

City of Rockingham Audit Committee



Reference No & Subject:	AC-006/21	Report addressing the significant matters raised in the Local Government COVID-19 Financial Hardship Support Performance Audit
File No:	CPM/109-02	
Proponent/s:		
Author:	Mr Allan Moles, Manager Financial Services	
Other Contributors:	Mr John Pearson, Director Corporate Services	
Date of Council Meeting:	23 November 2021	
Previously before Council:		
Disclosure of Interest:		
Nature of Council's Role in this Matter:	Executive	
Site:		
Lot Area:		
Attachments:	<ol style="list-style-type: none">Minutes of the Audit Committee meeting held on 9 November 2021 (<i>Refer to Attachment 1 of AC-005/21</i>)Western Australian Auditor General's Report - Local Government COVID-19 Financial Support	
Maps/Diagrams:		

Purpose of Report

To endorse the report addressing the significant matters raised in the Western Australian Auditor General's (OAG's) Report - Local Government COVID-19 Financial Support.

Background

The City was one of three local governments included in the OAG's performance audit "to assess if local government (LG) entities provided effective financial hardship support to assist ratepayers impacted by COVID-19 response measures".

The OAG's report was tabled in Parliament in October 2021 and made six recommendations to all LG entities, two of which need to be addressed by the City:

"Recommendations

All LG entities, including those not sampled in this audit, should review their policies and implement processes to support their approach to providing financial hardship support to ratepayers. LG entities should balance application and assessment costs with the value of any support provided, and ensure they:

1. *have a current Council-approved financial hardship policy that, if they want to charge the higher threshold of instalment interest, covers 2021-22 rates*
2. *actively promote the policy to their ratepayers and make the policy and application form publicly available (Northampton)*
3. *put in place clear eligibility and assessment criteria and timeframes to process applications (Northampton and Rockingham)*
4. *maintain records of applications and outcomes*
5. *identify and manage actual, potential and perceived conflicts of interest for staff who assess applications (Belmont, Northampton and Rockingham)*
6. *review their application and assessment processes in response to complaint feedback.*

Under section 7.12A of the Local Government Act 1995, the 3 sampled LG entities are required to prepare an action plan addressing significant matters relevant to them for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament, and within 14 days of submission publish it on their website. The action plans should address the recommendations relevant to each entity as indicated in the brackets above.”

Details

Any matters raised in a performance audit report tabled in Parliament are considered significant matters and are required to be addressed formally under section 7.12A of the Local Government Act 1995. Of the six recommendations the two relevant to the City and are required to be addressed are as follows;

1. **Recommendation 3 - LG entities should balance application and assessment costs with the value of any support provided, and ensure they put in place clear eligibility and assessment criteria and timeframes to process applications.**

The City has clear eligibility criteria and an assessment process. It is management's view that the systems are appropriate based on support available and Council Policy requirement of an evidence-based approach. Council Policy – Financial Hardship is responding to matters related to public funds and the process applied by the City maximises the benefit to applicants on an evidence-based approach. The City has received no complaints regarding its process and to those applicants which received support, it is considered a material benefit to them.

2. **Recommendation 5 - LG entities should balance application and assessment costs with the value of any support provided, and ensure they identify and manage actual, potential and perceived conflicts of interest for staff who assess applications.**

The City has multi-layered conflict of interest systems enshrined in organisational processes and practices. On a risk based approach further controls are also applied to further reduce actual, potential or perceived conflicts of interest. These controls apply to all staff involved in assessing applications. These have all been applied and the audit found no evidence of any actual, potential or perceived conflicts of interest for staff who assess the applications.

Implications to Consider

- a. **Consultation with the Community**

It is a requirement to publish a copy of the report addressing the significant matters raised in the audit report on the City's website following its submission to the Minister.

- b. **Consultation with Government Agencies**

Nil

- c. **Strategic**

Community Plan

This item addresses the Community's Vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Strategic Community Plan 2019-2029:

Aspiration 4: *Deliver Quality Leadership and Business Expertise*

Strategic Objective: *Effective governance: Apply systems of governance which empower the Council to make considered and informed decisions within a transparent, accountable. Ethical and compliant environment.*

d. Policy

Nil

e. Financial

Nil

f. Legal and Statutory

Section 7.12A(4) of the Local Government Act 1995 requires that a local government;

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

Section 7.12A(5) requires that within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

g. Risk

All Council decisions are subject to risk assessment according to the City's Risk Framework.

