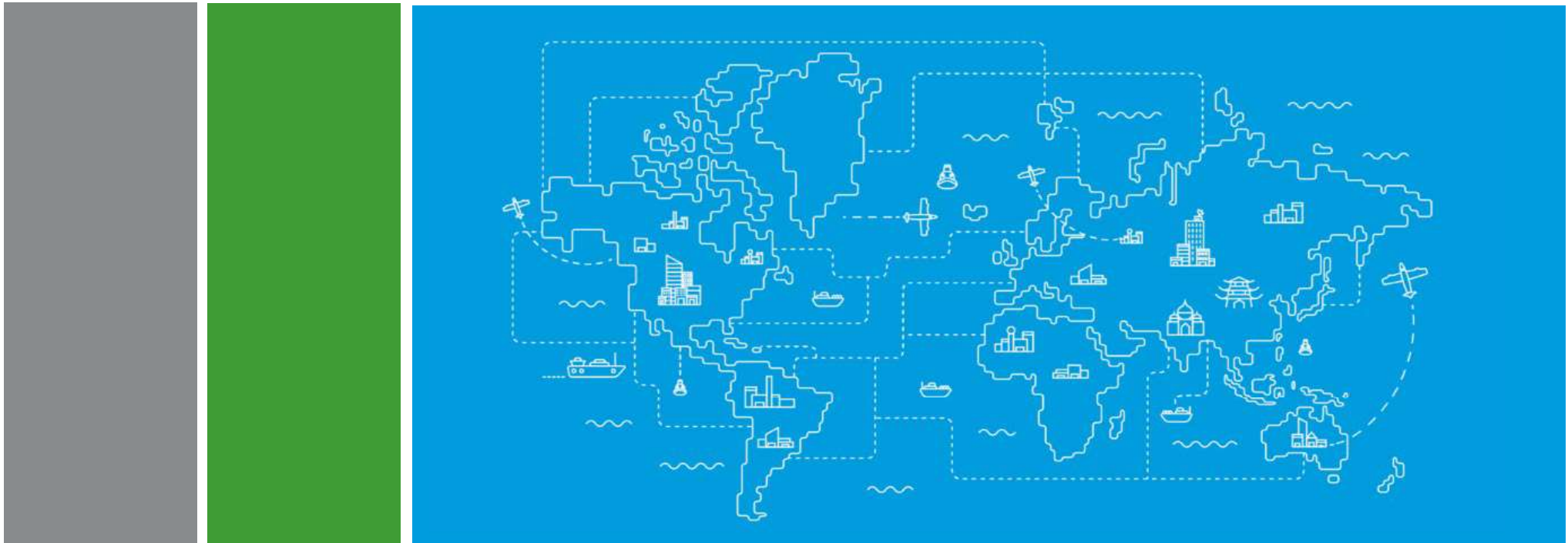


Audit and Governance Committee Monday 12 June 2023 Attachments

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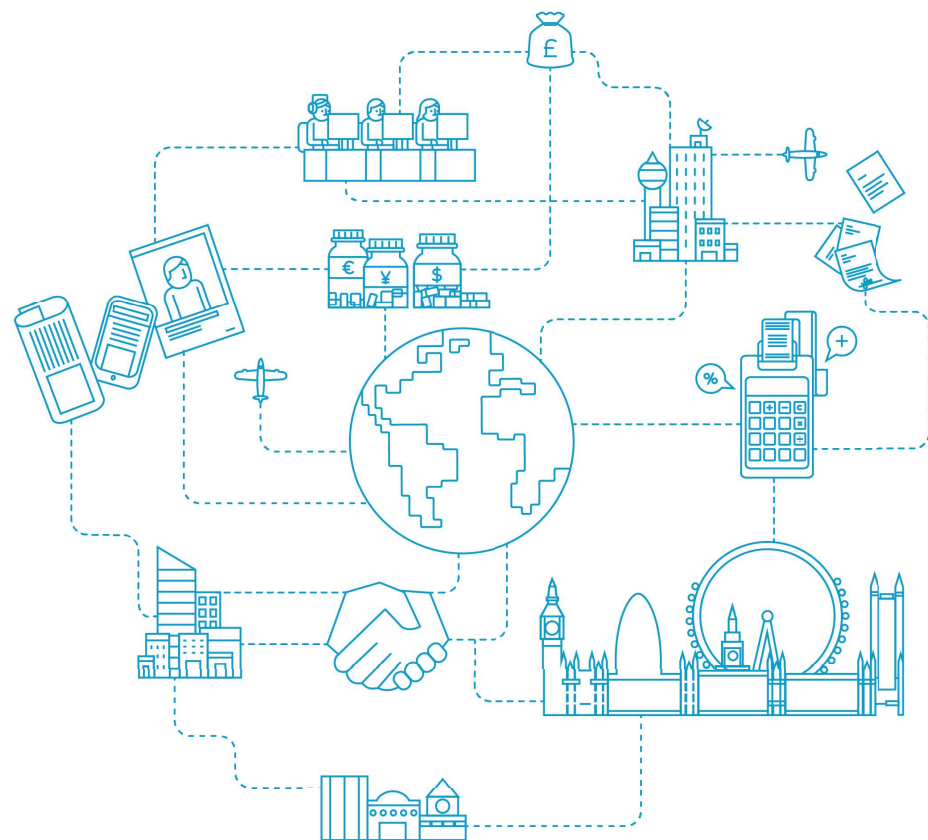
TOWN OF BASSENDEAN

AUDIT PLANNING MEMORANDUM

Year ending 30 June 2023

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1. INTRODUCTION

This audit planning memorandum outlines the scope of our work and the key considerations in relation to our audit of the Town of Bassendean (“the Town”) for the year ending 30 June 2023.

The purpose of this document is to set out our understanding of the key areas in the audit, when we will conduct the audit and your audit team.

The audit plan is prepared with input from management. The audit plan is tailored for the Town’s environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances, findings from activities performed and feedback we receive from you.

We look forward to working together with you.

Please do not hesitate to contact either one of us or one of the other engagement team members listed in section 8 of the Audit Planning Memorandum should you wish to discuss any aspect of the engagement

AMIT KABRA
Director – Assurance & Advisory
RSM Australia Pty Ltd

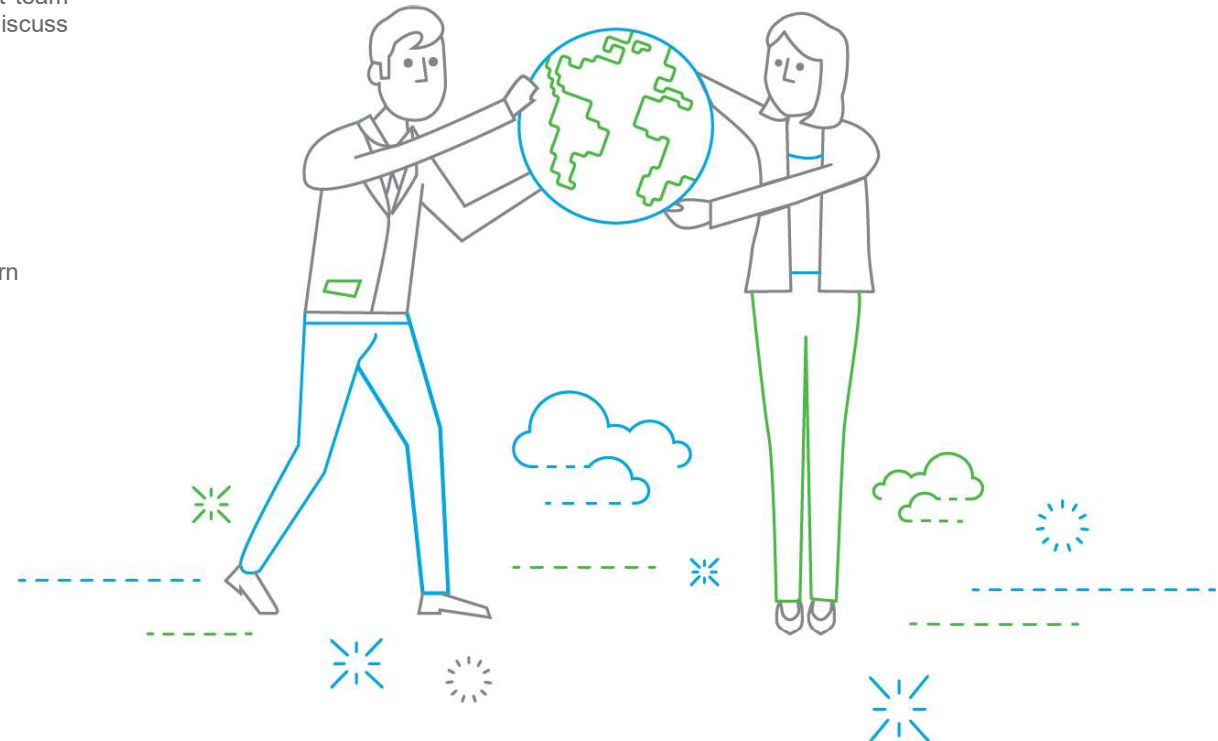
JAY TEICHERT
Senior Director
Office of the Auditor General for Western
Australia

It is our **strong, collaborative** approach that differentiates us.

We will:

- Be committed to **quality** and **excellence**.
- Provide **tailored insights** to help you make **critical decisions with confidence**.
- **Add value** through ideas and insight.
- Bring you **expert global and local knowledge**.
- Help you **move forward with confidence**.

Experience the power of being understood.



2. AUDIT SUMMARY

Purpose of the Audit Planning Memorandum

The primary purpose of this Audit Planning Memorandum (**APM**) is to brief the Town of Bassendean (“**the Town**”) on the proposed approach by RSM Australia (**RSM**), on behalf of the Office of the Auditor General (**OAG**), to audit the financial report of the Town for the year ending 30 June 2023.

The APM forms the basis for discussion at the audit entrance meeting scheduled for 7 June 2023 and is a key tool for discharging our responsibilities in relation to communicating with those charged with governance.

Scope of the Engagement

The scope of this engagement involves expressing an opinion on the audit of the general-purpose financial statements for the financial year ending 30 June 2023, prepared in accordance with the *Local Government Act 1995 (LG Act)*, the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*, Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations. The term ‘Australian Accounting Standards’ refers to Standards and Interpretations issued by the Australian Accounting Standard Board (**AASB**).

In addition to the above, the Town also requires certifications in respect of the following grants:

- (a) Roads to Recovery (**R2R**) grant under the *National Land Transport Act 2014*, Part 8; and
- (b) Local Roads and Community Infrastructure Program (**LRCIP**) grant in accordance with the LRCIP guidelines issued by the Australian Government Department of Infrastructure, Transport, Regional Development and Communications.

RSM will also undertake the grant certifications on behalf of the OAG.

Matters of significance

In accordance with section 24(1) of the Auditor General Act 2006, the Auditor General is required to report on matters arising out of the performance of the Auditor General’s functions that are, in the opinion of the Auditor General, of such significance as to require reporting.

Arrangements

Audits are not an absolute guarantee of the accuracy or reliability of Town’s information and may not have identified all matters of significance. This is because the work undertaken to form an opinion is permeated by judgement and most audit evidence is persuasive rather than conclusive. In addition, there are inherent limitations in any audit, including the use of sampled testing, the effectiveness of internal control structures and the possibility of collusion.

Primary responsibility for the detection, investigation and prevention of irregularities rests with Town. Consequently, the Town remains responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, complying with the LG Act and other relevant laws.

Under the *Auditor General Act 2006*, audit staff have unrestricted access to information held by Town, irrespective of any restrictions on disclosure imposed, such as secrecy provisions.

Confidentiality of audit files and working papers is required under the *Auditor General Act 2006*. The Office of the Auditor General is an ‘exempt agency’ under the *Freedom of Information Act 1992*. The signed contract between the Auditor General and RSM contains strict confidentiality clauses









RSM relationship with the OAG and Town

RSM has been contracted by the OAG to execute the audit scope and report to the OAG.

RSM is also required to report to the OAG on any matter which may affect the Auditor General’s responsibilities under section 24 of the *Auditor General Act 2006*.

RSM’s services will be conducted under the overall direction of the Auditor General, who will retain responsibility for forming an audit opinion and issuing an independent auditor’s report to Town. The contract requires RSM to use its methodology and audit approach.

3. AUDIT APPROACH

<p>Internal control environment</p> 	<p>In accordance with Australian Auditing Standards, we will perform a review of the design and operating effectiveness of the entity's significant financial recording and reporting processes.</p> <p>We will ensure that any significant deficiencies that come to our attention during our audit are communicated to the Local Government and its Administration in a timely manner.</p> <p><i>Refer to Appendix 3 Key Controls for more details.</i></p>	<p>Materiality</p> 	<p>The planning materiality level will be calculated and determined using the RSM Global Audit Methodology. The amount may be adjusted during the audit, depending on the results of our audit procedures.</p> <p>Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality of the financial statements. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in the aggregate, on the financial statements and on our opinion.</p>
<p>Fraud Considerations</p> 	<p>Under Auditing Standard ASA 240 <i>The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (ASA 240)</i>, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial statements because of fraud and error.</p> <p>Although ASA 240 sets out the principles and procedures we must follow, the primary responsibility for the prevention and detection of fraud and error rests with the Administration of the Local Government. The Local Government is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error and for the accounting policies and estimates inherent in the financial statements.</p> <p><i>Refer to Appendix 4 Fraud Risk for more details.</i></p>	<p>Key Areas of Audit Focus</p> 	<p>For all significant risk material account balances, the engagement team will specify which audit assertions pose significant audit risk and test this balance to ensure it is not materially misstated.</p> <p>Where we have determined that an assessed risk of material misstatement at the assertion level is a significant risk, we will perform substantive procedures that are specifically responsive to that risk.</p> <p>Non-significant risk material balances will be audited by substantive analytical procedures and tests of details, as necessary.</p> <p><i>Refer to Section 4 Key Areas of Audit Focus for more details.</i></p>
<p>Information Systems</p> 	<p>In accordance with Australian Auditing Standards, we will obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.</p> <p><i>Refer to Section 6 Information Systems Audit Specialist for more details.</i></p>	<p>Other Critical areas</p> 	<p>We will audit the critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed.</p> <p><i>Refer to Section 5 Other Critical Areas in The Financial Statements for more details.</i></p>
<p>Going Concern</p> 	<p>In accordance with Australian Accounting Standards, the Chief Executive Officer is required to assess the Local Government's ability to continue as a going concern when preparing the financial report.</p> <p>We will review the Chief Executive Officer's assessment and, along with our audit evidence, form an opinion on the Local Government's ability to continue as a going concern.</p>	<p>Compliance</p> 	<p>We will enquire and consider the impact on the financial report of any non-compliance with laws and regulations during our audit. Any identified instances of non-compliance will be reported to the Local Government and its Administration in a timely manner.</p>

4. KEY AREAS OF AUDIT FOCUS

As part of the risk assessment, we have determined whether any of the risks identified are, in our judgment, significant risks. A significant risk is an identified and assessed risk of material misstatement that, in our judgment, requires special audit consideration. The assessment is based upon:

- Enquiries of the Local Government Administration and Executive.
- The complexity of transactions within each area.
- The extent of specialist skill or knowledge needed to perform the planned audit requirement.
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a management estimate and judgment.
- Whether the area is exposed to fraud risk.

Using the FY23 budget forecast, FY22 financial statements as a guide and referring to the RSM calculated materiality amount and risk assessment, RSM has identified the following potential significant balances for the current financial year.

Significant risks

Statement of comprehensive income

- Revenue recognition: Grants, subsidies and contributions (operating and non-operating)

Statement of financial position

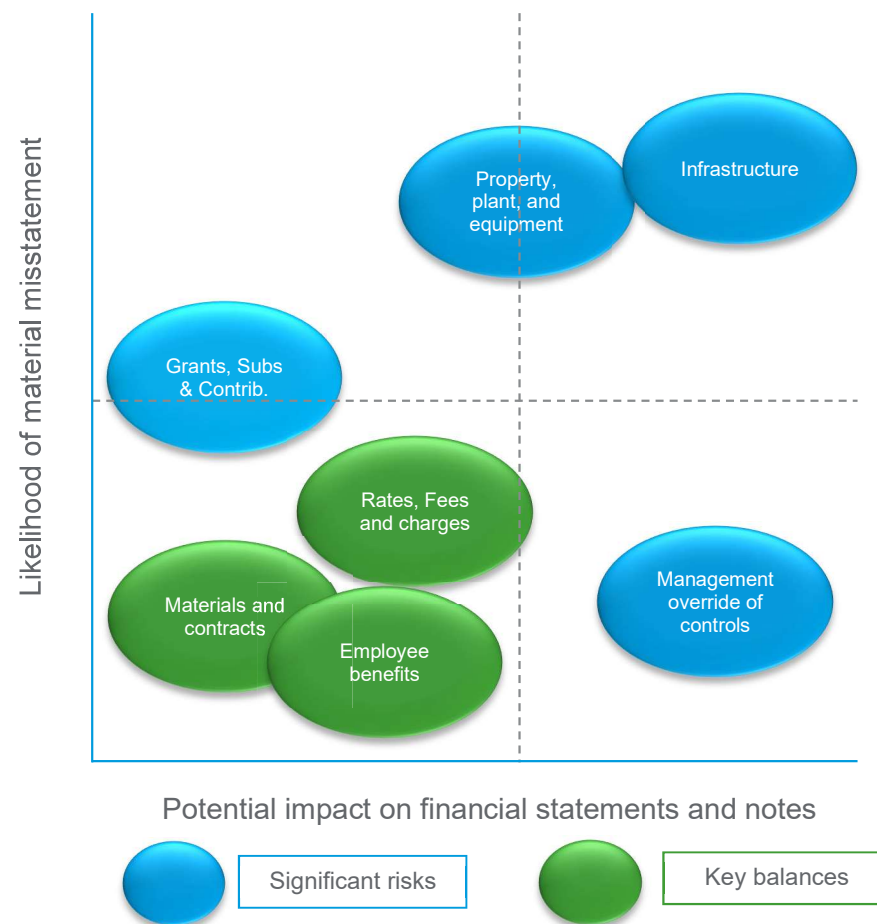
- Infrastructure
- Property, plant, and equipment

Management override of controls

Key balances

Statement of comprehensive income

- Rates, Fees and charges
- Materials and contracts
- Employee benefits expense



SIGNIFICANT RISKS

1. Management override of controls

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none">Recording fictitious journal entries to manipulate operating results or achieve other objectives.Inappropriately adjusting assumptions and changing judgements used to estimate account balances.Altering records and terms related to significant and unusual transactions.Omitting, obscuring, or altering the timing of recognition and /or disclosure of transactions required under AASBs.	<ul style="list-style-type: none">Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest.Assessing accounting estimates for evidence of biases.Reviewing unusual, significant transactions and related party transactions.Conducting an unpredictability test (discussed in <i>Appendix 4</i>).

2. Revenue recognition – Grants, subsidies and contributions

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none">The Local Government recognises revenue from multiple revenue streams outside of its income from rates, including operating grants, subsidies and contributions, and non-operating grants, subsidies and contributions.There is a risk that the recognition of revenue may not be compliant with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profits</i>.Furthermore, there is a presumed fraud risk within revenue recognition under the Australian Auditing Standards.	<p><i>Substantive testing including:</i></p> <ul style="list-style-type: none">Performing test of details, on a sample basis, over grants, subsidies and contributions throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy.Perform calculation checks for contract liabilities related to grants, subsidies and contributions and vouch for agreements.Review receivables balances on a sample basis and perform subsequent receipt testing.Perform testing on journal entries for any management override of internal controls related to revenue recognition.

3. Infrastructure and Property, Plant and Equipment

Reasons why RSM considers this area significant risk	RSM Audit response
<ul style="list-style-type: none">Infrastructure and Property, Plant and Equipment constitute approximately 85% of the Local Government's total assets as of 30 June 2022.Due to the significant assumptions regarding the assets' service potential, useful life, asset condition and residual value, the potential for management bias when assessing impairment indicators of Infrastructure and Plant and Equipment results in us determining them as areas of significant risk.	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none">Assessing the design, implementation and operating effectiveness of key internal controls operating within the Infrastructure and Property, Plant and Equipment cycle, including application controls. <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none">Performing test of details, on a sample basis, material additions to Infrastructure, Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 <i>Property, plant and equipment</i>Performing test of details, on a sample basis, over depreciation expenses to ensure it is calculated in accordance with the Town's depreciation policy.Reviewing management's assessment on the fair value estimates.Testing accuracy and completeness of data sets including review of useful lives, condition assessments and depreciation rates.Reviewing management impairment assessment for any indication of management bias.Reviewing the disclosures in the notes to the financial statements is appropriate.

