

I hereby certify that the Minutes of the Audit (Finance and Risk) Committee Meeting are a true and accurate record of the proceedings contained therein.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date



SHIRE OF WYNDHAM | EAST KIMBERLEY

**MINUTES**  
**AUDIT (FINANCE AND**  
**RISK) COMMITTEE**

10 February 2020

Page left intentionally blank.

## CONTENTS

<b>1. DECLARATION OF OPENING.....</b>	<b>4</b>
<b>2. RECORD OF ATTENDANCE / APOLOGIES .....</b>	<b>4</b>
<b>3. PUBLIC QUESTION TIME / PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE.....</b>	<b>4</b>
<b>4. DECLARATION OF INTEREST .....</b>	<b>4</b>
<b>5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING .....</b>	<b>5</b>
<b>6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS.....</b>	<b>5</b>
<b>7. REPORTS .....</b>	<b>6</b>
<b>7.1. STANDING ITEM - INSURANCE CLAIMS .....</b>	<b>6</b>
<b>7.2. STANDING ITEM - RATES DEBTORS .....</b>	<b>10</b>
<b>7.3. STANDING ITEM - SUNDRY DEBTORS.....</b>	<b>15</b>
<b>7.4. STANDING ITEM - LEASES.....</b>	<b>18</b>
<b>7.5. COMPLIANCE AUDIT RETURN 2019.....</b>	<b>22</b>
<b>7.6. STRATEGIC RISK REGISTER.....</b>	<b>26</b>
<b>8. MATTERS BEHIND CLOSED DOORS .....</b>	<b>30</b>
<b>9. CLOSURE .....</b>	<b>30</b>

**SHIRE OF WYNDHAM EAST KIMBERLEY**  
**AGENDA OF THE AUDIT**  
**(FINANCE AND RISK) COMMITTEE**  
**KUNUNURRA COUNCIL CHAMBERS**  
**HELD ON MONDAY, 10 FEBRUARY 2020 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 Council meeting can be subject to alteration.

Applicants and other interested parties should refrain from taking any action until such time as written advice is received confirming Council's decision with respect to any particular issue.

An audio and/or video record will be made of these proceedings to assist in the taking of minutes.

Cr T Chafer declared the meeting open at 5.00pm

**2. RECORD OF ATTENDANCE / APOLOGIES**

ATTENDANCE

Cr T Chafer	Deputy Shire President	Chair of Committee
Cr M McKittrick	Councillor	Deputy Chair of Committee
V Lawrence	Acting CEO	
F Heading	Acting Director Corporate Services	
C Cane	Minute Taker	

APOLOGIES

Cr G Lodge                      Councillor

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

NIL.

**4. DECLARATION OF INTEREST**

- Financial Interest

NIL.

- Impartiality Interest

NIL.

- Proximity Interest

NIL.

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 4 November 2019 be accepted as a true and accurate record of proceedings.**

Note: The Minutes of the Audit (Finance and Risk) Committee are provided under separate cover via [www.swek.wa.gov.au](http://www.swek.wa.gov.au)

### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC447**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

**That the Minutes of the Audit (Finance and Risk) Committee meeting of 4 November 2019 be accepted as a true and accurate record of proceedings.**

**Carried: 2/0**

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

NIL.

### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC448**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

**That the Committee move in-camera to discuss confidential attachments at 5.03pm. Officers to remain.**

**Carried: 2/0**

### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC449**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

**That the Committee move out of camera to discuss confidential attachments at 5.50pm. Officers to remain.**

**Carried: 2/0**

## 7. REPORTS

### 7.1. STANDING ITEM - INSURANCE CLAIMS

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Acting Director Corporate Services
<b>FILE NO:</b>	RM.01.2
<b>DISCLOSURE OF INTERESTS:</b>	NIL

#### VOTING REQUIREMENT

Simple Majority

#### OFFICER'S RECOMMENDATION

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

#### COMMITTEE RESOLUTION

**Minute Number: 10/02/2020 AC450**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

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

**Carried: 2/0**

#### PURPOSE

To report to the Audit (Finance and Risk) Committee (the Committee) the insurance claims that have been lodged for the 2018/19 and 2019/20 financial years, the associated costs and the status of the claims.

