



**City of  
Kalgoorlie  
Boulder**

**MINUTES**

of the

**FINANCE AND AUDIT COMMITTEE MEETING**

**Held at 11:00AM**

on

**20 FEBRUARY, 2020**

in the

**Councillor's Conference Room**

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**Finance and Audit Committee Members**

Independent Chairperson Allan Pendal

Mayor John Bowler

Cr Laurie Ayres

Cr Gary Brown

Cr Glenn Wilson

Cr Nardia Turner

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

The Chairperson declared the meeting open at 11.06am welcoming those present.

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

Allan Pendal	Chairperson
Mayor John Bowler	<i>arrived at 11:34am</i>
Cr Laurie Ayers	
Cr Gary Brown	
Cr Glenn Wilson	
Cr Nardia Turner	

**MEMBERS OF STAFF:**

Mr John Walker	Chief Executive Officer
Mr David Trevaskis	General Manager Finance and Corporate
Ms Xandra Curnock	Financial Accountant
Ms Cally Galliers	Manager Organisation and People
Ms Michelle Todd	Manager Governance and Legal Services
Ms Karen Theaker	Governance Officer

**APOLOGIES – ELECTED MEMBERS:**

Nil.

**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**

**COMMITTEE RECOMMENDATION**

**MOVED BY: CR GLENN WILSON  
SECONDED BY: CR LAURIE AYERS**

**Minutes of Finance and Audit Committee Meeting held on 28 August 2019**

**That the minutes of the Finance and Audit Committee meeting held on 28 August 2019 be confirmed as a true record of that meeting.**

**CARRIED  
(6/0)**

## 6 REPORTS OF OFFICERS

### 6.1 CHIEF EXECUTIVE OFFICER

#### 6.1.1 OHS AUDIT REPORT UPDATE

<b>Responsible Officer:</b>	<b>John Walker</b> Chief Executive Officer
<b>Author:</b>	<b>Cally Galliers</b> Manager Organisation and People
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>VOTING REQUIREMENTS</b>	
Simple	
<b>OFFICER/COMMITTEE RECOMMENDATION</b>	
<b>MOVED BY:</b>	<b>CR LAURIE AYERS</b>
<b>SECONDED BY:</b>	<b>CR NARDIA TURNER</b>
<b>That the Committee recommend Council receive the update on the Paxon OHS Audit Actions and note the final report be presented to the Audit Committee at the May 2020 meeting.</b>	
<b>CARRIED</b> <b>(5/0)</b>	
<b>EXECUTIVE SUMMARY</b>	
On 15 May 2019 the Finance and Audit Committee (“Committee”) were presented with the findings from Paxon Group following the audit on: Workplace injury, death or disease due to poor safety culture/practices. This was a risk identified in the Operational Risk Register as a high risk.	
Following the audit findings, the City has been developing an action report, implementing processes and obtaining external advice, ensuring the actions put in place address the findings.	
The City is currently obtaining expert risk management and OHS advice from the City’s insurer, LGIS and will present the final Actions Report to the Committee at the May 2020 meeting.	
<b>COMMUNITY STRATEGIC PLAN LINKS</b>	
This report links to the Strategic Community Plan through the Community’s Guiding Principles to be a family friendly city that is a safe place to live work and play.	
<b>BUDGET IMPLICATIONS</b>	
There are no financial implications resulting from the recommendations of this report.	

The Paxon Group Audit identified the City had some significant areas in which to improve its performance in the following specific areas.

Following identification of action items, the City has been undertaking extensive review of current processes and procedures, and where appropriate implement actions, or identify actions to be implemented.

This report provides a summary update to the Committee of the actions completed, and those in progress to address the Paxon Group audit findings.

### **Actions Completed**

- The City has implemented an OHS policy, adopted by Council 26 August 2019.
- Goldfields Oasis Recreation Centre chlorine storage improvement processes implemented in April 2019.
- Pre-Start processes executed within Works Teams.
- Improvements actioned for oil and chemical storage.
- Hazard Identification and Workplace Inspection procedures have been developed in consultation by the City with LGIS following audit of all Sites.
- Launching of the Safety Focus Group with the aim of improving safety and community OHS issues and improvements in each business area.
- Completed initial draft Contractor Management Plan in October 2019.
- Assessment of emergency procedures completed September 2019.

