

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

Chairperson

Date



SHIRE OF WYNDHAM | EAST KIMBERLEY

MINUTES AUDIT (FINANCE AND RISK) COMMITTEE

12 August 2014

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**SHIRE OF WYNDHAM EAST KIMBERLEY
AGENDA OF THE AUDIT (FINANCE AND RISK)
COMMITTEE
KUNUNURRA COUNCIL CHAMBERS
HELD ON TUESDAY, 12 AUGUST 2014 AT 3:00 PM**

1. DECLARATIONS OF OPENING

The Chairperson declared the meeting open at 3.03pm.

2. RECORD OF ATTENDANCE / APOLOGIES

ATTENDANCE

Cr K Wright	Councillor (Chairperson)
Cr J Moulden	Shire President
Cr B Robinson	Councillor
Cr D Spackman	Councillor (arrived at 3.09pm)
G Gaffney	Chief Executive Officer
N Octoman	Director Corporate Services
A Richards	Governance Officer (Minute Taker)

APOLOGIES

Nil

LEAVE OF ABSENCE PREVIOUSLY APPROVED

Nil

3. DECLARATION OF INTEREST

- Financial Interest

Nil

- Impartiality Interest

Nil

- Proximity Interest

Nil

4. ACCEPTANCE OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT (FINANCE AND RISK) COMMITTEE MEETING MINUTES 13 MAY 2014

RECOMMENDATION

That the Minutes of the Audit (Finance and Risk) Committee meeting of 13 May 2014 be accepted as a true and accurate record of proceedings.

COMMITTEE RESOLUTION

Minute: AC307

Moved: Cr B Robinson

Seconded: Cr J Moulden

That the Minutes of the Audit (Finance and Risk) Committee meeting of 13 May 2014 be accepted as a true and accurate record of proceedings.

Carried Unanimously 3/0

5. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS

Nil

6. REPORTS

6.1 STANDING ITEM – SUNDRY DEBTORS

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Paul Tily
REPORTING OFFICER:	Natalie Octoman, 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 the Shire's behalf. Sundry debtors in legal process have also been incorporated into this item to provide a complete picture of sundry debtors.

Further changes were recommended to the Committee at the February 2014 meeting to modify the report by remove 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 implemented in 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

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 – 31 July 2014

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Sundry Debtors	65	191,020	206,759	338,615	4,353,595	5,089,989

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 – 5 August 2014

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	23	6,682	86,289	102,475	137,640	333,086
Wyndham Airport	2	106	1,305	4,475	4,837	10,723
Total		6,788	87,594	106,950	142,477	343,809

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

ATTACHMENTS

Sundry Debtors detailed report as at 31 July 2014

(Confidential attachment provided under separate cover)

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.

Cr D Spackman entered Council Chambers at 3.09pm.

COMMITTEE RESOLUTION

Minute: AC308

Moved: Cr B Robinson

Seconded: Cr J Moulden

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.

Carried Unanimously 4/0

6.2 STANDING ITEM – RATES DEBTORS

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Veronica Gulland, Senior Rates Officer
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	FM.11.1

PURPOSE

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

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 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

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 2012-2022

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

Objective 1.4: Business innovation, efficiency and improved service

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 2013/2014 (including arrears)	Rates & Services Debt at 29 July 2014	Overdue at 29 July 2014
\$ 9,706,224.97	\$420,251.93	\$463,777.29

Rates for the financial year of 2013/14 were raised and issued on 13 August 2013. Interim rating occurs periodically throughout the year. Billing for 2014/15 year has not occurred as yet.

ATTACHMENTS

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

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.

MOTION

Cr J Moulden moves that Officers bring to the next Audit (Finance and Risk) Committee Meeting a suggested way forward to bring the outstanding debt with Wyndham Community Club to a timely resolution.

COMMITTEE RESOLUTION

Minute: AC309

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Audit (Finance and Risk) Committee reports to Council that:

- 1) the actions being undertaken by the administration in regard to rates debtors, including rates debts in legal process are sufficient and appropriate; and**
- 2) Officers bring to the next Audit (Finance and Risk) Committee Meeting a suggested way forward to bring the outstanding debt with Wyndham Community Club to a timely resolution.**

Carried Unanimously 4/0

6.3 LEASES

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	N/A
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	CP.07, CP.16

PURPOSE

To consider the attached Confidential Lease Report as at April 2014.

BACKGROUND

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

- 3) that the Audit Committee note that the responsibility for the management of leases and periodical contracts is that of the Executive Manager Corporate Services.***
- 4) 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.***
- 5) 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

- (1) Subject to subsection (2), the following are to be open to members of the public —*
 - (a) all council meetings; and*
 - (b) all meetings of any committee to which a local government power or duty has been delegated.*
- (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

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

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

Objective 1.4: Business innovation, efficiency and improved service

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

Strategy 1.4.2: Improve the efficiency and productivity of Shire services

Strategy 1.4.3: Maintain Council's long term financial viability

COMMUNITY CONSULTATION

There is no requirement for the community to be consulted in relation to this item.

COMMENT

Leases have been the topic of some discussion over recent months given the level of involvement of staff from across the Shire in their negotiation and day to day management.

While the discussions are continuing, the update to the Audit (Finance and Risk) Committee will remain the responsibility of the Corporate Services Directorate.

The Lease Schedule attached has incorporated new information in relation to the rateability of the properties, and each affected item will be updated in the next report depending upon the outcome of the Council decision in relation to rates concessions that will be applied.

ATTACHMENTS

Lease Schedule (*Confidential attachment provided under separate cover*)

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

That the Committee:

- 1) notes the Confidential Lease Schedule attached; and
- 2) notes the matters that are under investigation and identified separately in the confidential lease schedule that will be reported upon when more information is sourced.

COMMITTEE RESOLUTION

Minute: AC310

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Committee:

- 1) notes the Confidential Lease Schedule attached; and**
- 2) notes the matters that are under investigation and identified separately in the confidential lease schedule that will be reported upon when more information is sourced.**

Carried Unanimously 4/0

6.4 SUNDRY DEBTORS – REQUEST FOR WRITE OFF OF SUNDRY DEBT – DEBTOR 80009

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Felicity Heading, Coordinator Financial Operations
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	FM.07.2

PURPOSE

For the Audit (Finance and Risk) Committee to consider recommending to the Council to write off the sundry debt of \$7,330.97 of Debtor 80009.

BACKGROUND

The original sundry debt totalling \$15,507.17 consisted of \$2,328.00 lease preparation fees, \$12,323.85 annual lease fees, \$794.82 lease default charges and \$60.50 waste disposal charges. The current balance is \$7,330.97 following adjustment of the annual lease fees and interest following termination of the lease.

On 30 May 2012 administrators were appointed to the company and the company ceased trading. A Proof of Debt as an unsecured creditor was lodged with the administrators in June 2012 for the balance at that time of \$17,337.38. On 13 September the lease was terminated and the annual lease fees were adjusted up to the termination date. On 27 September 2012 liquidators were appointed to the company and the company's assets sold and proceeds distributed. A final report to creditors was provided on 21 August 2013 advising that there was no dividend payable to unsecured creditors following liquidation. The company was deregistered on 16 December 2013.

STATUTORY IMPLICATIONS

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; or*
 - (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.*

POLICY IMPLICATIONS

F15 - Sundry Debt Collection Policy

1. That all invoices are raised within 7 days of receiving an authority to raise invoice with all invoices being raised in accordance with the F22 Policy – Collection of Fees and Charges.
2. That a Statement is to be issued within 7 days after the end of month.
3. If full payment for debt is not received after 30 days a reminder notice and a copy of invoice is to be sent.
4. After 45 days interest will start to accrue at the prescribed rate on invoices issued for fees and charges as adopted by Council, exclusive of those charges prescribed under other legislation. A phone call (or other form of contact) is to be made so as to establish when payment will be made.
5. After 60 days a final notice is to be sent with a copy of the invoice attached.
6. After 74 days if no payment received the debtor account is to be referred to the Executive Manager Corporate Services to decide further action (i.e. place account on stop credit or onto a prepayment system for future services).
7. After 80 days an Intention to Summons is to be sent after.
8. By the 87th day if the debt exceeds \$400.00 a copy of all the above mention correspondence is to be issued to the Shire's debt collection agency so that this agency can send a summons to the debtor by the 90th day.
9. All associated costs for debt collection will be on charged to the debtor.

Other Matter Pertaining to Sundry Debtors:

1. That the Chief Executive Officer has the discretion to write off amounts under \$100.00, only after all avenues of debt collection have been exhausted. These write offs are to be reported to Council in the following month.
2. Debtors will be on charged any fees and charges issued to the Shire for the recovery of their outstanding debt.

None of the above is designed to prevent Council from coming to an arrangement with the debtor to make alternative arrangements for payment.

FINANCIAL IMPLICATIONS

If the Audit (Finance and Risk) Committee accepts the officer's recommendation and recommends to the Council to write off the sundry debt the total amount of \$7,330.97 consisting of the adjusted original amount of \$5,681.56 and \$1,649.41 in penalty interest will be written off.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

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

Objective 1.4: Business innovation, efficiency and improved service

Strategy 1.4.2: Improve the efficiency and productivity of Shire services

Strategy 1.4.3: Maintain Council's long term financial viability

Strategy 1.4.4: Deliver cost effective and efficient corporate services

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

It is recommended that this debt be written off as there is no prospect of recovery.

ATTACHMENTS

There are no attachments associated with this report.

VOTING REQUIREMENT

Absolute Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee recommends to Council to write off the sundry debt of Debtor 80009 to the total amount of \$7,330.97 consisting of the original debt of \$5,681.56 plus \$1,649.41 in penalty interest.

COMMITTEE RESOLUTION

Minute: AC311

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Audit (Finance and Risk) Committee recommends to Council to write off the sundry debt of Debtor 80009 to the total amount of \$7,330.97 consisting of the original debt of \$5,681.56 plus \$1,649.41 in penalty interest.

Carried Unanimously 4/0

6.5 CORPORATE CREDIT CARD POLICY

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	N/A
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services

PURPOSE

For the Audit (Finance and Risk) Committee to review and consider recommending to the Council that it adopt the proposed Corporate Credit Card Policy.

BACKGROUND

During the Financial Management Review that was undertaken by the Council's auditors UHY Haines Norton, it was identified that the Council did not have an adopted Credit Card Policy.

The comments by UHY Haines Norton that formed part of the review were: *"to help ensure usage of Council credit cards is in line with Council's intent for issuing credit cards, a policy should be adopted and all credit card holders should sign and date a copy of the credit card policy as evidence of acknowledgement of their responsibilities and legal obligations when using the credit cards."*

There is currently a User Agreement that is signed by all cardholders, although a Council Policy would strengthen this in terms of outlining not only the Council's intent, but also the internal controls in place.

STATUTORY IMPLICATIONS

Local Government Act 1995

Part 2 – Constitution of local government

Division 2 – Local governments and councils of local governments

2.7. Role of council

- (1) *The council —*
 - (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
 - (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

Local Government Act 1995 - Part 6, Division 4, Section 6.5 – Accounts and Records.

6.5. Accounts and records

The CEO has a duty —

- (a) *to ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government; and*
- (b) *to keep the accounts and records up to date and ready for inspection at any time by persons authorised to do so under this Act or another written law.*

Local Government (Financial Management) Regulations 1996
Part 2 – General financial management

11. Payments, procedures for making etc.

- (1) *A local government is to develop procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for, and properly authorised use of —*
 - (a) *cheques, credit cards, computer encryption devices and passwords, purchasing cards and any other devices or methods by which goods, services, money or other benefits may be obtained; and*
 - (b) *petty cash systems.*

POLICY IMPLICATIONS

While not a policy as such, the Audit (Finance and Risk Committee's Terms of Reference is relevant. Part 2 states:

The primary objective of the Audit (Finance and Risk) Committee is to accept responsibility for the annual external audit and liaise with the Shire's auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Committee is to facilitate –

- *the enhancement of the credibility and objectivity of external financial reporting;*
- *effective management of financial and other risks and the protection of Council assets;*
- *compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance; and*
- *the provision of an effective means of communication between the external auditor, the CEO and the Council.*

The Corporate Credit Card Policy is intended to be a Council Policy and as such would only be amended by resolution of the Council. It is however, within the Audit (Finance and Risk) Committee's Terms of Reference, to recommend policy amendments or new policies to Council for adoption, if they are finance or risk related.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this matter, although with a clear policy for the use of corporate credit cards it will strengthen the internal financial controls that are in place.

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

In the past, while there has been a Corporate Credit Card User Agreement that outlines the cardholder's responsibilities there wasn't a policy in place to provide clear guidance to officers who are cardholders.

The Policy was not only identified by UHY Haines Norton as a recommended action in the Financial Management Review but also highlighted as an action within the Corporate Governance (Finance and Risk) Project Plan for 2014 that was endorsed by the Audit (Finance and Risk) Committee and subsequently the Council back in February 2014.

The Policy will strengthen the internal financial controls around credit cards, and is proposed to incorporate the current User Agreement that is in place which outlines the responsibilities and administration requirements for credit card holders.

ATTACHMENTS

Attachment 1 – Proposed Corporate Credit Card Policy

VOTING REQUIREMENT

Simple Majority

OFFICERS RECOMMENDATION:

That the Audit (Finance and Risk) Committee recommends to the Council that it adopts the attached proposed Corporate Credit Card Policy.

COMMITTEE RESOLUTION

Minute: AC312

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Audit (Finance and Risk) Committee recommends to Council that it adopts the attached proposed Corporate Credit Card Policy CP/FIN-3213.

Carried Unanimously 4/0



Council Policy Number: CP/FIN-3213

Corporate Credit Card Policy

OBJECTIVE

Shire of Wyndham East Kimberley corporate credit cards are provided to members of staff to enable the purchase of goods and services.

The objective of this policy is to provide employees issued with corporate credit cards a clear framework to enable the appropriate usage of corporate credit cards. It will ensure transparency in usage and will reduce the risk of fraud and misuse of corporate credit cards.

This policy applies to all employees of the Shire of Wyndham East Kimberley who are assigned a corporate credit card.

POLICY

Scope & Limitations

The use of corporate credit cards is not specifically mentioned in the *Local Government Act 1995*, however the impacts of the use and control of corporate credit cards are related to the following sections:-

2.7. Role of Council

- (1) *The Council –*
 - (a) *Governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local governments' functions.*
- (2) *Without limiting subsection (1), the council is to –*
 - (a) *Oversee the allocation of the local government's finances and resources; and*
 - (b) *Determine the local government's policies*

6.5. Accounts and Records

The CEO has a duty –

- (a) *To ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government act; and*
- (b) *To keep the accounts and records up to date and ready for inspection at any time by persons authorised to do so under this Act or another written law.*



Council Policy Number: CP/FIN-3213

Corporate Credit Card Policy

The Local Government (Financial Management) Regulations 1996

11. *Payments, procedures for making etc.*

- (1) *A local government is to develop procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for, and properly authorised use of –*
 - (a) *cheques, credit cards, computer encryption devices and passwords, purchasing cards and any other devices or methods by which goods, services, money or other benefits may be obtained; and*
 - (b) *Petty cash systems.*

The *Local Government Act 1995* does not allow for the issue of corporate credit cards to elected members. There are no provisions in the Act which allow an elected member to incur a debt, as would be the case with a credit card.

BACKGROUND

A corporate credit card can deliver significant benefits but they can also expose a local government to significant risks if not controlled properly. This policy aims to incorporate the necessary controls to ensure that the risk is mitigated.

All purchases using the corporate credit card shall be included in the monthly list of accounts paid by delegated authority presented to the Council.

GUIDING STATEMENTS

1. Eligibility

- 1.1 Only the Chief Executive Officer, Directors and the Executive Assistant can apply for a corporate credit card. Managers and other officers that require a corporate credit card must show reason to warrant having a credit card and can only purchase specific goods and services relating to their position.
- 1.2 The Chief Executive Officer must approve all applications and in the case of the Chief Executive Officer's corporate credit card application the Shire President shall approve the application.
- 1.3 Once approved, the application must be signed by the cardholder and two (2) signatories to the Shire's bank accounts.



Council Policy Number: CP/FIN-3213

Corporate Credit Card Policy

1.4 Employees who are authorised to hold a corporate credit card will be issued only one (1) corporate credit card at a time.

2. Limits

2.1 The total combined limit for the Shire's corporate credit cards is a maximum of \$50,000.

2.2 The corporate credit card issued to the Chief Executive Officer will have a maximum limit of \$10,000 applied;

2.3 The corporate credit card issued to the Directors, Managers, Executive Assistant and any other officer will be limited to a maximum of \$5,000.

3. General

3.1 The Corporate Credit Card User Agreement must be signed by the cardholder and the Chief Executive Officer, setting out the cardholder's limit, responsibilities and legal obligations when using the corporate credit card.

3.2 The cardholder is to sign the Corporate Credit Card User Agreement on receipt of the corporate credit card.

3.3 A register must be kept of all current cardholders including, card number, expiry date of the credit card, credit limit and details of goods and services the cardholder has authority to purchase.

3.4 In the event that a cardholder moves to a position which doesn't require the use of a corporate credit card or ceases employment, the cardholder must notify the Coordinator Financial Operations to arrange cancellation of the corporate credit card and in the instance ceasing employment a minimum of two (2) weeks' notice is required to ensure all receipts have been received and credit card account settled. The cardholder must return the credit card to Coordinator Financial Operations for destruction.

3.5 Corporate credit cards cannot be transferred to another user.



Council Policy Number: CP/FIN-3213

Corporate Credit Card Policy

- 3.6 Reward schemes cannot be used for personal benefit. If the corporate credit card has a rewards scheme attached, the rewards will accumulate in the name of Shire of Wyndham East Kimberley and at the discretion of the Chief Executive Officer, he or she will decide on how these rewards are utilised.
 - 3.7 The corporate credit card must be kept in a safe location at all times. In the event that a cardholder misplaces or loses their credit card, the cardholder must report this immediately in writing to the Coordinator Financial Operations. The Coordinator Financial Operations is to notify the issuing financial institution immediately on receipt of written notification.
 - 3.8 In the case where the corporate credit card is misplaced or lost over a weekend, the cardholder shall immediately notify the bank, and advise the Coordinator Financial Operations in writing on the next working day.
 - 3.9 If the Coordinator Financial Operations is on leave the Coordinator Financial Management or the Director Corporate Services is to be contacted.
 - 3.10 The corporate credit card must be issued from the financial institution that municipal transactions are made from.
4. Conditions of Use
 - 4.1 The corporate credit card cannot be used to obtain cash advances.
 - 4.2 Charging personal expenditure transactions on the corporate credit cards is not acceptable under any circumstances. Breach of this policy can lead to disciplinary action against the cardholder concerned. In all cases of misuse, the Shire of Wyndham East Kimberley reserves the right to recover any monies from the cardholder.
 - 4.3 Transactions that seem to be unreasonable, excessive and unauthorised will be reported to the Chief Executive Officer. Any breach by a cardholder will be investigated and necessary action taken by the Chief Executive Officer, which may result in withdrawal of the credit card or termination of employment.



Council Policy Number: CP/FIN-3213

Corporate Credit Card Policy

- 4.4 Cardholders who breach the Shire's Purchasing Policy or Corporate Credit Card User Agreement may at the discretion of the Chief Executive Officer, have their corporate credit card cancelled.
 - 4.5 All documentation regarding a corporate credit card transaction is to be retained by the cardholder and produced as part of the reconciliation procedure.
 - 4.6 Credit limits are not be exceeded. Where credit limits are to be exceeded, the Coordinator Financial Operations is to be notified so appropriate steps can be taken to ensure sufficient funds are available or balances are refreshed.
5. Purchasing
- 5.1 Purchases on the corporate credit card are to be made in accordance with the Shire of Wyndham East Kimberley's Procurement Policy.
 - 5.2 Corporate credit cards are only to be used to purchase goods and services on behalf of the Shire which is authorised in the current budget.
 - 5.3 A tax invoice is required for all corporate credit card purchases. All tax invoices must include an ABN, total amount, whether GST applies and a brief description of goods and services purchased. Confirmation document and EFTPOS receipts are not acceptable.
 - 5.4 The purchase of fuel on a corporate credit card should only be used in emergency situation, as the Shire has an account with BP that offers fuel a lower rate than what is on display if the BP fuel card is used. In conjunction with the fuel card the Shire has a fuel stock at the Kununurra Depot.
6. Reconciliation Procedures
- 6.1 A corporate credit card reconciliation statement will be supplied to all cardholders on the 15th of each month. Cardholders have seven (7) days to complete their reconciliation statement and have the Chief Executive Officer authorise the transactions listed on the statement.



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Corporate Credit Card Policy

- 6.2 The Chief Executive Officer's credit card reconciliation statement must be authorised by the Shire President.
- 6.3 Transactions shall be accompanied by a succinct explanation of why the expense was incurred.
- 6.4 Transactions shall be accompanied by an account/job number for costing purposes.
- 6.5 If no supporting documentation is available the cardholder will provide a declaration detailing the nature of the expense and must state on that declaration "all expenditure is of a business nature". Approval of this expense is referred to the Chief Executive Officer or Shire President for a decision. Should a lack of detail be a regular occurrence for a particular cardholder, the cardholder may have their credit card withdrawn. Use of a statutory declaration is for exceptional circumstances rather than the norm.
- 6.6 Should approval of expenses be denied by the Chief Executive Officer or the Shire President, recovery of the expense shall be met by the cardholder.
- 6.7 The cardholder shall sign and date the credit card statement with supporting documentation attached stating "all expenditure is of a business nature".

7. Payment

- 7.1 Payment of the corporate credit cards will occur on the due date listed on the credit card statement to reduce interest and additional fees being charged.

OUTCOMES

This policy provides a clear guideline to employees who have been issued with a corporate credit card.



Council Policy Number: CP/FIN-3213

ATTACHMENT 1

Corporate Credit Card User Agreement

I (insert cardholder name) acknowledge and accept the conditions listed below, which govern the use of the Shire of Wyndham East Kimberley corporate credit card.

You have been authorised a corporate credit card limit of (insert limit) for your position of (insert position title).

