

SHIRE OF WYNDHAM EAST KIMBERLEY

Audit (Finance & Risk) Meeting: Agenda

11 SEPTEMBER 2023



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	4
7.1. STANDING ITEM - RATES DEBTORS	5
7.2. STANDING ITEM - SUNDRY DEBTORS.....	10
7.3. STANDING ITEM - INSURANCE CLAIMS	14
7.4. STANDING ITEM - LEASES.....	18
7.5. REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS.....	21
7.6. ICT MATURITY ASSESSMENT UPDATE	25
8. MATTERS BEHIND CLOSED DOORS	28
9. CLOSURE	28

SHIRE OF WYNDHAM EAST KIMBERLEY
AGENDA OF THE
AUDIT (FINANCE AND RISK) COMMITTEE
KUNUNURRA COUNCIL CHAMBERS
HELD ON MONDAY, 11 SEPTEMBER 2023 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

6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS

7. REPORTS

7.1. STANDING ITEM - RATES DEBTORS

DATE:	11 September 2023
AUTHOR:	Rates Officer
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	FM.11.166
DISCLOSURE OF INTERESTS:	Nil
VOTING REQUIREMENT:	Simple Majority
NATURE OF COUNCIL'S ROLE IN THE MATTER:	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 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:

POL-2007 Rates and Charges Debt Collection

POL-2016 Financial Hardship - Rates and Sundry Debtors

POL-3002 Community Grant Program

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

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.

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 *POL-3000 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 2023/24 (including arrears) at 28 August 2023	Overdue at 28 August 2023
\$15,600,527	\$1,554,146

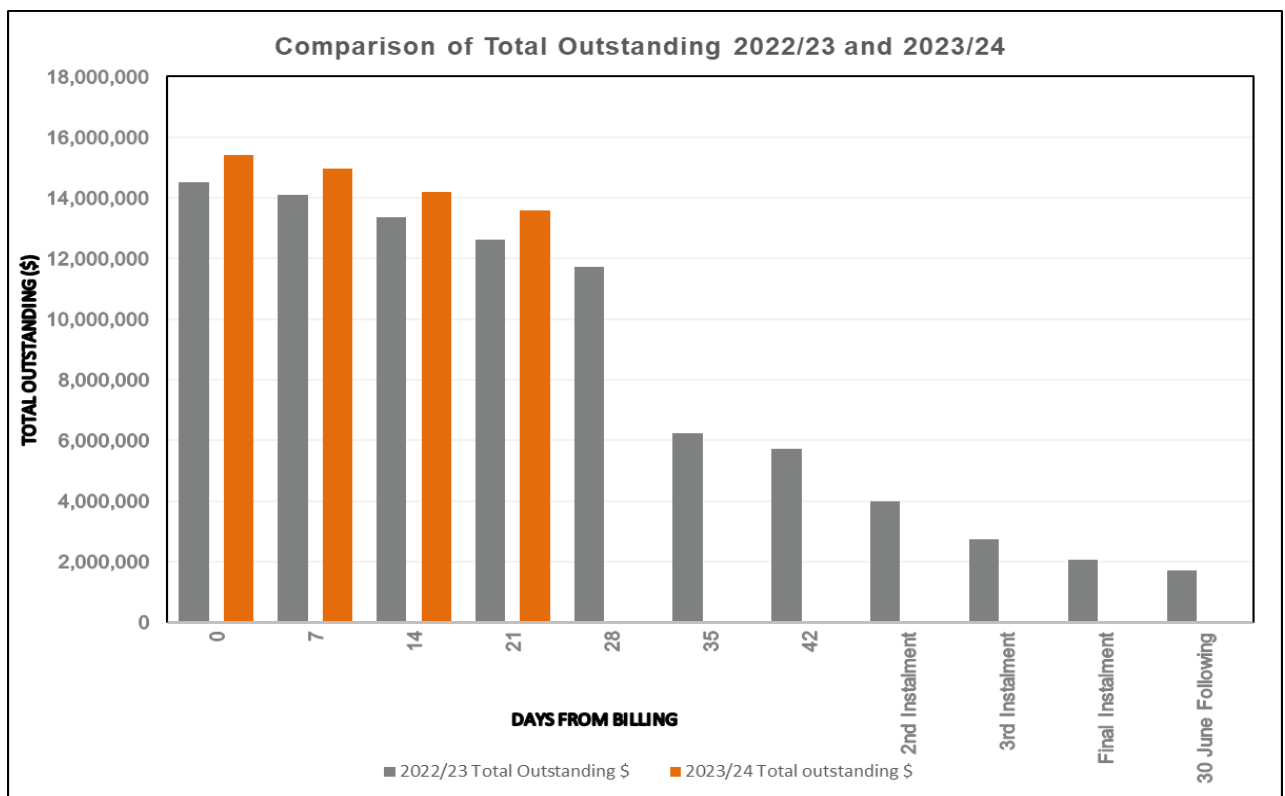
Rates for the financial year of 2023/24 were raised on 2 August 2023 and notices issued on 4 August 2023. Interim rating occurs periodically throughout the year. Annual rates were due for payment on 8 September 2023. The Overdue amount of \$1,554,146 is analysed in the Confidential Attachment. Details of rates debtors provided in this report are as at 28 August 2023.