KEY BALANCES

Account and characteristics	RSM Audit response
<p><i>Rates, Fees and Charges</i></p> <ul style="list-style-type: none">Revenue is measured by considering multiple elements, for example, rates transactions are calculated by the application of a rate in the dollar to the Gross Rental Value (GRV) or Unimproved Value (UV), which is in turn determined by dividing the required rate collection amount by the total valuations on the roll.GRVs and UVs vary between the various property types, such as mining and pastoral. The GRV / UV is supplied by Landgate.Lastly, rates revenue represents a significant portion of the Local Government's annual operating income and is an important revenue stream in terms of the Local Government's cash flows.In addition, further complexity and risk are associated with the requirement for the Local Government to comply with Part 6, Division 6 'Rates and service charges' of the Local Government Act 1995.	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none">Assess the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle, including application controls.Reviewing the IT general controls related to the core financial accounting system. <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none">Review rates receivables balances on a sample basis and perform subsequent receipt testing.Perform analytical procedures on rates through a detailed comparison with Landgate valuation data and approved rate in the dollar.Performing test of details, on a sample basis, over fees and charges, to ensure they are correctly accounted for in line with the Local Government's revenue recognition policy.Determine if the disclosures in the notes to the financial report related to the revenue recognition policy are appropriate.

Account and characteristics

Materials and contracts

- The Local Government's expenditure is comprised of several material components, including materials and contracts, depreciation and other expenditure.
- Due to the overall significance of materials and contracts and the risk of management override, the different cost allocation methods, the strict and complex requirements of the Local Government functions and general regulations, materials and contracts expenses are considered a key class of transactions.

RSM Audit response

Test of controls including:

- Assess the design, implementation and operating effectiveness of key internal controls operating within the purchasing and procurement cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing including:

- Performing test of details, on a sample basis, over materials and contracts expense. The samples will be selected from transactions occurring throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in the correct period.
- Perform a search for unrecorded liabilities.

Account and characteristics

Employee benefits expense

- The Local Government's expenditure is comprised of several material components, including employee benefits expense, materials and contracts, depreciation and other expenditure.
- Due to the overall significance of employee benefits expense and the risk of management override, the different cost allocation methods, it is considered a key class of transactions.

RSM Audit response

Test of controls including:

- Assess the design, implementation and operating effectiveness of key internal controls operating within the payroll cycle, including application controls.
- Reviewing the IT general controls related to the core financial accounting system.

Substantive testing including:

- Analytical procedures over employee benefit expenses and amounts allocated from employee benefits to capital projects.
- Performing test of details, on a sample basis, over annual leave and long service leave provisions
- Check the mathematical accuracy of the long service leave computation, including consideration of significant assumptions, methods and data utilised.
- Performing test of details, on a sample basis, of Key Management Personnel ('KMP') remuneration disclosures in the financial report.

OTHER MATERIAL BALANCES

Statement of financial position	RSM Audit response
Cash and cash equivalents	<ul style="list-style-type: none">Review bank reconciliation for all material bank accounts.Confirm bank balances with relevant financial institutions.
Trade and other receivables	<ul style="list-style-type: none">On a sample basis, test rates and sundry trade receivables to supporting documentation and subsequent receipts (where possible).Review management's assessment of the reasonableness of provision for expected credit losses.
Trade and other payables	<ul style="list-style-type: none">On a sample basis, test trade payables and accruals to supporting documentation and subsequent payment (where possible).Perform a search for unrecorded liabilities.
Investment in associate	<ul style="list-style-type: none">Confirm associate net position and operating result as at 30 June 2023.Review equity accounting of investment in associate.Reviewing the disclosures in the notes to the financial statements is appropriate.
Borrowings	<ul style="list-style-type: none">Confirm loan balances with relevant financial institutions.Review management's assessment of the current and non-current balance computation
Statement of comprehensive income	RSM Audit response
Other revenue	<ul style="list-style-type: none">On a sample basis, test other revenue to supporting documentation throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy.
Other expenditure	<ul style="list-style-type: none">On a sample basis, test supplies and services expense to supporting documentation to ensure recorded in the correct year.

5. OTHER CRITICAL AREAS IN THE FINANCIAL STATEMENTS

RSM will also audit the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed.

Related party disclosures

The Local Government is subject to the requirements of AASB 124 *Related Party Disclosures*. The Standard requires disclosures for senior officers' compensation and certain transactions with related parties. A review will be conducted to ensure proper accounting and disclosure of related party transactions and executive remuneration.

Further, section 7.12AL of the Act applies section 17 of the *Auditor General Act 2006* to a Local Government, which requires the Local Government to advise the Auditor General in writing of details of all related entities that are in existence.

RSM Audit response:

We will review the disclosures and supporting material to ensure compliance with AASB 124. We will also assess the Local Government's internal controls around the identification and proper disclosure of related party transactions and key management remuneration.

Capital and other commitments for expenditure

The Local Government will disclose in the financial statements capital and other commitments relating to future asset construction and replacements.

RSM Audit response:

We will check the underlying calculations and review the evidence to support the amounts disclosed.

Contingent liabilities

The Local Government has an internal environmental compliance and governance department that deals with matters against the Local Government and engages external consultants and legal advisors for matters which cannot be resourced internally.

There is a risk that the Local Government may not recognise and disclose the full value of all potential contingent liabilities or provisions for environmental or legal matters.

RSM Audit response:

- Obtaining an understanding from the Administration of the nature and history of any environmental compliance matters and legal matters which could give rise to a claim or obligation against the Local Government.
- Reviewing the legal advice provided to Administration and Council with respect to any claim or obligation against the Local Government.
- Assessment of Administration's accounting treatment in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and AASB 110 *Events after the Reporting Period* for any claim or obligation against the Local Government.
- Testing of management's assumptions in determining the estimated value of obligations or claims not yet settled.
- Reviewing the basis and adequacy of disclosures within the financial statements in relation to provisions and contingent liabilities.

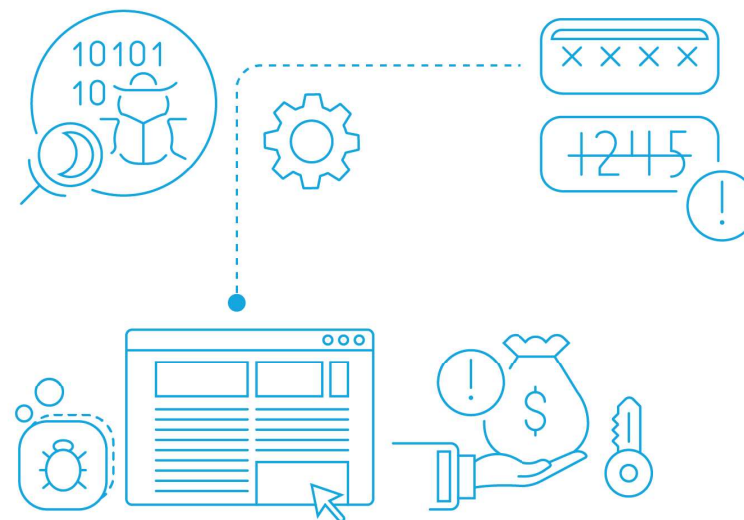
6. INFORMATION SYSTEMS AUDIT APPROACH

We have assessed that financial management information systems are sophisticated. Therefore, RSM will engage our Information System Auditor (**ISA**) specialist to assess the risk of material misstatement imposed by the Information Technology (**IT**) environment.

RSM complies with Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement*. Our approach to information systems audit is to obtain an understanding of the information system, on a rotational basis, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.

The audit procedures conducted by the ISA in the Town will be:

- Testing general IT controls around system access and testing controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements;
- Assessing whether appropriate restrictions were placed on access to core systems through reviewing the permissions and responsibilities of those given that access;
- Where we identify the need to perform additional procedures, place reliance on manual compensating controls, such as system interfaces, transfer of data from one system to another, reconciliations between systems and other information sources or performing additional testing, such as extending the size of our sample sizes, to obtain sufficient appropriate audit evidence over the financial statement balances that were impacted; and
- Reviewing the key controls around change management related to significant IT systems



7. YOUR ENGAGEMENT TEAM

Your engagement team has been carefully selected to provide you with an efficient and effective audit through their relevant experience. The audit team consists of the following members:

RSM Core Engagement Team



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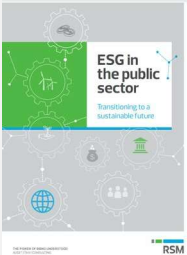
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8. HAVE YOU CONSIDERED?

Some recent publications from the WA Office of the Auditor General and RSM has been included here for reference.

	<p>Information Systems Audit – Local Government 2022-22</p> <p>This is the fourth local government annual information systems audit report.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/information-systems-audit-local-government-2022-22/</p>		<p>Financial Audits Results - Local Government 2020-21</p> <p>The 2020-21 financial year marked the end of a four-year transition of local government financial auditing by the Office of the Auditor General.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/financial-audit-results-local-government-2020-21/</p>
	<p>Cyber Security in Local Government</p> <p>This audit assessed if a sample of 15 local government entities manage cyber security risks and respond to cyber threats effectively.</p> <p>Cyber Security in Local Government - Office of the Auditor General</p>		<p>Fraud Risk Management – Better Practice Guide</p> <p>This Better Practice Guide aims to help Western Australian public sector entities to manage their fraud and corruption risks.</p> <p>https://audit.wa.gov.au/reports-and-publications/reports/fraud-risk-management-better-practice-guide/</p>
	<p>Your guide to sustainability and ESG</p> <p>The ultimate sustainability handbook for SMEs: Understand the risks, opportunities and challenges of going green. Sustainable business has become a question of “when” not “if”. With global shifts on the horizon and an increased focus on strong climate action, the answer may well be “soon”.</p> <p>https://www.rsm.global/australia/thinkbig-report-sustainability</p>		<p>ESG in the public sector</p> <p>As industry seeks to navigate this evolving paradigm, many have been quick to promote adherence with ESG ideals to keep pace with changing consumer and taxpayer sentiment.</p>

9. APPENDICES

Item

1. Timetable
2. RSM Orb
3. Key Controls
4. Fraud Risk Considerations
5. Audit Approach to Key Audit Areas
6. Other Governance Matters
7. Changes in Accounting Standards



APPENDIX 1 – TIMETABLE

Phase	Task	Indicative time frame*	Action
Pre-planning	Pre-planning discussions with the Town	May 2023	RSM / OAG / Local Government
Planning	Issue final APM to the Town	26 May 2023	RSM
	Entrance meeting with the Local Government’s Audit, Risk and Compliance Committee to present APM	7 June 2023	RSM / OAG/ Local Government
Interim Audit Fieldwork	Forward Interim Audit Preparation Checklist to the Town	24 May 2023	RSM
	Interim audit focusing on controls testing for major transaction cycles based on a rotation plan, walkthrough of all major transaction cycles, review of the key reconciliation routines, and preliminary analytical review for the 11 months ended 31 May 2023.	3 - 7 July 2023	RSM / Local Government
OAG review	OAG Director to review the interim audit fieldwork performed by RSM	week of 14 Aug 2023	RSM / OAG
Interim Audit Management Letter (if applicable) and/ or interim audit findings	Interim audit findings meeting to discuss the draft Interim Audit Management Letter and findings with the Town	14 July 2023	RSM / OAG / Local Government
	Town returns the draft Interim Audit Management Letter with comments to RSM	31 July 2023	Local Government
	OAG to issue the final Interim Audit Management Letter to the Chief Executive Officer and Mayor of the Local Government	Together with signed audit report	OAG
Draft pro-forma financial statements	Pro-forma financial statements to RSM and the OAG for review	28 August 2023	Local Government
	Provide comments on the proforma financial statements to the Town	11 September 2023	RSM / OAG
Final Audit Fieldwork	Forward Final Audit Preparation Checklist to the Town	31 July 2023	RSM
	Provision of final trial balance as at 30 June to RSM	No later than 30 September 2023	Local Government
	CEO signed financial statement to RSM and OAG	No later than 30 September 2023	Local Government
	Performance of substantive tests for revenue and expenditure cycles for the 2 months ending 30 June 2023 Performance of substantive tests for balance sheet accounts as at year end and review of financial statement disclosure	9 – 13 October 2023 (onsite) 30 October -3 November (offsite)	RSM
OAG review	OAG Director to review the final audit fieldwork performed by RSM	15 November 2023	RSM / OAG
	Issue of draft Final Audit Management Letter to the Town for comments	23 November 2023	RSM
	Town returns the draft Final Audit Management Letter with comments to RSM	28 November 2023	Local Government

Phase	Task	Indicative time frame*	Action
Final Audit Management Letter (if applicable)	OAG to issue the final Audit Management Letter to the Chief Executive Officer and Mayor of the Local Government	Together with signed audit report	OAG
Closing Report and Management Representation Letter	Issue draft Closing Report and pro-forma Management Representation Letter to the OAG and the Town for comment	23 November 2023	RSM
	Town returns the draft Closing Report and Management Representation Letter with comments to RSM	28 November 2023	Local Government
	Issue Closing Report to Town and Audit Committee*	29 November 2023	RSM / OAG
Exit Meeting	Final audit exit meeting with the Local Government's Audit and Risk and Compliance Committee including presentation to the closing report*	6 December 2023	RSM / Local Government/ OAG
Final Report	Chief Executive Officer to sign Financial Report and the Management Representation Letter	7 December 2023	Local Government
Contractor's Audit Report	Independent Contract Auditor's Report issued*	7 December 2023	RSM
Audit Report	Auditor General is to sign and issue an Auditor's Report to the Chief Executive Officer and Mayor of the Local Government*	Within 5 business days of receiving the signed contractor's audit report from RSM	Auditor General
Presentation to Council	Adoption of the 30 June financial statements by the Council	12 December 2023	Council

**Based on timely receipt of audit information and reporting documentation and completion of all required audit procedures*

Audit preparation checklist.

To assist the Local Government to gather and collate the necessary audit information and documentation, we will issue in advance of each audit visit an Interim Audit Preparation Checklist and a Final Audit Preparation Checklist via CaseWare Xtend. As the requested information will be an important part of our audit working papers, the information required must be made available to RSM on or before the audit fieldwork dates specified above. CaseWare Xtend will facilitate the delivery of an efficient audit and help to minimise interruptions to the Town. RSM will endeavour to make the checklists as detailed as possible in order to allow for changing working conditions in place.

We have found CaseWare Xtend to be very useful in the past and appreciate the access it gives to information for all team members.

APPENDIX 2 – RSM ORB



An RSM Audit puts quality at its heart to deliver.

We recognise that the delivery of a quality audit service is critical to achieving client satisfaction and our audit objectives.

In undertaking the audit on the financial report, we have utilised our technology platform and proprietary methodology, RSM Orb.

RSM Orb is our optimal risk-based audit methodology, deployed across more than 100 countries worldwide. Our technology platform and proprietary methodology enables our auditors to focus on your risks and design procedures tailored to your unique circumstances and environment. RSM Orb enables us to develop a deeper understanding of your business, providing you with critical insights now and for the future.

An RSM Orb audit delivers:

Consistency

- A consistent approach across any number of operations and jurisdictions, tailored to your unique risks and circumstances.

Innovation

- Optimising our use of technology in how we plan and conduct our work to enhance your audit experience.

Critical insights

- Pinpointing those areas that require closer scrutiny and enhanced judgement, enabling us to be more effective in addressing risk areas and adding intellectual value and critical insights.

Confidence

- Delivered through robust and considered planning, an efficient technology platform and a highly qualified, experienced team.



APPENDIX 3 – KEY CONTROLS

3.1 Internal controls

Internal controls are systems, policies and procedures that help an entity reliably and cost-effectively meet its objectives. Sound internal controls enable the delivery of reliable, accurate and timely external and internal reporting. The Chief Executive Officer of the Local Government is responsible for developing and maintaining its internal control framework to enable:

- Preparation of accurate financial records and other information;
- Timely and reliable external and internal reporting;
- Appropriate safeguarding of assets; and
- Prevention or detection and correction of errors and other irregularities.

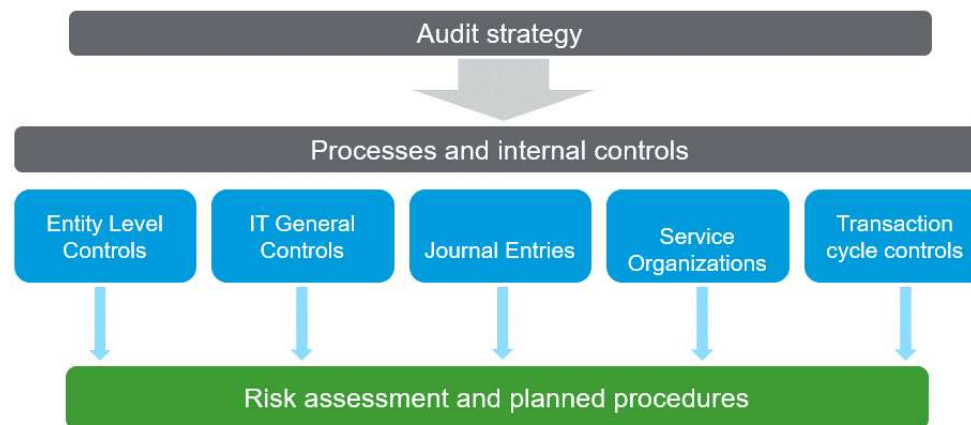
The annual financial audit enables the Auditor General to form an opinion on the Local Government's controls. An integral part of this, and a requirement of Australian Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement*, is to assess the adequacy of an organisation's internal control framework and governance processes related to its financial reporting.

We focus on the internal controls relating to financial reporting and assess whether the Chief Executive Officer of the Local Government has managed the risk that the financial statements will not be complete and accurate. Poor controls diminish Administration's ability to achieve the Local Government's objectives and comply with relevant legislation. They also increase the risk of fraud.

During our planning procedures, we will review our understanding of the following components of internal control:

- Control environment
- Risk assessment procedures
- Information systems
- Control activities
- Monitoring procedures

Our preliminary assessment of the internal control framework determined that internal controls are likely to be effective in preventing or detecting and correcting material misstatements in the financial report. As such, we plan to place reliance on the key internal controls relating to the material components in the financial statements to support the audit opinion.



3.2 Significant changes to internal controls

Town advised that there are no major changes to its management and internal control environments and are not aware of any major changes that may significantly impact the FY23 financial statements.

3.3 Effectiveness of internal controls

The Local Government management team has a substantial focus on ensuring that controls in place are robust and that financial reporting is accurate. The financial controls, processes and procedures across the Local Government are at a mature stage with proper documentation and ownership within the various business units.

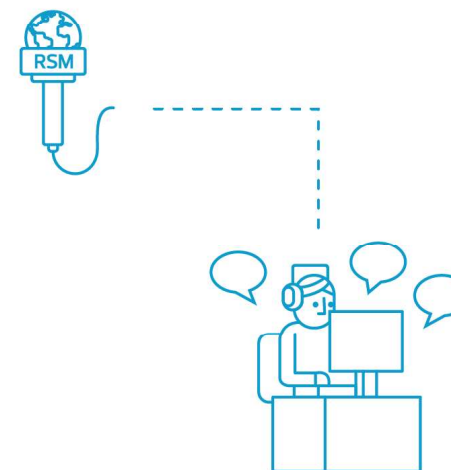
We will follow up during the current year audit procedures, and prior year management letter points, as outlined in the below table, to ensure they have been satisfactorily resolved.

