



# **MINUTES**

**of the**

**FINANCE AND AUDIT COMMITTEE MEETING**

**Held at 11:00AM**

**on**

**6 MARCH, 2019**

**in the**

**Councillor's Conference Room**

---

## Table of Contents

---

Item	Subject	Page No
1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS.....	1
2	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED).....	1
3	PETITIONS/DEPUTATIONS/PRESENTATIONS.....	1
4	DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST .....	2
4.1	INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE–BOULDER CODE OF CONDUCT.....	2
4.2	FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A .....	2
4.3	PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B.....	2
5	CONFIRMATION OF MINUTES .....	2
6	REPORTS OF OFFICERS .....	3
6.1	CHIEF FINANCIAL OFFICER .....	3
6.1.1	CITY OF KALGOORLIE-BOULDER STRATEGIC RISK REGISTER MARCH 2019 .....	3
6.1.2	REVIEW OF ACCOUNTING POLICY .....	5
6.1.3	INTERNAL AUDIT UPDATE 2018/19.....	7
6.1.4	SUMMARY REPORT ON OUTSTANDING DEBTORS .....	9
7	CONFIDENTIAL ITEMS.....	14
8	CLOSURE.....	14

**1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairman declared the meeting open at 11:02am welcoming those present.

**2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)**

**IN ATTENDANCE:**

Mayor John Bowler  
Deputy Mayor Allan Pental  
Cr Laurie Ayers *Arrived at 11:04am*  
Cr Gary Brown  
Cr Glenn Wilson  
Cr Pam O'Donnell

**MEMBERS OF STAFF:**

Mr John Walker Chief Executive Officer  
Ms Ivana Castle Chief Financial Officer  
Ms Karen Theaker Governance Officer

**VISITORS:**

0

**PRESS:**

0

**APOLOGIES – ELECTED MEMBERS:**

Cr Suzie Williams (*Leave of Absence pending approval by Council*)

**APOLOGIES – MEMBERS OF STAFF:**

Nil.

**LEAVE OF ABSENCE:**

Nil.

**3 PETITIONS/DEPUTATIONS/PRESENTATIONS**

Nil.

**4 DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST**

**4.1 INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE-BOULDER CODE OF CONDUCT**

Nil.

**4.2 FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A**

Nil.

**4.3 PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B**

Nil.

**5 CONFIRMATION OF MINUTES**

**MOVED BY: CR WILSON**

**SECONDED BY: CR BROWN**

[Minutes of Finance and Audit Committee Meeting held on 14 November 2018](#)

[Minutes of Finance and Audit Committee Meeting held on 26 November 2018](#)

That the minutes of the **Finance and Audit Committee** meetings held on the 14 and 26 November 2018 be confirmed as a true record of the meetings.

**CARRIED  
(5/0)**

## **6 REPORTS OF OFFICERS**

### **6.1 CHIEF FINANCIAL OFFICER**

#### **6.1.1 CITY OF KALGOORLIE-BOULDER STRATEGIC RISK REGISTER MARCH 2019**

**Responsible Officer:** John Walker  
Chief Executive Officer

**Author:** Michelle Todd  
Manager Governance and Legal Services

**Disclosure of Interest:** Nil

#### **VOTING REQUIREMENTS**

Simple

#### **OFFICER RECOMMENDATION**

That the Committee review the Strategic Risk Register and recommend its adoption by Council.

#### **COMMITTEE RESOLUTION**

**MOVED BY:** CR BROWN  
**SECONDED BY:** CR O'DONNELL

That the Committee review the Strategic Risk Register and recommend its adoption by Council, and note the Operations Risk Register is currently being reviewed by management and will be presented at the next Finance and Audit Committee meeting.

**CARRIED  
(6/0)**

#### **EXECUTIVE SUMMARY**

The Council and Management are required to keep a Risk Register which identifies inherent risk ratings across a range of areas, makes a control assessment by reviewing current control practices, determines a residual risk rating and sets forward actions that will improve the management of the risk. The strategic risks, are the risks that Councillors review on a quarterly basis at each Finance and Audit Committee meeting.

