



# Minutes

## Audit and Risk Management Committee

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Wednesday, 18 August 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, 18 August 2021** at 5.30 pm.

### 1. Official opening, welcome and acknowledgement

The Presiding Member declared the meeting open at 5.34 pm.

### 2. Attendance, apologies and leaves of absence

#### 2.1. Attendance

Cr Andrew Sullivan	Deputy Mayor/South Ward
Cr Adin Lang	Presiding Member/City Ward
Cr Frank Mofflin	Deputy Presiding Member/Hilton Ward
Cr Doug Thompson	North Ward ( <i>arrived 5.49 pm</i> )
Cr Marija Vujcic	South Ward
Mr Phillip Draber	External Advisor
Mr Glen Dougall	A/Chief Executive Officer
Mr Matthew Hammond	A/Director City Business
Mr Graham Tattersall	Director Infrastructure
Mr Paul Garbett	Director Strategic Planning and Projects
Ms Emma Alberti	A/Manager Finance
Ms Charlie Clarke	Manager Governance
Mr Craig Best	Manager Asset Management
Mr Mark Donnelly	Manager Field Services
Ms Anne-Marie Bartlett	Meeting Support Officer

#### 2.2. Apologies

Cr Hannah Fitzhardinge

Cr Jenny Archibald

#### 2.3. Leave of absence

Cr Su Groome

### 3. Disclosures of interests by members

Nil

**4. Deputations**

**4.1 Special deputations**

Nil

**4.2 Presentations**

Nil

**5. Confirmation of minutes**

**COMMITTEE DECISION**

**Moved: Cr Adin Lang**

**Seconded: Cr Frank Mofflin**

**The Audit and Risk Management Committee confirm the minutes of the Audit and Risk Management Committee meeting dated 16 June 2021.**

**Carried: 4/1**

**For**

**Cr Andrew Sullivan, Cr Adin Lang,  
Cr Frank Mofflin, Mr Phillip Draber**

**Against**

**Cr Marija Vujcic**

**6. Elected member communication**

Cr Vujcic stated that she believed that as the Audit and Risk Management Committee has no delegated authority that it is a redundant committee with no executive powers or financial responsibility.

She added that in her opinion, the Committee reflects a box ticking exercise for legislative compliance and that ratepayers would benefit from reduced costs if the Committee were to cease and that the Committee has no true oversight and its value in promoting transparency in governance is poor as recommendations are more about receiving information or reporting information.

Cr Vujcic also stated that the current structure of the Audit and Risk Management Committee is not effective and that the Committee should be working with administration in real time as risks and issues appear, not after the event, and that she intended to give notice of a motion to restructure the committee at the first council meeting after the election.

## 7. Reports and recommendations

Cr Doug Thompson arrived at 5.49 pm prior to consideration of the following item.

### ARMC2108-1 WALYALUP CIVIC CENTRE – PROJECT UPDATE REPORT

**Meeting date:** 18 August 2021  
**Responsible officer:** Director Infrastructure  
**Decision making authority:** Council  
**Attachments:** 1. Risk Register Summary (July)  
**Additional information:** Nil

#### SUMMARY

**This report provides an update in respect to current progress with works on site at the Walyalup Civic Centre. The report also includes details with current issues and provides a summary of costs as they relate to the building construction, including costs associated with the Liquidation of Pindan Pty Ltd.**

**The report recommends that Council:**

**Receive the project update and note the progress, management of current issues, program / timing and costs.**

#### BACKGROUND

On Wednesday 19 May 2021, the City received notification that Pindan Construction Pty Ltd had been placed into liquidation.

As of this date the following main areas / components of the works remain to be completed:

- External façade / building envelop works.
- Roofing works and PV array installation.
- General interior fit out works, inc carpet installation, painting, cabinetry works and cleaning.
- Exterior works, i.e. paving installation works, soft landscaping works, cleaning, defect inspections.
- Final testing, witnessing, and commissioning works.

Following the liquidation event, the City moved quickly to manage risk in respect to the effective and timely completion of the project; to that end the City directly employed Pindan site project team (4 key staff). This was felt to be a critical move to ensure project continuity and preserve construction knowledge and contractor relationships.

The next stage for the City was to agree and adopt a suitable and acceptable delivery model and approach for the completion of works.

At the Special Council meeting of 8 June 2021 officers sought approval to:

- Continue the engagement of contractors (previously contracted to Pindan Ltd PTY) under sole source supply arrangements
- Formally terminate the Construction Contract with Pindan Pty Ltd at the appropriate time.
- Delegate to the CEO to authorise project expenditure to complete the project works up to the available value of the retained performance bonds (\$3,673,056.40).
- Approve officers progress with a Managing Contractor arrangement for the oversight of completion of the project works and to immediately commence the tender process on this basis.

Council unanimously approved the following recommendation – this included a requirement that the project continue to be monitored through regular updates to the City's Audit and Risk Committee via the following recommendation:

**COUNCIL DECISION ITEM SC2106-1**  
(Amended officer's recommendation)

Moved: Cr Andrew Sullivan      Seconded: Cr Bryn Jones

**Council**

1. Note the City's legal advice in respect to the direct engagement of contractors, previously contracted to Pindan Ltd PTY, as Sole Source suppliers.
2. Note the advice from the probity auditor in respect to the City's approach and engagement of contractors for the completion of Walyalup Civic Centre construction contract.
3. As a result of the unique nature and current status of the project, approve Sole Source supply arrangements under Regulation 11 (2)(f) of the Local Government (Function and General) Regulations 1996, for the engagement of contractors as detailed in confidential Attachment 1, to complete the project works as *the City has good reason to believe that no other contractor would be prepared to assume the obligations to carry out and complete the works of any current subcontractor, assuming liability for what has been done, at the price that remains payable under the terms of the existing subcontract and taking over existing warranties required under the existing contract.*
4. Approve CEO delegation to formally terminate the Construction Contract with Pindan Pty Ltd at the appropriate time.
5. Approve CEO delegation to authorise project expenditure to complete the project works up to the available value of the retained performance bonds (\$3,673,056.40).
6. Approve officers progress with a Managing Contractor arrangement for the oversight of completion of the project works and to immediately commence the tender process on this basis.
7. *Request that the Walyalup Civic Centre project continue to be monitored through regular updates to the City's Audit and Risk Committee.*

