



Minutes

Audit and Risk Management Committee

Wednesday, 17 November 2021, 5.30 pm

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Audit and Risk Management Committee

Minutes of the Audit and Risk Management Committee meeting
held in the City of Fremantle Administration Building at Fremantle Oval, 70 Parry
Street Fremantle
on **Wednesday, 17 November 2021** at 5.30 pm.

1. Official opening, welcome and acknowledgement

As this is the first Audit and Risk Management Committee after the 2021 Council elections, the Acting Chief Executive Officer, Mr Glen Dougall, assumed the Chair and declared the meeting open at 5.34 pm.

2. Attendance, apologies and leaves of absence

2.1. Attendance

Ms Hannah Fitzhardinge	Mayor
Cr Frank Mofflin	Deputy Mayor/Hilton Ward
Cr Fedele Camarda	Beaconsfield Ward
Cr Su Groome	East Ward (<i>arrived 5.45 pm</i>)
Cr Jenny Archibald	East Ward
Mr Glen Dougall	A/Chief Executive Officer
Mr Matt Hammond	A/Director City Business
Mr Paul Garbett	Director Strategic Planning and Projects
Mr Graham Tattersall	Director Infrastructure
Ms Emma Aiberti	A/Manager Finance
Ms Charlie Clarke	Manager Governance
Mr Craig Best	Manager Asset Management
Ms Melody Foster	Executive Assistant
Ms Anne-Marie Bartlett	Meeting Support Officer

2.2. Apologies

Nil

2.3. Leave of absence

Cr Andrew Sullivan

3.1 Election of presiding member

At 5.35 pm, the Acting Chief Executive Officer, Glen Dougall called for nominations for the position of Presiding Member of the Audit and Risk Management Committee.

A nomination was received for Cr Su Groome.

At 5.35 pm Cr Su Groome was elected unopposed as Presiding Member of the Audit and Risk Management Committee for the term of two years, to expire following the next ordinary Council elections.

3.2 Election of deputy presiding member

At 5.36 pm the Acting Chief Executive Officer, Glen Dougall called for nominations for Deputy Presiding Member of the Audit and Risk Management Committee.

A nomination was received for Cr Fedele Camarda.

At 5.37 pm Cr Fedele Camarda was elected unopposed as Deputy Presiding Member of the Audit and Risk Management Committee for the term of two years, to expire following the next ordinary Council elections.

At 5.37 pm Cr Fedele Camarda assumed the Chair.

4. Disclosures of interests by members

Nil

5. Deputations

5.1 Special deputations

Nil

5.2 Presentations

The City's consultant from Riskwest, Mark Humphreys was invited to answer any questions in relation to item ARMC2111-2 City of Fremantle Risk Management Framework.

6. Confirmation of minutes

COMMITTEE DECISION

Moved: Cr Frank Mofflin

Seconded: Mayor, Hannah Fitzhardinge

The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 18 August 2021.

Carried: 4/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda**

7. Elected member communication

Nil

8. Reports and recommendations

Cr Su Groome arrived at 5.45pm, during consideration of the following item.

ARMC2111-3 WALYALUP CIVIC CENTRE – PROJECT UPDATE

Meeting date:	17 November 2021
Responsible officer:	Director Infrastructure
Decision making authority:	Council
Attachments:	1. Risk Register Summary (November)
Additional information:	Nil

SUMMARY

This report provides a progress update with works at the Walyalup Civic Centre. The report also covers any current risks or issues and provides a summary of costs as they relate to the building construction contract, this includes costs and works associated with the Liquidation of Pindan Pty Ltd and the City's subsequent delivery model.

This report recommends that Council receive the project update and note the progress, management of current issues, program / timing and costs.

BACKGROUND

Following the Pindan Construction Pty Ltd liquidation event (19 May 2021), the City have been delivering the construction works project through a Contractor Management arrangement with the CDI Group.

This arrangement included the City directly employing four of the Pindan site project team. This was felt to be a critical move to ensure project continuity and preserve construction knowledge and contractor relationships.

FINANCIAL IMPLICATIONS

The City has continued to actively manage costs associated with the delivery of the construction works. A 'Work Breakdown Structure' (WBS) was developed and implemented to separate and track costs associated with original works delivery, associated works and costs and also costs resulting from the liquidation event.

In accordance with the high-level summary table, officers have now commenced the final account process with contractors and suppliers.