Conditions of Use:

1. Ensure corporate credit card is maintained in a secure manner and guarded against improper use.
2. Corporate credit cards are only to be used for the purchasing of goods and services on behalf of the Shire of Wyndham East Kimberley which is authorised in the current budget.
3. The Shire of Wyndham East Kimberley's Purchasing Policy must be followed at all times.
4. Cash withdrawals from the corporate credit card are strictly prohibited.
5. Personal expenditure is strictly prohibited.
6. Credit limits are not to be exceeded. If additional credit is required during the month, notification must be provided to the Coordinator Financial Operations to make the appropriate arrangements.
7. The corporate credit card is not to be tied to any reward system, which provides the cardholder with any personal benefit or reward.
8. If the card is lost or misplaced the cardholder will notify the Coordinator Financial Operations in writing as soon as possible who will made contact with the bank. If this occurs over a weekend, the bank is to be notified immediately and the Coordinator Financial Operations is to be formally notified on the next working day.
9. A tax invoice is required for all corporate credit card purchases. All tax invoices must include an ABN, total amount, whether GST applies and a brief description of goods and services purchased. Confirmation documents and EFTPOS receipts are not acceptable.
10. If the corporate credit card is used for entertainment expenditure, the number of people and full names of all Shire employees that attended must be listed on the receipt for Fringe Benefits Tax purposes.



Council Policy Number: CP/FIN-3213

ATTACHMENT 1

Corporate Credit Card User Agreement

- 11. A monthly reconciliation of credit card purchases is to be completed on the supplied template and all relevant fields completed. The reconciliation with all supporting documents must be signed by the cardholder and authorised by the Chief Executive Officer, in the case of the Chief Executive Officer the Shire President is to authorise, and returned within seven (7) days of the date of the statement being issued to the Creditors Officer.
- 12. If no supporting documentation is supplied, the cardholder will provide a declaration detailing the nature of the expense and must state on the declaration 'all expenditure is of a business nature'. Approval of this transaction must be sort from the Chief Executive Officer. Should this be a reoccurring event, it may result in the credit card being revoked.
- 13. Should approval of expenses be denied by the Chief Executive Officer or Shire President, recovery of the expenses shall be met be the cardholder.
- 14. In the event that a cardholder moves to a position which doesn't require the use of a corporate credit card or ceases employment, the cardholder must notify the Coordinator Financial Operations to arrange cancellation of the corporate credit card and in the instance of ceases employment a minimum of two (2) weeks' notice is required to ensure all receipts have been received and the credit card account settled. The cardholder must return the credit card to Coordinator Financial Operations for destruction.

Breach of this policy can lead to disciplinary action against the cardholder concerned. In all cases of misuse, the Shire of Wyndham East Kimberley reserves the right to recover any monies from the cardholder. Any breach by a cardholder will be investigated and necessary action taken by the Chief Executive Officer, which may result in withdrawal of the credit card or termination of employment.

Failure to comply with any of these requirements could result in the card being withdrawn from the employee. In the event of loss or theft through negligence or failure to comply with the Corporate Credit Card Policy any liability arising from the use of the card may be passed to the cardholder.

.....
Cardholder Signature

.....
Chief Executive Officer Signature

.....
Date

.....
Date



Council Policy Number: CP/FIN-3213

Corporate Credit Card User Agreement

POLICY ADMINISTRATION

Directorate		Officer Title		Contact:	
Corporate Services		Director Corporate Services		Ext: 121	
Date Effective		CEO Approved			
Date Adopted		Last Reviewed			
Risk Rating		Review Cycle	Annual	Next Due	

6.6 SUNDRY DEBT COLLECTION POLICY

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	N/A
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services

PURPOSE

For the Audit (Finance and Risk) Committee to review and consider recommending to Council that it adopt the revised Sundry Debt Collection Policy and rescind the current policies in relation to sundry debt collection of fees and charges.

BACKGROUND

The Council currently has two policies relating to debt collection, the first being CP FIN-3207 "Collection of Fees and Charges" and the second being F15 "Sundry Debt Collection Policy". Both of these policies are out of date and will be superseded if the Committee recommend to the Council that it adopt the revised Sundry Debt Collection Policy.

STATUTORY IMPLICATIONS

Local Government Act 1995 - Part 6, Division 4, Section 6.12 – Power to defer, grant discounts, waive or write off debts.

Local Government Act 1995 - Part 6, Division 4, Section 6.13 – Interest on money owing to local governments.

Local Government Act 1995 - Part 6, Division 4, Subdivision 2, Section 6.16 – Imposition of fees and charges.

POLICY IMPLICATIONS

The Sundry Debt Collection Policy is intended to be a Council Policy and as such would only be amended by resolution of the Council. It is however, within the Audit (Finance and Risk) Committee's Terms of Reference, to recommend policy amendments or new policies to the Council for adoption, if they are finance or risk related.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this matter, although with a clear policy for sundry debt collection, it is hoped that the amount of sundry debtors written off will reduce as the sundry debtors become aware of the process.

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

In the past, while there is a process that is followed for sundry debt collection, with the assistance of the Shire's Debt Collection Agency AMPAC, it is not always clear to the sundry debtors as to why certain actions are undertaken, particularly when court action commences.

This Policy is not only intended to provide clear guidance to officers in the process of sundry debt collection, but also ensures that the process is open and transparent to sundry debtors and the community.

The proposed policy essentially amalgamates the current Collection of Fees and Charges Policy with the Sundry Debt Collection Policy, while also attempting to include consistent practices that are outlined within the Council's Rates and Charges Debt Collection Policy.

This Policy was also highlighted as an action within the Corporate Governance (Finance and Risk) Project Plan for 2014.

ATTACHMENTS

Attachment 1 – Proposed Sundry Debt Collection Policy

Attachment 2 – CP FIN-3207 Collection of Fees and Charges Policy

Attachment 3 – F15 – Sundry Debt Collection Policy

VOTING REQUIREMENT

Simple Majority

OFFICERS RECOMMENDATION

That the Committee recommends to Council that Council:

- 1) rescinds CP FIN-3207 Collection of Fees and Charges Policy;
- 2) rescinds F15 Sundry Debt Collection Policy; and
- 3) adopts the attached proposed Council Sundry Debt Collection Policy.

COMMITTEE RESOLUTION

Minute: AC313

Moved: Cr B Robinson

Seconded: Cr J Moulden

That the Committee recommends to Council that Council:

- 1) rescinds CP FIN-3207 Collection of Fees and Charges Policy;**
- 2) rescinds F15 Sundry Debt Collection Policy; and**
- 3) adopts the attached proposed Council Sundry Debt Collection Policy CP/FIN-3214.**

Carried Unanimously 4/0



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

OBJECTIVE

This policy will establish clear guidelines for the efficient, effective and economical collection of sundry debts and fees and charges to reduce the likely occurrence of unrecoverable debts and to ensure consistency for all debt collection activities.

POLICY

Scope & Limitations

In accordance with the *Local Government Act 1995*:-

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; or
 - (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.

6.13. Interest on money owing to local governments

- (1) Subject to any other written law, a local government may resolve* to require a person to pay interest at the rate set in its annual budget on any amount of money (other than rates and service charges) which —
 - (a) that person owes to the local government; and
 - (b) has been owed for the period of time referred to in subsection (6).

* Absolute majority required.

- (2) A resolution under subsection (1) is to be included in the annual budget.



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

- (3) *The rate of interest that may be set by the local government under this section is not to exceed the rate for the time being prescribed as the maximum rate of interest that may be set for the purposes of this section.*
- (4) *Where a local government imposes interest under subsection (1) on any outstanding amount of money the local government is not to also impose an additional charge in relation to that amount.*
- (5) *Accrued interest is, for the purpose of its recovery, taken to form part of the money owed to the local government on which it is charged.*
- (6) *A local government is not to impose interest on any amount of money under subsection (1) until the money has been owed to the local government for the period of time set by the local government in its annual budget (not being less than 35 days) after the date which is stated on the relevant account for payment as being the date the account was issued.*
- (7) *Regulations may provide for the method of calculation of interest.*

6.16. Imposition of fees and charges

- (1) *A local government may impose* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.*
** Absolute majority required.*
- (2) *A fee or charge may be imposed for the following —*
 - (a) *providing the use of, or allowing admission to, any property or facility wholly or partly owned, controlled, managed or maintained by the local government;*
 - (b) *supplying a service or carrying out work at the request of a person;*
 - (c) *subject to section 5.94, providing information from local government records;*
 - (d) *receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation or certificate;*
 - (e) *supplying goods;*
 - (f) *such other service as may be prescribed.*
- (3) *Fees and charges are to be imposed when adopting the annual budget but may be —*
 - (a) *imposed* during a financial year; and*
 - (b) *amended* from time to time during a financial year.*

** Absolute majority required.*



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

In accordance with the *Local Government (Financial Management) Regulations 1996:-*

19A. Maximum rate of interest prescribed (Act s. 6.13(3))

The maximum rate of interest to be imposed under section 6.13(1) is prescribed as 11%.

19B. Interest on money owing, calculating (Act s. 6.13)

- (1) *Interest on money that remains owing after the date determined in accordance with section 6.13(6) (the **due date**) is to be calculated on a simple interest basis for the number of days from the due date until the day before the day on which a payment is received by the local government.*
- (2) *The principal sum on which interest is calculated for a financial year may include interest accrued but not paid in a previous financial year but is not to include interest accrued in the current financial year.*
- (3) *If payment is received by the local government during the period from 1 July in a financial year until the annual budget for that financial year is adopted, interest referred to in subregulation (1) for that period is to be at the rate of interest imposed under section 6.13(1) for the previous financial year.*
- (4) *If under section 6.13 interest is to be imposed on money owing, a request for payment of that money is to include or be accompanied by a statement that interest is to accrue on money that remains owing after the due date and stating —*
 - (a) *the date from which interest will be imposed; and*
 - (b) *the rate of interest.*

BACKGROUND

The collection of sundry debtors and fees and charges is an important component of the Shire's management of adequate cash-flows as well as the overall management of the Shire's financial performance and position.

The Shire's fees and charges are adopted by a Council resolution in accordance with the *Local Government Act 1995*. These fees and charges can only be modified by a resolution of the Council or under delegated authority by the Chief Executive Officer. All requests for concessions on fees and charges must be made in advance, in writing and addressed to the Chief Executive Officer.



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

GUIDING STATEMENTS

The Council will exercise its debt recovery powers in order to reduce the overall sundry debt. It will be guided by the principles of:

1. Equity

Ensuring that the debt collection procedures are undertaken in a fair and equitable manner and therefore providing the same treatment for all sundry debtors with similar circumstances.

2. Administrative Efficiency

Providing the Shire of Wyndham East Kimberley with a more effective method over the collection of outstanding debtors and ensuring that the processes used to recover outstanding debts are clear, simple to administer and cost effective.

3. Transparent

Ensuring the obligations of the Shire's sundry debtors are clear, and assisting them to meet their financial obligations where possible.

4. Compliant

Ensuring that the Shire of Wyndham East Kimberley is compliant with the Local Government Act 1995 and all associated regulations.

POLICY

The Shire of Wyndham East Kimberley's credit terms are as stated on the issued tax invoice. The recovery of outstanding sundry debtor accounts will be collected in a fair and timely manner.

1. Fees and Charges

1.1. Only approved account holders can request to be invoiced for fees and charges, however in the case of building, planning, research / retrieval and Leisure Centre fees, these must be paid in full before service / approval is received or the Leisure Centre facilities can be used.

1.2. Exceptions to 1.1 are listed below and the recovery of monies for some of these fees and charges are handled differently to the standard sundry debtors and are explained further in the policy.

a) Bonds;

b) Wyndham Childcare Centre fees and charges;

c) Annual registration for caravan park and camping fees and food business licence fees;



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

- d) Annual lodging house fees;
- e) Quarterly swimming pool sampling fees;
- f) Annual Lease Fees;
- g) Regular / seasonal hires of community and recreation facilities and equipment;
- h) Annual waste receptacle charges, waste management charges and swimming pool / spa inspection fee are charge on the annual rate notice and are collected as per the Rates and Charges Debt Collection Policy CP FIN-3212;
- i) Bin replacement or repair are charged on rate interim notices and are collected as per the Rates and Charges Debt Collection Policy CP FIN-3212;
- j) Fees and charges collected under contract by external agencies, such as Annual Airport Aircraft parking fees and passenger taxes and screening fees whereby the contracted company adhere to the Council's current Sundry Debt Collection Policy;
- k) Fees and Charges collected under a memorandum of understanding arrangement;
- l) Infringements and fines.

Discretion for invoicing of fees and charges not covered in the exceptions list is delegated to the Director Corporate Services and in the case of the Director being on leave the Coordinator Financial Operations.

2. Invoices and Statements

- 2.1. All invoices are raised within five (5) working days after receiving an authorised invoice request.
- 2.2. Due date for payment is strictly thirty five (35) days after the date of invoice.
- 2.3. Statements are to be sent out within five (5) working days after the end of month.



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

3. Special Payment Arrangements

Before authorising any special payment arrangement in accordance with sub-delegation provided by the CEO, the Director Corporates Services will consider the following:

- 3.1. That the terms of the agreement require that all outstanding amounts will be recovered by the Shire of Wyndham East Kimberley by 30 June of the financial year in which the agreement is entered into.
- 3.2. That the sundry debtor is aware of the costs and charges associated with entering into a payment arrangement, of which the charges will be those adopted by the Council each year.
- 3.3. At the discretion of the Chief Executive Officer, a payment arrangement term may be extended beyond 30 June, but not exceed two (2) successive financial years.
- 3.4. Where a sundry debtor fails to meet their full obligation under the agreement, the agreement will be terminated and legal action shall commence for outstanding charges.
- 3.5. If a sundry debtor defaults on the special payment arrangement agreement twice in any 12 month period, no further special payment arrangements can be made and charges are required to be paid in full.

4. Recovery of Sundry Debtors in Arrears

- 4.1. Fees and charges are due and payable within thirty-five (35) days from the date of issue of the invoice, as shown on that invoice.
- 4.2. Where payment is not received within thirty-five (35) days from the date of the initial invoice, interest will be applied on money that remains outstanding, excluding those charges prescribed under other legislation. Interest is calculated from the number of days from the due date of payment until the payment is received in full by the Shire of Wyndham East Kimberley.



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Sundry Debt Collection Policy

- 4.3. The interest (percentage) charged on sundry debtors is the percentage as adopted by the Council in accordance with section 6.13(1) of the *Local Government Act 1995*. The rate as set out under section 6.13(1) of the *Local Government Act 1995* is not to exceed the maximum rate of interest as prescribed within regulation 19A of the *Local Government (Financial Management) Regulations 1996*.
- 4.4. Seven (7) days after the due date a final notice is to be issued allowing fourteen (14) days for payment, unless the debtor has agreed to enter into a special payment arrangement.
- 4.5. Twenty-one (21) days after the due date a Notice of Intent to Summons (Demand) will be issued by the Shire's debt collection agency allowing seven (7) days for payment or for the sundry debtor to contact the Shire to enter into a payment arrangement. This action will be based on a risk management approach as determined by the value and type of debt incurred.
- 4.6. If no response is received after the seven (7) day period a second Notice of Intent to Summons (Demand) will be issued by the Shire's debt collection agency.
- 4.7. Accounts under \$400.00 will not be sent to the Shire's debt collection agency.
- 4.8. If any payment is received or contact has been made by the sundry debtor of whom legal action has been started, the Shire's debt collection agency will be notified that legal action must be placed on hold immediately.
- 4.9. When payment has been received in full, the Shire's debt collection agency will be notified to close the account.
- 4.10. If the Sundry Debtor defaults a payment or no further contact is received from the sundry debtor, the payment arrangement will be terminated and a General Procedure Claim will be issued by the Shire's debt collection agency.
- 4.11. It should be noted that when a General Procedure Claim is issued, this will impact upon the sundry debtor's credit rating – refer to the Council's Notice of Discontinuance (Rates and Debtors) Policy for further information.



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Sundry Debt Collection Policy

4.12. If no response to the General Procedure Claim (GPC) is received within fourteen (14) days after being issued, a Property Seizure and Sale Order on goods will be issued by the Shire's debt collection agency.

5. Cancellation of an Account

If an account has received three (3) stop credits, the account is to be referred to Coordinator Financial Operations to decide if the account will be closed. In the case that the Coordinator Financial Operations is on leave the Director Corporate Service or the Coordinator Financial Management is to be notified.

6. Bonds

6.1. An invoice for a bond will not be issued.

6.2. Bonds are to be received in full five (5) working days prior to the hiring of Shire facilities / equipment.

6.3. Bonds will be refunded by cheque once a Shire Officer has inspected the facility / equipment hired and approve of the bond release.

6.4. Bonds are only to be refund if the company / person do not owe any monies (current or outstanding) with the Shire.

7. Wyndham Childcare Fees and Charges

7.1. The collection of fees and charges for the Wyndham Childcare is as per Section 4 of this Policy "Recovery of Sundry Debtors in Arrears".

7.2. Invoice is due thirty-five (35) days after date of invoice.

7.3. A copy of the invoice is to be emailed to the Childcare Coordinator who will take a proactive role in following up outstanding amounts.

7.4. Services are to cease if invoices are outstanding more than sixty (60) days.



Council Policy Number: CP/FIN-3214

Sundry Debt Collection Policy

8. Annual Registration Fees for Caravan Parks, Camping Grounds, Food Business Licence, Lodging Houses, Swimming Pool Sampling fees

- 8.1. The collection of these charges will be handled by the Community Development Support Officer for Health.
- 8.2. On a weekly basis, a list is to be sent to the Officer outlining the outstanding charges.
- 8.3. In the case of the Food Business Licence, if the licence is to be cancelled, the holder of the licence is to notify the Shire in writing and the invoice is to be cancelled on notification.

9. Infringements and Fines

- 9.1. The collections of these charges are handled by the Infrastructure Support Officer.
- 9.2. Fourteen (14) days after the issue of the infringement and fine notice a reminder notice is issued.
- 9.3. Fourteen (14) days after the issue of the reminder notice a final notice is issued.
- 9.4. Fourteen (14) days after the issue of the final notice the account is sent to the Shire's debt collection agency and a Notice of Intent to Summons (Demand) is issued allowing seven (7) days for payment. This action will be based on a risk management approach as determined by the value and type of debt incurred.

10. Debt Collection / Legal Expenses

- 10.1. All debt collection and legal expenses associated with the recovery of outstanding debts are fully recoverable from the sundry debtor.

11. Responsibility of Sundry Debtors

- 11.1. It is the responsibility of the sundry debtor to ensure that the payments made electronically use the correct reference number. If an incorrect reference number is used and the Shire is not advised by the sundry debtor that this error has occurred, then the ratepayer will be responsible for the payment of any interest or debt collection charges that may have been incurred in the meantime.

**Council Policy Number: CP/FIN-3214****Sundry Debt Collection Policy****OUTCOMES**

This policy aims to provide manageable and efficient control over sundry debts by closely monitoring aged accounts in order to reduce the likely occurrence of unrecoverable debts.

POLICY ADMINISTRATION

Directorate		Officer Title		Contact:	
Corporate Services		Director Corporate Services		Ext: 121	
Date Effective		CEO Approved			
Date Adopted		Last Reviewed			
Risk Rating		Review Cycle		Next Due	



Council Policy Number: CP FIN-3207 Collection of fees and charges

OBJECTIVE:

To establish best practice guidelines for the collection of fees and charges imposed by the Shire of Wyndham East Kimberley.

POLICY:

Scope & Limitations

Fees and charges for the Shire of Wyndham East Kimberley must be paid in full prior to the service or approval being received by customers.

Bonds must be paid in cash or at least 5 working days prior to the event/hire to enable clearance of funds.

To facilitate the collection of certain fees and charges, exceptions to this rule are detailed below. The listed exceptions do not apply to bonds.

These 'exceptions' may be charged by invoice to any customer who has applied and been approved to hold an account with the Shire of Wyndham East Kimberley. Payment terms as per the Sundry Debt Collection Policy CP FIN-3202 are to apply.

Exceptions:

- *Annual subscription to Council minutes and agendas;*
- *Wyndham Childcare Centre fees and charges;*
- *Annual registrations for caravan and camping, food business and lodging houses (certification is provided once invoice is paid) and swimming pool sampling;*
- *Annual refuse charges, waste management charges, replacement or repairs to bins (will occur as part of Rates Notices);*
- *Waste disposal charges at landfill sites (non-domestic) and recycled item sales;*
- *Water supply / reticulation charges (per kiloliter);*
- *Annual swimming pool fee (will occur as part of Rates Notice);*
- *Airport passenger taxes and screening fees;*
- *Annual Airport Aircraft parking fees;*
- *Annual lease fees;*
- *Fees and charges collected under contract by external agencies;*
- *Regular (including seasonal) hirers of Community and Recreation facilities and equipment (as defined in relevant administrative policy);*
- *Fees and charges collected under a memorandum of understanding arrangement.*

Discretion for invoicing of fees and charges not covered in the exceptions list is delegated to the Director Corporate Services.

Notes:

- *Purchase orders are not an acceptable method of 'payment', but may be accepted for charges that are approved for invoicing to account holders.*
- *Bonds will be refunded on request once a Council officer has inspected the facility / equipment and confirmed approval of the bond release.*
- *Infringements and fines are to be paid in accordance with the notice issued.*

Background

Council fees and charges are adopted by Council resolution in accordance with the Local Government Act.

These fees and charges can only be modified by a resolution of Council or under delegated authority by the Chief Executive Officer. All requests for concessions on fees and charges must be in made in advance, in writing and addressed to the Chief Executive Officer.

Policy herewith is to ensure adopted fees and charges are collected efficiently and effectively.

Guiding Statement

Collection of fees and charges is to be in a manner that ensures payment security.

Outcomes

Revenue collected from fees and charges contributes to the provision of Council's services.