#### **COMMUNITY STRATEGIC PLAN LINKS**

This report links to the Strategic Community Plan through the Community's Guiding Principles to demonstrate a transparent and inclusive local government.

#### **BUDGET IMPLICATIONS**

There are no financial implications resulting from the recommendations of this report.

## REPORT

In accordance with section 17 of the *Local Government (Audit) Regulations 1996*, the CEO is required to review the appropriateness and effectiveness of a Local Government's systems and procedures in relation to, amongst other things, risk management. Those procedures are to be reviewed at least once every 2 years with a report on the results of the review to be presented to the Finance and Audit Committee.

At the 23 February 2017 Finance and Audit Committee meeting, the Committee recommended to receive the Strategic Risk Register presented at each Finance and Audit meeting held quarterly. The Strategic Register is **attached**. The Register is a living document and requires constant review. The strategic risks are primarily a responsibility of the elected Council.

The Strategic Risk Register will form the basis of which the Internal Auditor will conduct the reviews.

## STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

## POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

## COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

## ATTACHMENTS

[Strategic Risk Register Mar 2019](#)

---

## 6.1.2 REVIEW OF ACCOUNTING POLICY

**Responsible Officer:** Ivana Castle  
Chief Financial Officer

**Author:** Ishani Subaharan  
Corporate Accountant

**Disclosure of Interest:** Nil

### VOTING REQUIREMENTS

Simple

### OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**MOVED BY:** CR WILSON  
**SECONDED BY:** CR O'DONNELL

That the Committee recommend to Council that it adopt the revised Accounting Policy (CORP-F-004).

**CARRIED**  
**(6/0)**

### EXECUTIVE SUMMARY

A review of the City's Accounting Policy has been completed, the purpose of which was to align it with the recent amendments to Regulation 17A and 17B of the *Local Government (Financial Management) Regulations 1996*. Additionally, asset classes were also reviewed to provide greater clarity.

### COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to demonstrate a transparent and inclusive local government.

### BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

---

## REPORT

A review of the City's Accounting Policy has been completed, the purpose of which was to align it with the recent amendments to Regulation 17A and 17B of the *Local Government (Financial Management) Regulations 1996*. Additionally, asset classes were also reviewed to provide greater clarity.

The following items have been altered in this policy:

- The threshold value for the capitalisation of an asset has been adjusted to \$5,000 effective from 1<sup>st</sup> of July 2018;
- Item 1.5 Portable and Attractive Asset Register, was introduced, in order to record assets valued under \$5,000 which are advised by management to be of portable and attractive in nature;

- Item 1.4.5 was adjusted, the asset class Sewerage & Effluent was further defined into two classes, Sewer and Treated Water,
- Item 1.4.5 was adjusted , an additional type of asset was identified, Irrigation Systems, under the asset class Parks & Reserves; and
- The effective useful life of Light Vehicles was adjusted from 7 years to 4 years to ensure that written down value (WDV) is a true reflection of fair value.

The City has performed research on industry updates and across varying Councils within Western Australia in support for the recommended changes to this policy.

In conjunction with this this research, the City has made every effort to ensure compliance with the current legislative framework that exists.

### **STATUTORY IMPLICATIONS**

There are no statutory implications resulting from the recommendations of this report.

### **POLICY IMPLICATIONS**

The policy document will be updated as recommended by the Committee and endorsed by Council.

### **COMMUNITY ENGAGEMENT CONSULTATION**

No community consultation was considered necessary in relation to the recommendations of the report.