Findings awaiting verification – financial statement audit

Matter	Rating	Due Date
Final audit- 30 June 2022		
1. Depreciation rates used	Moderate	30 June 2023
2. Bank reconciliations	Moderate	30 June 2023
3. Delegation Authority for change in role	Moderate	Completed
4. Review of Open Purchase Orders	Minor	Completed
5. Incorrect depreciation commencement date	Minor	No action
6. Completeness of the Fixed Asset Register	Minor	Completed
7. Reports generation at year end	Minor	30 June 2023

Findings awaiting verification – ITGC audit

Matter	Rating	Due Date
Prior period audits		
1. Business continuity	Moderate	31 July 2023
2. Change management	Moderate	31 July 2023
3. Physical and environmental security	Moderate	30 June 2023
4. IT governance – policies and procedures	Minor	ongoing
5. Synergy finance application - user access management	Minor	31 July 2023
Final audit- 30 June 2022		
6. Network and remote - user access management	Moderate	Completed
7. Network Security Management	Moderate	Completed
8. Password management	Minor	Completed



3.4 Internal audit

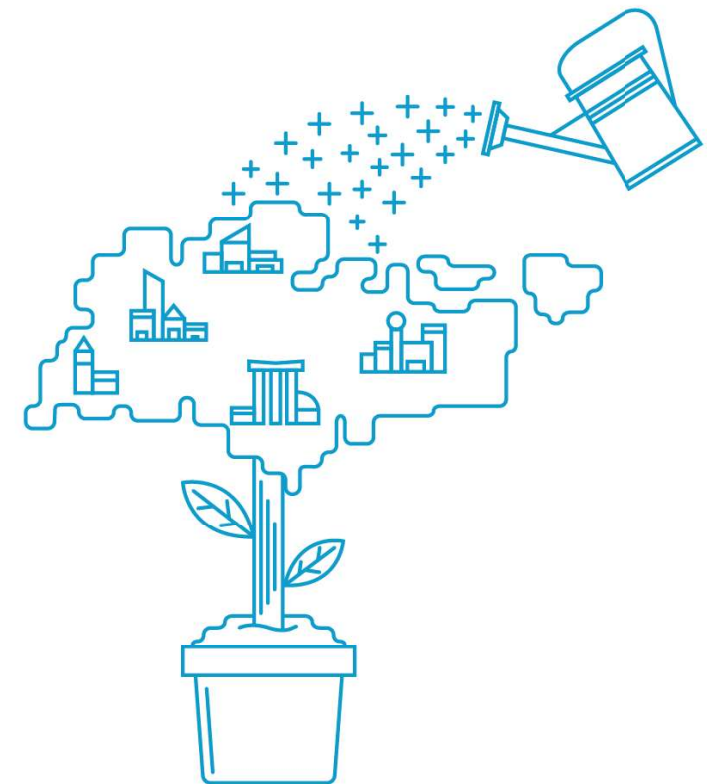
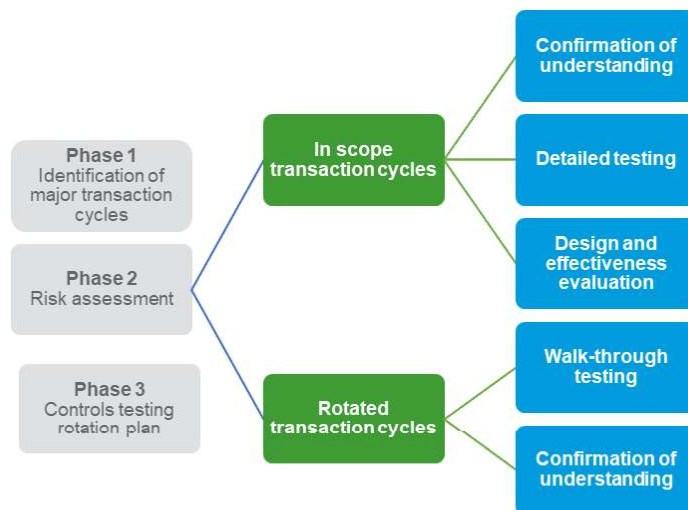
Subject to the requirements of Auditing Standard ASA 610 Using the Work of Internal Auditors, if we have satisfied ourselves regarding the competence and objectivity of internal audit, we plan to rely on their work. The use of Town’s internal audit function may be used in the following ways:

- To obtain information that is relevant to RSM’s assessments of the risks of material misstatement due to error or fraud; and
- As a partial substitution for audit evidence to be obtained directly by RSM.

The responsibility for internal audit rests with Town. Town internal audit functions are a mix of internal and outsourced to third parties. We have discussed with Town Manager Accounting Services and Systems, the current year internal audit work program and plan to rely on their work where relevant and appropriate.

3.5 Rotation approach

In accordance with our rotational controls testing approach, we will conduct a risk assessment for each major transaction cycle. The risk assessment is benchmarked against our knowledge of each transaction cycle which enables us to design a control testing rotation plan that will bring certain transaction cycles into audit scope each year. Those cycles not in scope will be subject to our normal walk-through procedures and confirmation of our understanding of the key controls. Those transaction cycles in scope will be subject to detailed controls testing, including testing of the design and effectiveness of those controls.



APPENDIX 4 - FRAUD RISK CONSIDERATIONS

Under Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report (ASA 240)*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial statements because of fraud and error.

Although ASA 240 sets out the principles and procedures we must follow, the primary responsibility for the prevention and detection of fraud and error rests with the Administration. The administration is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error and for the accounting policies and estimates inherent in the financial statements.

4.1 Audit approach

Our audit procedures on fraud risk include the following:

- Forward a copy of the fraud control checklist for self-assessment to Town management, prior to our interim audit visit. The checklist allows us to make inquiries of management, to obtain its understanding of the risk of fraud within the Town and to determine whether management have any knowledge of fraud that has been perpetrated on or within the entity. We will review the fraud control self-assessment by the Town's management and the Audit Committee.
- Review the Town's fraud control procedures in place to reduce the risk of fraud occurring within the entity, including the Town code of conduct and fraud risk profile.
- Understand the Town's manual general journal entries process as part of our fraud testing using CaseWare IDEA software.
- Analyse the financial year end balances in comparison with prior period balances to confirm the movements of the balance are in line with our expectations.

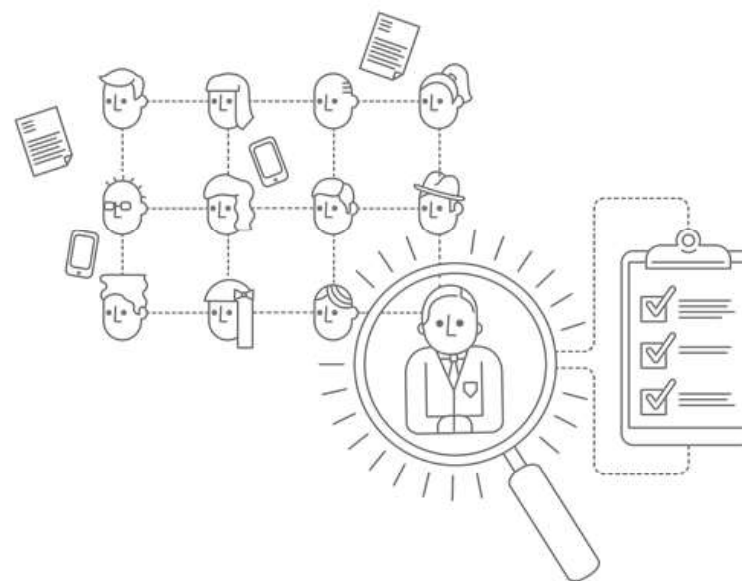
Understand the business rationale for significant or unusual transactions.

4.2 Unpredictability test

We will incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures to be performed as individuals within the entity who are familiar with the audit procedures normally performed on engagements may be more able to conceal fraudulent financial reporting.

4.3 Fraud incidences during the year

The Town's management has represented that no matters have been reported to the Crime and Corruption Commission or the Public Sector Commission. The Town's management have confirmed that there were no fraud incidences during the current financial year to the date of this APM.



APPENDIX 5 - AUDIT APPROACH TO THE KEY AUDIT AREAS

5.1 Risk assessment

Key audit areas are those areas that, in RSM's professional judgment, will be of most significance in our audit of the financial statements. As part of our audit approach, we have conducted an initial financial statement risk assessment to determine whether any of the risks identified are, in our judgment, significant or high. A significant or high risk is an identified and assessed risk of material misstatement in the financial statements that, in our judgment is a key audit area and requires special audit consideration. Our assessment of key audit areas is based upon:

- Enquiries of Administration and Executive.
- The complexity of transactions within each area.
- The extent of specialist skill or knowledge needed to perform the planned audit requirement.
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of uncertainty.
- Whether the area is exposed to fraud risk.

5.2 Professional scepticism

We approach all our audits with a degree of professional scepticism as required by Australian Auditing Standards and the *Auditor General Act 2006*. In addition,

professional scepticism is a key component of delivering an effective public sector audit. *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards* defines professional scepticism as 'an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.'

Professional scepticism is particularly relevant in areas that involve management assumptions and/or estimates. It is also critical when evaluating audit evidence to reduce the risk to the auditor:

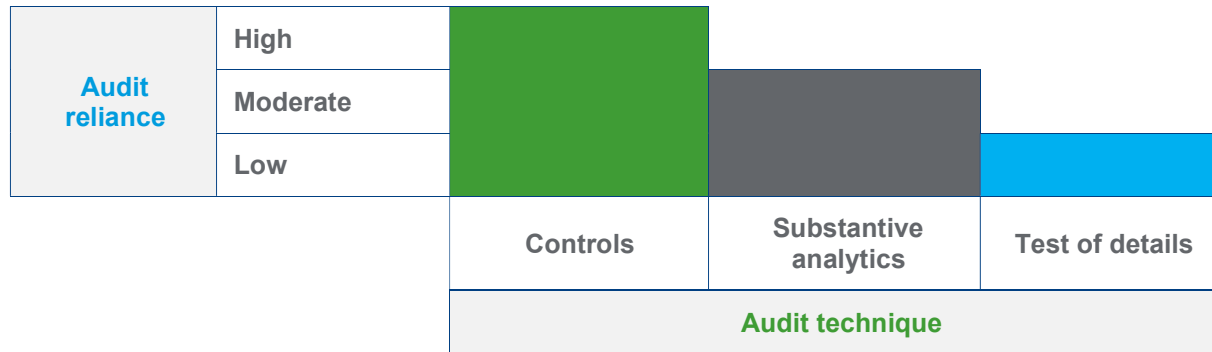
- Overlooking unusual circumstances; and
- Overgeneralising when drawing conclusions from observations using inappropriate assumptions in determining the nature, timing and extent of evidence-gathering procedures and evaluating the results thereof.



5.3 RSM approach to auditing significant risks

RSM’s approach to auditing a class of transactions’ account balance or disclosure is to initially assess whether there is a reasonable possibility that it could contain a material misstatement. Our risk assessment is based on both quantitative and qualitative criteria to determine whether they are significant.

Our audit strategy follows a hierarchy, which starts with the testing of controls, then moves to substantive analytical review procedures and then finally testing of details. The following diagram shows an example where a high level of reliance on controls, along with a moderate level of reliance on substantive analytics is likely to result in the testing of details that can safely rely on smaller sample sizes.



Based on previous audit experience at the Local Government and review of the Local Government’s financial information, we have assessed that we can rely on internal controls, which effectively means we can apply a moderate level of substantive analytics and limited testing of details. This controls-based approach is both efficient and effective.

APPENDIX 6 – OTHER GOVERNANCE MATTERS

Management representation letter

The audit plan assumes that the Chief Executive Officer will be able to sign a management representation letter. We will draft a management representation letter and forward it to the Local Government for consideration and review. The management representation letter is expected to be signed at the same time as the annual financial report is signed.

We will rely on the Chief Executive Officer signing the management representation as evidence that they have:

- Fulfilled their responsibilities for the preparation and fair presentation of the financial statements in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards;
- Established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error;
- Verified significant assumptions used in making accounting estimates, including those measured at fair value, and relevant disclosures are reasonable, complete and appropriate;
- Provided us with access to all information of which they are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Recorded all transactions in the accounting and other records and are reflected in the financial report;
- Advised us of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- Advised us of all known instances of fraud or suspected fraud affecting the Local Government involving management, employees who have a significant role in internal control or others where the fraud could have a material effect on the financial statements; and
- Provided us with the results of their assessment of the risk that the financial statements may be materially misstated because of fraud.

Independence

The Auditor General is an independent officer of the Western Australia Parliament, appointed under legislation to examine, on behalf of Parliament and Western Australia taxpayers, the management of resources within the public sector. The Auditor General is not subject to control or direction by either Parliament or the government. In conducting the audit, the Auditor General, her staff and delegates will comply with all applicable independence requirements of the Australian accounting profession.

The Auditor General requires contract auditors to comply with the auditor rotation requirements of APES 110 *Code of Ethics for Professional Accountants*. A contract audit director may not play a significant role in the audit of an agency for more than seven financial years. RSM Global Audit Methodology requires that we conduct an annual re-evaluation of our independence prior to the commencement of each assignment. We have fully satisfied ourselves that we do not have any actual or perceived conflict of interests.

We are fully compliant with our Ethics and Independence Policies, which are verified and tested each year by our Partner Responsible for Ethics and Independence. Each year we are required to submit certain information to our Partner Responsible for Ethics and Independence, which is analysed and subjected to a series of stringent tests. This system has been extensively reviewed by the Australian Securities and Investments Commission and found to be in accordance with Australian Auditing Standards, the *Corporations Act 2001* and better practice.

APPENDIX 7 - CHANGES IN ACCOUNTING STANDARDS

Standard or pronouncements	Description	Who does it affect	Effective Date
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current.</i>	All entities	This narrow-scope amendment to AASB 101 <i>Presentation of Financial Statements</i> clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period; and also clarifies the definition of settlement of a liability. For example, a liability must be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.	Annual reporting periods beginning on or after 1 January 2023.
AASB 2022-3 <i>Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15</i>	<i>Not-for-Profit Entities</i>	This Standard adds Illustrative Example 7A to the examples attached to AASB 15 to clarify the accounting for upfront fees. The amendments do not change the requirements of AASB 15. The amendments are relevant only to not-for-profit entities.	Annual reporting periods beginning on or after 1 July 2022
AASB 2022-5 <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	All entities	This Standard amends AASB 16 Leases to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale. AASB 16 already requires a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. The amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains.	Annual reporting periods beginning on or after 1 January 2024.
AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Public Sector entities	This Standard amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.	Annual reporting periods beginning on or after 1 January 2024.

For more information, visit: www.rsm.global/australia/service/audit-and-assurance-services



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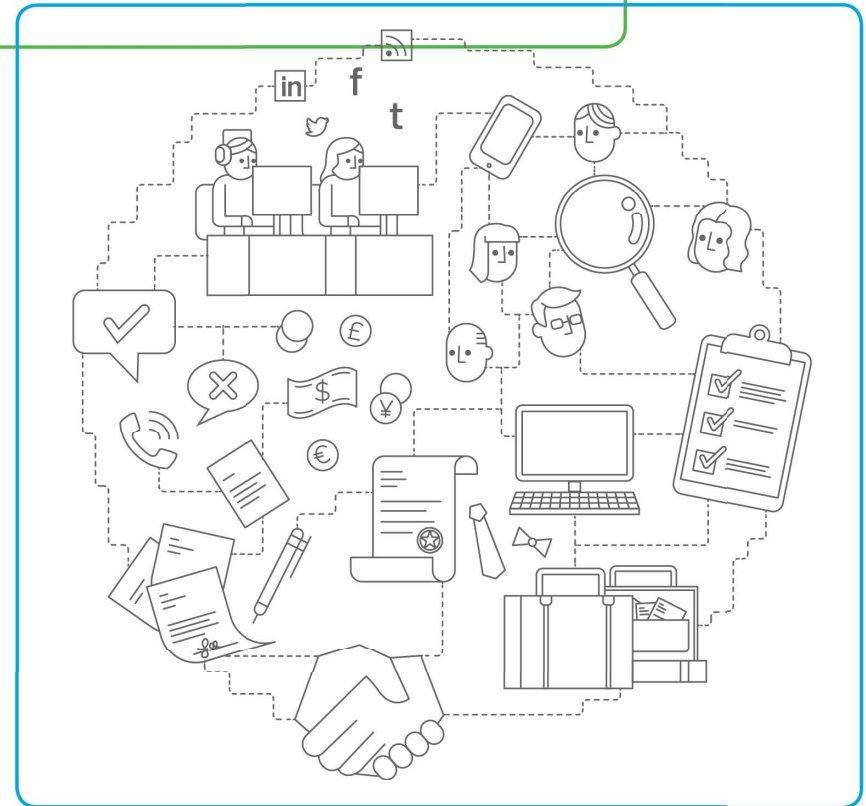
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HELPING YOU MOVE FORWARD WITH CONFIDENCE



Town of Bassendean

General and Rates Debtors Internal Audit

February 2023

Contents

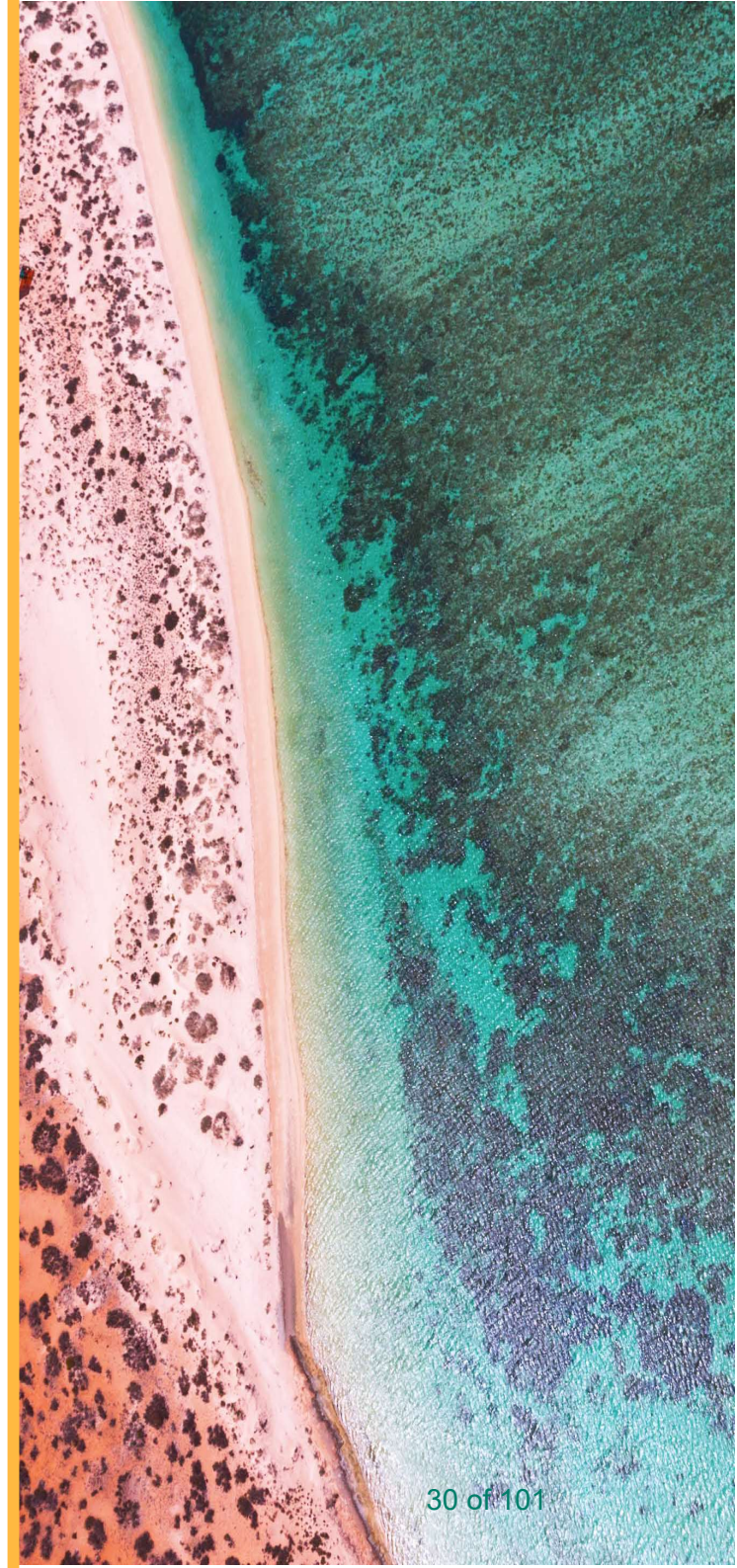
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EXECUTIVE SUMMARY

Introduction

William Buck Consulting (WA) Pty Ltd was engaged by the Town of Bassendean (“Town”) to conduct an internal audit of the Town’s General and Rates Debtors function. The internal audit was performed in accordance with the requirements within the terms and conditions set out in the contract for Internal Audit Services to the Town of Bassendean.

Objective

The overall objective of this engagement was to review the adequacy of controls over General and Rates Debtors function.

Scope

The scope of this engagement included an assessment of the following:

- Review policies and procedures;
- Review roles and responsibilities of staff and management;
- Review Collection Management – default rate of debtors;
- Review hardship applications – supports and decision making; and
- Review write-off and waivers – council decisions and delegated authorities correctly executed.

Refer to [Appendix A](#) for the details of the work done in this review.

Approach



Consideration of relevant processes and procedures, and discussion with the Town’s management and staff responsible for the relevant scope areas



Identification of control weaknesses through analysis of the adequacy and effectiveness of controls



Analysis of a sample of records/plans and actions covered within the scope of the audit. Identification of any discrepancies or deviations from policy, procedure, or legislation.



Discussion of control weaknesses, and deviations from process and procedure with the management and relevant stakeholders.



Development of this report identifying any weaknesses or issues and making relevant recommendations on the areas under the scope of the engagement.

Key Findings & Insights

Overall Comments

Overall, based on the work we have performed, the Town has implemented relevant key controls required to manage General and Rates Debtors. Overall debtor balances have not shown any significant increase over the year and no bad debts were written off.

However, there are some weaknesses we identified that need management attention. During this high-level review, we noted 2 medium and 1 low risk rated findings in relation to the basic design and operation of processes with respect to General and Rates Debtors.

