

# Minutes



## SHIRE OF DENMARK AUDIT ADVISORY COMMITTEE

HELD IN THE COUNCIL CHAMBERS,  
953 SOUTH COAST HIGHWAY, DENMARK,  
TUESDAY, 12 MARCH 2024.

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## DISCLAIMER

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## **1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

*10.01am - As this will be the first meeting of the Committee following the 2023 Local Government Election, the Executive Manager Corporate Services opened the meeting and called for nominations for the position of presiding person.*

## **2. ELECTION OF PRESIDING PERSON**

A Presiding Person is to be elected using the method as detailed in Section 5.12 and Schedule 2.3, Division 1 of the Local Government Act 1995.

*Cr Carman nominated Cr Wiggins. Cr Wiggins accepted the nomination in writing.*

*There being no further nominations, the Executive Manager Corporate Services declared Cr Wiggins as the Presiding Person.*

*Cr Wiggins assumed the chair.*

## **3. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE**

### MEMBERS:

Cr Aaron Wiggins (Presiding Person)  
Cr Kingsley Gibson, Shire President  
Cr Clare Campbell  
Cr Donna Carman  
Cr Nathan Devenport  
Cr Jackie Ormsby

### STAFF:

Kellie Jenkins (Executive Manager Corporate Services)  
Claire Thompson (Governance Coordinator)

### APOLOGIES:

Nil

### ON LEAVE OF ABSENCE:

Nil

### ABSENT:

Nil

### VISITORS:

Nil

## **4. DECLARATIONS OF INTEREST**

Nil

## **5. ANNOUNCEMENTS BY THE PERSON PRESIDING**

Nil

## 6. CONFIRMATION OF MINUTES

### 6.1 AUDIT COMMITTEE MEETING

<b>RESOLUTION &amp; OFFICER RECOMMENDATION</b>	<b>ITEM 6.1</b>
MOVED: CR GIBSON	SECONDED: CR CAMPBELL
That the Minutes of the Shire of Denmark Audit Advisory Committee meeting held on 13 June 2023, be confirmed as a true and correct record of the proceedings.	
CARRIED: 6/0	

## 7. PUBLIC QUESTION TIME

Public Question Time shall be held in accordance with section 5.24 of the Local Government Act 1995 and Regulations 5, 6 and 7 of the Local Government (Administration) Regulations 1996.

Public question time enables members of the public to address the Committee or ask questions of Committee. The procedure for public question time can be found on the wall near the entrance to the Council Chambers or can be downloaded from the Shire's website at <http://www.denmark.wa.gov.au/council-meetings>.

Questions from the public are invited and welcomed at this point of the Agenda.

### Questions from the Public

*There were no members of the public in attendance.*

## 8. OFFICER REPORTS

### 8.1 REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS – IMPLEMENTATION PROGRESS

<b>File Ref:</b>	FIN.8A
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Not applicable
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	28 February 2024
<b>Author:</b>	Kellie Jenkins, Executive Manager Corporate Services
<b>Authorising Officer:</b>	Kellie Jenkins, Executive Manager Corporate Services
<b>Attachments:</b>	8.1 – Financial Management Review Progress Report

### IN BRIEF

- The Audit Advisory Committee to review the attached report on the implementation of proposed actions from the June 2023 Financial Management, Risk Management, Legislative Compliance, and Internal Controls Report. (FMR Reg 17)

**VOTING REQUIREMENTS**

1. Simple majority.

<b>RESOLUTION &amp; OFFICER RECOMMENDATION</b>	<b>ITEM 8.1</b>
MOVED: CR DEVENPORT	SECONDED: CR CAMPBELL
That with respect to the progress of the implementation of the recommendations identified in the Financial Management Review Report (June 2023), the Audit Advisory Committee NOTE the Financial Management Review Progress Report at Attachment 5.1.	
CARRIED: 6/0	

**LOCATION**

2. Nil

**BACKGROUND**

3. At the meeting held on 13 June 2023 the Committee requested Officers “provide a report, on a six-monthly basis, to the Audit Committee to enable the Committee to monitor the Shire’s progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996”.

**DISCUSSION / OFFICER COMMENTS**

4. All employees who had any responsibility to progress the tasks were consulted and have provided their comments in the attached report.

