



MINUTES

Audit Committee Meeting Wednesday, 6 July 2022 at 6:30 PM

Disclaimer

Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 I) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.

The Town of East Fremantle expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting.

Copyright

The Town wishes to advise that any plans or documents contained within the Minutes may be subject to copyright law provisions (Copyright Act 1968, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction. The Town wishes to advise that any plans or documents contained within this Agenda may be subject to copyright law provisions (Copyright Act 1968, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction.

CONTENTS

1	DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS	3
2	ACKNOWLEDGEMENT OF COUNTRY	3
3	RECORD OF ATTENDANCE	3
3.1	ATTENDANCE	3
3.2	APOLOGIES	3
3.3	APPROVED LEAVE	3
3.4	APPLICATION FOR LEAVE OF ABSENCE	3
4	MEMORANDUM OF OUTSTANDING BUSINESS	4
5	DISCLOSURES OF INTEREST	4
6	PUBLIC QUESTION TIME	4
7	PRESENTATIONS/DEPUTATIONS	4
8	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	4
8.1	AUDIT COMMITTEE (22 FEBRUARY 2022)	4
9	ANNOUNCEMENTS BY THE PRESIDING MEMBER	4
10	REPORTS	4
10.1	PRESENTATION OF RISK REGISTER APPLICATION	5
10.2	HAZARD REPORTING PROCESS	9
10.3	AUDIT REG 17 - FINANCIAL MANAGEMENT REVIEW	16
10.4	REVIEW OF FINANCE POLICIES	49
10.5	EXTERNAL AUDIT SCHEDULE	72
10.6	STATUS REPORT	79
10.7	AUDIT OF REQUISITIONS	85
11	MATTERS BEHIND CLOSED DOORS	91
12	CLOSURE OF MEETING	91

MINUTES

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

The Presiding Member opened the meeting at 6.18pm.

2 ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging.”

3 RECORD OF ATTENDANCE

3.1 ATTENDANCE

The following members were in attendance:

Cr A Natale	Presiding Member
Mayor J O’Neill	
Cr K Donovan	
Mr Ben Arnold	Independent Committee Member

The following staff were in attendance:

Mr Gary Tuffin	Chief Executive Officer
Mr Peter Kocian	Executive Manager, Corporate Services
Mr Nick King	Executive Manager, Technical Services
Mr Richard Olson	Revenue Officer
Mr Kelvin Wong	Finance Officer
Mrs Bron Browning	Minute Secretary

3.2 APOLOGIES

Nil

3.3 APPROVED LEAVE

Cr Andrew McPhail
Cr Andrew White
Cr Mark Wilson

3.4 APPLICATION FOR LEAVE OF ABSENCE

Ben Arnold requested leave of absence for the 2 November 2022 Audit Committee meeting.

OFFICER RECOMMENDATION

Moved Cr Donovan, seconded Mayor O’Neill

That Leave of Absence be granted to Ben Arnold for the 2 November 2022 Audit Committee Meeting.

(CARRIED UNANIMOUSLY)

4 MEMORANDUM OF OUTSTANDING BUSINESS

Nil

5 DISCLOSURES OF INTEREST

Nil

6 PUBLIC QUESTION TIME

Nil

7 PRESENTATIONS/DEPUTATIONS

Nil

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT COMMITTEE (22 FEBRUARY 2022)

OFFICER RECOMMENDATION

Moved Cr Donovan, seconded Mayor O'Neill

That the minutes of the Audit Committee meeting held on Tuesday, 22 February 2022 be confirmed as a true and correct record of proceedings.

(CARRIED UNANIMOUSLY)

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

Nil.

10 REPORTS

Reports start on the next page

10.1 PRESENTATION OF RISK REGISTER APPLICATION

Report Reference Number	ACR-248
Prepared by	Bron Browning, Co-ordinator Corporate Services
Supervised by	Peter Kocian, Executive Manager, Corporate Services
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple Majority
Documents tabled	Nil
Attachments	
	1. Risk Register Sample

PURPOSE

It is recommended that the Audit Committee receives the presentation from Smart Office Systems pertaining to the development of a new Operational and Strategic Risk Register and Contracts Register via a Microsoft 365 application as per the scope agreed to at the Audit Committee meeting on 22 February 2022.

EXECUTIVE SUMMARY

The Town's previous independent review of Financial Management, Risk Management, Legislative Compliance and Internal Controls identified the requirement for a comprehensive Risk Register to be developed and presented to the Audit Committee as a standing item.

BACKGROUND

The Town had been using a Strategic Risk Dashboard report provided by Local Government Insurance Services (Risk Management Team), however, the Audit Committee at its meeting on 22 February 2022 requested that consideration be made to presenting the information in a more concise and user-friendly format.

The Town engaged Smart Office Systems to develop an Operational and Strategic Risk Register and Contracts Register via a Microsoft 365 application that will be enable the creation, management and review of the registers.

CONSULTATION

Executive Team and Audit Committee

STATUTORY ENVIRONMENT

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

The cost of the SharePoint Risk Register application was \$5,400 which includes data migration, development of training guides and staff training.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That risk controls are not adequate resulting in high and extreme risks materialising.	Possible (3)	Extreme (5)	High (10-16)	SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month	Control through oversight of high and extreme risks by the Audit Committee.

Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	15
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable

COMMENT

The Audit Committee is requested to accept a MS Teams presentation from Mr. David Dunn from Smart Office Solutions on the new format of the Town's Risk Register. The presentation is expected to take 15-20 minutes.

CONCLUSION

The Microsoft 365 application for the Operational and Strategic Risk Registers and Contracts Registers as presented by Smart Office Systems be received and recommended to Council for Adoption to enable the creation, management and review of the registers at future meetings.

10.1 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 010607

OFFICER RECOMMENDATION

Moved Mayor O'Neill, seconded Cr Donovan

That the Audit Committee:

- 1. receives the presentation from Smart Office Systems on the Microsoft 365 application for the Operational and Strategic Risk Register and Contracts Register.**
- 2. recommend to Council the adoption of the Microsoft 365 application for the Operational and Strategic Risk Register and Contracts Register to enable the creation, management and review of the registers at future meetings.**

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page

Governance & Performance Documents												
Risk Register ★												
Title	Risk Description	Likelihood	Calculated Residual Risk	Health Impact	Financial Loss Impact	Service Disruption Impact	Reputation Impact	Governance Impact	Environmental Impact	Mitigating Controls	Control Rating	Last Review
Breach of reporting legislation	Failure to comply with legislation in relation to presentation of reports or other performance related documents required by government by due dates	2. Unlikely - Could occur at some time	6	0. Not applicable	0. Not Applicable	0. Not Applicable	1. Unsubstantiated, low impact, low profile or no news item	3. Short term non-compliance but with some regulatory requirements imposed	0. Not Applicable	External Audit and review, Committee review, Other (enter details in Mitigating Control Details)	2. Adequate	19/04/2022
Governance Breach	Audit non-compliance in relation to governance related functions of NR TAFE.	3. Possible - Should occur at some time	6	0. Not applicable	1. Less than \$10,000 (Operational); Less than \$20,000 (Strategic)	0. Not Applicable	1. Unsubstantiated, low impact, low profile or no news item	2. Some temporary non-compliance	0. Not Applicable	Committee review, External Audit and review, Internal Audit and review, Other (enter details in Mitigating Control Details)	2. Adequate	9/03/2022
Service disruption to Training Services staff	Backlogs in work or staff shortages create service disruption to Training Service staff awaiting action from team.	3. Possible - Should occur at some time	9	0. Not applicable	1. Less than \$10,000 (Operational); Less than \$20,000 (Strategic)	3. Stoppages for up to 1 week / Significant impact on major deliverables or KPI's	1. Unsubstantiated, low impact, low profile or no news item	2. Some temporary non-compliance	0. Not Applicable	Staff training, Other (enter details in Mitigating Control Details)	2. Adequate	20/06/2021
Breach of RTO Standards around awarding	Breach of RTO Standards caused by manual information processing and inefficiencies with process/systems.	4. Likely - Will probably occur in most circumstances	8	0. Not applicable	1. Less than \$10,000 (Operational); Less than \$20,000 (Strategic)	2. Stoppages for up to 1 day / Minor impact on deliverables or KPI's	2. Substantiated, low impact, low news profile, non-headline exposure	2. Some temporary non-compliance	0. Not Applicable	Suitable stakeholder communication protocols in place, External Audit and review, Internal Audit and review	3. Needs Improvement	27/06/2021
Operation of plant or equipment causing injury	1. Lack of operator competency with consequential incident/injury. 2. Lack of plant/equipment registration, service and maintenance with consequential incident/injury.	3. Possible - Should occur at some time	12	4. Single fatality and/or single permanent disability	3. \$50,000 to \$100,000 (Operational); \$100,000 to \$400,000 (Strategic)	2. Stoppages for up to 1 day / Minor impact on deliverables or KPI's	4. Substantiated / at fault, public embarrassment, high news profile, Third Party actions, Ministerial involvement	3. Short term non-compliance but with some regulatory requirements imposed	2. Low environmental impact. Rapid clean-up of local area by staff / contractor	Staff training, Signage, Other (enter details in Mitigating Control Details)	4. Inadequate	2/07/2021
Use of faulty electrical equipment/appliances causing injury	Use of faulty equipment/appliances results in burns, injury, electrocution or fatality.	2. Unlikely - Could occur at some time	8	4. Single fatality and/or single permanent disability	2. \$10,000 to \$50,000 (Operational); \$20,000 to \$100,000 (Strategic)	2. Stoppages for up to 1 day / Minor impact on deliverables or KPI's	3. Substantiated, public embarrassment, moderate news profile, Ministerial inquiry / briefing	2. Some temporary non-compliance	2. Low environmental impact. Rapid clean-up of local area by staff / contractor	Staff training, Signage	3. Needs Improvement	2/07/2021
Non-compliant working at heights resulting in injury	Working at height close to an edge unprotected, slippery roof, brittle roof, no anchor points, unsecured equipment, adverse weather conditions causing injury whilst working at heights.	2. Unlikely - Could occur at some time	6	3. Medical treatment / hospital admission	2. \$10,000 to \$50,000 (Operational); \$20,000 to \$100,000 (Strategic)	2. Stoppages for up to 1 day / Minor impact on deliverables or KPI's	3. Substantiated, public embarrassment, moderate news profile, Ministerial inquiry / briefing	3. Short term non-compliance but with some regulatory requirements imposed	2. Low environmental impact. Rapid clean-up of local area by staff / contractor	Staff training, Signage, Other (enter details in Mitigating Control Details)	4. Inadequate	1/07/2021
Incident occurring whilst travelling remotely or long distance	Inexperienced drivers travelling long distance on unsealed roads with the potential of an accident, flat tyres, poor or no communication whilst travelling, driving alone, fatigue management, College unaware of travelling staff member's location.	2. Unlikely - Could occur at some time	8	4. Single fatality and/or single permanent disability	2. \$10,000 to \$50,000 (Operational); \$20,000 to \$100,000 (Strategic)	2. Stoppages for up to 1 day / Minor impact on deliverables or KPI's	3. Substantiated, public embarrassment, moderate news profile, Ministerial inquiry / briefing	3. Short term non-compliance but with some regulatory requirements imposed	4. Major environmental impact. Potential for clean-up using external resources. Impact may extend outside College boundary	Staff training, Other (enter details in Mitigating Control Details)	1. Excellent	2/07/2021

10.2 HAZARD REPORTING PROCESS

Report Reference Number	ACR-272
Prepared by	Nicholas King, EMTS
Supervised by	Gary Tuffin, CEO
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Hazard Reporting Process
2. Snap Send Solve Report - Sample

PURPOSE

The Audit Committee is requested to receive this report on the changes to Hazard reporting undertaken within the Operations Department.

EXECUTIVE SUMMARY

Following several public liability claims submitted to the Town in late 2021 and early 2022, the Town reviewed its hazard reporting and resolutions procedures. This included a town wide condition assessment of all footpaths, updating of the hazard reporting process and implementation of better internal reporting of hazards.

BACKGROUND

The Towns hazard reporting processes prior to early 2022 were not acceptable in terms of documentation or fixing of issues. Hazards would get reported in several different ways, through word of mouth, emails, phone calls, which all lacked a good solid process behind it. Following several public liability claims, the Town amended its hazard reporting processes to include the use of snap send and solve application, which has the capability to take a picture, GPS locate where the hazard has occurred, and automatically send an email to the relevant responsible stakeholder.

In addition to this the Town commissioned a consultant to undertake a condition assessment of all footpaths within the Town, rating them 1-5, and noting sections that were highly dangerous to be actioned immediately. The condition assessment also picked up overhanging tree branches onto footpaths, be it private trees or Council trees, and tactile paving around the Town and its condition.

CONSULTATION

Consultation was undertaken internally once the hazard reporting process was updated, with the OHS committee and Executive Management Group.

STATUTORY ENVIRONMENT

Section 5Z of the Civil Liability Act 2002 effectively states that a local government will only be liable for compensation arising from personal injury if the following criterion are met:

- The local government is to have actual knowledge of a hazard existing, and

- The actual knowledge must be attributable to the local government officers, who in fact have the function of carrying out repairs/works, before it can be held liable for any damages

Whilst the primary objective of the hazard reporting process is to identify and remediate hazards in a timely manner to prevent the likelihood of personal injury, it also provides a framework for public liability claims to be properly assessed against documented processes.

POLICY IMPLICATIONS

Policy 2.2.4 Risk Management

FINANCIAL IMPLICATIONS

Annual footpath condition assessment undertaken by consultant	\$3,000
Footpath maintenance budget	\$80,000
Footpath upgrade projects 2022-23	\$250,000

STRATEGIC IMPLICATIONS

Strategic Priority 3: Built Environment applies as follows:

3.3.1 Continue to improve asset management within resource capabilities

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Footpath trip hazards	Possible (3)	Moderate (3)	Moderate (5-9)	REPUTATIONAL Substantiated, public embarrassment, high impact, high news profile, third party actions	Manage by Noting hazards, signing, and fixing as soon as practicable.

Risk Matrix

Consequence \ Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	6
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	Yes

SITE INSPECTION

Nil

COMMENT

The condition assessment undertaken in February 2022 is a key component of the updated hazard reporting process, with it identifying hazards around the Town and giving the Operations department a way of moving forward towards fixing the hazards.

Table 1 shows the summary of individual sections of footpaths, their relevant condition, and number of defects under that specific rating. As can be seen the majority of the Towns footpath network is good or better, with 68% being Excellent and good. Also noting that only 18% was very poor condition.

Condition	Number	%	Defects
Excellent	126	29%	191
Good	169	39%	281
Average	49	11%	112
Poor	16	4%	24
Very Poor	77	18%	464
Total	437	100%	1072

Table 1: Condition summary

Of the 1072 individual defects over 10% of these were issues of service authorities assets such as Telstra or Water Corp. These have all been reported to the relevant service authority in snap send and solve.

CONCLUSION

Since the reporting of several footpath trip incidents in late 2021 and early 2022, the Town has taken relevant action in ensuring that any possible hazards are picked up, made safe and then ultimately fixed. The addition of the annual footpath condition assessment is a major part of this, which will mitigate the risk for the Town, if we can find the hazards, and make them safe until they can get fixed.

