

SHIRE OF WYNDHAM EAST KIMBERLEY

Audit (Finance & Risk) Meeting: Agenda

10 June 2024



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SHIRE OF WYNDHAM EAST KIMBERLEY
AGENDA OF THE
AUDIT (FINANCE AND RISK) COMMITTEE
KUNUNURRA COUNCIL CHAMBERS
HELD ON TUESDAY, 10 JUNE 2024 AT 5:00 PM

1. DECLARATION OF OPENING

Members of the Public are advised that recommendations to Council contained within this Agenda and decisions arising from the Committee meeting can be subject to alteration. Applicants and other interested parties should refrain from taking any action until such time as written advice is received confirming Council's decision with respect to any particular issue. An audio and/or video record will be made of these proceedings to assist in the taking of minutes.

2. RECORD OF ATTENDANCE / APOLOGIES

3. PUBLIC QUESTION TIME / PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

4. DECLARATION OF INTEREST

- Financial Interest
- Impartiality Interest
- Proximity Interest

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

That the Minutes of the Audit (Finance and Risk) Committee meeting of 11 March 2024 be accepted as a true and accurate record of proceedings.

Note: The Minutes of the Audit (Finance and Risk) Committee are provided under separate cover via www.swek.wa.gov.au

6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS

7. REPORTS

7.1. STANDING ITEM - SUNDRY DEBTORS

DATE:	10 June 2024
AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Meredith Blair Manager Finance
FILE NO:	FM.07.02
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee reports to Council that the actions being undertaken by the administration in regard to sundry debtors including sundry debts in legal process are sufficient and appropriate.

PURPOSE

To review the status of sundry debtors, including airport debtors, and sundry debts in legal process.

BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

The listing of 90+ day sundry debtors was provided at the Ordinary Council Meeting on a monthly basis until March 2009 when Council resolved that the 90+ days debtor list be removed from the Council Agenda as a standing item and be presented to the Audit (Finance and Risk) Committee (Committee) for consideration and to make recommended actions to Council as this falls within the scope of the committee's purpose.

In line with the more strategic focus of the new Committee the report in April 2012 only included debtor balances at 90+ days and over \$500.

To further progress this strategic focus this item has been changed to provide summary information regarding all sundry debts including airport landing fees administered by Avdata on the Shire's behalf.

Further changes were recommended to the Audit Committee at the February 2014 meeting to modify the report by removing the categories previously reported and to report sundry debtors as a whole, with airport debtors still being identified separately and that only debtors in excess of \$20,000 be provided with more detail. These changes were supported by the Committee and have been considered in the writing of this report.

STATUTORY IMPLICATIONS

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23. (2) (e) (iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person and because the item also contains legal advice to the Council.

POLICY IMPLICATIONS

Policies relevant to this item:

Council Policy *POL-2009 Sundry Debt Collection*

Council Policy *POL-2016 Financial Hardship - Rates and Sundry Debtors*

FINANCIAL IMPLICATIONS

Legal fees may be incurred to recover debts or revenue written off if debt recovery is considered not economically viable.

It should be noted however, that as outlined in section 9 of Council Policy *POL-2009 Sundry Debt Collection Policy*, when possible 'Debt collection and legal fees associated with the recovery of outstanding debts will be recovered from the sundry debtor to the extent allowable under legislation and will be assessed on a case by case basis'.

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

FOCUS AREA: Sustainability

GOAL 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

GOAL OUTCOME 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

STRATEGY 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Control: Policies updated in accordance with schedule and operational requirements.

COMMUNITY ENGAGEMENT

Council Policy *POL-3100 Community Engagement* has been considered in relation to this item. No community engagement is required however there is regular contact with debtors generally.

COMMENTS

Sundry Debtors (General) Summary as at 31 May 2024

Categories	90 Days	60 Days	30 Days	Current	Total
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	No	\$	\$	\$	\$	\$
Sundry Debtors	60	1,148,794	13,088	65,574	449,711	\$21,647,341

Note: The information in the above table is from the Shire's Debtors System. The revenue is recognised when the debt is raised.

Sundry Debtors (Airport Landing Fees) Summary as at 31 May 2024

Categories	90 Days		60 Days	30 Days	Current	Total
	No	\$	\$	\$	\$	\$
Kununurra Airport	31	102,350	4585	94,939	142,814	344,689
Wyndham Airport	2	318	257	53	2,353	2,981
Total	33	102,668	4,842	94,992	145,167	347,670

Note: The information in the above table is provided by Avdata. The revenue is recognised on a monthly basis from invoicing details provided.

Additional Information

Virgin Administration

It should be noted that Virgin Australia Holdings Limited and its related entities were placed into Voluntary Administration effective from 20 April 2020. Further details are provided in confidential attachment 1.

