



**City of
Kalgoorlie
Boulder**

AGENDA

**for the
FINANCE AND AUDIT COMMITTEE MEETING
commencing at 1:00PM
on
19 NOVEMBER, 2020**

**at the
Councillors Conference Room**

16 November 2020



NOTICE OF MEETING

A Finance and Audit Committee meeting of the City of Kalgoorlie-Boulder will be held in the **Councillors Conference Room** on **Thursday, 19 November 2020** commencing at **1:00pm**.

Regards

A handwritten signature in black ink, appearing to read "John Walker", written over a horizontal line.

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:

Cr Nardia Turner

- 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 20 August 2020](#)

That the minutes of the **Finance and Audit Committee** meeting held on 20 August 2020 be confirmed as a true record of that meeting.

6 REPORTS OF OFFICERS

6.1 CHIEF EXECUTIVE OFFICER

6.1.1 STRATEGIC RISK REGISTER 2020

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 recommend Council:

- 1. Endorse the Strategic Risk Register following the review undertaken by the Committee; and**
- 2. Receive the November 2020 Operational Risk Register.**

EXECUTIVE SUMMARY

On 24 August 2020 Council endorsed the recommendation for the Finance and Audit Committee (“the Committee”) to undertake a full review of the Strategic Risk Register at the November 2020 Finance and Audit Committee meeting.

This report includes the Strategic Risk Register as at November 2020 and the City’s Risk Management Framework to facilitate the Committee’s review for Council at the November 2020 Committee meeting.

The CEO has undertaken a review of the City’s risk management systems and procedures during 2020 which has seen the adoption of the Risk Management Framework and EXEC-CEO-014 Risk Management Policy. This report is the final risk management update to the Committee for 2020.

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 financial implications resulting from the recommendations of this report.

REPORT

The review of the Strategic Risk Register ensures risks are identified and reviewed by the Committee on a regular basis. The Committee are presented with risk management updates at each Committee meeting on a quarterly basis.

So far this year, improvements to risk management practices have seen the adoption of the Risk Management Framework and the EXEC-CEO-014 Risk Management Policy. The City is utilising Promapp to facilitate risk management, and demonstrated the program to the Committee during the August 2020 Committee meeting.

The Risk Management Framework and EXEC-CEO-014 Risk Management Policy are incorporated into Promapp, which has streamlined the City's risk management practices and improved the process for managing risks at Management level.

The Strategic and Operational Risk Registers have been uploaded into Promapp following CEO review.

Strategic Risk Register

The Committee are requested to review the Strategic Risk Register, presented in the new format generated by Promapp. A key consideration for the Committee during the review is the effectiveness of the current controls/treatments, and where those can be improved to further reduce the residual risk.

Prior to the August 2020 Committee meeting, the City undertook a review of the Strategic Risk Register, focusing on the "*Top 10 Key Areas of Priority to Deliver a Better Kalgoorlie-Boulder*" and the "*Aspirational Projects*" of the Strategic Community Plan, recommending updates to the Committee.

Following the August 2020 meeting, it was resolved the Committee would undertake its full review at the November 2020 meeting.

Figure 1 demonstrates the severity and likelihood of the inherent risks identified in the Strategic Risk Register, and how those risks are reduced through the effectiveness of the current controls/treatments.