### **ATTACHMENTS**

[Corp-F-004 Accounting Policy](#)



### 6.1.3 INTERNAL AUDIT UPDATE 2018/19

**Responsible Officer:** Ivana Castle  
Chief Financial Officer

**Author:** Casey Radford  
Finance and Systems Coordinator

**Disclosure of Interest:** Nil

#### VOTING REQUIREMENTS

Simple

#### OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

**MOVED BY:** CR WILSON  
**SECONDED BY:** CR BROWN

**That the Committee receive an update on the Internal Audit assignments allocated to Paxon Group at Ordinary Council Meeting on 27 August 2018:**

- 1. Service Provision to the Community; and**
- 2. Workplace Injury, death or disease due to poor safety culture/practices.**

**CARRIED  
(6/0)**

#### EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the progress of the internal audit assignments as allocated at Ordinary Council Meeting on 27 August 2018; Service Provision to the Community and Workplace Injury, death or disease due to poor safety culture/practices. The aim of this engagement is to provide independent audit opinion of operational and strategic processes identified in the City Risk Register, and report to the Finance and Audit Committee on a quarterly basis.

The draft reports were received on 26 February 2019, the documents are still under review by the City's Executive. A response to the draft report is being undertaken, and the final report will be presented at the next Finance and Audit Committee Meeting.

This internal audit engagement is a critical step in support of the City's greater strategic vision for good governance.

#### COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to demonstrate a transparent and inclusive local government.

#### BUDGET IMPLICATIONS

There are no budget implications resulting from the recommendation of this report. A budget allocation has been provided in the 2018/19 financial year.

**REPORT**

At Ordinary Council Meeting 27 August 2018, Council agreed to the following schedule of assignments for the City's internal auditor, Paxon Group:

1. Service Provision to the Community; and
2. Workplace Injury, death or disease due to poor safety culture/practices.

These assignments were recommended by the Finance and Audit Committee and were drawn from the City's risk register.

Auditors were on site and met with management and staff from the 14th to the 18th of January 2019. All requested information was delivered, some of which was provided post the site visit. Subsequently, the draft reports were provided to the City on the 26 of February, and are still under review.

A finalised report will be presented to the Finance and Audit Committee once in hand.

**STATUTORY IMPLICATIONS**

There are no statutory implications resulting from the recommendations of this report.

**POLICY IMPLICATIONS**

There are no policy implications resulting from the recommendations of this report.

**COMMUNITY ENGAGEMENT CONSULTATION**

No community consultation was considered necessary in relation to the recommendations of the report.

#### 6.1.4 SUMMARY REPORT ON OUTSTANDING DEBTORS

**Responsible Officer:** Ivana Castle  
Chief Financial Officer

**Author:** Jocelyn Power  
Rates Coordinator

**Disclosure of Interest:** Nil

#### VOTING REQUIREMENTS

Simple

#### OFFICER RECOMMENDATION

That the Committee:

1. Receive an update on the progress of rates collection for the 2018/19 financial year; and
2. Receive an update on the progress on the development of policy CORP-F-009 Finance Hardship Policy for Debtors.

#### COMMITTEE RESOLUTION

**MOVED BY:** CR BROWN

**SECONDED BY:** CR AYERS

That the Council:

1. Note the update on the progress of rates collection for the 2018/19 financial year; and
2. Note the update on the progress on the development of policy CORP-F-009 Finance Hardship Policy for Debtors.
3. Receive the revised update on debt collection that includes internal transactions amounting to \$202,512 presented to the Committee as late information and included in the below report.

**CARRIED**  
**(6/0)**

#### EXECUTIVE SUMMARY

The purpose of this report is to:

1. Update the Committee on the progress of rates collection for the 2018/19 financial year; and
2. Provide the Committee with a progress report on the development of policy CORP-F-009 Finance Hardship Policy for Debtors.

#### COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to ensure a financially stable local government.

**BUDGET IMPLICATIONS**

There are no financial implications resulting from the recommendations of this report.

**REPORT****Rates Collection**

The amount of rates collected as at 25 February 2019 is \$35,142,489, representing 80.37% of outstanding rates accounts (both current and rates arrears). This compares to 81.01% collected for the same period in 2017/18.