### **Actions in Progress**

- Waste Water Plant capital upgrade in progress.
- OHS Risk Management Procedure and OHS Risk Management Register have been written and are being reviewed in consultation with LGIS.
- Development of emergency procedures with LGIS consultant.
- OHS procedures manual has been drafted and is currently being reviewed by LGIS.
- An OHS Training Plan is being developed with LGIS to improve the levels of OHS related training for employees and OHS representatives.

The City has implemented and completed several actions to address the audit findings and once consultation with LGIS is complete, expects the completion of many of the Actions in Progress to be completed.

### **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.

## 6.2 GENERAL MANAGER - FINANCE AND CORPORATE

### 6.2.1 APPROVE TERMS OF REFERENCE

<b>Responsible Officer:</b>	David Trevaskis General Manager Finance and Corporate
<b>Author:</b>	David Trevaskis General Manager Finance and Corporate
<b>Disclosure of Interest:</b>	Nil

### VOTING REQUIREMENTS

Simple

### OFFICER RECOMMENDATION

That the Committee recommend Council approve the Finance and Audit Committee's Terms of Reference as presented.

### COMMITTEE RECOMMENDATION

MOVED BY: CR GARY BROWN  
SECONDED BY: CR GLENN WILSON

That Council approve the Finance and Audit Committee Terms of Reference as endorsed by the Finance and Audit Committee.

**CARRIED**  
(5/0)

### EXECUTIVE SUMMARY

On 25 November 2019 Council endorsed the new membership to the Finance and Audit Committee ("Committee"), including the appointment of an Independent Chair. This is the first Finance and Audit Committee meeting since appointing the new membership and it is recommended to review and approve the Committee's Terms of Reference.

### 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

This report includes a revised version of the Finance and Audit Committee's Terms of Reference for review.

In summary, the following sections have been added since the Terms of Reference was last approved in October 2017.

### 3. Membership

The Committee shall comprise of:

#### **6 Voting members**

Five members being Elected Members of Council.

Independent Chairperson.

*Deletion of "Criteria"*

### 4. Chairperson

In addition to the Duties and Responsibilities as a Committee member, the Committee Chairperson shall:

- Provide leadership and direction to the Committee including providing meeting structure.
- Ensure effective communication between the Committee, the CEO and Council.

### 5. Reporting

- An agenda containing reports for the Committee to consider will be prepared by the Chief Executive Officer and General Manager Finance and Corporate and presented at each committee meeting.

### 6. Duties and Responsibilities

#### **External Audit**

*Deletion of process of appointment of external auditor – External Auditor is now appointed by the Office of Auditor General.*

#### **Internal Audit**

- Consider the CEO's review of the appropriateness and effectiveness of the financial management systems and procedures not less than once in every three years and report to Council the results of that review as per regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

#### **Other**

- Consider the CEO's review of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance not less than once in every three years and report to Council the results of that review as per regulation 17 of the *Local Government (Audit) Regulations 1996*.

Other minor non-substantive updates have been made to the Terms of Reference.

### **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 

**6.2.2 FINANCE AND AUDIT COMMITTEE MEETING SCHEDULE 2020 & FORWARD MEETING PLAN**

<b>Responsible Officer:</b>	David Trevaskis General Manager Finance and Corporate
<b>Author:</b>	Michelle Todd Manager Governance and Legal Services
<b>Disclosure of Interest:</b>	Nil

**VOTING REQUIREMENTS**

Simple

**OFFICER/COMMITTEE RECOMMENDATION**

**MOVED BY:** CR GLENN WILSON  
**SECONDED BY:** CR NARDIA TURNER

**That the Committee review and approve the meeting schedule for the Finance and Audit Committee for 2020 and recommend Council endorse the meeting schedule and forward meeting plan.**

**CARRIED  
(5/0)**

**EXECUTIVE SUMMARY**

In accordance with the Finance and Audit Committee Terms of Reference, the Committee are 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 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**

In accordance with the Finance and Audit Committee Terms of Reference, the Committee are 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 the Finance and Audit Committee Meetings for 2020 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 2020**

Thursday 20 February 2020

Thursday 21 May 2020

Thursday 20 August 2020

Thursday 19 November 2020

## **Agenda Items**

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

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

## **Committee Responsibilities**

The Committee is to provide independent assurance and assistance to the City with respect to the 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.