	Extreme	High	Medium	Low	Total
# Findings	-	-	2	1	3
# Recommendations	-	-	4	1	5

Positive Insights

We made the following positive observations:

- Rates debtors processes were found to be mainly in compliance with the Town’s policy and procedure.
- The Town’s debt collection rate is found to be adequate with no significant increase of debtor balances for the last year and no bad debts written off.
- Hardship applications tested were found to be processed within the 30-day timeframe as required by the Town’s policy.

Key Findings

We observed the following key findings:

- The Town does not have a comprehensive process documentation for management of general debtors.
- Records kept for financial hardship application approvals and payment arrangements were not signed by the delegated officer and the debtor.

Summary of findings

The following table includes the findings and their ratings, action owner, and targeted date for implementing the recommendations.

#	Findings	Rating	Recommendation #	Action Owner	Target Date
1	Management of General Debtors	Medium	R1	Manager Finance	30/09/2023
			R2	Manager Finance	30/09/2023
			R3	Manager Finance	30/09/2023
2	Financial Hardship Application	Medium	R4	Director Corporate Services	Completed
3	Policies and Procedures	Low	R5	Director Corporate Services	30/09/2023

The following table includes the risk ratings and the descriptions of the risk ratings.

Risk Rating	Risk Level	Description	Criteria for Risk Acceptance	Authority & Responsibility to Accept
Extreme	17 – 25	Urgent attention required	Risk is only acceptable with excellent controls and treatments plans to be explored and implemented, when possible, managed and continuously monitored by highest level of authority.	DG / MD / CEO / Council
High or Significant	10 – 16	Attention required	Risk is acceptable with excellent controls, managed by senior management/executive and monitored on monthly basis.	Respective Department Director / CEO
Medium or Moderate	5 – 9	Monitor and respond when needed	Risk is acceptable with adequate controls, managed by specific procedures and monitored semi-annually	Respective Department Manager
Low or Minor	1 – 4	Can be acceptable	Risk is acceptable with adequate controls, managed by routine procedures and monitored annually	Respective Department Manager

DETAILED FINDINGS

1. Management of General Debtors

Extreme

High

Medium

Low

We conducted walk-through of general debtor processes and reviewed selected documents including debtor master file extracts, debtor aging reports and reconciliations.

Our testing revealed the following:

1. The Town does not have a comprehensive process documentation for management of general debtors. A process document that guides the general debtor management processes and requirements such as debtor creation, master file management, reconciliation and reviews were not available.
2. General debtors were not routinely reconciled and reviewed and aged balances were not routinely prepared and reviewed. The last aged balance review was prepared as at 30/06/2022 and there was no evidence of review performed by management.
3. One of two samples we tested, debtor reference number 53, with a payment agreement is overdue for an amount of \$1250.00.

Absence of procedure documentation of key processes can lead to reduced accountability of staff to complete the processes adequately and on a timely basis. Non-completion of routine tasks such as debtor reconciliation and aged balances review can increase the risk of debtor collections not being carried out in accordance with collection due dates.

Recommendation (R1 – R3)

We recommend that the Town:

1. Develop procedural documentation for general debtors management that outlines requirements for key processes including debtor creation, master file management, reconciliation and reviews.
2. Ensure that general debtors are regularly reconciled and reviewed, aged balances are regularly prepared and reviewed, and the documentation is signed by the preparer and reviewer.
3. Review the debtor identified with overdue payment and take appropriate action to ensure the debtor payments are made in accordance with the payment agreement.

Management Response	
Agree/Disagree:	Partially Agree. It should be noted that the aged debtors have been reviewed on a monthly basis by the Senior Accountant but there was no notation made by the officer to indicate it had been done.
Action to be taken:	Preparation of appropriate procedures for general debtor management and documented month-end reporting and review
Completion Date:	30 September 2023
Responsible Officer:	Manager Finance

2. Financial hardship application

Extreme	High	Medium	Low
---------	------	---------------	-----

We reviewed a sample of three applications for financial hardship. Our review identified that the record for the approval of the application and the subsequent payment agreement are not signed by the delegated officer of the Town and the rate payer for all three samples tested.

Hardship approval and payment agreement documents that are not appropriately signed lacks the necessary authority for deferment as well as the future collection agreement. Collection agreements that are not signed by the debtor may lead to difficulty in enforcing the collection schedule as the agreement is not complete without the debtor’s signature.

Recommendation (R4)

We recommend that the Town ensure all hardship application approvals are signed by the delegated officer and the payment agreements are signed by both delegated officer of the Town and the rate payer and signed copies are kept for Town’s record keeping.

Management Response	
Agree/Disagree:	Agree
Action to be taken:	Hardship application approval is provided electronically, by email. The Town has changed its processes to ensure all future payment agreements are signed by the delegated officer and the rate payer.
Completion Date:	Completed
Responsible Officer:	Director Corporate Services

3. Policies and Procedures

Extreme	High	Medium	Low
---------	------	--------	-----

We reviewed policies and procedure documentation relating to the Town's rates activities and identified the following observations.

1. Recovery of Rates and Service Charges Policy Section 1.1 (b) states:

"ii) If payment has not been received by the due date shown on the Final Notice, attempt to contact the debtor by other means, including telephone and email, regarding payment of the debt"

iii) Where contact was not possible or did not result in payment of the debt or the Town entering into a payment agreement with the debtor, issue a "Notice of Intention to Claim" demanding immediate payment;

We observed that Town does not attempt to contact the debtor by telephone or email following the due date on the Final Notice. Instead, at this point, the Town engages the contracted external legal service and as part of the service agreement, the external lawyers then attempt to contact the debtor by phone and email after the issuance of the Notice of Intention to Claim by the external lawyer. The step to contact the debtor by the external lawyer is noted as done without additional charges to the Town.

Policies that are overdue for review can leave the processes followed being out-dated and therefore reduces the accountability of the staff tasked with the processes.

Deviation from the stated policy of attempting to contact the debtor by phone or email after the Final Notice, and before the Notice of Intent to Claim, can lead to rate payer dissatisfaction and therefore reputational implications.

Recommendation (R5)

We recommend that the Town:

1. Review the Recovery of Rates and Service Charges Policy Section 1.1 (b) and ensure the sequence of actions taken by the Town in regard to outstanding rates debt is in accordance with the Town's policy.

Management Response	
Agree/Disagree:	1. Agree
Action to be taken:	The Town will review the Recovery of Rates and Service Charges Policy and in doing so will consider either amending the policy to align with current practice or amending current practice to align with the policy.
Completion Date:	30 September 2023
Responsible Officer:	Director Corporate Services

STAFF INVOLVEMENT

Staff Interviewed	<ul style="list-style-type: none">– Raj Malde (A/Director Corporate Services)– Subu Krothapally (Senior Financial Accountant)– Jeyanti Segaran (Management Accountant)– Emma Tattum (Senior Rates Officer)– Melissa Bowers (Finance Officer)
William Buck Process Lead	<ul style="list-style-type: none">– Duy Vo (Engagement Director)– Hassan Fayyaz (Senior Internal Auditor)

INHERENT LIMITATIONS

The nature of our review is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive, rather than conclusive, evidence.

William Buck ensures that reasonable care and competence are displayed during our engagements. As such, we conduct examinations and verifications to a reasonable extent, but we cannot give absolute assurance that noncompliance or irregularities do not exist.

Our review is focused on “Key Controls” as identified and assessed. Inherent audit limitations exist in any internal control structure, and it is possible that errors or irregularities may occur and not be detected.

Our findings expressed in this report have been based on the evaluation of existing processes in the organisation and sample testing performed on the existing controls as designed and implemented by management.

For these reasons, we can only provide reasonable, but not absolute assurance on the status of the internal control environment.

APPENDIX A – RECORD OF WORK DONE AND OUTCOMES

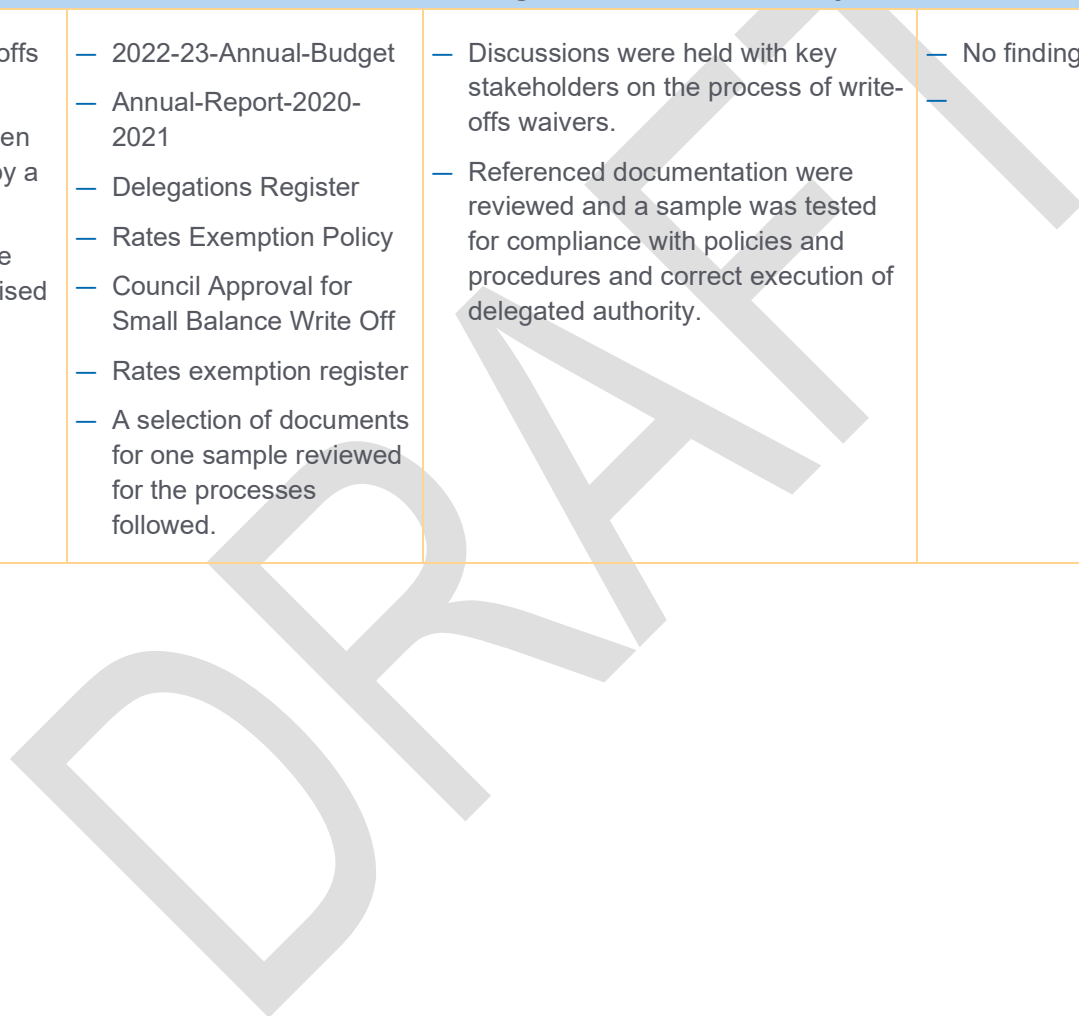
Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
Scope Item 1 – Review policies and procedures					
01-1	<ul style="list-style-type: none"> Identify and obtain the policies, procedures, guidelines, and manuals related to the Town’s rates activities. 	<ul style="list-style-type: none"> Recovery of Rates and Service Charges Policy Differential Rates Refund Policy Financial Hardship policy Rates exemption policy Delegations Register 2022-23-Annual-Budget Annual-Report-2020-2021 	<ul style="list-style-type: none"> Referenced policies and related documentation were reviewed and discussions held with key stakeholders in relation to policies and procedures. 	<ul style="list-style-type: none"> Financial Hardship policy is due for review on 30/06/2021. Rates exemption policy is due for review on 30/06/2021. No procedure documentation to guide the management of general debtors. 	Finding 3 Finding 1
01-2	<ul style="list-style-type: none"> Ensure scoping items 3-5 are being completed in accordance with the applicable policies. 	<ul style="list-style-type: none"> Same as 01-1 	<ul style="list-style-type: none"> Discussions are held with key stakeholders including: Processes followed were discussed with management and validation of processes were carried out as specified in scope items 3 to 5. 	<ul style="list-style-type: none"> Refer to outcomes of scope items 3-5. 	N/A

Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
Scope Item 2 – Review roles and responsibilities of staff and management					
02-1	<ul style="list-style-type: none"> Ensure staff and management are completing their designated responsibilities and that roles are appropriately delegated. 	<ul style="list-style-type: none"> Delegations Register Local Government Act 1995 Position Description – Senior Rates Officer Position Description – Finance Officer 	<ul style="list-style-type: none"> Discussions were held with the key stakeholders and responsibilities of key stakeholders identified. Position descriptions of two key staff members reviewed for appropriateness for the tasks assigned. Delegations Register was reviewed for appropriate delegations for key processes of the debtor function. 	<ul style="list-style-type: none"> No findings noted. 	N/A
Scope Item 3 – Review collection management – default rate of debtors					
03-1	<ul style="list-style-type: none"> Assess feasibility of the default rate of debtors. 	<ul style="list-style-type: none"> Rates Debtors listing 04/10/2022 Rates Debtors listing 31/08/2022 Rates Debtors listing 02/08/2021 General Debtors listing 30/06/2022 General Debtors listing 30/06/2021 	<ul style="list-style-type: none"> Debtors recovery and payment rates were analysed for both rates debtors and general debtors and found to be adequate with no significant increase of debtor balances for the last year and no bad debts written off. 	<ul style="list-style-type: none"> No findings noted. 	N/A

Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
03-2	<ul style="list-style-type: none"> Investigate whether good internal controls around debt collection exist. 	<ul style="list-style-type: none"> Recovery of Rates and Service Charges Policy Recovery of Sundry Debts Policy CS Legal Debt Recovery Process Selection of documents for 4 samples tested for effectiveness of rates debt collection processes Selection of documents for 2 samples tested for effectiveness of general debtor management. Selection of documents for 1 sample tested for creation debtor and Masterfile management. Extract of debtor master file listing 	<ul style="list-style-type: none"> Recovery of Rates and Service Charges Policy was reviewed. Recovery of Sundry Debts Policy was reviewed. Discussions were held with the key stakeholders and walkthrough of processes were carried out for both types of debtors – rates debtors and general debtors. A sample is tested for the recovery procedure of rates debtors to be in accordance with Recovery of Sundry Debts Policy. A sample is tested for the recovery procedure of general debtors to be in accordance with Recovery of Rates and Service Charges Policy. General debtor Masterfile was reviewed and one sample was analysed. 	<ul style="list-style-type: none"> No procedure documentation to guide the management of general debtors. The step to contact the debtor for outstanding rates by telephone or email was specified to be carried out after the Final Notice. The step is however carried out after the Notice of Intention to Claim. One invoice from payment arrangement of a debtor was found to be overdue. General debtors were not routinely reconciled and aged balances not prepared and reviewed. 	<p>Finding 1 Finding 3</p>
03-03	<ul style="list-style-type: none"> Test to see if the Town reviews the rates ageing profile on a regular basis and investigate outstanding items. 	<ul style="list-style-type: none"> Rates Reconciliation Summary 04/10/2022 Rates Reconciliation Summary 31/08/2022 	<ul style="list-style-type: none"> Rates debtor reconciliation and aging of collections was reviewed and found to be regularly carried out. General debtor is found to be not reconciled on a regular basis with 	<ul style="list-style-type: none"> General debtors were not routinely reconciled and aged balances not prepared and reviewed. 	<p>Finding 1</p>

Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
		<ul style="list-style-type: none"> – Rates Reconciliation Summary 02/08/2021 – General Debtors listing 30/06/2022 	last aged listing document dated as 30/06/2022. This listing was not reviewed by manager/supervisor.		
Scope Item 4 – Review hardship applications – supports and decision making					
04-1	<ul style="list-style-type: none"> – Ensure hardship applications are assessed within the 30-day timeframe (ToB Financial Hardship Policy). 	<ul style="list-style-type: none"> – Selection of documents for 3 samples tested for effectiveness of hardship applications process. – Financial Hardship Policy 	<ul style="list-style-type: none"> – Financial Hardship Policy was reviewed. – A sample of 3 applications were reviewed to test if the hardship applications were processed in accordance with the Financial Hardship Policy including if the applications were assessed within the 30-day timeframe. 	<ul style="list-style-type: none"> – No findings noted 	N/A
04-2	<ul style="list-style-type: none"> – Assess the decision-making process of the Town for accepting applications. Ensure the process follows the Financial Hardship Policy. 	<ul style="list-style-type: none"> – Selection of documents for 3 samples tested for effectiveness of hardship applications process. – Financial Hardship Policy 	<ul style="list-style-type: none"> – Financial Hardship Policy was reviewed. – A sample of 3 applications were reviewed to test if the hardship applications were processed in accordance with the Financial Hardship Policy including the decision-making process for accepting applications. 	<ul style="list-style-type: none"> – Hardship approval documents and payment agreements with the rate payers that were kept with the Town were not signed by both parties for all 3 samples. 	Finding 2

Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
Scope Item 5 – Review write-offs and waivers – council decisions and delegated authorities correctly executed					
05-1	<ul style="list-style-type: none"> – Compare budgeted write-offs against actual. – Review write-offs have been appropriately authorised by a delegated officer. – Review rates waivers have been appropriately authorised by a delegated officer. 	<ul style="list-style-type: none"> – 2022-23-Annual-Budget – Annual-Report-2020-2021 – Delegations Register – Rates Exemption Policy – Council Approval for Small Balance Write Off – Rates exemption register – A selection of documents for one sample reviewed for the processes followed. 	<ul style="list-style-type: none"> – Discussions were held with key stakeholders on the process of write-offs waivers. – Referenced documentation were reviewed and a sample was tested for compliance with policies and procedures and correct execution of delegated authority. 	<ul style="list-style-type: none"> – No findings noted. 	N/A



APPENDIX B – RISK RATING CRITERIA

Recommendations made in this report have been rated as Extreme, High, Medium, or Low based on an assessment of underlying issues. The assessment was made by Internal Audit using predetermined criteria as outlined below. An issue may display one, all or a combination of the example attributes listed against the relevant rating.

MEASURES OF LIKELIHOOD

LEVEL	RATING	DESCRIPTION	FREQUENCY	PROBABILITY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence
4	Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence
3	Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence
2	Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurrence
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence

MEASURES OF CONSEQUENCE

LEVEL	1	2	3	4	5
RATING	Insignificant	Minor	Moderate	Major	Catastrophic
HEALTH	Negligible injuries	First aid injuries	Medical type injuries or Lost time injury < 5 days	Lost time injury > 5 days	Fatality, permanent disability
FINANCIAL IMPACT	Less than \$3,000	\$3,000 - \$30,000	\$30,001 - \$300,000	\$300,001 - \$3M	More than \$3M
SERVICE INTERRUPTION	No material service interruption	Temporary interruption to an activity – backlog cleared with existing resources	Interruption to Service Unit/(s) deliverables – backlog cleared by additional resources	Prolonged interruption of critical core service deliverables – additional resources; performance affected	Indeterminate prolonged interruption of critical core service deliverables – non-performance
COMPLIANCE	Occasional noticeable temporary non-compliances	Regular noticeable temporary non- compliances	Non-compliance with significant regulatory requirements imposed	Non-compliance results in termination of services or imposed penalties	Non-compliance results in criminal charges or significant damages or penalties
REPUTATION	Unsubstantiated, localised low impact on key stakeholder trust, low profile or no media item	Substantiated, localised impact on key stakeholder trust or low media item	Substantiated, public embarrassment, moderate impact on key stakeholder trust or moderate media profile	Substantiated, public embarrassment, widespread high impact on key stakeholder trust, high media profile, third party actions	Substantiated, public embarrassment, widespread loss of key stakeholder trust, high widespread multiple media profile, third party actions
ENVIRONMENT	Contained, reversible impact managed by on site response	Contained, reversible impact managed by internal response	Contained, reversible impact managed by external agencies	Uncontained, reversible impact managed by a coordinated response from external agencies	Uncontained, irreversible impact

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

Risk Rating	Risk Level	Description	Criteria for Risk Acceptance	Authority & Responsibility to Accept
Extreme	17 – 25	Urgent attention required	Risk is only acceptable with excellent controls and treatments plans to be explored and implemented, when possible, managed and continuously monitored by highest level of authority.	DG / MD / CEO / Council
High or Significant	10 – 16	Attention required	Risk is acceptable with excellent controls, managed by senior management/executive and monitored on monthly basis	Respective Department Director / CEO
Medium or Moderate	5 – 9	Monitor and respond when needed	Risk is acceptable with adequate controls, managed by specific procedures and monitored semi-annually	Respective Department Manager
Low or Minor	1 – 4	Can be acceptable	Risk is acceptable with adequate controls, managed by routine procedures and monitored annually	Respective Department Manager



Town of Bassendean
Annual Internal Audit Plan 2022-
2023

May 2022

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DRAFT

Preparation of the Internal Audit Plan

Introduction

The Institute of Internal Auditors' International Professional Practices Framework requires Internal Audit to produce a risk-based plan, which considers the Town of Bassendean's risk management framework, knowledge of operations and internal controls derived from previous audits, its strategic objectives and priorities and the views of Senior Managers at the Town of Bassendean's Audit and Governance (AG) Committee ("AG").

