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**

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

**FOCUS AREA:** Sustainability

**GOAL 10:** Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

**GOAL OUTCOME 10.1:** Community engagement - Community is engaged in decision making with opportunities to share their views on things that affect them

**STRATEGY 10.1:** The Shire will regularly inform the community about Shire projects, programs and services, and seek community input into decision making

## **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. 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**

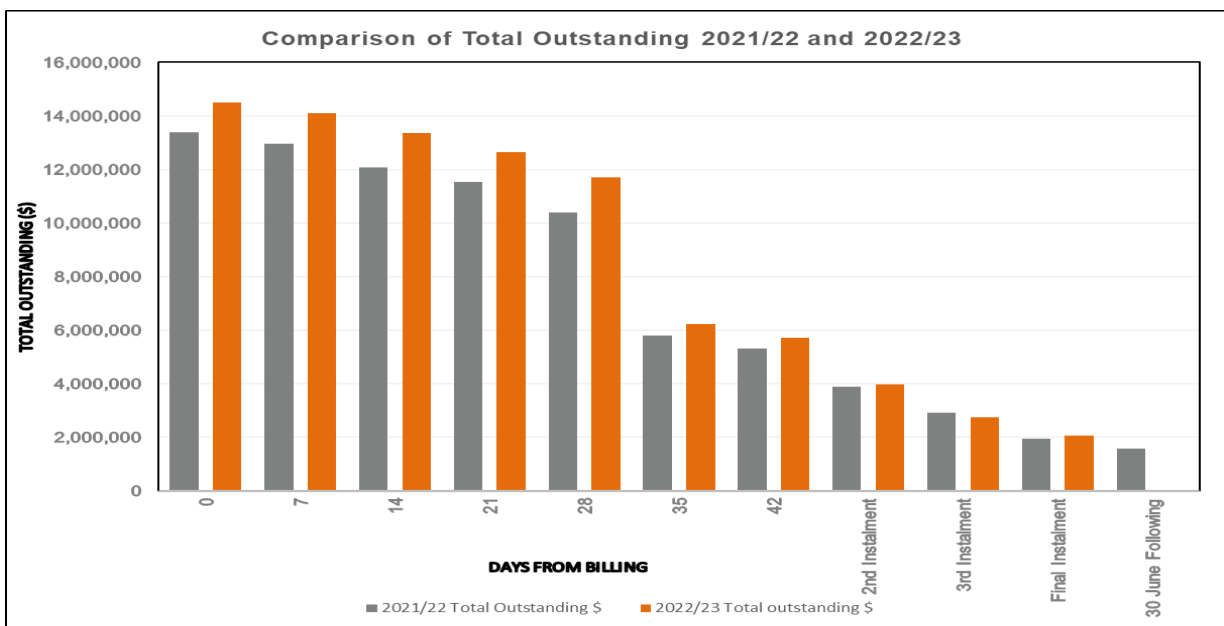
<b>Rates &amp; Services Levied 2022/23 (including arrears) at 07 June 2023</b>	<b>Overdue at 07 June 2023</b>
<b>\$14,449,891</b>	<b>\$1,749,730</b>

Rates for the financial year of 2022/23 were raised on 17 July 2022 and notices issued on 29 July 2022. Interim rating occurs periodically throughout the year. Annual rates were due for payment on 2 September 2022. The Overdue amount of \$1,749,730 is analysed in the Confidential Attachment. Details of rates debtors provided in this report are as at 07 June 2023.

### **Comparison of Rates received 2021/22 and 2022/23**

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

		2021/22			2022/23		
Days from Billing		Total Outstanding	Received	% of Total Outstanding at Billing Received	Total outstanding	Received	% of Total Outstanding at Billing Received
		\$	\$	%	\$	\$	%
0	Notices Issued	13,400,297			14,507,172		
7		12,971,055	429,243	3.20%	14,095,693	411,479	2.84%
14		12,077,485	1,322,812	9.87%	13,345,969	1,161,203	8.00%
21		11,537,328	1,862,970	13.90%	12,634,998	1,872,174	12.91%
28		10,387,700	3,012,597	22.48%	11,706,759	2,800,413	19.30%
35		5,804,063	7,596,235	56.69%	6,236,183	8,270,989	57.01%
42		5,323,931	8,076,366	60.27%	5,716,613	8,790,559	60.59%
2nd Instalment		3,880,755	9,519,543	71.07%	3,979,275	10,527,897	72.57%
3rd Instalment		2,916,039	10,484,258	78.24%	2,744,415	11,762,757	81.08%
Final Instalment		1,957,079	11,443,219	85.40%	2,069,240	12,437,932	85.74%
30 June Following		1,571,136	11,829,161	88.28%			
<b>Total</b>			<b>11,829,161</b>			<b>12,437,932</b>	