10.2 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 020607

OFFICER RECOMMENDATION

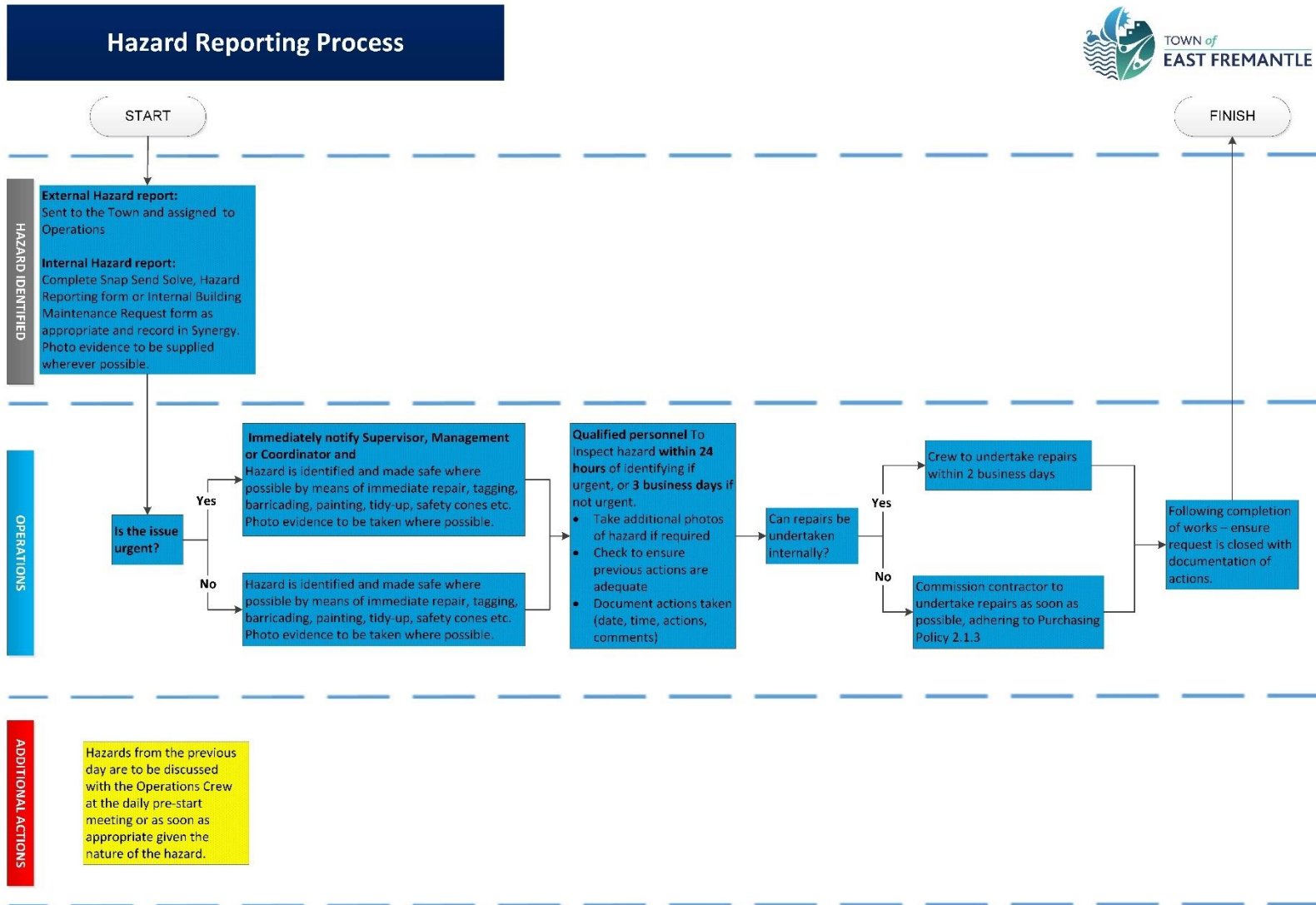
Moved Cr Donovan, seconded Mayor O’Neill

That the Audit Committee recommend Council note the Town’s updated hazard reporting processes as detailed with the modifications in the attached process map.

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page



10.3 AUDIT REG 17 - FINANCIAL MANAGEMENT REVIEW

Report Reference Number	ACR-240
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple Majority
Documents tabled	Nil
Attachments	<ol style="list-style-type: none"> 1. Consolidated Report – Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls – November 2019 (Confidential) 2. Request for Quotation – Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

PURPOSE

The Audit Committee is requested to endorse the attached Request for Quotation for the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls.

EXECUTIVE SUMMARY

In order to meet the requirements under Regulation 5 (2)(c) of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is required to undertake a review of the Town's financial management, risk management, legislative compliance and internal controls every 3 years.

Given the methodology undertaken, and the need for independence, this review is outsourced to qualified companies.

BACKGROUND

The *Local Government Act 1995*, *Local Government (Audit) Regulations 1996* and *Local Government (Financial Management) Regulations 1996* detail the statutory requirements with respect to audit of local government. The following reporting requirements to the Audit Committee are mandatory:

Item	Requirements	Legislation
External Audit Report	The Auditor is to provide a report (annually) giving an opinion on the financial position of the local government and the results of the operations of the local government. Where it is considered by the auditor appropriate to do so, the audit is to prepare a management report to accompany the auditor's report.	Regulation 10 of the <i>Local Government (Audit) Regulations 1996</i>
Compliance Audit Return	Local Governments are required to complete a statutory compliance return (Compliance Audit Return) annually and have the return adopted	Regulation 14 of the <i>Local Government (Audit) Regulations 1996</i>

	by Council. The return is a checklist of a local government's compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered 'high risk'. The audit committee is to review the Compliance Audit Return and report to the Council the results of that review.	
Risk Management/Internal Controls/Legislative Framework	The CEO is to review the appropriateness and effectiveness of a local governments and procedures in relation to risk management, internal control and legislative compliance at least once every three years and report to the audit committee the results of that review.	Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>
Financial Management Review	The CEO is review the appropriateness and effectiveness of the financial management systems and procedures of the local government at least once every years and reports the results of that review.	Regulation 5 of the <i>Local Government (Financial Management) Regulations 1996</i>

The last review of financial management, risk management, legislative compliance and internal controls was completed in November 2019 – see attached confidential report. The next review is required to be completed by the end of this calendar year pursuant to the Internal Audit Work Plan.

CONSULTATION

Audit Committee

STATUTORY ENVIRONMENT

The local government audit framework is governed by the *Local Government Act 1995* and Regulations including the *Local Government (Administration) Regulations 1996*, *Local Government (Audit) Regulations 1996*, *Local Government (Financial Management) Regulations 1996* and *Local Government (Functions and General) Regulations 1996*.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

The 2022/23 Budget includes an allocation of \$20k for this project against GL account E04203.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That the CEO does not comply with the Regulation 17 of the LG Audit Regulations 1996 and Regulation 5 of the LG Financial Management Regulations 1996.	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Some temporary non-compliance	Accept Officer Recommendation

Risk Matrix

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town’s Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

Financial Management Review

Once every three (3) years the Chief Executive Officer is required to review the appropriateness and effectiveness of the financial management systems and procedures, as required by Financial Management Regulation 5 (2)(c). The review covers the systems and procedures established by the Town in performing the duties defined by Financial Management Regulation 5 (1), including, but not limited to the following:

- Collection of money owed;
- Custody and security of money held;
- Maintenance and security of financial records;
- Accounting for revenue and expenses;
- Accounting for assets and liabilities;
- Accounting for trust transactions;
- Authorisation of purchases;
- Authorisation of payments;
- Maintenance and processing of payroll;
- Stock control and costing records;
- Preparation of budgets and budget reviews; and
- Preparation of financial reports.

Systems and Procedures Review

Likewise, at least once every three (3) years the Chief Executive Officer is required to report on the appropriateness and effectiveness of the Town's risk management, internal controls and legislative compliance systems and procedures, every three years, as required by Audit Regulation 17. The results of the review are to be reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEOs report and then report to the Council. The report from the Audit Committee to the Council is required to have attached a copy of the CEOs report to the Audit Committee.

To ensure independence of process, it is recommended that an external company be appointed to undertake the review, and follow the methodology below:

- Conduct onsite interviews with key personnel involved in risk management, financial management legislative compliance.
- Identify the extent of commitment and mandate to Risk Management principles (using AS/NZS ISO 31000:2018 as the framework) within the overall risk management framework.
- Review each component (risk management, legislative compliance and internal controls) after considering the overall risk environment, governance structure and internal control environment.
- Assess the gaps (if any) between the current processes and the expected risk management, internal controls and legislative compliance systems and procedures and recommend suggested improvements.
- Report on the appropriateness and the effectiveness of current systems and procedures.

CONCLUSION

That the Audit Committee endorse the commencement of this independent review, noting that the Chief Executive Officer will appoint the successful respondent to the Request for Quotation as per his statutory responsibility. The final report and audit findings will be presented to the Audit Committee.

10.3 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 030607

OFFICER RECOMMENDATION

Moved Cr Donovan, seconded Mayor O’Neill

That the Audit Committee endorse the Request for Quotation for the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls as presented.

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment



**Request for Quotation
RFQ01-2022/2023
Review of Financial Management, Risk
Management, Legislative Compliance and
Internal Controls**

**Submission to be received by 4pm
Date: Friday 12 August 2022**

Late submissions will not be accepted

To be submitted via the WALGA E- Quotes Portal

Part 1 READ AND KEEP THIS PART
--

Contents

- 1 Conditions of Responding 4**
 - 1.1 Contract Requirements in Brief – Scope of Works in Brief..... 4
 - 1.2 Definitions 4
 - 1.3 Contact Persons 5
 - 1.4 Briefing/Site Inspection..... 5
 - 1.5 Selection Criteria..... 5
 - 1.6 Compliance Criteria..... 6
 - 1.7 Qualitative Criteria..... 6
 - 1.8 Value Considerations 6
 - 1.8.1 Price Basis 7
 - 1.9 Principal’s Policies That May Affect Selection 7
 - 1.10 Lodgement of Response and Delivery Method 7
 - 1.11 Rejection of Responses 7
 - 1.12 Acceptance of Responses 8
 - 1.13 Response Validity Period 8
 - 1.14 Precedence of documents 8
 - 1.15 Alterations..... 8
 - 1.16 Ownership of Responses..... 8
 - 1.17 Canvassing of Officers..... 8
 - 1.18 Identity of the Respondent 9
- 2 Specification..... 10**
 - 2.1 Introduction 10
 - 2.2 Financial Management Review 10
 - 2.2.1 Objective of the engagement 10
 - 2.2.2 Procedures 10
 - 2.2.3 Reporting..... 11
 - 2.3 Systems and Procedures Review 11
 - 2.3.1 Objective of the engagement 11
 - 2.3.2 Procedures 11
 - 2.3.3 Reporting..... 12
 - 2.3.4 Timing..... 12
- 3 General Conditions of Contract for Supply of Goods and Services under Purchase Order..... 13**
- 4 Respondent’s Offer 22**
 - 4.1 Offer Form..... 22
 - 4.2 Selection Criteria..... 23

Part 1	READ AND KEEP THIS PART
---------------	--------------------------------

4.2.1	Compliance Criteria.....	23
4.2.2	Qualitative Criteria.....	25
4.3	Price Information	27
4.3.1	Price Basis	27

Part 1 READ AND KEEP THIS PART
--

1 Conditions of Responding

1.1 Contract Requirements in Brief – Scope of Works in Brief

The Town seeks the services of an experienced professional to undertake a review of systems and procedures two reviews and issue one report to meet the two separate reporting requirements the CEO has under legislation.

1. Financial Management Review

The CEO is to review the appropriateness and effectiveness of the financial management systems and procedures of the local government at least once every three years and reports the results of that review.

Regulation 5 of the *Local Government (Financial Management) Regulations 1996*

2. Review of Risk Management, Internal Controls and Legislative Framework

The CEO is to review the appropriateness and effectiveness of a local governments and procedures in relation to risk management, internal control and legislative compliance at least once every three years and report to the audit committee the results of that review.

Regulation 17 of the *Local Government (Audit) Regulations 1996*.

A full statement of the Goods/Services required under the proposed Contract appears in the Specification **Part 2**.

1.2 Definitions

Below is a summary of some of the important defined terms that may be used in this Request:

AS/NZS: means Australian and New Zealand Standard

Appendix(ces): means the documents attached to the Principal’s Request for Quotation document

Attachment(s): means the documents you attach as part of your Quotation submission

Consultant: means the same as Contractor

Part 1 READ AND KEEP THIS PART

Contractor: Means the person or persons, corporation or corporations whose Response is accepted by the Principal, and includes the executors or administrators, successors and assignments of such person or persons, corporation or corporations.

Deadline: The Deadline shown on the front cover of this Request for lodgement of your Submission.

General Conditions of Contract: Means the General Conditions of Contract for the Supply of Goods and Services under a Purchase Order in **Part 3**.

Offer: Your Offer to be selected to supply the Requirements.

Principal: *Town of East Fremantle*

Response: Completed Offer, response to Selection Criteria and Attachments.

Requirement: The Goods and/or Services requested by the Principal.

Request or RFQ or Request for Quotation: This document.

1.3 Contact Persons

Respondents should not rely on any information provided by any person other than the person listed below:

Name:	<i>Peter Kocian, Executive Manager Corporate Services</i>
Telephone:	<i>(08) 9339 9317</i>
Email:	<i>pkocian@eastfremantle.wa.gov.au</i>

1.4 Briefing/Site Inspection

Not applicable.

1.5 Selection Criteria

The Contract may be awarded to a Respondent who best demonstrates the ability to provide quality products and/or services at a competitive price. The quoted prices will be assessed together with the qualitative and compliance criteria to determine the most advantageous outcome to the principal.

Part 1 READ AND KEEP THIS PART

The Principal has adopted the best value for money approach to this Request. This means that, although price is considered, the Response containing the lowest price will not necessarily be accepted, nor will the offer ranked the highest on the Qualitative Criteria.

A scoring system will be usual as part of the assessment of the Qualitative Criteria. Unless otherwise stated, a Response which provides all the information requested will be assessed as satisfactory.

The extent to which the Respondent demonstrates greater satisfaction of each of these criteria will result in a greater score. The aggregate score of each Response will be used as one of the factors in the final assessment of the Qualitative Criteria and in the overall assessment of value for money.

1.6 Compliance Criteria

These criteria are detailed within **Part 4** of this document and will not be point scored. Each Response will be assessed on a Yes/No basis as to whether the criterion is satisfactorily met. An assessment of “No” against any criterion may eliminate the Submission from consideration.

1.7 Qualitative Criteria

In determining the most advantageous Response, the Evaluation Panel will score each Response against the Qualitative Criteria as detailed within **Part 4** of this document. Each criterion will be weighted to indicate the relative degree of importance that the Principal places on the technical aspects of the goods or services being purchased.

Note: It is essential that Respondents address each Qualitative Criterion.

Information that you provide addressing each Qualitative Criterion will be point scored by the Evaluation Panel.

Failure to provide the specified information may result in elimination from the evaluation process or a low score.

1.8 Value Considerations

The non-weighted cost method is used where functional considerations such as capacity, quality and adaptability are seen to be crucial to the outcome of the contract. The evaluation panel will make a series of value judgements based on the capability of the Respondents to complete the Requirements and a number of factors will be considered including:

- a) the qualitative ranking of each Respondent; and
- b) the pricing submitted by each Respondent.

Part 1 READ AND KEEP THIS PART

Once the tenders have been ranked, the Evaluation Panel will make a value judgement as to the cost affordability, qualitative ranking and risk of each Response, in order to determine the Response which is most advantageous to the Principal.

The quoted price will be considered along with related factors affecting the total cost to the Principal (eg the lifetime operating costs of goods or the Principal's contract management costs may also be considered in assessing the best value for money outcome).