Comparison of Rates received 2022/23 and 2023/24

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

		2022/23			2023/24		
Days from Billing		Total Outstanding	Received	% of Total Outstanding at Billing Received	Total outstanding	Received	% of Total Outstanding at Billing Received
		\$	\$	%	\$	\$	%
0	Notices Issued	14,507,172			15,412,173		
7		14,095,693	411,479	2.84%	14,959,068	453,105	2.94%
14		13,345,969	1,161,203	8.00%	14,182,838	1,229,335	7.98%
21		12,634,998	1,872,174	12.91%	13,589,577	1,822,595	11.83%
28		11,706,759	2,800,413	19.30%			
35		6,236,183	8,270,989	57.01%			
42		5,716,613	8,790,559	60.59%			

2nd Instalment	3,979,275	10,527,897	72.57%			
3rd Instalment	2,744,415	11,762,757	81.08%			
Final Instalment	2,069,240	12,437,932	85.74%			
30 June Following	1,702,170	12,805,003	88.27%			
Total		12,805,003			1,822,595	



Instalment Status Report at 28 August 2023

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 Instalment	19	0.68%	19	0	\$0	0.00%
4 Instalment	113	4.02%	113	0	\$0	0.00%
All Instalment Payers	132	4.69%	132	0	\$0	0.00%
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 *POL-2013 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 *POL-2007 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 *POL-2013 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 \$42,402 for the remaining three ratepayers.

At the April 18 2023 Ordinary Council Meeting, Council adopted Policy *POL-2016 Financial Hardship Policy - Rates and Sundry Debtors* and rescinded Policy *POL-2013 COVID-19 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 28 August 2023

7.2. STANDING ITEM - SUNDRY DEBTORS

DATE:	11 September 2023
AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	FM.07.02
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

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 contains legal advice to the Council.

POLICY IMPLICATIONS

Policies relevant to this item:

Council Policy *POL-2009 Sundry Debt Collection*

Council Policy *POL-2016 Financial Hardship - Rates and Sundry Debtors*

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

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 Policy *POL-2009 Sundry Debt Collection*, 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 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

STRATEGY 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

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 *POL-3000 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 5 September 2023

Categories	90 Days		60 Days	30 Days	Current	Total
	<u>No</u>	\$	\$	\$	\$	\$
Sundry Debtors	61	743,389	542,317	12,041	965,154	\$2,262,901

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 5 September 2023

Categories	90 Days		60 Days	30 Days	Current	Total
	<u>No</u>	\$	\$	\$	\$	\$
Kununurra Airport	23	56,330	358	58,399	218,289	333,376
Wyndham Airport	1	59	0	163	1,231	1,453