### Instalment Status Report at 07 June 2023



Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 Instalment	154	5.47%	118	36	\$10,735	23.38%
4 Instalment	442	15.71%	333	109	\$16,255	24.66%
<b>All Instalment Payers</b>	<b>596</b>	<b>21.18%</b>	<b>441</b>	<b>145</b>	<b>\$26,990</b>	<b>24.33%</b>
2,814	*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. During the 2020/21 financial year legal action was placed on hold for all accounts. In the 2021/22 financial year legal action recommenced with only those ratepayers approved under Council policy *CP/FIN-3219 COVID-19 Financial Hardship - Rates and Sundry Debtors* being exempt.

To date Fourteen applications for Financial Hardship have been received from ratepayers. Fourteen have been approved. Since introducing the Policy in April 2020, two of the eligible properties have since sold leaving twelve approved ratepayers. Of these twelve, nine have paid in full leaving a total outstanding amount of \$40,525 for the remaining three ratepayers.

At the April 18 2023 Ordinary Council Meeting, Council adopted Policy *CP/FIN-3220 Financial Hardship Policy - Rates and Sundry Debtors* and rescinded Policy *CP/FIN-3219 Financial Hardship - Rates and Sundry Debtors*. The new policy is a general financial hardship policy and will apply to rates debtors assessed as being in financial hardship under the previous policy and will apply to rates debtors as required in the future as the Shire understands that many ratepayers continue to be impacted by the current economic climate.

### **ATTACHMENTS**

*(Confidential Attachments provided under separate cover).*

Confidential Attachment 1 - Rates Debtors 7 June 2023

## 7.2. STANDING ITEM - SUNDRY DEBTORS

<b>DATE:</b>	12 June 2023
<b>AUTHOR:</b>	Manager Finance
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	FM.07.02
<b>DISCLOSURE OF INTERESTS:</b>	Nil
<b>COUNCIL'S ROLE IN THE MATTER:</b>	Leader - Plan and provide direction through policy and practices
<b>VOTING REQUIREMENT:</b>	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 contains legal advice to the Council.

### **POLICY IMPLICATIONS**

Policies relevant to this item:

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

Council Policy *CP/FIN-3220 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 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**

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

**FOCUS AREA:** Sustainability

**GOAL 10:** Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

**GOAL OUTCOME 10.1:** Community engagement - Community is engaged in decision making with opportunities to share their views on things that affect them

**STRATEGY 10.1:** The Shire will regularly inform the community about Shire projects, programs and services, and seek community input into decision making

### **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 7 June 2023**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	63	1,037,880	153,239	1,471,165	394,661	3,056,945

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 7 June 2023**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	26	57,050	4,543	37,109	183,893	282,595
Wyndham Airport	1	59	322	216	3,543	4,140
<b>Total</b>	<b>65</b>	<b>57,109</b>	<b>4,865</b>	<b>37,325</b>	<b>187,436</b>	<b>286,735</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 for most outstanding sundry debtors.

At the April 18 2023 Ordinary Council Meeting, Council adopted Policy *CP/FIN-3220 Financial Hardship Policy - Rates and Sundry Debtors* and rescinded Policy *CP/FIN-3219 Financial Hardship - Rates and Sundry Debtors*. The new policy is a general financial hardship policy and will apply to sundry debtors assessed as being in financial hardship under the previous policy and will apply to debtors as required in the future as the Shire understands that many businesses and sundry debtors continue to be impacted by the current economic climate.

### **ATTACHMENTS**

*(Confidential attachments provided under separate cover).*

Confidential Attachment 1 - Sundry Debtors at 7 June 2023

### 7.3. STANDING ITEM - INSURANCE CLAIMS

<b>DATE:</b>	12 June 2023
<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
<b>COUNCIL'S ROLE IN THE MATTER:</b>	Leader - Plan and provide direction through policy and practices
<b>VOTING REQUIREMENT:</b>	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 2020/21, 2021/22 and 2022/23 financial years, the associated costs and the status of the claims.