1.8.1 Price Basis

All prices for Goods/Services offered under this Request are to be fixed for the term of the Contract. Quoted prices must include Goods and Services Tax (GST).

Unless otherwise indicated prices tendered must include delivery, unloading, packing, marking and all applicable levies, duties, taxes and charges. Any charge not stated in the Response, as being additional will not be allowed as a charge for any transaction under any resultant Contract.

Any charge not stated in the Tender as being additional will not be allowed as a charge for any transaction under any resultant Contract.

1.9 Principal's Policies That May Affect Selection

2.1.3 Town of East Fremantle Purchasing Policy – a copy can be downloaded from the Town's website at www.eastfremantle.wa.gov.au

1.10 Lodgement of Response and Delivery Method

The Response must be lodged by the Deadline. The Deadline for this Request for Quote is

4.00pm Friday 12 August 2022

The Response is to be submitted via the WALGA E-Quotes portal.

1.11 Rejection of Responses

A Response will be rejected without consideration of its merits in the event that:

- a) it is not submitted before the Deadline; or
- b) it is not submitted at the place specified in the Request for Quotation; or
- c) it may be rejected if it fails to comply with any other requirements of the Request for Quote;
or
- d) the Respondent does not submit an Offer form which has been completed and signed together with all the required Attachments.

Part 1 READ AND KEEP THIS PART
--

1.12 Acceptance of Responses

Unless otherwise stated in this Request, Responses may be for all or part of the Requirements and may be accepted by the Principal either wholly or in part. The Principal is not bound to accept the lowest Response and may reject any or all Responses submitted.

1.13 Response Validity Period

All Responses will remain valid and open for acceptance for a minimum period of ninety (90) days from the Deadline.

1.14 Precedence of documents

In the event of there being any conflict or inconsistency between the Terms and Conditions herein and those in the General Conditions of Contract, the Terms and Conditions appearing in this Request will have precedence.

1.15 Alterations

The Respondent must not alter or add to the Request documents unless required by these General Conditions of Responding.

The Principal will issue an addendum to all registered Respondents where matters of significance make it necessary to amend the issued Request for Quote documents before the Deadline.

1.16 Ownership of Responses

All documents, materials, articles and information submitted by the Respondent as part of or in support of a Response shall become upon submission the absolute property of the Principal and will not be returned to the Respondent at the conclusion of the Response Process PROVIDED that the Respondent shall be entitled to retain copyright and other intellectual property rights therein, unless otherwise provided by the Contract.

1.17 Canvassing of Officers

If a Respondent, whether personally or by agent, canvasses any of the Principal's Commissioners or Councillors (as the case may be) or Officers with a view to influencing the acceptance of any Respondent, then regardless of such canvassing having any influence on the acceptance of such Submission, the Principal may at its discretion omit the Respondent from consideration.

Part 1 READ AND KEEP THIS PART
--

1.18 Identity of the Respondent

The identity of the Respondent and Contractor is fundamental to the Principal. The Respondent shall be the person, persons, corporation or corporations named as the Respondent in Part 3 of this Request. Upon acceptance of the Response, the Respondent will become the Contractor.

Part 2 KEEP AND READ THIS PART

2 Specification

2.1 Introduction

In order to assist the CEO to meet his obligations under Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* and Regulation 17 of the *Local Government (Audit) Regulations 1996* we are seeking quotations to undertake two reviews and issue one report to meet the two separate reporting requirements the CEO has under legislation.

The Financial Management Review (*FM Reg 5(2)(c)*) will focus on the financial management duties of the CEO as set out in Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996*. With the broader Audit Regulation 17 review, focusing on the overall systems and procedures in relation to risk management, internal controls and legislative compliance.

The financial management review will combine with a review of systems and procedures review of non-financial areas of the Town, to form the overall System and Procedure Review in accordance with Audit Regulation 17(3). A single report will be prepared for the CEO to detail the results of the two reviews to the local government as required by legislation.

2.2 Financial Management Review

2.2.1 Objective of the engagement

Review the appropriateness and effectiveness of the financial management systems and procedures of the local government on behalf of the CEO, as required by *Financial Management Regulation 5(2)(c)*.

The financial management review will cover the systems and procedures established by the CEO in performing the duties defined by *Financial Management Regulation 5(1)*.

2.2.2 Procedures

A review is to be undertaken of all of the Town's financial systems including, but not necessarily limited to:

- Collection of money owed;
- Custody and security of money held;
- Maintenance and security of financial records;
- Accounting for revenue and expenses;
- Accounting for assets and liabilities;
- Accounting for trust transactions;
- Authorisation of purchases;
- Authorisation of payments;
- Maintenance and processing of payroll;
- Stock controls and costing records;
- Preparation of budgets and budget reviews; and
- Preparation of financial reports.

Part 2 KEEP AND READ THIS PART
--

2.2.3 Reporting

A detailed report is to be provided following the completion of the review.

The primary focus of this component of the review is to assess the appropriateness and effectiveness of the key areas listed above as required by *Local Government (Financial Management) Regulation (5)(2)(c)*.

The report should highlight any areas requiring improvement noted during the course of the review.

2.3 Systems and Procedures Review

2.3.1 Objective of the engagement

The review aims to provide the basis for a report by the CEO on the appropriateness and effectiveness of the Town's risk management, internal controls and legislative compliance systems and procedures as required by Audit Regulation 17. The results of the review are to be reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEO's report and then report to the Council. The report from the Audit Committee to the Council is required to have attached a copy of the CEO's report to the Audit Committee.

2.3.2 Procedures

Procedures would encompass the following services:

- A review of the risk management systems policies, procedures and plans in place at the Town;
- Evaluate the non-financial/operational internal control systems and procedures at the Town;
- Assess systems and procedures for maintaining legislative compliance;
- Prepare a report of matters identified during the review to assist the Chief Executive Officer to assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with Local Government Audit Regulation 17.

To undertake these procedures, the following methodology should be applied as a minimum:

- Conduct onsite interviews with key personnel involved in risk management, financial management and ensuring Town adherence to legislative compliance;
- Identify the extent of commitment and mandate to Risk Management principles (using AS/NZS ISO 31000:2018 as the framework) within the overall risk management framework;
- Review each component (risk management, legislative compliance and internal controls) after considering the overall risk environment, governance structure and internal control environment;
- Assess the gaps (if any) between the current processes and the expected risk management, internal controls and legislative compliance systems and procedures and recommend suggested improvements; and
- Report on the appropriateness and the effectiveness of current systems and procedures.

The review will be a high level review given the scale, variety and breadth of non-financial activities and will consider as a minimum the issues identified by the Department of Local Government, Sport and Cultural Industries in Appendix 3 to Local Government Operational Guideline Number 09 – Audit in Local Government.

Part 2 KEEP AND READ THIS PART

2.3.3 Reporting

The review is to be more than a compliance exercise and seeks to identify sound practices and confirm their effectiveness as well as offer practical assistance to rectify any weaknesses identified.

The primary focus of this component of the review report is to provide an assessment of the appropriateness and effectiveness of risk management, internal controls and legislative compliance for the CEO, the systems and procedures review report will provide an assessment for each of the three elements and identify any opportunities for improvement noted during the course of the review.

1. A written report is to be provided, including the following headings:
 - Engagement overview
 - Review context
 - Review summary
 - Methodology
 - Framework Design, Implementation and Evaluation
 - Report Findings

2. All findings are to be incorporated into an Excel Register with the following headings to be included for alignment with the Town’s Risk Management Framework and Audit Status Reports:

Audit Finding	Risk Assessment Category <small>Risk Issue and Failure Modes</small>	Risk Identified	Date of initial risk identification	Risk Category <small>(Low, Medium or High)</small>	Action Required	Mitigation and Management Strategy (Possible Future Controls)
▼	▼	▼	▼	▼	▼	▼

2.3.4 Timing

The work is to be undertaken between the months of September – November 2022, with the final report to be submitted by the 9th December 2022.

Part 3 READ AND KEEP THIS PART
--

3 General Conditions of Contract for Supply of Goods and Services under Purchase Order

1. SUPPLY OF GOODS AND SERVICES

- 1.1. The Contractor must supply the Goods or Services to the Principal in accordance with the Contract.
- 1.2. Unless expressly agreed to in writing by the Principal and referenced in the Contract, to the extent permitted by Law, no other terms or conditions, including the Contractor’s own terms and conditions even where they have been provided to the Principal or signed by a representative of the Principal, will apply or have any legal effect in connection with the supply of the Goods, the performance of the Services or the Contract.
- 1.3. Where the Contract relates to Goods or Services the subject of a separate contract between the Contractor and the Principal, the terms of the separate contract also apply to the extent of any inconsistency with the Contract unless the Principal has clearly stated otherwise on the Purchase Order.

2. CONTRACTOR'S OBLIGATIONS

- (a) The Contractor must ensure that it and the Contractor’s Personnel, in performing the Contractor’s Obligations under the Contract:
- (b) comply with all applicable Laws, any standards and procedures made available by the Principal to the Contractor, and any reasonable instructions given by the Principal;
- (c) do not interfere with the Principal's activities or the activities of any other person at the Delivery Point or any place the Contractor provides the Services;
- (d) carry out and perform the Contractor’s Obligations in a safe manner in a way which does not prejudice safe working practices, safety and care of property or continuity of work;
- (e) unless otherwise set out in the Contract, supply all plant, resources and equipment necessary to perform the Services; and
- (f) provide all such information and assistance as the Principal reasonably requires.

3. RECEIPT, INSPECTION AND ACCEPTANCE OF GOODS AND SERVICES

- 3.1. The Contractor must deliver the Goods in full to the Delivery Point and perform the Services at the times stated in the Contract. In this respect, time will be of the essence of the Contract.
- 3.2. Acceptance of the Goods or Services by the Principal does not constitute approval of the Goods or Services or prejudice any claim the Principal may have in connection with the Goods or Services.
- 3.3. Acceptance of the Goods or Services occurs on the earlier of:

Part 3 READ AND KEEP THIS PART
--

- (a) a representative of the Principal notifying the Contractor in writing that the Goods or Services have been accepted; or
- (b) the lapse of 14 days after delivery of the Goods to the Delivery Point without the Principal notifying the Contractor in writing that the Goods have been rejected.

3.4. The Contractor must allow the Principal or a representative of the Principal, upon 2 Business Days' written notice from the Principal and during standard business hours, to inspect, examine, review and witness tests of the Goods or Services, or the performance of the Goods or Services and to carry out site inspections at the Contractor's premises.

4. TITLE AND RISK

- 4.1. Title in the Goods will pass from the Contractor to the Principal upon payment of the Contract Price. The Contractor warrants that title in the Goods will be transferred to the Principal without any encumbrances or liens.
- 4.2. Risk in the Goods will pass to the Principal on acceptance of the Goods in accordance with clause 3.3.

5. VARIATIONS

The Contractor must not change the Goods or Services, including an addition, reduction or omission to any part of the Goods or Services except in accordance with a written direction of the Principal in which case the Contractor must comply with that direction and the Contract Price will be adjusted by an amount agreed in writing by the parties.

6. INVOICING AND PAYMENT

- 6.1. The Principal must pay the Contract Price to the Contractor for the Goods and the Services.
- 6.2. The Contract Price is inclusive of all costs and expenses including packaging, freight, delivery, insurance, the cost of any miscellaneous services, compliance with the Contract and Taxes and, subject to clause 5, no additional amounts will be payable by the Principal.
- 6.3. Subject to clause 6.4, on or promptly after the later of the Date of Delivery of the Goods or the Date of Completion of the Services (as applicable), the Contractor must submit an Invoice to the Principal for the amount due to the Contractor.
- 6.4. If agreed in writing by the Principal, the Contractor may submit an Invoice to the Principal at the end of each month for any Services performed during that or previous months provided those Services have not already been included in a previous Invoice issued to the Principal.
- 6.5. An Invoice must include:
 - (a) the Purchase Order number;
 - (b) a description of the Goods delivered, including the quantity of Goods and the Date of Delivery; or
 - (c) a description of the Services performed;
 - (d) the amount being claimed for the Goods and the Services;

Part 3 READ AND KEEP THIS PART
--

- (e) the amount of any applicable GST;
- (f) if applicable, Include the WALGA Preferred Supplier discount associated with the purchase and
- (g) any further information reasonably requested by the Principal.

6.6. If an Invoice does not contain the information required in clause 6.5, the Principal may, at its option, complete the missing details or return the incomplete Invoice to the Contractor, in which case the Contractor must submit a replacement Invoice compliant with clause 6.5.

6.7. Subject to the Contractor submitting an Invoice in accordance with clause 6.5 or a compliant Invoice in accordance with clause 6.6, the Principal must pay the amount payable within 30 days or as otherwise agreed by the parties.

6.8. Payment under this clause 6 will not be taken as proof or admission that all, or any part of, the Goods or the Services have been delivered or performed (as the case may be) to the satisfaction of the Principal, but will be taken to be payment on account only.

6.9. The Contractor agrees that the Principal may:

- (a) deduct from moneys due to the Contractor any money due or which may become due from the Contractor to the Principal under, or in connection with, the Contract; and
- (b) withhold payment of any amounts payable under the Contract pending resolution of any dispute.

7. GOODS AND SERVICES TAX

7.1. If GST is imposed on any supply made by the Contractor in connection with the Contract, the Contractor may recover from the Principal, in addition to the Contract Price, an amount equal to the GST payable in respect of that supply.

7.2. The Contractor must first provide the Principal with an Invoice before the Principal will pay the GST amount to the Contractor.

8. QUALITY OF GOODS AND SERVICES

8.1. The Contractor must ensure that:

- (a) all Goods or Services conform to the description of the Goods or Services set out in the Contract;
- (b) all Goods and Services are fit for their intended purpose and to the extent Services performed are design Services, the works being designed will be fit for their intended purpose;
- (c) if the Contractor provided the Principal with a demonstration of the Services or represented that a result could be achieved by the Services before the Principles issues the Purchase Order, the Services correspond in nature and quality with the services demonstrated or the services that achieved that result (as the case may be); and
- (d) any Goods are new and of merchantable quality.

Part 3 READ AND KEEP THIS PART
--

- 8.2. The Contractor warrants that the Contractor's Personnel engaged to perform the Services have all the necessary skills, training and qualifications to carry out the Services in accordance with the Contract.
- 8.3. The Contractor must ensure that the Principal has the full benefit of any manufacturer's warranties that may be applicable to the Goods (and the Contractor must, at its cost, pursue any manufacturer's warranties on the Principal's behalf).

9. DEFECTS

- 9.1. At any time prior to the expiry of the Defects Liability Period, the Contractor must, at its cost and at the Principal's direction, promptly rectify all Defects other than a Defect caused by the negligence of the Principal.
- 9.2. Nothing in this clause 9 prejudices any other right that the Principal may have against the Contractor arising out of the failure of the Contractor to supply the Goods or perform the Services in accordance with the Contract.
- 9.3. If the Principal directs the Contractor to rectify a Defect and the Contractor fails to rectify that Defect within a reasonable time specified by the Principal:
 - (a) the Principal may, without prejudice to any other rights the Principal may have against the Contractor, rectify the Defect itself; and
 - (b) the rectification costs incurred by the Principal will be a debt due and payable on demand from the Contractor to the Principal.
- 9.4. Where any Defect has been rectified under the Contract, the rectification work will be the subject of an additional Defects Liability Period commencing on the date the relevant rectification works are completed.