Carried: 11/0

Cr Geoff Graham, Cr Hannah Fitzhardinge, Cr Sam Wainwright,  
Cr Su Groome, Cr Frank Mofflin, Cr Doug Thompson, Cr Bryn Jones,  
Cr Marija Vuicic, Cr Andrew Sullivan, Cr Rachel Pemberton, Cr Adin Lang

As a result of the above resolution, the City's inhouse Project Team novated all the novation deed contractors to the City of Fremantle and reviewed and agreed the remaining scope of works to be completed.

The team also engaged the required 'non-novated' contractors to progress and complete the works as previously agreed (via Pindan Pty Ltd).

In addition to this the in-house team remained active on site through labourers and certain licensed contractors – mainly to execute fit out assembly works and to clean and clear the building / site in preparation for the final stages of work. The team also progressed some urgent works to the building to protect it from damage from the weather.

Following a public tender process, the Finance, Policy, Operations and Legislation Committee of 14 July 2021 accepted the tender for Managing Contractor Services from the CDI Group. The CDI Group were assessed as a particularly suitable Managing Contractor to facilitate the completion of the remaining works for the Walyalup Civic Centre project.

The City executed a formal contract with the CDI Group and re-commenced main construction works week commencing 19 July 2021.

## **FINANCIAL IMPLICATIONS**

The City's budget and costs status as of 11 August is summarised below.

<b>Construction Summary</b>		
Contract Sum (Original award)		\$41,461,128
Adjusted Contract Sum (inc. certified variations)		\$42,616,834
Paid to date (June 2021)		\$40,451,025
Remaining Cost to Complete (Paid v Forecast Cost)		\$4,836,233
<b>FORECAST - Construction Cost to Complete</b>		<b>\$45,287,258</b>
<b>Available Construction Budget</b>		
Initial Contract	\$	41,461,128
Contingency - 5% (\$600k moved to Town Hall works)	\$	1,500,000
Changing Places (Grant)	\$	120,000
Total	\$	43,081,128
Insurance Bonds	\$	3,600,000
<b>Construction Works Budget</b>		<b>\$ 46,681,128</b>
<i>balance</i>	\$	1,393,870

## **LEGAL IMPLICATIONS**

Nil

## **CONSULTATION**

Nil

## **OFFICER COMMENT**

### Project Update

The project team (4 ex-Pindan) have has been subject to staff changes, with two staff leaving (Site Supervisor and Site Manager) – these have since been replaced. The replacement staff are well qualified and experienced and have fitted in well.

The team continue to lead the construction works on site.

The WCC Project Team have confirmed that the total value of trade packages procured to date equates to 99% of the total trade value.

The CDI Group are now fully engaged and active on site. They have now completed a full site review and are actively engaged in their role.

Key progress / works areas:

- Facades
- Soffits and canopy's
- Window openings
- Roof – steel works complete, coverings progressing
- Glazing / doors
- Chillers initiated
- Gas connected and primed, boilers initiated
- A/C initiated / testing commenced
- Deep clean under way in all internal areas
- Colgan has completed Town Hall fire suppression works (await final commissioning)

Currently, the only overseas item remaining is the courtyard stone arriving from China. This is expected on site at the end of August 2021.

Key Issues:

- Weather / rain delays
  - The unusual amount on prolonged and consistent rain has restricted external roofing and façade works.
- Old basement area:
  - High rainfall and subsequent high-water table have created some problems with water ingress in the old (retained) basement area holding the Westernpower transformer / substation.
    - The team have been liaising with Westernpower and the electrical consultants and treatment options have been tried.
    - Works over the last two weeks have significantly improved the issue.

- The team continue to monitor the situation and are preparing plans for effective future management.
- Access restrictions
  - The poor weather has also resulted in delays in completing the playground – completing painting & cobbles. This has restricted delivery access and necessitated some rescheduling.
- 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.
- Façade assembly
  - The complexities with the construction of the final façade panels and missing glazing have proved challenging for the offsite assembly yard. An Australian source for glass has now been secured (that can match the specifications) and deliveries are now progressing.

#### Statutory Approvals

- The Building Permit has been successfully transferred from Pindan Pty Ltd to the CDI group.

#### Design matters

- Early preparatory snagging and design compliance pre-surveys have commenced.
- Façade design and offsite fabrication is progressing well.

#### Insurances

- The City has secured the necessary building / contract works insurances.
- The CDI group have provided the required evidence of their insurance provisions.

#### Health and Safety

- The CDI group have completed a Health and Safety review of the site using their consultant, no significant issues were highlighted. They have now implemented / overlaid the CDI Health & Safety Plan.

#### Risk management

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

#### Program

- The poor weather and prolonged rain have restricted progress on the façade and roof installation works, this is unfortunately now affecting the critical path.

It is currently estimated that, subject to weather - Practical Completion should now occur at the end of October 2021, this to be followed by library fit out works and IT commissioning by City Staff.

Occupation and building opening is now programmed for November 2021.

## VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required

## OFFICER'S RECOMMENDATION

Moved: Cr Adin Lang

Seconded: Cr Andrew Sullivan

Council receive the update report and note the current project status.

## AMENDMENT

Moved: Cr Doug Thompson

Seconded: Cr Adin Lang

Amend the officer's recommendation to read as follows:

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

Amendment carried: 5/1

For

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Mr Phillip Draber

Against

Cr Marija Vujcic

## COMMITTEE RECOMMENDATION ITEM ARMC2108-1

(Officer's recommendation, as amended)

Moved: Cr Adin Lang

Seconded: Cr Andrew Sullivan

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

Carried: 5/1

For

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Mr Phillip Draber

Against

Cr Marija Vujcic

## ARMC2108-2 PURCHASING POLICY EXEMPTIONS JUNE 2021

**Meeting date:** 18 August 2021  
**Responsible officer:** Manager Finance  
**Decision making authority:** Council  
**Attachments:** 1. Purchasing Policy Exemption Details June 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 June 2021.**

**This report recommends that Council receive the Purchasing Policy Exemptions report for June 2021.**

### BACKGROUND

At the Ordinary Council Meeting 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

The total value of spending exempt from the City of Fremantle Purchasing Policy was \$55,595.00 for the month of June 2021.

The value of exemptions by category is:

<b>Exemption Category</b>	<b>Value</b>
Specialist Consultancy / Legal Advice and OEM Exemptions	\$20,000.00
Artist Exemptions	\$35,595.00
<b>Total</b>	<b>\$55,595.00</b>

Details regarding individual exemptions can be found in Attachment 1.

The process for requesting artist exemptions was amended to require exemptions before contracts or purchase orders are awarded. This has resulted in artistic fees required for the Fremantle Festival 2021:10 Nights in Port scheduled for July 2021 and the Revealed Festival of March / April 2021, being agreed and paid for in advance. All costs were budgeted and approved at the 8 July 2020 Special Council Meeting. Costs for the Revealed Festival are 100% grant funded.

## **VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required

### **COMMITTEE RECOMMENDATION ITEM ARMC2108-2** **(Officer's recommendation)**

**Moved: Cr Adin Lang**

**Seconded: Mr Phillip Draber**

**Council receive the information report on purchasing policy exemptions for June 2021.**

**Carried: 6/0**

**Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Cr Marija Vujcic, Mr Phillip Draber**

## ARMC2108-3 OVERDUE DEBTORS REPORT AS AT 30 JUNE 2021

<b>Meeting date:</b>	18 August 2021
<b>Responsible officer:</b>	Manager Finance
<b>Decision making authority:</b>	Council
<b>Attachments:</b>	1. Summary of Overdue Debts above Threshold 2. Commercial Property COVID-19 Rent Waivers <i>(confidential attachments under separate cover)</i>
<b>Additional information:</b>	Nil

### SUMMARY

**This debtors report with confidential attachments 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 30 June 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.

Further to the usual details provided in this report, at the meeting of the 16 June ARMC council requested that:

- Officers bring back to the Audit and Risk Management Committee a profile of the value of waivers on commercial property over the last two years (FY20/21 & FY19/20) to see what the (essentially COVID) impact on the City of Fremantle has been in relation to the commercial properties.
- Officers provide a finalised list of commercial property waivers to the next Audit and Risk Management Committee.

This information has been provided as part of this report via the confidential attachment under separate cover.

## **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 2020 an amount of \$584,675 was held as an allowance for impairment of receivables. At mid-year budget review, an additional \$250,000 allowance was made for impairment of receivables. As at the 30 June 2021, the current allowance held as impairment is \$170,969 with \$663,706 being written off in the 20/21 financial year.

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

Total Write-offs	\$419 GST Exempt
Total Waivers	<u>\$663,287 + GST</u>
	<b>\$663,706</b>

Since the last report, 5 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
	<b>TOTAL</b>	<b>NIL</b>		

### **Summary of Rates Debtors Debts Written-off**

PID No.	Name	Amount	Business Unit	Delegated Officer or Council
	<b>TOTAL</b>	<b>NIL</b>		

### **Summary of Sundry Debtor's Debts Waived**

Debtor Name	Amount Waived Excl GST	Description
The Italian Club Fremantle	\$4,548.99	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Clancy's Fish Pub	\$20,608.07	Rent Waiver due to COVID 19- 30/03/2020 to 30/06/2020

<b>Debtor Name</b>	<b>Amount Waived Excl GST</b>	<b>Description</b>
Port Jarrah Furniture Fremantle Gallery	\$24,882.10	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Tom Edward Fay	\$6,247.39	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Kiodogo Art Institute	\$16,460.78	Rent Waiver due to COVID 19 - 30/03/2020 to 31/12/2020
Bakpak Freo Pty Ltd	\$75,291.99	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Royal Fremantle Golf Course Pty Ltd	\$10,546.22	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Dome Fremantle	\$95,953.91	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Fremantle Markets Pty Ltd	\$76,434.86	Rent Waiver due to COVID 19- 25/03/2020 to 30/04/2020
Fremantle Volunteer Heritage Guides Association Inc	\$545.81	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Fremantle Arts Centre Café	\$10,194.62	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Moore & Moore Food & Drink	\$16,554.31	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Gino's Café Pty Ltd	\$76,910.07	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Mr Glen Martin Cowans	\$6,008.24	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Van Thang Doan	\$8,369.97	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
David Giles Art Gallery	\$7,056.29	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Australian Touristic Attractions Pty Ltd	\$20,734.55	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Art on the Move	\$7,621.40	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Rebecca Michelle Baumann	\$1,534.79	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Coolchest Pty Ltd	\$11,470.56	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Bird Books Pty Ltd	\$12,634.37	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020

