



Minutes of Audit (Risk and Finance) Committee Meeting 27 August 2013

I hereby certify that the Minutes of the Audit (Risk and Finance) Committee meeting held 27 August 2013 are a true and accurate record of the proceedings contained therein.

Chairperson confirmed

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1 Declaration of Opening

The meeting was declared open by the Chair at 2.30pm.

2 Record of Attendance

Cr John Moulden	Committee chairperson
Cr Jane Parker	Committee member
Cr Di Ausburn	Committee member
Gary Gaffney	Chief Executive Officer
Ingrid Bishop	Acting Director Corporate Services (Minute taker)
Felicity Heading	Senior Finance Officer

3 Declaration of Interest

- Financial
Nil
- Members Impartially Interest
Nil
- Proximity Interest
Nil

4 Acceptance of Minutes of Previous Meeting

4.1 Audit (Risk and Finance) Committee Meeting Minutes 4 December 2012

Recommendation

That the minutes of the Audit (Risk and Finance) Committee meeting of 4 December 2012 be accepted as a true and accurate record of proceedings.

Minute AC275

Moved: Cr J Parker

Seconded: Cr D Ausburn

That the minutes of the Audit (Risk and Finance) Committee meeting of 4 December 2012 be accepted as a true and accurate record of proceedings.

Carried Unanimously: 3/0

ATTACHMENTS

Audit (Risk and Finance) Committee Meeting Minutes 4 December 2012
(Confidential attachment provided under separate cover)

5 Officer's Report

5.1 Standing Item – Sundry Debtors

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Paul Tily, Finance Officer Felicity Heading, Senior Finance Officer
REPORTING OFFICER:	Ingrid Bishop, Acting Director Corporate Services
FILE NO:	FM.07.2

PURPOSE

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

BACKGROUND

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

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

To further progress this strategic focus this item has been changed to provide summary information regarding all sundry debts including airport landing fees administered by Avdata on Councils behalf. Sundry debtors in legal process have also been incorporated into this item to give a complete picture of sundry debtors.

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.

As the Audit (Risk and Finance) Committee has no delegated powers it does not need to open to the public and therefore the provisions of Section 5.23 are not relevant.

POLICY IMPLICATIONS

No policy implications apply in relation 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.

STRATEGIC IMPLICATIONS

The costs associated with legal fees to recover debt need to be weighed up against the debt to ensure and economically viable action is being taken.

COMMUNITY CONSULTATION

Community Consultation is not required in relation to this item.

COMMENT

Sundry Debtors (General) Summary – 15th of August 2013

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Airport & Airport Leases(May 2013)	3	19,771	333	108,880	259,270	388,254
Childcare	12	8,597	727	3,575	5,736	18,635
Grant	2	55,172	-	-	-	55,172
Health	1	8	1,295	215	5,241	6,759
Leisure	8	37,678	3,141	2,360	4,501	47,680
Waste	13	7,915	5,265	11,615	50,576	75,371
Other	6	121,810	86,895	23,109	474,773	706,587
Total		250,951	97,656	149,754	800,097	1,298,458

Note: The information in the above table is from Council Debtors System, the revenue is recognised when the debtor is raised.

Sundry Debtors (Airport Landing Fees) Summary – 15th August 2013

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	24	10,965	12,945	133,018	157,347	314,275
Wyndham Airport	1	553	2,016	2,270	2,587	7,426
Total		11,518	14,961	135,288	159,934	321,701

Note: The information in the above table is provided by Avdata. Airport Landing Fees are not detailed in any Council Systems, they are invoiced and collected on Councils behalf by Avdata. The revenue is recognised when the cash is deposited in Councils bank account.

ATTACHMENTS

Sundry Debtors detailed report as at 15th of August 2013
(Confidential attachment provided under separate cover)

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

COMMITTEE RESOLUTION

Minute AC276

Moved: Cr J Parker

Seconded: Cr D Ausburn

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

Carried Unanimously: 3/0

COMMITTEE RECOMMENDATION 1

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

5.2 Standing Item – Rates Debtors

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Shelley Binnie, Finance Officer Rates
REPORTING OFFICER:	Ingrid Bishop, Acting Director Corporate Services
FILE NO:	FM.11.1

PURPOSE

To review status of rates debtors and rates debts in legal process.