### 6.2.3 COMPLIANCE AUDIT RETURN 2019

<b>Responsible Officer:</b>	David Trevaskis General Manager Finance and Corporate
<b>Author:</b>	Michelle Todd Manager Governance and Legal Services
<b>Disclosure of Interest:</b>	Nil

#### VOTING REQUIREMENTS

Simple

#### OFFICER/COMMITTEE RECOMMENDATION

**MOVED BY:** CR GARY BROWN  
**SECONDED BY:** CR NARDIA TURNER

That the Committee recommend Council receive and endorse the submission of the Compliance Audit Return for the period 1 January 2019 – 31 December 2019 to the Department of Local Government, Sport and Cultural Industries in accordance with the *Local Government (Audit) Regulations 1996*.

**CARRIED**  
(6/0)

#### EXECUTIVE SUMMARY

Pursuant to Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, Local Governments are required to complete and return an annual Compliance Audit Return to the Department of Local Government, Sport and Cultural Industries by 31 March 2020.

It is a requirement that the Compliance Audit Return is presented to the Finance and Audit committee for review prior to submission to Council. The City of Kalgoorlie-Boulder Compliance Audit Return for 2019 is attached to this report.

#### 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

The Regulations require the City to complete an annual Compliance Audit Return to be submitted to the Department of Local Government, sport and Cultural Industries by 31 March each year.

The Compliance Audit Return 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's compliance with statutory obligations.

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.

There was one item of non-compliance as detailed below:

### **Disclosure of Interest**

#### **Q9 Was an annual return lodged by all designated employees by 31 August 2019?**

A9 One employee did not complete the annual return by 31 August 2019 due to being on maternity leave. The employee failed to return the annual return form.

Although the employee was on maternity leave and not exercising any delegated authority, the employee is a designated employee in accordance with the *Local Government Act 1995* and is required to submit a return by 31 August.

No other instances of non-compliance were identified.

### **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 2019 

**6.2.4 2019 AUDIT FINDINGS UPDATE**

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

**VOTING REQUIREMENTS**

Simple

**OFFICER/COMMITTEE RECOMMENDATION**

**MOVED BY:** CR LAURIE AYERS  
**SECONDED BY:** CR GARY BROWN

**That the Committee consider significant audit findings from 2019 annual external audit and recommend Council receive the update on the audit report findings and endorse the proposed actions.**

**CARRIED  
(6/0)**

**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 and moderate audit findings from the 2019 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 18 December 2019 presented by the City's auditor, Grant Thornton, and the OAG. Mayor John Bowler, Independent Chairperson Allan Pendal, Chief Executive Officer John Walker, General Manager Finance and Corporate David Trevaskis and Financial Controller Xandra Curnock were in attendance.

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

### **Significant Findings**

Significant findings were put in a report and sent to the Minister on 29 January 2020 in accordance *Local Government Act 1995*, section 7.12A. Please refer to the attachment.

#### **1. Bank Reconciliations**

Improvements in reconciliation process have been implemented during FY 2020. Continues to be an improvement process. Aim to have reconciling items reduced to include only transactions from prior two months.

The implementation of Altus Bank Reconciliation feature will assist in achieving this by 30 June 2020, as will bring efficiencies to the bank reconciliation process.

#### **2. General Ledger Review**

Balance Sheet reconciliations are now documented as reviewed. Journal transactions are reviewed by the Financial Controller or an Accountant prior to posting.

#### **3. Key Management Personnel (KMP) Declarations**

Discussed with Council in December 2019. Further reminders to be given prior to 30 June 2020 to ensure forms completed.

### **Moderate Findings**

The moderate findings will be presented to the Committee. Moderate findings are not required to be addressed in the report to the Committee and Minister, however will be addressed for the information of the Committee.

### **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 

Department of Local Government, Sport and Cultural Industries Audit Compliance Update 

**6.2.5 INVESTMENT PORTFOLIO SUMMARY AS AT 31 DECEMBER 2019**

<b>Responsible Officer:</b>	David Trevaskis General Manager Finance and Corporate
<b>Author:</b>	Ishani Subaharan Corporate Accountant
<b>Disclosure of Interest:</b>	Nil

**VOTING REQUIREMENTS**

Absolute

**OFFICER/COMMITTEE RECOMMENDATION**

**MOVED BY:**      **MAYOR JOHN BOWLER**  
**SECONDED BY:**    **CR GLENN WILSON**

**That the Committee recommend Council receive the City's Investment Portfolio summary for the year to date 31 December 2019.**

**CARRIED BY ABSOLUTE MAJORITY  
(6/0)**

**EXECUTIVE SUMMARY**

The purpose of this report is to present the Committee with investment reporting for the year to date 31 December 2019.