**CONSULTATION AND EXTERNAL ADVICE**

5. The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

**STATUTORY / LEGAL IMPLICATIONS**

6. Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;

“16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –

- (i) Regulations 17 (1); and
- (ii) (ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c).”

**STRATEGIC / POLICY IMPLICATIONS**

7. The report and officer recommendation are consistent with Council’s adopted Strategic Community Plan – Our Future 2023 Community Priority:

Organisational

Engagement and decision-making

We want the reasons for decisions to be explained and transparent.

**FINANCIAL IMPLICATIONS**

- There are no known financial implications upon either the Council’s current Budget or Long Term Financial Plan.

**OTHER IMPLICATIONS**

**Environmental**

- There are no known significant environmental implications relating to the report or officer recommendation.

**Economic**

- There are no known significant economic implications relating to the report or officer recommendation.

**Social**

- There are no known significant social considerations relating to the report or officer recommendation.

**RISK MANAGEMENT**

- A risk assessment has been undertaken per the Shire's Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

**8.2 COMPLIANCE AUDIT RETURN 2023**

<b>File Ref:</b>	FIN.8.A
<b>Applicant / Proponent:</b>	Not applicable
<b>Subject Land / Locality:</b>	Not applicable
<b>Disclosure of Officer Interest:</b>	Nil
<b>Date:</b>	7 March 2024
<b>Author:</b>	Claire Thompson, Governance Coordinator
<b>Authorising Officer:</b>	David King, Chief Executive Officer
<b>Attachments:</b>	8.2 - Compliance Audit Return 2023

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**IN BRIEF**

- The Committee is required to consider the 2023 Compliance Audit Return and make a recommendation to Council.

**VOTING REQUIREMENTS**

- Simple majority.

<b>RESOLUTION &amp; COMMITTEE RECOMMENDATION</b>	<b>ITEM 8.2</b>
MOVED: CR CARMAN	SECONDED: CR DEVENPORT
That Council ADOPT the 2023 Compliance Audit Return, noting the one area of non-compliance, and submit a certified copy to the Director General of the Department of Local Government, Sport and Cultural Industries by 31 March 2024.	
CARRIED: 6/0	

**LOCATION**

2. Not applicable.

**BACKGROUND**

3. Each year a local government is required to conduct a compliance audit for the period 1 January to 31 December on a number of statutory compliance provisions contained within the Compliance Audit Return, provided by the Department of Local Government, Sport and Cultural Industries ('Department').
4. The Department retains the compliance returns for future reference.

**DISCUSSION / OFFICER COMMENTS**

5. The draft 2023 Compliance Audit Return is attached (see Attachment 5.2).
6. There was one area of non-compliance relating to Integrated Planning and Reporting ('IPR'). Regulation 19DA(4) of the Local Government (Administration) Regulations requires a local government to review its corporate business plan annually. The Shire of Denmark's Corporate Business Plan has not been reviewed since its adoption in 2022, mainly due to executive staff changes and perhaps the anticipation of the State's statutory reforms relating to IPR.

**CONSULTATION AND EXTERNAL ADVICE**

7. Relevant Shire employees have been consulted.

**STATUTORY / LEGAL IMPLICATIONS****Local Government Act 1995**

8. Section 7.13(1)(i) requires that an audit of compliance is to be carried out in a prescribed manner and in the form approved by the Minister.

**Local Government (Audit) Regulations 1996**

9. Regulation 13 sets out the statutory requirements for the prescribed form.
10. Regulation 14 requires the compliance audit return be reviewed by the Audit Advisory Committee that the committee must report the result to Council. The compliance audit return must be adopted by the Council [r 14(3)].
11. Regulation 15 requires that a certified copy of the compliance audit return is presented to the Director General of the Department by 31 March.

**STRATEGIC / POLICY IMPLICATIONS**

12. Nil

**FINANCIAL IMPLICATIONS**

13. Nil

**OTHER IMPLICATIONS**

**Environmental**

- 14. There are no known significant environmental implications relating to the report or officer recommendation.

**Economic**

- 15. There are no known significant economic implications relating to the report or officer recommendation.