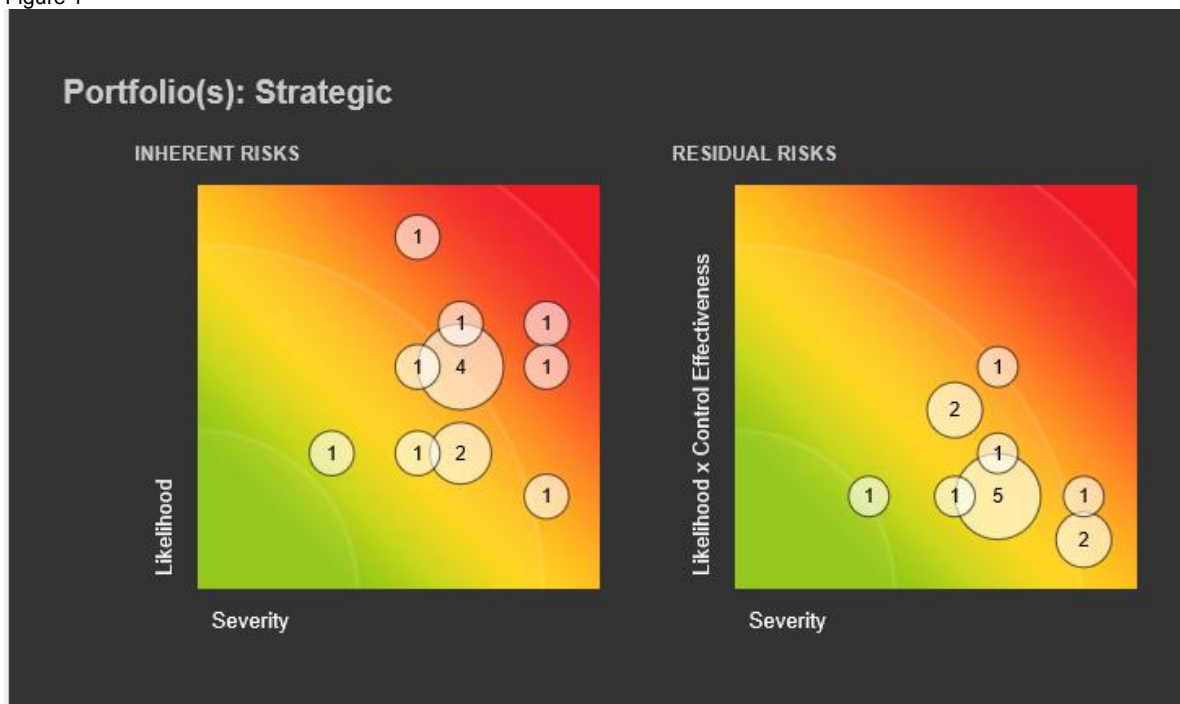
The objective is to ensure risk management controls are as effective as possible to reduce the severity and likelihood of the risk, thereby reducing the impact on the City.

All actions and transactions involve risk and effective risk management involves the anticipating, understanding and monitoring of risk.

The ongoing reporting and monitoring of the Strategic Risk Register provides assurance to the Committee and Council that the register is being monitored and mitigation actions/controls are in place.

Council undertake regular monitoring of the Strategic Risk Register by receiving the quarterly updates from the Committee.

Figure 1



Operational Risk Register

The City’s Operational Risk Register has been transferred to Promapp. The program supports regular reviews of the City’s risk management practices and encourages a risk management culture by encouraging openness, transparency and accountability.

The Operational Risk Register is presented to the Committee following a review by Management during the transfer process.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires that the systems and procedures relating to risk management is appropriate and effective. The CEO conducts regular reviews of the City’s risk management practices and regularly presents reports on those reviews to the Finance and Audit Committee.

POLICY IMPLICATIONS

EXEC-CEO-014 Risk Management Policy
Risk Management Framework

COMMUNITY ENGAGEMENT CONSULTATION

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

ATTACHMENTS

- Strategic Risk Register November 2020 
- Operational Risk Register November 2020 

6.2 GENERAL MANAGER – INFRASTRUCTURE AND ENVIRONMENT

6.2.1 WASTE MANAGEMENT SERVICE DELIVERY AUDIT - SUMMARY OF FINDINGS

Responsible Officer:	Stuart Devenish General Manager Infrastructure and Environment
Author:	Dylan Martini Waste Management Team Leader
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council receive the information detailed within this report.

EXECUTIVE SUMMARY

In November 2019 the Office of Auditor General conducted an audit examining local government waste management - service delivery, and included the City of Kalgoorlie-Boulder as an auditee. The audit assessed the performance of local governments in line with the State's Waste Strategy. The audit found that LG entities deliver essential waste collection services but few are likely to meet State's targets to increase resource recovery. The audit came up with a number of recommendations for the Waste Authority, Department of Water and Environmental Regulation (DWER), and Local Governments. Of the recommendations relevant to the City, processes are in place to respond to the matters raised.