The total value of works including retentions will be \$46,127,340; however, this is inclusive of adjustments and other variations which are funded from separate budgets as per the breakdown below:

WCC Forecast to Complete (*whole)	\$46,127,340.29
PSUM Deductions & Variation Adjustments	-\$199,304.40
William Street Verge Works (Carriageway kerbs/drainage)	-\$30,552.50

Town Hall basement – waterproof tanking (Western Power Area)	-\$47,486.86
Tenancy Works (Visitor Centre)	-\$239,864.41
Total Forecast (WCC – contract scope)	\$45,610,132.12

WCC - High level Construction Works Summary

Original Contract Works

Contract Sum:	\$41,461,128
Approved/Certified Variations	\$1,155,706
Adjusted Contract Sum (inc. certified variations)	\$42,616,834

Adjusted Contract - to include Liquidation Costs

<i>Paid to date (to contractors) - @ November 11 2021</i>	\$43,319,884
<i>Paid - Retentions to PBA</i>	\$1,010,040
<i>Retention held (post 19 May 2021)</i>	\$46,288
<i>Remaining works (to be paid)</i>	\$1,280,208

FORECAST - Construction Project Works : **\$45,610,132**

Available Construction Budget

Initial Contract	\$ 41,461,128
Contingency - 5% (\$600k Ddt'd - moved to Town Hall works)	\$ 1,500,000
Changing Places (Grant)	\$ 150,000
Total	\$ 43,111,128
Insurance Bonds	\$3,600,000
<i>Other bond (Street trees etc)</i>	\$96,000
Construction Works Budget	\$ 46,807,128

Post 19 May - Delivery Spend (associated costs) \$940,073

balance \$256,923

LEGAL IMPLICATIONS

Nil.

CONSULTATION

The project team have continued to actively engage with key stakeholders through the delivery stage of the project.

OFFICER COMMENT

Works progress on site has continued to be challenging as a result of the prolonged and heavy wet weather and also the impacts of COVID on both the materials supply and labour markets.

A number of the original subcontractors have struggled to maintain a site presence and are struggling financially as a result of the impacts of COVID; however, the site team have successfully managed to retain the workforce and maintain works momentum.

Key progress / works areas – as of Friday November 5.

- Roof – steel works complete.
- Steel works
 - The consultant (Stantec) has completed their inspection / testing and the final completion certificate has been issued.
- External Facades / windows
 - Installation complete / high pressure testing complete.
 - Some minor snags listing as outstanding works – due to missing capping pieces (supply delay).
- Soffits and canopies
 - Installation complete – testing complete
 - Horizontal louvres – require control reprogramming
- Glazing / doors complete, except:
 - Loading door to rear of Town Hall on William Street.
- Mechanical / Electrical / HVAC and Hydraulic Services
 - Complete, commissioned, balanced and tested.
- Deep clean completed in all internal areas
 - Second clean underway.
 - Third clean arranged for w/c November 8.
- Solar Panels – complete
- Town Hall fire suppression works complete.
- FESA / fire inspections / testing complete.

Works to all internal areas are complete - excluding:

- The 'North-Eastern' courtyard – supply issue with floor pedestals (due Monday Nov 8).
- The loading bay area.
- The Visitor Centre area – separate works for fit-out now commenced, target completion December.
- Tenancy areas – including the third floor.

On this basis, the project team have progressed all inspections, testing and statutory approvals sign-off. Subsequently a partial occupancy certificate was approved on Friday 29 October.

This has allowed the City to take possession of these internal areas and commence the fit-out preparations.

The Facilities Management (FM) team are now on site, they are actively engaged with the project team and are progressing through the system training and handover process.

Whilst this occurs, the project team will continue minor snagging and finishing works and cleaning internally. Their main focus is now to complete the external works, this predominately includes:

- Final mesh panel installation and fixings.
- Flashings (decorative) to elevations.
- External lighting – include configuration and testing.
- William Street – loading bay area, including stone cladding and loading bay door.
- Paving's, street lighting and street furniture.
- Site clearance and site clean.

It is anticipated that the courtyard, loading bay and external areas will be complete for w/c 15 November and the final occupancy certificate in place.

Service opening is planned for Monday 22 November. Staff / EM occupation will increase through the induction process with an anticipated move completion by early December.

Key Risks / Issues:

- Site labour
 - Labourers are increasingly difficult to engage and retain in the (current labour market), however, resources have been brought in and CDI have been successful in supporting / resourcing in this area.

Health and Safety

- Regular independent Health and Safety inspections have continued with no significant issues being raised.
- The last independent Health and Safety inspection was completed 27 October, no major issues raised.
- The most recent ad-hoc work safe inspection (1 November) found no issues of note.

Risk management

- The Risk Register continues to be reviewed and has been updated and is included in appendix 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2111-3
(Officer's recommendation)

Moved: Cr Jenny Archibald

Seconded: Cr Frank Mofflin

Council note and receive the updated report to the Audit and Risk Management Committee and note the current project status.

Carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

At 5.50pm Cr Su Groome assumed the Chair, prior to consideration of the following item.

ARMC2111-2 CITY OF FREMANTLE RISK MANAGEMENT FRAMEWORK

Meeting date: 17 November 2021
Responsible officer: A/Chief Executive Officer
Decision making authority: Council
Attachments: 1. Risk Management Framework
Additional information: Nil

SUMMARY

To consider the adoption of the revised Risk Management Framework (RMF), including an updated Risk Management Policy for the City of Fremantle.

This report recommends that Council adopt the revised RMF including an updated Risk Management Policy (intended to replace the previous Risk Management Policy) as shown in attachment 1.

BACKGROUND

The City has undertaken a review of its risk framework over recent months to ensure it remains relevant and to improve the agility in managing risks and level of appetite for risks in various situations. The intention of the revised framework is to provide greater clarity for the organisation in assessing and managing risks, also to consider the impact of risk profiles both positive and negative and provide clarity of roles of the organisation and Council.

The revised framework considers strategic and operational outcomes along with projects.

The current framework and policy were adopted by council in July 2017, and one previously before that in 2013.

FINANCIAL IMPLICATIONS

There are no direct additional financial implications in relation to the adoption of the revised risk framework.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

Key internal stakeholders have been consulted, including the executive management, management team and elected members.

Two workshops have been held with elected members and several with senior management.

OFFICER COMMENT

A risk can be defined as an uncertainty about the future. The proposed framework is provided to enable greater flexibility and agility in the workplace and for the organisation. It considers risk and opportunity in an equal context to allow for outcomes to be considered as much as the consideration of any barrier. It considers people and social needs as much as financial and compliance.

The City of Fremantle (the City) has a ‘**vision**’ which is articulated in its Strategic Community Plan (SCP)¹. The plan envisages Fremantle as “*a destination city:*

- *A city that is clever and creative, inspiring and inclusive*
- *A city that welcomes and celebrates all people and cultures*
- *A city that encourages innovation, prosperity and achievement*
- *A compassionate city that cares for the wellbeing of our people and the environment we share*
- *A city that thrives on diversity, that dares to be different.”*

To effectively work toward this vision, the City commits to the proper identification, analysis, assessment and treatment of risk through a robust risk management framework (RMF). This ensures all risks are effectively managed and controlled. To determine our risk appetite the following criteria has been applied:

ALARP	Risk is reduced to ‘As Low As Reasonably Practicable’. There is no appetite for any breaches of controls or standards.
Low	Some appetite for low risks in this area however no appetite for substantive risks at any time.
Moderate	Moderate levels of risk are subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are adequate, in place and effective.
High	Higher levels of risk subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are excellent, fully in place and effective.

The RMF provides the framework to adequately control risks through people, systems and processes. It will establish the process for determining who owns risks and where the control process is at.

Further implementation of the framework will establish suitable treatment action plans and the ability to identify emerging themes to ensure the organisation is suitably placed to manage these identified risks.

¹ <https://www.fremantle.wa.gov.au/strategic-community-plan-0>

Once the modified framework is adopted by Council, further workshops will be held with the organisation to embed its use and development of associated systems and processes to ensure it is adequately maintained.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council:

1. Adopt the City of Fremantle Risk Framework including an updated Risk Management Policy, as shown in attachment 1.
2. Approve the deletion of all previous Risk Management Frameworks and/or policies.

AMENDMENT

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

To amend part 1, to read as follows:

Council:

1. Adopt the **amended** City of Fremantle Risk Framework including an updated Risk Management Policy, as shown in attachment 1, **and amended for the following;**

Replace part 2.3 as follows

~~“Set the direction for the performance and conformance of The City~~
Establish the expected risk management performance and conformance levels of the City, including the risk appetite and tolerance levels (*in consultation with the CEO*)

~~Provides a measure of assurance that the RMF, principles and processes are being appropriately conducted through robust reviews of the risk register~~
Provides assurance and advice to Council as to whether the RMF, principles and processes are being appropriately conducted

~~Ensures the content of the RMF and those risk assessments have been robustly challenged~~
Ensure the content of the RMF and risk registers are contemporary and robust.”

Amendment carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

COMMITTEE RECOMMENDATION ITEM ARMC2111-2
(Amended officer's recommendation)

Moved: Cr Su Groome

Seconded: Cr Jenny Archibald

Council:

- 1. Adopt the *amended* City of Fremantle Risk Framework including an updated Risk Management Policy, as shown in attachment 1, *and amended for the following*;**

Replace part 2.3 as follows

“Establish the expected risk management performance and conformance levels of the City, including the risk appetite and tolerance levels (in consultation with the CEO)

Provides assurance and advice to Council as to whether the RMF, principles and processes are being appropriately conducted

Ensure the content of the RMF and risk registers are contemporary and robust.”

