



**City of
Kalgoorlie
Boulder**

AGENDA

**for the
FINANCE AND AUDIT COMMITTEE MEETING
commencing at 3:00PM
on
17 FEBRUARY, 2021**

**at the

Councillors Conference Room**

15 February 2021



NOTICE OF MEETING

A Finance and Audit Committee meeting of the City of Kalgoorlie-Boulder will be held in the **Councillors Conference Room** on **Wednesday, 17 February 2021** commencing at **3:00pm**.

Regards

A handwritten signature in black ink, appearing to be "John Walker", written in a cursive style.

JOHN WALKER
Chief Executive Officer

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Finance and Audit Committee Members

Independent Chairperson Allan Pandal
Mayor John Bowler
Cr Laurie Ayres
Cr Gary Brown
Cr Glenn Wilson
Cr Nardia Turner

- 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
- 2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

IN ATTENDANCE:

MEMBERS OF STAFF:

APOLOGIES – ELECTED MEMBERS:

APOLOGIES – MEMBERS OF STAFF:

LEAVE OF ABSENCE:

- 3 PETITIONS/DEPUTATIONS/PRESENTATIONS
- 4 DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST
 - 4.1 INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE–BOULDER CODE OF CONDUCT
 - 4.2 FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A
 - 4.3 PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B
- 5 CONFIRMATION OF MINUTES

[Minutes of Finance and Audit Committee Meeting held on 9 December 2020](#)

That the minutes of the **Finance and Audit Committee** meeting held on 9 December 2020 be confirmed as a true record of that meeting.

6 REPORTS OF OFFICERS

6.1 CHIEF EXECUTIVE OFFICER

6.1.1 REVIEW OF FINANCE AND AUDIT COMMITTEE TERMS OF REFERENCE

Responsible Officer:	John Walker Chief Executive Officer
Author:	Michelle Todd Head of Legal Services
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee:

1. Review the Finance and Audit Committee Terms of Reference;
2. Recommend Council endorse the changes to the Terms of Reference in accordance with the officer recommendations contained in this report; and
3. Recommend Council endorse any further changes as proposed by the Committee.

EXECUTIVE SUMMARY

In accordance with the *Local Government Act 1995* the City is required to establish an audit committee. The City's Finance and Audit Committee ("**the Committee**") fulfils this compliance requirement. In early 2020 a review of the Terms of Reference was conducted by the Committee. It is recommended the Terms of Reference be reviewed on an annual basis.

City officers have conducted a review and made recommendations to the Committee herein. The Committee is requested to consider any further amendments and make the recommendation to Council for the endorsement of those changes.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

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

REPORT

The purpose of this report is to facilitate the Committee's annual review of the Terms of Reference and make any recommendations to Council of proposed changes.

City organisational structural changes have been updated within the Terms of Reference where relevant. These changes are non-substantive. The amended Terms of Reference are **attached** to this report showing the changes made.

The Committee is asked to consider any further changes to the Terms of Reference following its review.

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

Finance and Audit Committee Terms of Reference - Tracked Changes 

6.1.2 RISK MANAGEMENT

Responsible Officer: John Walker
Chief Executive Officer

Author: Michelle Todd
Head of Legal Services

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

The Committee recommend Council:

1. **Accept the Risk Management Review conducted in accordance with *Local Government (Audit) Regulations 1996 regulation 17*;**
2. **Endorse the February 2021 Operational and Strategic Risk Register.**

EXECUTIVE SUMMARY

The CEO is required to undertake a review of the appropriateness and effectiveness of a local government's systems and procedures in relation to, among other areas, risk management. This review must be completed not less than every three years.

It is noted the City undertook substantive improvements to the City's risk management systems and procedures in 2020, although the formal review process was not referenced. Accordingly, the CEO has facilitated a formal review, the results of which are presented to the Committee for consideration.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **CAPABLE:** We are continuing to undertake the appropriate risk management and assessment strategies.

BUDGET IMPLICATIONS

There are no budget implications from this report.

REPORT

In conducting the CEO Risk Management Review, the following areas have been reviewed and recommendations in relation to each area detailed in this report. The areas are those recommended in the Department of Local Government, Sport and Cultural Industrials Operational Guidelines which should be addressed during a CEO review of risk management processes:

- Review of effectiveness of the City's risk management system;
- Consideration given to material operating risks of the city;
- Review of the City's business continuity plan (including disaster recovery) and adequate testing of that plan;
- Assessment of internal processes for determining and managing material operating risks in accordance with the City's identified tolerance for risk in the following areas:
 - Non-compliance with legislation, regulations, standards and policies;
 - Errors in accounting judgments or estimates;
 - Litigation and claims;
 - Misconduct, fraud and theft;
 - Significant business risks;
- Frequency of risk reporting which identify the state and effectiveness of risk management systems ensuring the monitoring of risks and identification of new risks;
- Assessment of management controls for unusual transactions;
- Assessment of the local government's procurement framework with a focus on the probity and transparency of policies and procedures and the application thereof; and
- Assessment of whether fraud and misconduct risks have been identified, analysed, evaluated and mitigated with appropriate controls.

Risk Management – Appropriateness and Effectiveness

The City adopted the current Risk Management Framework and Risk Management Policy EXEC-CEO-014 in 2020 which were prepared in consultation with the City's insurer, LGIS.

The Risk Management Policy and Risk Management Framework guide the implementation of risk management throughout the organisation. The objective of a concise and detailed risk management strategy effectively meets the needs of the organisation and supports the adoption and implementation of that strategy across the organisation. The City's current Risk Management Strategy is appropriate for the requirements at this time.

The City is currently in the process of adopting the Promapp system for management of the City's operational and strategic risk registers. The adoption of this program has been facilitated at management level and continues to be rolled out to staff. Delays in full implementation have been encountered due to training limitations. While the program has appropriate training online, it is acknowledged additional training support is required in some instances.