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

Leader - plan and provide direction through policy and practices

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

The Audit Committee has as one of its functions to facilitate the effective management of financial and other risks and the protection of Council assets. The Shire administration is currently allocating time and resources to risk management and it is appropriate that the Shire's risk performance is reported to the Committee as a standard report on a quarterly basis.

## **STATUTORY IMPLICATIONS**

Not applicable

## **POLICY IMPLICATIONS**

The following Shire documents are relevant to this report:

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

## **FINANCIAL IMPLICATIONS**

Insurance premiums have been considered in the 2019/20 budget process. 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:** Inadequate insurance cover leading to damage of reputation and/or financial loss.

**Control:** Annual review of insurance cover.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley'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 2018/19 and 2019/20. These can be summarised as follows:

	<b>2018/19 (Q1 - Q4)</b>		<b>2019/20 (Q1 - Q2)</b>	
	<b>Total Costs</b>	<b>Number of Claims</b>	<b>Estimated Costs</b>	<b>Number of Claims</b>
WorkCare	\$42,359	6	\$110,111	8
Property	\$10,380	6	\$20,840	2
Liability	\$0	1	\$0	0
Motor Vehicle	\$719	1	\$4,369	2
<b>Total</b>	<b>\$53,458</b>	<b>14</b>	<b>\$135,320</b>	<b>12</b>

Six WorkCare claims totalling \$112,064 were lodged during the 2018/19 year, all of which have been finalised. The total cost of these claims was \$42,359. There have been eight claims lodged to date for the 2019/20 year totalling \$110,111 with the total paid to date of \$25,461 and further estimated costs of \$84,650. Generally the amounts estimated are greater than the actual costs at the time the claims are finalised. The data is therefore conservative.

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 may result in future periods of more instances of reporting but not change the number of claims made. The incident reporting will provide valuable data



to enable the Shire to better manage its risk. This has positive implications for the cost of insurance.

There were six claims for property damage lodged during the 2018/19 year totalling \$10,380. There have been 2 claims lodged to date for the 2019/20 year with estimated costs totalling \$20,840. One claim is for damage due to vandalism to the Kununurra oval cricket pitch and one for lightning damage to the radio communications tower at the Kununurra depot.

There was one Liability claim made for the 2018/19 year. This was a claim in respect of water damage to hire vehicles parked at the airport. The Shire has made a without prejudice payment to settle this claim. There have been no claims lodged to date for the 2019/20 year.

One Motor Vehicle claim was made during the 2018/19 year and two claims have been made during the first half of the 2019/20 year with estimated costs totalling \$4,369.

### **ATTACHMENTS**

*(Confidential Attachments provided under separate cover).*

Attachment 1 - Shire of Wyndham East Kimberley - LGIS WorkCare

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

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

Attachment 4 - Shire of Wyndham East Kimberley - Motor Vehicle Claims

## 7.2. STANDING ITEM - RATES DEBTORS

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Acting Director Corporate Services
<b>FILE NO:</b>	FM.11.1
<b>DISCLOSURE OF INTERESTS:</b>	NIL

### **VOTING REQUIREMENT**

Simple Majority

### **OFFICER'S RECOMMENDATION**

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

### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC451**

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

**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.**

**Carried: 2/0**

### **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 item 7.2 Standing Item – Sundry Debtors.

The Outstanding Rates Debtors over three years report has also been incorporated into the confidential attachment to this item to give a complete picture of rates debtors.

### **STATUTORY IMPLICATIONS**

This item in a Council Meeting needs to be discussed behind closed doors in accordance with section 5.23. (2) (e) (iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person.

