



TOWN OF
VICTORIA PARK



Finance and Audit Committee Agenda 29 April 2019



**WE'RE OPEN
VIC PARK**

Please be advised that an **Finance and Audit Committee** will be held at **5:30 pm** on **Monday 29 April 2019** in the **Council Chambers**, Administration Centre at 99 Shepperton Road, Victoria Park.

Mr Anthony Vuleta – Chief Executive Officer
24 April 2019

TABLE OF CONTENTS

ITEM	TITLE	PAGE NO
1	Opening.....	3
2	Attendance	3
2.1	Apologies	3
2.2	Approved leave of absence.....	3
3	Declarations of Interest	3
4	Confirmation of Minutes.....	4
5	Presentations	4
5.1	Deputations.....	4
6	Method of Dealing with Agenda Business.....	4
7	Reports.....	5
7.1	Financial statements for the month ending 31 March 2019.....	5
7.2	Schedule of Accounts for March 2019	8
7.3	FIN3 - Debt Collection Policy.....	11
8	Motion for which previous notice has been given.....	13
9	Closure of Committee Meeting	13

1 OPENING

2 ATTENDANCE

Banksia Ward	Cr Karen Vernon (Deputy Presiding Member) Cr Claire Anderson
Jarraah Ward	Cr Jennifer Ammons Noble (Presiding Member) Cr Brian Oliver
Independent Committee Members	Mr Jonathan Carley Mr Neil Formosa
A/Chief Financial Officer	Mr Luke Ellis
Chief Operations Officer	Mr Ben Killigrew
Manager Governance and Strategy	Ms Danielle Uniza
A/Manager Corporate Services	Ms Ann Thampoe
Secretary	Mr Liam O'Neill

2.1 Apologies

2.2 Approved Leave Of Absence

3 DECLARATIONS OF INTEREST

Declarations of interest are to be made in writing prior to the commencement of the meeting, (a form to assist elected members and staff is attached at the end of this agenda).

Declaration of financial interests

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration. An employee is required to disclose their financial interest and if required to do so by the Council must disclose the extent of the interest. Employees are required to disclose their financial interests where they are required to present verbal or written reports to the Council. Employees are able to continue to provide advice to the Council in the decision making process if they have disclosed their interest.

Declaration of proximity interest

Elected members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are to declare an interest in a matter if the matter concerns: a) a proposed change to a planning scheme affecting land that adjoins the person's land; b) a proposed change to the zoning or use of land that adjoins the person's land; or c) a proposed

development (as defined in section 5.63(5)) of land that adjoins the persons' land.

Land, the proposed land adjoins a person's land if: a) the proposal land, not being a thoroughfare, has a common boundary with the person's land; b) the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or c) the proposal land is that part of a thoroughfare that has a common boundary with the person's land. A person's land is a reference to any land owned by the person or in which the person has any estate or interest.

Declaration of interest affecting impartiality

Elected Members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

4 CONFIRMATION OF MINUTES

RECOMMENDATION

That the minutes of the Finance and Audit Committee held on 25 March 2019 be confirmed.

5 PRESENTATIONS

5.1 Deputations

6 METHOD OF DEALING WITH AGENDA BUSINESS

RECOMMENDATION:

That clause 6.10 Speaking Twice of the Town of Victoria Park Standing Orders Local Law 2011 be suspended for the duration of this meeting.

7 REPORTS

7.1 Financial Statements For The Month Ending 31 March 2019

Decision type	Executive
Location	Town-wide
Reporting officer	Bonnie Hutchins
Responsible officer	Ann Thampoe
Voting requirement	Simple majority
Attachments	1. Financial Statements for the month ending March 2019 [7.1.1]

Recommendation

That the Finance and Audit Committee recommends that Council accepts the Financial Activity Statement Report – 31 March 2019, as attached.

Purpose

To present the statement of financial activity reporting on the revenue and expenditure for the period ended 31 March 2019.

In brief

- The financial activity statement report is presented for the month ending 31 March 2019.
- The report complies with the requirements of Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996.