The current COVID-19 pandemic has caused delays in additional training and support. Currently the process for documenting risk and managing the City's risk registers are effective at management level, there is room for improvement on manager engagement with the risk management system, which will be a target for this current year.

Given the recent adoption of the City's Risk Management Strategy, measurement of the effectiveness is limited at this time, and will be assessed by the CEO over the next 12 months. The Committee will be provided with further updates in the event any issues are identified. Key areas to be monitored will be the adoption of the Risk Management Strategy by City staff.

Material Operating Risks of the City

City Officers, the CEO and the Finance and Audit Committee undertake quarterly reviews of both the strategic and operational risk registers of the City for many reasons, including to ensure material operating risks of the City are identified. Identification is based off recommendations from both internal and external stakeholders, including the City's insurer LGIS. The current process of facilitating quarterly reviews ensures changes in material operating risks are considered at all levels. The City's tolerance for material operating risks are adequate for the City's operations.

CKB Business Continuity Plan Review

The City has a Disaster Recovery Plan ("DRP") in draft version. The DRP plan forms an important part of the City's Business Continuity Plan. The intention of the DRP is to detail critical services for each business unit and to develop strategies to ensure their availability or contingencies when offline. Finalisation of the DRP will involve further liaising with business units to ensure critical services have been identified and assumptions for continuity tested. Expected completion was forecast for 2020, however has been delayed.

The City has the processes and procedures in place which form the basis of the Business Continuity Plan, which need to be collated to form the plan. Some of these processes and procedures were tested during the COVID lockdowns and were operational. It is acknowledged the plan requires further resourcing to finalise.

Assessment of City's Risk Registers

As referenced above, the Committee assesses the City's Strategic and Operational Risk Registers on a quarterly basis. The regular and consistent review by the Committee ensures engagement with the risk management processes and review of the appropriateness of the risk mitigation processes, as well as identifying further risk minimisation practices to be implemented.

Risk Reporting and Effectiveness and Risk management System

Again, the City reports to the Committee on risk on a quarterly basis with the City using Promapp for risk management software. Recent structural changes are to be updated in Promapp, some changes to risk treatment owners will be made.

A recent Occupational Health and Safety audit revealed key areas where the City required improvement. Following that audit, the City has substantially improved risk reporting though there is room for further improvement as new procedures are adopted by staff. Risk reporting will require regular review to ensure continuous improvements are observed.

Management Controls for Unusual Transactions

The City implements active monitoring and self-audits together with fraud training across the organisation. Analysis of data identifies high risk transactions, unusual spend/transactions or other anomalies for further follow-up and auditing. Regular reviews of current controls are conducted to ensure controls are effective.

City Procurement Framework

The City's Procurement controls have improved following the OAG audit in October 2018. Current controls include internal audit processes, credit check procedures, regular review and monitoring of procurement practice to ensure compliance by the Chief Financial Officer and facilitating a documented tender process. Compliance with the City's own procurement policy has been a key area addressed within the risk management register as it was identified within the OAG local government procurement audit. By addressing this, the governance of the City's procurement function was strengthened.

Fraud/Misconduct Risks

Further to the City's management controls for unusual transactions, the City also implements segregation of duties, restricted user access and regular reconciliations to reduce fraud and misconduct risks. Following the recommendations from the Fraud in Local Government OAG report, the City is reviewing where those practices can be adopted in our organisation to further improve management of fraud and misconduct risks.

Conclusion

The Risk Management Review has identified some key areas for improvement as well as the benefits from the implementation of improvements made to the City's Risk Management Systems last year. The Committee will continue to receive quarterly updates on risk management.

STATUTORY IMPLICATIONS**17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

POLICY IMPLICATIONS

Policy EXEC-CEO-014 Risk Management Policy

COMMUNITY ENGAGEMENT CONSULTATION

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

ATTACHMENTS

EXEC-CEO-014-Risk-Management-Policy 

Risk Management Framework 

Strategic Risk Register February 2021 

Operational Risk Register February 2021 

6.1.3 GOLF COURSE DEVELOPMENT UPDATE

Responsible Officer: John Walker
Chief Executive Officer

Author: Michelle Todd
Head of Legal Services

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council:

1. Endorse the agreement with Pacifica for the procurement of preliminary site works and installation of services at the Golf Course; and
2. Resolve for the purposes of regulation 11(2)(f) of the *Local Government (Functions and General) Regulations 1996* that there is good reason to believe that it is unlikely there is more than one potential supplier to deliver the City's site works obligations in accordance with the lease agreement with Pacifica.

EXECUTIVE SUMMARY

Council has approved lease terms with Pacifica Developments Pty Ltd ("**Pacifica**"), for the construction of the Golf Course Resort and Clubhouse. Pursuant to the lease the City must complete the necessary site works for the leased premises before construction of the development can commence.

The City and Pacifica held joint discussions in late 2020 on the most efficient way for the project to move forward and how best to undertake the preliminary site works for the Golf Course Development.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Themes:

- SUSTAINABLE: We support opportunities for commercial and industrial land.
- SUSTAINABLE: We advocate for the provision of land use.
- EMPOWERED: We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

There is sufficient budget allocation for these works as adopted in the 20/21 annual budget.

REPORT

The purpose of this report is to provide an update to the Committee regarding the lease with Pacifica and resolve for the purposes of regulation 11(2)(f) of the *Local Government (Functions and General) Regulations 1996* (“**the Regulations**”) there is good reason to believe that, because of Pacifica’s ultimate development of the site, it is unlikely there is more than one potential supplier to undertake the necessary site works.

