



Agenda

Audit and Risk Management Committee

Monday 19 June 2023 6.00pm

**Agenda – Audit and Risk Management Committee
19 June 2023**



Notice of an Audit and Risk Management Committee meeting

Elected Members

An Audit and Risk Management Committee meeting of the City of Fremantle will be held on **Monday 19 June 2023** in the Seminar Room at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 6.00pm.

A handwritten signature in black ink, appearing to read "M. Hammond".

Matt Hammond
Director City Business

15 June 2023



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1. Official opening, welcome and acknowledgement

Ngala kaaditj Whadjuk moort keyen kaadak nidja Walyalup boodja wer djinang Whadjuk kaaditjin wer nyiting boola yeye.

We acknowledge the Whadjuk people as the traditional owners of the greater Fremantle/Walyalup area and we recognise that their cultural and heritage beliefs are still important today.

2. Attendance, apologies and leave of absence

Mr Ben Arnold Independent Member - Apology

3. Disclosures of interest by members

Elected members must disclose any interests that may affect their decision-making. They may do this in a written notice given to the CEO; or at the meeting.

4. Deputations

4.1 Special deputations

A special deputation may be made to the meeting in accordance with the City of Fremantle Meeting Procedures Policy 2018.

There are no special deputation requests.

4.2 Presentations

Elected members and members of the public may make presentations to the meeting in accordance with the City of Fremantle Meeting Procedures Policy.

5. Confirmation of minutes

OFFICER'S RECOMMENDATION

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 19 April 2023.

6. Elected member communication

Elected members may ask questions or make personal explanations on matters not included on the agenda.



7. Reports and recommendations

7.1 Governance and Compliance

ARMC2306-1 INFORMATION REPORT – UPDATE ON THE ROLLOUT AND IMPLEMENTATION OF THE RISK MANAGEMENT FRAMEWORK

Meeting Date:	19 June 2023
Responsible officer:	A/Manager Governance
Decision making authority:	Council
Attachments:	Strategic risk register dashboard
Confidential Attachments:	Nil

In November 2021, Council adopted a new Risk Management Framework (RMF), which committed the City to implementing practical and comprehensive risk management approach, to ensure effective management of risk remains central to the City's activities.

Since adoption of the RMF, the following actions have been undertaken to rollout and implement the framework across the City:

1. RMF published on the City's website for public viewing, and on the City's internal intranet for employee access.
2. Risk Management training has been rolled out to the Executive Team, Management Team, and key officers. On-going training and support is provided to officers as required.
3. A range of City documents and processes have been reviewed and updated to align line with the RMF, and the framework has been incorporated into the City's new corporate planning processes.
4. New Corporate Risk Registers have been developed to capture the City's Strategic Risks, Operational Risks, Project Risks and Emerging Issues, in-line with the RMF.
5. The Executive Team have developed the following nine (9) strategic risks based on the key risk categories identified in the RMF. Each risk identifies a potential threat of event that may have an affect the City's ability to achieve its strategic objectives.

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Ref No.	Risk Category	Risk Description
S001	People	Loss of corporate skills, caused by, labour market changes, resulting in, loss of capacity to deliver.
S002	Finance	Unable to deliver on organisational objectives, caused by, insufficient funding and inadequate planning, resulting in, reduced ability to meet organisational needs.
S003	Stakeholders & Reputation	Lack of understanding of our direction and vision caused by inconsistent communication
S004	Performance	Reduction of services levels, caused by insufficient corporate and business planning, resulting in not delivering on expectation of services levels and organisational goals
S005	Legal & Compliance	Non-compliance and not meeting statutory obligations caused by lack of good governance processes, knowledge and understanding of legislation resulting in poor decision making.
S006	Community / Social	Inadequate community amenity and wellbeing, caused by inappropriate planning, resulting in reduced community inclusion, accessibility, safety and participation.
S007	Environmental	Not achieving government sustainability targets, caused by, lack of commitment, funding and advocacy, resulting in, damage to the City's reputation
S008	Commercial / Economic	Decline of Fremantle as an economic centre, caused by, inadequate planning, policy and reputation, resulting in, a decline of business investment and loss of business confidence.
S009	Heritage	Loss of reputation as a significant heritage City, caused by inadequate planning controls and maintenance programs, resulting in erosion and decline of economic capacity and Fremantle's point of difference.

The strategic risk register provided in attachment 1 will continue to be developed, monitored, and reviewed by the Executive Team on an on-going basis, to ensure continuous improvement and effectiveness of the City’s risk management. Regular progress updates will be provided to the Audit and Risk Management Committee.

Phase two of the RMF rollout includes identifying and developing the City's Operational Risks. This process will focus on the operational activities of the City, to identify the key operational risks that may affect the delivery of services and activities provided by each business unit.

OFFICER'S RECOMMENDATION

Council receives the information report on the rollout and implementation of the Risk Management Framework.

