

SHIRE OF LEONORA



AUDIT AND RISK COMMITTEE MEETING AGENDA

TO BE HELD IN COUNCIL CHAMBERS LEONORA ON TUESDAY, 19TH MARCH,
2024 COMMENCING AT 9:00AM

A handwritten signature in black ink, appearing to read "Ty Matson", is written over a horizontal line.

TY MATSON
CHIEF EXECUTIVE OFFICER

SHIRE OF LEONORA
ORDER OF BUSINESS FOR MEETING TO BE HELD
TUESDAY 19TH MARCH, 2024.

1	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURES	
2	RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE	
	2.1 ATTENDANCE	
	2.2 APOLOGIES	
	2.3 LEAVE OF ABSENCE	
	2.4 APPLICATIONS FOR LEAVE OF ABSENCE	
3	CONFIRMATION OF MINUTES FROM PREVIOUS MEETING	
	(Sent out previously)	
	Draft motion: That the Minutes of the Audit and Risk Committee Meeting held on 19 December, 2023 be confirmed as a true and accurate record.	
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4.0 REPORTS**4.1 CHIEF EXECUTIVE OFFICER REPORTS****4.1.(A) RISK MANAGEMENT UPDATES - DECEMBER, 2023**

SUBMISSION TO:	Audit and Risk Committee Meeting Meeting Date: 19th March 2024
AGENDA REFERENCE:	4.1.(A) MAR 24
SUBJECT:	Risk Management Updates - December, 2023
LOCATION/ADDRESS:	Leonora
NAME OF APPLICANT:	Leonora
FILE REFERENCE:	1.10 - Audits - Reports & Minutes
AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT	
NAME:	Kiara Lord
OFFICER:	Manager Business Services
INTEREST DISCLOSURE:	Nil
DATE:	14th March 2024
SUPPORTING DOCUMENTS:	1. Risk Updates Summary - February, 2024 ↓

BACKGROUND

From 1 July 2022, the Shire of Leonora sought proposals through Vendor Panel from external consultants for compliance and governance services, which included risk management support services. Moore Australia (WA) were successful with their proposal and have been engaged to provide compliance and risk management support services for 2022, 2023 & 2024.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's risk management policy (previously adopted by Council) align to *AS/NZS ISO 31000:2018 Risk Management Guidelines*. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, aligned to the risk management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through quarterly 'dash board reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

To date, workshops have been held onsite with on 13 March 2023 and 1 June 2023 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control assurance activities for the year. Desktop reviews of the risk profiles are carried out as required, and most recently on 4 December 2023. The desktop review incorporates observations and updates to current controls and risk treatments, records these updates within the current risk profiles, and to the risk register. Further site visits by Moore Australia WA have been undertaken in August 2023, November 2023 and February 2024, to risk management activities. Following these workshops and desktop

reviews, updates to the risk profiles have been made, and the risk register populated with updated information to be reported to the Audit and Risk Committee.

These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

COMMENT:

The most recent risk updates have been undertaken with consideration to the change to the Council structure following the elections in October 2023 and the changes occurring in the organisational structure. Risk workshops for staff are being planned to occur in the next reporting period with Moore Australia WA.

The risk summary report is to be provided bi-annually to the committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the committee. The risk summary report highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks, was provided at an information session for the committee.

A quarterly dashboard report is essentially a progress report informing the committee with a summary of the current number of risks, unaddressed high level risks, total new risks etc. The table below demonstrates the format of quarterly reports to the committee communicating risk movements.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment (Residual Risk)	No. of New Risks Identified (February 2024)	No. of Risks Closed (February 2024)
Performance	2	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	5	2	0	0
Service Delivery / Business Interruption	5	3	0	0
Legislative / Regulatory / Policy/ Work, Health & Safety	5	2	0	0

Discussions with Moore Australia as well as future site visits will be undertaken to further update risk profiles, actions and treatments for the next reporting period. These reports will be updated for the next meeting for committee information.

CONSULTATION

Moore Australia (Consultants)

STATUTORY ENVIRONMENT

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls and legislative compliance.

POLICY IMPLICATIONS

The Risk Management Policy outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS

Provision is included in the 2023/24 Adopted Budget for Moore Australia to deliver compliance and governance services, including risk management support, in line with the awarded Vendor Panel RFQ.