Total	24	56,389	358	58,562	219,520	334,829
--------------	-----------	---------------	------------	---------------	----------------	----------------

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 *POL-2013 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 *POL-2009 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 *POL-2016 Financial Hardship Policy - Rates and Sundry Debtors* (and rescinded Policy *POL-2013 COVID 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 5 September 2023

7.3. STANDING ITEM - INSURANCE CLAIMS

DATE:	11 September 2023
AUTHOR:	Director Corporate Services
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	RM.01.2
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

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 2021/22, 2022/23 and 2023/24 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
- POL-1011 Risk and Opportunity Management Policy

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

FINANCIAL IMPLICATIONS

Insurance premiums have been considered in the 2022/23 and 2023/24 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.

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 recommendation implemented.

Annual review of insurance cover.

COMMUNITY ENGAGEMENT

The Shire of Wyndham East Kimberley's POL-3000 *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 2021/22, 2022/23 and 2023/24. These can be summarised as follows:

	2021/22		2022/23		2023/24	
	Number of Claims	Estimated Costs \$	Number of Claims	Estimated Costs \$	Number of Claims	Estimated Costs \$
Property	5	319,669	2	257,040	0	0
Liability	5	2,203	1	0	1	1,000
Motor Vehicle	2	3,164	2	53,731	0	0
WorkCare	6	\$5,256	5	89,949	0	0
Total	18	340,896	10	132,642	1	1,000

Property

There were five claims for property damage lodged during the 2021/22 year, four of which have been finalised. The total cost of the finalised claims was \$70,143. One claim is yet to be finalised with \$196,526 paid to date and estimated total costs of \$249,526. The total estimated costs for 2021/22 are \$319,669. There were two claims lodged in 2022/23, both of which are still current with \$3,917 paid to date and estimated total costs of \$257,040. There have been no claims lodged to date in 2023/24.

Liability

There were five liability claims lodged in 2021/22, three of which were denied and all of which have been finalised with total costs of \$2,203. There was one claim lodged to date in 2022/23 which has been denied. There has been one claim lodged to date in 2023/24 which is currently pending assessment by LGIS.

Motor Vehicle

There were two motor vehicle claims lodged in 2021/22 with total costs of \$3,164. There were two claims lodged in 2022/23, one of which is closed with total costs of \$28,531 and one that is under assessment with an estimated cost of \$25,200.

WorkCare

There were six WorkCare claims submitted in 2021/22 with total costs of \$5,256 all of which have been finalised. There were five claims 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 \$26,887 with estimated total costs of \$89,949. It should be noted that of the four current claims, three of the employees have returned to work full time. There have been no claims to date in 2023/24.

Work Health, Safety, and Wellbeing

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 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 April to June 2023 is attached for information purposes only (see Confidential Attachment 5).

LGIS Risk Reviews

Risk reviews were conducted by the Shire's Insurers LGIS at Waste Facilities (Wyndham and Kununurra) and East Kimberley Regional Airport and Wyndham Aerodrome in April 2023. The primary focus of these reviews was on risks associated with the outbreak of fire and recommendations for mitigation controls. Reports were provided in July. In response to these, action plans are in progress and work has been undertaken with regard to the management of tyres and gas bottles for example at the Kununurra Landfill site. The insurer will be provided updates in response to the recommendations provided.

ATTACHMENTS

(Confidential Attachments provided under separate cover).

Confidential Attachment 1 - LGIS Property Claims Report
Confidential Attachment 2 - LGIS Liability Claims Report
Confidential Attachment 3 - LGIS Motor Vehicle Claims Report
Confidential Attachment 4 - LGIS WorkCare Claims Report
Confidential Attachment 5 - Quarterly Safety and Wellbeing Report

7.4. STANDING ITEM - LEASES

DATE:	11 September 2023
AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	CP.07 and CP.16
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

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

POL-3008 Leasing of Council Managed Reserve Land – Community is relevant.