BACKGROUND

At the Ordinary Council Meeting, 16 October 2007, Council moved the following resolution:

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, 18 March 2008, Council moved the following:

Minute No: 8148

Moved: Cr J Parker

Seconded: Cr F Mills

That Council:

- 1. note the confidential report provided to it in relation to debts owed to Council and under legal action.*
- 2. direct the Executive Manager Corporate Services to provide a written report to the Audit Committee under confidential cover at each Audit Committee meeting in regard to all debts currently in legal process.*
- 3. request the Audit Committee to make recommendations to Council as required and appropriate in relation to the report provided under confidential cover regarding debts currently in legal process.*
- 4. resolve that this requirement replaces the previous requirement on the CEO to report information to Council.*

Carried Unanimously 8/0

This requirement is now fulfilled by a combination of this report and item 5.1 Standing Item – Sundry Debtors.

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 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.

As the Audit (Risk and Finance) Committee has no delegated powers it does not need to open to the public and therefore the provisions of Section 5.23 are not relevant.
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POLICY IMPLICATIONS

No policy implications apply in relation 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.

STRATEGIC IMPLICATIONS

Strategic Community Plan – Strategy 1.4.3
Maintain Council's long term financial viability

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

Rates and Services Debtors Summary

Rates & Services Levied 2012/2013 (including arrears)	Rates & Services Debt at 30 June 2013	Overdue at 30 June 2013
\$ 9,711,866	\$592,980	\$592,980

Rates for the financial year of 2012/2013 were raised and issued on 21 August 2012. Interim rating occurs periodically throughout the year.

ATTACHMENTS

Rates Debtors - Detailed Report (Confidential Attachment provided under separate cover)

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

COMMITTEE RESOLUTION

Minute AC277

Moved: Cr J Parker

Seconded: Cr D Ausburn

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

Carried Unanimously: 3/0

COMMITTEE RECOMMENDATION 2

That the Audit (Risk and Finance) 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 and no further actions are recommended at this time.

5.3 Request for Write Off Penalties A6507

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Shelley Binnie, Finance Officer Rates
REPORTING OFFICER:	Ingrid Bishop, Acting Director Corporate Services
FILE NO:	FM.11.17
ASSESSMENT NO:	A6507

PURPOSE

For the Audit (Risk and Finance) Committee to consider a request to write off penalties on Assessment A6507.

BACKGROUND

Rates assessment A6507 is a mining tenement which was surrendered in financial year 2007/2008. The outstanding rates were collected, but not the penalties. Penalties have been accruing since 2007/2008.

STATUTORY IMPLICATIONS

Relevant legislation:
Local Government Act 1995
Section 6.47

“Concessions

Subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

* *absolute majority required*”

Section 6.12. Power to defer, grant discounts, waive or write off debts

“(1) Subject to subsection (2) and any other written law, a local government may —
(a) when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money;

(b) waive or grant concessions in relation to any amount of money; or

(c) write off any amount of money, which is owed to the local government.

* *Absolute majority required.*

(2) Subsection (1)(a) and (b) do not apply to an amount of money owing in respect of rates and service charges.

(3) The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.

(4) Regulations may prescribe circumstances in which a local government is not to exercise a power under subsection (1) or regulate the exercise of that power.”

POLICY IMPLICATIONS

Relevant Policy
Policy F12 – Rate Collection Policy

“6. General Procedure Claims will not be issued on debts under \$200.”

FINANCIAL IMPLICATIONS

Should Council approve the request to write off the rates penalties a total amount of \$117.30 in penalty interest would be written off.

STRATEGIC IMPLICATIONS

Strategic Community Plan – Strategy 1.4.3
Maintain Council’s long term financial viability

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

The company that held the mining tenement for this assessment is no longer registered. Under Council’s Debt Collect Policy it states that debt collection will not commence on debts less than \$200.00.

ATTACHMENTS

Nil

VOTING REQUIREMENT

Absolute Majority

OFFICER’S RECOMMENDATION

That the Audit (Risk and Finance) Committee recommends to Council to agree to the request to the write off penalties of \$117.30 on Assessment A6507.

COMMITTEE RESOLUTION

Minute AC278

Moved: Cr J Parker
Against: Cr Ausburn

Seconded: Cr J Moulden

That the Audit (Risk and Finance) Committee recommends to Council to agree to the request to the write off penalties of \$117.30 on Assessment A6507.

Carried: 2/1

COMMITTEE RECOMMENDATION 3

That the Audit (Risk and Finance) Committee recommends to Council to agree to the request to the write off penalties of \$117.30 on Assessment A6507.