The objective of audit planning is to direct audit resources in an efficient manner to provide sufficient assurance that key risks are being managed effectively and value for money is being achieved.

This document sets out a detailed Annual Internal Audit Plan for 2022/23.

Audit and Governance Committee ("AG") Action

The AG is asked to review and approve the Internal Audit Plan for 2022/23.

Role of Internal Audit Services

The aim of the Town of Bassendean's Internal Audit Service ("Internal Audit") is to assist the AG and the Town of Bassendean's Management to manage risk by providing an innovative, responsive, proactive, and effective value-added Internal Audit function. The objectives of Internal Audit are to:

- Provide independent consideration of risks, controls and processes across the Town of Bassendean;
- Promote mechanisms that encourage a culture that is conscious of risk, control and processes; and
- Assist and support the Town of Bassendean in its drive for process improvement.

These objectives are achieved by:

- Assisting the Management in evaluating their processes for identifying, assessing and managing the key operational, financial and compliance risks of the Town of Bassendean;
- Assisting the Management in evaluating the effectiveness of internal control systems, including compliance with internal policies and their alignment with legislation and regulations;
- Recommending improvements in efficiency and effectiveness to the internal control systems established by Management;
- Keeping abreast of new developments affecting the Town of Bassendean's activities and in matters affecting Internal Audit; and
- Being responsive to the Town of Bassendean's changing needs and striving for continuous improvement.

Our internal audit activities typically include, but are not limited to, the following:

- the review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
- a risk assessment with the intention of minimising exposure to all forms of risk on the Town of Bassendean;
- examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
- a review of the efficiency and effectiveness of operations and services including non-financial controls of the Town of Bassendean;

Preparation of the Internal Audit Plan

- a review of compliance with management policies and directives and any other internal requirements; and
- other specific tasks requested by management and the AG.

Internal Audit Planning Approach

The internal audit plan aims to contribute to the overall improvement of governance, risk management, and internal control processes using a systematic and disciplined evaluation approach.

The Town of Bassendean's internal audit methodology links internal audit activity to the organisation's risk management framework. The main benefit to the Town of Bassendean is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, the internal audit should be able to conclude that:

- The Management has identified, assessed and responded to the Town of Bassendean's key risks;
- The responses to risks are effective but not excessive;
- Where residual risk is unacceptably high, further action is being taken;
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively; and
- Risks, responses, and actions are being properly classified and reported.

Development of the Annual Internal Audit Plan for 2022/23

The areas included in this Plan were nominated and agreed upon by the Corporate Executive for presentation to the AG for consideration.

The Plan was developed through consideration of:

- The Town of Bassendean's strategic objectives and business risks;
- The Town of Bassendean's business processes that are key to mitigating risks;
- Emerging business and environmental issues for the Town of Bassendean; and
- Changes in the Town of Bassendean's operating environment and state of control.

The plan was then reviewed by Internal Audit with regards to the historic frequency of the performance of the reviews and the risk register, but no changes were proposed to the plan approved by Corporate Executive.

Internal Audit aims to be responsive to the Town of Bassendean's needs, given the environment of change that exists both within and external to the Town of Bassendean. Consequently, the Plan may be amended during the year. Any such changes will be authorised by the AG.

Additional Internal Audit Activities

Internal Audit's role extends to assisting the Management with additional audits that sit outside the Annual Internal Audit Plan. These include reviews of new initiatives, projects, or processes that have not yet been identified or planned at the time of preparing this document.

Requests for Internal Audit to undertake any internal audits of this nature or provide other related services will be agreed upon with the relevant Corporate Executive members.

Internal Audit Plan

Set out within the table below is the 2022/23 Annual Audit Plan with indicative scopes and hours. The previous auditable areas are outlined in green and the revised auditable areas are in grey for comparison purposes. The scopes will be further refined through discussion with Management during the planning process.

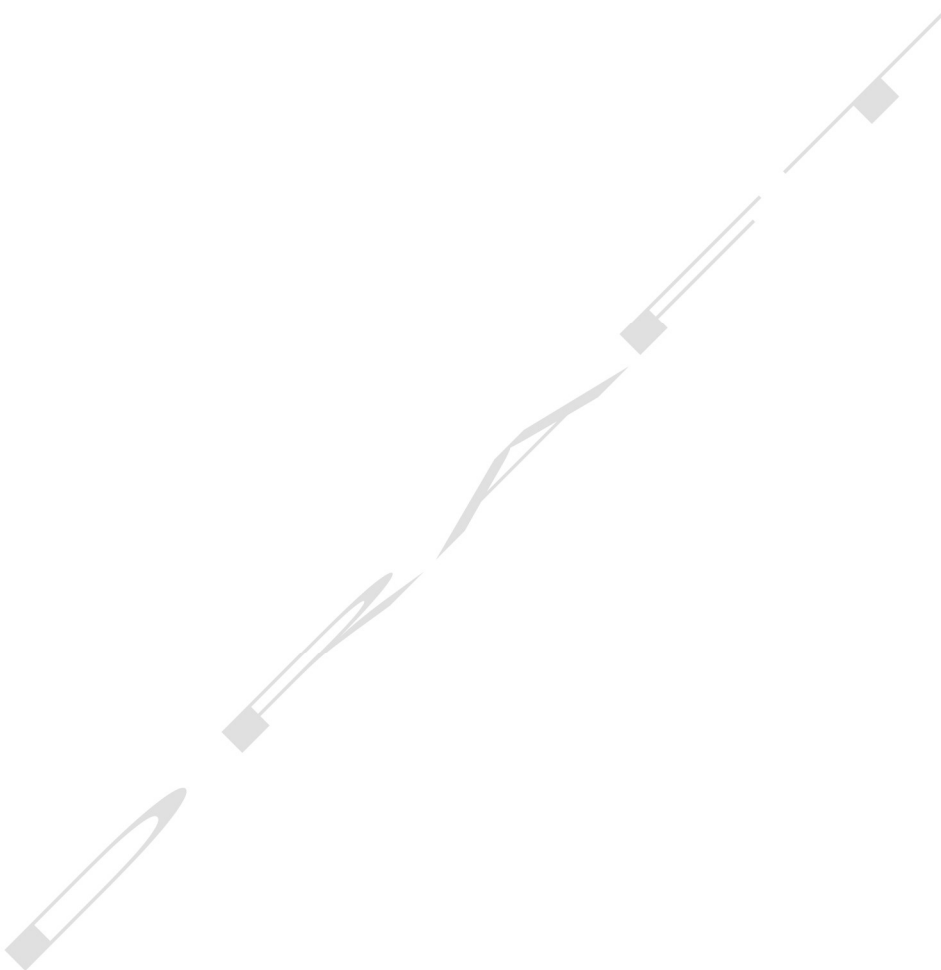
Internal Audit Modules	Original 2022-2023	Revised 2022-2023	Revised 2023-2024
Credit Cards and card management system			40
Tenders and Contract Management including Extensions and Variations			25
General and Rate Debtors		20	
Investments and Cash Flow Management			
Budgeting and cost controls		40	
Information Management and Reporting		40	
Information Technology:			
Application and access controls			
IT Governance			
Disaster Recovery & Backup			
Information Security			
Management of IT Risks			
Change Management & Change Controls			
Review of Asset Management Function and data integrity		80	
Performance and Effectiveness Review Library Services		80	
Records Management		40	
Fraud Prevention and Detection			60
Review the enforcement function performed across the Town		60	
Grant acquittals	As required	As required	
Total Hours		360	125

Internal Audit Plan

Ad-hoc internal audits can also be performed by either the Internal Audit Function on requests from the Town of Bassendean, Management or the Audit and Governance (AG) Committee. These reviews were not considered within the plan. Any ad-hoc reviews identified by Management and the Audit and Governance (AG) Committee will be separately budgeted. Funds for these reviews will either be funded through reprioritising current reviews or through additional fund requests which will be negotiated and approved by the Audit and Governance (AG) Committee and the Town of Bassendean before the commencement of the reviews.

Internal Audit aims to be responsive to the Town of Bassendean's needs, given the environment of change that exists both within and external to the Town of Bassendean.

The impact of any newly identified risks will be considered throughout the financial year and the annual internal audit plan will be amended if required.





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Lives.*

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CHARTERED ACCOUNTANTS & ADVISORS
Attachment 8.3.1

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INDEPENDENT FIRMS

TOWN OF BASSENDEAN

DRAFT INTERNAL AUDIT PROGRAMME FOR 2023/24 to 2025/26

Internal Audit Modules	Completed	Completed	Draft 2023/24	Draft 2024/25	Draft 2025/26
	2021/22	2022/23			
General Financial Controls - covering - Payroll and Employee leave - Purchasing and Creditors - Receipting and Maintenance of Monies held for specific purposes - Bank Reconciliations - Investment and Cashflow Management - Assets and - Taxation GST & FBT	125			125	
Reg 17 Review covering: - Risk Management - Internal Control and - Legislative Compliance	60		60		
Credit Cards and card management system					30
Tenders and Contract Management including Extensions and Variations			40		
General and Rate Debtors		20			
Budgeting and cost controls					40
Information Technology:					
Application and access controls			15		
IT Governance			15		
ICT Change Management & Change Controls			15		
Disaster Recovery & Backup Information Security Management of IT Risks				40	
Review of Asset Management Function and data integrity					80
Performance and Effectiveness Review Library Services		80			
Records Management		40			
Fraud Prevention and Detection				40	
Lease Management					40
Grant acquittals			As required	As required	As required
Total Hours	185	140	145	205	190

6.28 Recovery of Rates and Service Charges Policy

Policy Objective

The Town of Bassendean aims to ensure that all payments due to the Town are received by the due date for payment and, through close monitoring of aged accounts, to reduce the likelihood of debts for outstanding rates and service charges becoming unrecoverable. Sometimes, however, rates and service charges due to the Town remain outstanding after the due date for payment.

The purpose of this policy is to provide a clear, accountable, and transparent process for the Town's rates and service charges debt management and collection practices and ensure consistency for all debt recovery.

Policy Scope

This policy applies to all debts due to the Town for outstanding rates and service charges.

Definitions

In this policy unless the contrary intention appears:

Financial Hardship – A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Firebreak Debtor – means an individual who has failed to construct a firebreak and the Town has on charged the costs incurred for construction of a firebreak on the ratepayer's property.

Payment Agreement – means an arrangement whereby the debtor pays amounts over a period, agreed to by the Town, to pay the total amount outstanding. A payment agreement would normally require payments to be made by direct debit and be structured to clear the debt due to the Town within a period of 12 months.

Rates Debt – means amounts due and payable to the Town for rates and service charges levied by the Town pursuant to the provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Rates Debtor – means an individual, organisation or other party that has outstanding monies owed to the Town for a rates debt.

Principles

The Town will exercise its debt recovery powers in Part 6 of the *Local Government Act 1995*, guided by the following principles:

- Equity – Implementing rate collection procedures fairly and equitably, ensuring similar treatment of ratepayers in similar circumstances;
- Simplicity – Making the processes used to recover outstanding rates clear, simple to administer and cost effective;
- Transparency – Making clear the processes used by the Town to ensure ratepayers meet their financial obligations;
- Flexibility – Responding where necessary to changes in the local economy and to meet local, State or National crises and other unforeseen events where they are applicable;
- Compliance – Ensuring the Town's rate collection procedures are compliant with all regulatory obligations.

Policy Statement

1.1 Recovery of Rate Arrears

Rates are due for payment not less than 35 days from date of issue of the Rates Notice, in accordance with section 6.50(2) of the *Local Government Act 1995*. Rates debts not received by the due date shall be recovered in accordance with this Policy and any relevant legislation.

(a) Interest

The Town will charge interest against rates debts that remain outstanding more than thirty five (35) days from the date of the issue of the Rates Notice, as follows:

- where payment of rates is made by instalments pursuant to section 6.45(3) of the *Local Government Act 1995*, interest will be charged at the rate adopted by Council as part of the Annual Budget, up to the maximum prescribed by regulation 68 of the *Local Government (Financial Management) Regulations 1996*; and
- where rates remain unpaid after the due date for payment pursuant to section 6.51 of the *Local Government Act*, interest will be charged at the rate adopted by Council as part of the Annual Budget, up to the maximum prescribed by regulation 70 of the *Local Government (Financial Management) Regulations 1996*.

(b) Rates outstanding after the due date shown on the Rate Notice

Where the Town has not entered into a payment agreement with the rates debtor, the Town will adopt the following process to recover outstanding rates debts due to the Town:

- i. Issue a Final Notice to the rates debtor requiring payment within fourteen (14) days. 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*; as such persons have until 30 June of the current financial year to make payment, without incurring any penalty interest. The Town may, however issue a Final Notice to registered pensioners or seniors for any unpaid charges not subject to a rebate or deferment (for example, waste collection charges);
- ii. If payment has not been received by the due date shown on the Final Notice, issue a "Notice of Intention to Claim" demanding immediate payment; attempt to contact the debtor by other means, including telephone and email, regarding payment of the debt;
- iii. If payment has not been received by the due date on the Notice of Intention to Claim, attempt to contact the debtor by other means, including telephone or email, regarding payment of the debt; and Where contact was not possible or did not result in payment of the debt or the Town entering into a payment agreement with the debtor, issue a "Notice of Intention to Claim" demanding immediate payment; and
- iv. The Town may lodge a Minor Case Claim (where the debt is less than \$10,000) or a General Procedure Claim (where the debt is \$10,000 or more) with the Magistrates Court. Should the debtor not respond within the timeframes established by the Court, default judgment may be requested. Where a General Procedure Claim has been lodged and default judgement requested and granted, a Property Seizure and Sale Order (PSSO) may be lodged. The PSSO authorises the Bailiff to seize and sell as much of the debtor's real or personal property as necessary to satisfy the debt wholly.

The Town may engage a debt collection agency and/or legal representative to act on its behalf in taking debt recovery action.

(c) Recovery of rates debt from lessee

The Town may seek to recover an outstanding rates debt from the lessee of a leased property, pursuant to section 6.60 of the *Local Government Act 1995*.

1.2 Options to recover rates debts outstanding for at least three (3) years.

The Town may seek to recover an outstanding rates debt that has remained unpaid for at least three (3) years by taking possession of the land in accordance with subdivision 6, Division 6, Part 6 of the *Local Government Act 1995*.

This may include:

- leasing the land;
- selling the land;
- causing the land to be transferred to the Crown; or
- causing the land to be transferred to the Town.

1.3 Legal costs and other expenses

Legal costs and expenses incurred by the Town in recovering rates debts will be charged against the land in accordance with the section 6.43 of the *Local Government Act 1995*.

1.4 Recovery of debts resulting from construction of fire clearances

Under the *Bushfires Act 1954*, the Town may charge property owners for the construction of a firebreak where the owner has failed to do so. The Town will issue an invoice to the property owner for payment of the cost incurred by the Town. Where that amount remains outstanding after the due date for payment, the property owner becomes a Firebreak Debtor and the debt may be recovered in accordance with this Policy.

If the account remains unpaid for a period exceeding one hundred and twenty (120) days, or if the property is listed for sale within that period, the debt may be transferred against the ratepayer's property and collected in accordance with Recovery of Rate Arrears in section 1.1 of this Policy.

2 Payment Agreement

Rates debtors who are unable to pay outstanding rates by the due date, may apply in writing to the Town to enter into a payment agreement to make periodical payments. The payment agreement will generally:

- be structured to clear the outstanding rates debt within twelve (12) months;
- require future rates and service charges to be paid on time; and
- require payments to be made by direct debit.

Where the rates debtor fails to adhere to a payment agreement and has not contacted the Town to discuss the payment agreement or negotiate an amended payment agreement, the Town may commence debt recovery in accordance with this Policy. Where legal action

had commenced, but had been suspended due to the rates debtor entering into a payment agreement, the legal action may be reactivated.

The Town may decline to enter into a payment agreement with a rates debtor.

The Manager Finance may enter into payment agreements with rates debtors for the Town where the payment agreement will result in payment of the outstanding debt within twelve (12) months. Payment agreements outside of these terms will be at the discretion of the Director Corporate Services.

Interest will continue to be payable on outstanding rates debts that are subject to a payment agreement with the Town.

3 Financial Hardship

Where a rates debtor is experiencing financial hardship and is unable to enter into a payment agreement to pay outstanding rates within twelve (12) months, application can be made for financial hardship support under the Town's Financial Hardship Policy.

Relevant Documents

Local Government Act 1995 - Part 6

Local Government (Financial Management) Regulations 1996

Rates and Charges (Rebates and Deferments) Act 1992

Bushfires Act 1954

Town of Bassendean – Schedule of Fees & Charges

Town of Bassendean – Financial Hardship Policy.

<p>Policy Type: Strategic Policy</p> <p>Link to Strategic Community Plan: Leadership and Governance</p>	<p>Responsible Officer: Director Corporate Services</p> <p>First Adopted: 26 May 2020 OCM-15/5/2020</p> <p>Last Reviewed: June 2021</p> <p>Version: 2</p> <p>Next Review due by: 30 June 2026⁶³</p>
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6.27 Recovery of Sundry Debts Policy

Policy Objective

The Town of Bassendean aims to ensure that all payments due to the Town are received by the due date for payment and, through close monitoring of aged accounts, to reduce the likelihood of sundry debts becoming unrecoverable. Sometimes, however, sundry debts to the Town remain outstanding after the due date for payment.

The purpose of this policy is to provide a clear, accountable, and transparent process for the Town's sundry debt management and collection practices and ensure consistency for all sundry debt recovery.

Policy Scope

This policy applies to all debts due to the Town except debts in respect of rates and service charges.

Definitions

In this policy unless the contrary intention appears:

Debtor – means 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 licence fees are levied or any other transaction that results in an expected future payment to the Town.

Financial Hardship – A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Payment Agreement – means an arrangement whereby the debtor pays amounts over a period, agreed to by the Town, to pay the total amount outstanding. A payment agreement would normally require payments to be made by direct debit and be structured to clear the debt due to the Town within a period of 12 months.

Sundry Debt – means any debt due to the Town other than rates or service charges.

Policy Statement

1. Debt Recovery

- (a) Sundry debts not received by the due date shall be recovered in accordance with this Policy and any relevant legislation.
- (b) Where the Town has not entered into a payment agreement with the debtor, the Town will adopt the following process to recover outstanding sundry debts due to the Town:
 - i. Issue an invoice to the debtor;
 - ii. If payment has not been received within thirty (30) days of the invoice date, issue a Reminder Notice to the debtor requesting payment within fourteen (14) days;
 - iii. If payment has not been received by the due date shown on the Reminder Notice, attempt to contact the debtor by other means, including telephone and email, regarding payment of the debt;
 - iv. Where contact was not possible or did not result in payment of the debt or the Town entering into a payment agreement with the debtor, issue a Final Notice to the debtor requiring payment within fourteen (14) days;
 - v. If payment has not been received by the due date shown on the Final Notice, issue a “Notice of Intention to Claim” demanding immediate payment; and
 - vi. The Town may lodge a Minor Case Claim (where the debt is less than \$10,000) or a General Procedure Claim (where the debt is \$10,000 or more) with the Magistrates Court. Should the debtor not respond within the timeframes established by the Court, default judgment may be requested. Where a General Procedure Claim has been lodged and default judgement requested and granted, a Property Seizure and Sale Order (PSSO) may be lodged. The PSSO authorises the Bailiff to seize and sell as much of the debtor’s real or personal property as necessary to satisfy the debt wholly.

The Town may engage a debt collection agency and/or legal representative to act on its behalf in taking debt recovery action.

2. Payment Agreement

Debtors who are unable to pay outstanding debts by the due date may apply in writing to the Town to enter into a payment agreement to make periodical payments. The payment agreement will generally be structured to clear the outstanding debt within twelve (12) months and require payments to be made by direct debit.

Where the debtor fails to adhere to a payment agreement and has not contacted the Town to discuss the payment agreement or negotiate an amended payment agreement, the Town may commence debt recovery in accordance with this Policy. Where legal action had commenced, but had been suspended due to the debtor entering into a payment agreement, the legal action may be reactivated.

The Town may decline to enter into a payment agreement with a debtor and may restrict access to Town services that may give rise to further debt.

The Manager Finance may enter into payment agreements with debtors for the Town where the payment agreement will result in payment of the outstanding debt within twelve (12) months. Payment agreements outside of these terms will be at the discretion of the Director Corporate Services.

Interest will continue to be payable on outstanding debts that are subject to a payment agreement with the Town, at the rate determined by Council.