**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 budget implications resulting from the recommendations of this report – forecast interest income is 7% under budget.

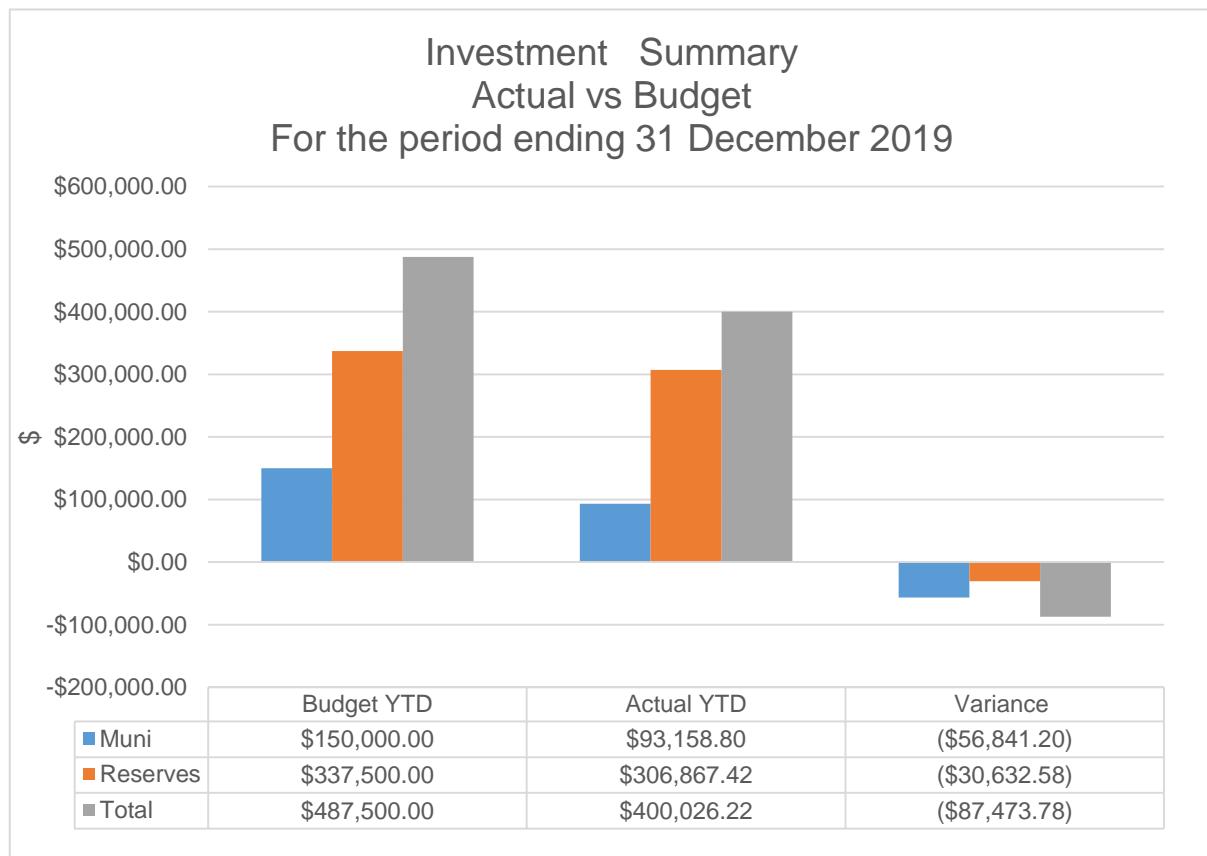
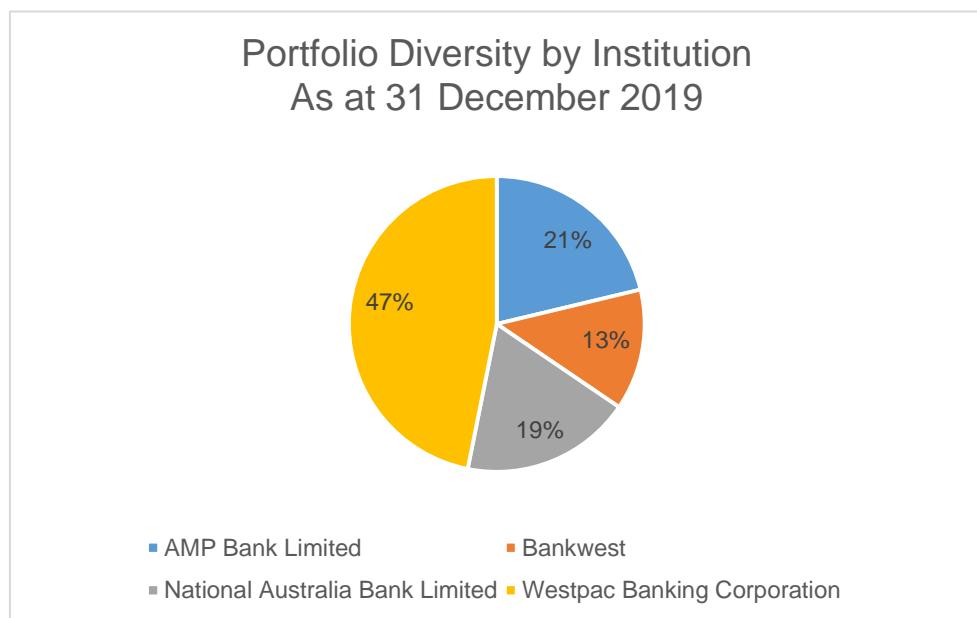
**REPORT**