Table 1 Collection Summary

Rating Year	Total Rates & Charges (Current & Arrears) \$	Total Payments Received \$	% Rates collected	Total Rates Uncollected \$	% Rates Uncollected
18/19	\$43,725,653	\$35,142,489	80.37%	\$8,583,164	19.63%
17/18	\$43,728,496	\$35,423,073	81.01%	\$8,305,423	18.99%

The contributing factors for the decrease in rates payments received from the previous year (2017/18) are:

1. a larger percentage of ratepayers pay under the instalments or periodic payment options;
2. an increase in the number of ratepayers declaring bankruptcy; and
3. a higher number of mortgagee repossession of properties by financial institutions.

**Uncollected Rates**

The uncollected rates for the same 2018/19 period are \$8,583,164 outstanding, representing 19.63% of the total amount overdue.

The overdue rates accounts comprise of three distinctive group types of debts.

1. Payment Plans
2. Debt Recovery
3. Referrals to Council

Table 2 Uncollected Rates Summary

Rate Account Status Type	Property Count	Total	Refer to Table 1 (18/19)	% Rates Uncollected
Payment Plans	5094	\$4,654,022		54%
Debt Recovery	814	\$3,063,176		36%
Council Referral	113	\$865,966		10%
<b>Total</b>	<b>6021</b>	<b>\$8,583,164</b>		<b>100%</b>

### Payment Plans

Payment Plans total \$4,654,022 representing 54% of the total of uncollected rates (19.63%) for 2018/19.

Table 3 Payment Plans Summary

Payment Plan Type	Property Count	Refer to Table 2 Payment Plan	Total
Direct Debit Payees	881		624,709
Instalment Payees	3921		2,983,693
Special Payment Plans	292		1,045,620
<b>Total</b>	<b>5094</b>		<b>4,654,022</b>

### Debt Recovery

Overdue rates accounts total \$3,063,176 representing 36% of the total of uncollected rates (19.63%) for 2018/19. These properties are managed by our Debt Collection Officer with assistance from the Rates Team.

This group of ratepayers comprises of the following categories:

1. Pensioners (eligible to 30 June to pay their rates when claiming a concession);
2. Pensioners claiming deferment;
3. Mortgagees/Bankrupts';
4. Companies in Administration and Receivership;
5. Problematic payers, where legal action has been initiated;
6. Rate Accounts that have a balance less than \$1,000; and
7. Interim Rates issued post 14 September 2018.

Table 4 Overdue Rates Accounts Summary

Collection Status	Property Count	Refer to Table 2 Debt Recovery	Total
Mortgagees/Bankrupts	35		152,375
Companies in Administration/Receivership	47		997,601
Legal Action - Active	101		598,927
Others - (Pensioners/Pensioner Deferments/Deceased Estates/Interim Accounts/Legal Action Pending )	255		1,247,480
Rate Accounts with Balances less than \$1000	376		66,793
<b>Total</b>	<b>814</b>		<b>3,063,176</b>

### Council Referrals

Council Referrals total of \$865,966 representing 10% of the total of uncollected rates (19.63%) for 2018/19.

These properties will form part of a report required to go to council. The Debt Collection Officer, with assistance from the Rates Coordinator is still reviewing this group of properties with the intention of taking this to council in April with a recommendation.

Table 5 Referrals to Council Summary

Council Referrals	Property Count	Refer to Table 2 Council Referrals	Total
Council Referral	82		\$613,387
Council Approved - Revert to Crown	31		\$252,578
<b>Total</b>	<b>113</b>		<b>\$865,966</b>

### Financial Hardship Policy for Debtors:

Policy CORP-F-009 Financial Hardship Policy for Debtors is still in draft form but has been progressed and now needs to align with policy DS-SWM-003 Financial Hardship Policy for Water Services adopted by Council at Ordinary Council Meeting 25 February 2019.

### STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

**POLICY IMPLICATIONS**

There are no policy implications resulting from the recommendations of this report.

**COMMUNITY ENGAGEMENT CONSULTATION**

No community consultation was considered necessary in relation to the recommendations of the report.

**7 CONFIDENTIAL ITEMS**

Nil.

**8 CLOSURE**

There being no further business, the Chairman, Deputy Mayor Allan Pandal, thanked those present for their attendance and declared the meeting closed at 12:39pm.