GOVERNANCE REFERENCES

Statutory Compliance	Local Government Act and Local Government Financial Management Regulations
Industry Compliance	Australian Accounting Standards
Organisational Compliance	
Process Links	

POLICY ADMINISTRATION

Directorate		Officer Title		Contact:	
Corporate Services		Manager Financial Services		Ext: 122	
Date Effective	18 August 2009				
Date Adopted	18 August 2009	Last Reviewed	07 August 2012		
Risk Rating	High	Review Cycle	Annual	Next Due	July 2013
Organisational Compliance					
Process Links					



Shire of Wyndham East Kimberley
Council Policy
F15

POLICY No:	F15
DIVISION	Finance
SUBJECT:	Sundry Debt Collection Policy
REPORTING OFFICER	Executive Manager Corporate Services
ENABLING LEGISLATION	Local Government Act 1995

OBJECTIVE:

To allow for timely and consistent treatment of all sundry debtors so as to minimise Council's outstanding sundry debtors.

POLICY:

Sundry Debt Collection Policy:

- 1 That all invoices are raised within 7 days of receiving an authority to raise invoice with all invoices being raised in accordance with the F22 Policy – Collection of Fees and Charges.
- 2 That a Statement is to be issued within 7 days after the end of month.
- 3 If full payment for debt is not received after 30 days a reminder notice and a copy of invoice is to be sent.
- 4 After 45 days interest will start to accrue at the prescribed rate on invoices issued for fees and charges as adopted by Council, exclusive of those charges prescribed under other legislation. A phone call (or other form of contact) is to be made so as to establish when payment will be made.
- 5 After 60 days a final notice is to be sent with a copy of the invoice attached
- 6 After 74 days if no payment received the debtor account is to be referred to the Executive Manager Corporate Services to decide further action (i.e. place account on stop credit or onto a prepayment system for future services).
- 7 After 80 days an Intention to Summons is to be sent after.
- 8 By the 87th day if the debt exceeds \$400.00 a copy of all the above mention correspondence is to be issued to the Shire's debt collection agency so that

this agency can send a summons to the debtor by the 90th day. All associated costs for debt collection will be on charged to the debtor.

Matters Relating to Sundry Debts for licences

After 60 days the Officer who issued the licence is to communicate with the debtor the intention to withdraw the licence if payment is not made in next 30 days. After 90 days the Chief Executive Officer can withdraw any licence which has not been paid and instruct the issuing officer to cancel the licence.

Other Matter Pertaining to Sundry Debtors:

1. That the Chief Executive Officer has the discretion to write off amounts under \$100.00, only after all avenues of debt collection have been exhausted. These write offs are to be reported to Council in the following month.
2. Debtors will be on charged any fees and charges issued to the Shire for the recovery of their outstanding debt.

None of the above is designed to prevent Council from coming to an arrangement with the debtor to make alternative arrangements for payment.

ADOPTED: 20/04/2004

REVIEW: 10/12/2007

AMENDED: 22/01/2008

REVIEWED & AMENDED: 15/09/2009

6.7 SELF-SUPPORTING LOAN POLICY

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	N/A
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services

PURPOSE

For the Audit (Finance and Risk) Committee to review and consider recommending to the Council that it adopt the proposed Self-Supporting Loan Policy.

BACKGROUND

A review of Council Policies has identified areas that aren't covered by a Council Policy. An area identified is offering Self-Supporting Loans to community based organisations that lease/occupy land or building owned or vested in the Shire for the purpose of capital asset acquisition or development.

STATUTORY IMPLICATIONS

Local Government Act 1995 - Part 6, Division 5, Subdivision 3, Section 6.2 – Power to Borrow.

Local Government Act 1995 - Part 6, Division 5, Subdivision 3, Section 6.21 – Restrictions on Borrowing.

POLICY IMPLICATIONS

The Self-Supporting Loan Policy is intended to be a Council Policy and as such would only be amended by resolution of the Council. It is however, within the Audit (Finance and Risk) Committee's Terms of Reference, to recommend policy amendments or new policies to the Council for adoption, if they are finance or risk related.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this matter and each application for a self-supporting loan would be different and considered at that time.

COMMUNITY CONSULTATION

Community consultation is not required in relation to this item.

COMMENT

In the past, there hasn't been a policy or application process in place for the Council to consider the provision of self-supporting loans to the community based organisations and yet the Council has considered providing self-supporting loans in the past. This policy will establish the framework within which the Council may consider provision of self-supporting loans to community based organisations, subject to the financial position of the Shire, prevailing budget circumstances, forecast funding requirements for municipal requirements

and capital projects, competing demands for funds, debt financing structure and capacity of the Shire to borrow.

It is anticipated that the Policy will provide clear directions as to the requirements for the community group/club for the application and the assessment process.

This Policy was also highlighted as an action within the Corporate Governance (Finance and Risk) Project Plan for 2014.

ATTACHMENTS

Attachment 1 – Proposed Self-Supporting Loan Policy

VOTING REQUIREMENT

Simple Majority

OFFICERS RECOMMENDATION

That the Committee recommends to the Council that it adopts the attached proposed Self-Supporting Loan Policy.

COMMITTEE RESOLUTION

Minute: AC314

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Committee recommends to the Council that it adopts the attached proposed Self-Supporting Loan Policy CP/FIN-3215.

Carried Unanimously 4/0



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

OBJECTIVE

This policy will establish the principles, constraints, criteria and administrative guidelines for the allocation and utilisation of Shire borrowings to finance self-supporting loans for community based organisations that lease/occupy land or buildings owned or vested in the Shire of Wyndham East Kimberley for the purposes of capital asset acquisition or development.

This policy will establish the framework within which the Council may consider provision of self-supporting loans to community based organisations, subject to the financial position of the Shire, prevailing budget circumstances, forecast funding requirements for municipal requirements and capital projects, competing demands for funds, debt financing structure and the capacity of the Shire to borrow.

POLICY

Scope & Limitations

This policy applies to all requests received from community based organisations for financial support by way of self-supporting loans. The policy limits the availability of self-supporting loans and provides a guide to the eligibility and assessment criteria for each request.

Self-supporting loans will only be considered for capital asset acquisition or development and will not be approved by the Council for operational equipment or operating expense purposes.

The Council will only consider applications where the applicant has exhausted all other financial avenues, such as grants, sponsorship, fundraising or application for credit from a lending institution.

In accordance with the Local Government Act 1995:-

6.20. Power to borrow

- (1) *Subject to this Act, a local government may —*
- (a) *borrow or re-borrow money; or*
 - (b) *obtain credit; or*
 - (c) *arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit,*

to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

- (2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) (**power to borrow**) and details of that proposal have not been included in the annual budget for that financial year —*
- (a) *unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal; and*
 - (b) *the resolution to exercise that power is to be by absolute majority.*
- (3) *Where a local government has exercised a power to borrow and —*
- (a) *it does not wish to proceed with the performance of the function or the exercise of the power for which the power to borrow was exercised; or*
 - (b) *after having completed the performance of the function or the exercise of the power for which the power to borrow was exercised, any part of the money borrowed, credit obtained or financial accommodation arranged has not been expended or utilized,*

the local government may resolve to expend the money or utilize the credit or financial accommodation for another purpose if one month's local public notice is given of the proposed change of purpose.*

** Absolute majority required.*

- (4) *A local government is not required to give local public notice under subsection (3) —*
- (a) *where the change of purpose has been disclosed in the annual budget of the local government for the relevant financial year; or*
 - (b) *in such other circumstances as are prescribed.*
- (5) *A change of purpose referred to in subsection (3) is to be disclosed in the annual financial report for the year in which the change occurs.*

BACKGROUND

The Shire has considered self-supporting loans to community based organisations in the past and requires a clear process for outlining to both the officers and the community group, what the requirements are for their application and assessment moving forward.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

GUIDING STATEMENTS

Self-supporting loans are loans taken out by the Shire of Wyndham East Kimberley on behalf of community clubs or community organisations who undertake to meet the capital, interest and loan guarantee payments as and when they fall due.

1. Application Requirements

- 1.1. The applicant must lease/occupy land or buildings owned or vested in the Shire of Wyndham East Kimberley.
- 1.2. The loan can only be used for the construction and/or acquisition of capital assets.
- 1.3. All Self-Supporting Loan applicants shall provide the following information for assessment:-
 - 1.3.1. The Shire's Self-Supporting Loan Application completed in full.
 - 1.3.2. Audited financial statements for 3 years to demonstrate the ability to repay the loan.
 - 1.3.3. Statement demonstrating alternative funding options have been investigate prior to seeking the Council's assistance and the reasons why they weren't successful.
 - 1.3.4. Statements demonstrating the need for the loan together with a business plan for the construction and/or capital acquisition which is to include detailed costings and an overall budget.
 - 1.3.5. Forward financial plans to cover the term of the loan which are certified by a Certified Practising, Chartered or similarly qualified and experienced Accountant.
 - 1.3.6. Certificate of incorporation.
 - 1.3.7. Statements of satisfactory past payment history from at least three (3) principal suppliers, the Shire may be included where such history exists.
 - 1.3.8. Minutes from the meeting that the motion for a self-supporting loan was put to.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

1.3.9. Any additional information that will assist the Council with consideration of the application.

2. Assessment of Applications

2.1. The assessment of applications will be undertaken by the Coordinator Financial Management and the Director Corporate Services who will then put a recommendation to the Audit (Finance and Risk) Committee for consideration by the Council on the outcome.

2.2. *Matters that are to be considered include:-*

- a) The current number of self-supporting loans the Shire may have.
- b) The Shire's Long Term Financial Plan and forecast debt financing capacity across the prospective life of a requested loan.
- c) Regulated borrowing limits as determined by WA Treasury Corporation.
- d) Debt Service Coverage Ratio (calculated as annual surplus before interest expense and depreciation divided by annual debt service payments) meets the required Department of Local Government Standard. Below is the indicator which is used by the WA Treasury Corporation in considering loan applications from the Shire:-
 - i. Standard is NOT met if ratio is less than two (2).
 - ii. Basic Standard if ratio is between two (2) and five (5)
 - iii. Advance Standard if greater than five (5)
- e) Annual budget and current financial position of the Shire.
- f) Compliance with legislative requirements associated with borrowing monies in accordance with section 6.20 of the *Local Government Act 1995*.

2.3. *Assessment of Applications will be based on:-*

2.3.1. Perceived ability for the loan repayments to be made on time and for the loan to be paid in full at the end of the loan period.

2.3.2. Benefit to the wider community.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

2.3.3. The community organisation that is applying for the loan must have been in existence for 5 years and can clearly demonstrate a stable and / or increased membership.

2.3.4. The life of the capital asset acquisition or development exceeds the life of the self-supporting loan.

2.3.5. Whether all other funding options have been fully exhausted.

3. Term of Loan

3.1. Shall not exceed the term of any existing lease agreement.

3.2. The term of the loan should be less than or equal to the half-life of the capital asset acquisition or development being undertaken. This enables the community base organisation sufficient time to set aside a cash reserve for future refurbishment or replacement. If the term of the loan is longer than half-life of the capital asset acquisition or development being undertaken the organisation is to demonstrate how it will fund future refurbishment or replacement whilst still servicing the loan.

3.3. The term of the loan can be less than the maximum if the Applicant has the ability to repay the loan over a shorter timeframe.

Self-Supporting Loan Amount	Maximum Term of Loan*
Up to \$50,000	5 years
\$50,000 - \$99,999	10 years
\$100,000 and above	15 years
<i>*Note that these are indicative only and will be dependent upon each application</i>	

4. Approval Requirements

4.1. The final decision on the granting of a Self-Supporting Loan will be by resolution of the Council.

4.2. A 'Deed of Loan' for the period of loan repayments is to be prepared and executed as contractual evidence for repayment of the loan.

4.3. For each year of the loan an independently audited end of year financial statement must be supplied to the Shire.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

4.4. If requested by the Shire, a profit and loss statement must be produced within three (3) weeks of the request being made.

4.5. No community based organisation can have more than one (1) self-supporting loan at any one time.

4.6. The loan will not include a redraw facility.

5. Administration Costs and Loan Guarantee Fees

The following costs incurred by the Shire of Wyndham East Kimberley will be recouped from clubs or organisations applying for self-supporting loans:

5.1. Actual advertising costs (including GST);

5.2. Costs associated with the preparation and stamping of the 'Deed of Loan';

5.3. Loan Application Fee as determined by the Council when setting the fees and charges;

5.4. Stamp duties or other duties or taxes applicable to the self-supporting loan application or documentation, will be on charged to the applicant at actual cost;

5.5. Any additional charges associated with the self-supporting loan.

6. Loan Default

6.1. Any default of loan repayments will incur penalty interest as determined by the Council when setting the fees and charges, unless arrangements have been made with Council, prior to the re-payment being defaulted.

6.2. If the community base organisation defaults on a loan, it will not be permitted to receive any further self-supporting loans from the Council until the outstanding loan is repaid in full.

6.3. In exceptional circumstances this may be reviewed, but not until the timeframe allowed for the initial loan expires.

6.4. Defaulting on the loan may result in the lease between the Shire and the applicate for the land or buildings being cancelled.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

OUTCOMES

The Shire will only provide access to self-supporting loans in exceptional circumstances and when financial circumstances permit. There must be compelling evidence of positive benefits to the community if the Shire was to provide a self-supporting loan.

This policy establishes a framework aligned to financial standards and indicators in the determination of the Shire's capacity to provide financial assistance to community based organisations by way of self-supporting loans.



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

Application for a Self-Supporting Loan

1. PROPERTY OWNER DETAILS	
Rates Assessment Number:	
Organisation:	
Property Address:	
Contact Person:	ABN:
Telephone:	Postcode:
Mobile:	Facsimile:
Email:	

2. ELIGIBILITY

- Is the Organisation an incorporated body?
- Does the Organisation have an ABN?
- Has the Organisation been operational for at least 5 years?
- Can the Organisation demonstrate an established relationship with the Shire?
- Will the results from the loan be an asset?
- Does the land / buildings that the Organisation lease / occupy belong to the Shire?

3. LOAN INFORMATION

Loan amount required: \$ _____

Term of Loan: _____

Purpose of Loan: _____

Description of the Project: _____



Council Policy Number: CP/FIN-3215

Self-Supporting Loan Policy

4. DOCUMENT REQUIREMENTS
(Please provide a copy of the following documents)

- Certificate of Incorporation
- ABN Certificate
- Plans and specifications associated with the project
- Audited financial statements for the last three (3) years
- Current business plan
- Copy of Minutes from the meeting that the motion for a self-supporting loan was put to
- Detailed costings and budget for the project
- Statement demonstrating alternative funding options have been investigate prior to seeking Council’s assistance
- Statement demonstrating the need for the loan
- Demonstration of ability to repay loan
- Forward financial plans to cover the term of the loan
- Payment history from three (3) principal suppliers
- Any other information for consideration

POLICY ADMINISTRATION

Directorate		Officer Title		Contact:	
Corporate Services		Director Corporate Services		Ext: 121	
Date Effective		CEO Approved			
Date Adopted		Last Reviewed			
Risk Rating		Review Cycle		Next Due	

6.8 FINANCIAL MANAGEMENT REVIEW – APRIL 2014

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	FM.02.8

PURPOSE

To consider the results of the review of the appropriateness and effectiveness of the financial management systems and procedures of the Shire.

BACKGROUND

The Chief Executive Officer is required to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government at least every four years and report the results to the Council.

Within the Terms of Reference for the Audit (Finance and Risk) Committee:

The Committee is to facilitate –

- *the enhancement of the credibility and objectivity of external financial reporting;*
- *effective management of financial and other risks and the protection of Council assets;*
- *compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance; and*
- *the provision of an effective means of communication between the external auditor, the CEO and the Council.*

UHY Haines Norton were engaged to undertake the review on behalf of the CEO and to prepare a report detailing the outcomes of the review.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

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

Objective 1.4: Business innovation, efficiency and improved service

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

Strategy 1.4.2: Improve the efficiency and productivity of Shire services

Strategy 1.4.3: Maintain Council's long term financial viability

STATUTORY IMPLICATIONS

Local Government (Financial Management) Regulations 1996

Regulation 5 (2) (c) CEO's duties as to financial management

The CEO is to 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 4 financial years) and report to the local government the results of those reviews.

1. 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 at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

POLICY IMPLICATIONS

Various policies apply to financial management practices and procedures. There is no policy directly relating to the requirement to undertake the review as this is a statutory requirement.

FINANCIAL IMPLICATIONS

The cost of the review was funded through Audit Fees in the 2013/14 Budget.

COMMUNITY CONSULTATION

Community consultation is not required in regard to this item.

CONCLUSION

The conclusion in the report by UHY Haines Norton is as follows:

Based on our work described in this report, which is not an audit, nothing has come to our attention to indicate the Shire of Wyndham-East Kimberley has not established and maintained, in all material respects, appropriate and effective financial management systems and procedures during the period 1 July 2013 to 31 March 2014.

Recommendations were made in the report in relation to some areas where improvements or changes to processes are required. The recommendations have been considered by management, and comments have been incorporated into the report to demonstrate the actions that have been undertaken to date as a result. A summary of the recommendations and management comments is included in Attachment 1.

Overall, the Shire has continued to improve its processes and practices to ensure that they are not only compliant, but that they are effective and efficient. A further, more detailed process review is underway with UHY Haines Norton whereby processes are being critically analysed to determine if there are further internal controls required, or more efficient methods/systems can be utilised. This will result in the development of two plans; a risk action plan and an efficiency action plan whereby improvements will be designated to responsible officers to implement over particular timeframes.

The financial management review undertaken will form part of the secondary review that is now statutorily required under regulation 17 of the *Local Government (Audit) Regulations*.

While the new review is required to consider risk management, internal controls and legislative compliance, it is an organisational-wide review that will focus on all areas (ie. planning, building, health), not only finance. This review will be undertaken when the auditors are on-site for the year-end financial audit occurs.

ATTACHMENTS

Attachment 1 - Shire of Wyndham East Kimberley – Financial Management Review April 2014. Report by UHY Haines Norton

Attachment 2 - Summary of Recommendations and Management Comments

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

The Committee recommends to the Council that:

- 1) having considered the Shire of Wyndham East Kimberley – Financial Management Review April 2014, acknowledges that the Shire has established and maintained, in all material respects, appropriate and effective financial management systems and procedures; and
- 2) the Council endorses the management comments and actions taken in relation to the outcomes of the financial management review.

MOTION

Cr J Moulden moves that the word endorses be replaced with the word notes in point 2).

COMMITTEE RESOLUTION

Minute: AC315

Moved: Cr J Moulden

Seconded: Cr D Spackman

The Committee recommends to the Council that:

- 1) **having considered the Shire of Wyndham East Kimberley – Financial Management Review April 2014, acknowledges that the Shire has established and maintained, in all material respects, appropriate and effective financial management systems and procedures; and**
- 2) **the Council notes the management comments and actions taken in relation to the outcomes of the financial management review.**

Carried Unanimously 4/0

FM 02.8
1-24074
16 JUL 2014

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14 July 2014

Mr G Gaffney
Chief Executive Officer
Shire of Wyndham-East Kimberley
PO Box 614
KUNUNURRA WA 6743



Dear Gary

FINANCIAL MANAGEMENT REVIEW

We have completed the Financial Management Review for the Shire of Wyndham-East Kimberley for the period 1 July 2013 to 31 March 2014.

For your convenience we have provided one bound and one unbound copy.

Should you have any queries, please contact us.

Yours sincerely

DAVID TOMASI
DIRECTOR
Encl

SHIRE OF WYNDHAM-EAST KIMBERLEY

FINANCIAL MANAGEMENT REVIEW
APRIL 2014



*Powerful insights
Astute advice*

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DISCLAIMER

The objective of this review as outlined in greater detail in Part 2.0 of this report as presented, is to assist the Chief Executive Officer of the Shire of Wyndham-East Kimberley discharge his responsibilities in respect to Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended).

It has been prepared by UHY Haines Norton (WA) Pty Ltd for this sole purpose.

It is not intended to be used by any other individual or organisation.

Confidential – this document and the information contained in it are confidential and should not be used or disclosed in any way without our prior consent.

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1.0 INDEPENDENT REVIEWER'S REPORT TO THE CHIEF EXECUTIVE OFFICER (CEO) OF THE SHIRE OF WYNDHAM-EAST KIMBERLEY

At the request of the CEO, UHY Haines Norton was engaged to conduct a limited assurance review of the appropriateness and effectiveness of the Shire of Wyndham-East Kimberley's financial management systems and procedures. The objective of the review is to assist the CEO discharge his responsibilities in respect to Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended). The review was conducted for the period 1 July 2013 to 31 March 2014.

CEO'S RESPONSIBILITY FOR MAINTAINING AND REVIEWING FINANCIAL MANAGEMENT SYSTEMS AND PROCEDURES

The CEO is responsible for implementing policies, procedures and controls which are designed to ensure the effective and efficient management of the Shire's resources. In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended), the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures. At least once in every four financial years the CEO is to report the results of those reviews to Council.

OUR RESPONSIBILITY

Our responsibility is to provide a report expressing limited assurance, designed to enhance the confidence of the CEO to assist him report on the appropriateness and effectiveness of the financial management systems as required by Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended). We conducted our engagement in accordance with Australian Standard on Assurance Engagements ASAE 3500 Performance Engagements issued by the Australian Auditing and Assurance Standards Board and the Audit Guidelines, in order to state whether, based on the procedures performed, anything has come to our attention that causes us to believe that Shire's financial management systems have not been operating effectively. Our engagement provides limited assurance as defined in ASAE 3500.

Our procedures were agreed to with the CEO in our engagement letter dated 26 March 2014.

LIMITATIONS OF USE

This report is made solely to the CEO of the Shire of Wyndham-East Kimberley for the purpose of him reporting under Local Government (Financial Management) Regulation 5(2)(c). We disclaim any assumption of responsibility for any reliance on this report to any person other than the CEO of the Shire of Wyndham-East Kimberley, or for any purpose other than that for which it was prepared. We disclaim all liability to any other party for all costs, loss, damages, and liability that the other party might suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party, or the reliance on our report by the other party.

1.0 INDEPENDENT REVIEWER'S REPORT TO THE CHIEF EXECUTIVE OFFICER (CEO) OF THE SHIRE OF WYNDHAM-EAST KIMBERLEY (CONTINUED)

INHERENT LIMITATIONS

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ASAE 3500 and consequently does not allow us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an opinion providing reasonable assurance.

We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and its responsibility to prevent and detect irregularities, including fraud. Accordingly, readers of our reports should not rely on the report to identify all potential instances of non-compliance which may occur.