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ARMC2306-2 EMERGING ISSUES REPORT – MAY 2023

Meeting date: 19 June 2023
Responsible officer: A/Manager Governance
Decision making authority: Council
Attachments: Nil
Confidential Attachments: 1. Emerging Issues Summary Report (May)

SUMMARY

This report highlights the relevant issues which are either current or emerging and may significantly affect the operation, financial, legal, or reputational operation of the City.

These matters are raised to inform the committee of any significant issues identified by officers and allow for any further feedback or questions on the actions currently being taken or under consideration to address and resolve them.

BACKGROUND

Part of the role of the Audit and Risk Management Committee is to be aware of the significant emerging financial, political, and corporate issues being identified by the organisation and to understand, review or advise on the possible actions to address these.

FINANCIAL IMPLICATIONS

Some of the issues and potential mitigation actions outlined in this report may include financial implications for the City. Order of magnitude estimates of financial implications based on information available at the time of the report, is included in the issues table attached.

LEGAL IMPLICATIONS

The City actively seeks legal advice and support where issues and risks identified have potential legal implications.

CONSULTATION

Nil.

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OFFICER COMMENT

The confidential table attached with this agenda identifies the emerging issues which are considered significant by the organisation. Some are in action, and some are under review by the organisation and will continue to be updated to the Audit and Risk Management Committee over time.

In conjunction with the organisation's newly developed Risk Management Framework, the City's issues log will provide a consistent and effective means of tracking, managing, and resolving significant corporate and organisational issues.

It should be noted that as the City progresses through the transitional period to the new Risk Management Framework, there are a number of issues covered on both the issues log and the current Corporate Risk Register.

The City's corporate issues log is populated and maintained by officers. This document is maintained live in the City's corporate document management system and is reviewed and discussed by the Executive Leadership Team as a standing agenda item monthly.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the emerging issues report for May 2023.

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ARMC2306-3 **AUDIT ACTIONS UPDATE – MAY 2023**

Meeting date:	19 June 2023
Responsible officer:	Director City Business
Decision making authority:	Council
Attachments:	Nil
Confidential Attachments:	1. Audit Actions Register

SUMMARY

This report provides an update on the status of actions arising from annual audits carried out in line with statutory requirements.

The report requests the Audit and Risk Management Committee receive and note the current list of audit actions and status associated with each.

BACKGROUND

Currently the City of Fremantle participates in or undertakes the following audits as required under the Local Government Act:

- Audit of annual financial statements
- Audit of General computer controls and information systems
- Audit of Financial management (Regulation 5)
- Audit of general systems, procedures and controls (Regulation 17)

The Financial Audit and General Computer Controls Audit are carried out by the Office of the Auditor General (OAG) and assess both financial and information technology related compliance and controls.

The Regulation 5 and Regulation 17 audits are carried out by external auditors engaged by the City.

Each audit results in a series of recommendations being made by the auditor, which the City reviews, tracks and actions accordingly. Recommendations are rated based on risk and severity and the city prioritises any remediation required on that basis.

The attached audit register provides information regarding the status of each action and progress associated with each.

FINANCIAL IMPLICATIONS

Nil.

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LEGAL IMPLICATIONS

The City considers and actions audit recommendations in line with its requirements under the local Government Act.

CONSULTATION

Audit recommendations are implemented and actioned in consultation with auditors to ensure accurate interpretation and understanding of audit recommendations.

OFFICER COMMENT

Following feedback received at the previous audit and risk committee, officers have developed an interim approach to reporting audit information via spreadsheet. This consists of a simplified spreadsheet that aggregates reporting on all audits and provides committee members with a clear and succinct update on each finding.

The interim audit action register has been developed as part of the continuous improvement of the City's management and reporting of audit activities and findings.

Noting that this is a temporary approach to reporting this information, officers are scheduling a workshop in the coming weeks to seek further feedback from committee members on the method of reporting they would most benefit from.

The interim audit action register provides a summary report of all the current open audit findings, recommendations, and progress comments from the various audit activities; as well as recently completed actions.

Noting that full audit reports are presented to the Audit and Risk Committee upon completion of each audit, the register provides an ongoing summary update on status and includes the following information:

- The core finding identified by the relevant audit.
- The associated risk rating as identified by the auditor.
- The Auditor's core recommended actions.
- The officer responsible for implementing the action.
- Indications of which audits resulted in the core finding, whether it be the OAG financial or IT audits, Regulation 5 or 17.
- Comments on progress made, and current status of action being taken by the City.
- Estimated completion date and actual completion date for the items that have been resolved.

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The most recent audit to be carried out was the Regulation 5 Audit, which is also being presented in this agenda (ARMC2306-7). For ease of cross-reference, specific findings outlined in the Regulation 5 final report being presented in this agenda have been clearly referenced in the interim audit action register.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICERS RECOMMENDATION

Council receive and note the updated audit actions register as provided in attachment 1.