RISK ASSESSMENT

This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is high prior to treatment. The progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to medium.

STRATEGIC IMPLICATIONS

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and executive team play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high level risks and their treatment solutions to ensure the community receives the services delivered effectively, as outlined within the Plan for the Future.

Monitoring and reviewing activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

Strategic references within the Shire of Leonora's Plan for the Future 2021-2031 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Leadership objective, outcomes and strategies such as 4.1.2.4 Provide appropriate governance and leadership to the Shire, 4.2.1.3 Seek high level of compliance in organisational practices.

RECOMMENDATIONS

That the Audit and Risk Committee receive the summary of updates to the risk profiles, the risk register and risk profiles up to February 2024, and the above report updating risk management activities undertaken to date.

VOTING REQUIREMENT

Simple Majority

SIGNATURE



Manager Business Services

Shire of Leonora – February 2024 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
All risk categories/general	<ul style="list-style-type: none"> Minor updates to dates required as a detailed review occurred in June 2023. Some updates to responsible officers to align with updated organisational structure. 	<ul style="list-style-type: none"> Risk re-assessment dates updated. Responsible officer updates applied to reflect current positions occupied within organisational structure. Risk ratings for all categories may require further updates, additional changes to be advised through future risk management reports.
Performance	<p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Updates to due date for ongoing tasks relating to refresher training for relevant officers. 	<ul style="list-style-type: none"> Risk 13 updated to reflect policy review completion and intended external training being considered relating to procurement education. Future actions remain noting supporting procedures to revised policies may need to be developed and mechanisms for communication to staff of policy updates and implications. Risk 14 new actions modified to reference the progression of implementation of 'Smart Sheets' to assist with implementation of systems for maintenance planning and schedules. Future actions to progress with this initiative remain.
Environmental Risk	<p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Updates to due dates for ongoing tasks. 	<ul style="list-style-type: none"> Risk 3 new actions and future actions updated to reflect monitoring by Shire of operational procedures for compliance with reclaimed water while regulatory body are reviewing practices etc. Risks 4 & 5 new actions updated to note the maintenance of routine monitoring and landfill and liquid waste site, including potential requirement to staff the landfill site. Also notes the implementation of CCTV to assist with compliance monitoring and revenue controls.
Reputational Damage	<p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Updates to due dates for ongoing tasks. 	<ul style="list-style-type: none"> Risk 19 new actions updated to note commencement of collation of information required to populate staff training matrix. Risk 20 updated to note updates to procurement practices and controls and systems for compliance calendar management. Future actions noted to include communication to staff of policy updates and implications.

Shire of Leonora – February 2024 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Financial	<p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> • Updates to due dates for ongoing tasks applied. 	<ul style="list-style-type: none"> • Risk 10 updated to note progression of independent review of HR practices currently occurring. Risk rating remains unchanged to reflect potential risks until outcomes of assessments and review are available. Future actions update to note progression of this activity for identified improvements for consideration. • Risk 11 action updated to reflect policy review completion and intended external training being considered relating to procurement education. • Risk 12 updated to reflect policy review completion and intended external training being considered relating to procurement education Future actions remain noting supporting procedures to revised policies may need to be developed and mechanisms for communication to staff of policy updates and implications. • Risk 21 new actions added for updated IT Strategic Plan development and implementation plan, as well as CCTV at landfill to assist with monitoring for revenue controls where required and updates to procurement controls. Future actions also updated to reference progression of the IT strategic plan, as well as maintenance of updates to stock controls and general access to facilities etc.
Service Delivery/Business Interruption	<p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> • Updates to due dates for ongoing tasks applied. 	<ul style="list-style-type: none"> • Risk 2 actions updated to note development of updated IT Strategic Plan may assist in developing and testing updated continuity and disaster recovery plans. • Risk 16 actions updated to reflect engagement of consultants to develop updated IT Strategic Plan and implementation plan. • Risk 17 new actions modified to reference the progression of implementation of 'Smart Sheets' to assist with implementation of systems for maintenance planning and schedules. Future actions to progress with this initiative also include minor updates to reference required future progression of this initiative.

