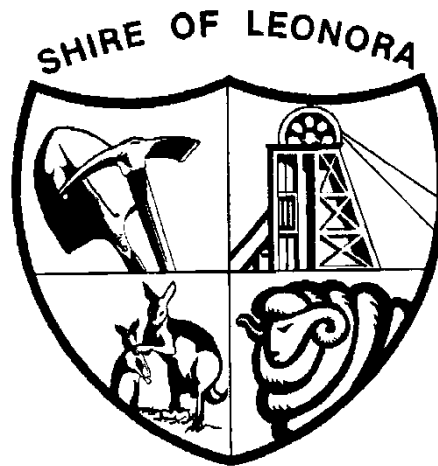


SHIRE OF LEONORA



**MINUTES OF AUDIT AND RISK COMMITTEE MEETING
HELD IN COUNCIL CHAMBERS, LEONORA
ON TUESDAY 21ST MARCH, 2023
COMMENCING AT 9:05AM.**

SHIRE OF LEONORA
ORDER OF BUSINESS FOR MEETING HELD
TUESDAY 21ST MARCH, 2023.

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1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURES

1.1 The Shire President, CR PJ Craig declared the meeting open at 9:05am.

1.2 Visitors or members of the public in attendance
Nil

1.3 Financial/Other Interest Disclosures
Nil

2.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**2.1 Attendance**

President (Chairperson)

PJ Craig

Deputy President

RA Norrie

Councillors

RM Cotterill

F Harris

AM Moore

LR Petersen

AE Taylor

Chief Executive Officer

JG Epis

Deputy Chief Executive Officer

L Trevenen

2.2 Apologies

Nil

2.3 Leave of Absence

Nil

2.4 Applications for Leave of Absence

Nil

3.0 CONFIRMATION OF MINUTES FROM PREVIOUS MEETING**COMMITTEE DECISION**

Moved: Cr RM Cotterill

Seconder: Cr RA Norrie

That the minutes of the Audit and Risk Committee Meeting held on 20 December, 2022 be confirmed.

CARRIED (7 VOTES TO 0)

4.0 REPORTS**4.1 CHIEF EXECUTIVE OFFICER REPORTS****4.1.(A) 2022 COMPLIANCE AUDIT RETURN**

SUBMISSION TO:	Audit and Risk Committee Meeting Meeting Date: 21st March 2023
AGENDA REFERENCE:	4.1.(A) MAR 23
SUBJECT:	2022 Compliance Audit Return
LOCATION/ADDRESS:	Nil
NAME OF APPLICANT:	Nil
FILE REFERENCE:	Nil
AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT	
NAME:	James Gregory Epis
OFFICER:	Chief Executive Officer
INTEREST DISCLOSURE:	Nil
DATE:	15th March 2023
SUPPORTING DOCUMENTS:	<ol style="list-style-type: none">1. Compliance Audit Return 20222. Summary of Issues Noted - CAR 2022

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, Associate Director, and Jessica Spark, Senior Project Officer, Local Government Services from Moore Australia attended the Shire offices on 2-3 February 2023, 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 2022 CAR, there was an instance of non-compliance noted, in relation to procurement. 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. Instances of non compliance were noted by management to have occurred during the reporting period, as well as 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.

A summary of the matters noted during the completion of the 2022 CAR is attached for information. The attached summary also 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.

RECOMMENDATIONS

That the Audit and Risk Committee resolve to:

1. Recommend the adoption of the 2022 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.

COMMITTEE DECISION

Moved: Cr AM Moore

Seconder: Cr RA Norrie

That the Audit and Risk Committee resolve to:

1. Recommend the adoption of the 2022 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.

CARRIED (7 VOTES TO 0)

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 2022?	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 2022?	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 2022?	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 2022?	N/A	
5	s3.59(5)	During 2022, 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	Were all delegations to committees resolved by absolute majority?	Yes	OCM 17 May 2022 Item 10.2.(D) May 22
2	s5.16	Were all delegations to committees in writing?	Yes	OCM 17 May 2022 10.2.(D) May 22
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
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 2021/2022 financial year?	Yes	OCM 17 May 2022 10.2.(D) May 22