10. CONFIDENTIAL INFORMATION

The Contractor must not use any Confidential Information or disclose any Confidential Information other than to any of the Contractor's Personnel who need the information to perform the Services or deliver the Goods, to the Contractor's legal advisers or where required by Law.

11. INTELLECTUAL PROPERTY

- 11.1. Subject to clause 11.3, the Contractor IP remains vested in the Contractor and the Principal IP remains vested in the Principal.
- 11.2. The Principal will own all Intellectual Property that the Contractor creates in the performance of the Services and the supply of the Goods.
- 11.3. The Contractor grants to the Principal a non-exclusive, perpetual, royalty-free, irrevocable, transferable, sub-licenseable licence (with the right to grant sub-licenses on the same terms) to use the Contractor IP to the extent necessary to use the Goods and the Services.

Part 3 READ AND KEEP THIS PART
--

12. INSURANCE

- 12.1. Where the Contract is for Services, the Contractor must effect and maintain with a reputable insurer the following insurance policies for the entirety of the term of the Contract:
- (a) *public and products liability insurance* covering liability for damage to property and the death of or injury to any person (other than as covered under a workers compensation policy) in an amount of not less than \$10 million in respect of each and every claim, unlimited as to the number of occurrences for public liability;
 - (b) workers compensation insurance as required by Law, including cover for common law liability for an amount of not less than \$50 million for any one occurrence;
 - (c) *motor vehicle insurance* covering all vehicles, plant and equipment (whether owned, hired or leased) used in connection with the Contract for loss or damage of not less than the market value and third party liability of not less than \$20 million in respect of each and every claim;
 - (d) insurance covering the Contractor's own property, goods, materials owned, hired, leased or used by the Contractor, for an amount not less than the market value of those insured items; and
 - (e) any additional insurance required by an applicable Law or reasonably requested by the Principal; and
 - (f) where the Contractor is providing professional services, *professional indemnity insurance* of not less than \$2 million for each claim and in the aggregate for all claims arising in the same insurance period, covering the liability of the Contractor for any professional services provided by the Contractor and the Contractor's Personnel under the Contract. Where this insurance is effected on a 'claims made' basis, the policy must be maintained for a period of at least 7 years after the Completion Date or the earlier termination of the Contract.
- 12.3 The Contractor must provide to the Principal, within 3 business days of a written request, certificates of currency for each of the insurance policies required under clauses 12.1 or 12.2 (or both, as applicable).
- 12.4 Subject to clause 17.4, if the Contractor subcontracts any part of the Contractor's Obligations, then the Contractor must ensure that every subcontractor effects and maintains all of the insurances required under clause 12.1 or 12.2 (or both, as applicable), as appropriate for the work being performed by that subcontractor, before the subcontractor commences any of the Contractor's Obligations.

13 INDEMNITY AND LIMITS OF LIABILITY

- 13.1 The Contractor indemnifies the Principal and the Principal's officers, employees, agents and contractors for and against any claims (including third party claims) and losses suffered or incurred by any of them arising out of, or in connection with, any wrongful act or omission of the Contractor or any of the Contractor's Personnel. This indemnity will be reduced to the extent that the claim or loss is caused by the negligence of the Principal or the Principal's personnel.
- 13.2 Neither party is liable to the other for Consequential Loss.

Part 3 READ AND KEEP THIS PART
--

14 TERMINATION

14.1 The Principal may terminate the Contract by notice to the Contractor:

- (a) at any time and in its absolute discretion by giving 7 days' notice to the Contractor;
- (b) if the Contractor commits a breach of the Contract and fails to remedy that default within 14 days of the Principal giving notice of the breach; or
- (c) immediately if an Insolvency Event occurs.

14.2 On termination of the Contract, the Contractor must promptly return to the Principal any of the Principal's Confidential Information, property and documents which the Principal owns or in which the Principal has an interest.

14.3 If the Contract is terminated under clause 14.1(a):

- (a) the Principal must pay the Contractor that part of the Contract Price for any Contractor's Obligations performed prior to termination that have not already been paid by the Principal; and
- (b) the Contractor is not entitled to, and the Principal is not liable for, any additional amounts whatsoever.

14.4 Subject to clause 14.3, termination of the Contract, however it may occur, does not prejudice any claim that either party may have against the other under the Contract on termination.

15 NOTICES

Any notice or other communication relating to the Contract must be in writing, signed by the sender or its agent, and either hand delivered, sent by pre-paid post, faxed or emailed to the other party at the address, fax number or email address set out in the Purchase Order.

16 DISPUTES

16.1 Neither party may commence any action, bring any proceedings or seek any relief or remedy in a court, except interlocutory or equitable relief, from a court in respect of a dispute until they have complied with the dispute resolution process in accordance with this clause 16.

16.2 If any dispute arises between the parties in relation to the Contract, either party must give notice of the dispute to the other party.

16.3 A senior representative of each of the parties must promptly meet and attempt to resolve the dispute. If the parties are unable to resolve a dispute within 21 days of the notice referred to in clause 16.2, then either party may issue court proceedings.

17 GENERAL

17.1 The Contract states all the express terms of the agreement between the parties in respect of its subject matter. It supersedes all prior representations, discussions, negotiations, understanding and agreements in respect of its subject matter.

Part 3 READ AND KEEP THIS PART
--

- 17.2 The Contract is governed by the law in force in Western Australia and each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia.
- 17.3 The Contractor must not assign or novate the Contract or assign any other right, benefit or interest under the Contract to any person or entity without the prior written consent of the Principal.
- 17.4 The Contractor must not, without the prior written consent of the Principal, which consent must not be unreasonably withheld, subcontract any of the Contractor's Obligations.
- 17.5 No term or provision of the Contract will be construed against a party on the basis that the Contract or the term or provision in question was put forward or drafted by that party.
- 17.6 The Contract is a non-exclusive contract for the supply of Goods or Services and it does not prevent the Principal from entering into other contracts for the supply or performance of the same or similar goods or services with other contractors.
- 17.7 Any provision of the Contract which is illegal, void or unenforceable will be ineffective to the extent only of that illegality, voidness or unenforceability without invalidating the remaining provisions.
- 17.8 If the Principal is restructured by Law, then the rights and obligations of the Principal under the Contract are novated to and assumed by the appropriate legal entity as determined by the Principal or the successors of the Principal under the restructure.
- 17.9 Clauses 4, 6.8, 6.9, 10, 11, 12.2(f), 13, 14.4 and 17 survive the termination or expiry of the Contract.

18 DEFINITIONS

Completion Date means the date on which performance of the Services is completed.

Conditions of Contract means these general conditions of contract for the supply of goods and services under a purchase order.

Confidential Information means the Contract and information (regardless of its form) which is disclosed directly or indirectly by the Principal to the Contractor or Contractor's Personnel which is treated or designated as confidential, or which the Contractor or the Contractor's Personnel ought to know is confidential, but does not include information which is or becomes public knowledge (other than by the Contractor's disclosure or breach of the Contract).

Consequential Loss means any loss of production, loss or revenue, loss of profit, loss of business reputation, business interruptions, loss of opportunities, loss of anticipated savings or wasted overheads.

Contract means the Conditions of Contract and the relevant Purchase Order.

Contract Price means the price for the Goods or Services (exclusive of GST) set out in the Purchase Order.

Contractor means the contractor specified in the Purchase Order.

Part 3 READ AND KEEP THIS PART
--

Contractor IP means any Intellectual Property of the Contractor (or Intellectual Property licensed to the Contractor by a third party) which:

is in existence before the date of the Contract or comes into existence after the date of the Contract other than in connection with the Contract, the Goods or the Services; and

which the Contractor makes available, contributes, brings to or uses in connection with the Contract.

Contractor's Obligations means all of the Contractor's obligations under the Contract.

Contractor's Personnel means the Contractor's officers, employees, agents and subcontractors and their respective employees and agents.

Date of Delivery means the date on which the Goods are delivered to the Delivery Point.

Day means a business day that is not a Saturday, Sunday, a public holiday in Western Australia or 27, 28, 29, 30 or 31 December.

Defect means any defect, error, damage, deficiency, fault or inadequacy in the design, performance, workmanship, quality or makeup of the Goods or Services.

Defects Liability Period means a period of 12 months commencing: (a) in respect of the Goods, on the Date of Delivery; and

in respect of the Services, on the Completion Date,

and, where relevant, any additional period of time specified in accordance with clause 9.4.

Delivery Point means the place set out in the Purchase Order for delivery of the Goods or otherwise notified by the Principal in writing.

Goods means any goods, materials, supplies, equipment or other items set out in the Purchase Order.

GST means goods and services tax or similar value added tax levied or imposed in Australia pursuant to *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Insolvency Event means in respect of the Contractor, the following events: appointment of an administrator, appointment of a liquidator, appointment of a provisional liquidator, appointment of a controller (including any receiver or receiver and manager), insolvency, bankruptcy, winding up or any event analogous to these events.

Intellectual Property means all intellectual and industrial property rights, including trade marks, copyright (including future copyright), inventions, patents, designs, circuits and other eligible layouts, database rights, including any application or right to apply for registration of any of these rights.

Invoice means any document or record treated by the Commissioner of Taxation as an invoice or as a document entitling a recipient to an input tax credit.

Law means any law in force in Australia, whether common law, equity or any law under any statute, subordinate legislation, ordinance or code.

Part 3 READ AND KEEP THIS PART

Principal means the party ordering or receiving the Goods or Services in accordance with the Contract, being that party specified in the Purchase Order.

Principal IP means any Intellectual Property of the Principal (or licensed to the Principal by a third party) which the Principal makes available, contributes, brings to or uses in connection with the Contract.

Purchase Order means the Principal's purchase order form for the Goods or Services.

Services means any services set out in the Purchase Order, including the delivery of any goods and performance of services ancillary to the Services.

Tax means any income, land, indirect and other taxes, levies, imposts, deductions, charges, duties, compulsory loans and withholdings, including financial institutions duty, debits tax or other taxes whether incurred by, payable by return or passed on to another person and includes any interest, penalties, charges, fees, fines or other amounts imposed in respect of any of the above, but does not include GST.

19 INTERPRETATION

In the Contract:

a reference to "Goods or Services" is to be read as "Goods or Services, or both of them, as applicable";

the singular includes the plural and the plural includes the singular;

a reference to a clause or party of the Contract is a reference to a clause of, and a party to, the Contract;

a reference to legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

the words 'include', 'includes' and 'including' must be construed without limitation as to what else might be included; and

Part 1F of the Civil *Liability Act 2002* (WA) does not apply to the Contract.

Part 4 COMPLETE AND RETURN THIS PART

4 Respondent’s Offer

4.1 Offer Form

Chief Executive Officer
Town of East Fremantle
135 Canning Highway
EAST FREMANTLE WA 6158

I/We (Registered Entity Name): _____
(BLOCK LETTERS)

of: _____
(REGISTERED STREET ADDRESS)

ABN _____ ACN (if any) _____

Telephone No: _____ Facsimile No: _____

E-mail: _____

In response to Request for Quotation – RFQ26-2021/22 – Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

I/We agree that I am/We are bound by, and will comply with this Request and its associated schedules, attachments, all in accordance with the Conditions contained in this Request signed and completed.

The responded price is valid up to ninety (90) calendar days from the date of the RFQ closing.

I/We agree that there will be no cost payable by the Principal towards the preparation or submission of this Response irrespective of its outcome.

The consideration is as provided under the schedule of rates of prices in the prescribed format and submitted with this RFQ.

Dated this _____ day of _____ 2022

Signature of authorised signatory of Respondent: _____

Name of authorised signatory (BLOCK LETTERS): _____

Position: _____

Telephone Number: _____

Authorised signatory Postal address: _____

Email Address: _____

Part 4 COMPLETE AND RETURN THIS PART

4.2 Selection Criteria

4.2.1 Compliance Criteria

Please select with a “Yes” or “No” whether you have complied with the following compliance criteria:

Description of Compliance Criteria	
a) Respondents are to provide acknowledgment that your organisation has submitted in accordance with the Conditions of this RFQ including completion of the Offer Form and provision of your pricing submitted in the format required by the Principal.	Yes / No
b) Respondents are to provide any relevant certifications/accreditations required for the scope of work.	Yes / No
c) Compliance with the Specification contained in the Request.	Yes / No
d) Compliance with the Delivery Date.	Yes / No
e) Risk Assessment Respondents must address the following information in an attachment and label it “Risk Assessment” :	Yes / No
i) <i>An outline of your organisational structure inclusive of any branches and number of personnel.</i>	Yes / No
ii) <i>If companies are involved, attach their current ASC company extracts search including latest annual return.</i>	Yes / No
iii) <i>Provide the organisations directors/company owners and any other positions held with other organisations.</i>	Yes / No
iv) <i>Provide a summary of the number of years your organisation has been in business.</i>	Yes / No
v) <i>Attach details of your referees. You should give examples of work provided for your referees where possible.</i>	Yes / No
vi) <i>Are you acting as an agent for another party? If Yes, attach details</i>	Yes / No

Part 4 COMPLETE AND RETURN THIS PART

<p><i>(including name and address) of your principal.</i></p>	<p>Yes / No</p>
<p>vii) <i>Are you acting as a trustee of a trust? If Yes, give the name of the trust and include a copy of the trust deed (and any related documents); and if there is no trust deed, provide the names and addresses of beneficiaries.</i></p>	<p>Yes / No</p>
<p>viii) <i>Do you intend to subcontract any of the Requirements? If Yes provide details of the subcontractor(s) including; the name, address and the number of people employed; and the Requirements that will be subcontracted.</i></p>	<p>Yes / No</p>
<p>ix) <i>Will any actual or potential conflict of interest in the performance of your obligations under the Contract exist if you are awarded the Contract, or are any such conflicts of interest likely to arise during the Contract? If Yes, please supply in an attachment details of any actual or potential conflict of interest and the way in which any conflict will be dealt with.</i></p>	<p>Yes / No</p>
<p>x) <i>Are you presently able to pay all your debts in full as and when they fall due?</i></p>	<p>Yes / No</p>
<p>xi) <i>Are you currently engaged in litigation as a result of which you may be liable for \$50,000 or more? If Yes, provide details.</i></p>	<p>Yes / No</p>
<p>xii) <i>In order to demonstrate your financial ability to undertake this contract, include a profit and loss statement and the latest financial return for you and each of the other proposed contracting entities, together with a list of financial referees from your bank and/or accountant.</i></p>	<p>Yes / No</p>
<p>The insurance requirements for this Request for Quotation are stipulated in Part 3 of the RFQ. Respondents are to supply evidence of their insurance coverage including, insurer, expiry date, value and type of insurance. If a Respondent holds “umbrella Insurance”, please ensure a breakdown of the required insurances are provided. A copy of the Certificate of Currency is to be provided to the Principal within five (5) days of acceptance.</p>	

Part 4 COMPLETE AND RETURN THIS PART

4.2.2 Qualitative Criteria

Before responding to the following Qualitative Criteria, Respondents must note the following:

- a) All information relevant to your answers to each criterion are to be contained within your Response;
- b) Respondents are to assume that the Evaluation Panel has no previous knowledge of your organisation, its activities or experience;
- c) Respondents are to provide full details for any claims, statements or examples used to address the Qualitative Criteria; and
- d) Respondents are to address each issue outlined within a Qualitative Criterion.