- 2. Approve the deletion of all previous Risk Management Frameworks and/or policies.**

Carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

ARMC2111-1 APPOINTING AN INDEPENDENT MEMBER TO THE AUDIT AND RISK MANAGEMENT COMMITTEE

Meeting date:	17 November 2021
Responsible officer:	Manager Governance
Decision making authority:	Council
Attachments:	1. Report to Executive Leadership Team - Audit and Risk Management Committee External Member – Summary of nominations and recommendation (<i>confidential attachment under separate cover</i>)
Additional information:	1. Audit and Risk Management Committee Terms of Reference

SUMMARY

For Council to consider appointing an independent member of the Audit and Risk Management Committee.

BACKGROUND

In accordance with the Audit and Risk Management Committee Terms of Reference, the appointment of an independent member to the Audit and Risk Management Committee is made following a public notice period calling for applicants/expressions of interest.

A public notice was placed in the Fremantle Herald on the 11 September 2021. The notice was also placed on noticeboards at the City's Administration Building and Library for the duration of the notice period, from 1 September 2021 until 30 September 2021.

The City received six applications for the independent member position on the Audit and Risk Management Committee.

The Executive Leadership Team reviewed all six applications, and following this review is recommending the appointment of Mr Phillip Draber to the position of independent member of the Audit and Risk Management Committee. The Executive Leadership Team concluded that Mr Draber's skills, qualifications and experience most closely aligned to the requirements of the position.

FINANCIAL IMPLICATIONS

The independent member of the Audit and Risk Management Committee may be reimbursed a maximum of \$250 per meeting in accordance with the Terms of Reference for that Committee.

LEGAL IMPLICATIONS

Part 7 of the *Local Government Act 1995* requires that all local governments establish an audit committee.

CONSULTATION

A public notice was placed in the Fremantle Herald on the 11 September 2021. The notice was also placed on the City's website and noticeboards at the City's Administration Building and Library for the duration of the notice period, from 1 September 2021 until 30 September 2021.

OFFICER COMMENT

There is no legislative requirement to appoint an independent member to an audit committee, however, it is customary and best practice within the industry. The City of Fremantle has adopted a term of reference requiring an independent member.

"The Local Government Act requires that an audit committee is to consist of a minimum of 3 members and in that situation, all must be council members. Where a committee consists of more than 3 members then a majority of those members must be council members.

Local governments may decide to appoint a committee involving only elected members or they may appoint one or more persons who are external to the council. If a council considers it appropriate, the whole council can be appointed to the audit committee.

If the local government wishes to appoint one or more persons other than elected members to the committee, which is recommended, it should ensure that they have the requisite knowledge and skills to provide benefit to the committee."

DLPSC Operational Guideline 9: The appointment, function and responsibilities of audit committees.

During a previous review of the Chief Executive Officer's systems and procedures, the City's auditor found that the process for determining the recommended candidate for the independent member position on the Audit and Risk Management Committee should be reviewed. A process was developed and adopted as suggested, and this new process for advertising and review was implemented.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required

OFFICER'S RECOMMENDATION

Council appoint Mr Phillip Draber as the independent member of the Audit and Risk Management Committee for a term of two years until the next local government ordinary election.

AMENDMENT

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

To amend the recommendation in two parts, to read as follows;

Council: ~~appoint Mr Phillip Draber as the independent member of the Audit and Risk Management Committee for a term of two years until the next local government ordinary election.~~

- 1. Request that the Chief Executive Officer, Presiding Member and Deputy Presiding Member of the Audit and Risk Management Committee interview current applicants and provide a recommendation to Council for consideration before the February meeting of the Committee.**
- 2. Approve an amendment to the committee's terms of reference, membership clause, to include a reference to two independent members.**

Amendment carried: 5/0

Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome

Reason for change:

The State Government has recently announced reforms for WA local governments, which include the proposed requirement for audit committees to consist of mostly independent members. To demonstrate its support, the Committee is recommending the appointment of two independent members, following an interview process to ensure a thorough evaluation of each applicant.