5.4 Request for Write Off Services Charges and Penalties Nulleywah and Mirima Communities

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Shelley Binnie, Finance Officer Rates Felicity Heading, Senior Finance Officer
REPORTING OFFICER:	Ingrid Bishop, Acting Director Corporate Services
FILE NO:	FM.11.17
ASSESSMENT NO:	

PURPOSE

For the Audit (Risk and Finance) Committee to consider a request to write off service charges and penalties for Nulleywah and Mirima Communities.

BACKGROUND

Nulleywah and Mirima Aboriginal Communities in the Kununurra township have been receiving a waste collection service since at least 1987. The service charges were billed through the rates billing system to the individual properties care of Nulleywah Aboriginal Corporation and Mirima Council Aboriginal Corporation. The charges were paid by Kununurra Waringarri Aboriginal Corporation (KWAC) until 2008/2009. KWAC then ceased to pay. Charges for 2009/10, 2010/11 and 2011/12 remained unpaid until September 2012 when Community Housing Ltd agreed to pay outstanding monies up to 30 June 2012. Charges for 2012/13 are currently still outstanding.

STATUTORY IMPLICATIONS

Relevant legislation:
Local Government Act 1995

Section 6.12 Power to defer, grant discounts, waive or write off debts

“(1) Subject to subsection (2) and any other written law, a local government may —
(a) when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money;
(b) waive or grant concessions in relation to any amount of money; or
(c) write off any amount of money, which is owed to the local government.

* *Absolute majority required.*

(2) Subsection (1)(a) and (b) do not apply to an amount of money owing in respect of rates and service charges.

(3) The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.

(4) Regulations may prescribe circumstances in which a local government is not to exercise a power under subsection (1) or regulate the exercise of that power.”

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Should Council approve the request to write off the service charges and penalties a total amount of \$3,762.25 for Nulleywah and \$7,059.39 for Mirima in service charges and penalty interest would be written off.

STRATEGIC IMPLICATIONS

Strategic Community Plan – Strategy 1.4.3
Maintain Council's long term financial viability

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

Through negotiations with the Department of Aboriginal Affairs and the Department of Housing, Department of Housing have agreed to pay waste collection charges from the dates that they commenced Housing Management Agreements (HMA) with the communities. The commencement dates for HMAs are Mirima 1/7/2013 and Nulleywah 11/3/2013.

As a result of this agreement Department of Housing will pay the pro rata portion of the 2012/13 arrears from 11/3/2013 for Nulleywah being the sum of \$3,701.83, but have declined to pay the 2012/13 Mirima arrears as their HMAs with Mirima commenced on 1/7/2013.

It is recommended that the balance of the Nulleywah arrears and the Mirima arrears be written off as it is unlikely that this debt can be recovered. The amount recommended for write off is \$3,762.25 for Nulleywah and \$7,059.39 for Mirima.

Department of Housing has agreed to pay to the Shire the waste collection and waste management charges for Nulleywah and Mirima Communities while they have Housing Management Agreements in place with the members of the Communities. Rates notices for the current charges for 2013/14 will be forwarded to the Department of Housing.

ATTACHMENTS

Nil

VOTING REQUIREMENT

Absolute Majority

OFFICER'S RECOMMENDATION

That the Audit (Risk and Finance) Committee recommends to Council to write off service charges and penalties of \$3,762.25 for Nulleywah and \$7,059.39 for Mirima communities.

Officer's recommendation is moved with adjustments

COMMITTEE RESOLUTION

Minute AC279

Moved: Cr D Ausburn

Seconded: Cr J Parker

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

- 1. To write off service charges and penalties of \$3,762.25 for Nulleywah and \$7,059.39 for Mirima communities.**
- 2. To develop a policy which includes the provision of an agreement between the Shire and customer**
- 3. Officer's report to be tabled at September briefing session**

Carried Unanimously: 3/0

COMMITTEE RECOMMENDATION 4

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

- 1. To write off service charges and penalties of \$3,762.25 for Nulleywah and \$7,059.39 for Mirima communities.**
- 2. To ensure that an Administration Policy is developed that includes the mandatory provision of an Agreement between the Shire and the customer to ensure that service levels and financial obligations are understood and in place prior to services commencing.**
- 3. Officer's report to be tabled at September briefing session**

5.5 Interim Audit Visit Year Ended 30 June 2013

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Ingrid Bishop, Acting Director Corporate Services
REPORTING OFFICER:	Ingrid Bishop, Acting Director Corporate Services
FILE NO:	FM.09.9

PURPOSE

To note the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up from UHY Haines Norton.