The City has entered into a signed lease for the golf course development with Pacifica, which has been approved by the Minister. As per the terms of the lease the City is to undertake the preliminary site works for the leased premises. The City has entered into an agreement with Pacifica for the preliminary site works and requires Council’s resolution of appointment of Pacifica under the sole supplier exemption, as it is reasonable Pacifica are the only reasonable supplier to deliver the site works for the Golf Course Development. This would effectively minimise the City’s liability for any issues resultant from the preparatory site works which ultimately form the foundation of Pacifica’s multimillion dollar development in our City.

As per the agreement with Pacifica, the City is required to complete site works to deliver to Pacifica a site capable of being built on. The site is a former tip and presents complex environmental issues including but not limited to piling of the site and importation of soils and base materials satisfactory to facilitate the development. Pacifica has advised the delivery of the site in a form capable of allowing the construction of a building which has many complexities is critical to the delivery of Pacifica’s obligations pursuant to the lease. A copy of the submission from Pacifica is **attached**.

It is for this reason, it is recommended Council endorse Pacifica as the sole supplier for the delivery of the site works, in accordance with the Regulations.

STATUTORY IMPLICATIONS**11. When tenders have to be publicly invited**

- (1a) *in this regulation — **state of emergency declaration** has the meaning given in the Emergency Management Act 2005 section 3.*
- (1) *tenders are to be publicly invited according to the requirements of this division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$250 000 unless subregulation (2) states otherwise.*
- (2) *tenders do not have to be publicly invited according to the requirements of this division if —*
- (a) the supply of the goods or services is to be obtained from expenditure authorised in an emergency under section 6.8(1)(c) of the act; or*
 - (aa) the supply of the goods or services is associated with a state of emergency; or*
 - (b) the supply of the goods or services is to be obtained through the WALGA Preferred Supplier program; or*
- [(ba) deleted]*
- (c) within the last 6 months —*
 - (i) the local government has, according to the requirements of this division, publicly invited tenders for the supply of the goods or services but no tender was submitted that met the tender specifications or satisfied the value for money assessment; or*
 - (ii) the local government has, under regulation 21(1), sought expressions of interest with respect to the supply of the goods or services but no person was, as a result, listed as an acceptable tenderer; or*
 - (d) the contract is to be entered into by auction after being expressly authorised by a resolution of the council of the local government; or*
 - (e) the goods or services are to be supplied by or obtained through the government of the state or the commonwealth or any of its agencies, or by a local government or a regional local government; or*
- (ea) the goods or services are to be supplied —*
- (i) in respect of an area of land that has been incorporated in a district as a result of an order made under section 2.1 of the act changing the boundaries of the district; and*

- (ii) by a person who, on the commencement of the order referred to in subparagraph (i), has a contract to supply the same kind of goods or services to the local government of the district referred to in that subparagraph; or*
- (f) the local government has good reason to believe that, because of the unique nature of the goods or services required or for any other reason, it is unlikely that there is more than one potential supplier; or*
- (g) the goods to be supplied under the contract are —*
 - (i) petrol or oil; or*
 - (ii) any other liquid, or any gas, used for internal combustion engines; or*
- (h) the following apply —*
 - (i) the goods or services are to be supplied by —*
 - (I) a person registered on the Aboriginal Business Directory WA published by the Chamber of Commerce and Industry of Western Australia Limited ABN 96 929 977 985; or*
 - (II) a person registered with the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) ABN 50 134 720 362;*
 - and*
 - (ii) the consideration under the contract is \$250 000 or less, or worth \$250 000 or less; and*
 - (iii) the local government is satisfied that the contract represents value for money; or*
- (i) the goods or services are to be supplied by an Australian Disability Enterprise; or*
- (j) the contract is a renewal or extension of the term of a contract (the original contract) where —*
 - (i) the original contract was entered into after the local government, according to the requirements of this division, publicly invited tenders for the supply of goods or services; and*
 - (ii) the invitation for tenders contained provision for the renewal or extension of a contract entered into with a successful tenderer; and*
 - (iii) the original contract contains an option to renew or extend its term; and*

- (iv) *the supplier's tender included a requirement for such an option and specified the consideration payable, or the method by which the consideration is to be calculated, if the option were exercised; or*
 - (ja) *the contract is a renewal or extension of the term of a contract (the original contract) where —*
 - (i) *the original contract is to expire within 3 months; and*
 - (ii) *the renewal or extension is for a term of not more than 12 months from the expiry of the original contract; and*
 - (iii) *the contract for renewal or extension is entered into at a time when there is in force a state of emergency declaration applying to the district, or part of the district, of the local government; or*
 - (k) *the goods or services are to be supplied by a pre-qualified supplier under division 3.*
- (3) *For the purposes of subregulation (2)(aa) a supply of goods or services is associated with a state of emergency if —*
 - (a) *the contract for the supply is entered into while there is in force a state of emergency declaration applying to the district, or part of the district, of the local government; and*
 - (b) *the local government considers that the goods or services are required for the purposes of addressing a need arising from the hazard, or from the impact or consequences of the hazard, to which the state of emergency declaration relates.*

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

Letter from Pacifica to CKB 22 September 2020 

6.2 CHIEF FINANCIAL OFFICER

6.2.1 COMPLIANCE AUDIT RETURN 2020

Responsible Officer:	David Trevaskis Chief Financial Officer
Author:	Eve Reitmajer PA to Chief Financial Officer
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council:

1. Receive and endorse the submission of the Compliance Audit Return for the period 1 January 2020 – 31 December 2020 to the Department of Local Government, Sport and Cultural Industries in accordance with the *Local Government (Audit) Regulations 1996*; and
2. Note the actions being undertaken as described in the report to address the issues identified in the Compliance Annual Return.

EXECUTIVE SUMMARY

In accordance with the *Local Government (Audit) Regulations 1996*, a local government is required to complete an annual Compliance Audit Return (CAR) for the period 1 January to 31 December of the preceding year.