Impact of COVID-19

In response to the COVID-19 pandemic the Shire has put in place a number of initiatives to assist ratepayers, businesses, and the community in general that have an impact on the Shire's debt collection processes. These include the adoption of Council policy *CP/FIN-3219 Financial Hardship - Rates and Sundry Debtors* to allow those experiencing financial hardship to apply for debt relief including the waiver of interest and fees and charges, and minor amendments to policy *CP/FIN-3214 Sundry Debt Collection* to allow for extended payment arrangement terms. In addition to this legal action has been placed on hold for most outstanding sundry debtors.

At the April 18 2023 Ordinary Council Meeting, Council adopted Policy *POL-2016 Financial Hardship - Rates and Sundry Debtors* and rescinded Policy *CP/FIN-3219 Financial Hardship - Rates and Sundry Debtors*. The new policy is a general financial hardship policy and will apply to sundry debtors assessed as being in financial hardship under the previous policy and will apply to debtors as required in the future as the Shire understands that many businesses and sundry debtors continue to be impacted by the current economic climate.

ATTACHMENTS

(Confidential attachments provided under separate cover).

Confidential Attachment 1 - Sundry Debtors at 31 May 2024

7.2. STANDING ITEM - INSURANCE CLAIMS

DATE:	10 June 2024
AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Meredith Blair Manager Finance
FILE NO:	RM.01.2
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee recommends to Council that it notes the Insurance Claims Report and associated attachments.

PURPOSE

To report to the Audit (Finance and Risk) Committee (the Committee) the insurance claims that have been lodged for the 2021/22, 2022/23 and 2023/24 financial years, the associated costs and the status of the claims.

BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

The Audit (Finance and Risk) Committee has as one of its functions to facilitate the effective management of financial and other risks and the protection of Council assets. The Shire administration is currently allocating time and resources to risk management and it is appropriate that the Shire's risk performance is reported to the Committee as a standard report on a quarterly basis.

STATUTORY IMPLICATIONS

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23.(2)(a) and Section 5.23.(2)(e)(iii) of the *Local Government Act 1995* because the item deals with a matter affecting an employee or employees, and because the item may disclose information about the business, professional, commercial or financial affairs of a person.

POLICY IMPLICATIONS

The following Shire documents are relevant to this report:

- Corporate Insurance Strategy
- POL-1011 Risk and Opportunity Management Policy

FINANCIAL IMPLICATIONS

Insurance premiums have been considered in the 2022/23 and 2023/24 budget processes. The Shire has, in terms of its insurance policies, insurance excesses that it has to absorb as

a “first loss” in the event of a claim. These excesses are set out in the detailed insurance schedules accompanying the insurance policies.

There are no other financial implications arising out of the preparation of this report.

RISK IMPLICATIONS

Risk: Failure to manage the appropriateness and effectiveness of the Shire’s systems and procedures in relation to risk management, internal control and legislative compliance.

Control: Audit Regulation 17 Conducted every three years and recommendations implemented.

Annual review of insurance cover.

COMMUNITY ENGAGEMENT

The Shire of Wyndham East Kimberley’s POL-3000 *Community Engagement Policy* has been considered in relation to this item.

No community engagement is required.

COMMENTS

The Terms of Reference for the Audit (Finance and Risk) Committee set out as one of the objectives to “facilitate the effective management of financial and other risks and the protection of Council assets”. Part of the *Local Government Operational Guidelines Number 09 - Audit in Local Government* identifies that “good audit committee practices in monitoring internal control and risk management programs typically include: assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance.”

The attachments detail the cost of claims across four categories where claims were made for the financial years 2021/22, 2022/23 and 2023/24. These can be summarised as follows:

	2021/22		2022/23		2023/24	
	Number of Claims	Estimated Costs \$	Number of Claims	Estimated Costs \$	Number of Claims	Estimated Costs \$
Property	5	283,022	2	209,892	4	136,330
Liability	5	2,203	1	0	1	16,838
Motor Vehicle	2	1,250	2	53,721	2	6,295
WorkCar e	6	9,799	5	257,166	4	51,034
Total	18	296,274	10	520,779	9	210,497

Property

There were five claims for property damage lodged during the 2021/22 year, all of which have been finalised. The total cost of the finalised claims was \$283,022. There were two claims lodged in 2022/23, both of which have been finalised with total costs of \$209,892. There have been four claims lodged to date in 2023/24 with estimated total costs of \$136,330.

Liability

There were five liability claims lodged in 2021/22, three of which were denied and all of which have been finalised with total costs of \$2,203. There was one claim lodged in 2022/23 which was denied. There has been one claim lodged to date in 2023/24 which is currently awaiting final proof of loss by the claimant to be provided to LGIS.

Motor Vehicle

There were two motor vehicle claims lodged in 2021/22 with total costs of \$1,250. There were two claims lodged in 2022/23, one of which is closed with total costs of \$28,221 and one that is open with an estimated cost of \$25,500. There has been 2 claims lodged to date in 2023/24 with an estimated cost of \$6,295.