COMMITTEE RECOMMENDATION ITEM ARMC2111-1 **(Amended officer's recommendation)**

Moved: Cr Su Groome

Seconded: Cr Jenny Archibald

Council:

- 1. Request that the Chief Executive Officer, Presiding Member and Deputy Presiding Member of the Audit and Risk Management Committee interview current applicants and provide a recommendation to Council for consideration before the February meeting of the Committee.***
- 2. Approve an amendment to the committee's terms of reference, membership clause, to include reference to two independent members.***

Carried: 5/0

Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome

ARMC2111-4 PURCHASING POLICY EXEMPTIONS OCTOBER 2021

Meeting date:	17 November 2021
Responsible officer:	Manager Asset Management
Decision making authority:	Council
Attachments:	1. Purchasing Policy Exemption Details July 2021 to October 2021
Additional information:	Nil

SUMMARY

The purpose of this report is to inform Council of purchases made by the City that were exempt to the requirements of the purchasing policy, during the period July to October 2021.

This report recommends that Council receive the Purchasing Policy Exemptions report for July to October 2021.

BACKGROUND

At the Ordinary Meeting of Council of 25 November 2020, Council adopted a new purchasing policy. The policy contains a list of tender exemptions (exempt under Regulation 11(2) of the *Local Government (Functions and General) Regulations 1996*) and policy exemptions.

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

FINANCIAL IMPLICATIONS

Nil.

LEGAL IMPLICATIONS

Nil.

CONSULTATION

Nil.

OFFICER COMMENT

July 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$75,895.00 for the month of July 2021.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$12,395.00
Original Equipment Manufacturer (OEM) Exemption	\$7,500
Sole Source of Supply Exemption	\$56,000
Total	\$75,895.00

Details regarding individual exemptions can be found in attachment 1.

August 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$111,694.90 for the month of August 2021.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$15,040.00
Original Equipment Manufacturer (OEM) Exemption	\$39,404.9
Specialist Consultancy	\$21,250.00
Sole Source of Supply Exemption	\$36,000.00
Total	\$111,694.90

Details regarding individual exemptions can be found in attachment 1.

September 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$596,425.54 for the month of September 2021.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$2,500.00
Sole Source of Supply Exemption	\$593,925.54
Total	\$596,425.54

Details regarding individual exemptions can be found in attachment 1.

October 2021

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$39,635.00 for the month of October 2021.

The value of exemptions by category is:

Exemption Category	Value
Artists Exemptions	\$21,995.00
Subscription (excluding software)	\$17,640.00
Total	\$39,635.00

Details regarding individual exemptions can be found in attachment 1.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2111-4 **(Officer's recommendation)**

Moved: Cr Su Groome

Seconded: Cr Frank Mofflin

Council receive the information report on purchasing policy exemptions for July to October 2021.

Carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

ARMC2111-5 OVERDUE DEBTORS REPORT AS AT 31 OCTOBER 2021

Meeting date:	17 November 2021
Responsible officer:	A/Manager Finance
Decision making authority:	Council
Attachments:	1. Summary of Overdue Debts above Threshold (<i>confidential attachments under separate cover</i>)
Additional information:	Nil

SUMMARY

This debtors report with a confidential attachment is provided to the Audit and Risk Management Committee together with details of overdue debts that exceed a threshold value of \$10,000.

This report recommends that Council receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 October 2021.

BACKGROUND

The report provides details to the Audit and Risk Management Committee (ARMC) on overdue debtors. The following information is provided on a quarterly basis:

- 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.
- The value of debt that is in excess of ninety (90) days overdue and the combined value of those debt(s) which exceed \$10,000.
- All records of the uses of 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.
- A confidential report containing the individual debtor information in relation to the outstanding debtors exceeding 90 days with a combined value exceeding \$10,000 with comments, background, and a comparison to the previous quarters report.
- Debtor day ratio - the average number of days required 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.

As at the year ending 30 June 2021 an amount of \$79,031 was held as an allowance for impairment of receivables. As at the 31 October 2021, the current allowance held as impairment is \$79,031 with no debts being written off in the 2021/22 financial year.

During this financial year the following reportable write-offs and waivers have been processed against this account:

Total Write-offs	NIL
Total Waivers	<u>NIL</u> NIL

Since the last report, no occurrences of delegated authority to waive or write off debts valued at \$1,000 or above per debtor by officers has occurred. Currently no debtor has been identified for potential write-off/waiver.

Summary of Sundry Debtor's Debts Written-off

Debtor No.	Name	Amount	Business Unit	Delegated Officer or Council
	TOTAL	NIL		

Summary of Rates Debtors Debts Written-off

PID No.	Name	Amount	Business Unit	Delegated Officer or Council
	TOTAL	NIL		

Summary of Sundry Debtor's Debts Waived

Debtor Name	Amount Waived Excl GST	Description
TOTAL	NIL	

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 in excess of 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.

CONSULTATION

Nil.