It is a requirement the CAR is presented to the Finance and Audit Committee for review prior to submission to Council. The City of Kalgoorlie-Boulder Compliance Audit Return for 2020 is attached to this report.

The CAR, after being adopted by Council, is to be forwarded to the Department of Local Government, Sport and Cultural Industries by 31 March 2020.

The CAR is seen as an internal control monitoring process and as such is a useful tool for the Chief Executive Officer to report to Council and the Department on the City of Kalgoorlie Boulder (CKB)'s compliance with legislation and more specifically particular sections of the *Local Government Act 1995* and associated regulations.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

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

REPORT

The purpose of the annual CAR is for individual local governments to assess their level of compliance with the *Local Government Act 1995* and associated regulations.

The Chief Executive Officer and relevant City officers have assessed their operations in respect of statutory obligations outlined in the Compliance Audit Return and believe that their responses given indicate an accurate perspective of the City's compliance to date.

The CAR focuses on the following areas of compliance:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power/Duty (13 questions);
3. Disclosure of Interest (21 questions);
4. Disposal of Property (2 questions);
5. Elections (3 questions);
6. Finance (11 questions);
7. Integrated Planning and Reporting (3 questions)
8. Local Government Employees (6 questions);
9. Official Conduct (4 questions);
10. Optional questions (10 questions); and
11. Tenders for Providing Goods and Services (24 questions)

There were seven items of non-compliance as detailed below:

Disposal of Property

Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?

Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?

Council entered into a number of commercial lease agreements in 2020 within the Endowment Block and the Kalgoorlie Boulder Airport for which it did not provide local public notice in accordance with s3.58(3) of the Local Government Act 1995.

CKB was previously of the understanding, based on advices received some years ago, these transactions were exempt as the Endowment Block and Airport were Trading Undertakings and therefore the requirements of s3.58 did not apply, by virtue of s3.58(5)(b) which reads as follows:

- (5) This section does not apply to-
- (b) a disposition of property in the course of carrying on a trading undertaking as defined in s3.59.

However according to s3.59, 'trading undertaking' means an activity carried on by local government with a view to producing profit to it, or any other activity carried on by it that is of a kind prescribed for the purpose of this definition, but does not include anything referred to in paragraph (a) or (b) of the definition of "land transaction".

Recent legal advice clarified the definitions of trading undertaking; as well as land transaction, being an agreement, or several agreements for a common purpose, under which a local government is to —

- (a) acquire or dispose of an interest in land; or
- (b) develop land.

Accordingly, the leasing of Endowment Block and Airport properties would not constitute a "trading undertaking" for the purposes of seeking an exemption from the application of s3.58. The recommendation was for public notice requirements to be effected for all leases.

Since receiving this advice, where new lease discussions have begun after 14 October for the Endowment Block and Airport, public notice has been provided as per s3.58(3).

Optional questions

Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?

Three (3) declarations were made outside the 10 days.

In order to create greater awareness of obligations relating to gifts, updated information and gift disclosure form is available on CKB's document management system and will be made available on the new CKB intranet. An accountable and ethical decision-making training session was also held for senior staff, with a focus on gifts.

Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?

Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?

EXEC-CEO-016 Attendance at Events Policy has been drafted and will be presented to Council for adoption at the February 22 OCM.

Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?

The City acknowledged the requirement to prepare a report for each financial year on the training completed by Councillors in the financial year, and that the report was required to be published on the Council's website within 1 month after the end of the financial year.

Due to COVID-19 training commitments were impacted, and the report was delayed to allow further time for elected members to participate in requisite training, following the resumption of face-to-face training. This report was prepared for Council in compliance with s5.127 of the Act and published in the Minutes of 26 October 2020.

Tenders for Providing Goods and Services

Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local Government's official website?

The CKB tender register complies with the requirements of F&G Reg 17. The publishing of CKB's register on the website is in progress and is due to be completed this month. Procurement officers are comparing models used by other WA local governments to determine the preferred approach for CKB.

STATUTORY IMPLICATIONS

This report is prepared in compliance with the *Local Government (Audit) Regulations 1996*.

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

Compliance Audit Return 2020 

6.2.2 FINANCE AND AUDIT COMMITTEE MEETING SCHEDULE 2021 & FORWARD MEETING PLAN

Responsible Officer:	David Trevaskis Chief Financial Officer
Author:	Eve Reitmajer PA to Chief Financial Officer
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee:

1. Review and approve the following meeting dates for the Finance and Audit Committee for the remainder of 2021:
 - Thursday 20 May 2021
 - Thursday 19 August 2021
 - Thursday 18 November 2021; and
2. Recommend Council endorse the meeting schedule and forward meeting plan.

EXECUTIVE SUMMARY

In accordance with the Finance and Audit Committee Terms of Reference, the Committee is to approve the meeting dates for the year, and a general forward meeting plan which includes agenda items and Committee responsibilities.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- EMPOWERED: We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

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

REPORT

In accordance with the Finance and Audit Committee Terms of Reference, the Committee is to approve the meeting dates for the year, and a general forward meeting plan which includes agenda items and Committee responsibilities. This report is prepared in compliance with these requirements.

Meetings

The Committee will meet at least four times per year. It is proposed for the remainder of the year the Finance and Audit Committee Meetings for 2021 take place at 11:00am on the third Thursday of the month, on a quarterly basis.

Meetings are closed to the public.

Any additional meetings will be called at the discretion of the Chair of the Committee, though members can make requests to the Chair for additional meetings.

Meeting Schedule for the remainder of 2021

Thursday 20 May 2021

Thursday 19 August 2021

Thursday 18 November 2021

Agenda Items

The Finance and Audit Committee will consider, review and advise Council as required with respect to:

- External Audits
- Internal Audits
- Annual Financial Reports
- Risk Management
- Control Framework
- Governance and Compliance
- Other relevant items as determined

Committee Responsibilities

The Committee is to provide independent assurance and assistance to the City with respect to the above identified agenda items. The Committee is to report to Council and provide advice and recommendations on matters relevant to the Finance and Audit Committee Terms of Reference.