7.2 Finance

ARMC2306-4 PURCHASING POLICY EXEMPTIONS APRIL TO MAY 2023

Meeting date:	19 June 2023
Responsible officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Purchasing Policy Exemption Detail – April to May 20232. Purchasing Policy Exemption Request for Artists Group
Confidential Attachments:	Nil

SUMMARY

The purpose of this report is to inform Council of purchases made by the City that were exempted from the requirements of the Purchasing Policy, during the period April to May 2023.

This report recommends that Council receive the Purchasing Policy Exemptions report for April to May 2023.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted a new Purchasing Policy. The Purchasing Policy outlines the requirements and decision-making process for each Policy threshold. The Policy also contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and other Policy exemptions.

Under this policy all exemptions applied by the City are to be reported to the Audit and Risk Management Committee.

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

Nil.

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OFFICER COMMENT

April 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$111,000.00 for the month of April 2023.

The value of exemptions by category is:

Exemption Category	Value
Request for Artist	\$81,000.00
Sole Source	\$30,000.00
Total	\$111,000.00

Details regarding individual exemptions can be found in Attachment 1.

May 2023

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$32,179.65 for the month of May 2023.

The value of exemptions by category is:

Exemption Category	Value
Specialist Consultancy	\$24,329.99
Request for Artist	\$7,849.66
Total	\$32,179.65

Details regarding individual exemptions can be found in Attachment 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the information report on Purchasing Policy exemptions for April to May 2023.

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ARMC2306-5 TENDERS AWARDED UNDER DELEGATION APRIL TO MAY 2023

Meeting date: 19 June 2023
Responsible officer: Procure to Pay Team Leader
Decision making authority: Council
Attachments: Nil
Confidential Attachments: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and Committees during the period April to May 2023.

This report recommends that Council receive the report on tenders awarded under delegation between April to May 2023.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 25 May 2022:

Delegated Authority	Amount of Delegation
Finance, Policy Operations and Legislation Committee (FPOL)	\$500,000+ (if within budget)
CEO	Up to \$500,000
Directors	Up to \$500,000

Items identified under 'Officer Comment' of this report detail tenders awarded under delegation.

FINANCIAL IMPLICATIONS

All tenders were awarded within the 2022-23 budget approved at Council on 30 July 2022.

LEGAL IMPLICATIONS

All tenders awarded met the requirements of Regulations 11A – 24AJ of the *Local Government (Functions and General) Regulations 1996* and S3.57 of the *Local Government Act 1995*.

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Under delegation 2.11 Expressions of interest and tenders, of the City’s Register of Delegated Authority 2022-23, the Chief Executive Officer is required to report the use of this delegation to the Audit and Risk Management Committee.

CONSULTATION

Nil.

OFFICER COMMENT

Below is a list of tenders awarded under delegation between April 2023 to May 2023.

April 2023

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
Nil				

May 2023

Tender Description	Awarded By	Contractor(s)	Contract Term	Contract Value
Nil				

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER’S RECOMMENDATION

Council note that no tenders were awarded under delegation for April to May 2023.

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ARMC2306-6 OVERDUE DEBTORS REPORT AS AT 31 MAY 2023

Meeting date:	19 June 2023
Responsible Officer:	Manager Financial Services
Decision making authority:	Council
Attachments:	Nil
Confidential Attachments:	1. Summary of Overdue Debts above Threshold

SUMMARY

This Overdue Debtors Report, with confidential attachment, is provided to the Audit and Risk Management Committee to report details of overdue debts, as at 31 May 2023, and identify those where the amount owing is over 90 days with a total debt exceeding \$10,000.

This report recommends that Council receive the Overdue Debtors Report and acknowledge the overdue debts exceeding 90 days that have a combined value greater than \$10,000 as at 31 May 2023.

BACKGROUND

This report provides the Audit and Risk Management Committee the following information in relation to overdue debtors:

- The amount of total debt outstanding for the period aged from current to over 90 days overdue with a comparison to the same period for the previous year.
- All records of the uses of delegated authority, to waive or write off debts valued at \$1,000 or above.
- A confidential report containing the individual debtor information in relation to the outstanding debts exceeding 90 days with a combined value of debt, by debtor, exceeding \$10,000.
- The Debtor Day Ratio, being the average number of days taken for the City to receive payment from its customers for invoices issued to them.

FINANCIAL IMPLICATIONS

It is a requirement that annual financial statements include an allowance for impairment of receivables owed to the local government to be recognised as a cost to the budget in the year in which the impairment is made.

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As at the year ending 30 June 2022 an amount of \$165,134 was held as an allowance for impairment of sundry receivables. As at 31 May 2023, the current allowance held as impairment is \$160,937 with a total of \$4,197 being waived or written off to date in the 2022/23 financial year of which one debt is over \$1,000 which is reportable to the Audit and Risk Committee.

Summary of Sundry Debtors

As at 31 May 2023 a total of \$4,197 in Sundry debts have been waived or written off during the 2022/23 financial year.

Summary of Rates Debtors

As at 31 May 2023 no Rates debts have been waived or written off during the 2022/23 financial year.