Debtor Name	Amount Waived Excl GST	Description
Beach Partnerships T/A COAST Port Beach	\$108,258.34	Rent Waiver due to COVID 19- 30/03/2020 to 31/03/2021
Tanya Schultz	\$2,102.46	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
George Ricca Enterprises Pty Ltd	\$3,780.91	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Sierra Orenda Pty Ltd	\$24,892.81	Rent Waiver due to COVID 19- 30/03/2020 to 30/09/2020
Jina Lee	\$4,838.71	Rent Waiver due to COVID 19- 30/03/2020 to 31/01/2021
Rose Megirian	\$2,492.52	Rent Waiver due to COVID 19- 30/03/2020 to 31/01/2021
VARIOUS	\$6,731.00	Various debts not related to COVID and less than reportable amount
	<b>\$663,706</b>	

## 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

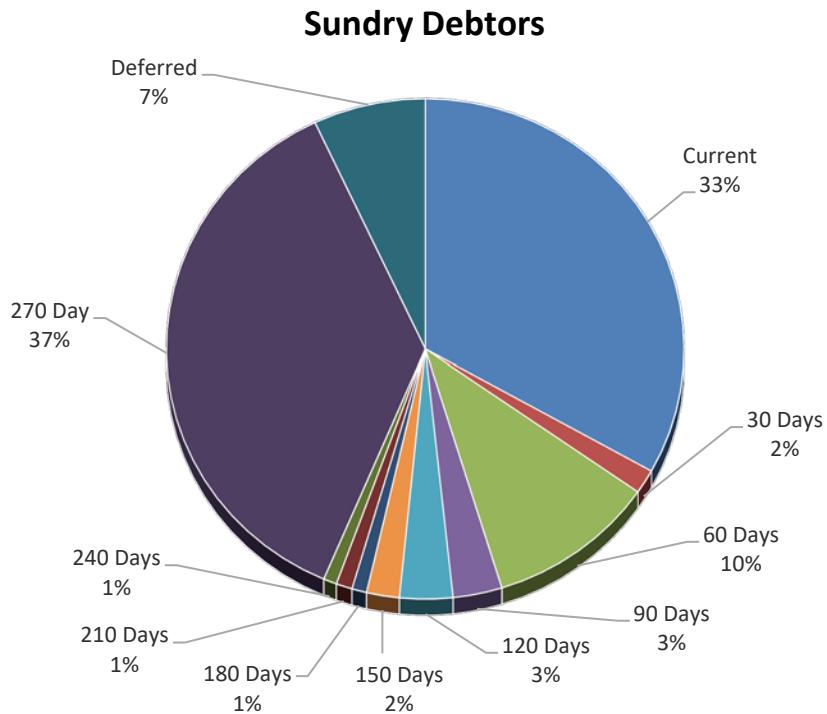
Nil

## OFFICER COMMENT

The total of debtors outstanding as at 30 June 2021 is \$892,054. A breakdown of aged debt for the current period compared to prior year for the same period is tabled below.

Period Ending June	Current	30 Days	60 Days	90+ Days	Total
July 20 – June 21	33%	1%	11%	55%	100%
	295,306	14,010	94,098	488,640	892,054
July 20 – June 21 Excl. Commercial Properties	36%	4%	12%	48%	100%
	195,646	21,919	65,745	258,936	542,247
July 19 – June 20	314,423	202,330	131,585	550,918	1,199,256

Of the total debt balance, the amount outstanding for 90+ days is \$488,640 or 55%. Below is a graph of the aged debt balances as at 30 June 2021.



Compared to the report of overdue debtors as at 31 May 2021, presented to Audit and Risk Management Committee at the 16 June 2021 meeting, the total value of outstanding debtors has decreased by \$397,640.

Outstanding debt over 90 days has decreased from 618k at the end of the previous quarter to 488k. The number of overdue debtors above the reporting threshold of \$10,000 and 90 days is 9 with a total value of \$415,597 and of this, \$51,158 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 \$415,597 of outstanding debtors exceeding 90 days with a combined value exceeding 10,000 with comments and background.