Any projection of the evaluation of the level of compliance to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with management procedures may deteriorate.

INDEPENDENCE

In conducting our engagement, we have complied with the independence requirements of the Australian professional accounting bodies.

CONCLUSION

Based on our work described in this report, which is not an audit, nothing has come to our attention to indicate the Shire of Wyndham-East Kimberley has not established and maintained, in all material respects, appropriate and effective financial management systems and procedures during the period 1 July 2013 to 31 March 2014.

For those aspects of the Shire of Wyndham-East Kimberley's Financial Management systems and procedures which were assessed as having opportunities for improvement, our findings are summarised at Part 3.0 of this report and detailed observations and comments are located at Part 4.0 of this report.

Date: 14 July 2014
Perth, WA

UHY Haines Norton (WA) Pty Ltd

UHY HAINES NORTON (WA) PTY LTD
CHARTERED ACCOUNTANTS



DAVID TOMASI
DIRECTOR

2.0 OBJECTIVE, SCOPE AND OVERVIEW OF FINDINGS

OBJECTIVE

The objective of our engagement as outlined in our engagement letter is as follows:

To provide a report expressing limited assurance designed to enhance the confidence of the intended user (in this instance the CEO) in the performance of the control environment of the financial management system of the Shire of Wyndham-East Kimberley (administered by Shire staff being the Responsible Party) for which the intended user (CEO) is ultimately responsible in accordance with the Act and Regulations.

It includes the performance of assurance procedures designed to test the financial management system and report to the CEO on the appropriateness and effectiveness of the control environment within, as required by Financial Management Regulation 5(2)(c).

We trust this report will assist in the ongoing review and improvement of the Shire's financial management practices and procedures.

SCOPE

As agreed our examination covered the period 1 July 2013 to 31 March 2014. To this end we examined the following financial systems and procedures of Council:-

- Bank Reconciliations and Petty Cash
- Trust Funds
- Receipts and Receivables
- Rates
- Fees and Charges
- Purchases, Payments and Payables (Including Purchase Orders)
- Payroll
- Fixed Assets (Including acquisition and disposal of property)
- Credit Card Procedures
- Cost and Administration Allocations
- Minutes and Meetings
- Budget
- Financial Reports
- Registers (Including Annual & Primary Return)
- Plan for the Future
- Delegations
- Audit Committee
- Insurance
- Storage of Documents/Record Keeping
- General Compliance and Other Matters

We did not necessarily examine compliance with provisions of the Act or Regulations, which were not financial in nature. That is, Parts 2, 4, 8 and 9 of the Act, some provisions of Parts 3 and 5 as well as most regulations (apart from the Financial Management Regulations), which did not impact on the areas examined above.

OVERVIEW OF FINDINGS

As referred to in Part 1.0 of this report, a summary of our findings and detailed observations may be found in Parts 3.0 and 4.0 on the following pages.

Addressing the issues highlighted will help to ensure the controls and procedures established are not compromised in the future and the integrity of the financial management system is maintained.



3.0 SUMMARY OF FINDINGS

The following is a brief summary of matters noted for improvement together with our assessment of the level of risk in relation to each item:

Key:				
S	Systems and Procedures		H	High Risk
C	Compliance Matter		M	Medium Risk
			L	Low Risk
FINDINGS	REF	PAGE	NATURE	RISK
Bank Reconciliations and Petty Cash				
Municipal bank reconciliations have not been agreed to the general ledger since August 2013	4.1	7	S	M
Receipts and Receivables				
Sundry Debtors reconciliation has not been performed for the month of November and December 2013.	4.3	7	S	L
EFTPOS vouchers are not always agreed to the daily sales reports at the recreation centre.	4.3	8	S	M
Daily summary EFTPOS settlement bank reports are not always agreed to the daily summary sales sheets at the recreation centre.	4.3	8	S	M
No evidence of review on the daily summary sales sheets at the recreation centre.	4.3	8	S	M
Daily cash sales receipts are not attached to the weekly summary sales sheets at the landfill.	4.3	8	S	M
No evidence of review on the weekly summary sales sheets at the Landfill.	4.3	8	S	M
Rates				
Rate notice or accompanying information did not include the necessary statement regarding the pensioner rebates.	4.4	9	C	L
Purchases, Payments and Payables (Including Purchase Orders)				
Purchase orders have been raised after service performed or goods received.	4.6	10	S	M
Purchase orders do not have the written quotations attached and information about verbal quotations			S	M
Changes to suppliers' banking details in the system were not adequately supervised			S	H
Sundry Creditors reconciliation was not performed for the months of November 2013, December 2013 and January 2014.			S	L

3.0 SUMMARY OF FINDINGS (CONTINUED)

FINDINGS	REF	PAGE	NATURE	RISK
Payroll Changes to employees' details in the system were not adequately supervised.	4.7	11	S	H
Credit cards Procedures There is no policy on the usage of credit cards.	4.8	11	S	M
Fixed Assets (Including Acquisition and Disposal of Property) Depreciation has not been calculated properly on plant and equipment and furniture and equipment.	4.9	12	S	L
Cost and Administration Overhead allocations No documentary evidence of review on the cost overhead allocations.	4.10	12	S	L
Minutes and Meetings Special Council meetings have not been signed by the President.	4.12	13	C	L
Registers (Annual and Primary Returns) Annual Returns and Primary Returns do not comply with Section 5.75 and 5.76 of the Act.	4.14	13	C	L
Tender registers do not comply with Functions and Regulations 17(2) and 17(3).	4.14	14	C	L
Plan for the Future and Integrated Planning Framework Strategic Community Plan and Corporate Business Plan have not been sent before 6 September 2013.	4.15	14	C	L
Storage of Documents Storage of documents are not kept in a secure and fire resistant location.	4.19	15	S	L
Investment Policy Investment Policy do not comply with FM Reg 19c.	4.21	18	C	L

Please Note: The assessment of risk as detailed above is our assessment based on the circumstances surrounding the procedures performed. An assessment of "Low Risk" is to be read in the context of our assessment of risk to the organisation as a whole. It is not intended to indicate no further action is required. Our assessments are provided solely to assist you understand the nature of the matters raised and to prioritise any remedial action.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS COMMENTS

4.1 BANK RECONCILIATIONS AND PETTY CASH

Bank Reconciliations

An examination of bank reconciliations and procedures for the period under review noted they are up to date as well as being prepared regularly and promptly for all bank accounts. There was also evidence of regular review by a senior officer independent of preparation except for the following matter:-

- The Municipal Bank reconciliations have not been agreed to the general ledger since August 2013. Although we were satisfied the difference is immaterial for audit purposes, this should be cleared as a matter of priority.

Comments: Bank reconciliations are of primary control importance and are the catalyst for many transactions in other ledger accounts. Until the bank reconciliations are fully and properly reconciled, the reliability of any financial information presented will always need to be approached with caution.

Management Comment: Management became aware of the issue upon the arrival of the Director Corporate Services in December 2013 and implemented new processes whereby a concerted effort is now being made to have all reconciliations up-to-date. Bank reconciliations commenced being undertaken on a daily basis in February 2014 when a full complement of staff was on board which has assisted in this process.

Petty Cash

We also examined the petty cash system and procedures and concluded these were being properly controlled and maintained.

4.2 TRUST FUNDS

Trust funds held by Council were examined to determine proper accountability in the Shire's financial management system and compliance with regulatory requirements.

Our observation and testing confirmed that trust funds are adequately controlled and satisfactory accounted for in the Shire's financial records.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.3 RECEIPTS AND RECEIVABLES

Detailed testing of eight receipts, randomly selected, was performed. This included tracing to individual receipt detail, bank deposits and the general ledger to ensure allocation/posting was correctly performed. The receivables system including raising of invoices was also reviewed with limited testing in respect to allocation/posting.

Overall testing was completed satisfactorily. Controls and procedures are considered to be operating effectively and are appropriate for Council's current scope of operations.

One exception was noted as follows:-

- Our review of the month end procedures revealed debtors' reconciliations for the months of November and December 2013 were not performed.

Comments: To help ensure the amounts owing to Council are properly controlled, monthly debtors reconciliation should be prepared and reconciled to the general ledger. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.

Management Comment: Management has implemented a new process to ensure that the debtors' reconciliations are undertaken within an appropriate timeframe at the end of each month. A control process has also been established whereby the new month will not be opened until the supervisor has reviewed and signed off on the reconciliations appropriately.

A review of the cash handover procedures for cash collected offsite (i.e recreation centre and landfill site) was also performed to determine if adequate controls were in place.

With respect to the Recreation Centre, the following matters were noted:-

Detailed testing of daily receipts, randomly selected, was performed. This included tracing to cash/cheque settlement amount sheet and bank EFTPOS settlement to ensure that the daily summary takings was correctly performed.

- The EFTPOS settlement vouchers do not always agreed to the daily computerised point of sales report summary.
- The EFTPOS settlement summary daily banking reports are not always attached to the manual daily takings summary excel sheet.
- There is no evidence that the daily takings summary sheets have been verified and reviewed by an independent person.

Comments: To help ensure the amounts received at the recreation centre are properly controlled and accounted, all daily EFTPOS banking reports should be reconciled and attached to the daily summary takings sheet before sending to the Shire's office. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.

Management Comment: Management specifically requested the audit team to visit the Leisure Centre in order to undertake a more rigorous review of the processes, which has led to the findings outlined above. As a result, further discussions have been had with the staff to ensure that cash management processes are undertaken appropriately and the responsibility of reconciliations are that of the staff at the Leisure Centre in the first instance, with a subsequent review being undertaken corporately as part of the receipting process.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.3 RECEIPTS AND RECEIVABLES (CONTINUED)

With respect to the Landfill site, the following matters were noted:-

- The tip shop daily sales receipts are not always attached to the weekly daily computerised point of sales summary.
- There is no evidence that the weekly daily point of sales summary excel sheets have been verified and reviewed by an independent person.

Comments: To help ensure the amounts received at the land fill are properly controlled and accounted for, all daily cash receipts should be attached to the weekly daily computerised point of sales summary. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.

Management Comment: Management specifically requested the audit team to visit the Landfill in order to undertake a more rigorous review of the processes, which has led to the findings outlined above. Discussions have been had with the staff to ensure that the appropriate paperwork is being completed and attached prior to be received corporately. Staff are aware of the cash management processes that are to be undertaken and that the responsibility of reconciliations are that of the staff at the Landfill.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.4 RATES

Council's rating procedures were examined to determine if they were adequate in ensuring rates were being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger.

We randomly selected and tested ten annual rate notices and five interim notices for the period under review. The objective was to determine whether they have been correctly imposed and raised. This included:

- sighting the notices;
- re-performing the calculations;
- ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as adopted budget;
- ensuring the rate system is properly updated; and
- proper posting to the general ledger.

From testing, we concluded the rate system and record is being properly maintained, rates are correctly imposed as well as posted to general ledger.

However, one exception was noted as follows:

- The rate notice or accompanying information did not include a brief statement that rebates under the Rates and Charges (Rebates and Deferments) Act 1992 are funded by the Government of Western Australia as required by Local Government (Financial Management) Regulation 56(4)(ha).

Comments: To help ensure compliance with statutory provisions, this requirement should be correctly addressed in the future.

As the above matter represents non-compliance with Financial Management Regulations, it may be carried forward to our audit report for the year ended 30 June 2014.

Management Comment: All rates notices have recently been reviewed for 2014/15 to ensure compliance with the legislation; highlighting what number instalment notice it is and to utilise the corporate branding to ensure the Shire looks professional in its dealings with the community.

4.5 FEES AND CHARGES

Fees and Charges imposed at the time of budget adoption were found to be in accordance with legislative requirements.

4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.6 PURCHASES, PAYMENTS AND PAYABLES (INCLUDING PURCHASE ORDERS)

A sample of thirty-two payment transactions were randomly selected and testing performed to determine whether purchases were authorised/ budgeted and payments were supported, certified, authorised and correctly allocated. Council's purchases, payments and payables system was also examined to determine if adequate controls in place in ensuring liabilities are properly recorded and payments are properly controlled.

In general, controls and procedures over purchases, payments and payables are operating effectively and are appropriate for Council's current scope of operations.

The following four matters are brought to your attention:

- In one instance, a purchase order was raised after service performed or goods received.

Comments: To help ensure proper budgetary controls, compliance with the Shire's purchasing policy, goods invoiced are ordered and prices invoiced were as quoted, purchase orders should be issued prior to goods/services being sourced. They should also contain all of the necessary details in relation to them (including quantity and price).

Management Comment: Management have communicated this requirement with staff, and also have improved compliance checking prior to making payment. There will be an ongoing effort to ensure that there is compliance with the purchasing policy across the organisation.

- Two of the purchase orders reviewed did not have the written quotations attached and /or did not contain information about verbal quotations as required by Council's purchasing policy.

Comments: To help ensure Purchasing officers adhere to Council's purchasing policy, written quotations should be attached to the purchase order and/or information regarding verbal quotations should be recorded with the purchase order.

Management Comment: Management have communicated this requirement with staff, and also have improved compliance checking prior to making payment. There will be an ongoing effort to ensure that there is compliance with the purchasing policy across the organisation, and that issues are raised with relevant staff to improve their knowledge and understanding of the process requirements.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.6 PURCHASES, PAYMENTS AND PAYABLES (INCLUDING PURCHASE ORDERS) (CONTINUED)

- Our review of controls over electronic funds transfers noted that the ABA file is not encrypted and can be accessed by all finance staff. Whilst the integrity of the banking details in the ABA file are checked after it has been created against an exception report, this is not performed after it is subsequently uploaded onto the banking system. This may result in unauthorised changes to the banking details used for EFT payments causing losses to Council if not detected at the point of authorisation.

Comments: To help ensure all payments made are bona fide and appropriately authorised, the senior staff member and/or authorised signatories independent of processing should check the payment details against the exception report AFTER the ABA file is created and uploaded immediately onto the banking system. The independent review should seek to confirm the ABA file is uploaded immediately after it is created and the integrity of the banking details in the file and should be evidenced accordingly. The ABA file should also be encrypted when it is created.

Management Comment: The ABA file is being uploaded immediately after it is created upon the first person authorising the transaction. After discussions with the Shire's bank, there is no capability for the ABA file to be either encrypted or un-encrypted when files are sent or uploaded in their online banking solution.

- Our review of the month end procedures revealed creditors' reconciliations for the months of November 2013, December 2013 and January 2014 were not performed.

Comments: To help ensure the amounts owing by Council are properly controlled, monthly creditors reconciliation should be regularly prepared and reconciled to the general ledger. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.

Management Comment:

Management has implemented a new process to ensure that the creditors' reconciliations are undertaken within an appropriate timeframe at the end of each month. A control process has also been established whereby the new month will not be opened until the supervisor has reviewed and signed off on the reconciliations appropriately.

4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.7 PAYROLL

A sample of 24 individual employees was judgmentally selected and testing performed to ensure:

- the employee existed;
- the correct rate of pay was used;
- non-statutory deduction authorities are on hand;
- time sheets are properly completed and authorised;
- hours worked are authorised; and
- allocations are reasonable and correctly posted.

We also tested the first pay of two new employee and the last pay of two terminating employee (judgmentally selected).

Council's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled.

The system described to us and its supporting controls were found to be operating effectively. However, one exception was noted as follows:

- Changes to employees' details (in particular banking details) in the system were not adequately supervised.

Comments: To help ensure ALL changes to employees' details in the system are correct and hence all payments are bona fide, a senior staff member independent of processing should review a system generated audit trail report showing all changes made to the respective system master files. The independent review should seek to confirm the integrity of the details in the system for the subsequent creation of the ABA file and should be evidenced accordingly.

Management Comment: The process around auditing banking details of employees has been modified so that a senior staff member eg the Chief Executive Officer or a Director can view and approve the report which indicates modified or added banking details within that pay period. This is completed before the payrun is finalised. The independent review includes the supporting documentation of why banking details have been changed which is predominantly an internal form with the employees name and new bank details and the employee's signature. The report also includes bank details of new employees to ensure that these details have been entered correctly as per the employees details form.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.8 CREDIT CARD PROCEDURES

A review of Council's credit card procedures was performed to determine if adequate controls were in place.

We judgmentally selected and tested credit card transactions from July 2012 to April 2013 across all cards to determine whether they are legitimate and usual in the context of the Shire's operations. This included:

- sighting tax invoices;
- ascertaining whether the transaction was for bona fide Shire's business; and
- whether transactions were in line with the Shire's policy.

Overall testing was completed satisfactorily. Controls and procedures are considered to be operating effectively and are appropriate for Council's current scope of operations.

However, one exception was noted as follows:

- The Shire does not have a credit card policy in place.

Comments: To help ensure usage of Council credit cards is in line with Council's intent for issuing credit cards, a policy should be adopted and all credit card holders should sign and date a copy of the credit card policy as evidence of acknowledgment of their responsibilities and legal obligations when using the credit cards.

Management Comment: *The Corporate Governance (Finance and Risk) Project Plan for 2014 that was adopted by the Audit (Finance and Risk) Committee and the Council in February outlines the creation of a new Credit Card Policy to support the current User Agreements that are signed by each credit card holder upon receipt of their credit card. This will be developed over the coming months and put to the Audit (Finance and Risk) Committee for consideration prior to consideration by the Council.*

4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.9 FIXED ASSETS (INCLUDING ACQUISITION AND DISPOSAL OF PROPERTY)

The fixed assets management system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined.

Five assets additions and three assets disposals were judgementally selected and testing performed to ensure:

- the tax invoices existed;
- correct posting to the general ledger;
- fixed assets register was promptly updated;
- classification of assets was correct; and
- the depreciation rate used was in line with Council's policy.

We concluded fixed assets are properly accounted for and supporting controls are operating effectively.

However, one exception was noted as follows:

- Whilst reviewing the fixed asset register, we noted the depreciation on plant and equipment and furniture and equipment was not calculated properly. The fair value amount of last year has not been properly updated in the fixed asset register.

Comments: To help ensure depreciation is calculated properly, the fixed asset register should be updated as soon as possible to reflect the new revalued asset balances.

Management Comment: The fixed asset register has been updated accordingly to reflect the new asset balances.

4.10 COST AND ADMINISTRATION OVERHEAD ALLOCATIONS

The Council's cost and administration allocations system was examined to determine if an appropriate allocation basis or rates are being used and indirect costs have been properly reallocated. As per our discussion with management the allocation rates for administration costs, plant operating costs and public works overheads were reviewed during the budget process to help ensure no material amounts remain unallocated.

However, one exception was noted as follows:

- There was no documentary evidence of the reviews on the allocation of plant operating costs and public works overheads.

Comments: To help ensure cost allocations are supported by documentary evidence, supporting work papers in relation to the review should be maintained.

Management Comment: The review of plant operating costs and public works overheads is being undertaken as part of the 2014/15 budget process.

4.11 FINANCIAL REPORTS

The following reports were reviewed for compliance with legislative requirements:

- Annual Report;
- Annual Financial Report; and
- Monthly Financial Reports.

All were found to be of a satisfactory standard and in compliance with legislative requirements.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.12 MINUTES AND MEETINGS

Council meeting minutes were reviewed to ensure compliance with procedures and protocols.

The procedures and protocols surrounding meetings and the quality of minutes were found to be of a satisfactory standard and in accordance with legislative requirements.

However, one exception was noted as follows:

- The minutes of the special council meeting held on 1 August 2013 were not signed by the person presiding at the next meeting at which the minutes were confirmed as required by Section 5.22(3) of the Act.

Comments: To help ensure compliance with statutory provisions, these requirements should be correctly addressed in the future.

Management Comment: The minutes of the Special Council Meeting held on 1 August 2013 were confirmed at the Ordinary Meeting of Council in May and subsequently signed. A new process was established many months ago (albeit subsequent to August 2013) to ensure that all minutes and agendas for Committees of Council and the Council are prepared by the same team. This will ensure that all minutes are confirmed and signed accordingly.

4.13 BUDGET

The 2013/14 budget document and documents surrounding budget adoption were reviewed to ensure compliance with regulatory requirements.

All statutory requirements were satisfactorily met.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.14 REGISTERS (INCLUDING ANNUAL & PRIMARY RETURNS)

Financial Interest Register

The register was examined to ensure compliance with regulatory requirements.

Our review noted the register was deemed to be satisfactorily maintained and appropriate for Council needs with the exception for the following matters:

- One Councillor annual return has not included the financial year and one designated staff has not indicated the correct financial year on his annual returns;
- One Councillor primary return has not included the starting date;
- Two designated staff annual return has not been signed;
- Two designated staff have filed the primary return instead of the annual return;
- One designated staff has filed the annual return instead of primary return; and
- One designated staff has failed to lodge his primary return on time.

Comments: To help ensure compliance with Section 5.75 and Section 5.76 of the Local Government Act:

- **primary returns should be lodged within three months of the start day; and**
- **annual returns should be lodged each year in the prescribed form by 31 August.**

Whilst we note the CEO or any other Shire staff are not responsible for the content of returns submitted, we note it is acceptable, and quite common, for the content to be reviewed prior to receipt being acknowledged.

Management Comment: Management have outlined the requirements in relation to the completion of primary and annual returns at staff meetings and more specific team meetings whereby team members hold a delegation. This process is now encompassed as part of the initial employment of a person who may hold a delegation and the governance team are proactive in the review of returns.

4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.14 REGISTERS (INCLUDING ANNUAL & PRIMARY RETURNS) (CONTINUED)

Financial Interest Register (Continued)

Tender Register

The tender register was reviewed for completeness and compliance.

We noted the register deemed to be satisfactorily maintained and appropriate for Council needs except for the following matters:

- The register did not include a copy of the notice to invite tenders as required by Local Government Functions and General Regulations 17(2)(d);
- The register did not include the name of all tenders opened, as required by Local Government Functions and General Regulations 17(2)(e);
- The register did not include the name of the successful tenderer as required by Local Government Functions and General Regulations 17(2)(f); and
- The register did not contain the amount of the consideration or a summary of the amount of consideration sought in the tender accepted by the local government as required by Local Government Functions and General Regulations 17(3).

Comments: To help ensure compliance with statutory provisions, a process should be implemented to help ensure the tender register is promptly updated and these requirements are correctly addressed.

