Signed: 15 DECEMBER 2026
President: _____

SHIRE OF LEONORA

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING AGENDA

TO BE HELD TUESDAY, 22ND SEPTEMBER, 2026 AT 9:30AM

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TY MATSON
CHIEF EXECUTIVE OFFICER

SHIRE OF LEONORA

ORDER OF BUSINESS FOR MEETING TO BE HELD TUESDAY 22ND SEPTEMBER, 2026.

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, Risk and Improvement Committee Meeting held on 16 June, 2026 be confirmed as a true and accurate record.

4 REPORTS **3**

4.1 CHIEF EXECUTIVE OFFICER REPORTS **3**

(A) Related Party Transactions and Disclosures **3**

(B) 2025 Compliance Audit Report **5**

(C) 2024/25 Final Audit - Significant Findings Action Report **32**

5 NEXT MEETING **38**

6 CLOSURE OF MEETING **38**

4.0 REPORTS

4.1 CHIEF EXECUTIVE OFFICER REPORTS

4.1.(A) RELATED PARTY TRANSACTIONS AND DISCLOSURES

SUBMISSION TO:	Audit, Risk and Improvement Committee Meeting Meeting Date: 22nd September 2026
AGENDA REFERENCE:	4.1.(A) SEP 26
SUBJECT:	Related Party Transactions and Disclosures
LOCATION/ADDRESS:	Leonora
NAME OF APPLICANT:	Shire of Leonora
FILE REFERENCE:	1.8 Financial Statements - Current
AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT	
NAME:	Ty Matson
OFFICER:	Chief Executive Officer
INTEREST DISCLOSURE:	Nil
DATE:	17th September 2025
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 Council Plan 2025-2035 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

1. That the Audit, Risk and Improvement 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

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Chief Executive Officer

4.0 REPORTS

4.1 CHIEF EXECUTIVE OFFICER REPORTS

4.1.(B) 2025 COMPLIANCE AUDIT REPORT

SUBMISSION TO:	Audit, Risk and Improvement Committee Meeting Meeting Date: 22nd September 2026
AGENDA REFERENCE:	4.1.(B) SEP 26
SUBJECT:	2025 Compliance Audit Report
LOCATION/ADDRESS:	Leonora
NAME OF APPLICANT:	Shire of Leonora
FILE REFERENCE:	1.1 Audits - Reports & Minutes

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME:	Ty Matson
OFFICER:	Chief Executive Officer
INTEREST DISCLOSURE:	Nil
DATE:	1st September 2026
SUPPORTING DOCUMENTS:	**1.** 2025 Compliance Audit Return ⇩

REPORT PURPOSE

To consider the Shire of Leonora 2025 Compliance Audit Return and recommend to Council that the Return be adopted and certified for submission to the Local Government Inspector.

BACKGROUND

Each year, local governments are required to complete a Compliance Audit Return for the calendar year immediately preceding. The Compliance Audit Return is a statutory self-assessment process that assists Council, the Audit, Risk and Improvement Committee and management to monitor compliance with key requirements of the Local Government Act 1995 and associated regulations.

The 2025 Compliance Audit Return applies to the period 1 January 2025 to 31 December 2025. For the 2025 return, the lodgement timeframe has been extended to 30 September 2026 following the commencement of the Local Government Inspector arrangements and related changes arising from the Local Government Amendment Act 2024.

The 2025 Compliance Audit Return was completed following review of relevant Shire records, registers, minutes and administrative processes. This included review of the following:

- Council and Committee minutes;
- Tender Register;
- Financial Interest and Return Register;
- Gifts and Electoral Gift Registers;
- Complaints Register;
- Delegations Register;

- procurement and purchasing records;
- Council policies and procedures; and
- the Shire's official website.

The Compliance Audit Return is an important governance and assurance tool. It provides an opportunity for the Audit, Risk and Improvement Committee to review the results of the annual compliance assessment before recommending adoption by Council.

COMMENTS

The completed 2025 Compliance Audit Return is attached for the Committee's consideration.

Overall, the Return demonstrates a high level of compliance across the areas reviewed. The majority of responses are recorded as "Yes" or "Not Applicable". The Return also identifies several matters requiring notation, further monitoring or improvement.