LEGAL IMPLICATIONS

Section 6.12 (1) (c) of the *Local Government Act 1995* provides authority for the Council to write off outstanding monies.

In accordance with section 5.42 and 5.44 of the *Local Government Act 1995* the following delegated authority applies:

- The Chief Executive Officer has delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to \$50,000 per account where, in the opinion of the Chief Executive Officer, all other reasonable avenues of recovery have been exhausted.
- Directors and Managers have various sub-delegated authority to write off debts (not including rates or infringement) considered unrecoverable up to \$20,000 per account where, in the opinion of the Director or Manager, all other reasonable avenues of recovery have been exhausted.

All records of the uses of this delegated authority, to waive or write off debts valued at \$1,000 or above, per debtor, must be reported to the Audit and Risk Management Committee.

Any amount more than \$50,000 is to be written off by Council resolution. A Council resolution authorising the write-off of any bad debt does not prevent Council from reinstating the debt if the future circumstances change and the debt becomes collectable.

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CONSULTATION

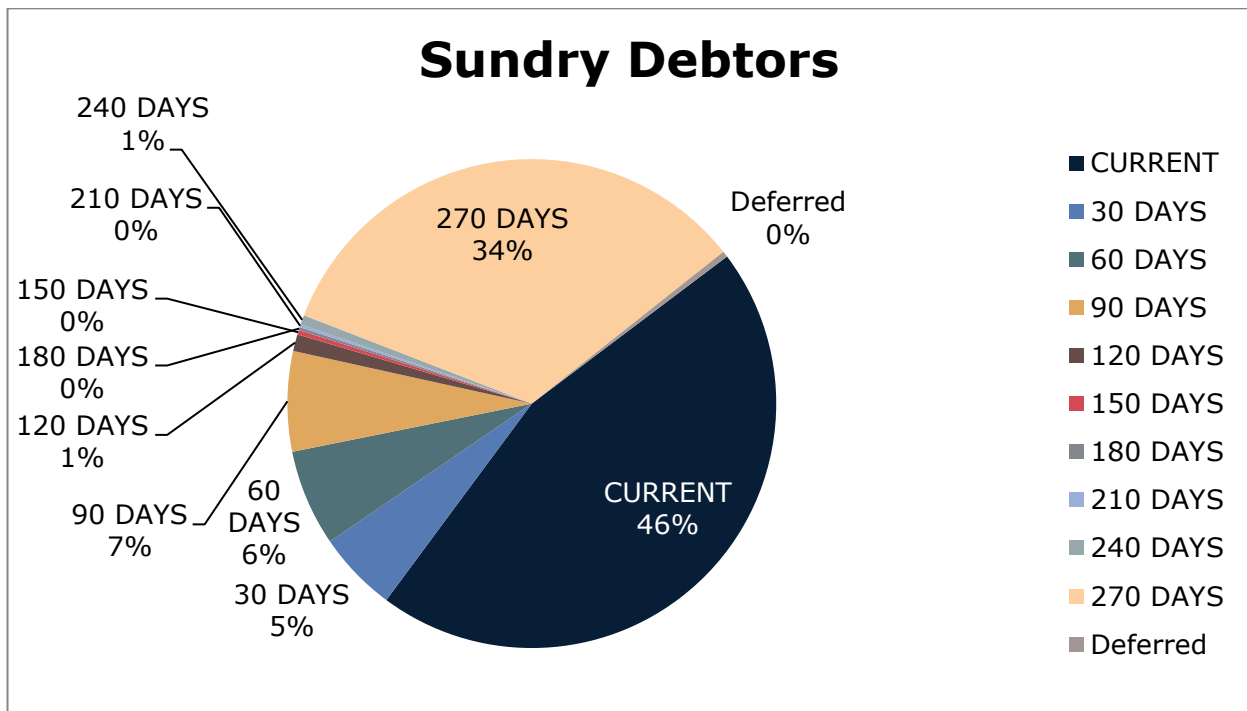
Nil.

OFFICER COMMENT

The total of debts outstanding as at 31 May 2023 was \$855,913. A breakdown of aged debt for the current period compared to prior year is tabled below.

Period Ending	Current	30 Days	60 Days	90+ Days	Total
July 22 – May 23	46%	5%	6%	43%	100%
	390,301	45,688	54,774	365,150	855,913
July 22 – May 23 Excl. Commercial Properties	53%	11%	16%	20%	100%
	156,063	31,777	48,777	60,557	297,174
July 21 – May 22	577,171	59,168	412,343	321,951	1,370,633

The graph below shows the aged debt balances as at 31 May 2023:



Compared to the report of overdue debtors as at 28 February 2023, presented to Audit and Risk Management Committee at the 19 April 2023 meeting, the total value of outstanding debts has increased slightly from \$852,499 to \$855,913.

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Total outstanding debt over 90 days has increased from \$321,951 at the end of the previous reporting date to \$365,150.