Management Comment: The tender policy, process and procedures are being reviewed to ensure compliance and best practice. Appropriate training and communication will be undertaken, along with the development of corporate templates to assist in improving the process.

4.15 INTEGRATED PLANNING AND REPORTING FRAMEWORK

Council's processes around the Integrated Planning and Reporting Framework and resultant documents were examined by us and found to be in compliance with the legislative requirements.

4.16 DELEGATIONS

The delegations register was reviewed for completeness and compliance and deemed to be satisfactorily maintained and appropriate for Council needs.

4.17 AUDIT COMMITTEE

Council's establishment of its audit committee and the constituted membership was examined by us and found to be in compliance with the requirements of the Act.

4.18 INSURANCE

Discussions with staff and review of policy documents revealed policies are current. Evidence also exists to suggest an annual review of insurance risks occurs.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.19 STORAGE OF DOCUMENTS/RECORD KEEPING

A detailed and fully indexed register and filing system is in place and appears to be complete and operating effectively,

Contracts and legal documents including title deeds are not stored in a secure and fire resistant location.

Comments: To help safeguard important documents, they should be kept in a locked and fire resistant location.

Management Comment: *The current building configurations do not have a locked and fire resistant location. Investigations are occurring as to the costs of implementing a secure swipe system for the records area, although a fire resistant location will require further thought and consideration given the costs associated with refurbishments to this extent.*

4.20 INVESTMENTS

The Shire's Investment Policy was reviewed to ensure its adequacy and compliance with legislative requirements.

Our review noted internal control procedures and restrictions over investments are properly maintained and adhered to, and meet all statutory requirements.

However, one exception was noted as follows:

- The investment policy states that the shire can invest in managed funds which are not allowed as per the Local Government (Financial Management) Regulation 19C.

Comments: To help ensure compliance with statutory provisions, this requirement should be correctly addressed in the future.

As the above matter represents non-compliance with Financial Management Regulations, it may be carried forward to our audit report for the year ended 30 June 2014.

Management Comment: *The Investment Policy was considered by the Council at its Ordinary Council Meeting on 24 June 2014 and subsequently endorsed, to ensure compliance this financial year.*

4.21 IT GENERAL ENVIRONMENT

During our review of the Shire's IT general environment, we noted that the general IT controls appear to be operating effectively and adequately safeguarded.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.22 STATUS OF ADOPTING FAIR VALUE ACCOUNTING

OBSERVATION

As mandated by Financial Management Regulation 17A, a local government in Western Australia must show all of the assets in its financial report at fair value by 30 June 2015.

Implementation is to be phased in over three years from 1 July 2012 with the following minimum requirements:

30 June 2013 - Plant and Equipment

30 June 2014 – Land and buildings or Infrastructure

30 June 2015 – all assets not previously fair valued during the prior two years.

Plant and equipment assets were revalued during the year ended 30 June. Management intends to revalue Land and buildings during the current financial year and will revalue other Infrastructure assets during the year ended 30 June 2015.

During our interim audit visit, we made observations and held discussions with a view to assessing the Shire's status in meeting the requirements and noted the following:

<u>MAJOR TASK REQUIRED</u>	<u>OBJECTIVE</u>	<u>STATUS</u>
Design of an overall strategy and plan.	To ensure resources are available and organised for proper implementation and hence compliance with regulations in respect to fair value reporting. This also helps to ensure external services are scoped properly.	Management has defined an overall strategy and plan for the application of FM Reg 17A and have engaged the services of an Griffin Valuation Advisory to perform a valuation of Land and Buildings for the year ended 30 June 2014.
Selection of the valuation method (including fair value hierarchy) for different classes or segmentation of assets.	To ensure the most appropriate approach and hierarchy of fair value inputs for valuation techniques are applied.	Griffin Valuation Advisory have applied the Sales Comparison Approach to market type properties and the Cost Approach to non-market-type properties, or where applicable a combination of both.
Consideration and application of Highest and Best Use valuation principles	To help ensure proper disclosure in accordance with paragraph 93 of AASB 13 "Fair Value Measurement" i.e. If applicable, need to disclose why an asset is being used in a manner different from its highest and best use.	Management has considered the application of Highest and Best use valuation principles and have not come across any assets not being used for their Highest and Best Use.
Review of accounting policies in respect of fair value reporting and disclosure requirements.	To ensure fair value accounting and relevant disclosure requirements are properly incorporated and adopted for financial reporting purposes.	Review of accounting policies has taken place and where necessary relevant amendments will be made.



4.0 AREAS EXAMINED AND DETAILED OBSERVATIONS AND COMMENTS (CONTINUED)

4.22 STATUS OF ADOPTING FAIR VALUE ACCOUNTING (CONTINUED)

OBSERVATION (CONTINUED)

MAJOR TASK INVOLVED	OBJECTIVE	STATUS
Review of Assets Capitalisation Policy for fair value reporting purposes.	To help ensure capitalisation thresholds for different classes of assets are reasonable in terms of materiality and practicality.	Asset Capitalisation Policy for fair value purposes is being continually assessed and where necessary relevant changes will be submitted to Council for consideration and approval.
Review of current fixed assets system and records for fair value reporting purposes.	To help ensure the asset system and records are up-to-date and complete with all information required (including asset hierarchy with appropriate segmentation, condition, initial cost, previous revaluation increment and etc), prior to the commencement of the valuation. Also, this helps to ensure detailed information (i.e. initial cost recognised, fair value, annual useful life & residual value, basis and support of valuation etc) for each individual asset is adequately maintained post revaluation.	Management has reviewed fixed asset system and records for fair value reporting purposes.

In summary, management are aware of the mandated requirements and the timing involved in adopting fair value for reporting different classes of assets. At the time of our visit, management had already completed the revaluation of land and buildings.

For other classes of assets not yet revalued, management will consider and deal with the tasks as identified above in due course.

COMMENT

We will follow up at year end with a view to ensuring fair value accounting in relation to land and buildings has been addressed and adequate progress has been made in respect of other classes of assets.

5.0 REMINDER

- FBT return for the year ended 31 March 2014 is required to be completed and submitted by 21 May 2014.



FINANCIAL MANAGEMENT REVIEW – APRIL 2014

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT COMMENTS

AUDITOR'S COMMENTS / RECOMMENDATIONS	MANAGEMENT COMMENTS / ACTIONS
BANK RECONCILIATIONS	
<p>Bank reconciliations are of primary control importance and are the catalyst for many transactions in other ledger accounts. Until the bank reconciliations are fully and properly reconciled, the reliability of any financial information presented will always need to be approached with caution</p>	<p>Management became aware of the issue upon the arrival of the Director Corporate Services in December 2013 and implemented new processes whereby a concerted effort is now being made to have all reconciliations up-to-date. Bank reconciliations commenced being undertaken on a daily basis in February 2014 when a full complement of staff was on board which has assisted in this process.</p>
RECEIPTS AND RECEIVABLES	
<p>To help ensure the amounts owing to Council are properly controlled, monthly debtors' reconciliations should be prepared and reconciled to the general ledger. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.</p>	<p>Management has implemented a new process to ensure that the debtors' reconciliations are undertaken within an appropriate timeframe at the end of each month. A control process has also been established whereby the new month will not be opened until the supervisor has reviewed and signed off on the reconciliations appropriately.</p>
<p>To help ensure the amounts received at the recreation centre are properly controlled and accounted, all daily EFTPOS banking reports should be reconciled and attached to the daily summary takings sheet before sending to the Shire's office. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.</p>	<p>Management specifically requested the audit team to visit the Landfill in order to undertake a more rigorous review of the processes, which has led to the findings outlined above. Discussions have been had with the staff to ensure that the appropriate paperwork is being completed and attached prior to be received corporately. Staff are aware of the cash management processes that are to be undertaken and that the responsibility of reconciliations are that of the staff at the Landfill.</p>
RATES	
<p>The rate notice or accompanying information did not include a brief statement that rebates under the Rates and Charges (Rebates and Deferments) Act 1992 are funded by the Government of Western Australia as required by Local Government (Financial Management) Regulation 56(4)(ha). To help ensure compliance with statutory provisions, this requirement should be correctly addressed in the future.</p>	<p>All rates notices have recently been reviewed for 2014/15 to ensure compliance with the legislation; highlighting what number instalment notice it is and to utilise the corporate branding to ensure the Shire looks professional in its dealings with the community.</p>

FINANCIAL MANAGEMENT REVIEW – APRIL 2014

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT COMMENTS

AUDITOR'S COMMENTS / RECOMMENDATIONS	MANAGEMENT COMMENTS / ACTIONS
PURCHASES, PAYMENTS AND PAYABLES (INCLUDING PURCHASE ORDERS)	
<p>To help ensure proper budgetary controls, compliance with the Shire's purchasing policy, goods invoiced are ordered and prices invoiced were as quoted, purchase orders should be issued prior to goods/services being sourced. They should also contain all of the necessary details in relation to them (including quantity and price).</p>	<p>Management have communicated this requirement with staff, and also have improved compliance checking prior to making payment. There will be an ongoing effort to ensure that there is compliance with the purchasing policy across the organisation.</p>
<p>To help ensure Purchasing officers adhere to Council's purchasing policy, written quotations should be attached to the purchase order and/or information regarding verbal quotations should be recorded with the purchase order.</p>	<p>Management have communicated this requirement with staff, and also have improved compliance checking prior to making payment. There will be an ongoing effort to ensure that there is compliance with the purchasing policy across the organisation, and that issues are raised with relevant staff to improve their knowledge and understanding of the process requirements.</p>
<p>To help ensure all payments made are bona fide and appropriately authorised, the senior staff member and/or authorised signatories independent of processing should check the payment details against the exception report AFTER the ABA file is created and uploaded immediately onto the banking system. The independent review should seek to confirm the ABA file is uploaded immediately after it is created and the integrity of the banking details in the file and should be evidenced accordingly. The ABA file should also be encrypted when it is created.</p>	<p>The ABA file is being uploaded immediately after it is created upon the first person authorising the transaction. After discussions with the Shire's bank, there is no capability for the ABA file to be either encrypted or un-encrypted when files are sent or uploaded in their online banking solution.</p>
<p>To help ensure the amounts owing by Council are properly controlled, monthly creditors reconciliation should be regularly prepared and reconciled to the general ledger. The reconciliations should also be reviewed by a senior staff member independent of preparation. The review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.</p>	<p>Management has implemented a new process to ensure that the creditors' reconciliations are undertaken within an appropriate timeframe at the end of each month. A control process has also been established whereby the new month will not be opened until the supervisor has reviewed and signed off on the reconciliations appropriately.</p>

FINANCIAL MANAGEMENT REVIEW – APRIL 2014

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT COMMENTS

AUDITOR'S COMMENTS / RECOMMENDATIONS	MANAGEMENT COMMENTS / ACTIONS
PAYROLL	
<p>To help ensure ALL changes to employees' details in the system are correct and hence all payments are bona fide, a senior staff member independent of processing should review a system generated audit trail report showing all changes made to the respective system master files. The independent review should seek to confirm the integrity of the details in the system for the subsequent creation of the ABA file and should be evidenced accordingly.</p>	<p>The process around auditing banking details of employees has been modified so that a senior staff member eg the Chief Executive Officer or a Director can view and approve the report which indicates modified or added banking details within that pay period. This is completed before the payrun is finalised. The independent review includes the supporting documentation of why banking details have been changed which is predominantly an internal form with the employees name and new bank details and the employee's signature. The report also includes bank details of new employees to ensure that these details have been entered correctly as per the employees details form.</p>
CREDIT CARD PROCEDURES	
<p>To help ensure usage of Council credit cards is in line with Council's intent for issuing credit cards, a policy should be adopted and all credit card holders should sign and date a copy of the credit card policy as evidence of acknowledgment of their responsibilities and legal obligations when using the credit cards.</p>	<p>The Corporate Governance (Finance and Risk) Project Plan for 2014 that was adopted by the Audit (Finance and Risk) Committee and the Council in February outlines the creation of a new Credit Card Policy to support the current User Agreements that are signed by each credit card holder upon receipt of their credit card. This will be developed over the coming months and put to the Audit (Finance and Risk) Committee for consideration prior to consideration by the Council.</p>
FIXED ASSETS (INCLUDING ACQUISITION AND DISPOSAL OF PROPERTY)	
<p>To help ensure depreciation is calculated properly, the fixed asset register should be updated as soon as possible to reflect the new revalued asset balances.</p>	<p>The fixed asset register has been updated accordingly to reflect the new asset balances.</p>
COST AND ADMINISTRATION OVERHEAD ALLOCATIONS	
<p>To help ensure cost allocations are supported by documentary evidence, supporting work papers in relation to the review should be maintained.</p>	<p>The review of plant operating costs and public works overheads is being undertaken as part of the 2014/15 budget process.</p>

FINANCIAL MANAGEMENT REVIEW – APRIL 2014

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT COMMENTS

AUDITOR'S COMMENTS / RECOMMENDATIONS	MANAGEMENT COMMENTS / ACTIONS
MINUTES AND MEETINGS	
<p>The minutes of the special council meeting held on 1 August 2013 were not signed by the person presiding at the next meeting at which the minutes were confirmed as required by Section 5.22(3) of the Act. To help ensure compliance with statutory provisions, these requirements should be correctly addressed in the future.</p>	<p>The minutes of the Special Council Meeting held on 1 August 2013 were confirmed at the Ordinary Meeting of Council in May and subsequently signed. A new process was established many months ago (albeit subsequent to August 2013) to ensure that all minutes and agendas for Committees of Council and the Council are prepared by the same team. This will ensure that all minutes are confirmed and signed accordingly.</p>
REGISTERS (INCLUDING ANNUAL & PRIMARY RETURNS)	
<p>Comments: To help ensure compliance with Section 5.75 and Section 5.76 of the Local Government Act: primary returns should be lodged within three months of the start day; and annual returns should be lodged each year in the prescribed form by 31 August. Whilst we note the CEO or any other Shire staff are not responsible for the content of returns submitted, we note it is acceptable, and quite common, for the content to be reviewed prior to receipt being acknowledged.</p>	<p>Management have outlined the requirements in relation to the completion of primary and annual returns at staff meetings and more specific team meetings whereby team members hold a delegation. This process is now encompassed as part of the initial employment of a person who may hold a delegation and the governance team are proactive in the review of returns.</p>
<p>To help ensure compliance with statutory provisions, a process should be implemented to help ensure the tender register is promptly updated and these requirements are correctly addressed.</p>	<p>The tender policy, process and procedures are being reviewed to ensure compliance and best practice. Appropriate training and communication will be undertaken, along with the development of corporate templates to assist in improving the process.</p>
STORAGE OF DOCUMENTS/RECORD KEEPING	
<p>To help safeguard important documents, they should be kept in a locked and fire resistant location.</p>	<p>The current building configurations do not have a locked and fire resistant location. Investigations are occurring as to the costs of implementing a secure swipe system for the records area, although a fire resistant location will require further thought and consideration given the costs associated with refurbishments to this extent.</p>

Attachment 2 - Summary of Recommendations and Management Comments

FINANCIAL MANAGEMENT REVIEW – APRIL 2014

SUMMARY OF RECOMMENDATIONS AND MANAGEMENT COMMENTS

AUDITOR'S COMMENTS / RECOMMENDATIONS	MANAGEMENT COMMENTS / ACTIONS
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INVESTMENTS	
<p>The investment policy states that the Shire can invest in managed funds which are not allowed as per the <i>Local Government (Financial Management) Regulation 19C</i>. To help ensure compliance with statutory provisions, this requirement should be correctly addressed in the future.</p>	<p>The Investment Policy was considered by the Council at its Ordinary Council Meeting on 24 June 2014 and subsequently endorsed, to ensure compliance this financial year.</p>

6.9 WESTERN AUSTRALIAN TREASURY CORPORATION – MASTER LENDING AGREEMENT

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	FM 04.16

PURPOSE

For the Audit (Finance and Risk) Committee to recommend to the Council that it enters into a Master Lending Agreement with the Western Australian Treasury Corporation (WATC) to simplify future lending transactions with the WATC.

BACKGROUND

The Shire of Wyndham East Kimberley utilises the lending facilities of the WATC who have developed and is implementing a Local Government Master Lending Agreement (LGMLA) as a result of the WATC's 2012 client survey. The LGMLA will improve the efficiency of the lending process for local governments.

As a local government is only permitted to provide security in the way of a charge over its general funds pursuant to section 6.21 of the *Local Government Act 1995*, the charges are required to be registered under the Personal Property Security Act. The LGMLA now includes reference to the security interest registration requirement.

The WATC has approached the Shire with a request to execute the LGMLA under seal, which will then stand as an open ended agreement.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

- Goal 1: Strong leadership and governance that underpins a more strategic approach to community engagement, regional development and organisational sustainability
- Objective 1.4: Business innovation, efficiency and improved service
- Strategy 1.4.1: Ensure legislative compliance and follow best practice principles in planning and service delivery
- Strategy 1.4.2: Improve the efficiency and productivity of Shire services
- Strategy 1.4.3: Maintain Council's long term financial viability

STATUTORY IMPLICATIONS

Local Government Act 1995

9.49A. Execution of documents

- (1) *A document is duly executed by a local government if —*
 - (a) *the common seal of the local government is affixed to it in accordance with subsections (2) and (3); or*
 - (b) *it is signed on behalf of the local government by a person or persons authorised under subsection (4) to do so.*
- (2) *The common seal of a local government is not to be affixed to any document except as authorised by the local government.*
- (3) *The common seal of the local government is to be affixed to a document in the presence of —*
 - (a) *the mayor or president; and*
 - (b) *the chief executive officer or a senior employee authorised by the chief executive officer,*

each of whom is to sign the document to attest that the common seal was so affixed.
- (4) *A local government may, by resolution, authorise the chief executive officer, another employee or an agent of the local government to sign documents on behalf of the local government, either generally or subject to conditions or restrictions specified in the authorisation.*

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

There will be time efficiencies generated with the execution of the LGMLA moving forward.

COMMUNITY CONSULTATION

Community consultation is not required in regard to this item.

CONCLUSION

The LGMLA incorporates all existing and future loans together under the one agreement, removing the need for individual loan agreements to be executed under seal each time a loan is raised through WATC.

The advancement of funds are still subject to WATC's credit approval policy at the time of application and will tie back to the LGMLA via the acceptance of the firm quote by an authorised signatory as advised by the Shire. The LGMLA also allows for next day funding once a firm quote has been accepted.

The Council will still be required to approve all borrowings as part of the annual budget process or as per the process outlined in s6.20 of the *Local Government Act 1995*.

Any future borrowings will need to be raised under the LGMLA as previous versions of the lending documentation have been superseded with the LGMLA.

It is therefore the officers recommendation to the Audit (Finance and Risk) Committee that it recommends to the Council to enter into the agreement to facilitate potential future borrowings.

ATTACHMENTS

Attachment 1 - Master Lending Agreement between Western Australian Treasury Corporation and Shire of Wyndham East Kimberley

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

The Audit (Finance and Risk) Committee recommends to Council that Council resolves:

- 1) that the Shire of Wyndham East Kimberley enters into a Master Lending Agreement with Western Australian Treasury Corporation as per the document tabled at the meeting;
- 2) to approve the affixation of the Common Seal of the Shire of Wyndham East Kimberley to the said Master Lending Agreement in the presence of the President and the Chief Executive Officer or an Agent or a Senior Employee of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer each of whom shall sign the document to attest the affixation of the Common Seal thereto; and
- 3) that the Chief Executive Officer, Agent or any one of the Senior Employees of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer from time to time is authorised to sign schedule documents under the Master Lending Agreement and or to give instructions thereunder on behalf of the Shire of Wyndham East Kimberley.

COMMITTEE RESOLUTION

Minute: AC316

Moved: Cr J Moulden

Seconded: Cr B Robinson

The Audit (Finance and Risk) Committee recommends to Council that Council resolves:

- 1) that the Shire of Wyndham East Kimberley enters into a Master Lending Agreement with Western Australian Treasury Corporation as per the document tabled at the meeting;**
- 2) to approve the affixation of the Common Seal of the Shire of Wyndham East Kimberley to the said Master Lending Agreement in the presence of the President and the Chief Executive Officer or an Agent or a Senior Employee of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer each of whom shall sign the document to attest the affixation of the Common Seal thereto; and**
- 3) that the Chief Executive Officer, Agent or any one of the Senior Employees of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer from time to time is authorised to sign schedule documents under the Master Lending Agreement and or to give instructions thereunder on behalf of the Shire of Wyndham East Kimberley.**

Carried Unanimously 4/0

FM-04-16
1-23910

WESTERN AUSTRALIAN
TREASURY CORPORATION

FINANCIAL SOLUTIONS FOR THE BENEFIT OF ALL WESTERN AUSTRALIANS

Our Ref: 28129
Enquires: Tamara Marsh
Tel: (08) 9235 9153

Ms Natalie Octoman
Director Corporate Services
Shire of Wyndham-East Kimberley
PO Box 614
KUNUNURRA WA 6743

Dear Natalie

WATC – EXECUTION OF THE LOCAL GOVERNMENT MASTER LENDING AGREEMENT

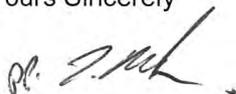
Western Australian Treasury Corporation (WATC) advises the previously requested information provided by the Shire of Wyndham East Kimberley has now been incorporated into the enclosed final Local Government Master Lending Agreement (LGMLA) for the Shire of Wyndham East Kimberley.

Enclosed are two final copies of the LGMLA for the Shire of Wyndham East Kimberley which sweeps all existing loans under the LGMLA and facilitates future borrowings under the one agreement thereby removing the need for individual loan agreements to be executed under seal each time the Shire of Wyndham East Kimberley borrows from WATC. Any borrowing under the LGMLA will be subject to WATC's credit approval policy at the time of the application, and the release of funds is subject to the issuance of a firm rate quote by WATC and its acceptance by an authorised signatory of the Shire of Wyndham East Kimberley.

For the LGMLA to be effective WATC requires that the Shire of Wyndham East Kimberley execute the LGMLA under its Common Seal as authorised by a resolution of the Shire of Wyndham East Kimberley. Please see the Attachment to this letter for the preferred wording of the resolution to be passed by the Shire of Wyndham East Kimberley.