The matters noted include:

1. Section 7.12A of the *Local Government Act 1995* – Audit Report Actions
   The Return records that, where matters raised in the auditor's report required action, the Shire undertook appropriate action. The Return also records that a report was prepared in relation to significant matters identified in the auditor's report. However, the Return records a "No" response to whether a copy of the report was provided to the Minister within three months of the audit report being received by the local government. This matter should be noted by the Committee and Council, with ongoing attention to statutory reporting timeframes.

2. Local Government (Administration) Regulations 1996 – Regulation 35 – Council Member Essentials Training
   The Return records a "No" response in relation to whether every elected member completed and passed the Council Member Essentials course within 12 months of being elected. The comments in the Return note that three Councillors still have modules to complete. This matter should continue to be monitored until all required training obligations are finalised.

3. Procurement and Tender Register Controls
   The accompanying Summary of Matters Noted identifies improvement opportunities in relation to procurement documentation, purchasing policy compliance and tender register controls. These matters are consistent with broader governance and internal control improvement work already being progressed by management.

The Summary of Matters Noted identifies that minor instances of non-compliance between procurement thresholds and purchasing requirements were noted during the review period. It also notes that it is difficult to confirm in all instances that the appropriate number of quotations had been obtained, particularly for lower value purchases. Management is progressing improvements to procurement systems, documentation, training and oversight to reduce the risk of future non-compliance.

The Summary also notes that the Tender Register is published on the Shire's official website as required by legislation. However, inspection of the register identified that RFT 05/2024 had not been

published. This was corrected after the issue was identified. The Summary further notes that, where no tender is accepted, the Tender Register should still be completed with the information required under regulation 17 of the *Local Government (Functions and General) Regulations 1996* and published on the website.

Management is continuing to strengthen procurement and compliance controls through the implementation of Council First, review of procurement processes, improved documentation requirements, staff training, management oversight and ongoing reporting through audit and risk processes.

It is recommended that the Audit, Risk and Improvement Committee receive the 2025 Compliance Audit Return, note the matters identified, and recommend to Council that the Return be adopted and certified for submission to the Local Government Inspector.

STAKEHOLDER ENGAGEMENT

Nil

STATUTORY ENVIRONMENT

Section 7.13(1)(i) of the *Local Government Act 1995* provides for regulations relating to audits.

Regulation 14 of the *Local Government (Audit) Regulations 1996* sets out the requirements for the Compliance Audit Return. The regulation requires a local government to carry out a compliance audit for the period 1 January to 31 December each year, in the form approved by the Minister.

The Compliance Audit Return is to be reviewed by the Audit, Risk and Improvement Committee and presented to Council. Following adoption by Council, the Return is to be certified by the Shire President and Chief Executive Officer and submitted to the Local Government Inspector within the required timeframe.

Section 7.12A of the *Local Government Act 1995* requires local governments to take appropriate action in respect of matters raised in an auditor's report and, where significant matters are identified, to prepare and provide a report to the Minister within the statutory timeframe.

Regulation 35 of the *Local Government (Administration) Regulations 1996* sets out requirements for elected member training.

Regulation 17 of the *Local Government (Functions and General) Regulations 1996* sets out the information required to be recorded in the Tender Register.

POLICY IMPLICATIONS

The Shire's Legislative Compliance Policy requires the Shire to maintain systems and processes to identify, manage, report and rectify instances of non-compliance.

The matters identified in the 2025 Compliance Audit Return and Summary of Matters Noted are consistent with the Shire's ongoing focus on strengthening legislative compliance, procurement controls, records management and governance processes.

FINANCIAL IMPLICATIONS

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

Any system, training or process improvements associated with procurement, compliance and governance controls will be managed within existing operational resources unless otherwise reported to Council**.**

STRATEGIC IMPLICATIONS

The recommendation aligns directly with the *Shire of Leonora Council Plan 2025–2035*, particularly:

Strategic Objective 4 – Leadership: An innovative and proactive local government.

Outcome 4.1 – An innovative, strategically focused Council leading our community.

- Strategy 4.1.2 – Provide strategic leadership and governance.
- Action 4.1.2.4 – Provide appropriate governance and leadership to the Shire.

Outcome 4.2 – An effective organisation, providing strong leadership and services.