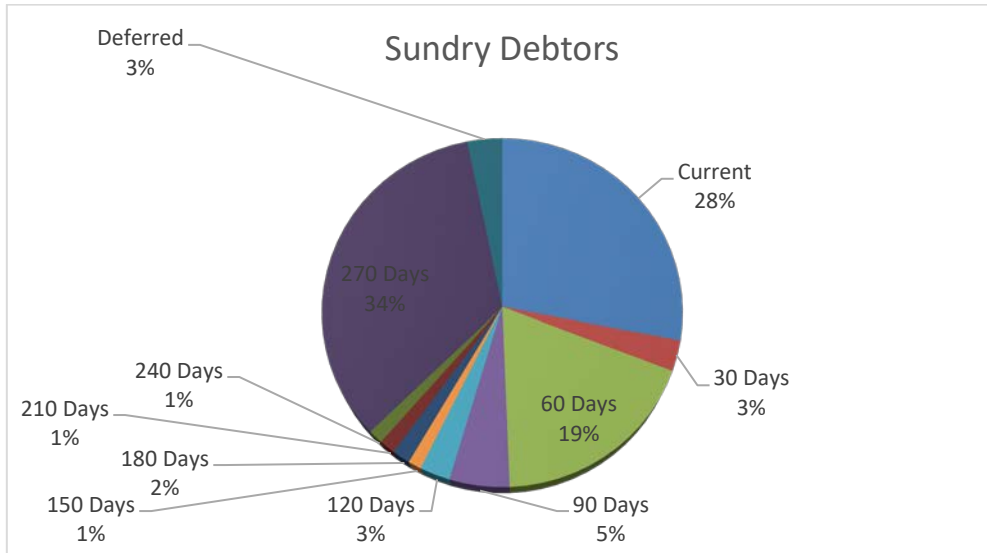
OFFICER COMMENT

The total of debtors outstanding as at 31 October 2021 is \$995,035. A breakdown of aged debt for the current period compared to prior year for the same period is tabled below.

Period Ending December	Current	30 Days	60 Days	90+ Days	Total
July 21 – October 21	28%	3%	18%	51%	100%
	279,084	28,275	183,900	503,777	995,036
July 21 – October 21 Excl. Commercial Properties	27%	1%	27%	45%	100%
	171,219	5,992	171,116	282,217	630,544
July 20 – September 20*	432,911	301,939	51,254	149,558	935,662

*Prior year reporting presented quarterly

Of the total debt balance, the amount outstanding for 90+ days is \$503,777 or 51%. Below is a graph of the aged debt balances as at 31 October 2021.



Compared to the report of overdue debtors as at 30 June 2021, presented to Audit and Risk Management Committee at the 18 August 2021 meeting, the total value of outstanding debtors has increased by \$103,000.

Outstanding debt over 90 days has increased from 488k at the end of the previous quarter to 504k. The number of overdue debtors above the reporting threshold of \$10,000 and 90 days remains at 9 with a total value of \$451,247 and of this, \$32,131 is deferred and subject to an agreed payment arrangement to secure payment in full by 30 June 2023.

In accordance with delegated authority, any debts over 50,000 will be submitted to Audit and Risk Management Committee for approval and all recorded use of delegated authority by Chief Executive Officer, Directors and Managers will be reported to Audit and Risk Management Committee.

The confidential attachment contains debtor information in relation to the \$451,247 of outstanding debtors exceeding 90 days with a combined value exceeding 10,000 with comments and background.