3 Financial Hardship

Where a debtor is experiencing financial hardship and is unable to enter into a payment agreement to pay the outstanding debt within twelve (12) months, application can be made for financial hardship support under the Town's Financial Hardship Policy.

3. Provision of Doubtful Debts

Aged debts will be reviewed regularly and accounted for in accordance with the relevant Australian Accounting Standard, AASB 9 Financial Instruments that deals with provisions for doubtful debts.

4. Write-Off of Bad Debts

Section 6.12(c) of the *Local Government Act 1995* provides that a Local Government may write off any amount of money.

The CEO or delegate may write off debts in accordance with any delegation by Council.

Where the proposed debt write-off is not within the delegated authority of the CEO or delegate, a report will be prepared for Council with recommendations for Council to write

off debts owed to the Town. Such recommendations will be made when the Town has exhausted reasonable attempts at recovery commensurate with the size of the debt.

5. Financial/Budget Implications

Debt recovery costs incurred by the Town will be passed on to the debtor wherever possible.

Legislation

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

<p>Policy Type: Strategic Policy</p> <p>Link to Strategic Community Plan: Leadership and Governance</p>	<p>Responsible Officer: Director Corporate Services</p> <p>First Adopted: 26 May 2020 OCM – 15/5/2020</p> <p>Amended: OCM-10/9/21</p> <p>Last Reviewed: 22 June 2021</p> <p>Version: 2</p> <p>Next Review due by: 30 June 2026³</p>
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6.29 Financial Hardship Policy

Policy Objective

To give effect to the Town's commitment to assist rates debtors and sundry debtors experiencing financial hardship by:

- Enabling a rates debtor or sundry debtor experiencing financial hardship to make application for assistance relating to outstanding rates or service charges or sundry debts; and
- Treating all rates debtors and sundry debtors experiencing financial hardship in a fair and consistent manner.

Policy Scope

This policy applies to rates debtors and sundry debtors who are unable to pay outstanding rates, service charges or sundry debts due to financial hardship.

Definitions

In this policy unless the contrary intention appears:

Debtor – means 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 licence fees are levied and any other transaction that results in an expected future payment to the Town;

Financial Hardship – A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Payment Agreement – means an arrangement whereby the debtor pays amounts over a period, agreed to by the Town, to pay the total amount outstanding. A payment agreement would normally require payments to be made by direct debit and be structured to clear the debt due to the Town within a period of 12 months.

Rates Debt – means amounts due and payable to the Town for rates and service charges levied by the Town pursuant to the provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Rates Debtor – means an individual, organisation or other party that has outstanding monies owed to the Town for a rates debt.

Sundry Debt – means any debt due to the Town other than rates or service charges.

Sundry Debtor – means an individual, organisation or other party that has outstanding monies owed to the Town for a sundry debt

Policy Statement

Monies owing to the Town for outstanding rates, service charges and sundry debts must be paid. This provides equity for all property owners and community members by ensuring all accept and meet their obligations to contribute to the cost of the provision of essential community infrastructure and services.

The Town is mindful however, that property owners and community members may from time-to-time experience financial pressure caused by a wide range of stressors.

The Town will be sympathetic toward those experiencing genuine financial hardship and will work with rates debtors and sundry debtors to create a suitable payment agreement reflective of each person's particular circumstances.

The Town aims to recover outstanding rates, service charges and sundry debts within twelve (12) months of the due date(s) for payment (refer Recovery of Rates and Service Charges Policy and Recovery of Sundry Debts Policy). The Town recognises that in circumstances of genuine financial hardship that may not be possible and may enter into an agreement for payment of the debt over a longer period. The payment agreement will generally:

- be structured to clear the outstanding debt within three (3) years;
- require future rates, service charges and any other monies that may become payable to the Town to be paid on time; and
- require payments to be made by direct debit.

The Town is committed to helping those who are experiencing genuine financial hardship. However, where outstanding rates or service charges are unable to be paid within three (3) years, the financial hardship may be so significant that continued property ownership is untenable.

1. What is Financial Hardship?

A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Payment difficulties tend to be short term, but financial hardship may become entrenched. An individual experiencing financial hardship is generally unable to provide for the costs of one or more of the following items:

- Accommodation costs such as mortgage and/or utility costs;
- Food;
- Clothing;
- Medical treatment;
- Education; or
- Other basic necessities.

1.1 Identifying Financial Hardship

A property owner or community member experiencing financial hardship should contact the Town as soon as possible. This may be before the debt becomes due and payable. A property owner or community member does not need to have defaulted to apply for financial hardship support.

The Town recognises that financial hardship may arise from a range of individual circumstances, including:

- Recent unemployment or under-employment;
- Separation or divorce;
- Unanticipated circumstances such as caring for or supporting extended family;
- Domestic or family violence;
- Loss of a spouse or loved-one;
- Physical or mental health problems;
- A chronically ill family member;
- A local, State, or National emergency;
- A serious accident;
- Business downturn; or
- Emergency event from natural disasters.

The Town will determine the nature and extent of support provided in consultation with the rates debtor or sundry debtor as part of the assessment process.

The Town will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with its statutory responsibilities.

1.2 Evidence of hardship

A rates debtor or sundry debtor applying for financial hardship support will be required to provide evidence of financial hardship and make a proposal to clear the outstanding debt within three (3) years.

2. Application for Financial Hardship

2.1 Application

A rates debtor or sundry debtor applying for financial hardship support will be required to complete an Application for Financial Hardship Support form and provide all relevant information about their individual circumstances to allow the Town to make an assessment. The application should be accompanied by supporting documentation, which may include:

- A letter from a recognised financial counsellor or financial planner indicating financial hardship;
- Copy of recent bank statements for all bank accounts;
- Any relevant Centrelink documentation;
- Bank notice, for example, for mortgage arrears;
- Disconnection notice for utilities;
- Notice of impending legal action;
- Repossession notice of essential items such as a car or motorcycle;
- Evidence of loss of employment/registration for Newstart allowance;
- Final notice from school regarding payment of mandatory fees; or
- Medical certificate confirming inability to work.

The Town may require the applicant to provide additional information or supporting documentation.

2.2 Assessment

The Town will contact a rates debtor or sundry debtor who has applied for financial hardship support within ten (10) business days to discuss the application and request further information or supporting documentation where necessary. The Town will assess the application within thirty (30) days of receipt of all required information and supporting documentation.

The Town will carefully consider all relevant information and supporting documentation provided and will exercise due care in assessing financial hardship taking into account rates debtor or sundry debtor's individual circumstances.

Factors the Town may consider in assessing an application for financial hardship support include:

- The size of debt;
- The length of time the debt has remained outstanding;
- Whether the debt has accumulated over time;

- Any prior payment arrangements entered into under the Town's Recovery of Rates and Service Charges Policy or Recovery of Sundry Debts Policy;
- Any prior applications for financial hardship support or payment agreements
- The nature of the property, including whether it is leased;
- Any mortgage or other debt secured by the property; or
- The personal and financial circumstances of the applicant.

The Director Corporate Services may enter into payment agreements with rates debtors and sundry debtors for the Town where the payment agreement will result in payment of the outstanding debt within three (3) years. Payment agreements outside of these terms will be at the discretion of the Chief Executive Officer.

2.3 Payment agreements – Terms and Conditions

Where the Town accepts the application for financial hardship and enters into a payment agreement with a rates debtor or sundry debtor, the following may apply:

- Agreement
 - The parties will enter into a payment agreement detailing the terms and conditions of the agreement and the Town will provide a copy of the signed agreement to the rates debtor or sundry debtor.
- Suspension of Fees and Interest charges
 - The Town may suspend administration fees and interest charges while a rates debtor or sundry debtor adheres to the terms and conditions of a payment agreement entered into under this Policy.
- Change in circumstances
 - A rates debtor or sundry debtor must keep the Town informed in writing of any change in their personal or financial circumstances that may affect their capacity to pay.
- Review Payment Plans
 - A rates debtor or sundry debtor make written application to the Town for review of a payment agreement where their personal or financial circumstances have changed.

2.4 Cancellation of Payment Agreement

The Town may cancel a payment agreement for noncompliance where a rates debtor or sundry debtor consistently fails to adhere to the terms and conditions of the payment agreement ("consistent default"). As a guide, consistent default will be considered to have occurred where a rates debtor or sundry debtor misses three consecutive payments, or 25 per cent of required annual payments and fails to contact the Town to advise of a change in circumstances or apply for review of the payment agreement. The Town will provide

written notification to the rates debtor or sundry debtor where it cancels a payment agreement.

The Town has discretion on whether or not to enter into a further payment agreement with a rates debtor or sundry debtor and may instead decide to initiate debt recovery proceedings.

3 Debt Collection

The Town will not commence debt recovery proceedings, and will suspend any current debt recovery proceedings, while it is assessing an application for financial hardship support.

The Town will not commence or recommence debt recovery proceedings while the ratepayer or sundry debtor is adhering to the terms and conditions of a payment agreement under this Policy.

The Town reserves the right to commence or recommence debt recovery proceedings where a payment agreement is cancelled for consistent default.

Debt recovery proceedings will be conducted in accordance with the Town's Recovery of Rates and Service Charges Policy or Recovery of Sundry Debts Policy, as the case may be.

Legal costs and expenses incurred by the Town in recovering rates debts will be charged against the land in accordance with the section 6.43 of the *Local Government Act 1995*.

4. Concession and Deferment of Rates

The Office of State Revenue (OSR) provides concessions to eligible pensioners and seniors on their local government rates and service charges and the Emergency Services Levy (ESL). The OSR determines all rules around rebates and deferments for pensioners and seniors. The rules are administered by the Town.

4.1 Concession

Seniors who meet the eligibility criteria are entitled to claim a rebate of up to 25 per cent of their rates (including specified area rate). ~~In 2019-20, the rates rebate for seniors was subject to a capped to a maximum of \$100. Capping does not apply to the ESL, which attracts a rebate of 25 per cent.~~

Pensioners who meet the eligibility criteria are entitled to claim a rebate of up to 50 per cent of their rates, ~~subject to a . In 2019-20 the rates rebate for pensioners was capped to a maximum of \$750. Capping does not apply to the ESL, which attracts a rebate of 50 per cent.~~

Seniors may register in person with the Town or with the Water Corporation by phoning 13 13 85 or online via www.watercorporation.com.au/my-account/i-want-to/concessions.

Rates debtors entitled to a rebate are eligible to apply for financial hardship support under this Policy.

4.2 Deferment of Rates

Ratepayers who hold a Pensioner Card, State Concession Card or Seniors Card and Commonwealth Seniors Health Care Card registered on their property may be eligible for a deferral of their rates and ESL.

The deferred rates balance –

- Remains as a debt on the property until paid;
- Becomes payable in full upon the passing of the pensioner or if the property is sold or if the pensioner ceases to reside in the property;
- May be paid at any time, but a concession is not received when the rates are paid; and
- Does not incur penalty interest charges.

5. Financial counselling

The Financial Counsellors' Association of WA can refer a debtor to a financial counsellor in their area. Alternatively, the debtor can call the Financial Counselling Helpline 1800 007 007. The Helpline provides a free confidential service for all Western Australians with financial problems and queries.

Financial Counsellors' Association of WA

Phone: 08 9325 1617

Email: afm@financialcounsellors.org

Website: www.financialcounsellors.org

Financial Counselling Helpline: 1800 007 007

6. Assistance from Town Staff

The Town's rates and finance officers are able to assist rates debtors and sundry debtors who are experiencing difficulty paying their outstanding rates and sundry debts by providing information about:

- The Town's Recovery of Sundry Debts Policy, Recovery of Rates and Service Charges Policy and the Financial Hardship Policy;
- Payment agreements with the Town under the above policies;

- The Financial Hardship application process and documentation requirements;
- Government funded concession and deferment entitlements; and
- Government and community programs and services available including financial counselling.

<p>Policy Type: Strategic Policy</p> <p>Link to Strategic Community Plan: Leadership and Governance</p>	<p>Responsible Officer: Director Corporate Services</p> <p>First Adopted: 26 May 2020 OCM-15/5/2020</p> <p>Last Reviewed: June 2021</p> <p>Version: 1</p> <p>Next Review due by: 30 June 2026³</p>
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6.30 Rates Exemption Policy

Policy Objective

To establish a consistent approach for determining the granting of an exemption, concession or waiver on the payment of rates.

Policy Scope

This policy is applicable to ratepayers within the Town of Bassendean who are eligible to apply for:

- Land to be considered not rateable land pursuant to section 6.26(2) of the *Local Government Act 1995* (hereinafter referred to as a rate exemption);
- A waiver or concession in relation to rates or service charge pursuant to section 6.47 of the *Local Government Act 1995*.

This policy does not apply to ratepayers who are eligible for a rate concession pursuant to the *Rates and Charges (Rebates and Deferments) Act 1992*.

Definition

In this policy unless the contrary intention appears:

Not For Profit (NFP) Community Group – means an organisation incorporated under the *Associations Incorporations Act 2015* to promote a community or sporting activity which has a positive effect on the community of the Town.

Policy Statement

This policy provides guidance to applicants who apply for a rate exemption or a waiver or concession in relation to a rate or service charge.

Non-Rateable Land

Section 6.26 of the *Local Government Act 1995* provides that all land within a district is rateable land and provides a number of exceptions. The most common exceptions relevant to the Town are:

- (d) land used or held exclusively by a religious body as a place of public worship or in relation to that worship, a place of residence of a minister of religion, a convent, nunnery or monastery, or occupied exclusively by a religious brotherhood or sisterhood; and
- (g) land used exclusively for charitable purposes.

Rates Exemption

1. The Town will consider all applications for a rates exemption under section 6.26(2) of the *Local Government Act 1995* made in writing by completing an Application for Rates Exemption form.
2. An application for rates exemption is only applicable to rates and does not include service charges or the Emergency Services Levy.
3. An application for rates exemption must be lodged every two years and will be assessed in accordance with this Policy. It is the responsibility of the applicant to re-apply.
4. The Town may require the applicant to provide additional information and/or supporting documentation, including a copy of the Constitution or other governing document, financial report, charitable registration and information demonstrating the use of any land that is the subject of the application.
5. An application for rates exemption must be made within 42 days of the date of issue of the Rates Notice, or such additional time as may be allowed at the discretion of the Town.
6. The Town may only grant an exemption from rates under section 6.26(2)(g) of the *Local Government Act 1995* if an applicant demonstrates that the land in question is being used exclusively for a charitable purpose according to criteria that has been developed by case law.

7. The essential elements for an exemption under section 6.26(2)(g) of the *Local Government Act 1995* are:
 - a) The use of the land, not whether the body in question has a charitable purpose; and
 - b) The land must be used exclusively for a charitable purpose. Charitable purpose is defined at common law by reference to the *Charitable Uses Act 1601 (UK)*.
8. The Town will assess the application within thirty (30) days of receipt of all required information and supporting documentation and provide the applicant with written advice as to whether the land is considered rateable or non-rateable. Where the Town considers the land to be rateable, the Town will provide written reasons to the applicant.
9. The Director Corporate Services may determine applications for rates exemption.
10. An applicant dissatisfied with a decision on an application for rates exemption has the rights specified in Part 6, Division 6, Subdivision 7 of the *Local Government Act 1995*.
11. Where the rate exemption is granted, the Town will amend the rate record with effect from the first day of the financial year in which the application was received.

Register

The Town will maintain a Rates Exemption Register to record the determinations made in accordance with this Policy. The register will record the details of the organisation, the property, the rates otherwise payable, the purpose for which the land is used, the determination made and the review date.

Concession or Waiver of Rates

Section 6.47 of the Local Government Act provides:

Subject to the *Rates and Charges (Rebates and Deferments) Act 1992*, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive* a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

*** Absolute majority required.**

Council will accept written applications from NFP community groups within the Town of Bassendean and consider granting a concession or waiver of rates or service charges in accordance with its discretionary powers provided by section 6.47 of the *Local Government Act 1995*.

An application for a concession or waiver of rates or service charges must be submitted by completing an Application for Rates Waiver or Concession form and will be assessed in accordance with this Policy. The NFP Community Group must provide sufficient information and supporting documentation to demonstrate its eligibility for a concession or waiver for Council to make a decision on the application.

Council will consider all applications received at the time of adopting the Annual Budget and may grant a concession or waiver for up to two (2) years. It is the responsibility of the NFP Community Group to re-apply.

The Town will record the rate concession or waiver in the rate record.

<p>Policy Type: Strategic Policy</p> <p>Link to Strategic Community Plan: Leadership and Governance</p>	<p>Responsible Officer: Director Corporate Services</p> <p>First Adopted: 26 May 2020 OCM-15/5/2020</p> <p>Last Reviewed: June 2021</p> <p>Version: 1</p> <p>Next Review due by: 30 June 2026²</p>
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6.4 Councillor Allowances & Expenses

Objective

To provide Council members with an appropriate level of remuneration and reimbursement of expenses to ensure that they are able to effectively fulfil their role, this policy sets out the entitlements of Councillors to receive fees, allowances and reimbursement of expenses.

The policy complies with the requirements of the Local Government Act 1995 (“the Act”) and Local Government (Administration) Regulations 1996 (“the Regulations”).

Strategy

Fees and Allowances

Mayoral Allowance

Section 5.98(1) of the Act and Administration Regulation 30

The Mayor is entitled to be paid a Mayoral Allowance in accordance with the annual determination of the Salaries and Allowances Tribunal.

The Mayoral Allowance to be paid quarterly in arrears.

Mayoral Sitting Fee

Section 5.98(5) of the Act and Administration Regulation 33

The Mayor is entitled to a Mayoral Sitting Fee in accordance with the annual determination of the Salaries and Allowances Tribunal, to be paid quarterly in arrears.

Deputy Mayor Allowance

Section 5.98A of the Act and Administration Regulation 33A

The Deputy Mayor is entitled to a Deputy Mayoral allowance in accordance with the annual determination of the Salaries and Allowances Tribunal, to be paid quarterly in arrears.

Annual Fee in Lieu of Sitting Fees

Section 5.99 of the Act and Administration Regulation 34

A Councillor is entitled to an Annual Fee in Lieu of Meeting Fees in accordance with the annual determination of the Salaries and Allowances Tribunal to be paid quarterly in arrears.

Telecommunication/ Information Technology (ICT) Allowance

Section 5.99A of the Act and Administration Regulation 31

A Councillor is entitled to an annual allowance in lieu of reimbursement of telecommunications expenses of in accordance with the annual determination of the Salaries and Allowances Tribunal, to be paid quarterly in arrears.

The Telecommunications Allowance is an allowance in lieu of reimbursement. This Allowance covers the expenses incurred by Councillors in performing a function under the express authority of the Town or in performing a function in the Councillor's official capacity for:

- telephone rental charges;
- call charges;
- line rental;
- costs for installation of additional line (if required by the Councillor); and,
- service charges.

Information Technology for Councillors

On request the Town of Bassendean provides Councillors with appropriate information technology to enable the distribution of Agendas and Minutes by electronic means, for email communication and for seeking information through the internet.

The equipment will remain the property of the Town of Bassendean and will be maintained by the Town. Councillors must not install software that is not the property of the Town of Bassendean.

Information Technology Training for Councillors

Appropriate training will be provided to Councillors to assist them in the effective and efficient use of the equipment and other information technology so that they may fulfil their role at Council and Committee meetings utilising the software provided.

Any Councillor leaving their position with Council shall return, within ten working days any computing equipment provided by the Council.

Business Cards

Each Council member will be allocated sufficient business cards. The business cards will be printed in accordance with the Town's Corporate Style. Business cards must be used for Council business only and must not be used for electioneering purposes. The Business Card may include a passport size photo.

Access to Council Chambers and Councillor Facilities

A Councillor will be provided with an access key and security card providing access to the Councillor's Dining area and Council Chamber as soon as possible following election to office.

The access is provided for the convenience of Councillors for meeting with their constituents and other Councillors during office hours. Any loss of access key or card is to be reported to the CEO as soon as practicable.

A Councillor must return their access key and security card within 5 working days of ceasing to be a Council member.

Handling of Councillor Addressed Correspondence

The Town of Bassendean is required to comply with the State Records Act and Council's adopted Records Management Plan in relation to Councillor addressed and initiated correspondence.

Correspondence containing information about business activities of the Town in any format (e.g. by post, fax, e-mail, courier, hand-delivered) internal or external, are evidence of business activity in a court of law. Correspondence addressed to Elected Members and received at the Town Administration Offices is to be opened by designated officers, unless it is expressly marked Private, Confidential, Personal or Himself/Herself etc. If correspondence is expressly marked Private, Confidential, Personal or Himself/Herself the correspondence is to be forwarded unopened placed in a sealed envelope to the Councillor.