- Strategy 4.2.1 – Provide appropriate services to the community, professionally and efficiently.
- Action 4.2.1.3 – Seek high level of compliance in organisational practices.

The annual review of the Compliance Audit Return supports transparent governance, accountable decision-making, legislative compliance, sound internal controls and continuous organisational improvement.

RISK MANAGEMENT

This item has been assessed against the Shire's Risk Management Strategy and Risk Assessment Matrix.

The primary risks relate to legislative, regulatory, governance, policy, financial and reputational compliance. Failure to complete, review, adopt and submit the Compliance Audit Return within the required timeframe may expose the Shire to compliance and reputational risk.

Additional risks identified through the 2025 Compliance Audit Return relate to statutory reporting timeframes, elected member training completion, procurement documentation and tender register controls.

These risks are being managed through:

- Audit, Risk and Improvement Committee review of the Compliance Audit Return;
- Council adoption and certification of the Return;
- monitoring of statutory reporting obligations;
- follow-up of elected member training completion;
- implementation of Council First;
- review of procurement and purchasing processes;
- improved documentation and recordkeeping requirements;
- staff training and management oversight; and
- ongoing reporting through audit, risk and compliance processes.

The residual risk is considered manageable provided the identified improvement actions continue to be monitored and implemented.

RECOMMENDATIONS

That the Audit, Risk and Improvement Committee resolve to:

1. Receive the Shire of Leonora 2025 Compliance Audit Return;
2. Note the matters identified in the 2025 Compliance Audit Return, including:
    - the section 7.12A reporting timeframe matter;
    - the outstanding Council Member Essentials training modules; and
    - the procurement and tender register improvement matters identified during the review period;
3. Note the management actions being progressed to strengthen procurement, tender register, statutory reporting and compliance controls;
4. Recommend to Council that the Shire of Leonora 2025 Compliance Audit Return be adopted; and
5. Recommend to Council that the Shire President and Chief Executive Officer be authorised to certify the 2025 Compliance Audit Return for submission to the Local Government Inspector.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

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Chief Executive Officer

GOVERNMENT OF WESTERN AUSTRALIA

Local Government Inspector

2025 Compliance Audit Return

Local Government Authority: The Shire of Leonora

Local Government Act 1995

s. 2.29

Has every person elected or appointed to a mayor, president, deputy, or councillor role made the required declaration in the prescribed form before a prescribed person, prior to acting in the office?

Response: Yes

s. 3.16

Has the local government reviewed local laws, which have not been reviewed in the previous 8 years, to ensure compliance with Schedule 9.3, Clause 65?

Response: Yes

s.3.57

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?

Response: Yes

s. 3.58(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)?

Response: Yes

s. 3.58(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) of the Act, in the required local public notice for each disposal of property?

Response: Yes

s. 3.59(2)(a)

Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2025?

Response: N/A

s. 3.59(2)(b)

Has the local government prepared a business plan for each major land transaction that was not exempt in 2025?

Response: N/A

s. 3.59(2)(c)

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 2025?

Response: N/A

s. 3.59(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 2024?

Response: N/A

s. 3.59(5)

During 2025, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?

Response: N/A

s. 5.16 (1)

Were all delegations to committees resolved by absolute majority?

Response: Yes

s. 5.16 (2)

Were all delegations to committees in writing?

Response: Yes

s. 5.17

Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?

Response: N/A

s. 5.18

Were all delegations to committees recorded in a register of delegations?

Response: N/A

s. 5.36(4) and s. 5.37(3)

Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?

Response: N/A

s. 5.37(2)

Did the CEO inform council of each proposal to employ or dismiss senior employee?

Response: N/A

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?

Response: N/A

s. 5.39B

Has the local government adopted and maintained model standards that incorporate the prescribed model standards within required timeframes (including amendments), ensured adoption by absolute majority, published an up-to-date version on its official website, and avoided including any inconsistent additional provisions?

Response: Yes

s. 5.42

Were all delegations to the CEO resolved by an absolute majority?

Response: Yes

Were all delegations to the CEO in writing?

Response: Yes

s. 5.43

Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?

Response: Yes

s. 5.44(2)

Were all employees delegated authority by the CEO under Section 5.44(1), issued with a written instrument of delegation?

Response: Yes

s. 5.45(1)(b)

Were all decisions by the Council to amend or revoke a delegation made by absolute majority?