The number of overdue debtors over 90 days, and above the total debt reporting threshold of \$10,000, has increased from six to seven. Of the seven reported, three debtors have decreased and two have increased values of debt since the prior reporting period.

These seven debtors have a total debt owing of \$298,908 of which \$294,606 is over 90 days. The confidential attachment contains details of the debtors comprising this balance.

Key Performance Indicators

When determining status or risk associated with outstanding debtors, officers typically consider and assess the following metrics:

- Total amount of outstanding debt
- Age of outstanding debt (and value of that debt)
- Frequency of payment of outstanding debt
- Outstanding debt per individual debtor
- Outstanding debt per type of debtor

Officers consider all of these metrics alongside each other as well as the debtor day ratio to assist in providing an overarching assessment of general performance of outstanding debtors. The debtor day ratio measures how quickly cash is being collected from debtors regardless of the level of total outstanding amount of debt or the type of debt, allowing for a consistent metric that will identify periods where debtors are taking longer to pay down outstanding debt.

A number of metrics have been provided to follow that provide an initial snapshot of performance and or status of outstanding debtors to follow.

Debtor Day Ratio

The Debtor Day Ratio measures how quickly cash is being collected from debtors. The longer it takes for an organisation to collect, the greater the number of debtor days.

The calculation of the ratio considers the total amount outstanding at the end of the period divided by the total amount invoiced to that period for the financial year. This is then multiplied by the total number of days from 1 July to the end of the period. See calculation in the graph to follow.

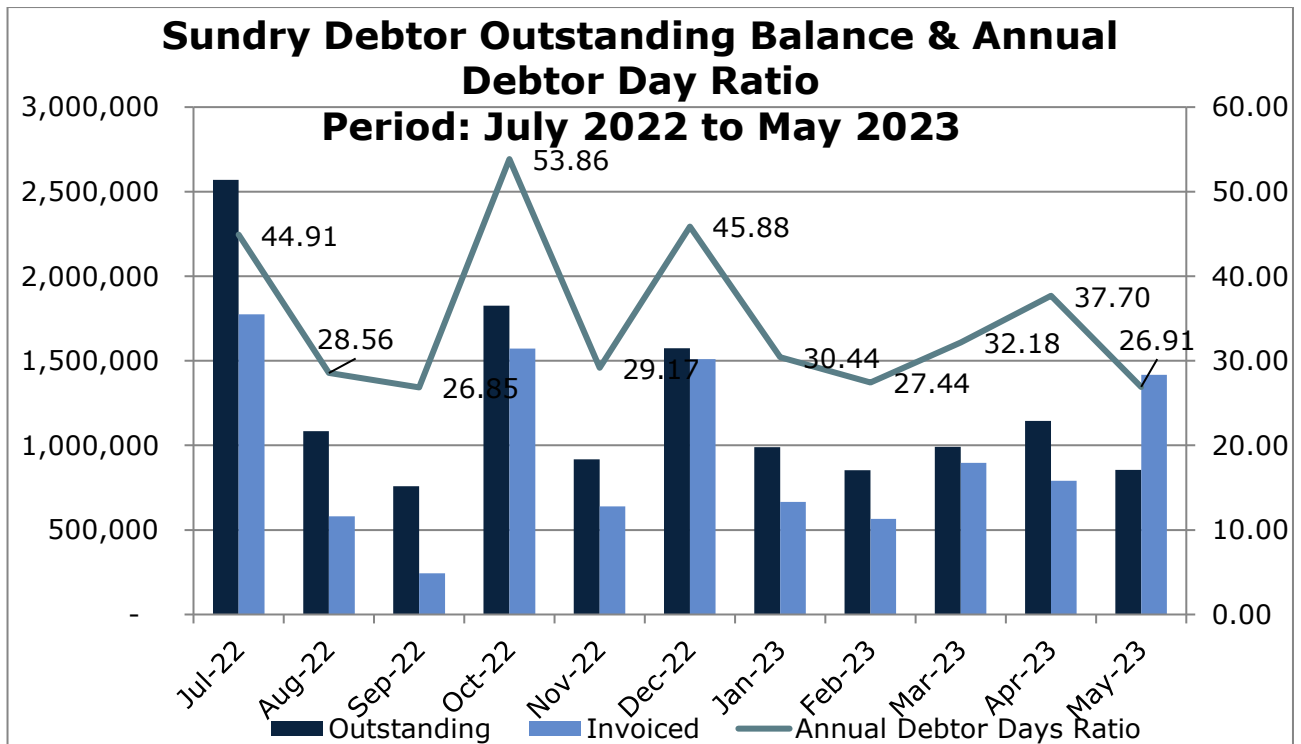
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Prior financial year information is presented together with the current financial year as a comparative to demonstrate the City’s ability to collect funds owed to the City when due.

As at 31 May 2023, the Debtor Day Ratio was 26.91 – being a decrease from the prior reporting period as at 28 February 2023 – of 27.44. Of outstanding debt as at 31 May 2023, 42% related to current invoices that were not yet due.