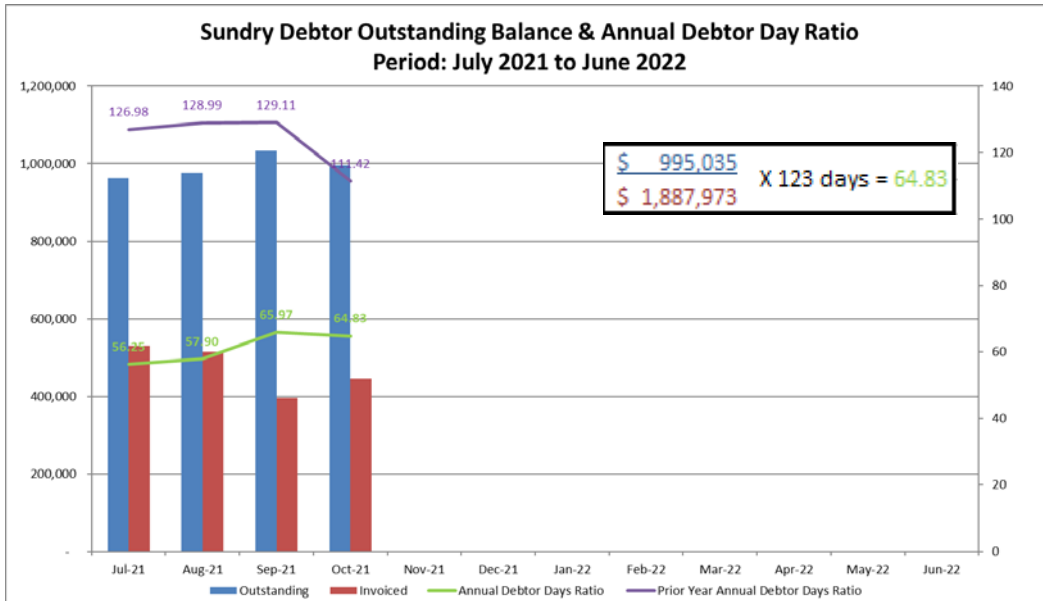
Debtors Outstanding

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 over the total amount invoiced to that period for the financial year by the total number of days from 1 July to the end of the period. See calculation in graph below.

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.

At July 2021, \$892,055 of invoices raised prior to 2021/22 were outstanding resulting in outstanding debt exceeding the amount invoiced during July 2021.



At reporting date, the debtor day ratio was 64.83 an increase from the prior reporting period. Of outstanding debt, 28% related to current invoices that were not yet due.

Key Performance Indicators

The Audit and Risk Management Committee recommended a performance measure be included to provide a reporting date ‘snapshot’ of performance against agreed indicators.

Internal debt management procedures have been reviewed resulting in officers engaging with debtors earlier where an amount is considered to have an increased risk of default. Upon review of debt levels over prior financial years, officers consider reasonable and recommend the following targets against which to report.

Key Performance Targets				
Current	30 Days	60 Days	90 Days	Total
80%+	<= 10%	<=5%	<=5%	100%

Mtg 1 - July 2021 to October 2021				
Aged Debt Category	Current	30 Days	60 Days	90 Days
Target	80%	10%	5%	5%
Value	279,084	28,275	183,900	503,777
Percentage	28.05%	2.84%	18.48%	50.63%
Performance	●	●	●	●
	Target achieved		Target exceeded	

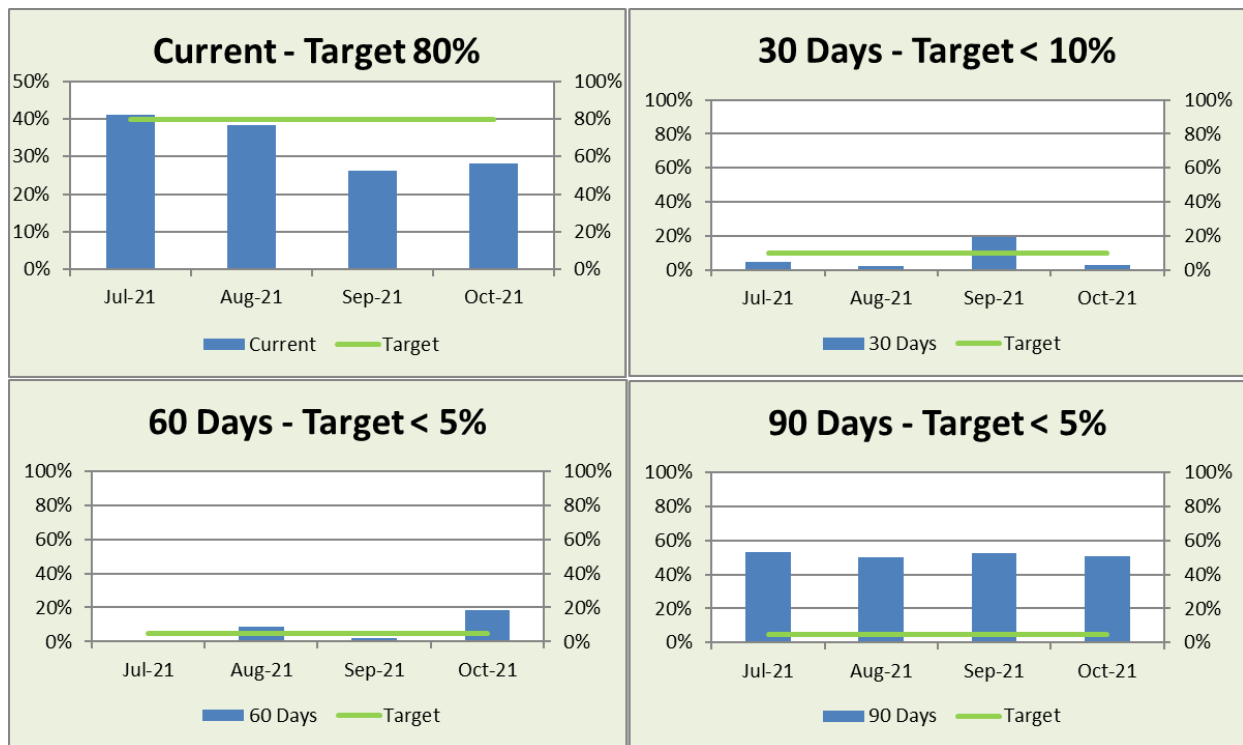
Category	Commercial Properties (%)	Others (%)
Current	11%	17%
30 Days	1%	2%
60 Days	1%	17%
90 Days	22%	28%

