

# **SHIRE OF LEONORA**



## **AUDIT AND RISK COMMITTEE MEETING**

HELD 17<sup>TH</sup> MARCH 2019, IN COUNCIL CHAMBERS AT 9:07 AM.

**1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURE**

Chairperson, Cr PJ Craig, declared the meeting open at **9:07 am**

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

**2.1 Present**

President  
Deputy President  
Councillors

PJ Craig  
RA Norrie  
RM Cotterill  
AE Taylor (**From 9:10am**)  
F Harris  
JG Epis  
LA Gray

Chief Executive Officer  
Deputy Chief Executive Officer

**2.2 Apologies**

Councillors

LR Petersen  
AM Moore

**2.3 Leave of Absence**

Nil

**3.0 CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETING**

**Moved Cr RM Cotterill, Seconded Cr RA Norrie** that the Minutes of the Audit and Risk held on 17th December, 2019, and the Special Meeting of the Audit and Risk Committee Meeting held on 18<sup>th</sup> February, 2020 be confirmed as a true and accurate record.

**CARRIED (4 VOTES TO 0)**

*Cr AE Taylor entered the meeting at 9:10am*

#### **4.0 REPORTS OF OFFICERS**

##### **4.1 CHIEF EXECUTIVE OFFICER**

##### **4.1.1 2019 COMPLIANCE AUDIT RETURN**

**SUBMISSION TO:** Meeting of Audit Committee  
Meeting Date: 17<sup>th</sup> March, 2020

**AGENDA REFERENCE:** 4.1.1 AUDIT MAR 20

**SUBJECT:** Compliance Audit Return 2019

**LOCATION / ADDRESS:** Leonora

**NAME OF APPLICANT:** Shire of Leonora

**FILE REFERENCE:** 6.11 – Department of Local Government and Regional Development

##### **AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** James Gregory Epis

**OFFICER:** Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 5<sup>th</sup> March, 2020

##### **BACKGROUND**

Each year, Council is required to complete an annual compliance audit return (CAR) for the calendar year immediately preceding (1<sup>st</sup> January to 31<sup>st</sup> December) as published by the Department for Local Government and Communities. 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 again reviewed and completed by Moore Stephens, as part of the four year Shared Statutory Compliance Services agreement established through the Northern Goldfields Collaborative Group (NGCG). Russell Barnes, Director, from Moore Stephens attended the Shire offices from 3-4 February 2020, 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

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 2019 CAR, there were three instances of non-compliance noted, the first relating to the review required by regulation 5(c) of *the Local Government (Financial Management) Regulations 1996*, the second relating to the review required by regulation 17 of *the Local Government (Audit) Regulations 1996* and the third relating to procurement under \$150,000 where insufficient evidence was available to support compliance with Council's purchasing policy.

During the review, it was noted the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report as required by regulation 5(c) of the *Local Government (Financial Management) Regulations 1996* and regulation 17 of the *Local Government (Audit) Regulations 1996* issued in June 2019 had not been finalized and considered as required. The report has now been finalized, has been considered by the Audit and Risk Committee at its special meeting held 18<sup>th</sup> February, 2020 and was also considered by Council at its ordinary meeting held 18<sup>th</sup> February, 2020.

In relation to the procurement non-compliance, it was observed controls have improved in this area, however there were still instances noted during the review period where it was unable to be substantiated that the appropriate number of quotations had been obtained in accordance with the purchasing policy. This matter was also noted in the 2018/19 management letter following the Shire's annual audit. Systems have been reviewed during 2019 to assist with managing compliance with the purchasing policy.

Systems are also now in place to provide shared statutory compliance services through the NGCG, in an effort to reduce the risk of future instances of non-compliance relating to these matters.

## **STATUTORY ENVIRONMENT**

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

- (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**

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

## **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 2019 Compliance Audit Return as attached to the Council; and
2. Recommend to Council that the Shire President and Chief Executive Officer be authorised to sign the Compliance Audit Return for submission to the Department of Local Government.