Response: N/A

s. 5.46

Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?

Response: Yes

Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2024/2025 financial year?

Response: Yes

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?

Response: Yes

s. 5.50

If the local government paid a finishing employee an amount in addition to their entitlement, did the local government follow a policy it had adopted and published on its website outlining the circumstances in relation to payments made to terminated employees?

Response: N/A

If the local government made a payment to a finishing employee that is more than the amount set out in the policy, was local public notice given?

Response: N/A

s. 5.51A

Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government?

Response: Yes

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?

Response: Yes

s. 5.67

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?

Response: Yes

s. 5.68(2)

Were all decisions regarding participation approval in relation to Section 5.68(2), 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?

Response: Yes

s. 5.69(5)

Were all decisions regarding participation approval in relation to Section 5.69(5), including the extent of participation allowed recorded in the minutes of the relevant council or committee meeting?

Response: Yes

s. 5.70

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?

Response: Yes

s. 5.71B(5) and (7)

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?

Response: N/A

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?

Response: N/A

s. 5.73

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?

Response: Yes

s. 5.75

Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?

Response: Yes

s. 5.76

Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2025?

Response: Yes

s. 5.77

On receipt of a primary or annual return, did the CEO, or the Mayor/President, as the case may be, give written acknowledgment of having received the return?

Response: Yes

s. 5.88

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?

Response: Yes

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?

Response: Yes

After 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?

Response: Yes

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?

Response: Yes

s. 5.89A

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?

Response: Yes

Did the CEO publish an up-to-date version of the gift register on the local government's website?

Response: Yes

s. 5.90A

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?

Response: Yes

s. 5.94

Does the local government have information available for members of the public to inspect, free of charge as prescribed under section 5.94 and Admin Reg 29, except where restricted under this section?

Response: Yes

s. 5.96

Where a person is entitled to inspect information under this Division, can the local government confirm that copies are available and that the price at which it sells copies does not exceed the cost of providing them, (unless prescribed otherwise)?

Response: Yes

s. 5.96A

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?

Response: Yes

s. 5.104

Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?

Response: Yes

Did the local government adopt additional requirements in addition to the model code of conduct?

Response: N/A

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?

Response: Yes

s. 5.128

Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Response: Yes

s. 7.12A(3), (4) and (5)

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?

Response: Yes

Comments: Yes. The Shire of Leonora wrote to the OAG outlining what steps had and will be taken. This was in the Management Response.

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?

Response: Yes

Was a copy of the report given to the Minister within three months of the audit report being received by the local government?

Response: No

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?

Response: N/A

Local Government (Administration) Regulations 1996

r. 18F

Were 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?

Response: N/A

r. 19AB

Does the code of conduct contain the requirement that a local government employee (not including the CEO) must not accept a prohibited gift from an associated person?

Response: Yes

r. 19AC

Does the local government's code of conduct include requirements for the recording, storing, disclosure, and use of information relating to gifts accepted by local government employees (excluding the CEO) from associated persons, in accordance with regulatory requirements?

Response: Yes

r. 19AE

Does the local government's code of conduct include requirements addressing employee behaviour in the performance of duties, interactions with others, use and disclosure of information, use of local government resources and finances, the keeping of records, and the reporting and management of suspected breaches and misconduct, in accordance with regulatory requirements?

Response: Yes

r. 19B

Did the local government include in its annual report all information required under section 5.53(2)(g) and (i) and regulation 3A(2), including number of employee's in salary bands over $130,000, remuneration and allowances paid, ordered payments, CEO remuneration, council member meeting attendance, available demographic information about council members, and details of any modifications to the strategic community plan or significant modifications to the corporate business plan?

Response: Yes

r. 19C

Has the local government adopted by absolute majority a strategic community plan?

Response: Yes

Adoption date or the date of the most recent review: 15/07/2025

r. 19DA

Has the local government reviewed its corporate business plan in accordance with Admin Regulation 19DA(4)?

Response: Yes

Date of review: 15/07/2025

Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?

Response: Yes

r. 22

No response required. This is covered by s5.75.

r. 23

No response required. This is covered by s5.76.

r. 28

No response required. This is covered by s5.88(1).

r. 28A

No response required. This is covered by s5.89A(1).

r. 29

No response required. This is covered by s5.94.

r. 29C

Does the local government publish all prescribed information on its official website— including up-to-date policies, required details of council member and employee returns, council member fees and allowances, and relevant public notices—within the specified timeframes and in accordance with legislative requirements?