Background

1. Regulation 34 of the Local Government (Financial Management) Regulation 1996 states that each month, officers are required to prepare monthly financial reports covering prescribed information, and present these to Council for acceptance.
2. As part of the monthly financial reports, material variances are reported. Thresholds are set by Council and are as follows:
 - a) Revenue
Operating revenue and non-operating revenue – material variances are identified where, for the period being reported, the actual varies to the budget by an amount of (+) or (-) \$25,000 and, in these instances, an explanatory comment has been provided.
 - b) Expense
Operating expense, capital expense and non-operating expense – material variances are identified where, for the period being reported, the actual varies to the budget by an amount of (+) or (-) \$25,000 and in these instances, an explanatory comment has been provided.

3. For the purposes of explaining each material variance, a three-part approach has been applied. The parts are:
- a) Period variation
 - Relates specifically to the value of the variance between the budget and actual figures for the period of the report.
 - b) Primary reason(s)
 - Explains the primary reason(s) for the period variance. Minor contributing factors are not reported.
 - c) End-of-year budget impact
 - Forecasts the likely financial impact on the end-of-year financial position. It is important to note that figures in this part are 'indicative only' at the time of reporting and may subsequently change prior to the end of the financial year.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainability and transparently for the benefit of the community.	To make available timely and relevant information on the financial position and performance of the Town so that Council and public could make informed decision for the future.
CL10 - Legislative responsibilities are resourced and managed appropriately, diligently and equitably.	Ensure Town meets its legislative responsibility in accordance with Regulation 34 of the Local Government (Financial Management) Regulation 1996.

Engagement

Internal engagement	
Service Area Leaders	All Service Area Leaders have reviewed the monthly management reports and provided commentary on any identified material variance relevant to their service area.

Legal compliance

[Regulation 34 of the Local Government \(Financial Management\) Regulations 1996](#)

Risk management consideration

Risk and Consequence	Consequence rating	Likelihood rating	Overall risk analysis	Mitigation and Actions
Financial impact Misstatement or significant error	Major	Unlikely	Moderate	Daily and monthly reconciliations.

in financial statements				Internal and external audits.
Compliance Misstatement or significant error in financial statements	Moderate	Unlikely	Moderate	Internal review of monthly financial activity statement. External audits of monthly financial statements.
Financial impact Fraud and illegal acts	Catastrophic	Rare	Moderate	Stringent internal controls. Internal audits. Segregation of duties.

Financial implications

Current budget impact	Commentary around the current budget impact is outlined in the Statement of Financial Activity, forming part of the attached financial activity statement report.
Future budget impact	Commentary around the future budget impact is outlined in the Statement of Financial Activity, forming part of the attached financial activity statement report.

Analysis

The Financial Activity Statement Report – 31 March complies with the requirements of Regulation 34 (Financial activity statement report) of the Local Government (Financial Management) Regulations 1996. It is therefore recommended that the Financial Activity Statement Report – 31 March be accepted.

Relevant documents

Not Applicable

7.2 Schedule Of Accounts For March 2019

Decision type	Executive
Location	Town-wide
Reporting officer	Bonnie Hutchins
Responsible officer	Luke Ellis
Voting requirement	Simple majority
Attachments	1. Payment Summary - March 2019 [7.2.1]

Recommendation

That Council:

1. Confirms the accounts for 31 March 2019, as included in the attachment, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996.
2. Confirms the direct lodgement of payroll payments to the personal bank accounts of employees, pursuant to Regulation 13 of the Local Government (Financial Management) Regulations 1996.

Purpose

To present the payments made from the municipal fund and the trust fund for the month ended 31 March 2019.

In brief

- Council is required to confirm payments made from the municipal fund and the trust fund each month, under Section 13 of the Local Government (Financial Management) Regulation 1996.
- The information required for Council to confirm the payments made is included in the attachment.

Background

1. Council has delegated the Chief Executive Officer the authority to make payments from the municipal and trust funds in accordance with the Local Government (Financial Management) Regulations 1996.
2. Under Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, where a local government has delegated to the Chief Executive Officer the exercise of its power to make payments from the municipal fund or the trust fund, each payment is to be noted on a list compiled for each month showing:
 - a) the payee's name
 - b) the amount of the payment
 - c) the date of the payment
 - d) sufficient information to identify the transaction
3. That list should then be presented at the next Ordinary Meeting of the Council following the preparation of the list and recorded in the minutes of the meeting at which it is presented.

4. The list of accounts paid in accordance with Regulation 13 of the Local Government (Financial Management) Regulation 1996 is contained within the attachment and is summarised below.