STATUTORY IMPLICATIONS

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

POLICY IMPLICATIONS

This report is prepared in accordance with the requirements of the Finance and Audit Committee Terms of Reference.

COMMUNITY ENGAGEMENT CONSULTATION

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

ATTACHMENTS

Finance and Audit Committee Terms of Reference 

6.2.3 2020 AUDIT FINDINGS UPDATE

Responsible Officer:	David Trevaskis Chief Financial Officer
Author:	Xandra Curnock Financial Controller
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council approve the report prepared by the CEO addressing the matters identified as significant by the auditor in the audit report and the proposed actions the City intends to take with respect to each of these matters, and give a copy of the report to the Minister in accordance with s7.12A(4) of the *Local Government Act 1995*.

EXECUTIVE SUMMARY

Where an audit report by the City of Kalgoorlie-Boulder's ("**the City**") appointed auditor or the Auditor General reports on significant matters, in accordance with the *Local Government Act 1995*, the City is required to prepare a report and present those findings and recommended actions to the Finance and Audit Committee ("**the Committee**").

The Committee must examine the audit report received by the local government and determine if any matters raised by that report require action to be taken by the local government. The Committee must ensure appropriate action is taken in respect of those matters.

The purpose of this report is to present the Committee with a report on the significant audit findings from the 2020 annual external audit performed by Grant Thornton and the Office of the Auditor General ("**OAG**") and what actions the City has taken and intends to undertake in respect of those findings.

Following consideration by the Committee, the City is required to provide a copy of the Council endorsed report to the Minister, and publish the report on the City's website.

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 compliance with the City's statutory obligations, the Committee must consider the significant findings from the audit report. The findings from the audit report were considered at a meeting held on 9 December 2020 presented by the City's auditor, Grant Thornton, and the OAG.

The City has presented the significant findings for consideration by the Committee.

Significant Findings

Significant findings have been put in a report and will be sent to the Minister on 23 February 2021 in accordance *Local Government Act 1995*, section 7.12A. Please refer to the attachment.

1. Super user access to financial management system

User access in Synergy has been updated accordingly with John Walker's access being reduced.

2. Changes to supplier master file

The number of users with access rights to change / update supplier master file has now been limited to the Creditors team and the accountant overseeing the Creditors team.

Report to Minister

The Committee is required to examine the audit report, determine what matters require action from the report, and ensure appropriate action is taken in respect of those matters.

A report has been prepared for consideration by the Committee. A copy of the report has been furnished upon the Minister, in principle, and the Committee is asked to consider the report, and recommend Council endorse the action report.

The Council endorsed action report will be provided to the Minister, along with a copy of the minutes from that meeting and the report will be published on the City's website.

STATUTORY IMPLICATIONS

This report is prepared in accordance with the requirements of s7.12A of the *Local Government Act 1995* and r16 of *Local Government (Audit) Regulations 1996*.

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

Report to Minister on Significant Audit Findings 

Letter to Minister 

6.2.4 FY 2021 MID YEAR BUDGET

Responsible Officer: David Trevaskis
Chief Financial Officer

Author: Xandra Curnock
Financial Controller

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council receive the update for the 2020/21 mid-year budget review and proposed time line.

EXECUTIVE SUMMARY

The purpose of this report is for the Committee to consider the budget development and timetable for FY2020/21 mid-year budget review.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **CAPABLE:** We will have the resources to contribute to our community and economy.

BUDGET IMPLICATIONS

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

REPORT

The position to 31 December 2020, as outlined in the Statement of Financial Activity, identifies an actual closing funding position of \$49,306,168 versus a budgeted \$30,249,455. The variance is due to a \$5.5m increase to the actual opening surplus position after completing the 2020 year end audit; \$11m due to the delay in some major capital projects, and \$2.7m relating to operational variances due to timing of budget phasing and the recovery from COVID being improved in some areas such as the airport revenue.

The mid-year budget review is an opportunity to realign the budget with forecasted actuals, and thus explain any significant changes that will impact the City's position for the financial year ending 30 June 2021.

From an initial high level review of the budgeted figures it is expected there will be no change in the budgeted 2021 surplus of \$1,812,949.

Mid-year budget is currently being reviewed by responsible officers and finance staff. It is to be presented to Council for adoption on 22 March 2021.

STATUTORY IMPLICATIONS

The mid-year budget review is required to comply with regulation 33A of the *Local Government (financial Management) Regulations 1996*.

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.

6.2.5 AGED DEBTORS

Responsible Officer:	David Trevaskis Chief Financial Officer
Author:	Xandra Curnock Financial Controller
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Absolute

OFFICER RECOMMENDATION

That the Committee recommend Council receive the debtors update for the year to December 2020 and endorse the proposed Fairstar Resources Ltd bad debt write-off of \$888,538.50.

EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the Sundry Debtors and Rates Debtors for the 2020/21 financial year to date and provide comparatives with prior years. Also included in the report is the recommendation to write-off Fairstar Resources Ltd outstanding rates and service charges of \$888,538.50.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Theme:

- **CAPABLE:** We will have the resources to contribute to our community and economy.

BUDGET IMPLICATIONS

The City included a provision of \$724,965 as a doubtful debt for the Fairstar Resource Ltd rates owing at 30 June 2020. To write-off the full amount owing the City will incur an unbudgeted bad debt expense of \$163,573.15 in the 2020/21 financial year.

REPORT

This report is to update the Committee as to the Sundry Debtors and Rates Debtors position as at 31 December 2020. The timely payments of some of the City's debtors has been affected by COVID 19, with the Airline industry being impacted greatly due to travel restrictions.