Of total overdue debt, Commercial Properties account for 36% (\$256,625) and 86% (\$221,559) of these debts extend 90 days & beyond. Deferred payment arrangements are currently in place for \$32,131 or 13% of total overdue Commercial Property debts.

Of the non-deferred debt 90 days & beyond, 75% (\$166,155) relates to debtors included in the confidential attachment. City officers continue to liaise with all commercial tenants to provide assistance, including payment arrangements, where appropriate.

The following charts demonstrate performance against the recommended target for each aged debt category by period to reporting date for this financial year.

Summary by total debtors by days



Summary by debtor type by days



Impact of COVID on Commercial Property

In response to COVID-19, the State Government created legislation and guidelines aimed at protecting commercial tenants who may have been subject to financial duress as a result of the pandemic.

The City adhered to the legislation and guidelines in order to support its commercial tenants and opted to provide rent waivers in cases where tenants could demonstrate financial loss as a result of COVID-19.

During the emergency period (April 2020 – September 2021) landlords were required to provide waivers of up to 100%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

During the recovery period (October 2020 – March 2021) landlords were required to provide waivers up to 50%. The waivers during this period were to be provided commensurate with any loss that could be demonstrated by the business as a result to COVID-19.

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 **\$32,131** remains outstanding a reduction, since the prior reporting period, of \$19,027 (4%), with all debtors currently successfully paying this back via direct debit arrangements.

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

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 October 2021.

AMENDMENT

Moved: Mayor, Hannah Fitzhardinge Seconded: Cr Su Groome

To add a part 2, to read as follows;

- 2. Request that a report be brought back to the Audit and Risk Management Committee on an approach to the recovery of debt from debtor 2091788.**

Amendment carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

COMMITTEE RECOMMENDATION ITEM ARMC2111-5

(Amended officer's recommendation)

Moved: Cr Jenny Archibald

Seconded: Cr Frank Mofflin

Council:

- 1. Receive the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 31 October 2021.**
- 2. Request that a report be brought back to the Audit and Risk Management Committee on an approach to the recovery of debt from debtor 2091788.**

Carried: 5/0

**Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome**

ARMC2111-6 TENDERS AWARDED UNDER DELEGATION OCTOBER 2021

Meeting date: 17 November 2021
Responsible officer: Manager Asset Management
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to summarise tenders awarded under delegation by various delegated officers and committees, during the period July 2021 to October 2021.

This report recommends that Council receive the report on tenders awarded under delegation between July 2021 and October 2021.

BACKGROUND

Tenders awarded by the City are awarded under the following delegations, approved at Council on 8 July 2021:

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 budget approved at Council on 8 July 2021.

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*.

Under delegation 2.11 Expressions of interest and tenders or the City's Delegated Authority Register, 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 July 2021 and October 2021.

July 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
FCC570/21 - Natural Areas Weed Control	CEO Delegation	South East Regional Centre for Urban Land Care (SERCUL	\$384,900

August 2021

Tender Description	Awarded By	Contractor(s)	Contract Value
FCC581/21 - Sand Screening and Remnant Seawall Removal Works	CEO Delegation	Egan Civil Pty Ltd	\$204,270

September 2021

Nil

October 2021

Nil

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

COMMITTEE RECOMMENDATION ITEM ARMC2111-6 (Officer's recommendation)

Moved: Cr Su Groome

Seconded: Cr Jenny Archibald

Council receive the report on tenders awarded under delegation between July 2021 and October 2021.

Carried: 5/0

Mayor Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Frank Mofflin, Cr Fedele Camarda, Cr Su Groome

9. Motions of which previous notice has been given

Nil

10. Urgent business

Nil

11. Late items

Nil

12. Confidential business

ARMC2111-7 EMERGING ISSUES REPORT - NOVEMBER 2021

Meeting date: 17 November 2021
Responsible officer: A/Director City Business
Decision making authority: Council
Attachments: Nil
Additional information: Nil

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:

- (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting

13. Closure

The Presiding Member declared the meeting closed at 7.02 pm.