Fund	Reference	Amounts
Municipal Account		
Automatic Cheques Drawn	608541 - 608551	26,055
Creditors – EFT Payments		4,840,725
Payroll		1,698,859
Bank Fees		6,562
Corporate MasterCard		3,857
		6,576,058
Trust Account		
Automatic Cheques Drawn	3652 - 3659	9,490
		9,490

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainability and transparently for the benefit of the community.	The monthly payment summary listing of all payments made by the Town during the reporting month from its municipal fund and trust fund provides transparency into the financial operations of the Town.
CL10 - Legislative responsibilities are resourced and managed appropriately, diligently and equitably.	The presentation of payment listing to Council is a requirement of Regulation 13 of Local Government (Finance Management) Regulation 1996.

Legal compliance

[Section 6.10\(d\) of the Local Government Act 1995](#)

[Regulation 13 of the Local Government \(Financial Management\) Regulation 1996](#)

Risk management consideration

Risk and Consequence	Consequence rating	Likelihood rating	Overall risk analysis	Mitigation and Actions
Compliance Council not accepting Schedule of Accounts	Moderate	Unlikely	Moderate	Provide reasoning and detailed explanations to Council to enable informed decision making.
Financial impact Misstatement or significant error in Schedule of Accounts	Major	Unlikely	Moderate	Daily and monthly reconciliations. Internal and external audits.

Financial impact Fraud and illegal acts	Catastrophic	Rare	Moderate	Stringent internal controls. Internal audits. Segregation of duties.
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Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

All accounts paid have been duly incurred and authorised for payment as per approved purchasing and payment procedures. It is therefore requested that the Committee recommend that Council confirm the payments, as included in the attachments.

Relevant documents

[Procurement Policy](#)

7.3 FIN3 - Debt Collection Policy

Decision type	Executive
Location	Town-wide
Reporting officer	Bonnie Hutchins
Responsible officer	Luke Ellis
Voting requirement	Simple majority
Attachments	<ol style="list-style-type: none"> 1. FIN 3 Debt Collection Policy (proposed) [7.3.1] 2. FIN 3 Debt Collection Policy (current) [7.3.2]

Recommendation

That the Finance and Audit Committee recommend that Council adopt FIN3 – Debt Collection Policy.

Purpose

This report presents a Debt Collection Policy for the recovery of overdue monies owed to the Town.

In brief

- The Finance and Audit committee is asked to recommend that the Debt Collection Policy FIN3 be approved at Council.
- The information required for Council to make this decision is included in the attachment.

Background

As part of continuous policy review, it was identified that the current endorsed Debt Collection Policy (FIN3) was at times inadequate in its policy principles for the identification, implementation, collection and accounting for debt requiring a full review.

The renewed policy provides clarity on asset classes, principles of collection as well as clear debt collection steps for the recovery of rates and service charges, sundry debtors and infringements.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainability and transparently for the benefit of the community.	The debt collection policy provides guidance and transparency into the financial operations of the Town.
CL10 - Legislative responsibilities are resourced and managed appropriately, diligently and equitably.	The collection of debts by the Town are required to adhere to regulations within the Local Government (Finance Management) Regulation 1996 and guided by the Local Government Act.

Legal compliance

Risk management consideration

Risk and Consequence	Consequence rating	Likelihood rating	Overall analysis	risk	Mitigation and Actions
Compliance: The policy being inconsistent with Act and Regulations	Major	Unlikely	Moderate		The proposed policy has been checked against relevant legislations to ensure compliance
Financial Impact: The policy not providing clear guidelines on the controls expected for debt collection by the Town	Major	Unlikely	Moderate		The policy and associated management practice have been created utilising industry examples and guidelines to ensure it is compliant and easily applied to the operation of the Town

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not Applicable

Analysis

The attached Debt Collection Policy ensures compliance with The Local Government (Financial Management) Regulation 1996 – Regulation 5 and is guided by the Local Government Act 1995. It also takes into account any requirements within AASB (Australian Accounting Standards Board). The policy provides the Chief Executive Officer a framework to establish and implement appropriate controls and procedures for management and collection of debts owed to the Town.

Relevant documents

Debt Collection Management Practice.

8 MOTION FOR WHICH PREVIOUS NOTICE HAS BEEN GIVEN

9 CLOSURE OF COMMITTEE MEETING