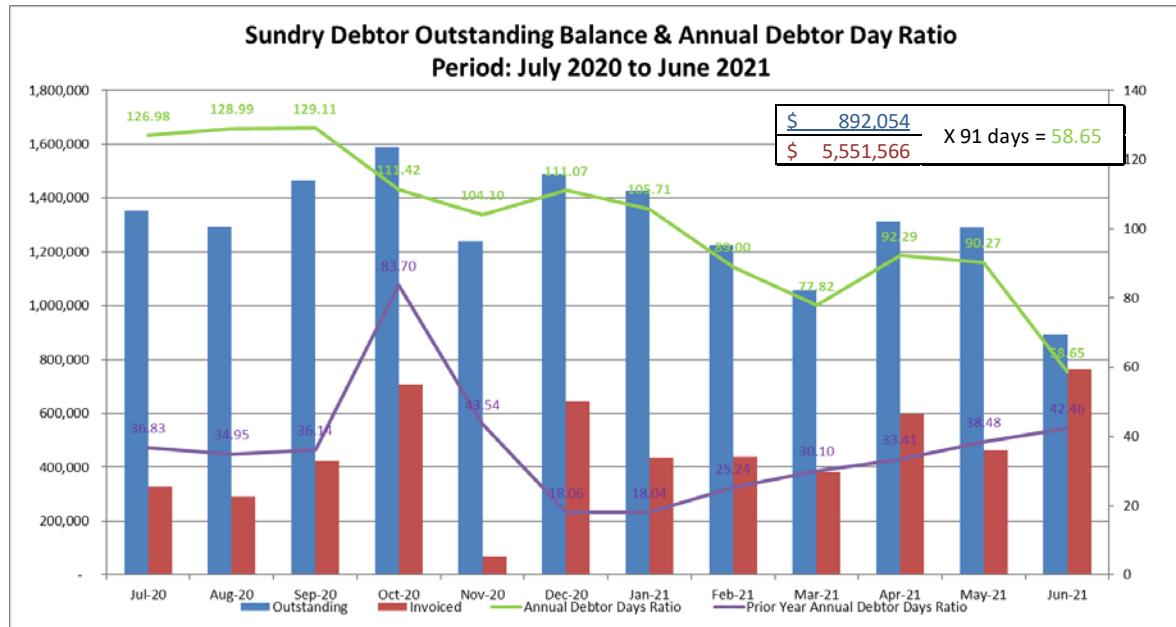
### **Debtors Outstanding**

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 2020, 1,067,654 of invoices raised in 2019/20 were outstanding resulting in outstanding debt exceeding the amount invoiced during July 2020. Identified write-offs/waivers amounted to 663k and have resulted primarily from the City's commercially leased properties.



At reporting date, the debtor day ratio was 58.65 an increase from the prior reporting period. Of outstanding debt, 33% related to current invoices that were not yet due.

## Key Performance Indicators

The Audit 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.

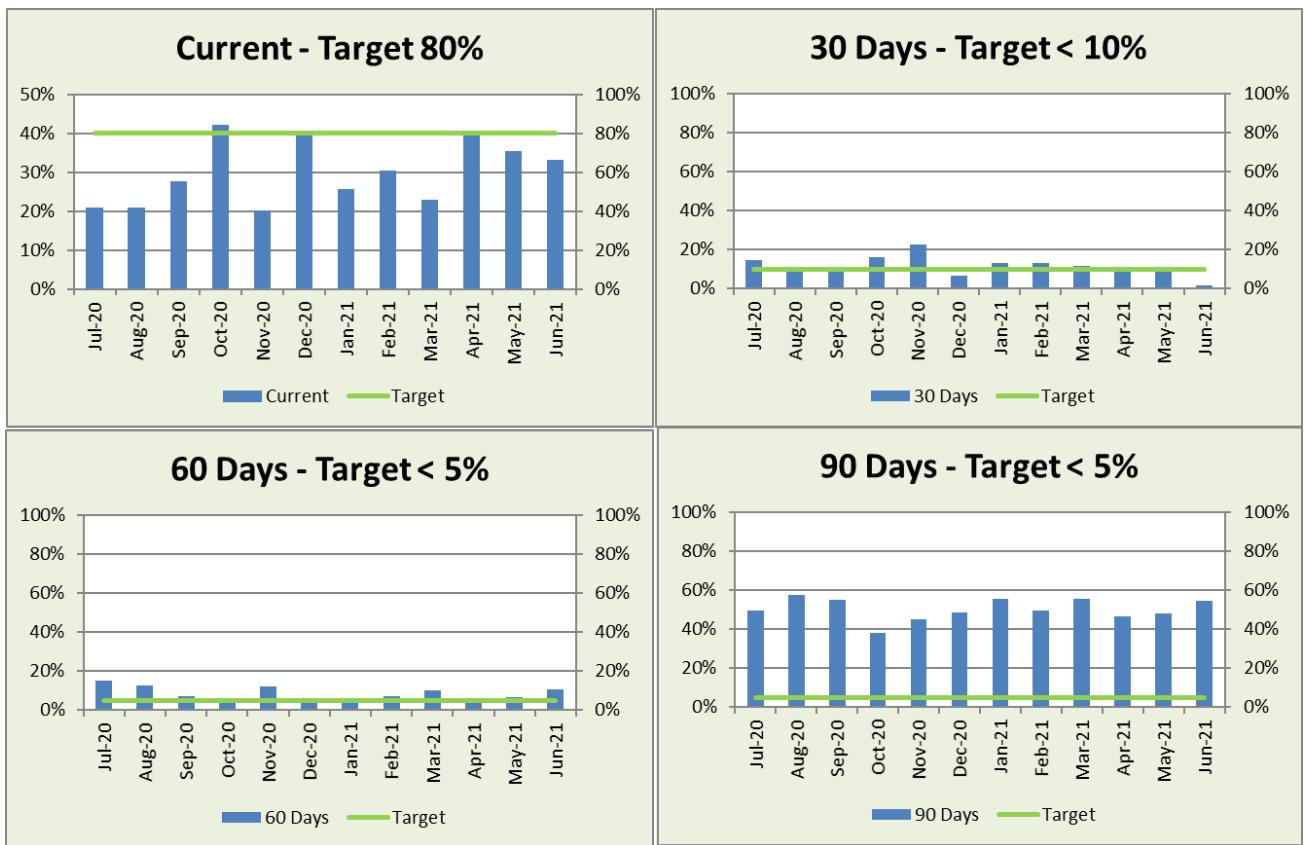
Key Performance Targets				
Current	30 Days	60 Days	90 Days	Total
80%+	<= 10%	<=5%	<=5%	100%



Of total overdue debt, Commercial Properties account for 39% (\$349,808) and 66% of these debts extend 90 days & beyond. Deferred payment arrangements are currently in place for \$62,099 or 18% of total overdue Commercial debts. City officers are liaising 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. As discussed above, much of the longer-term debt relates to the commercial tenants during the COVID shutdown period.

*Summary by total debtors by days*



*Summary by debtor type by days*



## **Impact of COVID on Commercial Property**

In response to COVID19, 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 \$429,579 only **\$52,918** remains outstanding, with all debtors currently successfully paying this back via direct debit arrangements.