Outstanding Sundry Debtors at 31 December 2020

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	1,340,862	30,418	800,527	1,245,184	3,416,991
31-Dec-20	1,997,501	352,044	704,630	1,480,996	4,535,171
Year on Year variance	(656,639)	(321,626)	95,897	(235,812)	(1,118,179)

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	1,340,862	30,418	800,527	1,245,184	3,416,991
% of Total	39.2%	0.9%	23.4%	36.4%	

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-20	1,997,501	352,044	704,630	1,480,996	4,535,171
% of Total	44.0%	7.8%	15.5%	32.7%	

The sundry debtors which have had the most impact on the (\$1.1m) variance year on year are Qantas (\$0.9m), Virgin (\$0.3m), and Main Roads (\$0.2m), partially offset by a payment made by Goldfields Golf Club \$0.4m.

Qantas has taken longer to pay its debts than historically. In a letter dated 16 October 2020 Qantas requested support from the City requesting an extension of payment terms to 90 days until 30 June 2021 for aeronautical charges.

Virgin Australia went into administration in April 2020 due to the effect COVID had on the travel industry. At this stage it is not known how much of the outstanding will be recovered. A bad debt provision of \$950k is included in the City's financials to account for this.

Virgin was sold in November 2020 and continues to operate. All charges from the point of sale are being charged to a new Sundry Debtor account. The amount shown relates to pre administration debt, administrators debt and post administration debt.

Main Roads amounts due to the City are dependent on the timing of works and grants in place. Main Roads is paying more rapidly than in 2019, therefore this is not considered a recovery issue.

Goldfields Golf Course debt has reduced \$359k due to a payment made to the City when site works commenced for the new clubhouse. This is expected to be paid in full once clubhouse works are completed.

Qantas					
	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	-	-	-	365,873	365,873
31-Dec-20	76,640	299,118	417,770	463,864	1,257,391
Total	(76,640)	(299,118)	(417,770)	(97,991)	(891,518)

Total Virgin

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	39,250	2,271	577,498	534,663	1,153,681
31-Dec-20	1,020,590	8,284	61,355	314,436	1,404,665
Total	(981,340)	(6,014)	516,143	220,227	(250,983)

Mainroads

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	-	-	29,333	121,630	150,964
31-Dec-20	-	-	-	303,600	303,600
Total	-	-	29,333	(181,970)	(152,636)

Goldfields Golf Club

	90+ Days	60 Days	30 Days	Current	Total
31-Dec-19	1,158,156	-	-	-	1,158,156
31-Dec-20	799,615	-	-	-	799,615
Total	358,540	-	-	-	358,540

Rates Debtors

Rates debtors are paying ahead when compared with previous year. As at December 2020 76% of rates had been collected in comparison to 74% as December 2019. As at December 2020 there were more funds held in excess than as at December 2019, showing rate payers are continuing to pay on payment plans and not withdraw their funds.

	Actual Dec 2020	Actual Dec 2019	Variance \$	Variance %
Rates collected	37,329,926	35,390,710	1,939,215	5%
Rates outstanding	1,628,729	1,534,482	94,247	6%
% of Rates collected	76%	74%		2%
% Rates outstanding	24%	26%		-2%

Included within the outstanding rates balance is \$888,538.50 due from Fairstar Resources Ltd ("Fairstar"). The City has exhausted all legal avenues to recover these outstanding rates dating back to 2014. In March 2017 Fairstar was removed from the official list of the ASX after being placed into receivership in July 2015. The City has been in regular contact with the appointed administrators PPB Advisory and recently Cor Cordis. During this time the City was advised by the administrators that the tenements were still available for sale and they were continuing to discuss with interested parties. In October 2020 that City was advised that the remaining tenements held by Fairstar had been deemed dead tenements and were surrendered effective 10 July 2020. As Fairstar no longer have any rights to these tenements there are no further options available for the City to recover the amounts outstanding. Based on this we are requesting the Committee recommend Council

endorse the write off of this debt in totality. The City's June 2020 financials included a provision totalling \$724,965.35 for potential bad rates debtors. This covers 82% of the debt, resulting in a \$163,573.15 bad debt expense in the 2021 financial year.

STATUTORY IMPLICATIONS

Local Government Act 1995 s6.12(1)(c) – A local government may write-off any amount of money which is owed to the local government.

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.

6.2.6 INVESTMENT PORTFOLIO SUMMARY AS OF 31 JANUARY 2021

Responsible Officer:	David Trevaskis Chief Financial Officer
Author:	Ishani Subaharan Corporate Accountant
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Absolute

OFFICER RECOMMENDATION

That the Committee recommend Council receive the year to date results of the City's Investment Portfolio.

EXECUTIVE SUMMARY

The purpose of this report is to present the Committee with investment reporting for the year to date as at 31 January 2021.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Themes:

- **CAPABLE:** We will have the resources to contribute to our community and economy.
- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.

BUDGET IMPLICATIONS

There are budget implications resulting from the recommendations of this report – forecast interest income is 57% under budget.

REPORT

The City of Kalgoorlie-Boulder places investments in accordance with the requirements of Section 6.14 of the *Local Government Act 1995* and Section 19C of the *Local Government (Financial Management Regulations) 1996*.

City officers have adhered to the City's Investment Policy and legislative requirements to ensure that all investments are carried out with the utmost integrity and in support of the City's strategic goals.