#### **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 2021/22 and 2022/23 budget processes. The Shire has, in terms of its insurance policies, 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**

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

**FOCUS AREA:** Sustainability

**GOAL 5:** Access to employment - Inspiring meaningful growth and prosperity

**GOAL OUTCOME 5.1:** Attract businesses that create local employment - The Shire is business friendly and the Shire of choice for inward investment in the Kimberley

**GOAL OUTCOME 5.2:** Residents actively participate in the local economy - All residents who want to can participate in the workforce and undertake business ventures

**STRATEGY 5.1:** The Shire will promote the East Kimberley to attract investment and businesses to our Shire and support the retention and growth of local businesses that create local employment

**STRATEGY 5.2:** The Shire will support greater participation of local residents in the workforce and to undertake business ventures

## **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 three 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 2020/21, 2021/22 and 2022/23. These can be summarised as follows:

	<b>2020/21</b>		<b>2021/22</b>		<b>2022/23 (YTD)</b>	
	<b>Number of Claims</b>	<b>Total Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>
WorkCare	9	\$441,134	6	\$14,860	5	53,111
Property	9	\$105,818	5	\$319,669	1	\$50,000
Liability	0	\$0	5	\$3,203	1	\$1,000
Motor Vehicle	1	\$1,405	2	\$3,164	1	\$28,531
<b>Total</b>	<b>19</b>	<b>\$548,357</b>	<b>18</b>	<b>\$340,896</b>	<b>8</b>	<b>\$132,642</b>

### **WorkCare**

There were nine WorkCare claims submitted in 2020/21 with total costs of \$441,134 all of which have now been finalised.

There were six claims submitted in 2021/22 with total costs of \$5,256 all of which have been finalised.

There have been five claims to date in 2022/23. All have been accepted with one finalised with a cost of \$957. The total paid to date on the other four claims is \$16,845 with estimated costs of \$53,111.

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.



In 2022/2023 a program has commenced to identify the Shire's critical risks and to identify and evaluate controls. Further work is being undertaken to reduce the risk of occurrence of incidents including trips and falls, and manual handling issues, which have the potential for the types of injuries that result in work restrictions and compensation claims. A Safety and Wellbeing Report is provided to management on a quarterly basis providing detailed information on Safety performance for the period. A copy of the report for the period from January to March 2023 is attached for information purposes only (see Confidential Attachment 5).

### **Property**

There were nine claims for property damage lodged during the 2020/21 year all of which have been finalised. The total cost of the claims was \$105,818. There were five claims lodged in 2021/22, four of which have been finalised and one that is current. The total estimated costs are \$319,669. There has been one claim to date in 2022/23, with an estimated total cost of \$50,000.

### **Liability**

There were no liability claims lodged for the 2020/21 year. There were five liability claims lodged in 2021/22, three of which have been denied. The total estimated costs for the remaining two claims is \$3,203. There has been one claim lodged to date in 2022/23 which has been denied.

### **Motor Vehicle**

One motor vehicle claim was lodged for the 2020/21 year with costs totaling \$1,405. There were two claims lodged in 2021/22 with total costs of \$3,164. There has been one claim lodged to date in 2022/23 with a total estimated cost of \$28,531.

### **ATTACHMENTS**

*(Confidential Attachments provided under separate cover).*

Confidential Attachment 1 - LGIS WorkCare Claims Report

Confidential Attachment 2 - LGIS Property Claims Report

Confidential Attachment 3 - LGIS Liability Claims Report

Confidential Attachment 4 - LGIS Motor Vehicle Claims Report

Confidential Attachment 5 - Quarterly Safety and Wellbeing Report March 2023

#### 7.4. STANDING ITEM - LEASES

<b>DATE:</b>	12 June 2023
<b>AUTHOR:</b>	Manager Finance
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	CP.07 and CP.16
<b>DISCLOSURE OF INTERESTS:</b>	Nil
<b>COUNCIL'S ROLE IN THE MATTER:</b>	Leader - Plan and provide direction through policy and practices
<b>VOTING REQUIREMENT:</b>	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.

### **STRATEGIC IMPLICATIONS**

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

**FOCUS AREA:** Sustainability

**GOAL 5:** Access to employment - Inspiring meaningful growth and prosperity

**GOAL OUTCOME 5.1:** Attract businesses that create local employment - The Shire is business friendly and the Shire of choice for inward investment in the Kimberley

**GOAL OUTCOME 5.2:** Residents actively participate in the local economy - All residents who want to can participate in the workforce and undertake business ventures

**STRATEGY 5.1:** The Shire will promote the East Kimberley to attract investment and businesses to our Shire and support the retention and growth of local businesses that create local employment

**STRATEGY 5.2:** The Shire will support greater participation of local residents in the workforce and to undertake business ventures

### **RISK IMPLICATIONS**

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

**CONTROL:** Provide community leases to various community groups in line with Council Policy CP PMG-3780 Leasing of Council Managed Reserve Land - Community to support community organisations in the provision of services, facilities and events.