The chart to follow indicates a positive trend since July 2022 with a notable reduction in debtor day ratio over time, indicating that on average outstanding debt is being collected more quickly. There has also been a significant reduction in total amount of outstanding debt since July 2022.



Age of Debt

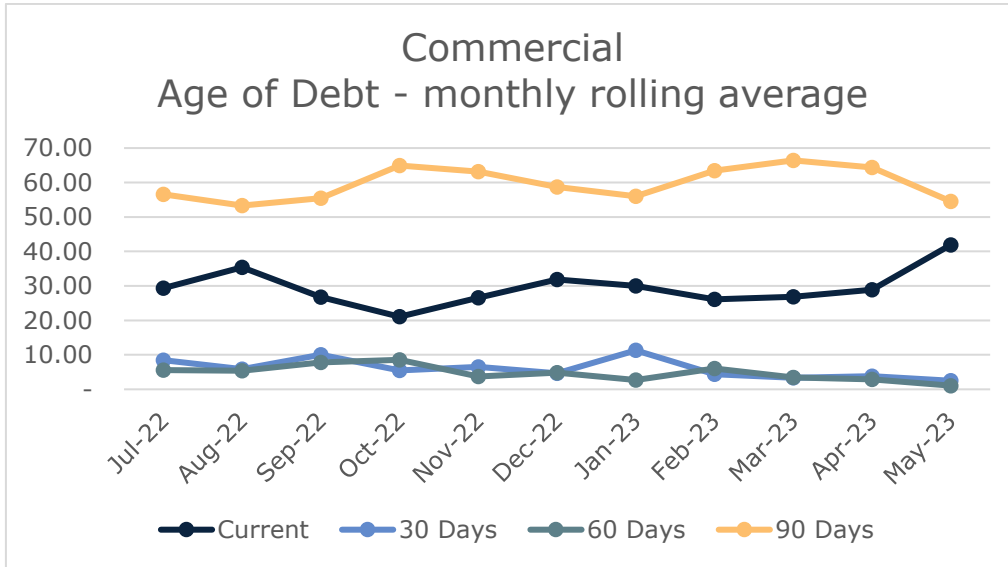
The rolling 12-month Average for debt in each age category is shown in the graphs to follow for Commercial and Other (non-commercial) debt. These graphs show the 12-month average as at each point in time, to provide a view of the trend of the City’s aged debt portfolio.

The monthly rolling average of Commercial debt shows that the portion of debt that is current has increased and remains below 42% while the portion of debt that is over 90 days has remained steady over time and appears to be decreasing in recent months. This currently includes debts associated with 2 commercial property debtors carrying a significant portion of the outstanding debt.

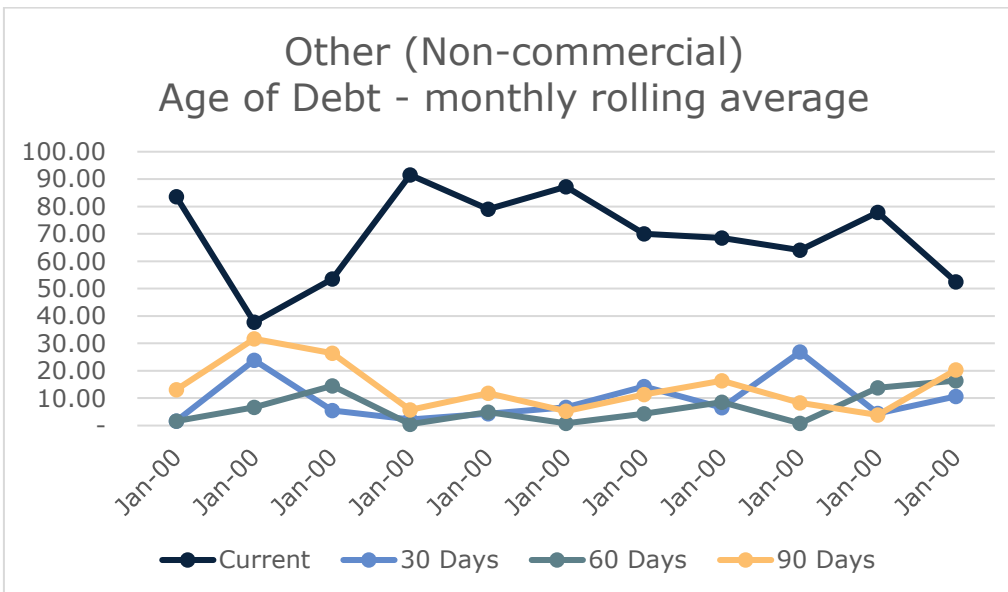
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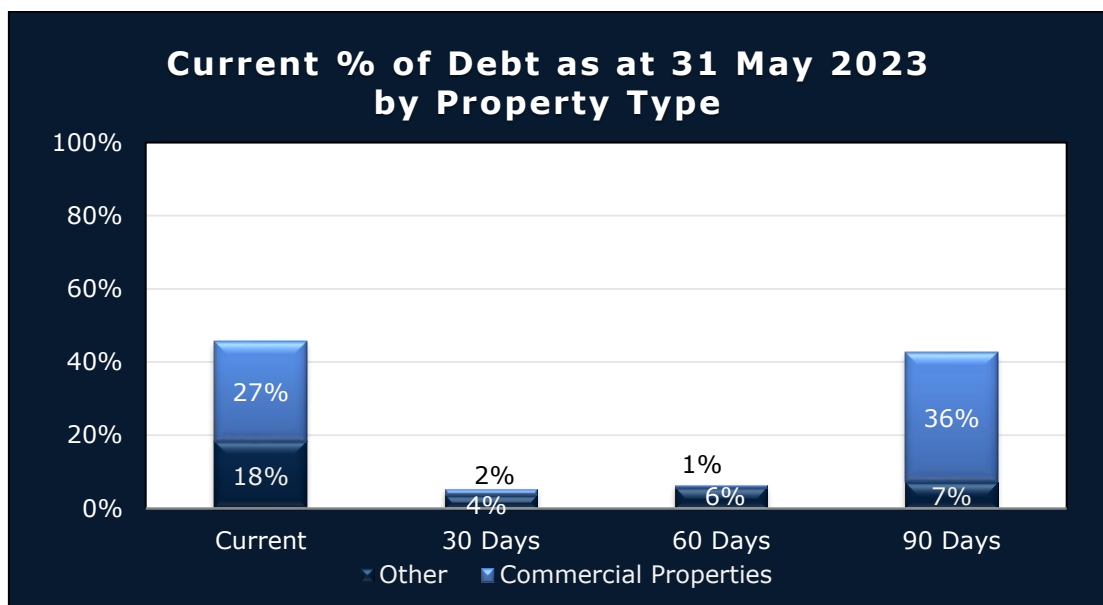
This represents a positive trend and indicates an increasing percentage of debt being paid earlier. The portion of debt in the 30-59 days and 60-89 days has not significantly changed.