### **POLICY IMPLICATIONS**

Council's Policy *CP/FIN-3212 Rates and Charges Debt Collection* is relevant

### **FINANCIAL IMPLICATIONS**

Legal fees may be incurred to recover debts or revenue written off if debt recovery is considered not economically viable. Should debts become not recoverable it affects the cash

position of the Shire. Provision is made for debts that are not recoverable at the end of each financial year.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

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

## **RISK IMPLICATIONS**

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

**Controls:** Annual Financial Audit. Review policies and procedures in accordance with review schedule.

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley 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**

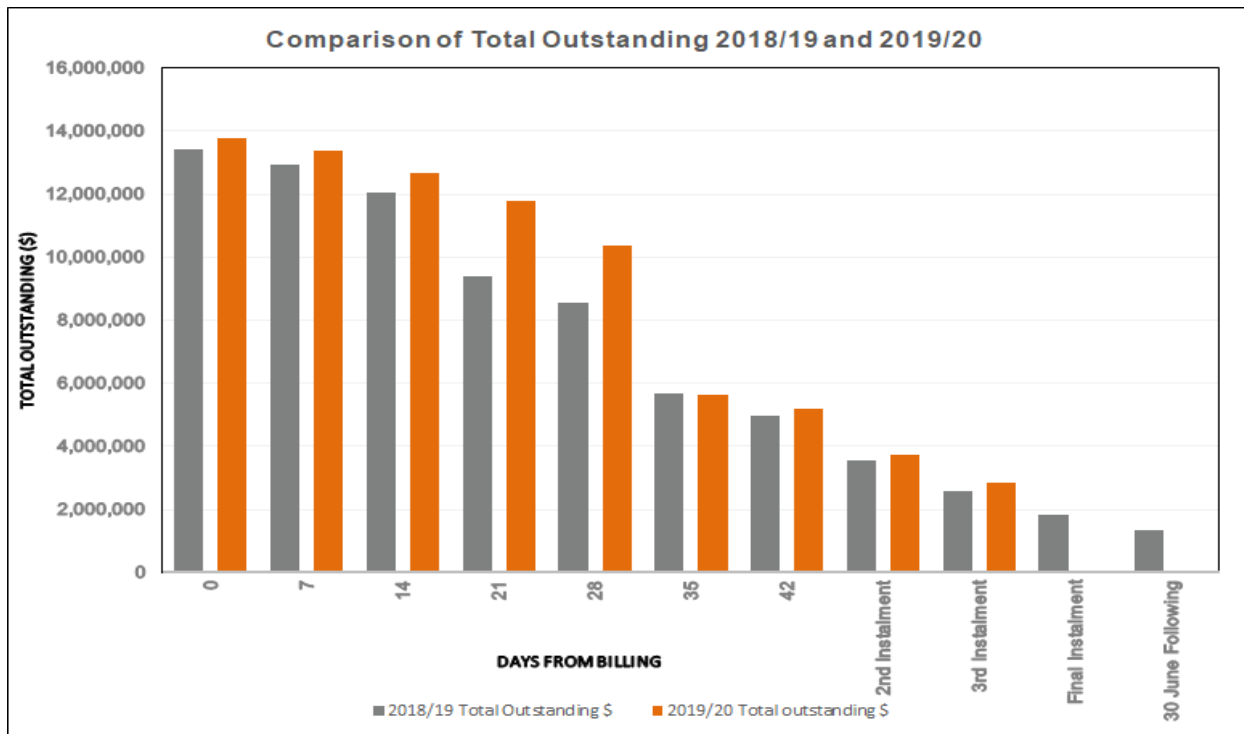
<b>Rates &amp; Services Levied 2019/20 (including arrears) at 28 January 2020</b>	<b>Overdue at 28 January 2020</b>
<b>\$ 14,018,157</b>	<b>\$ 2,051,606</b>

Rates for the financial year of 2019/20 were raised on 11 July 2019 and notices issued on the 19 July 2019. Interim rating occurs periodically throughout the year. The Overdue amount of \$2,051,606 is analysed in the Confidential Attachment.