**Social**

- 16. There are no known significant social considerations relating to the report or officer recommendation.

**RISK MANAGEMENT**

- 17. A risk assessment has been undertaken per the Shire's Risk Management Governance Framework, and no risks have been identified in relation to the officer recommendation or the report.

**9. GENERAL BUSINESS**

Nil

**10. NEXT MEETING**

The next meeting of the Shire of Denmark Audit Advisory Committee is to be held as required.

**11. CLOSURE OF MEETING**

*10.13pm – There being no further business to discuss the Presiding Person declared the meeting closed.*

The Chief Executive Officer recommends the endorsement of these minutes at the next meeting.

Signed: \_\_\_\_\_  
*David King – Chief Executive Officer*

Date: \_\_\_\_\_

These minutes were confirmed at a meeting on the \_\_\_\_\_.

Signed: \_\_\_\_\_  
*(Presiding Person at the meeting at which the minutes were confirmed)*





Shire of Denmark

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## NOMINATION FOR PRESIDING PERSON OF THE AUDIT ADVISORY COMMITTEE

Date: 12 March 2024

I Donna Carman hereby nominate Aaron Wiggins

for the position of Presiding Person for the Audit Advisory Committee.

 Signature

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### ACCEPTANCE OF NOMINATION

I AARON Wiggins hereby accept the nomination for the position of

Presiding Person for the Audit Advisory Committee.

 Signature of Nominee

Financial Management Review Progress Report March 2024 (FMR Reg 17)