The WATC is committed to providing its local government clients with a valued service and making the transition to the LGMLA as smooth as possible. Please do not hesitate to contact your client relationship manager Tamara Marsh if you have any queries in respect to the agreement.

Yours Sincerely



Richard McKenzie
Manager, Client Services
3 July 2014

DRAFT RESOLUTION

The Shire of Wyndham East Kimberley hereby **RESOLVES:**

- i) That the Shire of Wyndham East Kimberley enters into a Master Lending Agreement with Western Australian Treasury Corporation as per the document tabled at this meeting.
- ii) To approve the affixation of the Common Seal of the Shire of Wyndham East Kimberley to the said Master Lending Agreement in the presence of the Mayor or President and the Chief Executive Officer or an Agent or a Senior Employee of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer each of whom shall sign the document to attest the affixation of the Common Seal thereto; and
- iii) That the Chief Executive Officer, Agent or any one of the Senior Employees of the Shire of Wyndham East Kimberley authorised by the Chief Executive Officer from time to time is authorised to sign schedule documents under the Master Lending Agreement and or to give instructions thereunder on behalf of the Shire of Wyndham East Kimberley.

DATED []

MASTER LENDING AGREEMENT

BETWEEN

WESTERN AUSTRALIAN TREASURY CORPORATION

AND

SHIRE OF WYNDHAM-EAST KIMBERLEY

DATED AS OF 31ST JULY 2014

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This Agreement dated as of the 31st day of July 2014

BETWEEN

WESTERN AUSTRALIAN TREASURY CORPORATION (ABN 22 300 359 323)
(*Corporation*)

AND

SHIRE OF WYNDHAM-EAST KIMBERLEY (ABN 35 647 145 756) (*Borrower*)

WHEREAS:

- A. The Corporation has provided lending facilities to the Borrower under the Existing Facility Agreements.
- B. The Corporation agrees to provide the Facility to the Borrower on the terms and conditions contained in this Agreement.
- C. The Facility is an updating and consolidation of the Existing Facility Agreements and also provides further flexibility in the manner in which lending can take place.
- D. The terms and conditions of this Agreement:
 - (a) replace the terms and conditions of the Existing Facility Agreements, so that this Agreement applies to:
 - (i) loans and advances previously provided to the Borrower under Existing Facility Agreements; and
 - (ii) loans and advances provided to the Borrower after the date of this Agreement in accordance with the terms of Forward Lending commitments as at the date of this Agreement; and
 - (b) apply to all loans and advances provided by the Corporation to the Borrower hereunder after the date of this Agreement.

The Parties agree:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the following words have the meanings designated below unless otherwise provided:

Account means an account operated by the Borrower with the Corporation for the purposes of this Agreement.

Act means the Western Australian Treasury Corporation Act 1986.

Addendum means an addendum to this Agreement.

Advance means an advance of money made under the Facility by the Corporation to the Borrower and includes all loans and advances that have been or will be:

- (a) provided to the Borrower under the Existing Facility Agreements and outstanding at the date of this Agreement;
- (b) provided to the Borrower after the date of this Agreement in accordance with the terms of Forward Lending commitments on foot at, or drawdown notices given under an Existing Facility Agreement outstanding on, the date of this Agreement;
- (c) provided to the Borrower by the Corporation hereunder after the date of this Agreement; and
- (d) made after the Termination Date in accordance with any Forward Lending commitment on foot at the Termination Date.

Agreement means this agreement, its schedules, annexures, addenda and each Confirmation given by the Corporation to the Borrower under this Agreement.

Annexure means an annexure to this Agreement.

Authorised Signatory means a person duly authorised by the Borrower as provided for in clause 31.1 to give instructions to the Corporation on its behalf, or otherwise to act on its behalf, from time to time, for the purposes of this Agreement, either generally or in relation to specified actions.

Bank Account means a bank account maintained by a Party in Australia with a bank authorised and supervised by the Australian Prudential Regulation Authority under the Banking Act 1959 (Cth) to carry on banking business in Australia or, for payments in a currency that is not Australian dollars, a financial institution with equivalent status in another country that is acceptable to the Corporation in its reasonable opinion, and notified to the other Party from time to time.

Borrower's SSI means the Borrower's standard settlement instructions notified by the Borrower to the Corporation from time to time for a Bank Account into which all moneys payable to the Borrower are to be paid under this Agreement, and which are acceptable to the Corporation acting reasonably.

Business Day means any day not being a Saturday or Sunday on which banks generally are open for business in each of Perth, Melbourne and Sydney.

Business Day Convention means the convention for adjusting any relevant date for the performance of any obligation or the taking of any action under this Agreement if that date would otherwise fall on a day that is not a Business Day.

Charge means the charge created under clause 5.1 of this Agreement.

Confirmation means a confirmation given by the Corporation to the Borrower setting out the terms applicable to an Advance made or to be made under the Facility.

Corporation's SSI means the Corporation's standard settlement instructions notified by the Corporation to the Borrower from time to time for a Bank Account into which all moneys payable to the Corporation are to be paid under this Agreement.

Costs means any and all costs incurred by the Corporation that arise from a default by the Borrower, demand for Mandatory Prepayment, termination other than a voluntary termination by either Party, or enforcement.

Default Interest Rate means the rate 2% per annum above the Corporation's overnight lending rate on each relevant day.

Designated Date means the date notified by the Corporation in accordance with, or the date set by operation of, the terms of this Agreement (as the case may be) for the Mandatory Prepayment of any Advance.

Discount means the amount by which the Corporation benefits from the Prepayment of an Advance.

Drawdown Notice means a written request for an Advance given by the Borrower to the Corporation in accordance with the Annexure for the relevant Product.

Email notice means a notice given by the Borrower to the Corporation by a computer based electronic mailing system.

Event of Default means a Vires Event of Default or an Other Event of Default.

Existing Facility Agreements means:

(a) Loan Agreements

Loan Number	Principal Amount	Interest Rate	Lending Date	Maturity Date
122	\$490,000.00	6.0000% p.a.	25/06/2010	25/06/2020
123	\$1,500,000.00	3.2600% p.a.	07/12/2012	07/12/2014
124	\$2,500,000.00	3.8200% p.a.	07/12/2012	07/12/2022
125	\$400,000.00	3.4000% p.a.	16/05/2014	16/05/2018
126	\$1,695,000.00	4.2100% p.a.	16/05/2014	16/05/2024
127	\$88,498.00	3.7100% p.a.	16/05/2014	16/05/2020
128	\$125,000.00	4.2100% p.a.	16/05/2014	16/05/2024

(b) Debentures

Loan Number	Principal Amount	Interest Rate	Lending Date	Maturity Date
113	\$894,000.00	6.1400% p.a.*	28/08/2003	28/08/2018
114	\$375,000.00	6.1400% p.a.*	28/08/2003	28/08/2018
115	\$160,000.00	6.1400% p.a.*	28/08/2003	28/08/2018
118	\$250,000.00	7.2400% p.a.	30/06/2008	30/06/2018
119	\$371,000.00	5.6100% p.a.	08/05/2009	08/05/2019
120	\$566,000.00	6.1900% p.a.	01/09/2009	01/09/2019

*guarantee fee incorporated into the interest rate.

(All existing Loan Agreements and Debentures referred to in (a) and (b) above are collectively referred to as “**Existing Facility for Term Fixed Rate Lending**”.)

Facility means the lending facility provided by the Corporation to the Borrower under this Agreement from time to time.

Fees means fees charged by the Corporation to the Borrower from time to time in connection with this Agreement, the Facility, an Advance or a Forward Lending, described in clause 18.

First Schedule means the first schedule to this Agreement.

Forward Lending means a commitment of the Corporation to advance funds and a commitment of the Borrower to borrow funds in accordance with the terms of a Confirmation issued by the Corporation in accordance with this Agreement, or an Existing Facility Agreement, prior to those funds being advanced by the Corporation.

General Funds has the meaning given in section 6.21(4) of the *Local Government Act*.

Increased Costs means those costs described in clause 19.

Interest Payment Date means a date when interest is payable on an Advance.

Interest Rate means the interest rate for an Advance applying for all or part of the term of that Advance as applicable.

Local Government Act means the Local Government Act 1995 (WA).

Mandatory Prepayment means an early repayment by the Borrower in respect of any outstanding Advance or part of an Advance (and includes termination of obligations in relation to any Forward Lending or part of a Forward Lending) which is required by the

Corporation to be made under or in accordance with the provisions of this Agreement following the occurrence of an Event of Default.

Mandatory Prepayment Notice means a notice referred to in clause 27 requiring the Borrower to repay to the Corporation the outstanding Advances specified in the notice, or terminating any specified Forward Lendings, on the Designated Date specified in the notice.

Market Valuation means a valuation made by the Corporation under the procedure set out in clause 16.

Market Valuation Adjustment means the adjustment to be made to reflect an additional or reduced amount to be repaid by the Borrower to extinguish the Borrower's liability in respect of all or part of an Advance on Prepayment, as described in clause 16.4 or to terminate obligations in relation to all or part of a Forward Lending.

Maturity Date means the date that an Advance is scheduled to be repaid by the Borrower to the Corporation, and where an Advance is made on the basis that it is to be repaid by more than one payment, the date that the last of these payments is to be made, as set out in the relevant Confirmation.

Other Event of Default means each of the events set out in paragraphs (c) to (i) inclusive of clause 25.

Outstanding Payment means the value of any payment that remains outstanding after the date on which that payment was due to be made in accordance with this Agreement.

Party means a party to this Agreement and Parties means both of them.

Premium means the amount necessary to compensate the Corporation for the Prepayment of an Advance.

Prepayment means a Mandatory Prepayment or a Voluntary Prepayment.

Prepayment Amount means the amount required to extinguish the indebtedness of the Borrower in relation to all or part of one or more Advances prior to the scheduled date for its or their repayment, or to terminate obligations in relation to all or part of one or more Forward Lendings, including without limitation a Market Valuation Adjustment.

Product means a type of Advance available to the Borrower under the Facility and identified in the First Schedule, as amended from time to time.

Product Facility Limit means the aggregate amount the Borrower may have outstanding at any time in respect of any Product, being the sum of all Advances the Corporation has agreed to provide to the Borrower under the relevant Product from time to time minus any amounts cancelled under clause 3.1 or repaid under Products that do not incorporate a capacity to redraw.

PPSA means the Personal Property Securities Act 2009 (Cth).

PPSA Law means:

- (a) the PPSA; and
- (b) any regulations in force from time to time made under the PPSA.

PPSA Register means the personal property securities register established under section 147 of the PPSA.

PPSA Security Interest has the meaning given to “security interest” in section 12 of the PPSA.

Rate Set Notice means a notice by the Corporation to the Borrower as described in clause 11.2.

Second Schedule means the second schedule to this Agreement.

Secured Money means all amounts under or in connection with the Facility or this Agreement or both:

- (a) which now or in the future are owing or payable (actually or contingently) by the Borrower to the Corporation;
- (b) which, having now or in the future become owing or payable (actually or contingently) by the Borrower to the Corporation, cease to be owing under any law relating to bankruptcy or insolvency and remain unpaid by the Borrower;
- (c) that now or in the future there is a prospect may become owing or payable (actually or contingently) by the Borrower to the Corporation, for any reason including moneys and damages payable by the Borrower, alone, jointly or jointly and severally with any other person, or by the Borrower in its own right or in any capacity; or
- (d) which can be debited by the Corporation to the Account or any other account of the Borrower.

Secured Property means all of the present and future interest and rights of the Borrower in the General Funds of the Borrower from time to time, including all present and future claims, causes of action, payments and proceeds in respect thereof.

State means the State of Western Australia.

Termination Date means the date on which the Facility is terminated in accordance with this Agreement.

Termination Procedure means the procedure set out in clause 27 of this Agreement.

Vires Event of Default means each of the events set out in clauses 25(a) and (b).

Voluntary Prepayment means an early repayment in respect of any Advance or part of any Advance (and includes termination of obligations in relation to any Forward Lending or part of a Forward Lending) which is made voluntarily by the Borrower.

Voluntary Prepayment Notice means a notice referred to in clause 16.1 notifying the Corporation that the Borrower wishes to make a Voluntary Prepayment.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) a reference to a statute, ordinance, code, or other law includes regulations, by-laws, rules and other statutory instruments under it for the time being in force and consolidations, amendments, re-enactments, or replacements of any of them (whether of the same or any other legislative authority having jurisdiction);
- (c) references to this Agreement or any other instrument include this Agreement or other instrument as varied or replaced, and notwithstanding any change in the identity of the Parties;
- (d) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) references to this Agreement include its Schedules and Annexures;
- (f) headings are inserted for ease of reference only and are to be ignored in construing this Agreement;
- (g) references to time are to local time in Perth, Western Australia unless otherwise stated;
- (h) where time is to be reckoned from a day or event, that day or the day of that event is to be included;
- (i) references to currency are to Australian currency unless otherwise stated;
- (j) no rule of construction applies to the disadvantage of a Party on the basis that that Party put forward this Agreement or any part of this Agreement;
- (k) a reference to any thing is a reference to the whole and each part of it; and
- (l) words and phrases which are defined in the PPSA and which have relevance to this Agreement but are not defined in this Agreement have the same meaning as in the PPSA.

- 1.3 It is acknowledged and agreed by the Parties that when an amendment to or passing of legislation takes place during the term of this Agreement which is relevant to this Agreement, such amendment or passing applies to the application of this Agreement from the time of its occurrence and whether or not notice is given by the Corporation of the amendment or passing.

- 1.4 If the Corporation reasonably forms the opinion that there has been a change in a market convention that is relevant to this Agreement, or to any Product or transaction under this Agreement, the Corporation shall notify the Borrower of such change and this Agreement and the affected transactions shall be amended as provided in the notice to the Borrower from the Corporation setting out those amendments required by the Corporation. Upon request by the Borrower, the Corporation will provide to the Borrower a copy of information on the new market convention from a recognised financial market body in the relevant market.

2. PRODUCTS:

2.1 The Corporation offers to:

- (a) keep on foot all advances made under the Existing Facility Agreements outstanding on the date of this Agreement;
- (b) advance funds in accordance with the terms of any Forward Lending commitment arising under an Existing Facility Agreement prior to the date of this Agreement; and
- (c) make available to the Borrower financial accommodation by lending under this Agreement,

through the Products set out in the First Schedule as amended from time to time.

2.2 The terms and conditions on which:

- (a) Advances have been provided to the Borrower under Existing Facility Agreements; and
- (b) Advances will be provided to the Borrower after the date of this Agreement under Forward Lending commitments and drawdown notices given under Existing Facility Agreements,

shall be replaced in their entirety by the terms and conditions of this Agreement.

2.3 Terms and conditions relating to each Product are set out in the Annexure relating to that Product.

2.4 The Corporation may at its discretion from time

to time remove Products or incorporate additional Products into this Agreement together with Annexures relevant thereto by giving written notice of such removal or addition to the Borrower. The removal of a Product will not affect the terms and conditions applying to Advances then outstanding, or Forward Lendings, in respect of that Product.

- 2.5 Subject to clause 18, the Corporation may on not less than 30 days' written notice to the Borrower amend the terms and conditions which apply to a Product and, subject to clause 3.3, and in consultation with the Borrower, may reduce the Product Facility Limit for any Product where applicable. The reduction of a Product Facility Limit will not affect the terms and conditions applying to Advances then outstanding, or Forward Lendings, in respect of that Product.
- 2.6 Subject to clause 2.7, and unless expressly provided otherwise, the terms and conditions contained in clauses 1 to 33 of this Agreement are applicable to all Products.
- 2.7 Where any term or condition of an Annexure in respect of a Product is inconsistent with any term or condition in clauses 1 to 33 of this Agreement, then the term or condition contained in the Annexure in respect of the Product shall prevail to the extent of the inconsistency.

3. TERMINATION OF FACILITY OR PART THEREOF:

- 3.1 The Facility commences on the date hereof and continues until the Termination Date. Subject to clause 3.3, any part of the Facility may be terminated at any time by either Party giving no less than 30 days' written notice to the other of the amount and/or type of Product or Products that are cancelled.
- 3.2 The Facility may be terminated:
 - (a) (i) at any time by either Party providing at least 30 days' written notice to the other;
 - (ii) at any time by mutual agreement of the Parties;

- (b) on the date specified in a notice served by the Corporation on the Borrower following an Other Event of Default in accordance with clause 26.2; and
- (c) immediately, upon the occurrence of a Vires Event of Default, in accordance with clause 26.1,

and the date on which the Facility is terminated in accordance with this clause 3.2 is the Termination Date.

3.3 If the Facility is terminated under clause 3.2(a), after the Termination Date the Parties will comply with all obligations in relation to Forward Lendings and Advances outstanding on the Termination Date, which will continue to be repayable on their respective Maturity Dates unless:

- (a) a Vires Event of Default occurs prior to the respective Maturity Dates, in which case all Advances then outstanding are immediately due and payable and any obligations in respect of Forward Lendings are immediately terminated in accordance with the provisions of clause 26.1; or
- (b) an Other Event of Default occurs and the Corporation gives notice to the Borrower under clause 26.2 declaring Advances due and payable, and/or obligations in respect of Forward Lendings terminated, on the Designated Date or Designated Dates; or
- (c) alternative arrangements are agreed by the Parties in relation to Forward Lendings and for the repayment or refinancing of the indebtedness of the Borrower under this Agreement prior to the respective Maturity Dates.

4. FACILITY LIMIT

The total amount of debt outstanding at any time shall be the aggregate of all borrowings approved by the Corporation in respect of each product specified in the Annexes to this Agreement in accordance with the application process set out in

clause 7 of this Agreement, less any amounts that have been cancelled under clause 3.1 or repaid under Products that do not incorporate a capacity to redraw.

5. SECURITY, PPSA SECURITY INTEREST AND ATTACHMENT:

- 5.1 The Borrower charges the Secured Property to the Corporation to secure the payment of the Secured Money to the Corporation.
- 5.2 The Charge is a PPSA Security Interest.
- 5.3 The Borrower acknowledges and agrees:
- (a) the Corporation has given value for the PPSA Security Interest in the Secured Property by its provisions under this Facility or the Existing Facility Agreements or by providing or continuing to make available any financial accommodation under or in connection with this Facility or the Existing Facility Agreements;
 - (b) nothing in this Agreement or in any of the Existing Facility Agreements constitutes an agreement that a security interest under this Agreement attaches at a later time than the time specified in section 19(2) of the PPSA;
 - (c) it has not made any agreement with a secured party to vary the time of attachment of a PPSA Security Interest; and
 - (d) for the purposes of sub section 20(2) of the PPSA, the Charge covers the present and future interests and rights of the Borrower in the Borrower's General Funds.

6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS:

- 6.1 The Borrower represents and warrants that:
- (a) it is a local government constituted under the Local Government Act;
 - (b) it has in full force and effect all approvals, authorisations and consents necessary to

enter validly into this Agreement, to borrow and to fulfil its obligations in relation to each Advance provided hereunder and to give the Charge;

- (c) this Agreement has been validly executed by the Borrower;
- (d) the Borrower has complied with all requirements under the Local Government Act and Regulations under the Local Government Act in respect of this Agreement, and that all Advances have been approved by the Borrower in its annual budget or satisfy the provisions of Section 6.20(2) of the Local Government Act;
- (e) each Advance is financially sustainable and that the Borrower is not aware of any event, circumstance or action by the Borrower which may adversely affect its ability to service the Advance;
- (f) the Borrower has not created any charge, mortgage, pledge or lien upon over or in respect of the General Funds of the Borrower in favour of any other lending institution, bank or third party other than those charges mortgages, pledges or liens that have already been notified to the Corporation .
- (g) there has been no material adverse change in the financial position of the Borrower, and the Borrower will immediately notify the Corporation if a material adverse change in the financial position occurs.
- (h) it does not have any interest, obligation or arrangement, whether directly or indirectly, that conflicts or may potentially conflict with its obligations under this Agreement, and if any such interest, obligation or arrangement should arise, the Borrower will promptly advise the Corporation thereof.
- (i) no Event of Default (including without limitation, a breach of a term or condition included in this Agreement pursuant to Clause 26.2(c)) has occurred and is continuing, other than an Event of Default which has been waived in writing by the Corporation.
- (j) Drawdown Notices, applications for

Advances and instructions given in respect of the Facility from time to time by the person(s) nominated by the Borrower for this purpose are valid and shall bind the Borrower.

6.2 The Borrower undertakes that it will observe all obligations under the approvals, authorisations and consents referred to in clause 6.1(b) and carry out and fulfil its obligations hereunder.

6.3 The representations and warranties set out in clause 6.1 are deemed to be repeated in respect of each application for an Advance hereunder.

7. APPLICATIONS FOR ADVANCES

7.1 The Borrower may apply for an Advance by submitting an application to the Corporation in a manner and form prescribed by the Corporation from time to time.

7.2 The Borrower shall obtain in advance of making an application all necessary approvals, authorisations and consents that are necessary in respect of each Advance.

7.3 The making of each Advance is subject to the condition that the Corporation's credit criteria in effect at the relevant time for such lending are met by the Borrower.

7.4 The Borrower shall upon request provide the Corporation with such information as may be reasonably required by the Corporation to determine whether its credit criteria are met by the Borrower.

7.5 A determination made by the Corporation as to whether its credit criteria are met by the Borrower shall be final and the Corporation shall not be required to disclose such details of the determination to the Borrower.

7.6 The Corporation may at its discretion cancel or delay the making of an Advance if any required information in relation to the Borrower is not provided to the Corporation in a timely manner to undertake/complete its credit assessment. The costs incurred by the Corporation in connection

with the cancelling or delaying of an Advance as certified by the Corporation shall be promptly paid to the Corporation by the Borrower.

7.7 The Corporation may in its absolute discretion decline an application for an Advance where the Borrower has not met the Corporation's credit criteria in effect at the relevant time and where the Advance is not considered by the Corporation to be financially sustainable.