WorkCare

There were six WorkCare claims submitted in 2021/22 with total costs of \$9,799 all of which have been finalised. There were five claims in 2022/23. All have been accepted with two finalised with a cost of \$12,183. The total paid to date on the other three claims is \$123,819 with estimated total costs of \$244,983. There have been four claims to date in 2023/24. Two have been accepted with estimated total costs of \$3,143, one is pending with estimated total costs of \$23,000 and one has been rejected with estimated total costs of \$24,891.

Work Health, Safety, and Wellbeing

The Shire recruited a Safety and Wellbeing Officer in 2019 to assist in the development, implementation and management of the Shire's Workplace OSH processes, procedures, as well as coordinating health and wellbeing programs and initiatives. The Shire has also been working closely with its insurers, LGIS, to provide training to all staff on their responsibilities for maintaining a safe workplace.

In 2022/2023 a program commenced to identify the Shire's critical risks and to identify and evaluate controls. Further work is being undertaken to reduce the risk of occurrence of incidents including trips and falls, and manual handling issues, which have the potential for the types of injuries that result in work restrictions and compensation claims. A Safety and Wellbeing Report is provided to management on a quarterly basis providing detailed information on Safety performance for the period.

LGIS Risk Reviews

Risk reviews were conducted by the Shire's Insurers LGIS at Waste Facilities (Wyndham and Kununurra) and East Kimberley Regional Airport and Wyndham Aerodrome in April 2023. The primary focus of these reviews was on risks associated with the outbreak of fire and recommendations for mitigation controls. Reports were provided in July. In response to these, work has been undertaken and action plans put in place for all sites. The insurer will be provided with updates in response to the recommendations provided.

ATTACHMENTS

(Confidential Attachments provided under separate cover).

Confidential Attachment 1 - LGIS Property Claims Report
Confidential Attachment 2 - LGIS Liability Claims Report
Confidential Attachment 3 - LGIS Motor Vehicle Claims Report
Confidential Attachment 4 - LGIS WorkCare Claims Report

7.3. STANDING ITEM - LEASES

DATE:	10 June 2024
AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Meredith Blair Manager Finance
FILE NO:	CP.07 and CP.16
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - Plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Committee recommends to Council that it notes the Confidential Lease Schedule and the New and Renewal Lease Schedule attached.

PURPOSE

To consider the attached Confidential Lease Schedule and New and Renewal Lease Schedule.

NATURE OF COUNCIL'S ROLE IN THE MATTER

Provider - provide physical infrastructure and essential services.

BACKGROUND/PREVIOUS CONSIDERATIONS BY COUNCIL/COMMITTEE

The Shire of Wyndham East Kimberley administers over thirty five leases including airport leases, commercial leases and leases to community organisations.

In December 2007 the Audit (Risk and Finance) Committee resolved:

Minute No. A066

Moved: Cr Keith Wright

Seconded Cr Frederic Mills

1. *That the Audit Committee note that the responsibility for the management of leases and periodical contracts is that of the Executive Manager Corporate Services.*
2. *That the Audit Committee note that the Executive Manager Corporate Services monitors the leases and coordinates the lease database and reporting to Executive Managers, the Audit Committee and Council.*
3. *That the Audit Committee request staff to present an updated Lease Spreadsheet certified by Executive Manager Corporate Services to each Audit Committee meeting as a standing item.*

Carried Unanimously 4/0

STATUTORY IMPLICATIONS

This item in a Council Meeting needs to be discussed behind closed doors under Section 5.23.(2)(e)(iii) of the *Local Government Act 1995* because the item may disclose information about the business, professional, commercial or financial affairs of a person.

POLICY IMPLICATIONS

POL-3008 Leasing of Council Managed Reserve Land – Community is relevant.
POL-3009 Leasing of Council Managed/Owned Land – Commercial is relevant.

FINANCIAL IMPLICATIONS

There are no direct financial implications from the preparation of this report.

RISK IMPLICATIONS

Risk: Failure to provide community services which meet the needs and expectations of the community to support social cohesion and participation.

Control: Provide community leases to various community groups in line with Council Policy POL-3008 Leasing of Council Managed Reserve Land - Community to support community organisations in the provision of services, facilities and events.

COMMUNITY ENGAGEMENT

The Shire of Wyndham East Kimberley POL-3000 Community Engagement Policy has been considered in relation to this item.

No community engagement is required.

COMMENTS

Shire officers are currently working on two outstanding new and renewal leases. While the Shire is making every attempt to finalise the remaining leases as soon as possible, control over the timeline in progressing the leases is not vested entirely in the Shire. Details of outstanding leases are contained in Attachment 2.

ATTACHMENTS

(Confidential attachments provided under separate cover)

Confidential Attachment 1 - Lease Schedule

Confidential Attachment 2 - New and Renewal Lease Schedule

8. MATTERS BEHIND CLOSED DOORS

9. CLOSURE