## **VOTING REQUIREMENT**

Simple Majority

*Chief Executive Officer JG Epis made council aware of the non-compliance note which related to an individual supplier's payments amounting to over \$150,000 in the relevant financial year. Mr JG Epis explained that supplier payments related to multiple heritage projects being conducted that year, and not one single project which is why a Request for Tender was not conducted.*

*Council noted the breach and the Chief Executive Officer's explanation.*

## **COUNCIL DECISION**

**Moved Cr RA Norrie, Seconded Cr RM Cotterill** that the Audit and Risk Committee resolve to:

1. Recommend the adoption of the 2019 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 (5 VOTES TO 0)**

*Mr JG Epis left the meeting at 9:14am*

*Mr JG Epis returned to the meeting at 9:15am with Administration Officer Ms Kateva Dubberley who collected lunch orders from the Councillors.*

*Ms K Dubberley left the chambers at 9:15am.*

*Ms E Howard, Accounts Officer entered the meeting at 9:16am.*

*Ms E Howard left the meeting at 9:16am.*



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

## Leonora - Compliance Audit Return 2019

### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2019?	N/A		Moore Stephens
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2019?	N/A		Moore Stephens
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	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 2019?	N/A		Moore Stephens
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A		Moore Stephens
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Moore Stephens



<b>Delegation of Power / Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority?	Yes	OMC 21/05/2019 item 10.1(B)	Moore Stephens
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	Yes		Moore Stephens
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	Yes		Moore Stephens
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	Yes		Moore Stephens
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	Yes	OMC 21/05/2019 item 10.1(B)	Moore Stephens
6	s5.42(1), 5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act?	Yes		Moore Stephens
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes	OMC 21/05/2019 item 10.1(B)	Moore Stephens
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes		Moore Stephens
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Moore Stephens
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes		Moore Stephens
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes		Moore Stephens
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2018/2019 financial year?	Yes	OMC 21/05/2019 item 10.1(B)	Moore Stephens
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 as required?	Yes		Moore Stephens

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)?	N/A		Moore Stephens
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings?	N/A		Moore Stephens



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No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	N/A		Moore Stephens
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A		Moore Stephens
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A		Moore Stephens
6	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day?	N/A	No new elected members during reporting period.	Moore Stephens
7	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day?	Yes		Moore Stephens
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes		Moore Stephens
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes		Moore Stephens
10	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return?	Yes		Moore Stephens
11	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76?	Yes		Moore Stephens
12	s5.88(1)(2) 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 and 5.71, in the form prescribed in Administration Regulation 28?	Yes		Moore Stephens
13	s5.89A Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	Yes		Moore Stephens
14	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76?	Yes		Moore Stephens
15	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee?	Yes		Moore Stephens





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No	Reference	Question	Response	Comments	Respondent
16	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes?	N/A		Moore Stephens
17	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report?	N/A		Moore Stephens
18	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee?	N/A		Moore Stephens
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	N/A		Moore Stephens

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5))?	N/A		Moore Stephens
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Moore Stephens

### Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 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 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 candidates?	Yes		Moore Stephens
2	Elect Reg 30G(3) & (4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of at least 2 years?	N/A		Moore Stephens



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## Finance

No	Reference	Question	Response	Comments	Respondent
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 Act?	Yes	SMC 19/03/2019 item 4.1(A)  OMC 19/11/2019 item 10.1(C)	Moore Stephens
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes	OMC 21/05/2019 item 10.1(B)	Moore Stephens
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	Yes	Butler Settineri (Audit) Pty Ltd	Moore Stephens
4	s7.3(1), 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council?	Yes	Appointed at OMC 19/04/2016 item 10.1 (A)	Moore Stephens
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes		Moore Stephens
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes	Report dated 29/10/2019	Moore Stephens
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government, ensure that appropriate action was undertaken in respect of those matters?	N/A		Moore Stephens
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	No	Correspondence received from DLGSCI reminding of requirement. Reports prepared and forwarded to minister within timeframe outlined in DLGSCI correspondence.	Moore Stephens
9	S7.12A (5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes	Website document date 19/09/2019	Moore Stephens
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes		Moore Stephens
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit?	Yes		Moore Stephens



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No	Reference	Question	Response	Comments	Respondent
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	Yes		Moore Stephens
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor?	Yes		Moore Stephens
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor?	Yes		Moore Stephens

### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	CBP 2019-2023 SMC 23/07/2019 item 4.1(A)	Moore Stephens
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	Yes	SMC 23/07/2019	Moore Stephens
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	SCP 2017-2027 OMC 20/06/2017 item 10.2 (D)	Moore Stephens
4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments.  Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A		Moore Stephens
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	N/A	Strategic Resource Plan (combining AMP & LTTP) has been prepared as required (but not formally adopted)	Moore Stephens
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	Yes	Strategic Resource Plan (combining AMP & LTTP) has been prepared as required (but not formally adopted)	Moore Stephens
7	S5.56 Admin Reg 19DA (3)	Has the local government developed a Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?	Yes	WFP 2018-2022 OMC 19/06/2019 item 10.2 (C)	Moore Stephens



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<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Moore Stephens
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	N/A		Moore Stephens
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 of CEO under section 5.36(4)?	N/A		Moore Stephens
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only)?	N/A		Moore Stephens
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	Yes	OMC 19/11/2019 item 11.B(i)	Moore Stephens



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<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer?	N/A	CEO is complaints officer	Moore Stephens
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c)?	Yes		Moore Stephens
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made?	Yes		Moore Stephens
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint?	Yes		Moore Stephens
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred?	Yes		Moore Stephens
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c)?	Yes		Moore Stephens



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
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 Local Government (Financial Management) Regulation 5 (2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	No	Review was undertaken in June 2019 and will be presented to Council in February 2020	Moore Stephens
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) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	No	Review was undertaken in June 2019 and will be presented to Council in February 2020	Moore Stephens
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes	Page 35 of 2018-19 annual report	Moore Stephens
4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes		Moore Stephens

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into 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 Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?	N/A		Moore Stephens
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?	N/A		Moore Stephens
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	N/A		Moore Stephens
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	N/A		Moore Stephens



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No	Reference	Question	Response	Comments	Respondent
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?	N/A		Moore Stephens
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16?	N/A		Moore Stephens
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender?	N/A		Moore Stephens
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria?	N/A		Moore Stephens
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection?	N/A		Moore Stephens
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	N/A		Moore Stephens
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	N/A		Moore Stephens
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice?	N/A		Moore Stephens
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services?	N/A		Moore Stephens
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	N/A		Moore Stephens
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	N/A		Moore Stephens
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	N/A		Moore Stephens
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	N/A		Moore Stephens



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No	Reference	Question	Response	Comments	Respondent
18	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 F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application?	N/A		Moore Stephens
19	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, given notice of the variation?	N/A		Moore Stephens
20	F&G Reg 24AH(1)	Did the local government reject the 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		Moore Stephens
21	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria?	N/A		Moore Stephens
22	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 F&G Reg 24AG?	N/A		Moore Stephens
23	F&G Reg 24AI	Did the CEO send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted?	N/A		Moore Stephens
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	N/A		Moore Stephens
25	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy?	Yes	OMC19/02/2019 item 10.2(F) OMC 21/05/2019 Policy A.2.14	Moore Stephens
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less?	Yes	Policy A.2.3	Moore Stephens





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

No	Reference	Question	Response	Comments	Respondent
27	F&G Reg 11A	Did the local government comply with it's current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	No	Non compliance noted within audit report	Moore Stephens

I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Leonora

\_\_\_\_\_  
Signed CEO, Leonora

#### **4.0 REPORTS OF OFFICERS**

##### **4.2 DEPUTY CHIEF EXECUTIVE OFFICER**

##### **4.2.1 RELATED PARTY TRANSACTIONS AND DISCLOSURES**

**SUBMISSION TO:** Meeting of Audit Committee  
Meeting Date: 17<sup>th</sup> March, 2020

**AGENDA REFERENCE:** 4.2.1 AUDIT MAR 20

**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:** Linda Gray

**OFFICER:** Deputy Chief Executive Officer

**INTEREST DISCLOSURE:** Nil

**DATE:** 10<sup>th</sup> March, 2020

##### **BACKGROUND**

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

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

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

##### **STATUTORY ENVIRONMENT**

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

##### **POLICY IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

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

## **STRATEGIC IMPLICATIONS**

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

## **RECOMMENDATIONS**

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

## **VOTING REQUIREMENT**

Simple Majority

## **COUNCIL DECISION**

**Moved Cr AE Taylor, Seconded Cr Fifi Harris** 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 (5 VOTES TO 0)**

**5.0 NEXT MEETING**

16<sup>th</sup> June 2020, following the conclusion of the Ordinary meeting of Council commencing at 9:30am.

**6.0 CLOSURE OF MEETING**

There being no further business, Chairperson Cr PJ Craig declared the meeting closed at **9:17am**.