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

## **VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required

## **OFFICER'S RECOMMENDATION**

**Moved: Cr Adin Lang**

**Seconded: Cr Frank Mofflin**

**Council receive:**

1. **the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 30 June 2021.**
2. **the confidential attachment providing information of the value of waivers provided to commercial properties over the last two years (FY20/21 & FY19/20).**

**AMENDMENT**

**Moved: Cr Doug Thompson**

**Seconded: Cr Adin Lang**

**Amend the officer's recommendation to include an additional part 3, to read as follows:**

**Council ~~receive~~:**

1. **Receive** the overdue debtors report and acknowledge the overdue debts exceeding ninety (90) days with the combined value exceeding \$10,000 as at 30 June 2021.
2. **Receive** the confidential attachment providing information of the value of waivers provided to commercial properties over the last two years (FY20/21 & FY19/20).
3. **Note that all of the commercial tenancy related rent waivers presented in this report are in relation to the City's adherence to State Government COVID-19 legislation and guidelines, and that the amount waived for each tenant was determined based on the level of financial loss that could be demonstrated via the tenants financial statements.**

**Amendment carried: 5/1**

**For**

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Mr Phillip Draber

**Against**

Cr Marija Vujcic

**COMMITTEE RECOMMENDATION ITEM ARMC2108-3**  
**(Officer's recommendation, as amended)**

Moved: Cr Adin Lang

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 30 June 2021.**
2. **Receive the confidential attachment providing information of the value of waivers provided to commercial properties over the last two years (FY20/21 & FY19/20).**
3. ***Note that all of the commercial tenancy related rent waivers presented in this report are in relation to the City's adherence to State Government COVID-19 legislation and guidelines, and that the amount waived for each tenant was determined based on the level of financial loss that could be demonstrated via the tenants financial statements.***

**Carried: 5/1**

**For**

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Mr Phillip Draber

**Against**

Cr Marija Vujcic

## ARMC2108-4 TENDERS AWARDED UNDER DELEGATION JUNE 2021

**Meeting date:** 18 August 2021  
**Responsible officer:** Manager Finance  
**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 June 2021.**

**This report recommends that Council receive the report on tenders awarded under delegation in June 2021.**

### BACKGROUND

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

<b>Delegated Authority</b>	<b>Amount of Delegation</b>
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 in June 2021

**June 2021**

<b>Tender Description</b>	<b>Awarded By</b>	<b>Contractor(s)</b>	<b>Contract Value</b>
FCC576/21 – Design & Construct Gilbert Fraser Lighting	CEO Delegation	Prestige Jointing and Electrical	\$276,796.00

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple majority required

**COMMITTEE RECOMMENDATION ITEM ARMC2108-4**  
**(Officer's recommendation)**

**Moved: Cr Adin Lang**

**Seconded: Cr Doug Thompson**

**Council receive the report on tenders awarded under delegation in June 2021.**

**Carried: 6/0**

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Cr Marija Vujcic, Mr Phillip Draber

## ARMC2108-5 INFORMATION REPORT – AUGUST 2021

### REPORT ON ELECTED MEMBER TRAINING FROM 1 JULY 2020 UNTIL 30 JUNE 2021

**Responsible officer:**

Manager Governance

**Attachments:**

1. Report on Elected Member Training 2020-2021

**Additional information:**

Nil

In June 2019, new provisions were introduced into the *Local Government Act 1995* relating to training and development for elected members.

Section 5.127 of the *Local Government Act 1995* requires local governments to prepare a report on the training completed by elected members for each financial year, which is then to be published on the City's official website.

The attached report contains the professional development completed by current elected members for the 2020-2021 financial year.

## STATUS REPORT OF COUNCIL MOTIONS – 1 MARCH 2021 TO 30 JUNE 2021

**Responsible officer:**

Manager Governance

**Attachments:**

1. Status Report of Council motions – 1 March 2021  
to 30 June 2021

**Additional information:**

Nil

Best practice principles support the recording and reporting of actions taken on Council decisions to ensure they are implemented, and that the actions are completed in a timely manner.

Where possible, Council decisions are actioned as soon as practicable after a Council meeting; however, there are projects or circumstances that mean some decisions take longer to implement than others. The City keeps a register of all final decisions made at Council and Committee meetings.

The City's motions register does not capture ongoing progress of projects and related activities, only how the initial decision has been, or will be, actioned. For instance, the register will record the adoption of a plan and the actions needed to disseminate and publish that plan, however the register will not include how the actions included in the plan are implemented, only that the plan was adopted appropriately.

The attached register excerpt provides the status of the actions taken by responsible officers in response to all final decisions of council. It has been organised into separate parts for ease of understanding and reference, as attached:

### **Part 1. Motions incomplete and ongoing in reporting period**

The motions included in this section are those decisions that have not yet been fully actioned. Progress comments or explanations are provided.