<p>A. Relevant Experience & Specific Local Government Operations Review Experience</p> <p>Describe your experience in completing/supplying similar Requirements. Respondents must, as a minimum, address the following information in an attachment and label it “Relevant Experience”:</p>	<p>Weighting</p> <p>40%</p>	
<ul style="list-style-type: none"> a) <i>Provide details of similar work.</i> b) <i>Provide scope of the Respondent’s involvement including details of outcomes.</i> c) <i>Demonstrate competency and proven track record of achieving outcomes.</i> 	<p>“Relevant Experience”</p>	<p>Tick if attached</p> <p><input type="checkbox"/></p>
<p>B. Organisation Capability (Incl. Individual Capability Credentials/Experience Experience)</p> <p>Respondents should provide as a minimum information of proposed personnel to be allocated to this project, such as:</p>	<p>Weighting</p> <p>30%</p>	
<ul style="list-style-type: none"> a) <i>Their role in the performance of the Contract.</i> b) <i>Membership to any professional or business associations.</i> c) <i>Qualifications, with particular emphasis on experience of personnel in projects of a similar requirement.</i> d) <i>Any additional information.</i> 	<p>“Organisation Capability”</p>	<p>Tick if attached</p> <p><input type="checkbox"/></p>

Part 4 COMPLETE AND RETURN THIS PART

Supply any other relevant details in an attachment and label it “ Organisation Capability ”.		
---	--	--

<p>C. Methodology</p> <p>Respondents should detail the process they intend to use to achieve the Requirements of the Specification.</p> <p>Areas you may wish to cover include:</p>	<p>Weighting</p> <p>30%</p>	
<p><i>a) A project schedule/timeline.</i></p> <p><i>b) The process for the delivery of the Goods/Services.</i></p> <p><i>c) Demonstrated understanding of the Scope of Work.</i></p>	<p>“Methodology”</p>	<p>Tick if attached</p> <p><input type="checkbox"/></p>
<p>Supply details and provide an outline of your proposed methodology in an attachment labelled “Methodology”.</p>		

Part 4 COMPLETE AND RETURN THIS PART
--

4.3 Price Information

Respondents must complete the following “Price Schedule”. Before completing the Price Schedule, Respondents should ensure they have read this entire Request for Quotation.

Activity	Pricing Exclusive of GST
Lump Sum - list inclusions	
Hourly rate	
Total (GST EXCLUSIVE)	\$

4.3.1 Price Basis

- 4.3.1.1 Unless otherwise stated in this Contract, the Contract Price shall be firm and not subject to rise and fall.
- 4.3.1.2 Unless otherwise provided in this Contract, the Contractor shall pay all packaging, freight, Taxes, insurances and other charges whatsoever, in connection with this Contract and the Goods and/or Services including delivery of Goods to the Delivery Point and the return of Goods wrongly supplied and all packaging.

10.4 REVIEW OF FINANCE POLICIES

Report Reference Number	ACR-244
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Policy 2.1.10 Infringement Debt Management
2. Policy 2.1.16 Rates Concession
3. Policy 2.1.17 Pensioners and Seniors Rebates
4. Policy 2.1.4 Rates Exemption
5. Policy 2.1.7 Debt Collection

PURPOSE

The Audit Committee is requested to receive the review of the Finance Policies as presented with tracked changes.

EXECUTIVE SUMMARY

One of the objectives of the Audit Committee is to ensure the Town has established effective controls and systems to safeguard the Town's financial and physical resources. All of the attached Policies (and subsidiary procedures) relate to control and management of revenue functions and therefore are deemed to be relevant to the Audit Committee Terms of Reference.

BACKGROUND

The majority of the attached Policies were developed and adopted by Council in the last 4 years to implement controls concerning the collection of revenue, and to provide a framework for decisions under delegated authority.

CONSULTATION

Revenue Officer

STATUTORY ENVIRONMENT

Section 2.7 (b) of the *Local Government Act 1995* identifies that one of the principal roles of Council is to determine the Policies of the local government.

POLICY IMPLICATIONS

Amended Policies are presented for endorsement to Council.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

Strategic Priority 5: Leadership and Governance

A proactive, approachable Council which values community consultation, transparency and accountability.

5.1 Strengthen organizational accountability and transparency

5.1.1. Strengthen governance, risk management and compliance

5.1.3 Improve the efficiency and effectiveness of services

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
The absence of Policies impacts governance and the efficiency of decision making/delegated authority	Possible (3)	Moderate (3)	Moderate (5-9)	SERVICE INTERRUPTION Medium term temporary interruption - backlog cleared by additional resources <1 week	Accept Officer Recommendation

Risk Matrix

Consequence \ Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

The Town's Revenue Officer has completed a review of the following Policies, that are presented as attachments to this report with tracked changes:

- Policy 2.1.10 Infringement Debt Management
- Policy 2.1.16 Rates Concession
- Policy 2.1.17 Pensioners and Seniors Rebates
- Policy 2.1.4 Rates Exemption
- Policy 2.1.7 Debt Collection

The Policies have been updated to reflect current practices of the Town. The Towns revenue collection processes are deemed to be effective as evidenced by the very low outstanding rates ratio, and a decrease in infringements receivables from \$88k at 30 June 2018 to \$53k at the present time.

The following is a summary of key indicators relevant to each of the Policies as at 28 June 2022:

Policy	Indicator
Infringement Debt Management	303 Infringements outstanding (472 as at 30-6-21) \$53k Total Receivables (\$64k at 30-6-21)
Rates Concession	No concessions approved for the 21/22 and 22/23 financial year
Pensioner and Seniors Rebates	861 Pensioner and Senior Rateable Assessments
Rates Exemption	11 Rates Exemptions approved for 22/23 (from 2021-22)
Debt Collection	14 Special Payment Arrangements 2 Referrals to Debt Collection 2 Assessments under Court Proceedings 1.70% - Outstanding Rates Ratio (98.30% recovered)((2.10% outstanding at 30-6-21)

10.4 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION
OFFICER RECOMMENDATION

That the Audit Committee recommend Council:

Adopt the following amended Policies as presented with tracked changes:

- Policy 2.1.10 Infringement Debt Management
- Policy 2.1.16 Rates Concession
- Policy 2.1.17 Pensioners and Seniors Rebates

- Policy 2.1.4 Rates Exemption
- Policy 2.1.7 Debt Collection

Moved Cr Donovan, seconded Mayor O'Neill
The adoption of the Officer's recommendation

Amendment

Moved Mayor O'Neill Seconded Cr Donovan

That references pertaining to Heritage and Cultural significance be deleted from Policy 2.1.16 Rates Concession.

(CARRIED UNANIMOUSLY)

The substantive motion, as amended, was put.

Committee Resolution 040607

OFFICER RECOMMENDATION

Moved Cr Donovan, seconded Mayor O'Neill

That the Audit Committee recommend Council:

Adopt the following amended Policies as presented with tracked changes, subject to references pertaining to Heritage and Cultural significance being deleted from Policy 2.1.16 Rates Concession:

- **Policy 2.1.10 Infringement Debt Management**
- **Policy 2.1.16 Rates Concession with references pertaining to Heritage and Cultural significance be deleted from the Policy**
- **Policy 2.1.17 Pensioners and Seniors Rebates**
- **Policy 2.1.4 Rates Exemption**
- **Policy 2.1.7 Debt Collection**

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page



2.1.10 Infringement Debt Management

Type:	Corporate Services – Financial Management
Legislation:	Local Government Act 1995
Delegation:	
Other Related Document:	Parking Infringement Appeals Policy 2.1.9

Objective

The objective of this policy is to outline the process for collection of infringements, the referral process to the Fines Enforcement Registry, and the process to write off debt for unpaid infringements.

Policy Scope

This Policy applies to all infringements issued by the Town of East Fremantle under delegated State Government legislation and the Town’s Local Laws. Council is committed to ensure that enforcement is carried out in the public interest and is transparent, fair, efficient and consistent.

Policy

Parking Infringement Notices Process

Infringement notice is issued - 28 days to pay.

Weekly registration submission to the Department of Transport (obtaining ownership details).

Issuance of a Reminder Notice – 28 days to pay.

Issuance ~~Issue~~ of a Final ~~Demand letter-Notice~~ - ~~28~~14 days to pay.

Appeals must be lodged within the 28-day period being the due date on the original infringement notice. The due date will not be amended irrespective of the appeal being received. If the appeal is received after the 28-day period, it will not be considered.

Unpaid Infringement Notices will be forwarded to the Fines Enforcement Registry (FER) to recover the outstanding infringement following the non-payment of a Final Notice.

The Senior Ranger is to review and authorise those infringements being referred to FER.

Prior to an infringement being referred to FER, a list (generally monthly) will be prepared for the Senior Ranger to review and authorise.

Fines Enforcement Registry (FER)

Amounts that remain outstanding past the prescribed due date of the Final ~~Notice-Demand letter~~ will be referred to the Fines Enforcement Registry, resulting in and will result in additional fees and charges.

The debt will remain active with the Fines Enforcement Registry for a period of eight three (83) years until paid or recommended for write-off by them (quarterly reports), after which it will be written off under delegated authority.

-Infringements written off are to be withdrawn from FER-are required to be manually written off via the eCourtsFER portal.

Interstate ~~and~~ International Drivers & Infringements with no Ownership detail

Where ownership details are unable to be obtained from the Department of Transport and the reasoning is confirmed as an interstate registration, the infringement status will be updated to reflect 'Interstate Rego'.

Infringements where ownership detail is unable to be obtained (unregistered vehicles or illegal plates, etc) are to have a status reflecting 'Action Deferred'.

~~If an Those~~ Infringements with a status of 'Interstate Rego' or 'Action Deferred' remaining unpaid for a within a financial year may be withdrawn by delegated authority, ~~if the driver of the vehicle has been identified as being from interstate or overseas.~~

Management Reporting

The monthly financial report to council is to include the balance of Infringements receivable.

Infringements written off in the preceding financial year by the Chief Executive Officer under delegation — ~~Fines outstanding greater than three years~~ will be referred to Council for information advising the amount written off and reasoning, by the Chief Executive Officer under delegation.

Financial Hardship

1. Financial hardship is not a ground for review.
2. Where a person is experiencing financial hardship and is unable to pay their outstanding infringement, the Town may assist the applicant, where applicable, to negotiate a payment plan.
3. To be eligible for a payment plan, the applicant infringement must not have been referred to the Fines Enforcement Registry previously.
4. If the payment plan is requested after the fine has been registered with FER, the applicant will be able to enter into an arrangement with FER directly, ~~responsible for an additional payment of the registration fee for the withdrawal.~~
5. The payment plan must not include more than 43 payments and be must result in the outstanding amount being paid in full within 90 days of the date of Final Notice.

Each payment arrangement requires the approval of the Revenue Officer under delegation of the Executive Manager Corporate ~~and Community~~ Services in accordance with Delegation DA14 – Rates and Services Charges Agreements.

Roles and Responsibilities

- Ranger Services shall be responsible for the issuance of Infringement Notices under Delegation Authority DA21.
- The Revenue Rates Officer shall be responsible for the recovery of the Infringements, ~~issuance of the Final Demand Letter.~~
- The Executive Manager Corporate Services shall be responsible for referring matters to Council in regards to this Policy, ~~and the collection of outstanding Infringements.~~
- The Manager Finance shall be responsible for the review and monitoring of the operations of this Policy.
- The Corporate Service Team shall be responsible for the day-to-day operations of this policy.

Responsible Directorate:	Corporate Services
Reviewing Officer:	Manager Administration and Finance

Decision making Authority:	Council
Policy Adopted:	18/9/18
Policy Amended/Reviewed:	20/8/19, 17/9/19
Former Policy No:	4.4.3



2.1.16 Rates Concession Policy

Type:	Corporate Services
Legislation:	Local Government Act 1995 Local Government Financial Management Regulations 1996
Delegation:	DA14 Rates and Service Charges Agreements
Other Related Document:	Strategic Community Plan 20 2017 -20 30 27

Objective

The objective of this policy is to describe the criteria that determine which properties council may consider eligible for a rates concession and how an application of concession is processed and administered over time.

Policy Scope

The core matters addressed by the policy include which type of entities or landowners are eligible to be considered for a concession and the types of activities being conducted at the property that could be determined as qualifying of a concession.

Policy

The Rates Concession Policy shall be applied in accordance with the Council’s Budget and Rating Resolutions with the result that eligible property owners undertaking specified activities at the property receive a concession on their rates.

This policy does not consider the concessions applicable for pensioners as the *Rates and Charges (Rebates and Deferments) Act 1992* deals with such matters.

This policy does not consider whether land is eligible to be exempt from rating; such determinations are made by reference to the appropriate legislation and endorsed by policy 2.1.4 – Rates Exemption.

Eligible Property Owners

Property owners that are eligible to be considered for a concession:

- (1) Incorporated Associations and Not for Profit Organisations; or
- (2) Property Owners that are natural persons suffering hardship; or-
- (3) Property Owners of Significant heritage/cultural/significance to the Town.

For a property owner to be granted a concession by Council, they must not only be an eligible property owner but Council must be satisfied that activities being conducted on the property or services being delivered from the property are consistent with activities described as eligible for a concession.

Eligible Activities at the property

Eligible activities or services delivered at the property considered eligible to be considered for a concession.

Eligible Property Owner	Eligible Activities or Services Delivered at the property
Incorporated Associations and Not for Profit Organisations <u>and Property Owners of Significant heritage/cultural/significance to the Town</u>	<ul style="list-style-type: none"> • The relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage; or • The preservation, restoration or maintenance of structures or places of cultural, environmental, historic, heritage or scientific significance to the Town of East Fremantle local government area; or • The assistance or encouragement for the arts or cultural development, or • The provision of early childhood care and are affiliated with the Crèches and Kindergarten Association or is a community based early childhood provider; or • The provision of facilities for the conduct of amateur sport or recreational activities subject to any revenue from licensed premises, entrance fees or membership fees being deemed incidental to the main activity of conducting the sporting or recreational activities.
Property owners suffering hardship	<ul style="list-style-type: none"> • Property is owner occupied: and • Hardship status is confirmed by a financial assessment of the property owner’s circumstances, consistent with the Town’s Debt Collection Policy.

Concession available upon application approval ~~applicable if to allow concession~~

Eligible Property Owner	Eligible Activities or Services Delivered at the property
Incorporated Associations and Not for Profit Organisations <u>and Property Owners of Significant heritage/cultural/significance to the Town</u>	<ul style="list-style-type: none"> • General Rates Concession of 25%
Property Owners suffering hardship	<ul style="list-style-type: none"> • Deferral of liability to pay rates for 6 months. All administrative charges and interest penalty will be waived for the deferral period of 6 months.

Roles and Responsibilities

The Executive Manager Corporate Services has overall responsibility for the delivery of the objectives of this policy, including compliance with all relevant legislation.

Guidelines

Corporate ~~and Community~~ Services is responsible for the management of enquiries and the processing of new applications. Approval of financial hardship applications will be approved by the Chief Executive Officer, or delegate, under Delegation DA14 Rates and Service Charges Agreements.

This Policy has been developed in response to the COVID-19 Health Pandemic. This policy will be reviewed and put for endorsement on a year to year basis, and it is envisaged that this may only be a short term rates relief measure, which will cease at the end of the 2020/21 financial year.

All adjustments to the rates levied will be managed by the Corporate Services team.

Key Stakeholders

N/A

Monitoring and Evaluation

Applications received for consideration of a rates concession will be assessed against this policy criteria to ensure consistency across all requests.

Definitions

A Not for Profit Organisation or Incorporated Association is an organisation that incorporates in its objectives and constitution that it does not make a profit which is distributed to the directors or principals but is only distributed for the purpose of the continued operation of the organisation. An Association is incorporated under the Associations Incorporation Act 2015-WA.