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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	OCM 17 May 2022 10.2.(D) May 22
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	OCM 18 October 2022 Item 10.2.(C)
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 2021/2022 financial year?	Yes	OCM 17 May 2022 Item 10.2.(D) May 22
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	

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5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	
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	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) 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	
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 and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	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 employee 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	OCM 16 March 2021 and OCM 20 July 2021

Disposal of Property				
No	Reference	Question	Response	Comments
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	Item 11.1A OCM 15/03/2022, Item 11.1B OCM 15/03/2022, Item 10.2B OCM 15/11/2022
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	Yes	

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		3.58(4) of the Act, in the required local public notice for each disposal of property?		
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Elections				
No	Reference	Question	Response	Comments
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	No entries recorded therefore none to remove
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	No entries recorded therefore none to remove

Finance				
No	Reference	Question	Response	Comments
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	Item 11.1(F) OMC 21/12/2021

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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	10.2(D) OMC 17/05/2022
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	Yes	16 December 2022
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?	Yes	Item 11.1A OCM 15/02/2022
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?	Yes	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Yes	

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	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	
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?	N/A	

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4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Item 10.2G OCM 18/10/2022
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	

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Item 11.1(D) OMC 16/02/2021 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	Register published on website. No complaints recorded.
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	Register published on website. No complaints recorded.

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	

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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	
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?	Yes	
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?	N/A	
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 EOI's 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 EOI's during reporting period

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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 EOI's during reporting period
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	Did not use panels of pre-qualified suppliers 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	
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	
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	
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	
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	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	

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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) FEB 2022
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	15/02/2022 OCM 15 February 2022 Item 11.1(E) FEB 2022
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 2022? 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	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)

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		years prior to 31 December 2022? If yes, please provide date of council’s resolution to accept the report.		
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 of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	
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. Item 11.2(M) at OMC held 18/2/2020 Reviewed Item 11.2(D) OMC 16/02/2021
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	Published within Policy Manual. Item 11.2(M) at OMC held 18/2/2020 Reviewed Item 11.2(D) OMC 16/02/2021
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	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government’s official website by 31 July 2022?	Yes	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	Submitted 23/09/2022
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

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



Department of
**Local Government, Sport
and Cultural Industries**

Mayor/President

Date

Shire of Leonora 2022 Compliance Audit Return – Summary of Matters Noted

Question No.	Section/Topic	Matters Identified / Improvements	Reportable in CAR (Y/N)
1	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> <hr/> <p>Improvement: Facilitate training with staff in relation to existing systems and controls, to minimise risks of future non compliance with adopted purchasing policy.</p>	Y



4.0 REPORTS**4.2 DEPUTY CHIEF EXECUTIVE OFFICER REPORTS****4.2.(A) RELATED PARTY TRANSACTIONS AND DISCLOSURES**

SUBMISSION TO:	Audit and Risk Committee Meeting Meeting Date: 21st March 2023
AGENDA REFERENCE:	4.2.(A) MAR 23
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:	Lee-Anne Trevenen
OFFICER:	Deputy Chief Executive Officer
INTEREST DISCLOSURE:	Nil
DATE:	15th March 2023
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*.

COMMITTEE DECISION

Moved: Cr LR Petersen

Seconded: Cr RM Cotterill

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*.

CARRIED (7 VOTES TO 0)

4.0 REPORTS**4.2 DEPUTY CHIEF EXECUTIVE OFFICER REPORTS****4.2.(B) RISK MANAGEMENT UPDATES - MARCH, 2023**

SUBMISSION TO:	Audit and Risk Committee Meeting Meeting Date: 21st March 2023
AGENDA REFERENCE:	4.2.(B) MAR 23
SUBJECT:	Risk Management Updates - March, 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:	Lee-Anne Trevenen
OFFICER:	Deputy Chief Executive Officer
INTEREST DISCLOSURE:	Nil
DATE:	15th March 2023
SUPPORTING DOCUMENTS:	1. March 2023 Risk Updates Summary

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 'dashboard reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

A workshop was held onsite with the Deputy CEO and Executive Officer on 13 March 2023 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control assurance activities for the year. Following the workshop, updates to the risk profiles were 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

A summary of updates to the risk profiles, the risk register and risk profiles up to March 2023 has been provided previously to the Committee for their information. These documents are not circulated with agenda documents, as they include the controls to be implemented / actioned by the Shire in an effort to reduce risk levels. Publication of such information may adversely impact on risk management activities if published.