Finding	Observation 1 - Risk Management	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
1	The SOD has a Risk Management Policy that was last reviewed by Council in 9 September 2014. The Manager Corporate Services advised that SOD has identified further work needs to be done on Risk Management.	<ul style="list-style-type: none"> <li>Risks are not being reasonably managed and decreases the likelihood of some of the Shire's objectives being met.</li> </ul>	<ol style="list-style-type: none"> <li>Review and refine Risk Management Policies and Procedures to ensure they are fit for purpose.</li> <li>Ensure Strategic, Operational and Major Project Risk Plans are complete and accurate.</li> <li>Provide refresher training to key stakeholders on Risk Management.</li> </ol>	Management agrees with the auditor observation and findings. The Risk Management Policy and Framework was externally reviewed in 2019 but not endorsed by Executive for Council review and adoption. It is recommended that the Shire of Denmark engage a suitably qualified consultant to review and update the Risk Management Policy to ensure that it is appropriate to meet current organisational requirements and is fully compliant with relevant legislation.	M	Executive Manager Corporate Services	Engage a suitably qualified consultant to review and update the Risk Management Policy to ensure that it is appropriate to meet current organisational requirements and is fully compliant with relevant legislation.	March 2024	Proposed 2024/25 Budget - action date deferred until December 2024.
Finding	Observation 2 – Legislative Compliance	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
2	<p>Compliance Calendar SOD advised they do not currently have a Legislative Compliance calendar but are in the process of developing one using a WALGA template.</p> <p>This calendar will cover compliance with the Local Government Act and various Regulations however it will not cover SOD compliance with other legislative and regulatory requirements such as the new and more onerous WA Workplace Health and Safety Act 2020.</p> <p>The following legislative/regulatory breaches were identified during the review:</p> <p><u>Frequency of Regulation 17 and Section 5 reviews.</u></p> <p>The previous 2019 report on Regulation 17 and Section 5 mentioned the need to conduct such reviews more frequently as required by the applicable local government regulations.</p> <p>This 2023 review is 4 years after the last review and is contrary to the regulatory requirement for them to be done every three years.</p> <p><u>Tender Register.</u></p> <p>Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires:</p> <p>(1)The CEO is responsible for keeping the tenders register and making it available for public inspection.</p> <p>(1A)The CEO must publish the tenders register on the local government's official website.</p> <p>SOD does not currently have such a register however its answer in the 2021 and 2022 Compliance Audit Returns indicated it complied with this requirement.</p>	<ul style="list-style-type: none"> <li>Non-compliance with legislative and regulatory requirements;</li> <li>Reputational damage; and</li> <li>Financial loss through the imposition of legislative penalties.</li> </ul>	<ol style="list-style-type: none"> <li>A compliance calendar covering local government and other legislative/regulatory requirements be completed.</li> <li>Regulation 17 and Section 5 reviews be conducted every 3 years.</li> <li>A Tender Register be maintained and be made available for public inspection.</li> <li>Staff be reminded of the need to keep SOD records in the Records Management System.</li> </ol>	<p>The Compliance Calendar is a useful tool to ensure legislative requirements are met and has been a work in progress by current management which will now be prioritised for completion.</p> <p>In order to improve transparency it will be considered by Management that the Annual Compliance Audit Return (CAR) is completed by an independent consultant for the 2023 calendar year and beyond.</p> <p>The previous Financial Management Regulation and Audit Regulation 17 reviews were last conducted by a consultant in mid 2019 and the report was finalised in September 2019 and presented to Council via the Audit Committee in February 2020. The report and the presentation of its findings to Council both occurred during the 2019/2020 financial year.</p> <p>Both the Local Government (Financial Management) Regulations 1996 and the Local Government (Audit) Regulations 1996 require the review to be carried out not less than once in every 3 financial years.</p> <p>Management is of the view that taking the year of the last review (2019/2020) as year zero then 3 full years from then is the year ended 30 June 2023 and as the review has been undertaken and the findings are intended to be presented to Council prior to 30 June 2023 this matter is therefore not considered to be contrary to the applicable regulations.</p>	M	Executive Manager Corporate Services	<ol style="list-style-type: none"> <li>Compliance Calendar using WALGA template.</li> <li>FMR Reg 17 review conducted every 3 years.</li> <li>Tender Register be maintained and be available for public inspection.</li> <li>Records Management System reminder to staff.</li> </ol>	July 2023	<ol style="list-style-type: none"> <li>Ongoing - action date deferred until December 2024.</li> <li>Ongoing - to be added to compliance calendar.</li> <li>Completed - Tender Register 2023/2024 published on Shire Website.</li> <li>Completed.</li> </ol>
Finding	Observation 3 – Approval of pay increases	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
3	I sighted an email from the Human Resources Coordinator to the CEO dated 30 August 2022 requesting him to approve pay increases for all staff. It in part says - "Am I able to have a reply email from you authorising payment as per the spreadsheet. Last year we had a form for each employee which you signed off individually which we haven't undertaken this year." Last year's HR practice of having a form for each employee which the CEO signed off individually should have been retained.	<ul style="list-style-type: none"> <li>Errors made in employee's remuneration</li> </ul>	<ol style="list-style-type: none"> <li>The previous practice of, formal advice from the CEO to employees of pay increases, be re-instated. This advice should mention any over award amounts</li> </ol>	Management has considered the observation finding and recommendations on this issue and is of the view that where standard fixed percentage increases are to apply to whole of organisation from a fixed date in term (ie. The first date of a new financial year) then the practice used by HR for 2022 to have a consolidated document and supporting schedule for CEO sign-off is sufficient to protect against the risk referred to. In circumstances where an adjustment to remuneration occurs on a different timeline or is employee specific then individual memos or letters would be generated, appropriately signed to provide evidence of review and authorisation then filed on an employee's personnel file.	M	Coordinator Employee Support & Culture	The previous practice of, formal advice from the CEO to employees of pay increases, be re-instated. This advice should mention any over award amounts	Ongoing	Ongoing - Memo signed by CEO for individual changes to employees remuneration. Consolidated Documents signed by CEO for whole of organisation increases.