COMMUNITY STRATEGIC PLAN LINKS

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

- **SUSTAINABLE:** We are a green ecologically sustainable City for current and future generations.
- **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 late 2019 the Office of Auditor General (OAG) conducted an audit examining local government waste management - service delivery, and included the City of

Kalgoorlie-Boulder (City) as an auditee among a number of other local government organisations. The audit focussed on local government waste management and progress towards achieving targets and objectives set in the first Western Australian Waste Strategy: Creating the Right Environment (Waste Strategy 2012) and subsequent Waste Avoidance and Resource Recovery Strategy 2030 (Waste Strategy 2030).

Audit Findings

The audit made four key findings as summarised below:

1. LG entities deliver essential waste collection and drop-off services but few are likely to meet State and community expectations to avoid and recover waste

The auditors found that while LG waste services are generally delivered effectively and meet the needs of their communities, they are not maximising recovery of waste and as a result most are not on track to meet the Waste Strategy 2030 targets. Of the LGs audited, only one of the five major regional centres (Bunbury) was on track to reach its targets.

2. State and local waste planning and data capture is inadequate

The auditors found that a lack of a State waste infrastructure plan and subsequent planning for significant risks including has been inadequate. This coincided with the Cleanaway material recovery facility (MRF) being destroyed by fire, which has significant impacts to recycling in Kalgoorlie-Boulder. Furthermore a lack of local government waste planning for improved resource recovery has contributed to slow progress towards the State's targets.

3. Wider uptake of existing better practice waste management methods could be key to improving waste recovery

The auditors found that LGs don't utilise all best practise educational programs available to them, and often create their own educational material leading to inconsistent messaging between LGs. The City utilises the WALGA recycling bin-tagging and other educational campaigns, however could further utilise programs endorsed by DWER.

4. The State Government has made good progress since 2016, but LG entities need more support to address local challenges

The auditors found that LGs typically prioritise what they consider local issues above the issues that form Waste Strategy 2030 headline areas. To address State priorities LGs require further support, particularly in remote areas that face greater challenges to recover more waste.

Audit Recommendations

The audit came up with a number of recommendations, of which nine (9) were applicable to State Government departments and four (4) were applicable to LGs. The recommendations are for LGs to:

1. Consider preparing waste plans, which demonstrate how the LG will contribute to relevant Waste Strategy 2030 headline strategies. These plans should be publicly available

The City is currently preparing a Waste Plan in accordance with the requirements of the Section 40(4) of the WARR Act to be submitted to DWER by 31 March 2021. This plan will be made publically available on the City's website.

2. Provide regular community updates on efforts to recover waste and meet Waste Strategy 2030 targets and seek community feedback where appropriate

The City now publishes Waste Services status reports (quarterly) which include updates on waste recovery performance. The City will also commence publishing its progress to its Waste Plan once it has been endorsed by Council.

3. Include performance measures in contracts with service providers to recover more waste without adding significant costs

The City is currently within long-term waste services contracts however will look to include such performance measures in future waste contracts.

4. Consider providing incentives for the community to minimise waste production.

The City provides incentives for minimising waste production however will outline further ways it will achieve this in its Waste Plan.

Summary

The audit has coincided with the requirement for LGs to prepare Waste Plans, which will for the most part address the recommendations of the audit.

STATUTORY IMPLICATIONS

Under section 7.12A of the *Local Government Act 1995*, all audited entities are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website.

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.

6.3 GENERAL MANAGER - FINANCE AND CORPORATE

6.3.1 OUTSTANDING DEBTORS TO BE WRITTEN OFF NOVEMBER 2020

Responsible Officer:	David Trevaskis General Manager Finance and Corporate
Author:	Toni Keown Assistant Accountant
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Absolute

OFFICER RECOMMENDATION

That the Committee recommend Council approve the write off of the attached Outstanding Debtor invoices totalling \$32,377.30.