Response: Yes

r. 35

Has every local government council member completed and passed the Council Member Essentials course, consisting of the five required modules and delivered by an approved provider, within 12 months of being elected?

Response: No

Comments: Councilor Craig, Councilor Norrie and Councilor Harris still to complete some modules

r. 36

Does the local government appropriately identify and document council members who are exempt from the training requirements under section 5.126(1), including verifying that the member:

- has completed an approved course within the specified 5-year period prior to election, or
- completed the LGASS00002 Elected Member Skill Set before 1 July 2019 within the relevant timeframe, or
- qualifies for the transitional exemption applicable to council members in office at the commencement of the 2019 regulatory amendments?

Response: N/A

Local Government (Audit) Regulations 1996

r. 10

Was the auditor's report for the financial year ending 30 June 2025 received by the local government within 30 days of completion of the audit?

Response: Yes

r. 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 2025?

Response: Yes

Date of council's resolution to accept the report: 17/06/2025

Local Government (Constitution) Regulations 1998

r. 11FA

Did the CEO provide the Minister a report as to the result of the election within 14 days of the declaration and in the form of Form 20 of the Local Government (Elections) Regulations 1997, modified as necessary?

Response: Yes

r. 13

Were all required oaths, affirmations and declarations under section 2.42 (in relation to Commissioners) made in the correct form (Form 8), before the appropriate authorised person?

Response: N/A

Local Government (Elections) Regulations 1997

r. 30G

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?

Response: Yes

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?

Response: N/A

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?

Response: Yes

Local Government (Financial Management) Regulations 1996

r. 5

Has the CEO ensured efficient systems and procedures are established under provisions set out in Financial Management Regulations 5(1)(a) to (g)?

Response: Yes

r. 6

Has the local government ensured that any employee delegated responsibility for day-to-day accounting or financial management operations is not also delegated the responsibility for conducting internal audits, reviewing their own duties, or for managing, directing or supervising someone who carries out these functions?

Response: Yes

r. 7

Did the local government ensure it has regard to the needs of the inhabitants of the district as a whole and not keep separate ward accounts or determine expenditure on the basis of revenue from a ward?

Response: Yes

r. 8

Does the local government maintain separate accounts with a bank or other financial institution for money to be held in the municipal fund, trust fund and for reserve account purposes?

Response: Yes

r. 9

Did the local government keep separate financial records for each trading undertaking and each major land transaction?

Response: N/A

r. 11

Has the local government developed procedures for the authorisation of, and the payment of, accounts in accordance with Local Government (Financial Management) Regulations 11(1), (2) and (3)?

Response: Yes

r. 12

Were payments made from the municipal fund or trust fund made by the CEO under a delegated authority or authorised, in accordance with regulation 13(2), in advance by a council resolution?

Response: Yes

r. 13

Can the local government confirm that, where the CEO has been delegated authority to make payments from the municipal or trust fund, the CEO prepared accurate monthly lists that are presented at the next ordinary council meeting and recorded in the minutes?

- includes the payee's name, payment amount, payment date, and sufficient information to identify each transaction where payments have already been made; or
- includes the payee's name, payment amount, sufficient information to identify each transaction, and the date of the council meeting (to which the list will be presented) for accounts requiring council approval.

Response: Yes

r. 13A

Did the local government prepare a list each month of all payments made using employee-authorised credit, debit or other purchasing cards, and include the payee’s name, the amount of the payment, the date of the payment, sufficient information to identify the payment, and present the list at the next ordinary council meeting (and record in the minutes)?

Response: Yes

r. 19

Has the local government established and documented internal control procedures to enable identification of the nature and location of all investments and any related transactions?

Response: Yes

r. 19C

Has the local government ensured that all investments made under section 6.14(1) comply with statutory restrictions set out in Financial Management Reg. 19C?

Response: Yes

Local Government (Functions and General) Regulations 1996

r. 7

No response required. This is covered by s3.59(2).

r. 9

No response required. This is covered by s3.59(2).

r. 10

No response required. This is covered by s3.59(2).

r. 11A

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?