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, have been provided as supplementary information.

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	No. of New Risks Identified (March 2023)	No. of Risks Closed (March 2023)
Performance	2	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	5	3	0	1
Service Delivery / Business Interruption	5	3	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	5	3	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.

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 2022/23 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 March 2023, and the above report updating risk management activities undertaken to date.

COMMITTEE DECISION

Moved: Cr LR Petersen

Seconded: Cr RM Cotterill

That the Audit and Risk Committee receive the summary of updates to the risk profiles, the risk register and risk profiles up to March 2023, and the above report updating risk management activities undertaken to date.

CARRIED (7 VOTES TO 0)

Shire of Leonora – March 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
All risk categories/general	<ul style="list-style-type: none"> Dates have been updated as noted in workshop. Any subsequent revisions and changes to be reported through future risk management reports. 	<ul style="list-style-type: none"> Risk re-assessment dates updated. Risk ratings for all categories may require further updates, additional changes to be advised through future risk management reports.
Performance	<p>Controls have been updated as follows:</p> <ul style="list-style-type: none"> Asset management plan control effectiveness updated to 'Effective' following adoption of the Strategic Resource Plan (SRP), which incorporates the Shire's Asset Management Plan, in October 2022 Contract register effectiveness has been maintained as some historic contracts were noted as may not be recorded and will need to be updated. Procedures to support contract management practices also to be implemented. Independent and/or financial assessments for works over a certain procurement threshold were not noted to be routinely undertaken. Control effectiveness maintained considering this. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Contract register reference updated to reflect development (as well as implementation) of register, and future intent to develop supporting procedures to guide staff in using and maintaining the register) 	<ul style="list-style-type: none"> Risk 13 updated to note planned action for development of accompanying procedures in relation to guiding the use and maintenance of the contract register. New actions include the use of professional consultants for specialised procurement activities such as heritage etc. Future actions also updated to note consideration toward procurement and evaluation training (specifically project and contract management considerations to effectively manage external suppliers) and continuation of professional services for contracts where required. Risk 14 updated to note adoption of SRP in October 2022 as well as engagement of consultants for updates and maintenance of the SRP. Future actions amended for implementation of actions noted within the asset management improvement plan, as well updates to the SRP.

Shire of Leonora – March 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Environmental Risk	<p>Controls have been updated as follows:</p> <ul style="list-style-type: none"> • Effectiveness updated relating to reclaimed water for irrigation following development of forms and procedures by EHO and implementation of forms by MWS. • Effectiveness updated to recognise the progress of development of post closure plans at waste sites, and also systems to monitor volumes of liquid waste received. • Effectiveness of staffing and supervision at landfill sites updated following installation of surveillance and monitoring infrastructure at the waste site. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> • New action included to recognise the implementation of processes for the monitoring of volume of liquid waste accepted through the waste facility to 'maintain systems to monitor liquid waste received with regulatory compliance requirements' and ongoing maintenance of these systems. • Wording updated to consider recent establishment of forms and procedures relating to reclaimed water used for irrigation from 'document requirements' to 'maintain and monitor established processes'. • Update to wording for operating arrangements for waste disposal facilities. Formal plans are not required by legislation, however workflows/checklists/guiding documents to be developed to assist staff with maintaining regulatory compliance. • Action relating to budget provision for engagement of consultants to develop waste management plans has been amended as no statutory requirement for operational plans. Intended to undertake guidance documents to assist with compliance in house by staff. Responsible staff also updated. 	<ul style="list-style-type: none"> • Risk 3 has been updated, to note reuse scheme water currently in use where treated waste water is reticulated to oval in accordance with Department of Health approval and management plan. Forms prepared by EHO recently implemented by MWS to manage this. Future actions note consideration to ongoing monitoring of this compliance task. Responsible officers also updated. • Risk 4 has been updated to recognise the implementation of monitoring systems for volumes of liquid waste received. Residual risk rating also updated, and future actions amended to note 'maintain' established processes. Responsible officer also updated. • Risk 5 updated to note post closure waste management plans have been completed. Future provisions and planning to be monitored for compliance etc, future action has been updated to include consideration of maintaining the waste reserve in future budgets.