8. **ACCOUNTS:** Advance will be made on one Account unless it is agreed by the Corporation that the Borrower may operate more than one Account under the Facility. If the Borrower operates more than one Account, the Advance will be made on the Account specified in the application for an Advance.
9. **TERM OF ADVANCES:** The Borrower shall repay each Advance in full on the Maturity Date, or if any Advance is made on the basis that it is to be repaid by more than one instalment, the Advance shall be repaid in accordance with the repayment schedule set out in the relevant Confirmation.
10. **INTEREST:** The Borrower shall pay interest on each Advance from and including the date funds are advanced up to but excluding the date they are repaid in full.
11. **INTEREST RATE:**
- 11.1 Subject to any conditions as to interest rate outcomes set out in an application for an Advance, the Interest Rate will be determined by the Corporation.
- 11.2 Where the Corporation sets or resets an Interest Rate in respect of all or any part of the term of an Advance, the Corporation will promptly notify the Borrower of the Interest Rate in the Confirmation or in a Rate Set Notice.
12. **PAYMENT DATE ADJUSTMENT:** If a date for the making of any payment (or performing any obligation) under this Agreement falls on a day which is not a Business Day, it will be subject to adjustment in accordance with the Business Day Convention referred to in the Annexure relevant to that type of payment or obligation for the relevant Product, unless another Business Day Convention has been

requested by the Borrower and agreed to by the Corporation and the payment will be made (or the obligation performed) on the date for the making of the payment (or performing the obligation) as adjusted by the relevant Business Day Convention.

13. **CONFIRMATIONS:** The Corporation will give to the Borrower a Confirmation promptly after setting the terms of each Advance. The Confirmation shall be deemed true and correct in the absence of manifest error, unless the Borrower notifies the Corporation in writing that the details in the Confirmation are incorrect within 24 hours of receipt of the Confirmation. To the extent of any inconsistency, the provisions of a Confirmation prevail over those of the relevant application for an Advance and over clauses 1 to 33 of this Agreement.
14. **BUSINESS DAY:** If the Borrower wishes the definition of Business Day for a particular Advance to depend on different business centres being open other than those provided in the definition in clause 1.1 or any business centres specified in the Annexure for the relevant Product, then it may request that the Corporation agree to a different business centre or centres being open for the purpose of that definition in relation to that Advance, but any amendment to that definition is subject to the agreement of the Corporation in its absolute discretion.
15. **BUSINESS DAY CONVENTION:** The following terms, when used in conjunction with the term "Business Day Convention" and a date for the performance of an obligation or the taking of an action under this Agreement, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:
- (a) if "*Following*" is specified, that date will be the first following day that is a Business Day;
 - (b) if "*Modified Following*" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
 - (c) if "*Preceding*" is specified, that date will be the first preceding day that is a Business Day.
16. **PREPAYMENT:** 16.1 If the Borrower wishes to make a Voluntary Prepayment, it must give to the Corporation a Voluntary Prepayment Notice substantially in the

form specified in the Third Schedule hereto signed by an Authorised Signatory of the Borrower, no later than 12.00 noon at least 4 Business Days prior to the proposed date of the Voluntary Prepayment, or such later time or date as the Corporation may agree.

- 16.2 Once given, a Voluntary Prepayment Notice is irrevocable and may not be withdrawn except with the prior written consent of the Corporation.

The Corporation will advise the Borrower as soon as practicable after it receives any request to withdraw a Voluntary Prepayment Notice whether or not the Corporation has consented to the withdrawal.

- 16.3 Whenever a Prepayment is made, whether voluntarily by the Borrower or otherwise, the amount to be repaid by the Borrower to the Corporation is to be adjusted by a Market Valuation Adjustment.

- 16.4 The Market Valuation Adjustment is the amount calculated by the Corporation as the Premium or Discount applicable to the Prepayment.

- 16.5 (a) Prior to the date of the proposed Prepayment the Corporation will undertake a Market Valuation of the relevant Advance at such time as is suitable to the Corporation acting reasonably.

- (b) The Corporation will calculate the Market Valuation Adjustment in accordance with the Corporation's standard procedure for the relevant Product.

- 16.6 The Corporation shall certify the Market Valuation Adjustment to the Borrower and once certified the Market Valuation Adjustment is final and binding in the absence of manifest error.

- 16.7 (a) If the Market Valuation Adjustment is a Premium the Borrower must pay the amount of the Premium to the Corporation at the time at which the Prepayment is made to the Corporation.

(b) If the Market Valuation Adjustment is a Discount, the Corporation will credit the amount of the Discount to the relevant Account of the Borrower when the Prepayment is made.

16.8 When obligations in relation to all or part of a Forward Lending are to be terminated, the Corporation will undertake a Market Valuation of the Forward Lending (or relevant part thereof) and the procedures set out in this clause 16 will apply, with the necessary changes having been made, in relation to the calculation of the Market Valuation Adjustment.

16.9 The Parties agree that amounts payable by way of Market Valuation Adjustment are a reasonable pre-estimate of loss and not a penalty.

16.10 On giving notice thereof to the Borrower, the Corporation may value the Prepayment for the purposes of calculating the Market Valuation Adjustment on an "ex interest" basis, in which case the Borrower shall be liable to make a payment on account of interest on the next Interest Payment Date for the relevant Advance.

17. GOVERNMENT GUARANTEE:

17.1 The Borrower must pay to the Corporation as and when required by the Corporation such fee or fees as the Corporation notifies are required by the Treasurer on behalf of the State under section 13(3) of the Act in respect of the guarantee by the Treasurer arising under section 13(1) of the Act in relation to liabilities incurred by the Corporation in connection with, or to facilitate, the making of Advances to the Borrower under the Facility. Such fee may be adjusted from time to time.

17.2 Any fees payable under clause 17.1 will be identified and recovered separately from interest payable under the Facility.

18. FEES:

18.1 The Corporation may charge the Borrower Fees in connection with this Agreement, the Facility, any Advance and any Forward Lending. Subject to clause 18.3, Fees may be introduced or amended from time to time at the Corporation's sole discretion.

18.2 The Corporation will give the Borrower at least 30 days' prior written notice of the introduction of any new Fee or the amendment of an existing Fee, and shall specify in any such notice the amount or method of calculation of the Fee and the manner in which the Fee will be charged.

18.3 With the exception of Costs and Increased Costs, the Corporation may not increase any Fees, or seek to impose any new Fees, in connection with a Forward Lending or an Advance prior to its Maturity Date.

19. INCREASED COSTS:

If as a result of any law, regulation, judicial decision or government directive instituted, passed, issued, amended or given a new interpretation by any competent court, administrative tribunal or government authority, the Corporation incurs additional costs in funding or maintaining Advances or Forward Lendings under this Agreement or the Facility, the Corporation will notify the Borrower thereof and the Borrower shall on demand pay to the Corporation the amount of such costs either as a lump sum or through increased interest rates as determined by the Corporation after consultation with the Borrower.

20. METHOD OF PAYMENT:

20.1 All payments to the Corporation must be made in immediately available funds without set off or deduction into the Corporation's Bank Account for the relevant currency specified in the Corporation's SSI as at the time of payment, and any payment not so made will be deemed by the Corporation to have been made on the date and at the time the funds represented by the payment become available to the Corporation.

20.2 All payments to the Borrower will be made in immediately available funds into the Bank Account for the relevant currency specified in the Borrower's SSI as at the time of payment unless other arrangements have been agreed between the Corporation and the Borrower in respect of that payment.

21. TIME OF PAYMENT:

All payments to be made to the Corporation under the Facility must be made no later than 10.00 a.m. on the due date or such other time as the Corporation may notify the Borrower from time to time. The Corporation

may recover from the Borrower any charges or intra-day interest it incurs as a consequence of any payment being received by it after the due time for payment on the relevant due date.

- 22. INTEREST ON OVERDUE AMOUNTS:** The Corporation may charge interest on any amount payable under this Agreement which is not made, or is deemed to have been not made by the time for payment on the relevant due date, at the Default Interest Rate, from and including the due date for payment to but excluding the date on which the funds become available to the Corporation, such additional interest to compound daily and be payable on demand.
- 23. STAMP DUTY:** All stamp duties and penalties (if any) payable in relation to this Agreement shall be promptly paid by the Borrower.
- 24. CALCULATIONS:** The Corporation shall carry out in good faith and in a commercially reasonable manner all calculations required under this Agreement including but not limited to those involving the amount of interest payable, Market Valuation Adjustments, Fees, government guarantee fees and Increased Costs. All calculations and determinations of the Corporation will be conclusive and binding in the absence of manifest error.
- 25. EVENTS OF DEFAULT:** Each of the following is an Event of Default:
- (a) the Borrower ceases to be a local government duly constituted under the Local Government Act (or any amendment or re-enactment of the Act) by virtue of which it is an "authority" for the purposes of the Western Australian Treasury Corporation Act 1986 unless the obligations of the Borrower hereunder are assumed by a successor which is such an "authority" and which agrees, or is otherwise bound by law, to comply with the obligations of the Borrower hereunder;
 - (b) the Borrower for any reason, other than a reason set out in clause 25(a), ceases to be an entity to which the Corporation can lawfully make or maintain Advances, or if as a result of any change in law, regulation or official directive, the Corporation determines that it has become contrary to such official directive, illegal or impossible for the Corporation to make or

maintain Advances to the Borrower;

- (c) if in the reasonable opinion of the Corporation, it is likely that a Vires Event of Default will occur because of a proposed change in law, regulation or official directive, and the Corporation notifies the Borrower that upon the occurrence of the change in law, regulation or official directive, the Facility is terminated on the Termination Date specified in the notice and all outstanding Advances are due and payable, and all Forward Lendings are terminated, on the Designated Date specified in the notice;
- (d) a receiver is appointed in respect of any of the income of the Borrower
- (e) the Borrower fails to make payment of any amount payable to the Corporation, whether under this Agreement or under any other arrangement with the Corporation, when due and the failure continues for more than 15 Business Days. The Corporation will use reasonable endeavours to notify the chief executive officer of the Borrower of the failure not less than 10 Business Days before exercising the Corporation's rights arising under this Agreement as a consequence of such failure;
- (f) the Borrower is in breach of any other material term of this Agreement (including a term or condition included in the Agreement pursuant to clause 26.2(c)), and if the breach is capable of remedy, if it is not remedied within 20 Business Days of the Borrower becoming aware of the breach;
- (g) the Borrower fails to pay any other indebtedness of the Borrower for moneys borrowed or raised when due in an amount which the Corporation reasonably considers to be material in the context of the indebtedness of the Borrower to the Corporation under this Agreement unless liability to pay that other indebtedness is being contested by the Borrower in good faith and with due diligence;
- (h) any power, authorisation, approval or consent required by the Borrower for the purposes of

borrowing or fulfilling its obligations under this Agreement is withdrawn or ceases to be current or valid or is found to be defective or inadequate by the Corporation; and

- (i) any warranty or representation made by the Borrower hereunder or for the purposes of this Agreement is untrue or ceases to be true.

26. EFFECT OF DEFAULT:

26.1 If a Vires Event of Default occurs, whether or not the Corporation is aware of the occurrence of the Event of Default, the Facility is immediately terminated without the need for any notice to be given by the Corporation to the Borrower and, subject to clause 26.3, all outstanding Advances are immediately due and payable, and any obligations in respect of Forward Lendings are immediately terminated.

The Prepayment Procedure will apply in respect of all outstanding Advances and all Forward Lendings.

The date on which the Facility is terminated, and all obligations in respect of outstanding Advances and Forward Lendings are terminated in accordance with this clause 26.1 is the Designated Date for the purposes of this Agreement.

26.2 If an Other Event of Default occurs, the Corporation may by notice in writing to the Borrower do any or all of the following:

- (a) declare that any or all outstanding Advances are due and payable and any or all obligations in respect of Forward Lendings are terminated immediately on the date of the notice, or on a date specified in the notice, which date shall be the Designated Date for those Advances;
- (b) declare that the Facility is terminated; and
- (c) specify terms and conditions upon which the Corporation is willing to allow any or all of the following to occur:
 - (i) any or all outstanding Advances to

remain outstanding;

- (ii) any or all Forward Lending commitments to remain in force; and
- (iii) the Borrower to continue to borrow under any or all Products,

and the Borrower must, not later than the date specified in the notice, advise the Corporation in writing whether or not it agrees to accept those terms and conditions.

If the Borrower advises the Corporation in writing on or before the date specified in the notice that it agrees to accept those terms and conditions, then this Agreement is thereupon varied by inclusion of those terms and conditions without any further action required to be taken by the Parties.

If the Borrower does not advise the Corporation in writing on or before the date specified in the notice that it agrees to accept those terms and conditions, then the Corporation may carry out the provisions of (a) and (b) above.

26.3 If the Corporation is not aware of the occurrence of a Vires Event of Default when the Vires Event of Default occurs, all outstanding Advances are due and payable, and all obligations in respect of Forward Lendings shall be terminated, immediately the Corporation becomes aware of the occurrence of that Event of Default.

26.4 For the avoidance of doubt, any payment made by either Party after the occurrence of a Vires Event of Default and before the Corporation becomes aware of the relevant Event of Default, is a payment for value under this Agreement and is to be treated as if it had been validly made and received in accordance with this Agreement.

**27. MANDATORY
PREPAYMENT
PROCEDURE:**

27.1 Where any Advance becomes due and payable before the Maturity Date for that Advance or any Forward Lending is to be terminated under the terms of this Agreement, the Parties will follow the procedure set out in this clause.

27.2 Mandatory Prepayment of Advances and termination of Forward Lendings will occur on the Designated Date whether or not the relevant event is then subsisting and the Prepayment Amount will be due as of the Designated Date.

27.3 The Corporation will issue a Mandatory Prepayment Notice to the Borrower with respect to Advance(s) and Forward Lending(s).

27.4 Irrespective of the termination of the Facility, the Borrower shall pay to the Corporation the amount of any Costs incurred by the Corporation whether before or after the Designated Date in relation to the relevant Advance(s), Forward Lending(s) and the Facility, as applicable, and interest on the Prepayment Amount calculated at the Default Interest Rate from and including the Designated Date up to, but not including, the date of actual payment.

**28. PERSONAL
PROPERTY
SECURITIES ACT
2009**

28.1 The Borrower hereby irrevocably authorises the Corporation, its agents, solicitors, officers, employees and service providers to:

- (a) apply for and effect (in any manner the Corporation considers necessary or appropriate) any registration of a financing statement on the PPSA Register in connection with any PPSA Security Interest created or expressed to be created under this Agreement;
- (b) complete any document associated with this Agreement, including any financing statement or financing change statement; and
- (c) recover from the Borrower, at the Corporation's absolute discretion, any costs incurred by the Corporation in relation to the abovementioned matters.

28.2 (a) The Parties contract out of each provision of the PPSA that section 115 of the PPSA permits parties to contract out of.

(b) To the extent permitted by section 275 of the PPSA, the Parties agree to keep all information of the kind described in section

275(1) of the PPSA confidential and not to disclose any such information to any other person except where such disclosure is otherwise permitted or authorised under this Agreement or an Existing Facility Agreement.

(c) The Parties agree that a receiver or receivers appointed under section 6.22 of the Local Government Act need not give any notice required under any provision of the PPSA.

**29. VARIATION OF
ADVANCES OR
FORWARD
LENDINGS:**

29.1 If at any time the Borrower wishes to vary a term or condition of an, Advance or Forward Lending, the Borrower must so notify the Corporation and the Corporation will use reasonable endeavours to accommodate the Borrower's request.

29.2 Relevant rates and prices which prevail at the time will be applied in undertaking the calculations for the variation of the Advance or Forward Lending, as applicable.

29.3 The Corporation will promptly give a Confirmation to the Borrower with respect to a variation so carried out.

29.4 The Corporation will promptly notify the Borrower in writing of the cost or benefit of a variation under this clause.

Any additional cost will be paid by the Borrower to the Corporation on a date nominated in writing by the Corporation, and any benefit will be credited to an Account of the Borrower with the Corporation.

30. NOTICES:

30.1 Subject to paragraph 30.3, all requests, notices and other communications required to be given, made or sent to the Corporation by the Borrower under this Agreement are to be in writing and addressed to " Manager, Client Services" of the Corporation or to such other officer of the Corporation as the Corporation nominates to the Borrower from time to time.

30.2 All requests, notices, and other communications required to be given, made, or sent to the Borrower by the Corporation under this Agreement are to be in writing and addressed to

the officer of the Borrower designated for such purposes, or such other officer of the Borrower as the Borrower nominates to the Corporation from time to time, and in the absence of a designation or nomination shall be addressed to the chief executive officer of the Borrower.

- 30.3 The Borrower may request in writing that the Corporation accept email notices or other form of electronic transmissions acceptable to the Corporation for the making of applications for Advances, acceptance of firm quotes, giving of Drawdown Notices, Voluntary Prepayment Notices, requests to vary the term or conditions of an Advance or Forward Lending, or requests for withdrawal of any such notice or request or communications that are otherwise notified in writing by the Corporation to the Borrower from time to time.

The Borrower:

- (a) must ensure that each email notice is either signed by means of an electronically produced signature of an Authorised Signatory or states that it is being sent by a named Authorised Signatory of the Borrower, and the Borrower shall give prior written advice to the Corporation as to which of these alternative procedures it wishes to use from time to time;
- (b) in any legal proceedings in respect of or in any way relating to this Agreement, expressly waives any right to raise any claim, defence or waiver of liability based upon the signing, or purported signing, of an email notice by means of an electronically produced signature of an Authorised Signatory or purporting to be sent by an Authorised Signatory as the case may be; and
- (c) must send all email notices to the specified email address of the Corporation notified by the Corporation to the Borrower from time to time. Email notices will only be taken to have been received by the Corporation when actually received.

30.4 The Corporation may at any time give written notice to the Borrower that it will no longer accept email notices, either generally, or on the conditions set out above or for any specified purpose. The Corporation may at any time withdraw any such notice or give written notice to the Borrower of alternative conditions on which it is then willing to accept email notices.

31. OTHER TERMS:

31.1 The Borrower shall provide to the Corporation:

(a) a copy of the resolution authorising:-

(i) the execution of this Agreement under the Common Seal of the Borrower; and

(ii) the Chief Executive Officer, an agent of the Borrower or any one of the Senior employees of the Borrower who are authorised by the Chief Executive Officer from time to time to sign schedule documents and instructions under this Agreement on behalf of the Borrower.

(b) Upon request by the Corporation copies of the resolutions passed by the Borrower authorising the borrowings under this Agreement from time to time; and

(c) a list of names, position titles and sample signatures of the Authorised Signatories as advised by the Chief Executive Officer from time to time.

31.2 The Borrower agrees to provide to the Corporation such additional information as the Corporation may require from time to time to enable it to meet its regulatory and compliance obligations relating to anti-money laundering and counter-terrorism financing, and acknowledges that where legally obliged to do so, the Corporation will disclose the information provided to relevant regulatory and law enforcement agencies.

31.3 The Corporation will use all reasonable endeavours to meet the borrowing and prepayment requirements of the Borrower under this Agreement. The Borrower acknowledges that

this Facility does not create an obligation for the Corporation to lend under it.

31.4 The Facility is made available and will be maintained subject to compliance with relevant laws and subject to the Borrower obtaining all authorisations, approvals and consents necessary for it to enter into this Agreement and accept the Facility and to fulfil its obligations hereunder, including obligations incurred in respect of Advances provided from time to time.

31.5 So long as any amounts owing to the Corporation remain payable, the Borrower will not create or permit to be outstanding any security (in the form of mortgage, charge, pledge, lien or other security interest) upon the Borrower's General Funds to secure indebtedness of the Borrower or any guarantee by the Borrower of indebtedness of third parties, without the prior written consent of the Corporation which may be withheld in the Corporation's absolute discretion, and in any event may not be given unless the Borrower (if so required by the Corporation) procures the other creditors to enter into a deed of priority with the Borrower and the Corporation in which the Borrower and the other creditor irrevocably and unconditionally agree with the Corporation:

- (a) the Charge has first priority over the Secured Property for the full amount of the Secured Moneys for the purposes of section 6.24 of the Local Government Act and section 61 of the PPSA and the other creditor has second priority over the Secured Property only after the full amount of the Secured Money has been received by the Corporation; and
- (b) the priority in clause 31.5(a) applies despite any provision of the PPSA and despite the respective times of registration of the financing statements in respect of this Agreement and the other creditor's PPSA Security Interest under that Act.

31.6 The Borrower will immediately notify the Corporation of any actual or proposed changes to its establishment or designation or to any legislation under which it is constituted, of which it becomes aware, and which may be likely to

affect or have the potential to affect the Borrower's corporate existence, capacity to borrow hereunder, authorisations in respect hereof or ability to observe its obligations under this Agreement, and provide the Corporation with a copy of any such change promptly after it occurs.

31.7 The Borrower indemnifies the Corporation against all liabilities and losses arising from, and any costs, charges and expenses incurred in connection with the Corporation acting in good faith on facsimile instructions, electronically protected documents (such as Adobe PDF) sent by e-mail or other electronically delivered instructions purporting to originate from the offices of the Borrower or to be given by an Authorised Signatory of the Borrower, including without limitation all liabilities, losses, costs, charges and expenses on account of funds borrowed, contracted for or used to fund any amount payable under this Agreement.

31.8 The Borrower shall obtain the prior written consent of the Corporation before committing to any subsequent or additional borrowing from any other authority, bank, lending institution or source or increasing the limit of its existing overdraft facility during the currency of this Agreement (third party borrowing).

**32. GOVERNING
LAW AND
JURISDICTION:**

This Agreement is governed by the law in force in the State, and the Parties submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in the State.

33. SURVIVAL:

Except to the extent provided otherwise herein, the respective rights and obligations of the Parties in respect of Advances, Forward Lendings and obligations that continue following termination of the Facility under clause 3.2(a) or clause 26.2 and all Outstanding Payments shall survive termination of the Facility, and the terms and conditions of this Agreement continue to apply as if the Facility remained on foot.

Execution hereunder by authorised representatives of the Corporation and the Borrower respectively creates a binding agreement with respect to the terms and conditions contained herein.