## **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 two 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.

## **ATTACHMENTS**

*(Confidential attachments provided under separate cover)*

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

## 7.5. REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS

<b>DATE:</b>	12 June 2023
<b>AUTHOR:</b>	Director Corporate Services
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Director Corporate Services
<b>FILE NO:</b>	CM.01.1
<b>DISCLOSURE OF INTERESTS:</b>	Nil
<b>NATURE OF COUNCIL'S ROLE IN THE MATTER:</b>	Leader - plan and provide direction through policy and practices.

### VOTING REQUIREMENT

Simple Majority

### OFFICER'S RECOMMENDATION

**That the Audit (Finance and Risk) Committee reports to Council that it has noted the progress report in the confidential attachment arising from 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 as required by Regulation 17 of the Local Government (Audit) Regulations 1996 and the review of the appropriateness and effectiveness of the financial management systems and procedures of the Shire as required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.**

### PURPOSE

For the Audit (Finance and Risk) Committee to review the progress on 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 as well as to report the progress on the results of the appropriateness and effectiveness of the financial management systems and procedures. The findings will be implemented in a staged manner based on priority and progress reported to the Audit (Finance and Risk) Committee.

### 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. It further requires in Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 that the CEO review the appropriateness and effectiveness of the financial management systems and procedures of the Shire.

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.

**Financial Management Review** includes a review of the accounting and control processes, authorisation processes, borrowings, record keeping, budget preparation and review, and financial reporting.

The Shire previously commissioned an independent Regulation 17 and Regulation 5(2)(c) review by Moore Stephens in December 2018 which identified a small number of areas for improvement. The progress of those recommendations were reported to the Audit (Finance and Risk) Committee, with the majority of actions complete by the end of the 2020 calendar year.

The Shire of Wyndham East Kimberley engaged Moore Australia to provide services in relation to the requirements of Regulation 17 and Regulation 5(2)(c) for the 2021 year and their staff were onsite at the Shire from 23 to 27 August 2021.

Moore Australia produced a report for the Shire in March 2022 titled Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls. This was reported to the Audit (Finance and Risk) Committee at the 14 March 2022 meeting.

### COMMITTEE RESOLUTION

Minute Number: CA527

*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 as required by Regulation 17 of the Local Government (Audit) Regulations 1996 in the report at Attachment 1; and*
- 2. Noted the results of the Chief Executive Officer's review of the appropriateness and effectiveness of the financial management systems and procedures of the Shire as required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 in the report at Attachment 1; and*
- 3. Endorsed that the implementation of the improvements outlined within the report will be prioritised and implemented in a staged approach and reported to future Audit (Finance and Risk) Committee meetings.*

Moved: Cr Hearty

Seconded: Cr Farquhar

Decision: 3/0

### 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.*

#### **Local Government (Financial Management) Regulations 1996**

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

*(2) The CEO is to —*

- (a) ensure that the resources of the local government are effectively and efficiently managed; and*
- (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

## **POLICY IMPLICATIONS**

- Code of Conduct for Council Members Committee Members and Candidates for Local Government Elections
- CP/GOV -3108 Risk Management

## **FINANCIAL IMPLICATIONS**

The cost of Moore Australia conducting the review and the preparation of the report was \$23,031.48 excl. GST. Any financial implications arising from the recommendations contained within the attached report have been considered within the 2022/23 budget process and at the mid-year budget review following the budget adoption.

## **STRATEGIC IMPLICATIONS**

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

**FOCUS AREA:** Sustainability

**GOAL 5:** Access to employment - Inspiring meaningful growth and prosperity

**GOAL OUTCOME 5.1:** Attract businesses that create local employment - The Shire is business friendly and the Shire of choice for inward investment in the Kimberley

**GOAL OUTCOME 5.2:** Residents actively participate in the local economy - All residents who want to can participate in the workforce and undertake business ventures

**STRATEGY 5.1:** The Shire will promote the East Kimberley to attract investment and businesses to our Shire and support the retention and growth of local businesses that create local employment

**STRATEGY 5.2:** The Shire will support greater participation of local residents in the workforce and to undertake business ventures

## **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**

Shire Officers have started to review the recommendations contained in the report. Not all recommendations in the report will be implemented. Eleven priority actions were identified. The priority actions that have been identified have been addressed in the first instance and



documented in the attachments. Responsibilities have been allocated to Officers to action. A number of the recommendations are best dealt with by the Shire's professional advisors. This process has commenced. The recommendations will be updated and reported to each Audit (Finance and Risk) Committee meeting until all recommendations have been addressed.

### **ATTACHMENTS**

*(Confidential attachments provided under separate cover)*

Confidential Attachment 1 - Regulations 17 and 5(2)(c) Review Action Plan and Progress Report June 2023 - Completed

Confidential Attachment 2 - Regulations 17 and 5(2)(c) Review Action Plan and Progress Report June 2023 - In Progress

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

## **9. CLOSURE**