Property owner suffering hardship is a person in a situation of vulnerability, may have low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of ‘payment difficulties’ or ‘financial hardship’.

Responsible Directorate:	Executive Manager Corporate Services
Reviewing Officer:	Chief Executive Officer
Decision making Authority:	Council
Policy Adopted:	16/06/20
Policy Amended/Reviewed:	



2.1.17 Pensioners and Seniors - Rebates Eligibility

Type:	Corporate Services
Legislation:	Local Government Act 1995 Rates and Charges (Rebates and Deferments) Act 1992
Delegation:	
Other Related Document:	Strategic Community Plan 20 17 -20 30 27

Objective

This Policy will assist Corporate Services in its administrative processes relative to the provisions of the Pensioner and Senior Concessions Scheme. This Scheme provides Pensioners and Seniors with a rebate or deferment of their Local Government Rates and Emergency Service Levy charges.

Policy Scope

Rebates granted to Pensioners and Seniors under the *Rates and Charges (Rebates and Deferments) Act 1992* are funded by the Government of Western Australia. Eligible Pensioners and Seniors can either obtain a rebate on, or defer, their Local Government Rates and their Emergency Service Levy charge.

Rebates only apply to Local Government Rates and the Emergency Service Levy charge. All other service charges must be paid in full by the due date. The amount of the rebate depends on the type of concession ~~card~~ an applicant holds.

Policy

The rebate of Local Government Rates and Emergency Service Levy charge shall be applied in accordance with the Pensioners and Seniors Concessions Scheme, with a result that if an applicant is a Pensioner or Senior, they can apply to receive a rebate or concession on charges for Local Government Rates and ~~Emergency Service~~~~other service~~ charges.

Eligible Property Owners

The Eligibility Criteria for rebates are as follows:

- a) The applicant(s) must ~~be the owner~~ and reside in the property on 1 July of the rating year.
- b) There must be no rates in arrears from a previous financial year unless a payment arrangement has been entered into.
- c) If the applicant is a Pensioner, they must ~~be in receipt of a current pension and~~ hold a current Pensioner Concession card.
- d) An applicant in receipt of both a Seniors card issued by the Department ~~of~~ Communities and a Commonwealth Seniors Health Card has the same entitlements as a Pensioner.
- e) A Senior, must hold a current Seniors card issued by the Department of Communities.

To own means an applicant must:

- be the registered owner or co-owner of the property on the Certificate of Title (where the property is co-owned a partial concession may apply), or

- have a right to reside or life tenancy at the property under the terms of a Will (probate) and be responsible for the payment of rates and charges raised against the property, or
- hold a long-term lease (greater than 5 years) in a retirement village, park home, lifestyle village or caravan park.

Entitlement to the Concession

Eligible Pensioners and Seniors can either obtain a rebate on, or defer, their Local Government Rates and Emergency Services Levy charge. The amount of the concession depends on the type of concession card an applicant holds:

Pensioner Concession Card or State Concession Card

- Receive up to 50% rebate on Rates limited to a maximum (capped) amount legislated each year of \$750.
- The option to defer Rates and Emergency Service Levy may be available if the required criteria is met.
- Receive a rebate on the Emergency other Service charges, limited to a maximum (capped) amount legislated each year.

WA Seniors Card and Commonwealth Seniors Health Card

- Entitlements as provided for above for the Pensioner Concession Card or State Concession Card.
- ~~Receive up to 50% rebate limited to a maximum (capped) amount of \$750.~~
- ~~The option to defer rates may be available if the required criteria is met.~~

WA Seniors Card

- Receive up to 25% rebate limited to a maximum (capped) amount legislated each year of \$100.
- There is no option to defer rates.

Rebate or Deferment Option

~~Pensioners who meet the eligibility criteria below are entitled to claim a rebate of up to 50% against the current year's rates. The rebate amount is limited by the maximum amount set by the State Government. A Pensioner may also choose to defer paying their rates but will forgo their rebate entitlement in doing so.~~

Rebate Option

To claim a rebate, eligible concession ~~applicant~~card holders will be required to pay the amount due on the rate notice by 30 June of the current financial year.

If payments are received after the due date and the applicant only holds a Seniors card, an applicant will lose the rebate for that financial year and must pay the full amount due. Applicants holding the equivalent of a full Pensioner Concession will automatically defer their Rate and Emergency Service charge where payment is not received. Local Government Rates charges will be automatically deferred if the amount required to be paid on the rates notice is not paid by 30 June of the current financial year.

Deferment Option

Local Government Rates and Emergency Service charges will be automatically deferred if the amount required to be paid on the rates notice is not paid by 30 June of the current financial year. Charges will not be deferred if the property is:

- occupied under a right to reside or life tenancy under the terms of a Will of a deceased estate,

- subject to co-ownership, other than spouse/de facto, where not all owners are eligible Pensioners,
- subject to a long-term lease in a retirement village, or
- occupied by eligible applicants that hold a WA Seniors Card only.

Deferment charges will remain as a debt on the property rates account until the amount is paid in full. Deferred rates and service charges are not required to be paid until the entitlement to defer ceases (i.e. applicant moves out, sells the property, dies and leaves no surviving spouse/de facto). Deferred rates and service charges may be paid at any time, but a rebate cannot be claimed when they are paid. Penalty interest is not applicable on deferred rates accounts.

Pro-rata Provisions

When applicants become eligible Pensioners or Seniors during a financial year, it is important that they advise the Town as soon as possible. The pro-rata provisions allow for a rebate based on the date of registration during that financial year (i.e. calculated on how many days of that year an applicant was registered), provided they owned and occupied the property as at 1 July of the current financial year.

Change in Circumstances

Eligible Pensioners and Seniors Concession card holders will be responsible for informing the Town of ~~East Fremantle~~ of any change in circumstance that jeopardises their rebate entitlements. Concession card holders must immediately advise the Town if they:

- are issued with a new card or their card is cancelled/expired,
- have changed any of their details that were provided on the original registration,
- sell or transfer an interest in all, or part, of the property or move to another address,
- have a spouse who ceases occupation of the property, or
- as a WA Seniors Card holder, become an eligible Pensioner or the holder of a Commonwealth Seniors Health Card.

Multi-residential Properties not Strata Titled

If an applicant has land with multiple homes which have not been strata-titled (e.g. duplex properties, group housing complexes), rebates may be apportioned according to the ownership interests and the extent the owner uses the property for residential purposes (i.e. what part of the land is occupied by the Pensioner and/or Senior for their use).

Commercial Properties Occupied by Pensioners and Seniors

Concessional arrangements are targeted at residential property owned and occupied by Pensioners and Seniors. If the property is owner-occupied by the applicant and is also partly used for commercial purposes, the rebate may be apportioned according to the ownership interests and the extent that the property is used as a residence. In such cases, the Town will make a determination on the extent of the entitlement to a rebate.

Application Process

An applicant should register their entitlement as soon as they receive their concession card.

Applications are made via the Water Corporation. The Water Corporation will notify the Town once the application has been processed.

Registration of the concession card will take effect from the date that it is received by the Water Corporation.

An applicant can only claim a concession on Local Government Rates charges and Emergency Services Levy charge on one property in any one financial year.

If a concession card holder has Local Government Rates and ~~S~~service charges in arrears, a rebate or deferment may be obtained if a satisfactory arrangement to pay the rates arrears has been entered into and approved by the Executive Manager of Corporate Services.

Roles and Responsibilities

The ~~Rates Revenue~~ Officer has the overall responsibility for the management of all enquires and all administrative processes associated with this policy.

Review Process

1. Deferred Rates

A schedule of Deferred Rates will be provided to the Office of the Auditor General at the end of each financial year.

2. Information obtained from the Data Ineligibility reports received from Revenue WA (Office of State Revenue) in June/July of each year are to be applied against the applicants. Sourcing of verifiable information can be from the Water Corporation or Australian Government – Services Australia (Centrelink Business Online).

~~2. Concession Card Eligibility~~

~~Pursuant to Section 36 of the Rates and Charges (Rebates and Deferments) Act 1992, a review of all registered Concession Card holders will be undertaken no less than once every 3 consecutive years. An Authorised Officer will access the Australian Government Services, Centrelink eServices portal and will validate all current registrations on a periodic basis. Review dates are as follows:~~

- ~~2021~~
- ~~2024~~
- ~~2027~~
- ~~2030~~

~~The reasoning for deletion is as follows from Dept of Finance, Grants and Subsidies – IEM108990 The reason this claim this claim would have gone through last year is because there were no land validation checks, however this year the land validation was turned on.~~

~~Under section 36 the Act, Local Government Authorities (LGA) and the Water Corporation must review each registration every three years to re-affirm entitlement to the rebate or deferment. This involves confirming ownership and occupancy of property, and validity of the relevant concession card. Historically, this was done by the LGA who sends a letter requesting the ratepayer to confirm ownership and occupation of the property.~~

~~The PRS Claim Management Application (PRS) has been developed to enable this process, referred to as land validation, to be carried out on each claim as it is processed.~~

Key Stakeholders

Revenue WA (Department of Finance - Office of State Revenue)

Water Corporation
Office of the Auditor General

Monitoring and Evaluation

Applications received for a Pensioners and Seniors rebate be assessed against this policy criteria to ensure consistency across all requests.

Responsible Directorate:	Executive Manager Corporate Services
Reviewing Officer:	Manager Administration and Finance
Decision making Authority:	Council
Policy Adopted:	16/06/20
Policy Amended/Reviewed:	



2.1.4 Rates Exemption

Type:	Corporate Services – Financial Management
Legislation:	<i>Local Government Act 1995</i> <i>Charities Act 2013</i>
Delegation:	DA79 Determine Applications for Rate Exemption
Other Related Document:	

Objective

Establish a consistent approach to determine whether land is not ratable under Section 6.26 of the *Local Government Act 1995*.

Policy Scope

This policy is applicable to local organisations and ratepayers within the Town of East Fremantle who are eligible for a charitable rate exemption.

Definitions

Charity has the meaning given to it by the *Charities Act 2013 (Commonwealth)*;

Charitable purpose has the meaning given to it by the *Charities Act 2013 (Commonwealth)*.

Policy

Council is committed to adhering to the *Local Government Act 1995* and providing guidance to applicants who apply for an exemption of local government land rates charges for charitable purposes. This policy relates to the charitable rates exemption to charitable organisations based within the Town that provide assistance to the Town and/or broader community.

Land Use – Exclusively for Charitable Purposes

The land use for which the charitable organisation is applying for an exemption under section 6.26(2)9(g) of the *Local Government Act 1995* must be for the exclusive use for charitable purposes as defined in the *Charities Act 2013* and these include:

- (a) the purpose of advancing health;
- (b) the purpose of advancing education;
- (c) the purpose of advancing social or public welfare;
- (d) the purpose of advancing religion;
- (e) the purpose of advancing culture;
- (f) the purpose of promoting reconciliation, mutual respect and tolerance between groups of individuals that are in Australia;
- (g) the purpose of promoting or protecting human rights;
- (h) the purpose of advancing the security or safety of Australia or the Australian public;
- (i) the purpose of preventing or relieving the suffering of animals;

- (j) the purpose of advancing the natural environment; or
- (k) any other purpose beneficial to the general public that may reasonably be regarded as analogous to, or within the spirit of, any of the purposes mentioned in paragraphs (a) to (j); and

must not be a disqualifying purpose under the meaning given by the *Charities Act 2013* (Commonwealth).

Land Used Exclusively for Charitable Purposes

~~Property must be used exclusively by the charitable organisation for charitable purposes defined by the *Charitable Uses Act 1601* as generally for the following purposes:~~

- ~~(a) the relief of poverty;~~
- ~~(b) the advancement of education;~~
- ~~(c) the advancement of religion; and~~
- ~~(d) other purposes beneficial to the community~~

Application for Rate Exemption

To be considered by the Town for approval, each application for a charitable rate exemption under *section 6.26(2)(g) of the Local Government Act 1995* must be made in writing by completing an Application for Rate Exemption form.

Review of Rates Exemption.Delegation

In accordance with this policy, it is a requirement for organisations who have been approved for rates exemption, to reapply for a rate exemption every two years.

Applications should be submitted in May of the year the approval ends to ensure continuation can occur upon approval. Each financial year. Correct forms must be used and these can be acquired by contacting the Town of East Fremantle Rates Section.

Where the land use supporting the exemption is altered to no longer support a charitable exemption, you applicants are are to inform the Town within 14 days so as to update the rate record.

~~This policy allows the Council of the Town of East Fremantle to delegate to the Chief Executive Officer and any of its powers under the Act to approve applications for Rates Exemptions.~~

Delegation Review of Policy

This policy allows the Council of the Town of East Fremantle to delegate to the Chief Executive Officer and any of its powers under the Act to approve applications for Rates Exemptions.

~~All exemptions will be reviewed every two years and confirmation from the charitable organisation that the above purposes still apply will be required to continue receiving the exemption.~~

~~Correct forms must be used and these can be acquired by contacting the Town of East Fremantle Rates Section.~~

Responsible Directorate:	Corporate Services
Reviewing Officer:	Manager Corporate Services
Decision making Authority:	Council
Policy Adopted:	21/08/18
Policy Amended/Reviewed:	16/07/19, 17/9/19
Former Policy No:	4.2.9



2.1.7 Rates / Sundry Debtor Recovery (Debt Collection)

Type:	Corporate Services – Financial Management
Legislation:	Refer to References
Delegation:	DA76 Write Off Debt
Other Related Document:	

Objective

The purpose of this policy is to outline the Town of East Fremantle process for efficient and effective management of outstanding Rates and Sundry Debtor Accounts, ~~and Rates and Service Charges~~.

Policy Scope

The Town of East Fremantle will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995*, in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- ensuring that debt collection procedures are carried out in a fair and equitable manner;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by Council in ensuring that they meet their financial obligations;
- equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances;
- flexibility by responding where necessary to changes in the local economy;
- ensuring the Town of East Fremantle is compliant with all regulatory obligations;
- promoting effective governance and definition of roles and responsibilities;
- upholding recognition from the public and industry for the Town of East Fremantle practices that withstand probity.

Definitions

Debtor an individual, organisation or other party that transacts with the Town where goods or services are provided, use of facilities are made available, fines and license fees are levied and any other transactions that results in an expected future payment to the Town.

General Procedure Claim (GPC) means the claim lodged with the Magistrates Court where the value of the claim or the relief claimed does not exceed \$75,000.

Property Seizure and Sale Order (PSSO) is a court order that authorises a bailiff to seize and sell as much of the judgment debtor’s real or personal property as necessary to satisfy the judgment debt wholly or partially.

Financial Hardship A person in a situation of vulnerability may have low income or, as a result of their

circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of 'payment difficulties' or 'financial hardship'.

Policy

1. Recovery of Sundry Debtor Accounts

The recovery of outstanding sundry debtors will be collected in a fair and timely manner. Sundry debts are due for payments ~~2130~~ days from date of issue. The process for sundry debt collection is as follows:

- a) Sundry debtors will be issued an invoice as soon as possible after the amount is known, providing ~~2130~~ day payment terms.
- b) A statement (or form of reminder) will be issued as soon as practicable after the invoice becomes due and payable, t the end of the subsequent month following the initial 30 day payment term, requesting payment, ~~with a reminder sticker/stamp to be affixed to the Statement requesting payment~~ within 14 days.
- c) At the end of 14 days, ~~communication a Final Notice letter~~ will be issued advising that legal action may be taken without further warning should the debt remain outstanding beyond 7 days.