Implications and comment will only be provided for the following assessed risks.

Customer Service / Project management / Environment : High and Extreme Risks

Finance / Personal Health and Safety : Medium, High and Extreme Risks

Nil

Comments

The City adopted Council Policy – Financial Hardship in July 2020 and it is considered unusual for a new policy to be subject to a performance audit after such a short time. While the OAG's report has identified two issues, the audit did not find evidence of actual complaints with the current process/requirements or any conflicts of interest.

The City advertised the adopted Council Policy- Financial Hardship in all relevant publications, inviting applications should any residential or small business ratepayer be encountering financial hardship. The City has 56,848 rateable properties. Of these only 70 submitted a financial hardship application. It was unclear, at the time of adopting the policy, how many applications would be received. Notwithstanding this, the City's approach aims to maximise the financial benefit to the ratepayer methodically, in an evidence based approach as required by the policy. The benefit provided to those approved applications is considered to be significant and application forms are very clear on the required information to be submitted.

The existing requirements and controls are considered satisfactory however the policy and associated procedures will be reviewed as part of the next scheduled policy review process.

Voting Requirements

Simple Majority

Officer Recommendation

That Council **ENDORSES** the following report addressing the significant matters raised in the Western Australian Auditor General's Report - Local Government COVID-19 Financial Support.

Report on the significant matters raised in the Western Australian Auditor General's Report - Local Government COVID-19 Financial Support

Western Australian Auditor General's (OAG's) Report - Local Government COVID-19 Financial Support made the following recommendations;

“Recommendations

All LG entities, including those not sampled in this audit, should review their policies and implement processes to support their approach to providing financial hardship support to ratepayers. LG entities should balance application and assessment costs with the value of any support provided, and ensure they:

- 1. have a current Council-approved financial hardship policy that, if they want to charge the higher threshold of instalment interest, covers 2021-22 rates*
- 2. actively promote the policy to their ratepayers and make the policy and application form publicly available (Northampton)*
- 3. put in place clear eligibility and assessment criteria and timeframes to process applications (Northampton and Rockingham)*
- 4. maintain records of applications and outcomes*
- 5. identify and manage actual, potential and perceived conflicts of interest for staff who assess applications (Belmont, Northampton and Rockingham)*
- 6. review their application and assessment processes in response to complaint feedback.*

Under section 7.12A of the Local Government Act 1995, the 3 sampled LG entities are required to prepare an action plan addressing significant matters relevant to them for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament, and within 14 days of submission publish it on their website. The action plans should address the recommendations relevant to each entity as indicated in the brackets above.”

The following is the City's response to the two recommendations relevant to the City;

- 1. Recommendation 3 - LG entities should balance application and assessment costs with the value of any support provided, and ensure they put in place clear eligibility and assessment criteria and timeframes to process applications.**

The City has clear eligibility criteria and an assessment process. It is management's view that the systems are appropriate based on support available and Council Policy requirement of an evidence-based approach. Council Policy – Financial Hardship is responding to matters related to public funds and the process applied by the City maximises the benefit to applicants on an evidence-based approach. The City has received no complaints regarding its process and to those applicants which received support, it is considered a material benefit to them.

- 2. Recommendation 5 - LG entities should balance application and assessment costs with the value of any support provided, and ensure they identify and manage actual, potential and perceived conflicts of interest for staff who assess applications.**

The City has multi-layered conflict of interest systems enshrined in organisational processes and practices. On a risk based approach further controls are also applied to further reduce actual, potential or perceived conflicts of interest. These controls apply to all staff involved in assessing applications. These have all been applied and the audit found no evidence of any actual, potential or perceived conflicts of interest for staff who assess the applications.

The City will review Council Policy – Financial Hardship and associated procedures as part of the next scheduled policy review process.

Committee Recommendation

That Council **ENDORSES** the following report addressing the significant matters raised in the Western Australian Auditor General's Report - Local Government COVID-19 Financial Support.

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The City will review Council Policy – Financial Hardship and associated procedures by July 2022.

Committee Voting – 3/0

The Committee's Reason for Varying the Officer's Recommendation

To being forward the Policy review from July 2023 to July 2022.

Implications of the Changes to the Officer's Recommendation

Nil

Council Resolution

Moved Cr Buchan, seconded Cr Edwards:

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The City will review Council Policy – Financial Hardship and associated procedures by July 2022.

Carried – 12/0

The Council's Reason for Varying the Committee's Recommendation

Not Applicable