### **Part 2. Development Application motions completed in reporting period**

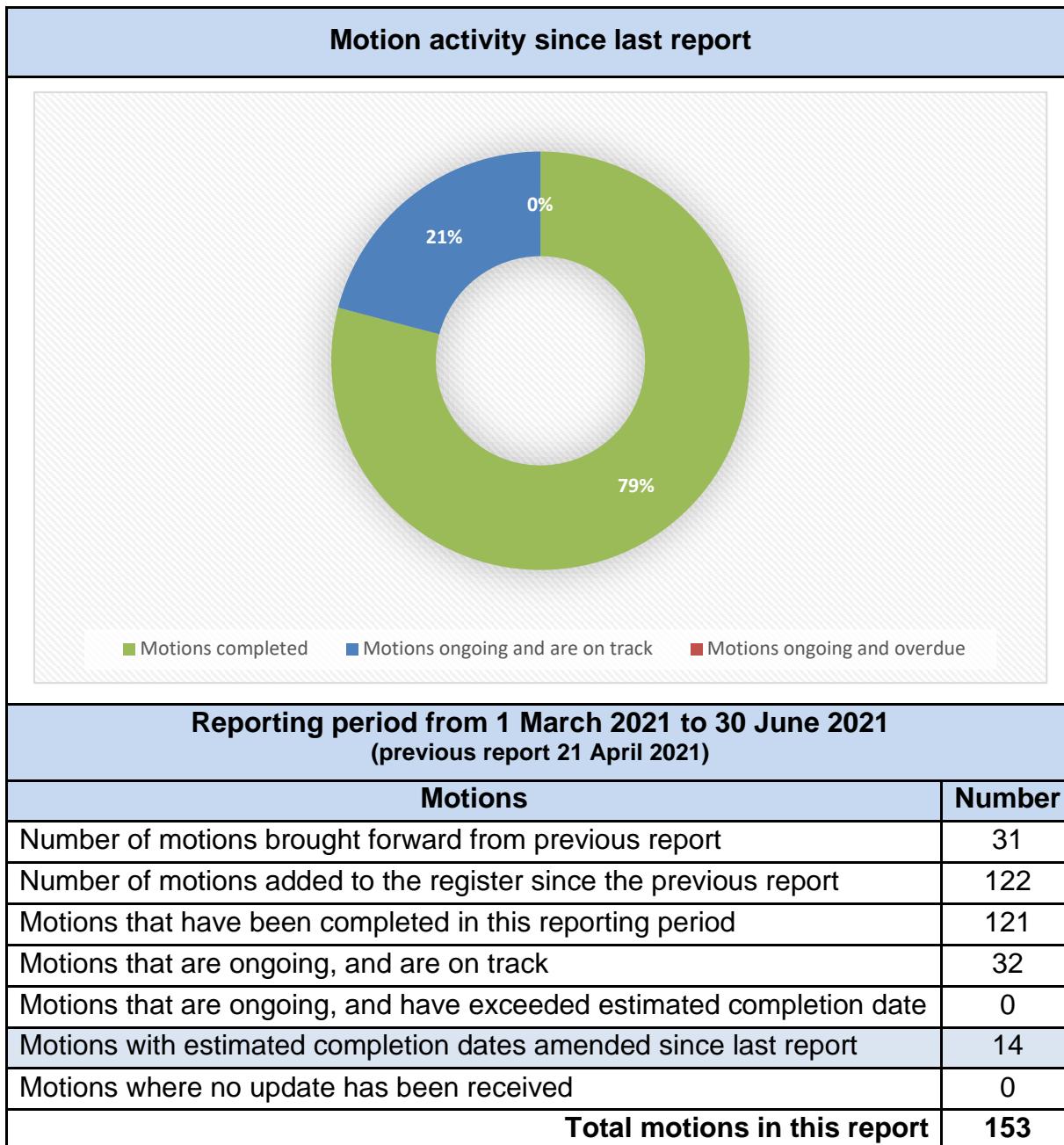
The motions included in this section are those decisions about Development Applications (DA's) that have been completed. They have been grouped for ease of reference only.

### **Part 3. Motions other than DA's completed in reporting period**

The motions included in this section are all other decisions made by Council (except DA's that have been completed, captured above at part 2).

### **Part 4. Motions where no action was required in reporting period**

The motions included in this section are from those reports that were provided to Council for information only.



## STATUS REPORT OF AUDIT ACTIONS TO 30 JUNE 2021

<b>Responsible officer:</b>	Manager Governance
<b>Attachments:</b>	1. Audit actions progress report to 30 June 2021 2. Information systems audit actions progress report to 30 June 2021 ( <i>Confidential attachment under separate cover</i> )
<b>Additional information:</b>	Nil

This report presents the City's central register that captures the progress of all recommended actions agreed to be undertaken by the City as suggested or recommended in an audit or review report.

Information from an audit or review report is inputted into the Audit Actions Register (the register) including recommendations/suggested actions, the responsible officer and the initial comment provided by the responsible Manager/Director to the auditor/reviewer.

When an item is given a rating (as agreed by the City) of "high" or "extreme", the item will be added to the Corporate Risk Register.