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.

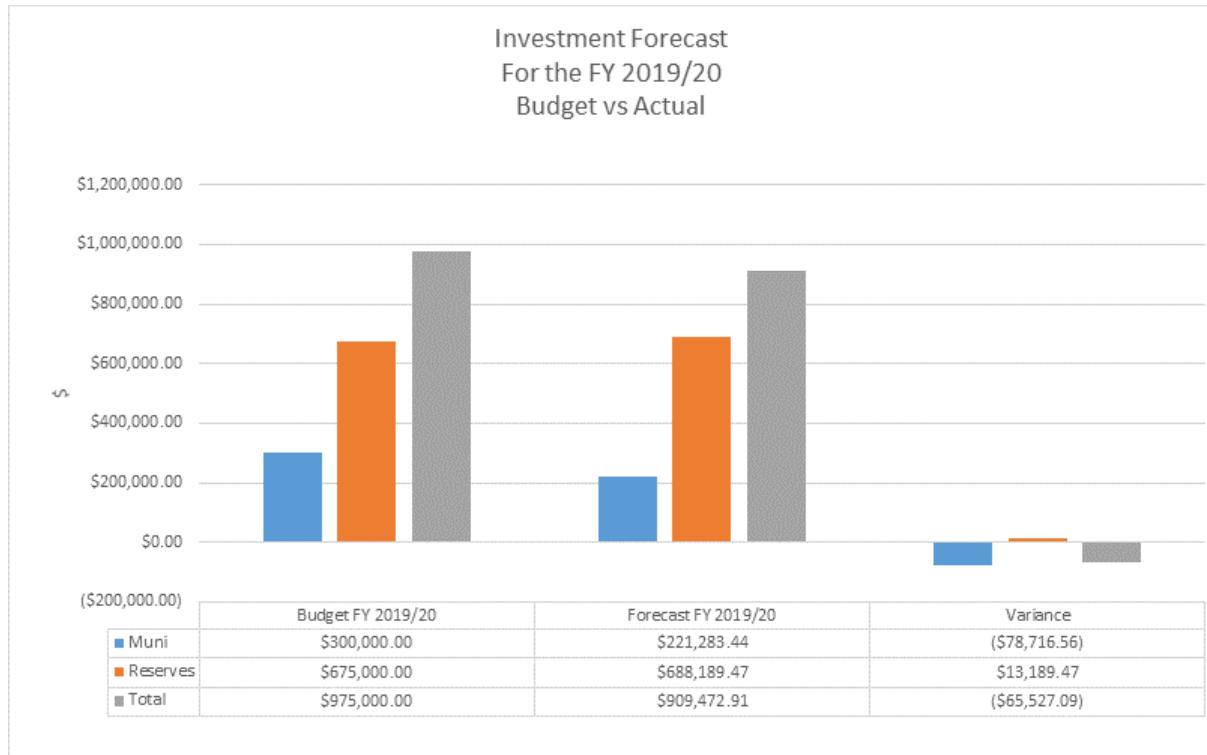
During the financial year to 31 December 2019 cash funds have been invested in term deposits through Authorised Deposit-Taking Institutions ("ADI's") in accordance with the City's Investment Policy CORP-F-001.

The City invested \$5m of Municipal Funds and \$34.7m of Reserve Funds in term deposits at various terms during the financial year 2019/20.