Shire of Leonora – February 2024 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Legislative/Regulatory /Policy/ Work Health & Safety	Risk treatment/actions/updates amended: <ul style="list-style-type: none"> • Updates to due dates for ongoing tasks. 	<ul style="list-style-type: none"> • Risk number 1 updated to reflect policy review completion and intended external training being considered relating to procurement education. Future actions remain to include communication to staff of policy updates and implications. • Risk 8 actions note completion of WHS audit in April 2023 and progression of implementation of improvements identified, including development of standard operating procedures. • Risk number 9 updated to note progression of independent review into HR practices. • Risk 18 updated to note installation of CCTV at landfill to assist with monitoring for revenue controls where required as well as updates to procurement controls. Future actions note required maintenance of updated procurement and stock controls as well as potential development of documented procedures.

4.0 REPORTS**4.1 CHIEF EXECUTIVE OFFICER REPORTS****4.1.(B) 2023 COMPLIANCE AUDIT RETURN**

SUBMISSION TO: Audit and Risk Committee Meeting
Meeting Date: 19th March 2024

AGENDA REFERENCE: 4.1.(B) MAR 24

SUBJECT: 2023 Compliance Audit Return

LOCATION/ADDRESS: Nil

NAME OF APPLICANT: Nil

FILE REFERENCE: Nil

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME: Kiara Lord

OFFICER: Manager Business Services

INTEREST DISCLOSURE: Nil

DATE: 14th March 2024

SUPPORTING DOCUMENTS:

1. Compliance Audit Return 2023 [↓](#)
2. Summary of Issues noted - CAR 2023 [↓](#)

BACKGROUND

Each year, Council is required to complete an annual compliance audit return (CAR) for the calendar year immediately preceding (1st January to 31st December) as published by the Department for Local Government, Sport and Cultural Industries. The CAR is then to be reviewed by the Audit Committee and a report presented to Council prior to the adoption of the CAR.

This year, the CAR was reviewed and completed by Moore Australia. Tanya Browning, Director, and Jessica Spark, Supervisor, Local Government Services from Moore Australia attended the Shire offices on 19-21 February 2024, during which time the CAR was completed through interviews with senior staff and the inspection of various documents and records including:

- Minute books
- Tender Register
- Financial Interest & Return Register
- Complaints Register
- Delegations Register
- Council's website

The CAR is one of the tools that allow Council to monitor how the organisation is functioning in regards to compliance with the Local Government Act 1995 and provides the Audit and Risk Committee the opportunity to report to Council any cases of non-compliance or where full compliance was not achieved.

This process also provides opportunity for the Audit and Risk Committee to consider matters that may require further review within ongoing risk framework assessments and actions.

Through the completion of the 2023 CAR, some minor instances of non-compliance were noted, in relation to procurement, and the tender register. Whilst systems and processes should be in place to ensure compliance with the purchasing policy and legislation, it is impossible to certify compliance in every instance without a complete examination of all purchases. Management noted the difficulty to declare during the review period the appropriate number of quotations had been obtained for every purchase (particularly low value purchases) in accordance with the purchasing policy, however also acknowledged improvements introduced to assist with these practices (eg update to purchasing policy, additional processes and controls with good received etc).

A summary of the matters noted during the completion of the 2023 CAR has been prepared. The summary notes general improvement opportunities to systems and processes identified through the completion of the CAR. These improvements may assist the Shire in its risk management activities and continual improvement of administrative and compliance functions.

STATUTORY ENVIRONMENT

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Regulation 14 of the *Local Government (Audit) Regulations 1996* details the requirements with regard to certifying the CAR and issuing to the Departmental CEO

Section 7.13(1)(i) of the *Local Government Act 1995* refers to the provisions within regulations with regard to audits.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the recommendation of this report.

STRATEGIC IMPLICATIONS

Strategic references within the Shire of Leonora's Plan for the Future 2021-2031 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Leadership objective, outcomes and strategies such as 4.1.2.4

Provide appropriate governance and leadership to the Shire, 4.2.1.3 Seek high level of compliance in organisational practices.

RISK MANAGEMENT

This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is medium prior to treatment. The adoption of the recommendations as presented may result in re-assessed low level of risk.