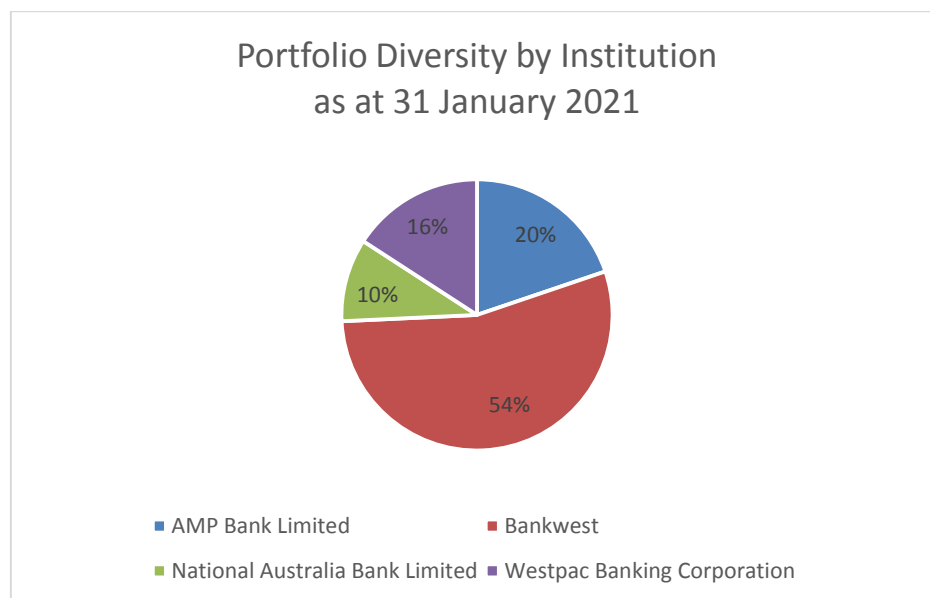
During the financial year to 31st January 2021, cash funds have been invested in term deposits through ADI's (Authorised Deposit-Taking Institutions) in accordance with the City's Investment Policy CORP-F-001.

The City has investments of \$28m of Municipal Funds and \$22.5m of Reserve Funds with a total of \$50.5m in term deposits YTD.

Summary of Portfolio by Counterpart Credit Limit	
Financial Institution	Principal
AMP Bank Limited	\$ 10,000,000.00
Bankwest	\$ 27,509,616.44
National Australia Bank Limited	\$ 5,000,000.00
Westpac Banking Corporation	\$ 8,021,928.77
Total	\$ 50,531,545.21

1.1 Portfolio diversity by institution

Current investment portfolio as at 31 January 2021.



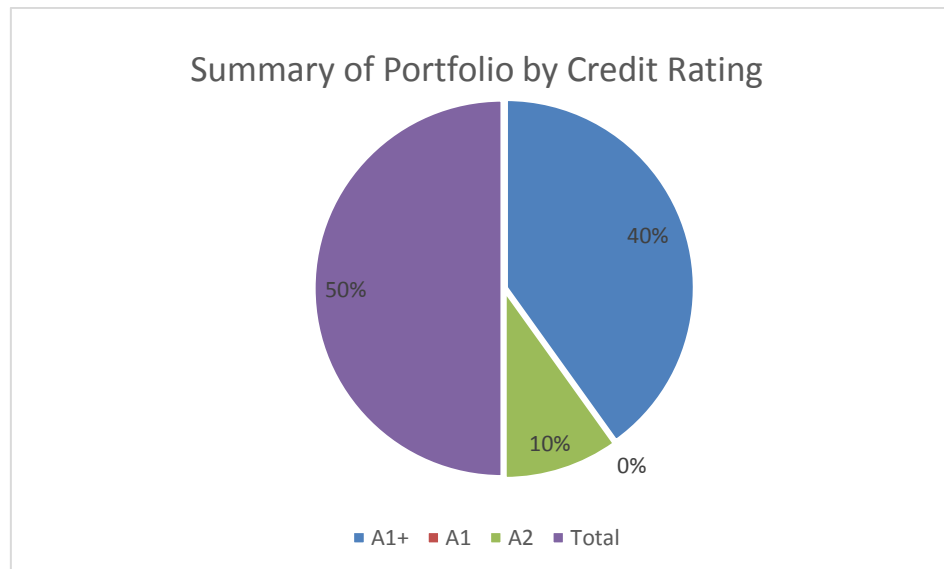
Counterpart Credit Limit

Exposure to an individual counterparty/institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below.

S&P Long Term Rating	S&P Long Term Rating	Direct Investment Maximum %
AAA	A-1+	75%
AA	A-1+	75%
A	A-1	30%
BBB	A-2	20%

1.2 Portfolio credit rating

Current portfolio of investments by credit rating.