BACKGROUND

The role of the Audit (Risk and Finance) Committee is to examine and consider the results of the annual audit as well as the management responses to any issues raised by Auditors.

UHY Haines Norton, Councils appointed auditors, conducted an onsite procedural audit in May 2013 in preparation for the 2012/13 Annual Audit. The Auditors have provided management with an Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up document which is for information purposes only and does not form part of the formal audit reporting process.

STATUTORY IMPLICATIONS

Local Government Act 1995

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president;
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit;
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.

- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

POLICY IMPLICATIONS

No policy implications apply in relation to this item at this stage however it is anticipated that specific financial policies will need to be reviewed in line with the final Annual Audit recommendations.

FINANCIAL IMPLICATIONS

No financial implications apply in relation to this item.

STRATEGIC IMPLICATIONS

Accountability and transparency of the Shire's accounting functions. The Audit (Risk and Finance) Committee fulfilling the functions and responsibilities of the Committee.

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up

Management Response

In response to the comments made in the Interim Audit Visit – Matters Noted and Requiring Follow Up, staff have developed an action plan to mitigate and/or resolve outstanding matters. This action plan will be followed up by auditors during their next visit in 2013 to finalise the Annual Audit.

ATTACHMENTS

1. Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Risk and Finance) Committee:

1. Receives the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up
2. Notes the management response to audit issues and corrective actions being proposed by management.
3. Recommends to Council to receive the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up.
4. Recommends to Council:
 - That a report on the status of actions taken in relation to the results of Interim Audit for the Year Ended 30 June 2013 and the final Annual Audit for Year Ended 30 June 2013 is included in the Audit (Risk and Finance) Committee Agenda as a standing item until all issues are resolved.

COMMITTEE RESOLUTION

Minute AC280

Moved: Cr D Ausburn

Seconded: Cr J Parker

That the Audit (Risk and Finance) Committee:

- 1. Receives the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up**
- 2. Notes the management response to audit issues and corrective actions being proposed by management.**
- 3. Recommends to Council to receive the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up.**
- 4. Recommends to Council:**
 - That a report on the status of actions taken in relation to the results of Interim Audit for the Year Ended 30 June 2013 and the final Annual Audit for Year Ended 30 June 2013 is included in the Audit (Risk and Finance) Committee Agenda as a standing item until all issues are resolved.**

Carried Unanimously: 3/0

COMMITTEE RECOMMENDATION 5

That the Audit (Risk and Finance) Committee:

- 1. Receives the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up**
- 2. Notes the management response to audit issues and corrective actions being proposed by management.**
- 3. Recommends to Council to receive the Interim Audit Visit Year Ended 30 June 2013 – Matters Noted and Requiring Follow Up.**
- 4. Recommends to Council:**
 - That a report on the status of actions taken in relation to the results of Interim Audit for the Year Ended 30 June 2013 and the final Annual Audit for Year Ended 30 June 2013 is included in the Audit (Risk and Finance) Committee Agenda as a standing item until all issues are resolved.**

Carried Unanimously: 3/0

5.6 Response to Netball Association regarding outstanding Court Contribution

DATE:	27 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Wayne Richards, Manager Community and Youth
REPORTING OFFICER:	Nick Kearns, Director Community Development

PURPOSE

To provide a response to the Kununurra Netball Association regarding a disputed debt to the Shire for a contribution to the Kununurra Multipurpose Courts upgrade.

BACKGROUND

The dispute of an outstanding debt from the Kununurra Netball Association and Kununurra Tennis Club has been ongoing for a period of over four years.

The summary of the disputed debt comes down to the interpretation of the letter committing \$51,000. The clubs believe that the letter commits them to a three way split and therefore the Basketball Association defaulting should not be their responsibility. The Shire has maintained that the commitment was made collectively as three clubs and therefore the Basketball Association defaulting should be covered by the remaining clubs. In 2008 the Kununurra Netball Association, Kununurra Tennis Club and Kununurra Basketball Club committed to contributing \$51,000 towards an expansion of the Multipurpose Court Upgrade project. Following the completion of this project, the Basketball Association folded and do not have the capacity to contribute. Both remaining associations have confirmed that they are willing to pay one third of the total amount (\$17,000 each), however they believe they are not responsible for the remaining amount of \$17,000 that is owing due to the lack of contribution from the Basketball Association.