Reimbursement of Expenses

Reimbursement for Statutory Child Care Expenses

Section 5.98(2) of the Act and Administration Regulation 31

A Councillor has a statutory entitlement to be reimbursed for childcare expenses incurred by the Councillor as a result of attendance at a Council meeting, a meeting of a committee of which he or she is member or authorised training and Council related business. The Town of Bassendean will reimburse childcare expenses, verified by sufficient information, in accordance with a Councillor's statutory entitlement.

Reimbursement of Statutory Travel Expenses

Section 5.98(2) of the Act and Regulation 31

A Councillor has a statutory entitlement to be reimbursed for travel expenses incurred by the Councillor as a result of attendance at a council meeting or a meeting of a committee of which he or she is member.

The Town of Bassendean will reimburse travel expenses, verified by sufficient information, in accordance with a Councillor's statutory entitlement.

Reimbursement of Other Expenses

Section 5.98(3) of the Act and Regulation 32

A Councillor is to be reimbursed for the following types of expenses to the extent set for each type of expense where the expense is incurred:

- in performing a function under the express authority of the Town of Bassendean;
 - by reason of being accompanied by no more than one other person while performing an official function where the Chief Executive Officer considers it to be appropriate; or
 - in performing a function in the Councillor's official capacity; and
- the expense is verified by sufficient information.

TYPE OF EXPENSE	EXTENT OF REIMBURSEMENT
Travelling Expenses and Child Care Costs not Covered By Statutory Entitlement Travelling expenses and child care costs incurred by a Council member travelling to and from or attending: <ol style="list-style-type: none"> a. any conference, b. any official function that the Councillor is invited to attend in their capacity as a Councillor; c. any official function, meeting or event that the Council requests the Councillor to attend; or d. any meeting of a group or body on which the Council member is a delegate or representative. e. Any authorised training or Council related business 	The actual expense incurred.
Carer's Costs Where a Councillor personally cares for a person who has a disability, mental illness, chronic condition or who is frail aged, the costs of a replacement carer incurred by a Councillor from attending: <ol style="list-style-type: none"> a. any Council or committee meeting; b. any official function that the Councillor is invited to attend in their capacity as a Councillor; or c. any official function, meeting or event that the Council requests the Councillor to attend; 	The actual expense incurred.
SUNDRY CONFERENCE EXPENSES	The actual expense incurred
Breakfast expenses	
Lunch expenses	
Dinner expenses	
Other conference expenses not reimbursed by Council Drinks Mini-bar Non business telephone calls Dry cleaning Personal grooming	

Payment of Councillor Expenses

The Chief Executive Officer is delegated authority to approve reimbursements for actual expenses incurred upon the production of documentary substantiation of actual costs in accordance with this Policy.

Application

Responsibility for the implementation of this policy rest with the Mayor, Councillors and Chief Executive Officer. The Policy is to be reviewed every three years.

<p>Policy Type: Strategic Policy</p> <p>Link to Strategic Community Plan: Leadership and Governance</p>	<p>Responsible Officer: Chief Executive Officer and Director Corporate Services</p> <p>Last Review Date: September 2017 Version 2</p> <p>Next Review due by: May 2020</p>
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Purchasing Policy

1. OBJECTIVE

The objectives of this Policy are to:

- (a) Align procurement at the Town of Bassendean with the strategic and operational objectives of Council, while providing value for money; and
- (b) Ensure procurement at the Town is conducted in compliance with applicable legislation, regulation, standards and policy.

2. SCOPE

The Policy applies to all Town officers undertaking procurement on behalf of the Town.

3. POLICY STATEMENT

The Town is committed to best practice in the procurement of goods and services that align with the principles of transparency, probity and good governance and complies with the *Local Government Act 1995* and Part 4 of the *Local Government (Functions and General) Regulations 1996*.

4. POLICY DETAILS

4.1 Ethics & Integrity

All officers of the Town are to observe the highest standards of ethics, honesty, fairness and integrity when undertaking purchasing activities and act in an honest, fair and professional manner consistent with the Town's values. Ethical behaviour includes avoiding conflicts of interest and disclosing any actual or perceived conflict of interest.

The Town's Code of Conduct details the behavioural expectations of Town Officers.

4.2 Value for Money

Value for money is the overarching principle guiding all procurement activities. Value for money does not mean accepting the lowest quote. Value for money is achieved through the critical assessment of price, risk, safety and quality standards, financial viability of suppliers, timeliness, past contractor performance, specified qualitative criteria, as well as environmental sustainability, social and local outcomes to determine the best value for the Town.

4.3 Procurement Risk

The Town will effectively manage risk in procuring goods and services from external contractors and suppliers to achieve the best procurement outcomes in accordance with this Policy. The Town may engage an independent Probity Auditor for projects assessed as presenting high reputational, financial or community risk.

The Town's Procurement Manual provides a best practice procurement resource for each stage of the procurement process and must be followed for all procurement activity within the Town.

4.4 Purchasing Thresholds and Practices

4.4.1 Defining the Purchasing Value

The Town will apply the following principles to assess and determine purchasing values to ensure appropriate purchasing practice and threshold management for all purchasing activities:

- (a) Exclude Goods and Services Tax (GST);
- (b) Use the actual or expected value of a contract over the full contract period including the value of all contract extension options; and
- (c) Determine the appropriate length of a contract based on the nature of goods or services to be provided, , historical purchasing activity, and an assessment of expected future purchasing requirements, and market conditions.

Procurement activities for the same goods or services should be aggregated into a single procurement activity to achieve the best value for money and efficiencies for the Town. Multiple procurement activities for the same goods or services must not be conducted, where the effect (whether intentional or otherwise) is to avoid a procurement threshold specified in 4.4.2.

The calculated estimated purchasing value will determine the applicable threshold and sourcing requirement.

4.4.2 Purchasing Thresholds

The purchasing value determines the applicable purchasing threshold and the sourcing requirements, as specified in the following table:

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
Up to \$250	Direct purchase from supplier; quotations not required.
From \$251 to \$5,000	Obtain at least One (1) written quotation from a suitable supplier. For this Purchase Value Threshold: <ul style="list-style-type: none"> • A written quotation can include advertisements, catalogues, and supplier web sites; and • If it is not possible to obtain a written quotation, a verbal quotation appropriately documented is acceptable.

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
From \$5,001 and up to \$20,000	<p>Obtain at least two (2) written quotations from suitable suppliers.</p> <p>A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.</p>
From \$20,001 and up to \$60,000	<p>Seek at least three (3) written quotations (including through the Town's electronic procurement portal or email) from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual.</p> <p>The purchasing decision is to be based upon assessment of the suppliers' responses to:</p> <ul style="list-style-type: none"> • The specified requirement for the goods or services required; and • Value for money criteria. <p>Quotations received are subject to relevant evaluation, review and approvals using the documentation specified in the Town's Procurement Manual.</p> <p>A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.</p>
From \$60,001 and up to \$250,000	<p>Request For Quotation (RFQ).</p> <ul style="list-style-type: none"> • Conduct an RFQ process in accordance with this Policy and the Town's Procurement Manual by seeking at least three (3) written quotations from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual. • The RFQ must be sought from either: <ul style="list-style-type: none"> ○ Open market; or ○ WALGA Preferred Supplier Arrangement.. • The RFQ processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.
Over \$250,000	<p>Request for Tender (RFT)</p> <ul style="list-style-type: none"> • Conduct a public RFT process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996,

Purchase Value Threshold (<i>ex GST</i>)	Sourcing Requirement
	<p>this Policy and the Town's Procurement Manual by seeking a sufficient number of quotes from suitable suppliers to ensure a competitive field.</p> <ul style="list-style-type: none"> • The RFT must be sought from either: <ul style="list-style-type: none"> ○ Open market; ○ WALGA Preferred Supplier Arrangement; ○ WA Disability Enterprise or an Aboriginal business. <p>The RFT processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.</p>

4.5 Inviting Tenders Though not Required to do so

The Town may decide to invite a Public Tender, despite the estimated purchase value being less than the prescribed tender threshold, where it considers a public tender process will provide better value for money, in accordance with clause 4.2 of this Policy. In such cases, the tender process must comply with the legislative requirements and the Town's Procurement Manual.

4.6 Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier, may be approved where the:

- (a) Purchasing value is estimated to be over \$5,000 and less than \$60,000; and
- (b) Purchasing requirement has been documented in a detailed specification.

The CEO may approve a sole supplier arrangement for purchases of up to \$60,000. A sole supplier arrangement may be approved for a maximum period of three (3) years.

4.7 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process where one or more of the following criteria apply:

- (a) An inability to sufficiently scope or specify the requirement;
- (b) Significant variability for how the requirement may be met;
- (c) Potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;

- (d) Significant creative element; or
- (e) A procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

The EOI process is to be conducted in line with an RFT process and similar rules apply. An RFT should follow an EOI process, with those shortlisted under the EOI invited to participate.

4.8 Emergency Purchases

An emergency purchase is exempt from the purchasing thresholds and practices specified in this Policy.

An emergency purchase is defined as an unanticipated and unbudgeted purchase, which is required to respond to an emergency. An emergency purchase does not include a purchase that was not planned for due to time constraints.

The Town must make every effort to anticipate required purchases in advance and to allow sufficient time to apply the other clauses of this Policy.

Purchases or contracts entered into under an emergency must be limited in scope to that which is necessary only to deal with the emergency. Once the immediacy of the emergency has passed, an appropriate procurement process must be undertaken for replacement or reinstatement works.

The CEO shall approve an emergency purchase.

4.9 Anti-Avoidance

The Town will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value, so that the effect is to avoid a particular purchasing threshold or the need to call a public tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

4.10 Procurement Governance

The Procurement Unit will manage all RFQ and RFT processes and will exercise governance and oversight over the Town's other procurement activities, including threshold compliance, sole supplier application, procurement probity, audit and reporting requirements.

4.11 Purchasing Procedures

The procurement of goods and services must comply with the purchasing procedures specified in the Procurement Manual.

5. SUSTAINABLE PROCUREMENT

The Town is committed to sustainable procurement practices that favour suppliers that demonstrate environmentally sustainable business practices and social outcomes,

environmentally preferable products and businesses that provide local economic benefits.

The Town will give effect to this commitment by, wherever appropriate, designing quotations and tenders that incorporate a qualitative criterion for sustainable procurement with a percentage allocation, to provide an advantage to suppliers of goods and services that demonstrate commitment to these desired environmental, social and local economic outcomes.

Where a qualitative criterion for sustainable procurement has been included as part of an RFQ or RFT process, a price tolerance will be applied during price evaluation to suppliers of goods and services that demonstrate the highest evaluation for that criterion. The price tolerance will be up to ten (10) per cent for an RFQ and up to five (5) per cent for an RFT.

5.1 Environmentally Sustainable Procurement

The Town recognises the need to protect the environment in procurement, including the waste reduction hierarchy, water and energy efficiency, emissions reduction, habitat destruction and pollution. Where appropriate, specifications will incorporate minimum requirements for environmental protection and sustainable procurement. When procuring goods and services, the Town will support businesses that demonstrate environmentally sustainable practices in its overall assessment of value for money.

5.2 Social Outcomes

The Town recognises the importance of social and community outcomes. When procuring goods and services, the Town will support businesses that provide positive social and community outcomes in its overall assessment of value for money.

5.2.1 Aboriginal Businesses

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*), if the goods or services are supplied by an entity on the WA Aboriginal Business Directory, published by the WA Chamber of Commerce and Industry, or an entity approved by the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) (“Aboriginal business”), where consideration under the contract is \$250,000 or less.

Aboriginal businesses may be invited to quote for the supply of goods and services below the tender threshold. Where a quotation has been provided by an Aboriginal business that is considered to provide value for money to the Town, there is no requirement for further quotations that would otherwise be required under this Policy.

5.2.2 Australian Disability Enterprises

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*) if the goods or services are to be supplied by an Australian Disability Enterprise.

Australian Disability Enterprises may be invited to quote for supplying goods and services. Where a quotation has been provided by an Australian Disability Enterprise that is considered to provide value for money to the Town, there is no requirement for further quotations that would otherwise be required under this Policy.

5.3 Local Economic Benefit

The Town recognises the economic benefits local business and local employment brings to the community and is committed to supporting the local economy. The Town seeks to encourage development of competitive local businesses within its boundaries. Where appropriate, the Town will seek participation of local business in its supply chain when procuring goods and services, by supporting businesses that provide local economic benefits, through being a local business, and/or the use of local sub-contractors or local employees, for example.

6. RECORD KEEPING

Records of all purchasing activity, communications and transactions must be maintained as local government records, in accordance with the *State Records Act 2000 (WA)* and the Town's Records Keeping Policy.

The Town also must consider and will include in each contract for the provision of goods or services the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Town relevant to the performance of the contract.

7. PURCHASING POLICY NON-COMPLIANCE

The Purchasing Policy is mandated under Regulation 11A of the *Local Government (Functions and General) Regulations 1996* and therefore forms part of the legislative framework in which the Local Government is required to conduct business.

Purchasing activities are subject to financial and performance audits, which examine compliance with legislative requirements and the Town's policies and procedures. Non-compliance with legislation or this Policy must be reported to the Chief Executive Officer.

Document Control box			
Document Responsibilities:			
Owner:	Chief Executive Officer	Owner Business Unit:	Office of the Chief Executive Officer
Inception Date:	December 2020 (OCM-11/12/20) Amended (OCM-14/3/22)	Decision Maker:	Council
Review Date:	30/06/2026	Repeal and Replace:	
Compliance Requirements:			
Legislation:	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i>		

DRAFT

Purchasing Policy

1. OBJECTIVE

The objectives of this Policy are to:

- (a) Align procurement at the Town of Bassendean with the strategic and operational objectives of Council, ~~consistent with Council's priorities to support the local economy and environmentally sustainable outcomes,~~ while providing value for money; and
- (b) Ensure procurement at the Town is conducted in compliance with applicable legislation, regulation, standards and policy.

2. SCOPE

The Policy applies to all Town officers undertaking procurement on behalf of the Town.

3. POLICY STATEMENT

The Town is committed to best practice in the procurement of goods and services that align with the principles of transparency, probity and good governance and complies with the *Local Government Act 1995* and Part 4 of the *Local Government (Functions and General) Regulations 1996*.

4. POLICY DETAILS

4.1 Ethics & Integrity

All officers of the Town are to observe the highest standards of ethics, honesty, fairness and integrity when undertaking purchasing activities and act in an honest, fair and professional manner consistent with the Town's values. Ethical behaviour includes avoiding conflicts of interest and disclosing any actual or perceived conflict of interest.

The Town's Code of Conduct details the behavioural expectations of Town Officers.

4.2 Value for Money

Value for money is the overarching principle guiding all procurement activities. Value for money does not mean accepting the lowest quote. Value for money is achieved through the critical assessment of price, risk, safety and quality standards, financial viability of suppliers, timeliness, past contractor performance, specified qualitative criteria, as well as environmental sustainability, social and local outcomes to determine the best value for the Town.

4.3 Procurement Risk

The Town will effectively manage risk in procuring goods and services from external contractors and suppliers to achieve the best procurement outcomes in accordance with this Policy. The Town may engage an independent Probity Auditor for projects assessed as presenting high reputational, financial or community risk.

The Town's Procurement Manual provides a best practice procurement resource for each stage of the procurement process and must be followed for all procurement activity within the Town.

4.4 Purchasing Thresholds and Practices

4.4.1 Defining the Purchasing Value

The Town will apply the following principles to assess and determine purchasing values to ensure appropriate purchasing practice and threshold management for all purchasing activities:

- (a) Exclude Goods and Services Tax (GST);
- (b) Use the actual or expected value of a contract over the full contract period ~~estimated total expenditure for the proposed supply including the value of all contract extension options and where applicable, the total cost of ownership considerations; and~~
- ~~(c) If a purchasing threshold is expected to be reached within three years for a particular supplier contract, the higher threshold is to be used to determine the purchasing requirements;~~
- ~~(d)(c) Determine t~~The appropriate length of a contract ~~is to be determined based on market volatility, ongoing the nature of goods or services to be provided, supply, historical purchasing activity, evidence and an assessment of expected~~ estimated future purchasing requirements, and market conditions.; ~~and~~
- ~~(e) Requirements must not be split to avoid purchasing or tendering thresholds.~~

Procurement activities for the same goods or services should be aggregated into a single procurement activity to achieve the best value for money and efficiencies for the Town. Multiple procurement activities for the same goods or services must not be conducted, where the effect (whether intentional or otherwise) is to avoid a procurement threshold specified in 4.4.2.

The calculated estimated purchasing value will determine the applicable threshold and sourcing requirement ~~purchasing practice~~.

4.4.2 Purchasing Thresholds

The purchasing value determines the applicable purchasing threshold and the sourcing requirements, as specified in the following table:

Purchase Value Threshold (ex GST)	Sourcing Requirement
<u>Up to \$250</u>	<u>Direct purchase from supplier; quotations not required.</u>

Purchase Value Threshold (ex GST)	Sourcing Requirement
<p>From \$251 to Up to \$25,000</p>	<p>Obtain at least One (1) verbal-written quotation from a suitable supplier.</p> <p><u>For this Purchase Value Threshold:</u></p> <ul style="list-style-type: none"> <u>A written quotation can include advertisements, catalogues, and supplier web sites; and</u> <u>If it is not possible to obtain a written quotation, a verbal quotation appropriately documented is acceptable.</u>
<p>From \$52,001 and up to \$5120,000</p>	<p>Obtain at least one two (12) written quotations from a suitable suppliers.</p> <p>A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.</p>
<p>From \$10520,001 and up to \$1600,000</p>	<p>Seek at least three (3) written quotations (including through an the <u>Town's</u> electronic procurement portal or email) from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual.</p> <p>The purchasing decision is to be based upon assessment of the suppliers' responses to:</p> <ul style="list-style-type: none"> The specified requirement for the goods or services required; and Value for money criteria. <p>Quotations received are subject to relevant evaluation, review and approvals using the documentation specified in the Town's Procurement Manual.</p> <p>A record of the purchasing decision must be kept in accordance with the Town's Record Keeping Plan.</p>
<p>From \$610,001 and up to \$250,000</p>	<p>Request For Quotation (RFQ).</p> <ul style="list-style-type: none"> Conduct an RFQ process in accordance with this Policy and the Town's Procurement Manual by seeking at least three (3) written quotations from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual. The RFQ must be sought from either:

Purchase Value Threshold (ex GST)	Sourcing Requirement
	<ul style="list-style-type: none"> ○ Open market; <u>or</u> ○ WALGA Preferred Supplier Arrangement; ○ WA Disability Enterprise or an Aboriginal-owned business. ● The RFQ processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.
Over \$250,000	<p>Request for Tender (RFT)</p> <ul style="list-style-type: none"> ● Conduct a public RFT process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996, this Policy and the Town's Procurement Manual by seeking a sufficient number of quotes from suitable suppliers to ensure a competitive field. ● The RFT must be sought from either: <ul style="list-style-type: none"> ○ Open market; ○ WALGA Preferred Supplier Arrangement; ○ WA Disability Enterprise or an Aboriginal owned business. <p>The RFT processes must be conducted by the Town's Procurement Unit and is subject to formal evaluation, review and approvals.</p>

4.5 Inviting Tenders Though not Required to do so

The Town may decide to invite a Public Tender, despite the estimated purchase value being less than the prescribed tender threshold, where it considers a public tender process will provide better value for money, in accordance with clause 4.2 of this Policy. In such cases, the tender process must comply with the legislative requirements and the Town's Procurement Manual.

4.6 Unique Nature of Supply (Sole Supplier)

An arrangement with a supplier based on the unique nature of the goods or services required or for any other reason, where it is unlikely that there is more than one potential supplier, may be approved where the:

- (a) Purchasing value is estimated to be over \$5,000 and less than \$~~560~~0,000; and
- (b) Purchasing requirement has been documented in a detailed specification.

The CEO may approve a sole supplier arrangement for purchases of up to \$560,000. A sole supplier arrangement may be approved for a maximum period of three (3) years.

4.7 Expressions of Interest

Expressions of Interest (EOI) will be considered as a prerequisite to a tender process where one or more of the following criteria apply:

- (a) An inability to sufficiently scope or specify the requirement;
- (b) Significant variability for how the requirement may be met;
- (c) Potential for suppliers to offer unique solutions and / or multiple options for how the purchasing requirement may be obtained, specified, created or delivered;
- (d) Significant creative element; or
- (e) A procurement methodology that allows for the assessment of a significant number of potential tenderers leading to a shortlisting process based on non-price assessment.

The EOI process is to be conducted in line with an RFT process and similar rules apply. An RFT should follow an EOI process, with those shortlisted under the EOI invited to participate.

4.8 Emergency Purchases

An emergency purchase is exempt from the purchasing thresholds and practices specified in this Policy.

An emergency purchase is defined as an unanticipated and unbudgeted purchase, which is required to respond to an emergency. An emergency purchase does not include a purchase that was not planned for due to time constraints.

The Town must make every effort to anticipate required purchases in advance and to allow sufficient time to apply the other clauses of this Policy.