Finding	Observation 4 – Follow up of previous review	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
4	<p>The previous Regulation 17 and Section 5 review was reported on in September 2019.</p> <p>The following recommendations for improvements in the 2019 report have not been actioned:</p> <ul style="list-style-type: none"> <li>• Risk Management;</li> <li>• Tender Register;</li> <li>• Audit Practices;</li> <li>• Frequency of Regulation 17 review</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud</li> </ul>	<p>The recommendations for improvement in the 2019 report on Regulation 17 and Section 5 be actioned</p>	<p><u>Risk Management</u> As per observation and response # 1.</p> <p><u>Tender Register</u> Management acknowledges that the matter identified from the 2019 Reg 17 review regarding the Tender Register and the relating improvement have not been actioned since that date. Management has begun creating a compliant tender register and is in the process of allocating responsibility of maintaining the tender register to the delegated staff.</p> <p><u>Audit Practices</u> Management has considered the observation finding and recommendations on this issue and consider appointing external auditors a function not required at this time. The current organisational structure, that includes a strategic accountant, is sufficient to minimise the risk of not adhering to documented policy and procedures as required and would be difficult to allocate financial resource at this time for a Tier 3 LG. A change to the org structure in the future would warrant a review of this finding.</p> <p><u>Frequency of Audit Regulation 17 review</u> Response as per observation and response # 2</p>	M	Executive Manager Corporate Services	<ol style="list-style-type: none"> <li>1. Review Risk Management Policy and Framework.</li> <li>2. Tender Register</li> <li>3. Audit Practices - internal auditors</li> <li>4. Frequency of FMR Reg 17 review</li> </ol>	July 2023	<ol style="list-style-type: none"> <li>1. Proposed 2024/25 Budget - action date deferred until December 2024.</li> <li>2. Completed - Tender Register 2023/2024 published on Shire Website.</li> <li>3. Audit Practices - no further action.</li> <li>4. Ongoing - to be added to compliance calendar.</li> </ol>
Finding	Observation 5 - Reconciliations	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
5	<p>I reviewed reconciliations in the following areas:</p> <ul style="list-style-type: none"> <li>• fixed asset reconciliations;</li> <li>• investment reconciliations;</li> <li>• trust and other bonds reconciliations;</li> <li>• rates reconciliations;</li> <li>• payroll reconciliations;</li> <li>• debtors reconciliations; and</li> <li>• creditors reconciliations</li> </ul> <p>In particular, I checked to see if the reconciliations had been done in a timely manner, been signed and dated as prepared by a subordinate officer and reviewed, signed and dated by their manager.</p> <p>There were many instances where the abovementioned requirements were not met. SOD advised this was in part due to a technological issue.</p>	<ul style="list-style-type: none"> <li>• Data integrity errors;</li> <li>• Financial loss; and</li> <li>• Reputational damage</li> </ul>	<ol style="list-style-type: none"> <li>1. Reconciliations be normally done within a month of the end of the reconciliation period.</li> <li>2. Reconciliations be signed and dated by the subordinate preparing officer and similarly by the reviewing manager.</li> </ol>	<p>Monthly reconciliations are prepared and reviewed in a timely fashion as part of month end reporting preparation. An exception to this is the asset register as it is unwise to close and purge an asset register for a prior financial year until audit validation has been finalised. Due to delays in the 2022 Annual Audit completion the asset register reconciliations for 2022/23 tested during the audit review were completed retrospectively and later than usual.</p> <p>Due to organisation structure limitations the Investment reconciliations were prepared by the Manager Corporate Services and reviewed by the Financial Accountant. This should have occurred the other way round. This sign-off protocol will be rectified for future.</p> <p>As mentioned in the Management Response to a finding of the Annual Audit for 2022 a movement to electronic reconciliations sign off process was used in the latter part of the 2021/2022 financial year which continued into 2022/2023.</p> <p>This led to some reconciliations not being able to demonstrate that the file had been physical signed by a preparer independent of the reviewer. An upgrade to the software functionality has ensured that all reconciliation reviews demonstrate that the review protocols have been followed and that an audit trail is produced to provide all relevant supporting evidence outlined in the audit observation.</p>	M	Executive Manager Corporate Services	No further Action	Not Applicable	No further Action
Finding	Observation 6 - Low value payments	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
6	<p>I noted in performing my audit testing of payments there were payments made to suppliers for:</p> <p>Creditor Name Payment Amount Albany City Motors \$96.25 Deputy.Com \$68.20 Jones Lang Lasalle \$9.16 Mocean Wellness \$60.00 T &amp; C Supplies \$96.80 Toll Global Express \$40.48</p> <p>The administrative cost of making these payments, such as raising a purchase order, would exceed the payment amount.</p>	<ul style="list-style-type: none"> <li>• Administrative inefficiency</li> </ul>	<p>SOD consider adopting a risk based approach to the making of low value payments that may involve the use of corporate credit cards.</p>	<p>Management will conduct further assessment of the recommendation to determine which regular low value payments can be moved to credit card direct debits to achieve improved efficiencies in this area without compromising risk or compliance.</p>	L	Executive Manager Corporate Services	Consider low value payments on corporate credit card	October 2023	Ongoing - Management considering expense management systems to implement efficiencies.