## Comparison of rates received 2018/19 and 2019/20

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

		2018/19			2019/20		
Days from Billing		Total Outstanding	Received	% of Billing	Total outstanding	Received	% of Billing
		\$	\$	%	\$	\$	%
0	Notices Issued	13,418,076			13,755,411		
7		12,910,025	508,051	3.79%	13,387,247	368,164	2.68%
14		12,042,246	867,779	6.47%	12,670,945	716,302	5.21%
21		9,409,788	2,632,457	19.62%	11,772,160	898,785	6.53%
28		8,558,338	851,450	6.35%	10,384,303	1,387,857	10.09%
35		5,654,622	2,903,716	21.64%	5,615,165	4,769,139	34.67%
42		4,957,835	696,786	5.19%	5,203,347	411,818	2.99%
2nd Instalment		3,564,154	1,393,681	10.39%	3,744,575	1,458,772	10.61%
3rd Instalment		2,570,784	993,370	7.40%	2,848,867	895,708	6.51%
Final Instalment		1,818,030	752,754	5.61%	0	0	0.00%
30 June Following		1,353,327	464,703	3.46%	0	0	0.00%
Total			12,064,749	89.92%	0	10,906,545	79.29%



### Instalment Status Report at 28 January 2020

Instalment Option	Number of Properties	% Total Properties*	Properties up to date	Properties Behind	Instalments Overdue \$	% of Properties Overdue
2 Instalments	217	7.8%	184	33	34,654	15.2%
4 Instalments	514	18.5%	333	181	156,419	35.2%
<b>All instalment Payers</b>	<b>731</b>	<b>26.3%</b>	<b>517</b>	<b>214</b>	<b>191,073</b>	<b>29.3%</b>

2782 \*excluding non-rateable properties

Overdue instalments of \$191,073 represent 9.3% of total overdue rates.

### **ATTACHMENTS**

*(Confidential Attachment provided under separate cover).*

Confidential Attachment 1 - Rates Debtors January 2020

### 7.3. STANDING ITEM - SUNDRY DEBTORS

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Senior Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Acting Director Corporate Services
<b>FILE NO:</b>	FM.07.02
<b>DISCLOSURE OF INTERESTS:</b>	NIL

#### **VOTING REQUIREMENT**

Simple Majority

#### **OFFICER'S RECOMMENDATION**

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

#### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC452**

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

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

**Carried: 2/0**

#### **PURPOSE**

To review the status of sundry debtors, including airport debtors, and sundry debts in legal process.

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

Leader - plan and provide direction through policy and practices.

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

The listing of 90+ day sundry debtors was provided at the Ordinary Council Meeting on a monthly basis until March 2009 when Council resolved that the 90+ days debtor list be removed from the Council Agenda as a standing item and be presented to the Audit Committee for consideration and to make recommended actions to Council as this falls within the scope of the committee's purpose.

In line with the more strategic focus of the new Committee the report in April 2012 only included debtor balances at 90+days and over \$500.

To further progress this strategic focus this item has been changed to provide summary information regarding all sundry debts including airport landing fees administered by Avdata on the Shire's behalf.

Further changes were recommended to the Committee at the February 2014 meeting to modify the report by removing the categories previously reported and to report sundry debtors as a whole, with airport debtors still being identified separately and that only debtors in excess of \$20,000 be provided with more detail. These changes were supported by the Committee and have been considered in the writing of this report.

## **STATUTORY IMPLICATIONS**

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23. (2) (e) (iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person and because the item also contained legal advice to the Council.

## **POLICY IMPLICATIONS**

Council Policy *CP/FIN-3214 Sundry Debt Collection* is relevant to this item.

## **FINANCIAL IMPLICATIONS**

Legal fees may be incurred to recover debts or revenue written off if debt recovery is considered not economically viable.

It should be noted however, that as outlined in section 9.1 of the *CP/FIN-3214 Sundry Debt Collection Policy*, when possible 'legal fees associated with the recovery of outstanding debts will be recovered from the sundry debtor to the extent allowable under legislation and will be assessed on a case by case basis'.

## **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability



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

## **RISK IMPLICATIONS**

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

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

## **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley CP/GOV-3100 Community Engagement Policy has been considered in relation to this item. No community engagement is required however there is regular contact with debtors generally.

## **COMMENTS**

### **Sundry Debtors (General) Summary as at 30 January 2020**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	18	135,989	251,087	141,190	447,672	975,938

Note: The information in the above table is from the Shire's Debtors System, the revenue is recognised when the debt is raised.