In comparison of interest earnings, actual with budget from Municipal Fund investments for the year to date 31 December 2019, the variance is (\$57k) which is 38% under budget. This is due to no term deposit investments occurred for the first half of the financial year.

Interest earnings from Reserve Funds had a variance of (\$31k), which is 9% under budget.



The total forecast of interest income from Municipal and Reserve funds for the full financial year 2019/20 is \$909k whereas the budgeted interest income is \$975k.

Based on the forecast for the full financial year 2019/20, the overall variance of interest earnings will be (\$66k), 7% under budget.

For the budget interest earnings for the full financial year to be achieved, a further \$15m needs to be invested in Term Deposits.

As it is unlikely the City will financially be able to set aside \$15m cash for the next 3 months, it is recommended that the budget for the interest earnings be revised to match the forecast during the mid-year Budget review in 2019/20.

## STATUTORY IMPLICATIONS

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

## POLICY IMPLICATIONS

Investments are made in accordance with the City's Investment Policy CORP-F-001.

## **COMMUNITY ENGAGEMENT CONSULTATION**

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

### 6.2.6 2019/20 RATES COLLECTION

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

### VOTING REQUIREMENTS

Simple

### OFFICER/COMMITTEE RECOMMENDATION

**MOVED BY:** CR GLENN WILSON  
**SECONDED BY:** CR LAURIE AYERS

That the Committee recommend Council:

1. Receive the outstanding rates report for the 2019/20 financial year; and
2. Receive the report showing debt recovery actions being undertaken by the administration for overdue rates accounts are sufficient and appropriate.

**CARRIED  
(6/0)**

### EXECUTIVE SUMMARY

The purpose of this report is to:

1. Advise the Committee and Council of the current level of outstanding rates debt; and
2. Provide a progress report on the internal debt recovery actions related to overdue rates accounts.

### 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

The City is responsible for the upfront payment of legal and court fee costs associated with recovery action through the Magistrates Court. Under the provisions of section 6.56 of the *Local Government Act 1995*, these costs are recoverable from the ratepayers involved – the individual amounts are added to the assessments as soon as the costs have been incurred.

## REPORT

### Rates Collection

The City is aware of financial pressures which are currently being experienced within the community. This is being reflected by the significant outstanding rates at the end of financial years. High levels of outstanding rate debt can indicate a range of issues including affordability due to rising levels of mortgage stress.

It is the priority of the City to ensure that good debt recovery practises continue so we don't see a rising trend of rates debt. In an effort to maximise recovery of outstanding rates and charges together with reducing overall rate debt, the City has been developing strategies to address the issue. For the 2019/20 financial year we have placed a stronger importance on the timing of reminder rates notices, final notices and demand letters sent and their respective due dates. In addition, automated *electronic reminders* and *alerts* have proved to be a useful and effective tool.

The amount of rates collected as at 28 January 2020 is \$34,947,638, representing 77.19% of the total rates billed for both current and rates arrears. This compares to 77.05% collected for the same period in 2018/19.

**Table 1 Rates Billing Summary (including service charges)**

Rating Year	Rates Billing \$	Collected \$	%	Uncollected \$	%
2019/20	\$45,285,563	\$34,947,638	77.19%	\$10,329,219	22.81%
2018/19	\$43,935,673	\$33,852,485	77.05%	\$10,073,188	22.93%

### Uncollected Rates

The uncollected rates for the same 2019/20 period are \$10,329,219 outstanding, representing 22.81% of the total amount overdue.

**Table 2 Rates Outstanding Summary (including service charges)**

Rates Outstanding \$10,329,219	Debt Status	Total \$	Property Count	Debt %
	Payment Plans	\$6,535,797	5573	63.27%
	Debt Recovery	\$3,793,422	1060	36.73%

The outstanding rates comprise of two group types of debts:

1. Payment Plans; and
2. Debt Recovery.

### Payment Plans

Payment Plans total \$6,535,797, representing 63.27% of the total of uncollected rates (22.81%) for 2019/20.

Payment plans comprise of four (4) distinctive groups of ratepayers. These are:

1. Instalment payees – paying by either two (2) or four (4) payments;

2. Periodic direct debit payees – paying weekly, fortnightly or monthly payments;
3. Special Payment payees – assessed as experiencing ‘temporary’ or ‘ongoing’ financial stress and payments are negotiated accordingly; and
4. Concessional Card entitled payees – rates accounts must be paid by 30 June 2020 to be eligible to receive their concessional rebate from the State Government.