RECOMMENDATIONS

That the Audit and Risk Committee resolve to:

1. Recommend the adoption of the 2023 Compliance Audit Return as attached to the Council; and
2. Recommend to Council that the Shire President and Chief Executive Officer be authorised to sign the Compliance Audit Return for submission to the Department of Local Government.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

Manager Business Services

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Leonora



Leonora – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	16 May 2023 Item 10.2.(C) 21 November 2023 Item 10.3 (G)
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	16 May 2023 Item 10.2.(C) 21 November 2023 Item 10.3 (G)
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	16 May 2023 Item 10.2.(C) 21 November 2023 Item 10.3 (G)
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	Yes	16 May 2023 Item 10.2.(C) 21 November 2023 Item 10.3 (G)

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6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	Item 10.3(E) OCM 21/11/2023
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	16 May 2023 Item 10.2.(C) 21 November 2023 Item 10.3 (G)
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	N/A	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	

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6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	N/A	No entries recorded, therefore no entries requiring removal
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A	No entries recorded, therefore no entries requiring removal
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	

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16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	Item 11.1(D) OCM 16 March 2021
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

Disposal of Property			Response	Comments
No	Reference	Question		
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	

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Elections			
No	Reference	Question	Response
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A

Finance			
No	Reference	Question	Response
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	Yes
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes

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4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	Audit finalised 1 December 2023. Report received 5 December 2023.

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	CEO vacancy
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

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Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	N/A	CEO is complaints officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	Cannot guarantee compliance has occurred with all purchasing activities below \$250,000. Systems being monitored to minimise risk of non compliance.
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	

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4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	No	Information relating to RFT03/2024 in the tender register was not completed in full. It has since been updated for compliance.
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	No EOIs during reporting period
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No EOIs during reporting period
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	No EOIs during reporting period

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14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	No EOI's during reporting period
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	No panels during reporting period
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	No panels during reporting period
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	No panels during reporting period
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	No panels during reporting period
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	No panels during reporting period
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	No panels during reporting period
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	No panels during reporting period
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	

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Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	15/02/2022 OCM 15 February 2022 item 11.1(E)
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	18/07/2023 OCM 18 July 2023 item 10.3.(B)
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	21/06/2022 Review undertaken in 2022 and presented to Audit & Risk Committee Meeting held 21/06/2022 item 4.1.(A) and presented to OCM 21/06/2022 item 14.2(B)
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	21/06/2022 Review undertaken in 2022 and presented to Audit & Risk Committee Meeting held 21/06/2022 item 4.1.(A) and presented to OCM 21/06/2022 item 14.2(B)
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt	N/A	No disclosures received / recorded.

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		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Published within Policy Manual – M.5.1. Item 10.3.(H) at OMC held 21/11/23 Adopted by Absolute Majority
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Published within Policy Manual – M.5.4. Item 10.3.(H) at OMC held 21/11/23 Adopted by Absolute Majority
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Submitted 26 September 2023
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date

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Shire of Leonora 2023 Compliance Audit Return – Summary of Matters Noted

Question No.	Section/Topic	Matters Identified / Improvements	Reportable in CAR (Y/N)
2	Tenders for Providing Goods and Services	<p>Non-compliance between procurement thresholds and purchasing requirements for low value purchases has possibly occurred during the review period. It was noted with management it is very difficult to declare during the review period the appropriate number of quotations had been obtained for every purchase (particularly low value purchases) in accordance with the purchasing policy.</p> <p>Improvement: Review systems and controls to minimise risks of non-compliance with adopted purchasing policy.</p>	Y
5	Optional Questions	<p>Public notices published in newspapers and the shire's website etc do not appear to have been consistently published as required by legislation.</p> <p>Improvement: Ensure all notices relating to local public notice and statewide public notice is published to comply with sections 1.7 & 1.8 of the <i>Local Government Act 1995</i>. Consider a mechanism/report trail for future compliance checks to be performed.</p>	N
7	Delegation of Power/Duty	<p>The officer report for item 10.3(c) OCM held 17 October 2023 presented for consideration noted an incorrect voting requirement in the agenda report, highlighting a simple majority decision was required rather than an absolute majority. The decision was effectively carried by an absolute majority, however incorrect statutory compliance references in agenda reports have the potential to contribute to non-compliant decisions where reliance is based upon the information stated.</p> <p>Improvement: Update systems and controls for agenda items to ensure correct statutory references are included to allow elected members to understand the legislative environment relating to the item being considered and minimise occurrences where legislatively non-compliant decisions may occur.</p>	N
7	Tenders for Providing Goods and Services	<p>The tender register is published on the official local government website as required by legislation. Inspection of the register noted RFT 03/2024 was incomplete, in that it did not record the value, or a summary of the amount awarded for the successful tender. We noted the tender register was updated with the required information shortly after the issue was noted.</p> <p>Improvement: Regulation 17 of the <i>Local Government (Functions and General) Regulations 1996</i> requires the value of the consideration (or a summary of the value of the consideration sought in the tender) accepted by the local government to be recorded in the tender register. Procedures should be updated to ensure information required by legislation is properly recorded and maintained for each tender called.</p>	Y
20	Disclosure of Interest	<p>The Code of Conduct for published on the Shire's website under a bookmark for users to identify the Code of Conduct for Council Members, Committee Members, and Candidates which is dated February 2021. An updated Code was adopted at the 16 March 2021 OCM. While the updated document is available through the March OCM minutes and published on the website, it may not be easily located.</p> <p>Improvement: To aid clarity and avoid confusion for users searching for information on the Shire's website, the Code of Conduct for Council Members, Committee Members, and Candidates listed under <i>Council Documents</i> on the Shire's official local government website should be updated to the March 2021 version.</p>	N