Portfolio Credit Framework

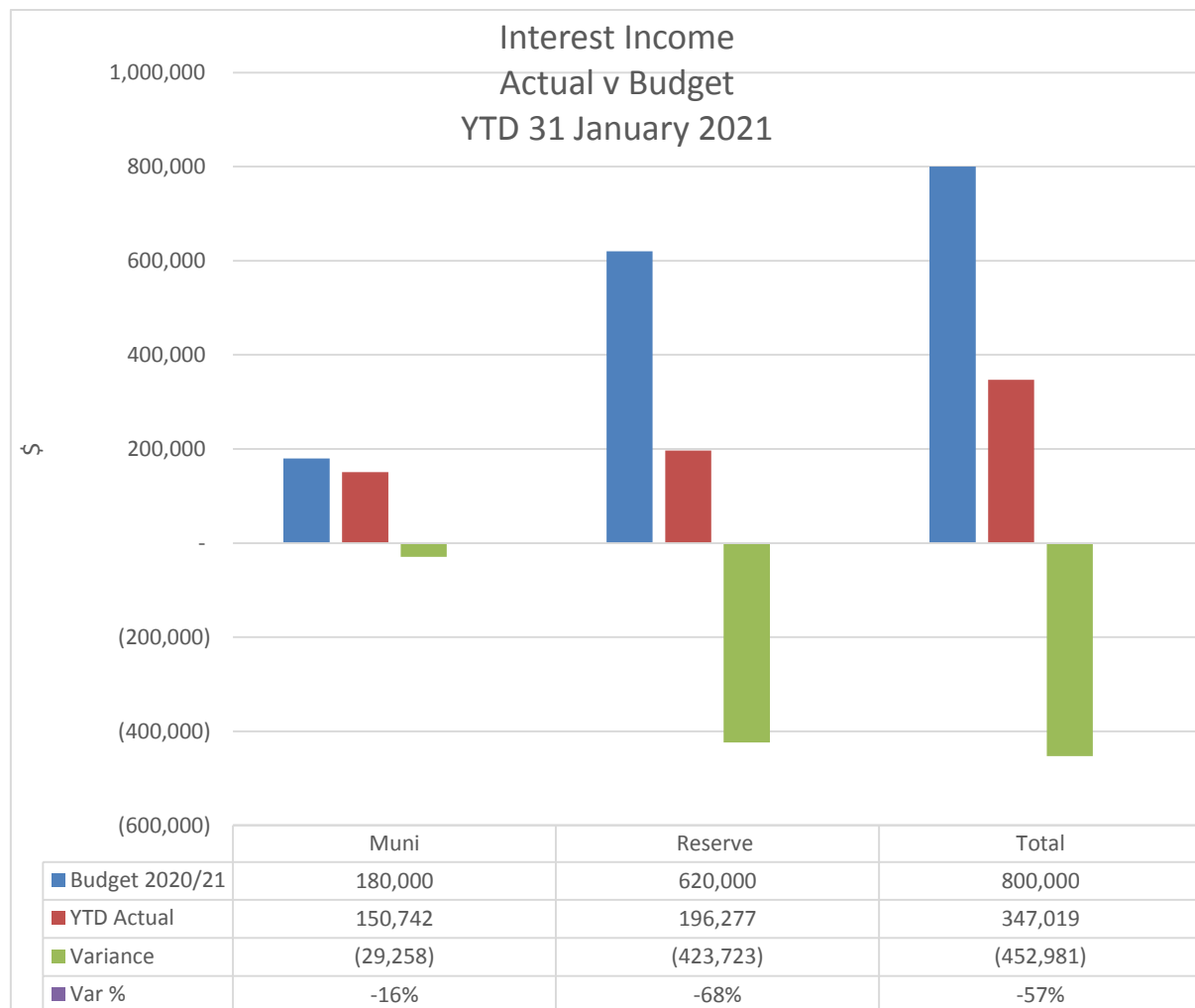
To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	S&P Long Term Rating	Direct Investment Maximum %
AAA	A-1+	100%
AA	A-1+	100%
A	A-1	60%
BBB	A-2	40%

1.3 Interest income – Actual v Budget

In comparison of interest earnings, actual with budget from Municipal Fund investments for the year to date 31 January 2021, the variance is (\$29k) which is 16% under budget. Interest earnings from Reserve Funds has a variance of (\$424k), which is 68% under budget.

In total, interest income is down 57% on budget.



The variance in interest income is due to the market rate for term deposit investments being forecasted based on prior year average interest rate of 2%, which has reduced below 1% in the current financial year due to COVID-19 impact.

Given the unforeseen changes in the investment market, the budget figures for the interest income will be reviewed in mid-year.

STATUTORY IMPLICATIONS

Local Government Act 1995 s6.14 – Power to invest.

Local Government (Financial Management) Regulations 19C – Investment of money, restrictions on (Act s 6.14(2)(a))

POLICY IMPLICATIONS

Investment Policy (CORP-F-001) sets out guidelines and principles that need to be followed by City officers when placing funds on investment with other institutions.

COMMUNITY ENGAGEMENT CONSULTATION

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

6.2.7 PROPERTY AND LAND INVESTMENT

Responsible Officer: John Walker
Chief Executive Officer

Author: David Trevaskis
Chief Financial Officer

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council request the CEO prepare a draft Property Investment Policy, which will provide a coordinated and considered approach to guide Council's investment decisions, pertaining to freehold and vested property and to present the draft policy for Council's consideration at the next ordinary Council meeting.

EXECUTIVE SUMMARY

The City is at times and on an ad-hoc basis asked to consider investment opportunities in greenfield, infill and developed commercial/residential properties. Adoption of a policy pertaining to investing in property would provide Council with an overarching framework when considering property investments.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the following Guiding Themes:

- **EMPOWERED:** We ensure considered decision making based on collaborative, transparent and accountable leadership.
- **SUSTAINABLE:** We support opportunities for commercial and industrial land.
- **CAPABLE:** We are exploring funding sources and revenue streams.

BUDGET IMPLICATIONS

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

REPORT

Under the *Local Government Act WA 1995* ("**the Act**") a local government is permitted to acquire an interest in land and property and to generate revenue from these investments. The City already has significant commercial property investments at the Endowment block, Airport and other City owned or managed properties. Whilst the Act permits local governments to undertake land transactions there are several restrictions and obligations that the City must comply with. A Property Investment Policy does not negate the City's statutory obligations in relation to land transactions

including s3.57 (Tenders for providing goods or services), s3.58 (Disposing of Property) and s 3.59 (Commercial Enterprises by Local Government).

Whilst each investment opportunity would be assessed on its merits and be subject to Council approval, an Investment Property Policy will provide transparency and guidance for Council to follow when considering future investment opportunities.

As an example for the Committee and Council's review the City of Karratha Property Investment Policy is attached below. The policy provides details of the types of investments to be considered, classification of different property assets held, return on investment considerations, approvals, monitoring and reporting process for property investments.

STATUTORY IMPLICATIONS

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

POLICY IMPLICATIONS

The City has an existing Investment Policy (CORP-F-001) which specifically provides guidance for the investment of cash term deposits with authorised deposit-taking institutions.

COMMUNITY ENGAGEMENT CONSULTATION

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

ATTACHMENTS

Investment Policy Property - City of Karratha 

7 CONFIDENTIAL ITEMS

8 CLOSURE