Table 3 Payment Plans Summary

Payment Plans \$6,535,797	Payment Plan Type	Count	Total \$	%
	Instalments	4202	3,877,535	59.33%
	Periodic Payment Plans (via direct debit)	1080	1,433,044	21.93%
	Special Payment Plans (financial hardship)	177	774,044	11.84%
	Eligible Pensioners	61	117,641	1.80%
	Eligible Pensioners (with deferment )	53	333,533	5.10%
	<b>TOTAL</b>	<b>5573</b>	<b>6,535,797</b>	

### Debt Recovery

Overdue rates accounts (who have not entered into any payment plan) total \$3,793,422 representing 36.73% of the total of uncollected rates (22.81%) for 2019/20. These properties are managed by our Debt Collection Officer with assistance from the Rates Team.

Our debt recovery processes ensure that all possible avenues are used to reduce the debt including:

- Promoting periodic payments through a direct debit agreement;
- Offering negotiated payment plans for ratepayers experiencing temporary or ongoing financial hardship;
- Regularly sending out automated reminders if rate accounts are overdue:
  - Inviting the ratepayer to contact us to discuss payment options, and/or
  - advise of pending legal action; and
- Commencing legal action if the above actions fail to gain a response.

Table 4 Debt Recovery Summary

Debt Recovery \$3,793,422	Debt Type	Count	Total \$	%
	Debt > \$1500	633	165,759	4.37%
	Mortgagee/Bankruptcy/ Deceased Estates in Probate	13	88,002	2.3%
	Pending & Active Legal Action	326	1,677,429	44.22%
	Council Referrals	88	1,862,232	49.09%
	<b>TOTAL</b>	<b>1060</b>	<b>3,793,422</b>	

## Stages of Rates Collection

### Stage 1

Final Notices were sent on 8 October 2019, three (3) weeks after the rates were due to be paid. At this point we began an additional process of contact via SMS messaging, emails and phone calls. Where possible we encouraged ratepayers to consider the City's payment plan options if they were unable to pay in full. Those options being:

1. Instalment; two (2) or four (4) payments; or
2. Direct debit periodic payments; weekly, fortnightly or monthly frequency; or
3. Through Centrepay, if receiving concession entitlements; or
4. Consideration for a special payment plan due to financial stress or hardship.

**Table 5 Final Notices Issued Summary**

Notice Type	Number Issued	Total Outstanding \$
Final Notice	4666	10,437,203

### Stage 2

Unresponsive ratepayers with no payment arrangements in place and with overdue rates accounts in excess of \$400 were referred internally to the City's Debt Recovery Officer for debt collection. Letter of Demands were issued on 15 November 2019 advising of imminent legal action if letters were not responded to.

Additional resources were committed to the process of obtaining and/or confirming postal addresses and other contact details (telephone and/or email) in an effort to ensure ratepayers were aware of their debt and the consequences of non-payment of accounts.

**Table 6 Letter of Demands Summary**

Notice Type	Number Issued	Total Outstanding \$
Letter of Demand	1000	2,904,672.42

### Stage 3

Round one (1) of legal action commenced on 13 January 2020 on overdue accounts in excess of \$1500, and 194 General Procedure Claims (GPC) were lodged with Kalgoorlie's Magistrates Court. The documents are currently in the process of being served on ratepayers by the bailiff, Baycorp's field representative, the contracted provider to the Magistrate Court. Under the provisions of section 6.56 of the *Local Government Act 1995* the associated court costs are recoverable from the ratepayers involved – the individual amounts are added to the assessments as soon as the costs have been incurred.

**Table 7 General Procedure Claims Summary**

Total No of Claims Lodged	Total Debt \$	Total Court Costs \$	Total Costs Recoupable \$
194	677,7289	70,168	70,168

After service of claims, ratepayers have the option to pay their rate account in full or they can negotiate a payment plan with the City. If ratepayers choose to take no action, then proceeding to default judgment is the next available step.

A second and third round of general procedure claims lodgement has been scheduled for February and May. This will include the following type of overdue rate accounts:

1. Payment arrangement defaulters who have reached the maximum times their arrangements have been reinstated;
2. "Promise to pay ratepayers", where full payment or payment agreements have not been forthcoming; and
3. Overdue instalment payees (final payment due 23 March 2020).