This information, as well as some information regarding other potential offsets due to in kind labour and damage to club owned property was presented at the August 2012 Audit Committee Meeting (Item Attached). The Audit Committee recommendation was:

“AUDIT COMMITTEE RECOMMENDATION 5

That Council agree to the Shire President, Chair of Audit (Risk and Finance) Committee and Chief Executive Officer write to the Tennis Club, Basketball Club and Netball Club requiring the debt in regard to \$51,000 contribution to multi-purpose courts referred to in letter consigned by the clubs on 21 November 2008 to be paid in full by 30 June 2013.” This recommendation was adopted by Council at the 18 September 2012 Ordinary Council Meeting.

A letter was drafted and sent to the Kununurra Netball Association (attached). An identical copy of this letter was also sent to the Kununurra Tennis Club.

The Kununurra Netball Association responded to the CEO stating:

“The Kununurra Netball Association has paid \$17000 towards the resurfacing of the existing Basketball courts, which was originally the agreed amount as stated on the invoice dated 30/06/2011 and as per the Associations understanding when we Co-signed the letter back in 2008 (both attached). This invoice was finally issued to us on the 14/06/2011, by Wayne, after we had been requesting an invoice for over 12 months.

We understand that the Basketball club has folded since signing this letter, but we have no legal obligation to repay their agreed contribution towards the resurfacing of the courts.

We would really like to move forward in 2013 and put this ongoing saga to rest. We would be happy to meet with you to discuss further if necessary."

As the request for payment was a decision of Council, Officers were unable to negotiate further with the Club and therefore the Club has requested to meet with the decision maker(s), in this case the Audit Committee.

It is acknowledged that this letter was received in January 2013 however the Audit Committee has not met in this period. The recommencement of the Audit Committee Meetings provides the opportunity to resolve this issue.

STATUTORY IMPLICATIONS

There are no statutory implications associated with this report.

POLICY IMPLICATIONS

No policy implications apply in the preparation of this report.

FINANCIAL IMPLICATIONS

The amount disputed for payment is \$8,500 by the Kununurra Netball Association and \$8,500 by the Kununurra Tennis Club for a total of \$17,000.

STRATEGIC IMPLICATIONS

This item relates to Councils 10 Year Strategic Community Plan Objective

- 3.5 - An Outdoor lifestyle is encouraged and promoted

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

Following the decision of Council in September 2012, the Netball Association requested a meeting to discuss their case. As the decision of Council was to proceed with charging the full \$51,000 it was proposed that this meeting be with the Audit Committee rather than with officers.

No Audit Committee Meeting has taken place since this request leading to a further delay in this issue. The recommencement of the Audit Committee Meetings provides the opportunity to resolve this issue.

It is understood that the direction of Council through the Audit Committee recommendation at the 18 September 2012 OCM was that the clubs were responsible for the full amount owing and this was to be paid by 30 June 2013.

As the Netball Association has been clear that they will not pay the outstanding amount, and the Tennis Club are still to pay their share, actions must be considered.

In the case an agreement cannot be reached, the only option available is to prevent use of the facility. This action would not be advised. The public relations impact would be significant and the benefits of strong sporting clubs to the community are important.

The actions available to the Shire are:

- The Audit Committee to meet with the Clubs to negotiate a solution.
- Prevention of access to the courts by these associations until the debt is cleared.
- Increase in annual fees until the amount is paid in full.
- Waiving of the remaining amount owing.

ATTACHMENTS

The associated attachment will be provided under separate cover.

Attachment 1 – Audit Committee Item August 2012 - Recovery of Outstanding Multipurpose Court Contribution

Attachment 2 – Letter to Netball Association requesting payment

Attachment 3 – Netball Association Email refusing payment and requesting a meeting

Attachment 4 – Letter from Clubs committing to payment

OFFICER'S RECOMMENDATION

That the Audit Committee recommends that Council write-off monies owing with respect to the contribution to the upgrade of the Kununurra netball, tennis and basketball courts.

COMMITTEE RESOLUTION

Minute AC281

Moved: Cr J Parker

Seconded: Cr D Ausburn

That the Audit Committee recommends that Council write-off monies owing with respect to the contribution to the upgrade of the Kununurra netball, tennis and basketball courts.