Where the customer fails to pay in full by the expiry of the period defined above, credit may be suspended or services limited and legal action may be commenced.

Legal action – debts will be assessed to ascertain the ability to recover. If the cost of legal action exceeds the amount of the debt, the amount may be considered for write off, subject to Council delegation, once all non-legal recovery actions have been exhausted.

2. Recovery of Rate and Service Charges

The recovery of outstanding rates will be collected in a fair and timely manner. Rate notices are due for payment 35 days from date of issue in accordance with the *Local Government Act 1995*.

Amounts that remain outstanding past the prescribed due date may have interest applied, up to a maximum interest rate ~~as legislated and endorsed~~ imposed of 11% per annum as set annually by Council as part of the Annual Budget. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the Town of East Fremantle. This includes overdue amounts where the rate payer has elected to pay by an instalment option.

Accounts unpaid by the due date shown on the Rate Notice

Where accounts remain outstanding after the prescribed due date, a ~~Reminder Final~~ Notice shall be issued requesting full payment within fourteen (14) days (this to be commenced within two weeks of accounts falling due).

Accounts that remain outstanding after the due date of the Reminder Notice are to be issued with a Final Notice requesting full payment within nine (9) days (to be commenced within a week of accounts falling due).

Accounts that remain outstanding after the due date of the Final Notice are to be issued with a Final Demand requesting full payment within seven (7) days (to be commenced within a week of accounts falling due).

~~Accounts with Final Notices are not to be issued to eligible persons registered to receive a pensioner or senior rebate under the Rates and Charges (Rebates and Deferments) Act 1992 will not be subjected to the above recovery process, however those accounts with service charges or rates that are unable to be deferred (Seniors) from the previous year will be subject to a communicate requesting payment of overdue charges. as such persons have until 30 June of the current financial year to make payment without incurring any penalty interest. Final notices will, however, be issued to registered pensioners or seniors where there are unpaid charges which are not subject to a rebate or deferment eg rubbish collection charges.~~

Accounts unpaid after the expiry date shown on the Final Demand Notice

Where amounts remain outstanding after the expiry date shown on the Final Demand and no communication has been entered into, Notice, recovery action will commence.

Accounts will be sent to the Town's debt collection agency for issuance of a Final Demand (Agency Letterhead) with a due date of fourteen (14) days. The demand is to be issued by mail and email (if an email exists).

Those accounts with existing action carried over from the previous year will receive a demand from the Town's solicitors.

~~based upon a risk management approach as determined by the value and type of debt and may include such action as referral to the Town's debt collection agency. As a minimum, a letter of demand on Solicitor letterhead will be sent to all overdue rate accounts where a final notice has not been paid, and the amount of rates outstanding is more than \$500.~~

Seizure of Rent for Non Payment of Rates

Where the property owner of a leased or rented property on which Rates and Service Charges are outstanding cannot be located or refuses to settle Rates and Service Charges owed, a Notice may be served on the lessee or tenant under the provisions of Section 6.60 of the Local Government Act 1995 requiring the lessee or tenant to pay to the Town the rent due that they would otherwise pay under the lease/tenancy agreement as it becomes due, until the amount in arrears has been paid.

Options to recover rates debt where rates remain unpaid, are in arrears for in excess of (3) years

Under the guidance of the Town's debt collection service provider, legal action may be undertaken to recover outstanding rates and charges. This action may include General Procedure Claims and Property Seizure and Sale Orders (Goods). Any costs incurred in undertaking legal action in a Court of competent jurisdiction are recoverable from ratepayers under section 6.56 of the Local Government Act 1995.

Options to recover rates debt where rates are in arrears for in excess of three (3) years.

- (i) Lodging a Caveat on the Title for Land
If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years a caveat may be registered on the title for the land, under the provisions of Section 6.64 (3) of the Local Government Act 1995. The approval of Council is required before this course of action is undertaken.
- (ii) Sale of Property
If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years, Council may take possession of the land under the provisions of Section 6.64 of the Local Government Act 1995. The approval of Council is required to be obtained before this course of action is undertaken.

3. Write off Debts

The Chief Executive Officer and the Executive Manager Corporate Services have the authority to write-off individual debts up to \$500.00 in accordance with Delegation DA76 – Write off Debt,

excluding late payment interest and Service Charges applicable to the Emergency Services Levy.

4. Financial Hardship

While evidence of hardship will be required, the Town recognises that not all circumstances are alike. The Town will consider a range of individual circumstances including, but not limited to, the following situations:

- Recent unemployment or under-employment.
- Sickness or recovery from sickness.
- Low income or loss of income.
- Unanticipated circumstances such as caring for and supporting extended family.

Ratepayers will be required to provide information about their individual circumstances that may be relevant. This includes demonstrating a capacity to make some payment where possible and entering into a formal payment arrangement. The Town will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with all statutory responsibilities.

Where a ratepayer meets the Financial Hardship Criteria, payment arrangements will incur a \$0 administration fee and the Town reserves the right to waive late penalty interest, excluding the late payment interest and Service Charges applicable to the Emergency Services Levy.

5. Payment Arrangements

Payment arrangements are facilitated in accordance with *Section 6.49 of The Local Government Act 1995* and will be offered to rate payers in circumstances evident of financial hardship. A ~~special~~ payment arrangement must be negotiated to reflect a ratepayer's capacity to repay outstanding rates and contain the details of the agreed repayment schedule.

These ~~special~~ payment arrangements will include the following:

1. It is the responsibility of the ratepayer to ensure that the agreed payment amounts are paid on or before the agreed due date.
2. The Town of East Fremantle requires full payment of the outstanding rates by the end of the financial year.
3. If a ratepayer requires an extension on this timeframe an end date must be negotiated and approved by the Executive Manager Corporate Services.
4. The ratepayer will be responsible for informing the Town of any change in circumstance that jeopardises the agreed repayment schedule.

~~Where a ratepayer meets the Financial Hardship Criteria and on the provision that all rates arrears are paid in full payment arrangements will incur a \$0 administration fee and the Town reserves the right to waive late penalty interest, excluding the late payment interest and Service Charges applicable to the Emergency Services Levy.~~

For the purpose of recovering rates and service charges, where a rate-payer defaults on more than two repayments, the payment arrangement will become void and will now has not made payment arrangements for overdue rates and service charges or maintained an agreed repayment schedule ~~they may~~ be subject to the Town's debt recovery procedures outlined in this policy.

6. Management Reporting

Rates Debtors:

The Town has adopted a benchmark target of 5% for its outstanding rates ratio. The monthly financial report to Council is to include a receivables note detailing the total amount of rates outstanding, and a breakdown of rates outstanding between one and two years, two and three years, and more than three years. Management are required to maintain a status report of recovery action against all rates in arrears of more than one year.

Sundry Debtors:

The Town has adopted a benchmark of less than 10% of sundry debtors exceeding 90 days outstanding. The monthly financial report to Council is to include an aged receivables note detailing the total amount outstanding against current, 30 days, 60 days and 90+ days. Management are required to maintain a status report of recovery action against all sundry debts in arrears of more than 90 days.

Roles and Responsibilities

- The Chief Executive Officer shall be responsible for the application of delegations of authority in regards to the Policy.
- The Executive Manager Corporate Services shall be responsible for referring matters to Council in regards to this Policy and the collection of outstanding debts.
- The Manager Administration and Finance shall be responsible for the review and monitoring of the operations of the Policy (or delegate to the Revenue Officer functions of operation of the policy).
- The Corporate Service Team shall be responsible for the day to day operations of the Policy.

7. Legislation

- Local Government Act 1995: Part 6, Division 4, Clause 6.13 - Interest on money owing to local governments
- Local Government Act 1995: Part 6, Division 6, ~~Subdivision 4~~, Clause 6.45 – Options for payment of rates and service charges
- Local Government Act 1995: Part 6, Division 6, ~~Subdivision 4~~, Clause 6.51 - Accrual of interest on overdue rates or service charges
- Local Government Act 1995: Part 6, Division 6, ~~Subdivision 5~~, Clause 6.56 - Rates or service charges recoverable in court
- Local Government Act 1995: Part 6, Division 6, ~~Subdivision 5~~, Clause 6.60 - Local government may require lessee to pay rent
- Local Government Act 1995: Part 6, Division 6, ~~Subdivision 6~~, Clause 6.64 - Actions to be taken
- Local Government (Financial Management) Regulations 1996
- Rates and Charges (Rebates and Deferments) Act 1992

Responsible Directorate	Corporate Services
Reviewing Officer	Executive Manager Corporate Services
Decision Making Authority	Council
Policy Adopted	18/9/18
Policy Amended/Review:	19/2/19, 17/9/19, 21/04/20
Former Policy No:	4.4.2

10.5 EXTERNAL AUDIT SCHEDULE

Report Reference Number	ACR-255
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple
Documents tabled	Nil
Attachments	<ol style="list-style-type: none"> 1. Information Systems Audit – Entrance Meeting Notes (Confidential) 2. Audit Planning Summary (Confidential)

PURPOSE

The purpose of this report is to inform the Audit Committee of the External Audit Schedule for 2022.

EXECUTIVE SUMMARY

The Audit Committee is required to consider reports/findings arising from the external audit. This report informs the Audit Committee of the External Audit Schedule, with audit findings from the Information System Audit and Interim Audit to be presented to the Audit Committee at its meeting of 2nd November 2022.

BACKGROUND

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that enabled the Auditor General to audit council finances and performance. The Town of East Fremantle fell under the audit remit of the Office of Auditor General from the 2018/19 financial year. Thus, this is the 4th year of audit under the Office of Auditor General.

The Office of Auditor General also undertakes performance audits of local government. This includes an Information Systems Audit, which is now conducted as part of the financial audit program. It is envisaged that the Information Systems Audit will be carried out every 3 years, with the inaugural audit completed in 2019.

The scope of the Information Systems Audit is included in Attachment 1, and involved the following methodology:

Scope: the audit focused on:

- Policies and procedures – The entity should ensure that they have appropriate policies and procedures in place for key areas such as IT risk management, information security, business continuity and change control.
- Management of IT risks - The entity need to ensure that IT risks are identified, assessed and treated within appropriate timeframes and that these practices become a core part of business activities.
- Information security - The entity should ensure good security practices are implemented, up-to-date and regularly tested and enforced for key computer systems. Agencies must conduct ongoing reviews for user access to systems to ensure they are appropriate at all times.
- Business continuity - The entity should have a business continuity plan, a disaster recovery plan and an incident response plan. These plans should be tested on a periodic basis.

- Change control - change control processes should be well developed and consistently followed for changes to computer systems. All changes should be subject to thorough planning and impact assessment to minimise the likelihood of problems. Change control documentation should be current, and approved changes formally tracked.
- Physical security – The entity should develop and implement physical and environmental control mechanisms to prevent unauthorised access or accidental damage to computing infrastructure and systems.

Approach: as follows:

- Determine whether appropriate controls are in place;
- Prepare and execute test plans to obtain assurance of the operation of controls,
- Review appropriate documentation,
- Evaluate the effectiveness of the controls.
- Internal vulnerability scans of Finance, HR systems and key operational systems identified.

Focused Audit: in addition to the above, a focus audit was performed against the ISO 27002:2015 standard.

The testing focused on the International Security Standard 27002 (A/NZS ISO/IEC 27002: 2015). The standard sets out controls to ensure computer systems are designed, configured and managed to preserve the confidentiality, integrity and availability of information. A gap analysis of the entity's controls against the standard was performed.

Results from these audits form part of the Office of Auditor General's Annual Information Systems Audit Report to Parliament.

CONSULTATION

Executive Leadership Team
Finance Team

STATUTORY ENVIRONMENT

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* addresses the situation of audit. In relation to the duties of the local government with respect to audits –

- a. the local government is to do everything in its power to –*
 - i. assist the auditor to conduct an audit and carry out his or her other duties under the Act; and*
 - ii. ensure that audits are conducted successfully and expeditiously;*
- b. a local government is to meet with its auditor at least once in every year;*
- c. a local government is to examine the report of the auditor and is to –*
 - i. determine if any matters raised require action to be taken by the local government; and*
 - ii. ensure that appropriate action is taken in respect of those matters;*
- d. local government is to –*
 - i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and*
 - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.*

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

The cost of the Information Systems Audit is incorporated into the Town’s Annual Audit Fee. The indicative audit fee for the 21/22 year is anticipated to be circa \$45k, similar to last year.

There are costs associated with actioning findings from the Information Systems Audit. The following are examples of costs for remedial work arising from the 2019 Audit:

- Focus Quote QU-5782G (previously presented to the Audit Committee) \$16,337
- ICT Policy Document Library \$7,381
- Nessus Vulnerability Scan and Remedial Actions \$2,871
- Review of Strategic ICT Plan, DR Plan and IT Security Policy \$5,000 (est)
- Implementation of DUO Multi Factor Authentication \$3,000 (est)
- Installation of FOB access to Computer Room and Records Room \$5,000 (est)
- Cyber Awareness Training Set-Up \$907

It is envisaged that additional expenses will be associated with the implementation of findings from the 2022 Information Systems Audit.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That key findings from the external audit are not actioned	Possible (3)	Moderate (3)	Moderate (5-9)	SERVICE INTERRUPTION Prolonged interruption of services - additional resources; performance affected <1 month	Accept Officer Recommendation

Risk Matrix

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town’s Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

The following is the planned external audit schedule for 2022:

Information Systems Audit: June/July 2022 (Entrance Meeting 7 June 2022)

Interim Audit: Monday 27 June – Friday 1 July (1 week onsite)

Final Audit: Monday 3 October – Friday 28 October (4 weeks onsite)

The time allocated by the Office of Auditor General for the interim and annual audit is reducing, as you would expect now that we are in our 4th year of audit.

The timing for the final audit has also been brought forward by a full month, which is a terrific result. This illustrates that the Town has been well prepared for audit in the last couple of years, and audit work papers have been completed in a timely manner. All things going well, this should ensure audit clearance and the issuance of the Auditors Opinion prior to 31 December.

10.5 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 050607

OFFICER RECOMMENDATION

Moved Cr Donovan, seconded Mayor O’Neill

That the Audit Committee note the planned external audit schedule for 2022 outlined below, with findings from the Interim Audit and Information Systems Audit to be presented to the Audit Committee Meeting of 2 November 2022:

Information Systems Audit: June/July 2022 (Entrance Meeting 7 June 2022)

Interim Audit: Monday 27 June – Friday 1 July (1 week onsite)

Final Audit: Monday 3 October – Friday 28 October (4 weeks onsite)

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment

Attachment -2

Confidential Attachment

10.6 STATUS REPORT

Report Reference Number	ACR-261
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple
Documents tabled	Nil
Attachments	

1. Consolidated Status Report

PURPOSE

It is recommended that the Audit Committee receive a status report on all outstanding matters raised in external audit reports, financial management reviews, performance audits, internal audit reports and any other review relevant to the Audit Committee's Terms of Reference.

EXECUTIVE SUMMARY

A status report has been prepared reporting against identified issues with respect to audit, risk management, internal controls, procurement matters and legislative compliance. The status report is not an exhaustive listing and will become a living document and updated as issues are identified. It is presented to the Audit Committee to assist in their role to report to Council and provide advice and recommendations on matters relevant to its terms of reference.

BACKGROUND

The Department of Local Government has published an Operational Guideline on Audit in Local Government. Appendix 3 of this Guideline lists a number of matters that should be presented to an Audit Committee for review and monitoring:

Risk Management:

- Reviewing whether the local government has an effective risk management system;
- Reviewing whether the local government has a current and effective business continuity plan;
- Reviewing areas of potential non-compliance with legislation, regulations and standards and local governments policies;
- Reviewing the following; litigation and claims, misconduct, and significant business risks;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local governments internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;

- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied.