Finding	Observation 7 – Credit Cards	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
7	SOD has a Credit Card Policy that provides some guidance on how cardholders must use their card. It is generally accepted practice, amongst my government clients, that cardholders are required to sign a detailed cardholder agreement which outlines their many obligations as a cardholder. Such agreements are provided by the banks who provide the credit card facility. The CEO's credit card transactions are approved on a monthly basis by the Director Corporate Services. Normally a subordinate officer should not be placed in a position to approve a Managers expenditure. There is however a compensating control as SOD provides a monthly payments report to Council that details all individual payments including the CEO's credit card payments. The Office of the Auditor General supported this process on page 8 of its 2018 Credit Cards Report per "CEO credit card transactions were approved by a subordinate. This process could be improved to increase transparency, without introducing additional approval processes, by periodically reporting the CEO's transactions to the Council, and clearly identifying them for noting."	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Financial loss; and</li> <li>• Reputational damage</li> </ul>	SOD Credit Cardholders sign a bank agreement form.  Not Applicable	The Shire of Denmark was selected by the Office of the Auditor General (OAG) in 2017 for a random audit relating to controls over corporate credit cards. The audit findings were reported in 2018 which did not identify any significant concerns. The Shire already has a Corporate Credit Card policy which requires a user agreement to be signed which outlines the responsibilities and legal obligations for a staff member relating to being the custodian of a card and its rules of use. Whilst a 'bank agreement form' may provide a few more specific requirements on the expected conduct of an officer issued with a corporate credit card an example provided does not differ significantly from the Shire's existing usage agreement which is considered to be suitable for the organisational requirements. Management recommends no further action be taken on the audit recommendation at this time.	L	Executive Manager Corporate Services	No further Action	Not Applicable	No further Action
Finding	Observation 8 - Policy Review	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
8	I sighted twelve finance related policies, in the SOD Policy Manual that indicated: <ul style="list-style-type: none"> <li>• four (33%) had been reviewed in the last three years;</li> <li>• two (17%) had no details of prior review/amendment or when the policy had come into effect; and</li> <li>• six (50%) had not been reviewed in the last three years with the latter having an average duration since the last review of seven years</li> </ul>	<ul style="list-style-type: none"> <li>• Outdated practice leads to financial irregularities or administrative inefficiency</li> </ul>	Financial Policies and related Procedures be reviewed and updated if required. Subsequent reviews be undertaken at least every 3 years.	The auditor has provided the relevant policies and whilst four important policies have been reviewed being: P040220 – Purchasing Policy P040229 – Investment Policy P140302 – Workplace Health & Safety Policy and Statement P030105 – Rating Equity Policy It is agreed that other policies need to be reviewed which in some cases be lead to rescindment. Management will look to conduct a review of the affected policies by March 2024 and put in a clause to review every 3 years thereafter.	L	Executive Manager Corporate Services	1. Financial Policies and related Procedures be reviewed and updated if required. 2. Subsequent reviews be undertaken at least every 3 years.	June 2023	1. Completed 2. Ongoing
Finding	Observation 9 – Financial Reports to Council	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
9	SOD does not have a Finance Committee and has a single Council meeting per month on the third Tuesday of each month. Council require that agenda papers must be forwarded to them 11 days before each Council meeting. This does not allow the financial reports of the previous month to be tabled and considered in the following month. The agenda item 9.2.1 of the Council meeting of 18 April 2023 has various financial reports that go up to 28 February 2023. This financial information is thus 7 weeks old when Council discusses it.	<ul style="list-style-type: none"> <li>• Councillors are unable to reasonably discharge their oversight duties in a timely manner.</li> </ul>	SOD Executive discuss with Council if they are amenable to meeting on the final Tuesday in each month and receiving meeting papers 5 working days before their meeting to increase the likelihood they are getting financial information on a timely basis.	This item is brought to Council's attention to highlight some issues which can occur in relation to the timing of Council meetings and the agenda publication timeline to align with community expectations. Executive will need to workshop this further with Council to determine if any change is considered appropriate.	L	Chief Executive Officer	Council to considered the timing of Council meetings.	December 2023	Completed - Resolution 101223 OCM 12 December 2023