### **Sundry Debtors (Airport Landing Fees) Summary as at 30 January 2020**

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	15	14,358	5,949	101,965	109,157	231,429
Wyndham Airport	2	83	172	1,157	2,233	3,645
<b>Total</b>	<b>17</b>	<b>14,441</b>	<b>6,121</b>	<b>103,122</b>	<b>111,390</b>	<b>235,074</b>

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

## **ATTACHMENTS**

*(Confidential Attachment provided under separate cover).*

Confidential Attachment 1 - Sundry Debtors at 30 January 2020

#### 7.4. STANDING ITEM - LEASES

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Senior Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Felicity Heading, Acting Director Corporate Services
<b>FILE NO:</b>	CP.07 and CP.16
<b>DISCLOSURE OF INTERESTS:</b>	NIL

#### **VOTING REQUIREMENT**

Simple Majority

#### **OFFICER'S RECOMMENDATION**

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

#### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC453**

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

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

**Carried: 2/0**

#### **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 ranging from airport leases, community and commercial leases.

In December 2007 the Audit (Risk and Finance) Committee resolved:

**Minute No. A066**

**Moved: Cr Keith Wright**

**Seconded Cr Frederic Mills**

- 1. That the Audit Committee note that the responsibility for the management of leases and periodical contracts is that of the Executive Manager Corporate Services.**
- 2. That the Audit Committee note that the Executive Manager Corporate Services monitors the leases and coordinates the lease database and reporting to Executive Managers, the Audit Committee and Council.**
- 3. That the Audit Committee request staff to present an updated Lease Spreadsheet certified by Executive Manager Corporate Services to each Audit Committee meeting as a standing item.**

**Carried Unanimously 4/0**

## **STATUTORY IMPLICATIONS**

**Local Government Act 1995**

**Part 5, Division 2**

### **5.23. Meetings generally open to public**

- (2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —*
- (a) a matter affecting an employee or employees; and*
  - (b) the personal affairs of any person; and*
  - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and*
  - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and*
  - (e) a matter that if disclosed, would reveal —*
    - (i) a trade secret; or*
    - (ii) information that has a commercial value to a person; or*
    - (iii) information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and*
  - (f) a matter that if disclosed, could be reasonably expected to —*
    - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
    - (ii) endanger the security of the local government's property; or*
    - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and*

- (g) *information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and*
  - (h) *such other matters as may be prescribed.*
- (3) *A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.*

### **POLICY IMPLICATIONS**

CP/PMG-3780 Leasing of Council Managed Reserve Land – Community is relevant.  
CP/PMG-3781 Leasing of Council Managed/Owned Land – Commercial is relevant.

### **FINANCIAL IMPLICATIONS**

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

### **STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2017-2027*

Focus Area 4: Civic Leadership

Goal 4.4: Sustainably maintain the Shire's financial viability

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

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

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

### **RISK IMPLICATIONS**

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

**Control:** Documentation of service procedures.

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

**Control:** Review policies and procedures in accordance with review schedule.

### **COMMUNITY ENGAGEMENT**

The Shire of Wyndham East Kimberley 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 eleven 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 Attachment provided under separate cover).*

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

## 7.5. COMPLIANCE AUDIT RETURN 2019

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Senior Governance and Risk Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Acting Chief Executive Officer
<b>FILE NO:</b>	CM.01.1
<b>DISCLOSURE OF INTERESTS:</b>	NIL

### VOTING REQUIREMENT

Absolute Majority

### OFFICER'S RECOMMENDATION

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

- 1. Note the 2019 Compliance Audit Return has been completed**
- 2. Authorise the Shire President and the Acting CEO to certify the 2019 Compliance Audit Return**
- 3. Authorise the Acting Chief Executive Officer to submit the 2019 Compliance Audit Return to the Department of Local Government by 31 March 2020**

### COMMITTEE RESOLUTION

**Minute Number: 10/02/2020 AC454**

**Moved: Cr M McKittrick**

**Seconded: Cr T Chafer**

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

- 1. Note the 2019 Compliance Audit Return has been completed**
- 2. Authorise the Shire President and the Acting CEO to certify the 2019 Compliance Audit Return**
- 3. Authorise the Acting Chief Executive Officer to submit the 2019 Compliance Audit Return to the Department of Local Government by 31 March 2020**

**Carried: 2/0**

### PURPOSE

The Chief Executive Officer is required to complete and submit a Compliance Audit Return to the Director General of the Department of Local Government together with a copy of the relevant Minute as approved by Council at the Ordinary Council Meeting, by 31 March each year.