MOORE

4.0 REPORTS**4.2 MANAGER OF BUSINESS SERVICES REPORTS****4.2.(A) RELATED PARTY TRANSACTIONS AND DISCLOSURES**

SUBMISSION TO:	Audit and Risk Committee Meeting Meeting Date: 19th March 2024
AGENDA REFERENCE:	4.2.(A) MAR 24
SUBJECT:	Related Party Transactions and Disclosures
LOCATION/ADDRESS:	Leonora
NAME OF APPLICANT:	N/A
FILE REFERENCE:	1.8
AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT	
NAME:	Kiara Lord
OFFICER:	Manager Business Services
INTEREST DISCLOSURE:	Nil
DATE:	14th March 2024
SUPPORTING DOCUMENTS:	Nil

BACKGROUND

In accordance with AASB 124 *Related Party Disclosures*, local governments must disclose in the annual financial statements related party relationships, transactions, and outstanding balances (including commitments) from 1 July 2016. Related parties include Key Management Personnel (KMP), which in the Shire of Leonora's case will include all elected members and executive staff, their close family members and any entities that they control or jointly control. The disclosure requires any transactions with these parties, whether monetary or not, to be identified and assessed whether disclosure is required or not. A disclosure may be in aggregate and will only occur where a transaction has occurred.

Regarding the disclosures, the following approach was developed in a workshop held at the June 2017 Audit and Risk Committee Meeting to ensure that management can properly address the requirements of the accounting standard:

- A procedure / guide for related party disclosures to be established, which includes the updating of returns quarterly through the Audit and Risk Committee Meetings
- Establishment of a system to identify and record related parties of KMPs
- Establishment of a system to identify and record related party relationships of KMPs
- Establishment of a system to identify and record related party transactions
- Identify 'Ordinary Citizen Transactions' (OCTs) that will not be disclosed by Council
- Create declaration forms to be completed by KMPs
- Set a materiality threshold for management to apply when assessing transactions for inclusion in the financial statements
- Identified the need for a separate workshop to be scheduled for newly elected members and
- For the Audit and Risk Committee to recommend any changes required to the above processes

STATUTORY ENVIRONMENT

Disclosures were required from Local Government entities from 1 July 2016 in accordance with AASB 124 *Related Party Disclosures*, with the first disclosures made in the Financial Statements for the year ended 30 June 2017.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the recommendation of this report that will have any detrimental effect on the Shire's finances.

STRATEGIC IMPLICATIONS

Strategic References within the Shire of Leonora Strategic Community Plan 2017-2027 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Governance services in this instance such as 4.1 Efficient service offerings to the community, 4.2 Effective and open engagement with all sections of the community, 4.5 Strong leadership and planning.

RECOMMENDATIONS

That the Audit and Risk Committee note the approach taken and the systems established by management with regard to addressing the requirements of *AASB 124 Related Party Disclosures*.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

Manager Business Services

5.0 NEXT MEETING

Tuesday 18th June 2024

6.0 CLOSURE OF MEETING