Carried Unanimously: 3/0

COMMITTEE RECOMMENDATION 6

That the Audit Committee recommends that Council write-off monies owing with respect to the contribution to the upgrade of the Kununurra netball, tennis and basketball courts and that an officers report will be required to address the write-off for the tennis club at the next Audit Committee meeting.

5.7 Report on the recent audit undertaken for the Kimberley Zone and Regional Collaborative Group by AMD.

DATE:	9 August 2013
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Janet Takarangi Economic Development Officer Jacqui McLean Project Accountant.
REPORTING OFFICER:	Gary Gaffney CEO
FILE NO:	GN.05.2

PURPOSE

To update the Audit (Risk and Finance) Committee on the work recently undertaken to mitigate all financial, contractual, operational and reputational risk for the Shire of Wyndham East Kimberley in relation to the Kimberley Zone/Regional Collaborative Group (RCG) Secretariat role undertaken by the Shire for the period 2010 to 2013.

BACKGROUND

The Shire of Wyndham East Kimberley has been involved in two activities that have been combined under a regional Secretariat role for the four Shires making up the Kimberley region.

The two activities have been

- The Kimberley Regional Collaborative Group (RCG) established by contract between the four Shires and the Department of Local Government to enact Local Government Reform. This contract expires June 2015, and
- The Kimberley Zone of the Western Australian Local Government Association (WALGA), with an agenda to have Kimberley input into the State Council and to have the Association and its resources available to the region.

Both groups were combined into the role of Secretariat which was allocated to the Shire of Wyndham East Kimberley in 2010. The Secretariat role required the Shire President to be the Chair of the Kimberley group and the Shire CEO was responsible for the day to day activities of the Secretariat and to this end an Executive Officer was employed to undertake these duties.

The Shire holding the Secretariat role was also the agency who was the designated contract holder for both Zone and RCG contracts as the regional groups were not legal entities.

In August 2012 the role of Secretariat which was agreed by the regional group to be rotated when established in 2010 was rotated to the Shire of Broome. This decision left a residual risk for the Shire of Wyndham East Kimberley as the contracts remained under the Shire's name. Originally it was thought these could be assigned to the Shire of Broome but due to timeframes and operational complexities it was proposed and agreed that the Shire of Wyndham East Kimberley would discharge its contractual obligations for both current RCG and Zone contracts.

Work was divided so that the Shire of Wyndham East Kimberley maintained all responsibility for current contracts, relationships and ongoing work including the final acquittals and audits and the Shire of Broome focussed on the future using the new funding made available by the Department of Local Government and new deals working with Kimberley Development Commission, Regional Development and Lands and projects arising from the Regional Community Strategic Plan and Regional Business Plan.

As part of this process it was requested by the Shire of Broome that an independent handover audit be undertaken. Given the complexity of the funding arrangements it was agreed that the audit would also include the end of contract audits to enable the independent auditor to have an understanding of the various work streams within the context of the Secretariat role. AMD were suggested by the Shire of Broome and were engaged by the Shire of Wyndham East Kimberley on behalf of the regional group.

The audit is in the final stages of being finalised after AMD staff were on site in late July.

The audit indicates that the Shire of Wyndham East Kimberley has continued to meet ongoing costs up until July 2013 of \$ 44,429 which includes car lease payments (the lease expired 9 July 2013 but the agreement was not transferable) and costs for Shire staff acting to cover the risks before full transfer, this total excludes final audit costs.

This amount will need to be invoiced to the Shire of Broome for full reimbursement.

STATUTORY IMPLICATIONS

The audit undertaken complies with all Local Government requirements

POLICY IMPLICATIONS

None noted

RISK MANAGEMENT

Financial.

The Shire was responsible for managing the funding received on behalf of the region including the large amounts of funding received such as the Regional Development and Lands (RDL) CLGF 2010/2011 for the Housing Construction Facility \$2.34million and still being held by SWEK in an on call account pending a decision by Cabinet to move the money to a new regional Key Worker Housing project.

The other large project was for \$15million, funding received from Kimberley Development Commission (KDC) for a three way split to support community based aboriginal housing. This funding has been discharged and the final acquittal has been completed and was sent to the auditors Haines Norton in April for audit. Funding for the audit process has been built into the contract.

Attached is the final statement submitted to the auditors on all Zone and RCG contracts.

Contractual.