For Other (non-commercial) debt, the trends are also positive with current debt trending to represent a larger percentage of the total debt over the last 11 months and ended in May 23 being 53% of the outstanding balance. Debts over 30 days due have remained below 30% over the review period. This indicates a high degree of debts being collected timely.



The Current Value of Debt by Age category is shown in the graph to follow, split between Commercial Properties and Other (non-Commercial) Property Types:



Of total debt, Commercial Properties account for 53% (\$234K), and account for 21% of the debt owing 90 days or more (\$305k).

City officers continue to liaise with all commercial tenants to provide assistance, including payment arrangements, where appropriate.

Impact of COVID on Commercial Property

As at 1 April 2021 all COVID-19 waiver arrangements came to an end and 100% of normal rent became payable.

The total amount waived for commercial properties relating to COVID-19 during both the emergency period and recovery period was \$656,975.

After waivers the City invoiced a total of \$492,579 for commercial properties.

To date, of the \$492,579 only \$7,090 remains outstanding. This is a reduction from the prior reporting period of \$ 3,776 with all debtors currently paying their debts progressively via direct debit arrangements.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required.

OFFICER’S RECOMMENDATION

Council receive the Overdue Debtors Report as at 31 May 2023, and the confidential attachment listing overdue debts exceeding 90 days with the combined value, by debtor, exceeding \$10,000 as at 31 May 2023.

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**ARMC2306-7 FINANCIAL MANAGEMENT REVIEW REPORT – JUNE
2023**

Meeting date: 19 June 2023
Responsible officer: Manager Financial Services
Decision making authority: Council
Attachments: Nil
Confidential Attachments: 1. Financial Management Review Report

SUMMARY

City of Fremantle engaged Paxon Business and Financial Services Pty Ltd to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures in accordance with Regulations 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

The City received the Financial Management Review dated 26 April 2023 (Attachments 1) and this is now presented to the Audit and Risk Management Committee.

This report recommends that Council receive the Financial Management Review June 2023, as shown in Attachment 1 of this item.

BACKGROUND

Regulations 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews.

The last Financial Management Review was finalised in June 2020 and reported to the Audit and Risk Management Committee on 11 August 2020.

FINANCIAL IMPLICATIONS

There is no direct financial implication with the requirement for this report.