#### **Stage 4**

If ratepayers choose to take no action, then proceeding to default judgment is the next available step. Default Judgment is where the Court orders judgment against the Respondent. The Court can issue a property Seizure & Sale Order (PSSO) on Goods and/or Land for enforcement of the judgment. Once issued, a PSSO authorises a Bailiff to identify and seize any freehold goods owned by the ratepayer/s. Any seized goods, if payment is not forthcoming, could be auctioned, with the proceeds coming to the City to pay off the debt.

#### **Council Referrals**

In addition to recovering the current outstanding, we are also looking to resolve issues with properties with several years' outstanding rates which for various reason we have not been able to recover. A detailed report on these properties will be prepared and presented to the Finance and Audit Committee and Council for their deliberation at the next scheduled meeting.

**Table 8 Council Referrals Summary**

Council Referrals	Property Count	Total \$
Review Properties with arrears > than 3 ½+ years (possible repossession)	72	857,320
Write offs - Provisions for Doubtful Debt	16	1,004,912
<b>TOTAL</b>	<b>57</b>	<b>1,862,232</b>

#### **Summary**

The City has adopted a flexible, fair and realistic approach to debt recovery. This will hopefully achieve better long term outcomes for the City and ratepayers. Ratepayers usually default on the payment of debts because of circumstances beyond their control, such as unemployment, illness or family breakdown. If their

situation becomes a more permanent change, ratepayers have access to apply for financial hardship under the City's 'Financial Hardship for Debtors' policy. The City also encourages debtors to talk to a financial counsellor who can provide guidance on how to manage their debts and finances.

### **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.

### 6.2.7 STRATEGIC RISK REGISTER REVIEW

<b>Responsible Officer:</b>	David Trevaskis General Manager Finance and Corporate
<b>Author:</b>	Michelle Todd Manager Governance and Legal Services
<b>Disclosure of Interest:</b>	Nil

#### VOTING REQUIREMENTS

Simple

#### OFFICER RECOMMENDATION

**MOVED BY:** MAYOR JOHN BOWLER  
**SECONDED BY:** CR GARY BROWN

That the Committee review the February 2020 Strategic Risk Register and recommend its adoption by Council.

#### COMMITTEE RECOMMENDATION

That Council:

1. Adopt the February 2020 Strategic Risk Register;
2. Recommend the Finance and Audit Committee receive the Strategic Risk Register quarterly;
3. Request the Finance and Audit Committee conduct a full review of the Strategic and Operational Risk Registers at the August meeting;
4. Request the Finance and Audit Committee conduct full reviews annually thereafter; and
5. Request the CEO prepare a report for the Finance and Audit Committee outlining the risks identified in the Strategic Community Plan, linking those risks to the Strategic Risk Register.

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 Councillors review. Council have resolved to review the Strategic Risk Register on a quarterly basis through the Finance and Audit Committee.

#### 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 systems and procedures in relations to, amongst other things, risk management. Those procedures are to be reviewed at least once every 3 years with a report on the results of the review to be presented to the Finance and Audit Committee.

The Finance and Audit Committee 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.

The Committee is requested to complete a review of the February 2020 Strategic Risk Register, and if appropriate, recommend for adoption by Council.

**STATUTORY IMPLICATIONS**

Compliance with section 17 of 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**

Strategic Risk Register February 2020 

## 7 CONFIDENTIAL ITEMS

Nil.

## 8 GENERAL BUSINESS

Independent Chairperson Allan Pendal addressed the Committee with the following general business.

1. Each Committee member is to consider the current Agenda items and the topics covered, offering suggestions of other areas to be included.
2. Request the General Manager Finance and Corporate, David Trevaskis, provide the following at every Finance and Audit Committee meeting going forward:
  - Statement of Comprehensive Income by nature and type; and
  - Statement of Financial Position.

Note: Both documents will be for the previous quarter.

3. Enquire as to the Committee's interest in receiving tailor-made training facilitated by an external resource, Mr Steven Cole. Mr Cole has over 40 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non-executive appointments. He has authored many articles and publications on corporate governance and speaks at industry conferences, seminars and workshops with presentations all over the world. Mr Cole will offer his broad knowledge to the Committee including practising good corporate governance and the roles and responsibilities of Finance and Audit Committee members. The Committee have undertaken to engage in specialised training with Mr Cole.

## 9 CLOSURE

There being no further business, the Independent Chairperson, Mr Allan Pendal, thanked those present for their attendance and declared the meeting closed at 12:24pm.