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

Regulator - enforce state legislation and local laws

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

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

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

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

## **STATUTORY IMPLICATIONS**

*Local Government Act (1995)*

*Part 7, Division 4*

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

- (1) Regulations may make provision —*
  - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
    - (i) of a financial nature or not; or*
    - (ii) under this Act or another written law.*

*Local Government (Audit) Regulations 1996*

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

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
- (a) *presented to the council at a meeting of the council; and*
  - (b) *adopted by the council; and*
  - (c) *recorded in the minutes of the meeting at which it is adopted.*

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

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

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

- (2) *In this regulation —*  
*certified in relation to a compliance audit return means signed*

*by —*

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

**POLICY IMPLICATIONS**

There are no policy implications associated with this report.

**FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

**STRATEGIC IMPLICATIONS**

*Strategic Community Plan 2012-2022*

Focus Area 4: Civic Leadership

**RISK IMPLICATIONS**

**Risk:** Failure to manage a governance framework which transparently governs and embraces good governance practices.

**Control:** Annual Completion Compliance Audit Return

**Control:** Interim and Annual Financial Audits

**Control:** Strategic Risk Reporting Quarterly to Audit Finance and Risk Committee



## **COMMUNITY ENGAGEMENT**

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

## **COMMENTS**

There were two exceptions noted in the Disclosure of Interest Section, Question 7 in relation to Primary and Annual Returns s5.75(1) Admin 22 Form 2. Two employees failed to make a primary return within the designated time frame. The breaches have been reported to the appropriate authorities for consideration.

There were two exceptions noted in the finance section. Under S7.12A(3) where the local government determined that matters raised in the auditor's report required action. The Shire determined that the matter to be addressed from the Auditors Report was the matter relating to the Operating Surplus Ratio. The Shire has taken appropriate action in drafting a report to the Minister and submitting it.

## **ATTACHMENTS**

Attachment 1 - Compliance Audit Return 2019

## 7.6. STRATEGIC RISK REGISTER

<b>DATE:</b>	10 February 2020
<b>AUTHOR:</b>	Senior Governance and Risk Officer
<b>RESPONSIBLE OFFICER:</b>	Vernon Lawrence, Acting 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 Quarterly Strategic Risk Report for Quarter 2.**

### **COMMITTEE RESOLUTION**

**Minute Number: 10/02/2020 AC455**

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

**That the Audit (Finance and Risk) Committee Note the Quarterly Strategic Risk Report for Quarter 2.**

**Carried: 2/0**

### **PURPOSE**

For the Audit (Finance and Risk) Committee note the Quarterly 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 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, where by 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.

## **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**

**Strategic 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:** Implementation of recommendations from Regulation 17 Review

**Operational Risk:** Failure of the Administration to manage and resource the Strategic Risk expectations of the Audit Finance and Risk Committee and Council.

**Control:** Systematic consultation and reporting of Strategic Risk with the Audit Finance and Risk Committee inline with Shire Policy.

### **COMMUNITY ENGAGEMENT**

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

### **COMMENTS**

There are no strategic risks which have exceeded the risk tolerance of the Administration. There are however several high strategic risks areas, which require careful monitoring and remediation. These items are prioritised by the Executive Management Team to ensure the risks do not exceed Council's tolerance levels. These "High Risk" areas are located in Attachment 2 of this report.

Additional strategic remediations can be recommended to Council by way of amendment to the committee's recommendations to Council. Residual risks quarter to quarter which are rated high or extreme and require significant investment of time and money, will be captured in the Corporate Business Plan and budget process.

### **ATTACHMENTS**

Attachment 1 - Shire of Wyndham East Kimberley Strategic Risk Register

Attachment 2 - Shire of Wyndham East Kimberley High Risk Areas Q2

Attachment 3 - Shire of Wyndham East Kimberley Risk and Opportunity Framework

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

NIL.

## **9. CLOSURE**

Date of next meeting: Monday 11 May 2020, 5pm, Kununurra Council Chambers.

Cr T Chafer declared the meeting closed at 6.09pm.