Purchases or contracts entered in to under an emergency must be limited in scope to that which is necessary only to deal with the emergency. Once the immediacy of the emergency has passed, an appropriate procurement process must be undertaken for replacement or reinstatement works.

The CEO shall approve an emergency purchase.

4.9 Anti-Avoidance

The Town will not conduct multiple purchasing activities with the intent (inadvertent or otherwise) of "splitting" the purchase value ~~or the contract value~~, so that the effect is to avoid a particular purchasing threshold or the need to call a public tender. This includes the creation of two or more contracts or creating multiple purchase order transactions of a similar nature.

4.10 Procurement Governance

The Procurement Unit will manage all RFQ and RFT processes and will exercise governance and oversight over the Town's other procurement activities, including threshold compliance, sole supplier application, procurement probity, audit and reporting requirements.

4.11 Purchasing Procedures

The procurement of goods and services must comply with the purchasing procedures specified in the Procurement Manual.

5. SUSTAINABLE PROCUREMENT

The Town is committed to sustainable procurement practices that favour suppliers that demonstrate environmentally sustainable business practices and social outcomes, environmentally preferable products and businesses that provide local economic benefits.

The Town will give effect to this commitment by, wherever appropriate, designing quotations and tenders that incorporate a qualitative criterion for sustainable procurement with a percentage allocation, to provide an advantage to suppliers of goods and services that demonstrate commitment to these desired environmental, social and local economic outcomes.

Where a qualitative criterion for sustainable procurement has been included as part of an RFQ or RFT process, a price tolerance will be applied during price evaluation to suppliers of goods and services that demonstrate the highest evaluation for that criterion. The price tolerance will be up to ten (10) per cent for an RFQ and up to five (5) per cent for an RFT.

5.1 Environmentally Sustainable Procurement

The Town recognises the need to protect the environment in procurement, including the waste reduction hierarchy, water and energy efficiency, emissions reduction, habitat destruction and pollution. Where appropriate, specifications will incorporate minimum requirements for environmental protection and sustainable procurement. ~~Priority Area Two in the Town's 2020-2030 Strategic Community Plan (SCP) is Leading Environmental Sustainability.~~

When procuring goods and services, the Town will support businesses that demonstrate environmentally sustainable practices in its overall assessment of value for money.

~~The Town's procurement of goods and services will be in compliance with the objectives and spirit of Council's Single Use Plastics and Balloons Policy.~~

5.2 Social Outcomes

The Town recognises the importance of social and community outcomes. ~~Priority Area One in the Town's SCP is Strengthening and Connecting Our Community. This~~

~~includes creating a resilient and adaptable community and treating people equitably with access to programs and services, regardless of advantage or ability.~~

When procuring goods and services, the Town will support businesses that provide positive social and community outcomes in its overall assessment of value for money.

5.2.1 Aboriginal Businesses

~~The Town is not required to publicly invite tenders if the goods or services are supplied by a Noongar business registered with the Noongar Chamber of Commerce and Industry, where consideration under the contract is \$250,000 or less.~~

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*), if the goods or services are supplied by an entity on the WA Aboriginal Business Directory, published by the WA Chamber of Commerce and Industry, or an entity approved by the Australian Indigenous Minority Supplier Office Limited (trading as Supply Nation) (“Aboriginal business”), where consideration under the contract is \$250,000 or less.

~~Where possible, Aboriginal businesses mayare to be invited to quote for the supply of goods and services belowunder the tender threshold. Where a quotation has been provided by an Aboriginal business that is considered to provide value for money to the Town, there is no requirement for further quotations that would otherwise be required under this Policy.~~

5.2.2 Australian Disability Enterprises

The Town is not required to publicly invite tenders (pursuant to Part 4 of the *Local Government (Functions and General) Regulations 1996*) if the goods or services are to be supplied by an Australian Disability Enterprise.

~~Where possible, Australian Disability Enterprises mayare to be invited to quote for supplying goods and services under the tender threshold. Where a quotation has been provided by an Australian Disability Enterprise that is considered to provide value for money to the Town, there is no requirement for further quotations that would otherwise be required under this Policy.~~

5.3 Local Economic Benefit

The Town recognises the economic benefits local business and local employment brings to the community and is committed, ~~through its SCP,~~ to supporting the local economy. The Town seeks to encourage development of competitive local businesses within its boundaries. Where appropriate, the Town will seek participation of local business in its supply chain when procuring goods and services, by in line with the strategic objectives of the SCP.

~~When procuring goods and services, the Town will~~ supporting businesses that provide local economic benefits, through being a local business, and/or the use of local sub-contractors or local employees, for example.

6. RECORD KEEPING

Records of all purchasing activity, communications and transactions must be maintained as local government records, in accordance with the *State Records Act 2000 (WA)* and the Town's Records Keeping Policy.⁵⁷

The Town also must consider and will include in each contract for the provision of goods or services the contractor's obligations for creating, maintaining and where necessary the transferral of records to the Town relevant to the performance of the contract.

7. PURCHASING POLICY NON-COMPLIANCE

The Purchasing Policy is mandated under Regulation 11A of the *Local Government (Functions and General) Regulations 1996* and therefore forms part of the legislative framework in which the Local Government is required to conduct business.

Purchasing activities are subject to financial and performance audits, which examine compliance with legislative requirements and the Town's policies and procedures. Non-compliance with legislation or this Policy must be reported to the Chief Executive Officer.

Document Control box			
Document Responsibilities:			
Owner:	Chief Executive Officer	Owner Business Unit:	Office of the Chief Executive Officer
Inception Date:	December -2020 (OCM-11/12/20) <u>Amended</u> (OCM-14/3/22)	Decision Maker:	Council
Review Date:	30/06/2023 ⁶	Repeal and Replace:	
Compliance Requirements:			
Legislation:	Local Government Act 1995 Local Government (Functions and General) Regulations 1996		

Selected Local Government Purchasing Policies - Comparison

Local Government	Purchase Value Threshold 1	Purchase Value Threshold 2	Purchase Value Threshold 3	Purchase Value Threshold 4	Purchase Value Threshold 5	Thresholds per Contract or Per Supplier	Thresholds annual or multi-year spend requirements	Exemptions from Purchasing Policy
Town of Bassendean	<p>Up to \$2,000</p> <p>Obtain at least 1 verbal quotation from a suitable supplier.</p>	<p>From \$2,001 and up to \$5,000</p> <p>Obtain at least 1 written quotation from a suitable supplier.</p>	<p>From \$5,001 and up to \$100,000</p> <p>Seek at least 3 written quotations (including through an electronic procurement portal or email) from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual.</p>	<p>From \$100,001 and up to \$250,000</p> <p>Conduct an RFQ process in accordance with this Policy and the Town's Procurement Manual by seeking at least 3 written quotations from suitable suppliers using the applicable RFQ documentation specified in the Town's Procurement Manual.</p>	<p>Over \$250,000</p> <p>Request for Tender (RFT)</p> <ul style="list-style-type: none"> Conduct a public RFT process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996, this Policy and the Town's Procurement Manual by seeking a sufficient number of quotes from suitable suppliers to ensure a competitive field. 	Per Supplier	If a purchasing threshold is expected to be reached within three years for a particular supplier, the higher threshold is to be used to determine the purchasing requirements.	Landgate Charges; Financial Institution Charges; Courier Charges; Cab charge Charges; Postage Charges; Utilities Charges; Statutory Charges; Legal Charges; Insurance Policy Payments; Recurring association memberships; ESL and SES payments; Software Licencing renewal charges; and Fees for Confidential Matters or internal reviews.
City of Vincent	<p>Up to \$200</p> <p>Direct Purchase from the open market with zero quotations required.</p> <p>\$201 and up to \$5,000</p> <p>Seek two written* quotations from the open market. Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money. *Where a written quote is not feasible a written note of the verbal quotation is to be recorded.</p>	<p>\$5,001 and up to \$20,000</p> <p>Seek two written quotations from the open market. Officers may use their general knowledge of the market, advertisements, in-store price comparisons, catalogues, supplier web sites and any other reasonable means to determine whether the purchase represents value for money. Different suppliers should be used from time to time to test value for money for regular purchases.</p>	<p>Over \$20,001 and up to \$50,000</p> <p>Seek three written quotations from the open market including a brief outlining the specified requirement.</p> <p>OR</p> <p>Seek two written quotations including a brief outlining the specified requirement from either:</p> <ul style="list-style-type: none"> an existing panel of pre-qualified suppliers administered by the City; or a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA. 	<p>\$50,001 and up to \$250,000</p> <p>Seek at least three written quotations from the open market by formal invitation under a Request for Quotation (RFQ), containing pricing schedule and detailed specification of goods and services required.</p> <p>OR</p> <p>Seek three written quotations from a pre-qualified panel of suppliers (whether administered by the City through the WALGA preferred supply program or State Government CUA). A formal Request for Quotation (i.e. City of Vincent template, WALGA Template or State Government CUA template) must be used.</p>	<p>Over \$250,000</p> <p>Conduct a public Request for Tender process in accordance with Part 4 of the Local Government (Functions and General) Regulations 1996, this policy and the City's tender procedures.</p> <p>OR</p> <p>Obtain at least three written quotations from prequalified or WALGA suppliers by formal invitation under a Request for Quotation (RFQ), containing price and detailed specification of goods and services required.</p>	Per Contract	The actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the City will continue to purchase a particular category of goods, services or works and what total value is or could be reasonably expected to be purchased; and If a purchasing threshold would be reached within three years for a particular contract for procurement, then the purchasing requirement under the relevant threshold (including the tender threshold) would need to be considered	Single source suppliers below \$250k; or from a pre-qualified panel supplier or WALGA; standard exclusions under reg 11
City of Bayswater	<p>Under \$1,000</p> <p>At least two (2) verbal quotations should be sourced, other than for miscellaneous items under \$150, which are normally dealt with under the petty cash guidelines and therefore do not require purchase orders</p>	<p>Over \$1,000 and up to \$40,000</p> <p>3 written quotations shall be sought from suppliers for goods and services except where a Tender Exemption applies.</p>	<p>\$40,000 - \$250,000</p> <p>As this will generally be a more complex procurement activity, the supplier should be provided with an appropriately-detailed specification, including: Selection Criteria; Price Schedule; and Conditions associated with responding as appropriate, and a statement shall be included requiring respondents to declare any conflict of interest.</p>	N/A	<p>Over \$250,000</p> <p>Publicly advertised tenders for goods and services should be the preferred method for sourcing. Use of WALGA-Preferred Supply Contracts or State Government Common Use Agreements or exempt agencies should be considered only where competitive quotations can be achieved.</p>	Per Contract	Contract options for extension should be considered when determining the tender value	ATCO, Western Power, Water Corporation, Telstra, Australia Post, Contestable gas and electricity retailers (EDL and Perth Energy)

Selected Local Government Purchasing Policies - Comparison

Local Government	Purchase Value Threshold 1	Purchase Value Threshold 2	Purchase Value Threshold 3	Purchase Value Threshold 4	Purchase Value Threshold 5	Thresholds per Contract or Per Supplier	Thresholds annual or multi-year spend requirements	Exemptions from Purchasing Policy
Town of Claremont	<p>\$1,000 to \$5,000</p> <p>Obtain at least 2 oral or written quotations.</p>	<p>Over \$5,000 and up to \$15,000</p> <p>Obtain at least 2 oral or written quotations from suppliers following issue of a brief outlining the specified requirement.</p>	<p>Over \$15,000 and up to \$50,000</p> <p>Obtain at least 3 written quotations from suppliers following issue of a brief outlining the specified requirement.</p>	<p>Over \$50,000 and up to \$250,000</p> <p>A formal RFQ process must be followed in accordance with the Act and the Regulations. At least three (3) written quotations must be obtained. RFQ from a pre-qualified suppliers are not required to be invited using a RFQ, however at least three (3) written quotes are still required to be obtained.</p>	<p>Over \$250,000</p> <p>A formal RFT process must be followed in accordance with the Act and the Regulations subject to the exceptions in Regulation 11(2) and as set out within this policy</p>	Per Contract	Purchase Value Threshold means the actual or expected value of a contract over the full contract period, including any options.	Emergency Purchases; Purchases where there is a sole source of supply; Services of WALGA and LGIS; Services of government entities and Government Trading Enterprises (GTE's); Newspaper advertising (or online equivalent); Advance / Prior Payment of Services (for example: accommodation, travel services, entertainment, conferences, seminars, Memberships, Subscriptions, training courses); Annual Services / Software maintenance / Support Fees; Fuels and Oils; Utility services; Reimbursements; Purchases for maintenance of equipment from Original Equipment Manufacturer where warranty provisions may be void; Purchases of urgent or unique nature or where exceptional circumstances arise and it is considered in the best interest of the Town, an exemption may be granted by the CEO.
Town of Cottesloe	<p>Up to \$2,000</p> <p>Direct purchase from suppliers requiring no quotations due to the minor and frequent nature of such goods. Verbal quotes can still be obtained particularly if a new supplier is involved.</p>	<p>\$2,000 to \$10,000</p> <p>Direct purchase from suppliers requiring a minimum of 2 verbal quotations.</p>	<p>\$10,000 to \$50,000</p> <p>Obtain at least 2 written quotations.</p>	<p>\$50,000 to \$250,000</p> <p>Obtain at least 3 written quotations.</p>	<p>\$250,000 and above</p> <p>Conduct a public tender process.</p>	Per Contract	Where the value of purchasing (excluding GST) for the value of the contract over the full contract period (including options to extend) is, or is expected to be - the higher threshold requirements apply.	Engaging short term staff to relieve existing staff when on leave; Legal expenses where a specific firm is considered to be the preferred provider; Emergency situations; Urgent works such as electrical and plumbing repairs; Consultations and attendance fees with CEO endorsed aboriginal representatives; Member subscription services through WALGA or an authorised employee member service (e.g. LG Professionals) for matters such as conference attendance, training, insurance etc; Purchases via WALGA Preferred Supplier arrangements, with multiple quotes still sought from preferred suppliers where possible; Purchase of items where a sole source of supply exists because of the unique nature of the goods and services required (e.g. utilities, insurance etc.).

Selected Local Government Purchasing Policies - Comparison

Local Government	Purchase Value Threshold 1	Purchase Value Threshold 2	Purchase Value Threshold 3	Purchase Value Threshold 4	Purchase Value Threshold 5	Thresholds per Contract or Per Supplier	Thresholds annual or multi-year spend requirements	Exemptions from Purchasing Policy
Town of East Fremantle	<p>Up to \$5,000</p> <p>Purchase directly from a supplier using a Purchasing or Corporate Credit Card issued by the Town, or obtain at least 1 oral or written quotation from a suitable supplier.</p>	<p>Over \$5,001 and up to \$20,000</p> <p>Request at least 2 written quotations from suppliers following a brief outlining the specified requirement</p>	<p>Over \$20,001 and up to \$50,000</p> <p>Request at least 3 written quotations from suppliers following a brief outlining the specified requirement</p>	<p>Over \$50,001 and up to \$250,000</p> <p>Request at least 3 written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required.</p>	<p>Over \$250,000</p> <p>Where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement as listed under section 8 of this Policy, conduct a public Request for Tender process in accordance with the Regulations, this policy and the Town's tender procedures.</p>	Per Contract	The actual or expected value of a contract over the full contract period, including all options to extend; A best practice suggestion is that if a purchasing threshold is reached within three years for a particular category of goods, services or works, then the purchasing requirement under the relevant threshold (including the tender threshold) must apply.	<p>The Town of East Fremantle will utilise the WALGA preferred supplier contract for legal services.</p> <p>A tender is not required where the contract is for petrol, oil, or other liquid or gas used for internal combustion engines; the purchase is from a pre-qualified supplier; under a Panel established by the Town.</p>
Town of Victoria Park	<p>Up to \$5,000</p> <p>The Town will use its general knowledge of the market to ascertain whether the purchase represents value for money in accordance with the relevant management practice. The Town should seek more than one quotation if they are not satisfied that the first choice of supplier would represent value for money.</p>	<p>From \$5,000 up to \$50,000</p> <p>The Town is to obtain at least 3 written quotations from suppliers in accordance with the relevant management practice.</p>	<p>From \$50,000 up to \$250,000</p> <p>The Town is to obtain at least 3 written quotations from suppliers in accordance with the relevant management practice.</p>	N/A	<p>Above \$250,000</p> <p>A Request for Tender process is to be conducted where the purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers, or any other tender-exempt arrangement, as prescribed.</p>	Per Contract	N/A	Single source suppliers below \$250k; with waiver from CEO; or from a pre-qualified panel supplier ; standard exclusions under reg 11
City of Subiaco	<p>\$0 to \$5,000</p> <p>Direct Source. Obtain at least 1 verbal or written quotation from a suitable supplier. Written quotation can be in the form of an advertised price.</p>	<p>\$5,001 to \$50,000</p> <p>Obtain at least 2 written quotations from suitable suppliers. Written quotation can be in the form of an advertised price.</p>	<p>\$50,001 to \$100,000</p> <p>Seek at least 3 written quotations from suitable suppliers. The purchasing decision is to be based upon assessment of the supplier's response to: • an outline of the specified requirement for the goods; services or works required; and • Value for Money criteria, not necessarily the lowest price.</p>	<p>\$100,001 to \$250,000</p> <p>Formal request for quotation can be made publicly available, and/or be made directly through the use of WALGA PSA, CUA or other government sector contract. Approval is required from the CEO or Director to call public quotations or purchase goods and services through the Council Preferred Supplier Contracts of WALGA or the whole of Government sector contract. Adequate steps are to be taken by staff to ensure that suitably qualified companies are notified of the request for quotation being made available. An evaluation report is to be prepared and submitted for approval in accordance with the city's register of delegations.</p>	<p>Over \$250,000</p> <p>Tender Exempt arrangement (i.e. WALGA PSA, CUA or other tender exemption under F&G Reg. 11(2)) require at least three (3) written responses from suppliers by invitation under a formal Request for Quotation</p> <p>OR</p> <p>Public Tender undertaken in accordance with the Local Government Act 1995 and relevant City Policy and procedures.</p>	Per Contract	N/A	<p>Less than \$250K - Food and perishables • Training and development • Software, hardware and online hosting, maintenance, support or licensing fees; • Engagement of artists, performers, and other art works; • Professional services (e.g. lawyers; engineers etc) • Memberships, subscriptions or renewals; • advertising services • utility services • maintenance of equipment from Original Equipment Manufacturer and where warranty provisions may be void • labour hire arrangements • LGIS Insurance Services • Sole Supplier arrangements</p>

Selected Local Government Purchasing Policies - Comparison

Local Government	Purchase Value Threshold 1	Purchase Value Threshold 2	Purchase Value Threshold 3	Purchase Value Threshold 4	Purchase Value Threshold 5	Thresholds per Contract or Per Supplier	Thresholds annual or multi-year spend requirements	Exemptions from Purchasing Policy
Town of Mosman Park	<p>Under \$5,000</p> <p>Number of quotes: One verbal or one written quotation only required</p> <p>Purchase directly from a supplier using either:</p> <ul style="list-style-type: none"> • Petty cash < \$50 • Purchase Order • Corporate Purchasing Card as authorised for use by the CEO 	<p>From \$5,001 to \$50,000</p> <p>Number of quotes and suitable suppliers:</p> <p>(a) Open market – three written quotes required; or</p> <p>(b) WALGA Preferred Supplier Program – one written quote; or</p> <p>(c) State Government Common Use Arrangement (CUA) – one written quote</p>	<p>From \$50,001 to \$250,000</p> <p>Number of quotes: At least three written quotes required from ALL suitable suppliers.</p>	N/A	<p>Over \$250,000</p> <p>Tender Exempt arrangements (e.g. WALGA Preferred Supplier Program, CUA or other Tender Exemption under Reg 11(2) Local Government (Functions and General) Regulations 1996 requires at least three (3) written responses from suppliers by invitation under a formal Request for Quotation.</p> <p>OR</p> <p>Public Tender undertaken in accordance with the Local Government Act 1995 and Regulations and the Town's Policy and procedures</p>	Per Contract	<p>includes the actual or expected value of a contract over the full contract period, including all options to extend; or the extent to which it could be reasonably expected that the Town will continue to purchase a particular category of goods, services or works and what total value over a three year period is or could be reasonably expected to be purchased; and incorporates any variations to the original value of the purchase and be limited to a 10% tolerance of the original purchasing value</p>	<p>Engaging short term staff to relieve existing staff on leave; specialised legal services; the services required rely on intellectual property accrued by a person or organisation that has undertaken previous work for the Town; the need to undertake a new procurement process or commission and implement a new system would be more expensive than changing suppliers to renew software; maintain printers; or enter into new service agreements in cases where the Town's needs are already being adequately met; and . subscriptions are renewed to organisations such as WALGA or authorised employee member services (e.g. LG Professionals) for matters such as conference attendance, training, insurance etc. Emergency purchases, sole suppliers.</p>