Shire of Leonora – March 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Reputational Damage	<p>Controls have been updated as follows:</p> <ul style="list-style-type: none"> Effectiveness updated relating to elected member and staff training matrices. Base level information to be used for a framework is available for elected member matrix, and examples of staff matrix being sourced. Code of Conduct is noted as 'Effective' as codes of conduct required by legislation are in place and compliant. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Reference to action for risk based training matrices updated to note requirement to progress implementation, as some base level frameworks are available to expand upon. 	<ul style="list-style-type: none"> Risk 19 updated to note updated codes of conduct developed as required by legislation and implemented. Future actions also updated to note considerations to refresher training and reinductions for ongoing communication where appropriate. Risk 20 updated to note engagement of consultants for select statutory compliance functions. Future actions updated to note review of policies to assist with management of compliance based risks.
Financial	<p>Controls have been updated as follows:</p> <ul style="list-style-type: none"> Effectiveness updated relating to IT Security and Firewalls. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Risk treatment relating to ICT plans updated to note ICT Strategic Plan in place. Consultants engaged to consider prioritisation and implementation of the plan. Risk treatment updated from 'Undertake considerations for internal audit function' to 'Engage with external consultants for compliance and governance services to assist with compliance and internal controls' 	<ul style="list-style-type: none"> Risk 10 updated to note progressive implementation of improvements from AR17/FMR review report. Future actions updated to note ongoing adherence to established procedures and controls. Risk 11 updated to reflect engagement of external consultants for governance services to assist with compliance and internal controls and policy review. Future actions updated to note policy review also. Risk 12 updated to reflect review/development of procedures upon completion of policy review. Risk 21 updated to note new controls 'Implementation plan to be progressed for recommendations resulting from IT Strategic Plan' Future actions also updated to reflect this. Risk 22 recommended to be closed out. Related to significant adverse trend from statutory ratios. Legislation no longer requires these ratios to be measure/reported.

Shire of Leonora – March 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Service Delivery/Business Interruption	<p>Profile causes have been updated to include ‘pandemic’ along with natural disaster or weather event. Controls have been updated as follows:</p> <ul style="list-style-type: none"> Effectiveness updated relating to LEMC as participation rates have recently been very low. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Action has been amended from ‘Formalise review facilities and procedures’ to ‘Undertake a review of key facilities to document key procedures in relation to service delivery / business interruption risks’. Procedures for facilities are not currently formalised. Responsible officer for development of risk based staff training matrix updated to align with other profile actions. 	<ul style="list-style-type: none"> Risk 2 updated to note requirement to develop additional plans and to test all plans to ensure validity. Risk 15 updated to note Workforce Plan and engagement of consultants for future review. Future actions updated to ‘maintain Workforce Plan’. Risk 16 updated to reflect engagement of external consultants for governance services to assist with implementation plan for recommendations resulting from IT Strategic Plan. Future actions also updated to reflect this. Risk 23 updated to note Covid-19 Plan in place, residual risk ratings have been re-evaluated and reduced, with future actions noting requirement to follow government advice.
Legislative/Regulatory /Policy/ Occupational Safety and Health	<p>General updates applied to text from ‘Occupational Safety and Health (OSH)’ to ‘Work Health and Safety (WHS)’ to align with recently reviewed Risk Management Strategy. Controls have been updated as follows:</p> <ul style="list-style-type: none"> Internal audit function ‘in development’ reference removed. Update WHS audits to remove specific consultant names. <p>Risk treatment/actions/updates amended:</p> <ul style="list-style-type: none"> Risk treatment updated from ‘Undertake considerations for internal audit function’ to ‘Engage with external consultants for compliance and governance services to assist with compliance and internal controls’. 	<p>General updates applied to text from ‘Occupational Safety and Health (OSH)’ to ‘Work Health and Safety (WHS)’. Specific consultant names also removed where required.</p>

5.0 NEXT MEETING

Tuesday 20th June 2023

6.0 CLOSURE OF MEETING

There being no further business, the Chairperson, Shire President, CR PJ Craig declared the meeting closed at 9:22am.