Response: Yes

r. 11

No response required. This is covered by s3.57.

r. 12

Did the local government consider the implications of Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?

Response: Yes

r. 14(1), (3) and (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?

Response: Yes

r. 15

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?

Response: Yes

r. 16

No response required. This is covered by r. 15.

r. 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?

Response: Yes

r. 18(1) and (4)

Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?

Response: Yes

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?

Response: Yes

r. 19

Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?

Response: Yes

r. 21

Does the local government’s advertising and expression of interest processes for limiting who can tender comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?

Response: Yes

r. 22

No response required. This is covered by r. 21.

r. 23

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?

Response: N/A

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?

Response: N/A

r. 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?

Response: N/A

r. 24AD(2), (4) and (6)

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?

Response: N/A

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?

Response: N/A

r. 24AE

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 24AF

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 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?

Response: N/A

r. 24AH(1) and (3)

Did the local government reject any applications to join a panel of prequalified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?

Response: N/A

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?

Response: N/A

r. 24AI

Did the CEO send each applicant written notice advising them of the outcome of their application?

Response: N/A

r. 24E

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?

Response: Yes

r. 24F

No response required. This is covered by r. 24E.

I certify this is a true and accurate copy of the 2025 Compliance Audit Return, as adopted by Council at the meeting of _____ 2026.

CEO

Date

Mayor or President

Date

4.0 REPORTS

4.1 CHIEF EXECUTIVE OFFICER REPORTS

4.1.(C) 2024/25 FINAL AUDIT - SIGNIFICANT FINDINGS ACTION REPORT

SUBMISSION TO:	Audit, Risk and Improvement Committee Meeting Meeting Date: 22nd September 2026
AGENDA REFERENCE:	4.1.(C) SEP 26
SUBJECT:	2024/25 Final Audit - Significant Findings Action Report
LOCATION/ADDRESS:	Nil
NAME OF APPLICANT:	Nil
FILE REFERENCE:	Auditing
AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT	
NAME:	Kiara Lord
OFFICER:	Manager Business Services
INTEREST DISCLOSURE:	Nil
DATE:	2nd September 2026
SUPPORTING DOCUMENTS:	**1.** Draft Report on Significant Audit Findings - Year Ended 30 June 2025 ⇩

REPORT PURPOSE

For the Audit, Risk and Improvement Committee to receive and review the final audit findings for the year ended 30 June 2025, consider the action taken by management, and recommend that Council adopt the report required by section 7.12A(4) of the *Local Government Act 1995*.

BACKGROUND

The final audit management letter identified seven findings. The index places Findings 1, 2 and 3 in the Significant column. The detailed section for Finding 3 states that it is Moderate, creating an internal inconsistency in the auditor's document. The Shire has conservatively included all three matters in the section 7.12A(4) report.

Findings 1 and 2 related to limitations in access and audit-trail functionality in the Shire's former Reckon environment. Finding 3 concerned the retention of evidence supporting procurement and quotation requirements. Council First went live on 1 July 2025 and introduced change logging, role-based access controls and purchasing workflows. Management considers the core controls were operational at go-live and has continued to refine the associated review and evidence-retention procedures.

COMMENTS

The draft action report records that the key system controls commenced on 1 July 2025. Due to the timing of the final audit, the completion date had been provided as 31 December 2025, though it should be noted that these changes have been noted as in place since the transition on 1 July 2025.

Because the index identifies Finding 3 as Significant, it is included in the attached report. While advice may be provided to clarify the status of the finding (as either Significant or Moderate),

administration determined that noting it in the Action Report would ensure no failure to meet the obligations under the regulations would occur.

STAKEHOLDER ENGAGEMENT

Only internal engagement has occurred in producing this report, however the auditors and the OAG for the 2024/2025 financial year were provided with our responses that directly relate to the information forming the action report as part of our 2024/2025 final audit.

STATUTORY ENVIRONMENT

Section 7.12A(3) requires the local government to examine the audit report, determine the action required and ensure appropriate action is taken. Section 7.12A(4) requires a report addressing significant matters to be provided to the Minister within three months after receipt. Section 7.12A(5) requires publication on the official website within 14 days after submission. Regulation 16 of the Local Government (Audit) Regulations 1996 gives ARIC the function of reviewing audit reports and recommending actions to Council, and of reviewing implementation of the stated actions.