Finding	Observation 10 - General Journals	Implication and potential risk	Recommendations	Management Comments	Risk Rating	Responsible Officer	Action Required	Date Action to be Completed	Current Status - March 2024
10	I did a sample test on 10 General Journals that indicated 3 (30%) had been prepared and reviewed by the same person. These journals were: 1. Number LS0702 and dated 31/01/2023; 2. Number LS0701 and dated 31/01/2023; 3. Journal Number LS0802 and dated 17/02/2023; and This diminishes the effectiveness of the review of General Journals.	• Administrative /data integrity error both intentional and unintentional	General Journals be prepared and reviewed by different officers. The preparer should be a sub ordinate officer to the reviewer.	Management accepts the finding but points out the following information: 1. The finance departments record in journal compliance is historically excellent with no adverse audit findings recorded in this area since the implementation of the Journal Controls policy 2. The test sample is a relatively small one in comparison to the number of JNL's processed on an annual basis and some of the test date range unfortunately coincides with the shortened resignation period of the Director of Corporate & Community Services at which point the Manager Corporate Services had commenced a handover into the Acting Director role. 3. Normally a Director or person acting in that role would not be preparing JNL's and based on hierarchy and segregation of duties this would require the CEO to sign off and authorise the JNL which is not really practical in a Shire with an Organisational Structure such as the Shire of Denmark. (the majority of JNL's are prepared by the Assistant Accountant and reviewed by the Financial Accountant or prepared by the Financial Accountant and reviewed by the Manager Corporate Services). The finding is noted with the circumstances being regarded as something of an unfortunate 'one off' which Management will be more aware of in future. No further action required.	L	Executive Manager Corporate Services	No further Action	Not Applicable	No further Action

## Compliance Audit Return 2023

Yes / No / N/A

Comments

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

### Delegation of Power/Duty

No	Reference	Question		
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	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 2022/2023 financial year?	Yes	
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 <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	
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		
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 <i>Local Government Act 1995</i> , 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 <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	
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 <i>Local Government Act 1995</i> ?	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 <i>Local Government Act 1995</i> , 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 <i>Local Government Act 1995</i> , 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 <i>Local Government Act 1995</i> 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 <i>Local Government Act 1995</i> , 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 <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
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	
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 s5.71A(1) of the <i>Local Government Act 1995</i> 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 subsection 5.71B(6) of the <i>Local Government Act 1995</i> 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 that incorporates the model code of conduct?	Yes	
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 <i>Local Government Act 1995</i> ?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes and Yes	

#### Disposal of Property

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

#### Elections

No	Reference	Question		
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 <i>Local Government (Elections) Regulations 1997</i> ?	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 <i>Local Government (Elections) Regulations 1997</i> ?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	

#### Finance

No	Reference	Question		
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 <i>Local Government Act 1995</i> ?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	Yes	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	
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 <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	No matters raised
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	No matters raised
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 <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	N/A	No report required

7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	
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#### Integrated Planning and Reporting

No	Reference	Question		
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	27-Jun-23
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?	No	Adopted 2022. No annual review since [r 19DA(4)]
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	

#### Local Government Employees

No	Reference	Question		
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?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
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		
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
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 <i>Local Government Act 1995</i> ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	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	

#### Optional Questions

No	Reference	Question		
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	Reviewed and recommended to Council by the Audit Committee 13 June 2023. Report to Council March 2024.
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	Reviewed and recommended to Council by the Audit Committee 13 June 2023. Report to Council March 2024.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , 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	No disclosures made
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	
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 <i>Local Government Act 1995</i> ?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	



8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

#### Tenders for Providing Goods and Services

No	Reference	Question		
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?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
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?	Yes	
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?	No	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	
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	
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	
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	
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 and General) Regulations 1996, Regulations 24AD(4) and 24AE?	N/A	
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	
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	