POL-3009 Leasing of Council Managed/Owned Land – Commercial is relevant.

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

FINANCIAL IMPLICATIONS

There are no direct financial implications from the preparation of this report.

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 *POL-3008 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 *POL-3000 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

DATE:	11 September 2023
AUTHOR:	Director Corporate Services
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	CM.01.1
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	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 attachments 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

POL-1022 Code of Conduct for Employees

POL-1005 Code of Conduct for Council Members Committee Members and Candidates for Local Government Elections

POL-1011 Risk Management

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

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 2023/24 budget.

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 POL-3000 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 - Completed

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

7.6. ICT MATURITY ASSESSMENT UPDATE

DATE:	11 September 2023
AUTHOR:	Director Corporate Services
RESPONSIBLE OFFICER:	Felicity Heading, Director Corporate Services
FILE NO:	FM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee recommends to Council that it notes the ICT Maturity Assessment report contained within this report and Confidential Attachment 1.

PURPOSE

To report to the Audit (Finance and Risk) Committee on progress in relation to the Shire's organisational Information and Communication Technology (ICT) Maturity.

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. This includes risks relating to the Shire's ICT infrastructure, systems and services.

In December 2021 officers engaged consultants to undertake a comprehensive audit of the Shire's ICT systems to provide a baseline for implementing improvements in line with the Department of Local Government, Sport and Cultural Industries' ICT Strategic Framework and the recommendations from the Western Australian Auditor General's 2021 Report on Cyber Security in Local Government.

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 may disclose information about the business, professional, commercial or financial affairs of a person.

POLICY IMPLICATIONS

The following Council policies are relevant to this report:

POL-2014 Information Management and ICT Acceptable Use

POL-2015 Closed Circuit Television (CCTV) Management and Operational Manual

This report follows the new naming convention for Council policies, old policy numbers are recorded on the Shire's document register.

FINANCIAL IMPLICATIONS

All actions undertaken in line with recommendations from the ICT Maturity assessments are provided for in the annual budget.

STRATEGIC IMPLICATIONS

In 2020 Council adopted the current ICT Strategy 2020-2023 which outlines the strategic direction for the development of the Shire's ICT infrastructure and systems, encompassing three major themes being the replacement of the main Enterprise Resource Planning system (ERP), improvements to connectivity between the Kununurra and Wyndham Shire offices, and moving key productivity and collaboration services to cloud based systems. As the Shire progresses along the ICT Maturity pathway the ICT strategy will be reviewed and updated as required.

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.

ICT systems audit conducted and recommendations implemented.

COMMUNITY ENGAGEMENT

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

There is no community engagement required in relation to this item.

COMMENTS

The Audit of the Shire's ICT infrastructure, systems and services undertaken in 2021 included an assessment of the organisation's maturity against a number of criteria relating to ICT Infrastructure, Security, Managed Support and Services, and Auditor General Controls. The initial rating or 'score' was 17 on a scale of 100.

In July 2022 an experienced ICT consulting service provider was engaged to manage the Shire's ICT infrastructure and support services, and to provide virtual Chief Information Officer (vCIO) consultancy to assist with ICT strategy and policy development and implementation.

Follow up maturity assessments were undertaken in November 2022 and September 2023. There was a slight drop from 17 to 14 on the ICT maturity scale in the November 2022 assessment, which was attributed to some further issues being identified when the new service providers commenced. There has since been a marked improvement on the maturity scale from 14 to 58 representing a 314% improvement in ICT maturity in 10 months.

Further improvement in the Shire's ICT maturity is expected as the ICT strategy and policies are reviewed and implemented along with further system improvements. This will result in further reduction in ICT related risks to the organisation.

Additional details of the ICT Maturity assessments are provided in the confidential attachment to this report.

ATTACHMENTS

(Confidential Attachments provided under separate cover).

Confidential Attachment 1 - ICT Maturity Assessment Report

8. MATTERS BEHIND CLOSED DOORS

9. CLOSURE