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

This report and the attachment align with the Shire of Leonora Council Plan Strategic Objective 4 – Leadership: An innovative and proactive local government, specifically:

Strategy 4.1.2 – Provide strategic leadership and governance

> **Action 4.2.1.2 –** Maintain accountability and financial responsibility through effective planning; and
>
> **Action 4.2.1.3 –** Seek high level of compliance in organisational practices.

RISK MANAGEMENT

Failure to prepare, submit and publish the action report within the statutory timeframes creates a legislative compliance and governance risk. Failure to retain evidence that controls are operating could also result in repeat audit findings despite the system controls being available.

By submitting this report to the ARIC, and subsequently adoption and sending to the Minister, we will be meeting our requirements under the act, with the controls in place allowing for an overall reduction in the risk relating to legislative compliance and governance.

RECOMMENDATIONS

That the Audit, Risk and Improvement Committee:

1. Endorses the draft report prepared under section 7.12A(4) of the *Local Government Act 1995;*
2. Recommends that Council:
    a. adopts the section 7.12A(4) report; and
    b. directs the CEO to finalise the submission of the report to the Minister, and publication to the Shire's official website as per the relevant requirements.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

_____

Manager of Business Services

REPORT UNDER SECTION 7.12A(4)

SIGNIFICANT AUDIT FINDINGS – YEAR ENDED 30 JUNE 2025

Local Government	Shire of Leonora
Audit Report Received	22 December 2025
ARIC Considered	
Council Adopted	
Report Submitted to Minister	

BACKGROUND

The Shire of Leonora received the final audit management letter for the year ended 30 June 2025. The index of findings identifies three findings in the Significant column:

- Finding 1 - Exception reporting for employee and supplier masterfiles.
- Finding 2 - Lack of access management control for masterfile changes in Reckon.
- Finding 3 - Insufficient evidence of quotes obtained for purchase orders.

SIGNIFICANT FINDING 1

EXCEPTION REPORTING FOR EMPLOYEE AND SUPPLIER MASTERFILES

AUDITOR'S FINDING:

In our discussions with management, we identified a gap in the accounting system's functionality. Specifically, there is no exception report generated for changes to the employee masterfile or supplier masterfile, including bank account modifications. Additionally, the system is unable to automatically track which employee made these changes, instead when changes are made employees put manual notes on supplier/employee's page within Reckon on the date & change made. While we recognise that the Shire's policy mandates proper documentation and authorisation for all modifications, the absence of an exception report poses a risk to internal controls.

ACTION TAKEN:

- Council First went live on 1 July 2025 and provides integrated finance and payroll functionality.
- Change Log and Payroll Log entries automatically record masterfile amendments, including the previous value, the new value, the user responsible and the date/time of the change.
- Employee-masterfile changes are reviewed as part of the payroll control process, with unusual or unexpected entries investigated.
- Supplier-masterfile changes are reviewed as part of the month-end process, with supporting authorisation checked where required.
- Role-based permissions restrict who may amend employee and supplier information.
- The Shire continues to refine its review checklists and evidence retention as staff become more familiar with the system.

STATUS AND COMPLETION:

On 1 July 2025 the Shire's new ERP Council First went live. This system includes an integrated finance and payroll system. The system along with appropriate access controls are now in place. The new system addresses the identified risks and can produce a report to detail any updates to the employee and supplier masterfiles. The report

showing changes to employee details is to be run alongside payroll to identify any changes since the last one and unusual items are investigated further if identified, while supplier masterfile changes will be checked as part of the end of month process.

SIGNIFICANT FINDING 2

ACCESS MANAGEMENT CONTROLS FOR MASTERFILE CHANGES

AUDITOR'S FINDING:

All employees with access to Reckon have the ability to modify supplier and customer master file details. This includes a Community Development Officer who lacks involvement in these transactional processes.

ACTION TAKEN:

- Council First went live on 1 July 2025 with user profiles and permissions aligned to job responsibilities.
- Only personnel with an operational requirement may update relevant Masterfile details.
- Access is restricted at a functional level so users cannot edit areas outside their assigned responsibilities.
- System logs identify changes and support review of activity.
- The Shire acknowledges that full segregation of duties is difficult because of its small finance team. Compensating controls include role restrictions, manager/CEO approval processes, audit logs and internal spot checks.
- User access will be reviewed periodically and when employees commence, change roles or leave.