The biggest risk is ensuring that the current contracts with Department of Local Government, RDL and KDC issued to the Shire of Wyndham East Kimberley as agent for the Kimberley Regional Collaborative Group and the Kimberley Zone are managed according to the legal requirements. This has required regular calls to relevant contract managers, seeking any variations to ensure acquittals can be completed and reporting online in the case of Department of Local Government who moved from a paper based system to an online system in 2013. This move required retrospective data collection and entry for all four Kimberley Shires co-ordinated by the Shire of Wyndham East Kimberley.

Operational

This project has been a collaborative one between staff in Finance and Governance and has required resourcing during a time of change. This impacted on timelines. Being able to have AMD on site in July enabled a complex environment to be better understood. Originally it was expected that the contracts held by the Shire of Wyndham East Kimberley could be assigned to the Shire of Broome but as the funding for most of the Department of Local Government contracts had been divided between all four Shires with the overall accountability sitting with the Shire of Wyndham East Kimberley it was agreed that these responsibilities would be discharged by SWEK leaving the Shire of Broome to focus on future projects.

Reputational

The focus has also been on maintenance of relationships with funders and other service providers with an emphasis on future funding opportunities for both the Shire of Wyndham East Kimberley and the Kimberley region being strengthened through the way these acquittals and audits have been undertaken.

FINANCIAL IMPLICATIONS

The Shire has had to continue to meet the current costs of the regional work plan including the lease car and staff costs for managing the work. It is expected that this cost is \$ 44,429 (+ audit fees) and will be recouped by way of invoice submitted to the Shire of Broome who will be invoicing all member Shires for the income owed for both 12/13 and 13/14 years.

STRATEGIC IMPLICATIONS

This report reflects Goal 1 in the Council's Strategic Community Plan

Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability.

The activity has contributed to the following specific strategies

- 1.2.2 Work collaboratively with the other Kimberley Shires to create and manage regionally beneficial projects
- 1.4.1 Ensure legislative compliance and follow best practice principles in planning and service delivery
- 1.4.3 Maintain Council's long term financial viability

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

At the time of writing AMD are finalising the full audit report including the following:

- Department of Local Government. Kimberley Regional Collaborative Group
 - Business Planning \$200,000
 - Strategic Planning \$90,000
 - Asset Management Planning \$164,000
 - Long Term Financial Planning \$120,000
 - Administration Project Manager \$100,000
- Regional Development and Lands
 - Housing Construction Contract Regional CLGF 2010/2011. Kimberley Zone \$2.34 million + Interest
- Kimberley Development Commission

- Community Aboriginal Housing Contract Kimberley Zone \$15 million.
- Final handover audit for Shire of Broome taking over regional role.

Attachment provided under separate cover

This report is for noting.

6 Project Updates

This item is to provide information to the Audit (Risk and Finance) Committee on

- ongoing projects not subject to officers reports
- items that do not require a Council decision

A confidential attachment has been provided under separate cover.

6.1 Strategic Risk Report

ATTACHMENTS

Strategic Risk Report - Detailed Report (Confidential Attachment provided under separate cover)

6.2 Leases

The Shire of Wyndham East Kimberley administers over thirty five leases ranging from Airport leases, community leases 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 data base 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

ATTACHMENTS

Lease Schedule - Detailed Report (Confidential Attachment provided under separate cover)

6.3 Leadership Team

ATTACHMENTS

Nil

6.4 Compliance Calendar 2013

ATTACHMENTS

Compliance Calendar 2013 Report (Confidential Attachment provided under separate cover)

6.5 Strategic Rates Review – Status Report

ATTACHMENTS

Strategic Rates Review Status Report (Confidential Attachment provided under separate cover)

6.6 Audit (Risk and Finance) Committee Status Report

ATTACHMENTS

Audit (Risk and Finance) Committee Status Report (Confidential Attachment provided under separate cover)

6.7 Financial Services Review Report

ATTACHMENTS

Nil

7 Requests for Officers Reports

This section is included in the agenda in place of General Business to improve the meeting process and to enable the Audit (Risk and Finance) Committee to make informed decisions based on adequate research and an officer recommendation. Even though this item exists committee members can request officer reports at any time (giving suitable preparation time prior to the agenda deadline).

8 Date of Next Meeting

The schedule of meeting for the committee has not yet been set. The date of the next meeting needs to be set for planning purposes, re timing of agenda items and including the date in committee member's diaries.

9 Closure of Meeting

The Chair declares the meeting closed at 4:27pm.