LEGAL IMPLICATIONS

The financial management responsibilities of the Chief Executive Officer are established under Regulation 5 of the *Local Government (Financial Management) Regulations 1996* which states:

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- (1) Efficient systems and procedures are to be established by the CEO of a local government -*
- (a) for the proper collection of all money owing to the local government;*
 - (b) for the safe custody and security of all money collected or held by the local government;*
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);*
 - (d) to ensure proper accounting for municipal or trust:*
 - (i) revenue received or receivable;*
 - (ii) expenses paid or payable; and*
 - (iii) assets and liabilities;*
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments;*
 - (f) for the maintenance of payroll, stock control and costing records; and*
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports Required by the Act or these Regulations.*

In addition, the Chief Executive Officer is to:

- (2) The CEO is to -*
- (a) ensure that the resources of the local government are effectively and efficiently managed;*
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

CONSULTATION

Nil

OFFICER COMMENT

To comply with the requirements of the regulations, Paxon Business and Financial Services Pty Ltd were commissioned by the Chief Executive Officer to undertake the review and report on Council's financial management systems and procedures.

The review incorporated the following financial management areas in line with the requirements outlined under Regulation 5(1) of the Local Government

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(Financial Management) Regulations 1996: This reviews the appropriateness and effectiveness of the financial management systems and procedures of the City, which should be reviewed regularly (not less than once in every three financial years) and includes:

- a) For the proper collection of all money owing to the City
- b) For the safe custody and security of all money collected or held
- c) For the proper maintenance and security of financial records (whether maintained in written form or by electronic or other means or process)
- d) To ensure proper accounting for municipal or trust
 - (i) Revenue received or receivable
 - (ii) Expenses paid or payable, and
 - (iii) Assets and liabilities.
- e) To ensure proper authorisation for the incurring of liabilities and the making of payments
- f) For the maintenance of payroll, stock control and costing records, and
- g) To assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

There were ten (10) findings and proposed recommendations across the above areas. Of these five (5) were rated as high risk, three (3) were rated as medium risk and the remaining two (2) were rated low risk.

Overall, apart from the matters raised as findings below, they concluded that the financial management systems in place within the City were found to be generally sound and were considered to be satisfactory management control processes.

Below is a summary of the findings:

INDEX OF FINDINGS	RISK RATING		
	High	Medium	Low
1. Invoice dates precede the purchase order date	<input type="checkbox"/>		
2. Procurement testing	<input type="checkbox"/>		
3. No formal acquittal process over credit cards	<input type="checkbox"/>		
4. Cash for containers (depot) cash handling	<input type="checkbox"/>		
5. Delay in actioning audit items (Audit log)	<input type="checkbox"/>		
6. Risk register		<input type="checkbox"/>	
7. Delegation		<input type="checkbox"/>	
8. Formal central money collection and safeguarding procedure		<input type="checkbox"/>	
9. Finance team task calendar			<input type="checkbox"/>
10. Bank reconciliation reports			<input type="checkbox"/>

Agenda – Audit and Risk Management Committee 19 June 2023



The attached report from Paxon provides a detailed explanation of each of the findings, the implications, and their recommendations. The City has responded to each finding as management comments.

It should be noted that following further clarifications with Paxon, item 5.10 in the attached index of findings has since been withdrawn by the auditor and therefore does not appear in the Audit action register. Hence, the detailed audit findings section 5 in the attached report only shows 9 findings. The City is working with Paxon to amend the index of findings contained on page four of the attachment.

The following recommendations that have already been actioned since the final Regulation 5 audit report was provided by the auditor:

- 3. No Formal Acquittal Process Over Credit Cards*
- 4. Cash for Containers (Depot) cash handling*

For the remaining items, progress is underway with an expected completion date no later than December 2023. Progress monitoring of these recommendations will be reported as part of the Audit Action Update reporting to future Audit and Risk Committee meetings.

Specific reference to the findings in the attached report has been provided in the Audit Action register associated with item ARMC2306-03.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required

OFFICER'S RECOMMENDATION

Council receive the Financial Management Review June 2023, as shown in Attachment 1 of this item.



7.3 Health, Safety and Environment

Nil.

7.4 Legal, Reputation and Brand

Nil.

8. Motions of which previous notice has been given

A member may raise at a meeting such business of the City as they consider appropriate, in the form of a motion of which notice has been given to the CEO.

Nil.

9. Urgent business

In cases of extreme urgency or other special circumstances, matters may, on a motion that is carried by the meeting, be raised without notice and decided by the meeting.

Nil.

10. Late items

In cases where information is received after the finalisation of an agenda, matters may be raised and decided by the meeting. A written report will be provided for late items.

Nil.



11. Confidential business

AMRC2306-8 CONFIDENTIAL – WRITE-OFF OUTSTANDING DEBT

Meeting date:	14 June 2023
Responsible officer:	A/Manager Economic Development & Marketing
Decision making authority:	Council
Attachments:	Nil
Confidential Attachments:	1. Valuation Assessment

REASON FOR CONFIDENTIALITY

This report is **CONFIDENTIAL** in accordance with Section 5.23(2) of the *Local Government Act 1995* which permits the meeting to be closed to the public for business relating to the following:

- (2)(e) a matter that if disclosed, would reveal –
 - (i) a trade secret; or
 - (ii) information that has a commercial value to a person; or
 - (iii) information about the business, professional, commercial or financial affairs of a person.

Where the trade secret or information is held by, or is about, a person other than local government.

12. Closure