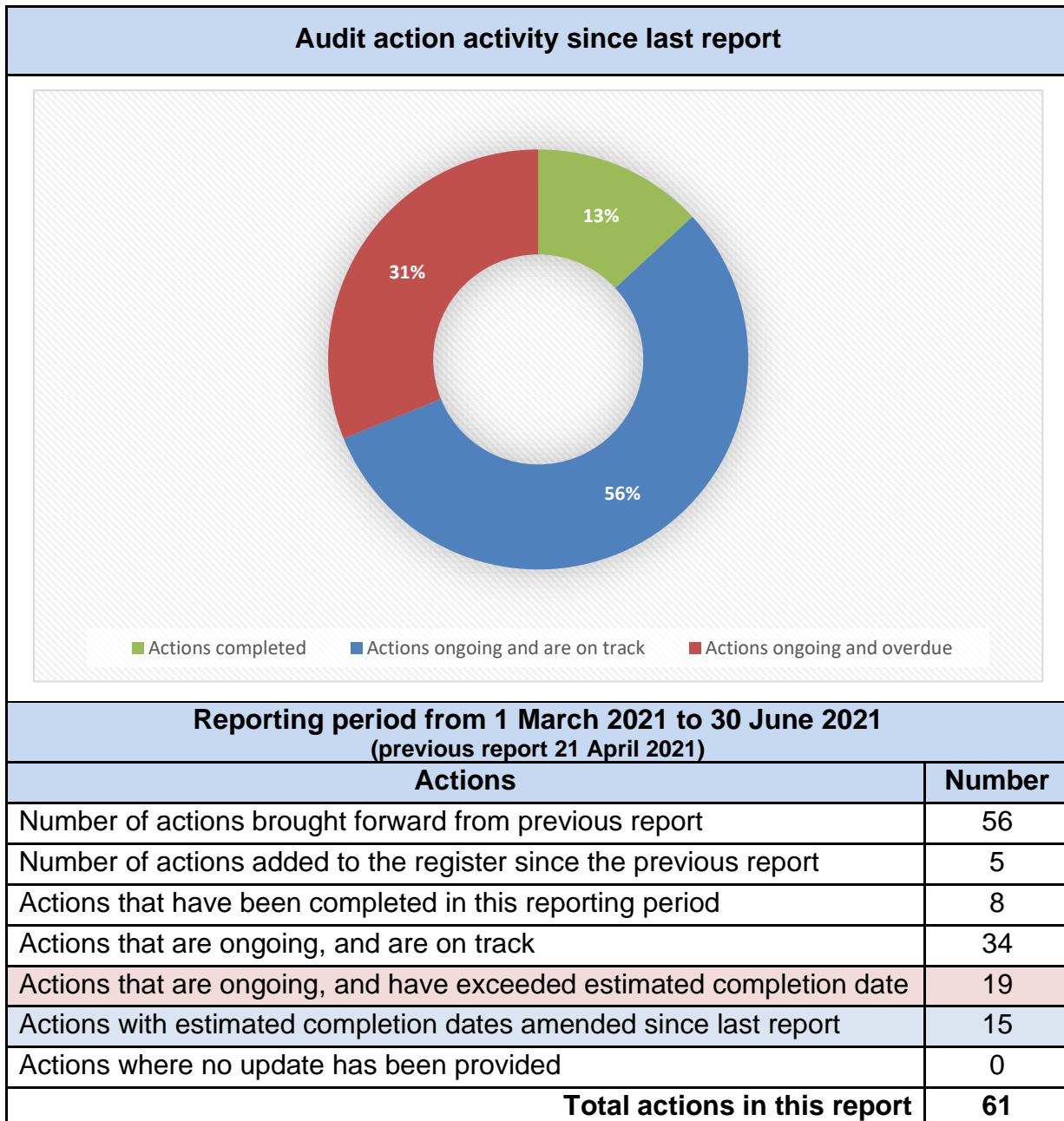
The attached report provides a summary of the progress the City has made in response to the recommendations/suggested actions in an audit or review findings report.

The Office of the Auditor General, when reporting on the findings of its Information Technology Systems audit, ensured that information relating to specific local governments was not provided. This was to protect local governments that had been identified as having potential security weaknesses.

The City of Fremantle will continue to support the OAG's decision by presenting the Information Technology Systems audit actions in the confidential attachments under separate cover.

The audits or reviews in this progress report are:

- Systems and Procedures Review
  - Internal Control
  - Risk Management
- Regulation of Consumer Food Safety
- Financial Management Review
- Interim Audit – Finance
- Interim Audit – Information Systems
- Annual Financial Statements



## OFFICER'S RECOMMENDATION

Council receive the following information reports for August 2021:

1. Report on Elected Member Training from 1 July 2020 until 30 June 2021.
2. Status report of Council motions – 1 March 2021 to 30 June 2021.
3. Status report of audit actions to 30 June 2021.

## COMMITTEE RECOMMENDATION ITEM ARMC2108-5

(Amended officer's recommendation)

Moved: Cr Adin Lang

Seconded: Cr Doug Thompson

Council receive the following information reports for August 2021:

1. Report on Elected Member Training from 1 July 2020 until 30 June 2021, *removing reference to attendance at the Waste to Energy Forum from Cr Mofflin's professional development in attachment 1:*

Cr Frank Mofflin	Council Member Essentials – Meeting Procedures	10/09/2020	WALGA	eLearning
Cr Frank Mofflin	Council Member Essentials – Understanding Financial Reports and Budgets	10/09/2020	WALGA	eLearning
Cr Frank Mofflin	Waste to Energy Forum	08/10/2020	Southern Metropolitan Regional Council	Tompkins-on-Swan
Cr Frank Mofflin	Tourism Bound Event	18/11/2020	Tourism Western Australia	Perth Convention and Exhibition Centre

2. Status report of council motions – 1 March 2021 to 30 June 2021.
3. Status report of audit actions to 30 June 2021.

Carried: 6/0

Cr Andrew Sullivan, Cr Adin Lang, Cr Frank Mofflin,  
Cr Doug Thompson, Cr Marija Vujcic, Mr Phillip Draber

## Reason for change

Cr Mofflin advised that though he had planned to attend the Waste to Energy Forum, he had not actually made it.

**8. Motions of which previous notice has been given**

Nil

**9. Urgent business**

Nil

**10. Late items**

Nil

**11. Confidential business**

**ARMC2108-6 18 STRANG STREET, BEACONSFIELD – PLANNING AND  
BUILDING COMPLIANCE MATTERS**

**Meeting date:** 18 August 2021

**Responsible officer:** Manager Field Services

**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.

## ARMC2108-7 EMERGING ISSUES REPORT - AUGUST 2021

**Meeting date:** 18 August 2021  
**Responsible officer:** 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

### 12. Closure

**The Presiding Member declared the meeting closed at 6.42 pm.**