EXECUTIVE SUMMARY

The purpose of this item is to seek formal resolution from Council to approve the write off of outstanding debtor invoices that the City has been unsuccessful in recovering and that is above the delegated authority of the CEO to write-off.

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 known budget implications resulting from the recommendation of this report. A provision for this doubtful debt was made in the 2019/20 financial year.

REPORT

Finance Officers and the Debt Recovery Officer have been unsuccessful in recovering debt owed to the City, as outlined in the attached Invoice Write off Report – November 2020. It is considered any further action to be uneconomical to recover the debt. The attachment lists details of the debtor code, invoice description, recovery action taken and the outstanding amount for write off.

STATUTORY IMPLICATIONS

S6.12(c) of the *Local Government Act 1995*, a local government may write off any amount of money which is owed to the local government.

POLICY IMPLICATIONS

As per the City CEO Delegated Authority Register July 2020, *Finance 07 – Writing Off of Small Minor Balances*, Council has delegated the authority to the CEO to authorise the writing off of an individual debt under \$25,000.

COMMUNITY ENGAGEMENT CONSULTATION

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

ATTACHMENTS

Invoice Write Off Report - November 2020 

6.3.2 RATES COLLECTION 2020/21

Responsible Officer:	David Trevaskis General Manager Finance and Corporate
Author:	Jocelyn Power Rates Coordinator
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council:

1. Receive the update on the progress of rates collection for the 2020/21 financial year;
2. Receive the update on outstanding rates and how debt collection is tracking for the 2020/21 financial year.

EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the progress of rates accounts, in both monies collected and outstanding for the 2020/21 financial year.

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

Rates income is an important source of City's revenue. Ratepayers have the option of paying their rates accounts by the following payment option types:

- i. Payment in full - due date 17/09/2020
- ii. Instalment Options
 - a. two instalments (due dates 17/09/20 and 19/11/20)
 - b. four instalments (due dates 17/09/20, 19/11/20, 21/01/21 and 25/03/21)
- iii. Payment Plan - Special Payment Arrangement

RATES COLLECTED

The amount of rates collected for 2020/21 as at 12 November 2020 is \$33,013,455 which represents 67.23% of total rates & charges levied. This compares to 64.83% (\$31,161,951) collected for the same period in 2019/20. This is an increase in rates collection of 5.94% compared to 2019/20 financial year.

An increase in the percentage of rates payments received can be attributed to more ratepayers choosing to pay their rates account in full. There has been a decrease in the number of ratepayers paying their rates by instalments or committing to payment plans. This is confirmed by the data displayed in Table 2 of the report.

Comparison rates collection statistical data for 2020/21 and 2019/20 is detailed in Table 1 below.

Table 1 Rates Collection Summary

Rating Year	Rates & Service Charges Levied \$	Rates Collected \$	Rates collected %	Rates Uncollected \$	Rates Uncollected %
2020/21	\$49,107,184	\$33,013,455	67.23%	\$16,093,729	32.77%
2019/20	\$48,064,459	\$31,161,951	64.83%	\$16,902,508	35.17%

RATES UNCOLLECTED

The total uncollected rates for 2020/21 as at 12 November 2020 is \$16,093,729 which represents 32.77% of total rates & charges levied. This compares to 35.17% (\$16,902,508) uncollected for the same period in 2019/20. This is a decrease of 4.78% in rate accounts uncollected compared to 2019/20 financial year.

Uncollected rates accounts can be broken down into three category types.

1. Instalments

Instalment payments comprise of two (2) or four (4) payments and represent 50.48% of rate accounts unpaid.

2. Payment Plans

Council offers alternative special payment plans to ratepayers who are unable to pay in full or by the instalments options. These accounts represent 13.84% of rate accounts unpaid.

3. Overdue/unpaid

Unpaid rate accounts that have not committed to any type of payment plan represent 35.69% of rates accounts unpaid. These properties are flagged for debt recovery.

Comparison data relating to overdue accounts has been summarised in Tables 2 and 3 below, depicting 2020/21 and 2019/20 statistics. The information distinguishes the overdue accounts by their category types; instalments, payment plans and outstanding (no action taken).