For and on behalf of Western Australian Treasury Corporation by its attorney:

SIGNATURE:

NAME:

POSITION:

DATE:

Witness (signature):

Name (print):

THE COMMON SEAL of
**SHIRE OF WYNDHAM-EAST
KIMBERLEY** was hereunto affixed
in the presence of:

)
)
)
)

*Mayor
*President

Chief Executive Officer

FIRST SCHEDULE

As at 31st July 2014, the Corporation makes the following Products available to the Borrower:

1. Short Term Lending
2. Term Fixed Rate Lending

SECOND SCHEDULE

1. All Loans under the Existing Loan Agreements are classified as Term Fixed Rate Lending and are covered by the Provisions of Annexure 2 Term Fixed Rate Lending.
2. All Loans under the Existing Debentures are classified as Term Fixed Rate Lending and are covered by the provisions of Annexure 2 Term Fixed Rate Lending.

ANNEXURE 1

SHORT TERM LENDING

As at 31st July 2014, provisions specifically referable to Short Term Lending under this Agreement are as follows:

Product Facility Limit The aggregate sum of all Short Term Lending Advances the Corporation has agreed to provide to the Borrower from time to time under each Addendum less any amount that has been cancelled or terminated from time to time.

Unless otherwise agreed with the Corporation in relation to a specific Advance, the following provisions apply to each Advance of Short Term Lending (**Short Term Lending Advance**):

Applications for Advances:	<p>i) The Borrower may apply to the Corporation to borrow funds under this Annexure in accordance with the terms and conditions of the Agreement; and</p> <p>ii) upon the Corporation agreeing to lend such funds to the Borrower, the parties shall execute an Addendum to the Agreement substantially in the form specified in the Fifth Schedule hereto which shall stipulate the project facility limit being the maximum amount the Borrower is entitled to borrow under that Addendum.</p>
Notice Period:	The Drawdown Notice must be received by the Corporation no later than 12:00 noon on the Business Day prior to the date the Advance is to be made.
Minimum amount of Advance	\$10,000
Minimum Term of Each Advance:	1 day
Maximum Term of Each Advance:	12 months
Maturity Date:	The nominated Maturity Date should be a Business Day
Repayment of Principal of Each Advance:	In full on the Maturity Date of that Advance
Interest Rate:	The Interest Rate is determined by the Corporation and is fixed until the Maturity Date of the Advance
Date of Determination of Interest Rate:	The Interest Rate will be determined on the day the Advance is made, or on such other day or days as

	the Corporation may from time to time reasonably determine.
Interest Amount:	<p>Interest on each Advance will be calculated as follows:</p> $I = \frac{P \times R \times D}{36500}$ <p>where:</p> <p>I = amount of interest payable;</p> <p>P = principal amount of the Advance;</p> <p>R = Interest Rate applicable to the Advance expressed as a percentage per annum to two decimal places; and</p> <p>D = the number of calendar days from and including the date of the Advance to, but not including, its Maturity Date.</p>
Interest Payment Date:	Interest is payable on the Maturity Date of the Advance
Business Day Convention:	Following
Interest Adjustment:	<p>Where a Maturity Date is not a Business Day and the due date for repayment of the Advance is adjusted to the following Business Day, an interest adjustment is also payable at the discretion of the Corporation on the payment date specified in the notice provided by the Corporation to the Borrower setting out details of the Interest Adjustment, which will be calculated as follows:</p> $\text{Interest Adjustment Amount} = \frac{(P+I) \times R \times D}{36500}$ <p>where:</p> <p>P = the principal amount of the Advance;</p> <p>I = the interest amount due on the stated Maturity Date of the Advance;</p> <p>R = the Corporation's overnight lending rate applicable on the Business Day prior to the stated Maturity Date of the Advance expressed as a percentage per annum to two decimal places; and</p> <p>D = the number of calendar days from and including the stated Maturity Date to, but not including, the Business Day after the stated Maturity Date.</p>

DRAWDOWN NOTICES:	<p>1. Advances under this Facility will be made by the Corporation to the Borrower substantially in the form of the "Form of Request for an Advance ("Drawdown Notice") attached to this Annexure.</p> <p>2. Subject to the terms and conditions of this Facility, Advances will be made on dates specified in a Drawdown Notice given by the Borrower to the Corporation and signed by an Authorised Signatory. If a date specified in a Drawdown Notice is not a Business Day, the Advance will be made on the next following Business Day unless another arrangement is agreed to by the Corporation in its discretion.</p> <p>3. Once given, a Drawdown Notice is irrevocable and may not be withdrawn except with the prior written consent of the Corporation.</p> <p>The Corporation will advise the Borrower as soon as practicable after it receives any request to withdraw a Drawdown Notice whether it has consented to the withdrawal if the Borrower is required to pay any costs incurred by the Corporation in executing the withdrawal request.</p>
REDRAWING:	<p>Subject to the terms of the Agreement, amounts repaid or voluntarily prepaid under Facilities governed by this Annexure may be redrawn by the giving of an appropriate Drawdown Notice.</p>
REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS:	<p>The representations and warranties contained in the Agreement are deemed to be repeated each time a Drawdown Notice is submitted to the Corporation;</p> <p>(a) an Advance provided under a Drawdown Notice will not result in the Facility being exceeded as at the date the Drawdown Notice is given or at any time up to the Maturity Date of the proposed Advance, after allowing for any reduction in the Facility Limit of which notice has been given prior to receipt of the Drawdown Notice by the Corporation; and</p> <p>(b) Drawdown Notices and instructions given in respect of the Facility from time to time by the person(s) nominated by the Borrower for this purpose shall be valid and binding on the Borrower.</p>

TERM OF ADVANCES:	Where a Party has served a notice of termination of the Facility on the other Party under clause 3.2(a), the Borrower may continue to issue Drawdown Notices and draw down Advances prior to the Termination Date, but the Maturity Date of Advances made thereunder must be on or before the Termination Date.
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By requesting an Advance under this Annexure, the Borrower acknowledges and agrees that the provisions contained herein specifically referable to Short Term Lending are terms and conditions of this Agreement and apply to any Advance made hereunder.

Attachment 1 Master Lending Agreement between W
FORM OF REQUEST FOR A SHORT TERM LENDING ADVANCE
(DRAWDOWN NOTICE) (1) (2) (Effective as at 31st July 2014)

follows:
MASTER LENDING FACILITY FROM
WESTERN AUSTRALIAN TREASURY CORPORATION TO
SHIRE OF WYNDHAM-EAST KIMBERLEY

TO: MANAGER CLIENT SERVICES
WESTERN AUSTRALIAN TREASURY CORPORATION

FAX: (08) 9235 9199

Shire of Wyndham-East Kimberley requests the following Short Term Lending Advance:

Date of Advance:(2) _____

Amount: _____

Maturity Date:(3) (specify) _____

Account:(4) _____

Any other details: _____

For and on behalf of
Shire of Wyndham-East Kimberley:

Authorised Signatory

Date

Note:

- (1) Subject to the terms of the Agreement, this notice once given is irrevocable and cannot be withdrawn except with the prior written consent of Western Australian Treasury Corporation ("Corporation").
- (2) This notice must be received by the Corporation no later than 12.00 noon on the Business Day prior to the Date of Advance specified above.
- (3) Unless otherwise agreed by the Corporation, the Maturity Date must be a Business Day that is one day to twelve months after the Date of Advance.
- (4) Specify Account only if the Borrower operates more than one Account with the Corporation under this Facility.

ANNEXURE 2**TERM FIXED RATE LENDING**

As at 31st July 2014, provisions specifically referable to Term Fixed Rate Lending under this Facility are as follows:

Product Facility Limit The aggregate sum of all Term Fixed Rate Advances the Corporation has agreed to provide to the Borrower from time to time less any amount that has been repaid or cancelled.

Unless otherwise agreed with the Corporation in relation to a specific Advance, the following provisions apply to each Advance of Term Fixed Rate Lending (**Term Fixed Rate Advance**):

Minimum amount of Advance	\$50,000
Minimum Term of Each Advance:	6 months
Maximum Term of Each Advance:	20 years or such longer period as may be agreed between the Parties either generally or in relation to an Advance with specified characteristics or in relation to a proposed Advance.
Payments Due:	Payments of interest and repayments of principal in relation to each Advance will be due in the amounts and on the dates stipulated in the repayment schedule set out in the Confirmation for the Advance.
Interest Rate:	Subject to any interest rate parameters agreed between the Corporation and the Borrower, the Interest Rate in relation to each Advance will be determined by the Corporation and is fixed until the Maturity Date of that Advance.
Business Day Convention:	Following
Interest Adjustment:	<p>Where the due date for any payment is adjusted by the Following Business Day Convention so that the payment is due on the next succeeding Business Day, an interest adjustment is also payable at the discretion of the Corporation on the payment date specified in the notice provided by the Corporation to the Borrower setting out details of the Interest Adjustment, which will be calculated as follows:</p> $\text{Interest Adjustment Amount} = \frac{P \times R \times D}{36500}$ <p>where:</p> <p>P = the amount of the payment due; R = the Corporation's overnight lending rate applicable on the Business Day prior to the relevant due date</p>

	<p>expressed as a percentage per annum to two decimal places; and</p> <p>D = the number of calendar days from and including the original due date for payment to, but not including, the adjusted due date for the payment.</p>
FIRM RATE QUOTE:	<p>Once a signed acceptance of a Firm Rate Quote substantially in the form specified in the Fourth Schedule hereto is received by the Corporation, the acceptance is irrevocable and may not be withdrawn except with the prior written consent of the Corporation.</p> <p>The Corporation will advise the Borrower as soon as practicable after it receives any request to withdraw a Firm Rate Quote whether or not the Corporation has consented to the withdrawal, and if the Borrower is required to pay any costs incurred by the Corporation in executing the withdrawal request.</p>
NO REDRAW:	<p>The Borrower cannot redraw funds that have been applied to an Advance.</p>

By requesting an Advance under this Annexure, the Borrower acknowledges and agrees that the provisions contained herein specifically referable to Term Fixed Rate Lending are terms and conditions of this Agreement and apply to any Advance made hereunder.

THIRD SCHEDULE

MASTER LENDING AGREEMENT FROM
WESTERN AUSTRALIAN TREASURY CORPORATION TO
SHIRE OF WYNDHAM-EAST KIMBERLEY

FORM OF VOLUNTARY PREPAYMENT NOTICE FOR LOAN NO: [] ^{(1) (2)}

TO: MANAGER, CLIENT SERVICES
 WESTERN AUSTRALIAN TREASURY CORPORATION

FAX: (08) 9235 9199

Shire of Wyndham-East Kimberley gives notice of the following prepayment of a Loan under this Agreement:

Date of Prepayment:⁽²⁾ _____

Loan Number _____

Amount: ⁽³⁾ _____

(debt face value / market value)
(circle the alternative which applies)

**For and on behalf of
Shire of Wyndham-East Kimberley:**

Authorised Signatory

Date

Note:

- (1) This notice once given is irrevocable and cannot be withdrawn except with the prior written consent of Western Australian Treasury Corporation (“Corporation”).
- (2) This notice must be received by the Corporation no later than 12.00 noon at least 4 Perth Business Days prior to the Settlement Date of Prepayment specified above.
- (3) Specify the total capital or total amount to be made on the Settlement Date of Prepayment which is subject to acceptance of a firm valuation provided by the Corporation.

FOURTH SCHEDULE

Form of acceptance of the firm rate quote

Summary of Terms of Loan and Repayment Schedule

Client: Shire of Wyndham-East Kimberley (the "Borrower")
Interest Rate: [x.xxxx] % p.a. *([Quarterly] Compounding)
 [y.yyyy] % * effective []
**These rates do not include the government guarantee fee.*
Lending Date: [date]
Maturity Date: [date]
Loan Amount: \$[amount]
Schedule Basis: [Quarterly] repayments

Payment Date	Debt Balance Outstanding	Capital Repayment	Interest Payment	Total Fixed Payment	Indicative Guarantee Fee	Indicative Total Payment
[date]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
[date]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
[date]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
[date]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
[date]	[amount]	[amount]	[amount]	[amount]	[amount]	[amount]
Totals:		[amount]	[amount]	[amount]	[amount]	[amount]

Note:

- The interest rate quoted and this Summary of Terms of Loan and Repayment Schedule are based on rates applying as at [date].
- The Guarantee Fee is charged by the Treasurer of the State of Western Australia and is collected by The Western Australian Treasury Corporation ("the Corporation") on the behalf of the Treasurer. The rate of the Government Guarantee Fee is subject to change in accordance with government policy. The amount of the Government Guarantee Fee shown in this schedule is indicative and does not form part of the fixed lending rate charged by the Corporation.

CERTIFICATION FOR ACCEPTANCE OF FIRM RATE QUOTE

In accepting the offer of a loan on the terms set out above (the "Loan")

1. I confirm that:
 - (a) The financial information provided in the Loan Application Form or as otherwise provided to the Corporation in relation to the proposed Loan remains accurate in all material aspects;
 - (b) The proposed Loan has been approved by the Local Government in the annual budget of the Borrower or satisfies the provisions of Section 6.20(2) of the Local Government Act (the "Act");
 - (c) This loan is governed by the terms and conditions of the Master Lending Agreement between the Corporation and the Borrower.
2. I certify that the statutory requirements of the Act and Regulations under the Act have been met in relation to the Loan;
3. I certify that I have been authorised to complete and sign all necessary documents relating to this new loan borrowing and that the Corporation has been provided with the relevant document proving this authorisation;
4. I certify that the loan is financially sustainable and I am not aware of any circumstance, events or actions by the Council (including the borrowing of moneys) which may adversely affect the Borrower's ability to service the loan. The Corporation will be advised as soon as practicable of any material adverse changes in the financial position of the Borrower; and

5. I give an undertaking that during each year in which any of the Borrower's loans remains outstanding with the Corporation, the Borrower shall provide the Corporation with a copy of its audited Annual Financial Statements, adopted Annual Budget and updated ratios as required by the Corporation's Credit Policy from time to time as soon as practicable after these are available each year while any Loan is outstanding.
6. I acknowledge that the Loan is secured by the Charge contained in the Master Lending Agreement between the Corporation and the Borrower.
7. Once this signed acceptance of firm rate quote is received by the Corporation, the Loan is irrevocable and may not be withdrawn without the prior consent of the Corporation.
8. I represent that the below bank account details are correct and that the Corporation accepts no liability for any loss occasioned by the Borrower as a result of the Corporation relying on the bank details.

Accepted for and on behalf of Shire of Wyndham-East Kimberley on this _____ day of _____ 20_____

Signature of the
Authorised Signatory: _____

Name: _____

Title: _____

Bank Account details for receipt of Loan:

Bank:	BANK A	Branch:	BRANCH A	BSB:	XXX
Account No:	XXX XXX	Account Name:	Shire of Wyndham-East Kimberley		

FIFTH SCHEDULE

MASTER LENDING AGREEMENT BETWEEN WESTERN AUSTRALIAN TREASURY CORPORATION AND SHIRE OF WYNDHAM-EAST KIMBERLEY

SHORT TERM LENDING ADDENDUM NO: []

This addendum forms part of the Master Lending Agreement (the Agreement) between the Borrower and the Corporation. The provisions specifically applicable to this addendum are as follows;

PURPOSE OF BORROWING: []

PROJECT FACILITY LIMIT: []

TERMINATION DATE [DD /MM/ YYYY].

All Advances under this addendum shall have a maturity date which is on or before the termination date.

TERMS AND CONDITIONS All Advances under this addendum are governed by the terms and conditions that are contained in clauses 1 to 33 of the Agreement and Annexure 1 to the Agreement;

REQUEST FOR ADVANCE The Borrower may request an Advance under this addendum in the manner and form prescribed by Annexure 1 (Short Term Lending) of the Agreement.

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS In requesting an Advance under this addendum the Borrower;

1. is deemed to repeat each representation and warranty under the Agreement.
2. represents that the Advance is financially sustainable and the Borrower is not aware of any circumstance, events or action by the Council (including the borrowing of moneys) which may adversely affect the Borrower's ability to service the Advance. The Borrower

will advise the Corporation as soon as practicable of any material adverse change in the financial position of the Borrower.

Execution hereunder by authorised representatives of the Corporation and the Borrower respectively creates a binding agreement with respect to the terms and conditions contained herein.

For and on behalf of Western Australian Treasury Corporation by its attorney:

SIGNATURE:

NAME:

POSITION:

DATE:

Witness (signature):

Name (print):

Accepted for and on behalf of Shire of Wyndham-East Kimberley on this _____ day of _____ 20____

Signature of the
Authorised Signatory:

Name:

Title:

Bank Account details for receipt of Loan:

Bank:	BANK A	Branch:	BRANCH A	BSB:	XXX
Account No:	XXX XXX	Account Name:	Shire of Wyndham-East Kimberley		

7. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION

7.1 PROPOSED BANK OVERDRAFT FOR 2014/15 TO FUND FLOOD REMEDIATION WORKS UNTIL WANDRRA REIMBURSEMENTS ARE RECEIVED

DATE:	12 August 2014
PROPONENT:	Shire of Wyndham East Kimberley
LOCATION:	Shire of Wyndham East Kimberley
AUTHOR:	Natalie Octoman, Director Corporate Services
REPORTING OFFICER:	Natalie Octoman, Director Corporate Services
FILE NO:	N/A

PURPOSE

For the Audit (Finance and Risk) Committee to recommend to the Council to consider approving a \$2.5 million bank overdraft for 2014/15 to assist in covering the impact of remediation works associated with the flood event in February 2014, until such time as the reimbursements from WANDRRA are received.

BACKGROUND

In 2013/14 the Shire adopted a balanced budget with no estimated surplus to be brought forward to 2014/15 that was not restricted. This essentially means that all programs were anticipated to be fully expended in the 2013/14 financial year and there would be no surplus cash available.

The flood event in February 2014 was declared a WANDRRA event and remediation works commenced immediately to ensure that they could be completed prior to the upcoming wet season in order to prevent further potential damage.

The administration process required for WANDRRA events is extremely time consuming, with the Department of Premier and Cabinet now managing the claims process in conjunction with the Federal Government. History has shown in the case of the flood event in 2011 that it can take up to six months to recoup any funds expended that are associated with remediation works, which has a significant impact on the Shire's cashflow.

STATUTORY IMPLICATIONS

Local Government Act 1995 Part 6, Division 5

6.20. Power to borrow

- (1) *Subject to this Act, a local government may —*
 - (a) *borrow or re-borrow money; or*
 - (b) *obtain credit; or*
 - (c) *arrange for financial accommodation to be extended to the local government in ways additional to or other than borrowing money or obtaining credit,*

to enable the local government to perform the functions and exercise the powers conferred on it under this Act or any other written law.

- (2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) (power to borrow) and details of that proposal have not been included in the annual budget for that financial year —*
- (a) *unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal; and*
 - (b) *the resolution to exercise that power is to be by absolute majority.*
- (3) *Where a local government has exercised a power to borrow and —*
- (a) *it does not wish to proceed with the performance of the function or the exercise of the power for which the power to borrow was exercised; or*
 - (b) *after having completed the performance of the function or the exercise of the power for which the power to borrow was exercised, any part of the money borrowed, credit obtained or financial accommodation arranged has not been expended or utilized,*

the local government may resolve to expend the money or utilize the credit or financial accommodation for another purpose if one month's local public notice is given of the proposed change of purpose.*

** Absolute majority required.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The flood event has resulted in significant expenditure associated with remediation works that require claims to be made and assessed prior to reimbursement being made. In 2013/14 a total of \$1,072,736.17 was expended, and at the time of writing this report, a further \$822,050.29 had been expended in the 2014/15 financial year, with another \$433,636 in outstanding purchase orders. In total this is almost \$2.5 million that the Shire will fund upfront while the claim process continues.

The \$2.5 million bank overdraft will assist in the day-to-day cashflow management over the next few months. Indications from the Shire's bank are that the following costs will be incurred to maintain the overdraft facility:

Establishment fee: \$3,500 (once-off charge)

Maintenance fee: \$10 per month (\$120 per annum)

Line of Credit Fee: \$500 charged on the last day of each quarter (\$2,000 per annum)

Interest rate: 7.95% which will be charged only on any funds that are utilised.

The officer is suggesting that the bank overdraft facility is maintained as an ongoing arrangement which will ensure that sufficient funds are available at year-end and if another situation such as this occurs, it will not have a significant cashflow impact.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2012-2022

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

Objective 1.4: Business innovation, efficiency and improved service

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

Strategy 1.4.3: Maintain Council's long term financial viability.

COMMUNITY CONSULTATION

The *Local Government Act 1995* requires one month's local public notice to be provided.

COMMENT

Almost \$2.5 million has been funded upfront by the Shire for the flood remediation works while it undertakes the claim process with the State and Federal Government. In Western Australia, there is no history of the Government providing a 50% prepayment of the estimated total works, unlike in the eastern states where it is recognised that works such as these can have a significant impact on cashflow management, particularly of smaller local governments.

Clearly, with a balanced budget situation, the Shire cannot afford to fund these works without it having a significant impact on its cashflow. In order to manage the day-to-day operations until such time as the WANDRRA reimbursements are received, the officer is proposing to take out a bank overdraft facility to assist in the cashflow management of the Shire.

ATTACHMENTS

There are no attachments associated with this report.

VOTING REQUIREMENT

Absolute Majority

OFFICER'S RECOMMENDATION 1

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

- 1) Approves the advertising for one month, via local public notice the intention to take out a \$2.5 million bank overdraft to cover the expenditure associated with the flood event in February 2014 until such time as the WANDRRA reimbursements are received;
- 2) Notes that the bank overdraft will be an ongoing facility and incorporated into the annual budget for adoption.

VOTING REQUIREMENT: ABSOLUTE MAJORITY

COMMITTEE RESOLUTION

Minute: AC317

Moved: Cr J Moulden

Seconded: Cr B Robinson

That the Audit (Finance and Risk) Committee recommends to Council that as a result of unbudgeted liability associated with the delay in reimbursement of monies expended as a result of the flood event in February 2014, that Council:

- 1) advertise for one month, via local public notice the intention to take out a \$2.5 million bank overdraft to cover the expenditure associated with the flood event in February 2014; and**
- 2) notes that the bank overdraft will be an ongoing facility and incorporated into the annual budget for adoption.**

Carried Unanimously 4/0

8. DATE OF NEXT MEETING

4 November 2014.

9. CLOSURE

The Chairperson declared the meeting closed at 4.55pm.