STATUS AND COMPLETION:

On 1 July 2025 the Shire's new ERP Council First went live. This system includes an integrated finance and payroll system. The system along with appropriate access controls are now in place. The new system addresses the identified risks. Individual users have profiles unique to their role, and updates to Masterfile details can only be done by the appropriate personnel.

We have expanded our finance team to include an additional finance staff member, bringing the team to 2 and have worked to segregate duties further through the admin team, thought he Finance Manager and the CEO continue to be the final authority on the Shire's finances. Internal spot audits, access controls and approval processes are now all in place, with regular review and refinement being undertaken to ensure they remain suitable for their respective purposes.

Further, an integrated onboarding and offboarding process is being developed regarding access to the relevant systems within the Shire, which will ensure appropriate review of access for all employees, including when they start, when they finish, and when responsibilities change.

SIGNIFICANT FINDING 3

EVIDENCE OF QUOTATIONS FOR PURCHASE ORDERS.

Important note: In The Index of Findings this finding is noted as **Significant**, however the detailed information regarding this finding notes the rating as **Moderate (2024: Moderate)**. It has been included in this report for full transparency, though is possible it is not a Significant Finding for the purposes of Section 7.12(A).

AUDITOR'S FINDING:

During our testing of the procurement process during last year's audit, we observed that four out of 20 samples did not meet the requirement for obtaining quotes from multiple suppliers before approving purchase orders as

determined by the procurement process. Management has advised us that although they contacted the required number of suppliers, not all of them provided quotes. However, we are unable to verify this as no record is maintained of the calls made.

As per discussion with Kiara Lord (Manager of Business Services) on 6 June 2025, this deficiency has not been rectified completely yet in FY25.

We acknowledge that local governments in regional areas face challenges in soliciting interest from multiple suppliers/service providers.

ACTION TAKEN:

- Council First went live on 1 July 2025 with an integrated purchasing module and approval workflow.
- A compulsory purchase type must be selected when a purchase order is raised, identifying the applicable procurement pathway and quotation requirement.
- Quotation rules and a minimum attachment requirement prevent unsupported or blank purchase orders from progressing. Supporting documentation may include quotations, written supplier responses, or evidence of attempts to obtain quotations where suppliers do not respond.
- Purchase orders are subject to a two-stage workflow and cannot be issued or posted until approved by an authorised Manager or the CEO, who is required to review the purchase order and supporting attachments.
- Staff authorised to raise or approve purchase orders have been trained, and management undertakes spot checks. The configuration continues to be refined where interactions between purchase types, values and quotation rules create unintended system restrictions.

STATUS AND COMPLETION:

The ERP system to replace the one being used for the 2024/2025 period includes an integrated purchasing module that requires a two stage approval process (including for the CEO). This ensures that Purchase Orders cannot be raised without attaching the required number of quotes per the purchasing policy via “Quotation Rules” built into the system. A PO cannot be posted until approved by a Manager, who is required to review the attachments as well as the document to ensure they meet the requirements before they confirm. Approval can be delegated to alternative Managers, however approval must be actioned before the PO can be issued.

Training has been provided to staff able to raise POs, as well as managers who are required to approve it. Only Managers or the CEO can approve Purchase Orders. Spot audits are also conducted by the CEO.

Any person who raises a purchase order has to have this purchase order reviewed by an authorised approver, and controls are in place to ensure that purchasing thresholds are identified, reviewed by the relevant managers, and approved by someone with the relevant purchasing authority (i.e. Purchases over 50,000 are approved by the CEO but may be reviewed by the relevant manager)

Processes around Purchase Orders and obtaining relevant quotes is continuously being reviewed, with improvement on processes, transparency and consistency of approach a key focus.

CONCLUSION

The Shire considers that the core risks identified in the three Significant findings were addressed through the replacement of the previous ERP system via Council First on 1 July 2025. The controls are supported by change logs, restricted user access, approval workflows and required procurement evidence. The Shire will continue to refine the relevant procedures and provide evidence of operating effectiveness through the external audit and ARI oversight processes.

5.0 NEXT MEETING

Tuesday 15th December 2026

6.0 CLOSURE OF MEETING