Table 2 2020/21 Uncollected Rates Accounts Summary

Rating Year	Account Status	Property Count	Total Outstanding \$	Total Outstanding %
2020/21	Instalment Payees	4159	\$8,122,892	50.48%
	Payment Plan Payees	1245	\$2,226,735	13.84%
	Outstanding Accounts	1584	\$5,742,957	35.69%
	TOTAL		\$16,092,584	

Table 3 2019/20 Uncollected Rates Accounts Summary

Rating Year	Account Status	Property Count	Total Outstanding \$	Total Outstanding %
2019/20	Instalment Payees	4699	\$9,201,612	54.44%
	Payment Plan Payees	1519	\$2,501,924	14.80%
	Outstanding Accounts	1498	\$5,198,972	30.76%
	TOTAL		\$16,902,508	

DEBT RECOVERY ACTION

Ratepayers with outstanding accounts that have not committed to instalments or a payment plan have been flagged for debt recovery action.

Stage 1 of Debt Recovery has commenced with the issuing of Final Notices on 12 October 2020.

Stage 2 of Debt Recovery with the issuing Letter of Demands is scheduled for 16 November 2020.

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.

6.3.3 2020 AUDIT UPDATE

Responsible Officer:	David Trevaskis General Manager Finance and Corporate
Author:	Xandra Curnock Financial Controller
Disclosure of Interest:	Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That the Committee recommend Council receive the update on the External Audit of the financial statements for year ending 30 June 2020.

EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the progress of the external audit engagement, scheduled audit exit meeting and presentation of audited financial statements date.

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 External Audit was conducted by Grant Thornton on behalf of the Officer Audit General (OAG).

The audit was completed in accordance with the Audit Planning time table. The Auditors worked remotely for the majority of the audit and attended the City offices for one week. They performed testing on all areas of the Financials, with a focus on areas they consider to be of high risk. No significant deficiencies were identified.

The OAG sent an alert to all Local Governments that there would be a delay for providing an audit opinion and final signing of the financials. This was due to changes to the Local Government (Financial Management) Amendment Regulations 2020. On 9 November 2020, the Department of Local Government, Sport and Cultural Industries advised of an amendment to the Regulations which took effect 1 July 2019 and had to be included in the 2019-20 audited financial statements.

The Key impact of these changes on the City are noted in the table below;

Amendment to Regulation	Effect on City Financial Statements	\$ Effect on City's 2020 Financials
<p>Land Under Roads</p> <p>a. The exemption for land under roads has been removed, but it will still be valued at zero.</p> <p>b. In accordance with AASB 16 Leases, land under roads is now considered a concessionary right-of-use asset that is to be valued using the cost model, i.e. zero.</p>	<p>Disclosure note changes.</p>	<p>\$nil</p>
<p>Plant and Equipment</p> <p>a. The requirement to revalue has been removed. Local governments are now required to use the cost model for plant and equipment.</p> <p>b. Art is considered to form a part of the plant and equipment assets, so there is no requirement to revalue. Art is considered to have an indefinite life, so should not be depreciated.</p>	<p>Going forward the City will not revalue its plant and equipment. Disclosure note changes.</p> <p>Historically the City did depreciate its Art. This has ceased for FY 2021. Historic depreciation considered immaterial. Disclosure note changes.</p>	<p>\$nil</p> <p>\$nil</p>
<p>Crown Land that is vested or under a Management Order, or other land that is not owned by the local government but which is vested in the local government</p> <p>a. The requirement to value vested land that is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance has been removed. Any values brought to account should be reversed against the relevant revaluation reserve.</p>	<p>The Golf Course land has been revalued to \$nil in accordance with this change in regulation. Reducing the Golf Course Land Asset to \$nil and the Golf Course Land Revaluation Reserve to \$nil.</p>	<p>\$3,822,460</p>

The City's draft financials have been amended accordingly. The changes did not impact on the City's closing surplus figure at 30 June 2020.

The Audit Exit meeting is scheduled for 9 December 2020, with the signed financials due to be presented to Council at the Ordinary Council Meeting on 14 December 2020.

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

8 CLOSURE