Internal Control Systems:

- Separation of roles and functions, processing and authorisation;
- Control of approval of documents, letters and financial records;
- Limit of direct physical access to assets and records;
- Control of computer applications and information system standards;
- Regular maintenance and review of financial control accounts and trial balances;
- Comparison and analysis of financial results with budgeted amounts;
- Report, review and approval of financial payments and reconciliations;
- Comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review managements plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Considering the internal auditors role in assessing compliance and ethics risks in their plan;
- Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.

CONSULTATION

Executive Leadership Team
Manager Finance
Coordinator Corporate Services

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every three years. The CEO is also required to report the results of that review to Council.

POLICY IMPLICATIONS

There are no Council Policies relevant to this matter.

FINANCIAL IMPLICATIONS

There are no direct financial implications stemming from the Officer's Recommendation. However, should the Audit Committee request independent assurance that controls have been implemented, then 3rd party costs will be incurred.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That key audit findings are not actioned within a timely manner	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Some temporary non-compliance	Control through oversight by the Audit Committee and ensuring adequate budget allocation for resourcing.

Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town’s Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

The consolidated status report has been updated with management comment. All items that were marked as complete from the prior status report have been hidden within the document, leaving only those findings as incomplete or ongoing, with updated comment.

The following summary of completion is provided. There was a total of 69 audit findings that predominantly arose from the external audit, general computer control audit, financial management review and audit reg 17 review in 2019. Of these 69 audit findings, 58 have been completed, equating to a completion rate of 83%.

Risk Category	No. Issues	Completed	Underway	Not Commenced
High	21	17	4	0
Medium	37	31	6	0
Low	11	10	1	0
	69	58	11	0

10.6 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 060607

OFFICER RECOMMENDATION

Moved Mayor O'Neill, seconded Cr Donovan

That the Audit Committee receives the Consolidated Status Report on items relevant to its Terms of Reference.

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page

Town of East Fremantle - Risk Assessment

Audit Finding	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Date of initial risk identification	Source of Audit Finding (FMR/Audit Reg 17/GCC Audit/Audit Management Letter/Internal)	Likelihood	Strategic Consequences	Operational Consequences	Combined Consequence	Maximum Rating	Likelihood rating	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Responsible Officer	Progress Update
59	Workflow diagrams have not been compiled for undocumented procedures.	Breakdown of internal controls. Controls reliant on the capability and honesty of staff.	1/12/2019	FMR/Audit Reg 17 Review - December 2019	Possible	Major	Major				Medium	Planned action required	In conjunction with, or as an alternative to, the development of documented procedures and checklists, update and development of workflow process diagrams may assist in clearly identifying controls and processes to be followed where procedures or checklists do not exist.	Whole Entity	72 processes have been mapped. 15 processes under review.
60	Creditors invoices are processed and entered only at the time where a routine creditors payment run is scheduled resulting in month end creditor balances being nil in certain months.	Lack of probity. Fraud risk. Internal control or compliance breach. Financial loss.	1/12/2019	2019 Audit Management Letter	Possible	Major	Major				High	Prioritised action required	Supplier invoices should be processed in a timely fashion and entered through the Town's ERP system as soon as practicable after receipt to provide a more accurate representation of the Town's liabilities at any given time.	Corporate Services	Invoices are filed according to their payment date being 7 days, 14 days, 28 days or greater. This process is currently under review. The AP process has been mapped and will be converted into a Visio Flowchart. (Control Weakness still exists - process change needs to occur - will be improved on implementation of Share Point - late payment or omitted payment risk is low as follow-up would be instigated by the creditor).
61	Contractors' insurances are not always assessed prior to award of contracts in all cases. Reliance is placed on contract managers to ensure copies of insurances are provided.	Lack of probity. Financial loss. Breakdown in internal control.	1/12/2019	FMR/Audit Reg 17 Review - December 2019	Likely	Major	Major	Major	4	4	High	Prioritised action required	To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Town, procedures should be developed, and records maintained to ensure copies of contractor's insurances are held on file.	Operations	A Register of Contractor Insurance has been developed.
62	Develop Contract Register and Contract Management System		1/12/2019	FMR/Audit Reg 17 Review - December 2019	Unlikely	Major	Moderate			Underway	High	Prioritised action required	A review of vital records has commenced.	Corporate Services	A contract register has been developed in line with the Treasury's instructions. This register is currently up to date. Smart Office Systems have been engaged to develop a new register via a Microsoft 365 application.
63	Privileged Access Rights	Increased risk of unauthorised access to, or modification of the Town's IT systems and information	1/12/2019	2019 GCC Audit	Possible	Moderate	Moderate	Moderate	3	3	Medium	Planned action required		Corporate Services	The IT Service Provider will no longer utilise a single generic Domain Administrator account and implement individual named accounts. A scheduled call will be created to change the Domain Administrator accounts. Similar options will be explored with IT Vision and the maintenance and administration of SynergySoft.
64	Unauthorised Network Devices	Without appropriate controls in place to restrict the use of unauthorised devices on the network, there is an increased risk that they could be used to attack internal systems.	1/12/2019	2019 GCC Audit	Possible	Moderate	Moderate	Moderate	3	3	Medium	Planned action required	The recently implement 802.1X / RADIUS authentication for wireless networks at all sites, will be extended to wired / network switches at all sites. Non-Windows devices that do not support this function will be locked down to MAC addresses.	Corporate Services	Partially resolved. The following still require attention: 1. Shared generic account is used to manage the firewall. 2. The Town has commenced regular reviews of firewall rules however this can be further enhanced by including inbound and outbound rules.
65	Planned staff training needs for employees are currently identified and recorded in a training matrix. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation.	Internal control or compliance breach.	1/12/2019	FMR/Audit Reg 17 Review - December 2019	Possible	Moderate	Moderate				Medium	Planned action required	Refine the current staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.	Office of CEO	Each department has developed a training and development plan which is linked to the staff performance development framework. Corporate Services have finalised a template which will be shared with the Organisation.
66	Through our limited testing, we noted several instances where evidence of correspondence on employee files to support the current rate of pay applied through the payroll varied from the information recorded on employee files.	Failure to identify risks or adequately treat identified risks.	1/12/2019	FMR/Audit Reg 17 Review - December 2019	Possible	Moderate	Moderate				Medium	Planned action required	Undertake a review of all personnel to reconcile documentation relating to conditions of employment, remuneration, roles and responsibilities.	Office of CEO	The HR Coordinato personnel records reviewed to ensure completeness. It appears to be a historical issue which predates Definitiv payroll. All new employee information is verified by the HR Co-ordinator

Town of East Fremantle - Risk Assessment

Audit Finding	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Date of initial risk identification	Source of Audit Finding (FMR/Audit Reg 17/GCC Audit/Audit Management Letter/Internal)	Likelihood	Strategic Consequences	Operational Consequences	Combined Consequence	Maximum Rating	Likelihood rating	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)	Responsible Officer	Progress Update
67	Information Risk	Register to track and record information risk does not exist	1/12/2019	2019 GCC Audit	Possible	Moderate	Moderate				Medium	Planned action required	The Town will create an Information Risk Management Register, which will be presented to the Audit Committee as a standing item. The 12 key findings in the GCC Management Letter will form the basis of this Register, which will be continually updated based on management assessment as well as the key findings from future internal/external audit work.	Corporate Services	The Operational Risk Register now has a risk profile titled Information Risks. Findings from the GCC Audit have been incorporated into this Register.
68	Process for amending or changing procedures are not formalised. This creates opportunities for unilateral undocumented changes to procedures and a breakdown in key controls.	Failure to identify risks or adequately treat identified risks.	1/12/2019	2019 GCC Audit	Possible	Major	Major				High	Prioritised action required	Establish a process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, throughout the organisation to assist with managing changes to procedures.	Corporate Services	A Change Management service board, Process Map, Change Management form and Change Management training has been implemented by the IT Service Provider through Feb-May 2020. Approximately 10 Change Management forms have been completed between June and September. A draft Change Management Framework template has been obtained and is currently under review.
69	Review the Municipal Heritage Inventory		1/12/2019	FMR/Audit Reg 17 Review - December 2019	Rare	Moderate	Minor	Moderate	3	1	Low	Planned action required	Scheduled in the Corporate Business Plan for 2021/22	Regulatory Services	Heritage Consultancy: Heritage Local Heritage Survey, Review of Proposed Heritage Areas, and Update and Creation of Place Record Forms. The Town received grant (half funding) funding from the Department of Planning, Land and Heritage. The Town has accepted a quotation by Hocking Heritage + Architects consultants and have been appointed to undertake/complete above works. Draft provided to the Town. Significant errors and inaccuracies were identified with the presented work. Consultants currently undertaking works to update the draft. Due for completion July/ August 2022.

10.7 AUDIT OF REQUISITIONS

Report Reference Number	ACR-238
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Gary Tuffin, Chief Executive Officer
Meeting date	Wednesday, 6 July 2022
Voting requirements	Simple Majority
Documents tabled	Nil
Attachments	

1. Procurement Review (Confidential)

PURPOSE

The Audit Committee is requested to receive the assessment of all supplier purchases greater than \$5k for the 2021/22 financial year (as at the time of preparing the report), for compliance against Council's Purchasing Policy.

EXECUTIVE SUMMARY

During the period of review, the Town released 93 purchase orders over \$5k (with one purchase order subsequently cancelled). Full information is provided as confidential attachment 1, with the level of compliance against the Purchasing Policy assessed as follows:

Amount	Purchasing Requirement	No. Purchase Orders	No. Compliant with Purchasing Policy or Exempt i.e. Sole Supplier	% Compliant
Over \$5,001 and up to \$20,000	Attempt to obtain 2 written quotes	58	53	91%
Over \$20,001 and up to \$50,000	Attempt to obtain 3 written quotes	15	15	100%
Over \$50,001 and up to \$250,000	Attempt obtain 3 written quotes under a Request for Quotation	16	16	100%
Over \$250,000	Request for Tender unless exempt	3	3	100%
Total		92	87	94%

BACKGROUND

The Independent Auditors Report dated 13 December 2019 included the following significant audit finding:

For 75% of purchases we sampled below the tender threshold, there was inadequate or no evidence that a sufficient number of quotations was obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement. This could also result in favouring certain suppliers, although our audit did not identify any instances.

In response to the above finding, management provided the following comment, extracted from the minutes of the Special Council Meeting dated 4 February 2020:

The Town's purchasing policy states that where the value of a purchase is between \$5,001 and \$20,000 (ex. GST), efforts should be made to obtain at least two written quotes.

During the Auditor's procurement testing, 6 purchases were identified in this range, out of a sample of 8, where there was insufficient documentation to indicate that the requisite number of quotations had been obtained.

Extended security permissions, including a purchasing requisition system, were implemented in June 2019. Staff are now required to upload evidence of quotations for purchases in excess of \$5,000 against a requisition request, which is converted into a purchase order only after it has been reviewed and approved by a Manager.

The annual Internal Audit Work Plan also proposes that an internal audit of all requisitions over \$5,000 be completed and presented to the Audit Committee. This will ensure a complete sample and identify all instances of non-compliance. Findings will then inform areas for improvement, education, and if deemed appropriate, removal of financial delegation.

CONSULTATION

All Officers with Purchasing Delegation

STATUTORY ENVIRONMENT

Section 5.41 of the *Local Government Act 1995* details the functions of the CEO.

Regulation of the *Local Government (Financial Management) Regulations 1996* details the CEOs duties as to the financial management of the local government.

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires local governments to prepare and adopt a Purchasing Policy.

POLICY IMPLICATIONS

Council's Purchasing Policy applies.

The following requirements apply for purchases over \$5,001:

Amount (ex GST)	Purchasing Requirement
Over \$5,001 and up to \$20,000	Attempt to obtain 2 written quotes
Over \$20,001 and up to \$50,000	Attempt to obtain 3 written quotes
Over \$50,001 and up to \$250,000 (previously \$150,000)	Attempt to obtain 3 written quotes under a Request for Quotation
Over \$250,000	Request for Tender unless exempt

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance

5.1 Strengthen organisational accountability and transparency

5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

Risks

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Non-compliance with Purchasing Policy: <ul style="list-style-type: none"> - Statutory breach - Not receiving value for money - Risk of favouring certain suppliers 	Possible (3)	Major (4)	High (10-16)	COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed	Treat through regular review/audit.

Risk Matrix

Consequence		Insignificant	Minor	Moderate	Major	Extreme	
		1	2	3	4	5	
Likelihood	Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
	Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
	Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
	Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
	Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk

rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	12
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable.

COMMENT

An internal audit of all purchases greater than \$5k has been completed.

- All purchases over \$250k were assessed to be compliant as a public tender process was followed.
- All purchases between \$50k and \$250k were assessed to be compliant as they were either subject to a public tender, formal request for quotation, a council resolution or purchasing of services from a regional local government.
- There were 73 purchase orders released between \$5k and \$50k. There were significant impacts on supply chains arising from the COVID pandemic, and in a number of instances, only a single supplier was available to deliver goods and services within the required time period. The CEO or the EMCS provided an exemption from quote in most instances.
- Overall, 94% of purchases greater than \$5k demonstrated compliance with Council's Purchasing Policy by having a copy of the requisite number of quotes uploaded into the financial system or an exemption provided under the Purchasing Policy. Each of the instances of non-compliance were for purchases below \$10k ex GST, indicating a relatively low material risk that the Town did not receive value for money.

In order to address the non-compliance, staff education and constructive reinforcement of purchasing requirements will be implemented. In particular, purchasing officers would benefit from an increased understanding as to what constitutes a sole supplier arrangement or meets the criteria for a quotation exemption. A lunch and learn will be delivered by the CEO and EMCS to all purchasing officers on the 21st of July 2022.

There is one matter of non-compliance that is drawn to the Committee's attention. Council's Purchasing Policy and Procedures requires the following:

- An official purchase order must be placed for all goods and services
- Authority limitations apply to any purchase including signing of contracts in accordance with Delegation DA8 and DA9
- Purchases over \$50,000 ex GST require a written contract, with a copy of the executed contract to be provided to Corporate Services to enable the Purchase Order to be released

A letter of award was RFQ07-2021/22 was provided for a total contract value of \$129,875 (ex GST) on the 21 January 2022. The contract was not executed by the Town until the 25 May 2022, and a purchase order was not raised until the 17 June 2022, following the receipt of supplier invoices for services.

The above process did not comply with the requirements under Policy, and an internal debrief has been undertaken to ensure that breaches do not reoccur. Should there be continued breaches of Council's Purchasing Policy, purchasing delegation may be temporarily suspended, the amount decreased or removed from Officers.

10.7 OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution 070607

OFFICER RECOMMENDATION

Moved Mayor O'Neill, seconded Cr Donovan

That the Audit Committee receive the procurement review of all purchases over \$5k, as detailed in the confidential attachment, for assessment of compliance against Council's Purchasing Policy.

(CARRIED UNANIMOUSLY)

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Confidential Attachment

11 MATTERS BEHIND CLOSED DOORS

Nil

12 CLOSURE OF MEETING

Meeting closed at 8.10pm.

*I hereby certify that the Minutes of the ordinary meeting of the **Audit Committee** of the Town of East Fremantle, held on **6 July 2022**, Minute Book reference **1. to 12.** were confirmed at the meeting of the Council on*

2 November 2022



Presiding Member